



---

---

# NATIONAL ASSEMBLY

---

---

FIRST SESSION

THIRTY-NINTH LEGISLATURE

Bill 96

**An Act to amend the Taxation Act, the  
Act respecting the Québec sales tax and  
other legislative provisions**

---

---

**Introduction**

**Introduced by  
Mr. Robert Dutil  
Minister of Revenue**

---

**Québec Official Publisher  
2010**

## EXPLANATORY NOTES

*This bill amends various legislation to give effect to measures announced in Information Bulletins published by the Ministère des Finances in 2009 and 2010. It also gives effect to a measure announced in the Budget Speech delivered on 23 March 2006.*

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

*(1) the possibility of deducting in 2009 donations made at the beginning of 2010 to assist victims of the earthquake in Haiti;*

*(2) the fight against aggressive tax planning;*

*(3) the applicable rates for computing the investment tax credit relating to processing and manufacturing equipment for investments in certain regions of Québec;*

*(4) the extension of the tax credit for processing activities in resource regions;*

*(5) the enhancement of the tax credit for the Gaspésie and certain maritime regions of Québec and the tax credit for the Aluminum Valley;*

*(6) the enhancement of the tax credit for film production services;*

*(7) the eligibility of reprinted works for the tax credit for book publishing;*

*(8) the deferral of taxation of a qualified patronage dividend on the reorganization of a cooperative's capital stock;*

*(9) the sanctions applicable on the redemption of securities issued under the first or second Cooperative Investment Plan; and*

*(10) the suspension of payment of the tax credit for child assistance during an inquiry.*

*It also amends the Act respecting the Québec sales tax*

*(1) to introduce the legislative framework necessary to enable band councils that so desire to impose Native consumer taxes harmonized with Québec consumer taxes; and*

*(2) to temporarily increase the tax on lodging in the tourist region of Montréal.*

*It also amends the Taxation Act and the Act respecting the Ministère du Revenu to make amendments similar to those made to the Income Tax Act of Canada by Bill C-28 (Statutes of Canada, 2007, chapter 35), assented to on 14 December 2007, and by Bill C-10 (Statutes of Canada, 2009, chapter 2), assented to on 12 March 2009. The bill thus gives effect to harmonization measures announced, for the most part, in the Budget Speeches delivered on 24 May 2007 and 19 March 2009 and in Information Bulletins published by the Ministère des Finances in 2009. More specifically, the amendments deal with*

*(1) the conversion of SIFT entities into taxable Canadian corporations;*

*(2) improvements to the taxation of financial institutions; and*

*(3) the obligation of certain corporations to file their fiscal returns electronically and the imposing of a penalty for failure to comply with that obligation.*

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

#### **LEGISLATION AMENDED BY THIS BILL:**

- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);

- Cooperative Investment Plan Act (R.S.Q., chapter R-8.1.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government's 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5).

## Bill 96

### AN ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### TOBACCO TAX ACT

**1.** Section 14.1 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended by inserting “, 7.10.1” after “7.1” in paragraph *a*.

**2.** Section 15.0.1 of the Act is replaced by the following section:

**“15.0.1.** Despite section 72 of the Act respecting the Ministère du Revenu (chapter M-31), penal proceedings for an offence under section 14.3 may be instituted by a local municipality not referred to in the second paragraph if the offence was committed within its territory. In such a case, the penal proceedings may be brought before the competent municipal court.

Similarly, where an agreement has been entered into for that purpose with the Government, penal proceedings for such an offence may be instituted,

(1) by a Native community, represented by its band council, if the offence was committed

(a) on the reserve allocated to that community, or

(b) within a territory in respect of which particular conditions for the provision of police services to that community have been ordered by the Minister of Public Security or agreed on between the community and the Government pursuant to the Police Act (chapter P-13.1);

(2) by the Naskapi village, if the offence was committed within the territory referred to in section 99 of the Police Act;

(3) by the Cree Regional Authority, if the offence was committed within the territory referred to in section 102.6 of the Police Act; or

(4) by the Kativik Regional Government, if the offence was committed within the territory referred to in section 369 of the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1).

Fines imposed pursuant to this section belong to the prosecutor.

The costs relating to proceedings instituted before a municipal court belong to the municipality in which the court has jurisdiction, except the costs remitted to the defendant or imposed on the prosecuting municipality under article 223 of the Code of Penal Procedure (chapter C-25.1).

This section does not apply to Cree or northern villages.”

**3.** Section 15.0.2 of the Act is amended by replacing “the municipality empowered to act under this Act” by “a prosecutor referred to in section 15.0.1”.

## TAXATION ACT

**4.** (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 90 of chapter 24 of the statutes of 2009 and by section 9 of chapter 5 of the statutes of 2010, is again amended

(1) by replacing “paragraph *h*” in paragraph *e.1* of the definition of “cost amount” by “subparagraph *h* of the first paragraph”;

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

““SIFT wind-up entity” means a trust or partnership that at any time in the period that began on 31 October 2006 and that ended on 14 July 2008 is

(a) a SIFT trust or a trust that would be a SIFT trust but for subsection 3 of section 534 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government’s 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5);

(b) a SIFT partnership or a partnership that would be a SIFT partnership but for subsection 3 of section 534 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government’s 2007–2008 Budgetary Policy and to certain other budget statements; or

(c) a real estate investment trust, within the meaning of the first paragraph of section 1129.70;”;

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

““SIFT trust wind-up event” means a distribution by a particular trust resident in Canada of property to a taxpayer in respect of which the following conditions are met:

(a) the distribution occurs before 1 January 2013;

(b) there is a resulting disposition of all of the taxpayer’s interest as a beneficiary under the particular trust;

(c) the particular trust is

i. a SIFT wind-up entity,

ii. a trust whose only beneficiary throughout the period (in this definition referred to as the “qualifying period”) that begins on 14 July 2008 and that ends at the time of the distribution is another trust that throughout the qualifying period

(1) is resident in Canada, and

(2) is a SIFT wind-up entity or a trust described in this subparagraph ii, or

iii. a trust whose only beneficiary at the time of distribution is another trust that throughout the qualifying period

(1) is resident in Canada,

(2) is a SIFT wind-up entity or a trust described in subparagraph ii, and

(3) is a majority interest beneficiary (within the meaning that would be assigned by section 21.0.1 if paragraphs *a* and *b* of the definition of “majority interest beneficiary” were read as if “50%” was replaced by “25%”) of the particular trust;

(d) the particular trust ceases to exist immediately after the distribution or immediately after the last of a series of SIFT trust wind-up events (determined without reference to this paragraph) of the particular trust that includes the distribution; and

(e) the property was not acquired by the particular trust as a result of

i. a transfer or an exchange that is a qualifying exchange (within the meaning of the first paragraph of section 785.4) or a qualifying disposition (within the meaning of section 692.5) that is made after 2 February 2009 and that is from any person other than a SIFT wind-up entity, or

ii. the transfer or the exchange, to which Division XIII of Chapter IV of Title IV of Book III, any of Chapters IV to IX of Title IX of Book III, Chapter X of Title XII of that Book or Title I.2 of Book VI applies, of another property acquired as a result of a transfer or an exchange described in subparagraph i or this subparagraph;”;

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

““ investment in a SIFT wind-up entity” means

(a) if the SIFT wind-up entity is a trust and subject to paragraph *c*, a capital interest (determined without reference to section 7.11.1) in the trust;

(b) if the SIFT wind-up entity is a partnership and subject to paragraph *c*, an interest as a member of the partnership where, by operation of any law governing the arrangement in respect of the partnership, the liability of the member as a member of the partnership is limited; and

(c) if all of the interests described in paragraphs *a* and *b* are described by reference to units, the part of the interest represented by such a unit;”;

(5) by replacing “paragraph *e*” in the definition of “life insurance policy” by “subparagraph *e* of the first paragraph”;

(6) by replacing “paragraph *e.1*” in the definition of “life insurance policy in Canada” by “subparagraph *e.1* of the first paragraph”;

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

““SIFT wind-up corporation”, in respect of a SIFT wind-up entity (in this definition referred to as a “particular entity”), means at a particular time a corporation

(a) that, at any time that is after 13 July 2008 and before the earlier of the particular time and 1 January 2013, owns all of the investments in the particular entity, each of which is an investment in a SIFT wind-up entity, or

(b) the shares of the capital stock of which are at or before the particular time distributed as part of a SIFT trust wind-up event of the particular entity;”.

(2) Paragraphs 1, 5 and 6 of subsection 1 apply to a taxation year that begins after 30 September 2006.

(3) Paragraphs 2 to 4 and 7 of subsection 1 have effect from 20 December 2007.

**5.** (1) Section 7.11.2 of the Act is amended by replacing the second paragraph by the following paragraph:

“If the property referred to in the first paragraph is deemed to be taxable Canadian property of the particular trust because of subparagraph *d* of the first paragraph of section 301, any of sections 521, 538 and 540.4, paragraph *b* of section 540.6, section 554, subparagraph *c* of the second paragraph of section 614, subparagraph *d.1* of the first paragraph of section 688 or paragraph *d* of section 688.4, the property is deemed to be taxable Canadian property of the other trust.”

(2) Subsection 1 has effect from 20 December 2007.

**6.** (1) Section 21.3.1 of the Act is amended by adding the following paragraph after the second paragraph:



“A particular trust that would, in the absence of this paragraph, acquire control of a corporation solely because of a SIFT trust wind-up event that is a distribution of shares of the capital stock of the corporation by another trust is deemed not to acquire control of the corporation because of the distribution if

(a) the particular trust is described in paragraph *c* of the definition of “SIFT trust wind-up event” in section 1;

(b) the particular trust is the only beneficiary of the other trust; and

(c) the other trust controlled the corporation immediately before the distribution.”

(2) Subsection 1 has effect from 15 July 2008.

**7.** (1) Section 21.4.5 of the Act is amended by replacing the first paragraph by the following paragraph:

**“21.4.5.** If an election, which should have been made on or before 19 December 2006 or which was made before 20 December 2006, is made or amended as a consequence of the application of subsection 5 or 5.1 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or of subsection 3.2 of section 220 of that Act, the date on which the election was made, which is to be taken into account for the purposes of sections 21.4.6, 21.4.9 and 21.4.10 and of the particular provision, is, despite the presumption provided for in that respect in that subsection 5 or 5.1 or in paragraph *a* of subsection 3.3 of that section 220, the date on which the election is actually made or amended.”

(2) Subsection 1 has effect from 20 December 2006.

**8.** Section 25 of the Act is amended by striking out “737.18.28,” in the second paragraph.

**9.** Section 39.6 of the Act is amended by replacing “à l’effet” in paragraph *b* in the French text by “certifiant”.

**10.** (1) Section 49.4 of the Act is amended

(1) by adding the following subparagraph after subparagraph *v* of subparagraph *a* of the first paragraph:

“vi. if the disposition occurs before 1 January 2013 and each of the old securities were an investment in a SIFT wind-up entity that was at the time of the disposition a mutual fund trust, a SIFT wind-up corporation in respect of the SIFT wind-up entity; and”;

(2) by replacing “réfère en premier lieu le paragraphe *b* du premier alinéa” in the second paragraph in the French text by “le paragraphe *b* du premier alinéa fait référence en premier lieu”;

(3) by replacing “réfère en second lieu le paragraphe *b* du premier alinéa” in the third paragraph in the French text by “le paragraphe *b* du premier alinéa fait référence en second lieu”;

(4) by replacing “réfère le premier alinéa” in the portion of the fourth paragraph before subparagraph *a* in the French text by “le premier alinéa fait référence”.

(2) Paragraph 1 of subsection 1 has effect from 20 December 2007.

**11.** Section 77.1 of the Act is amended by striking out “of Book III” in paragraph *b*.

**12.** (1) The Act is amended by inserting the following sections after section 92.22:

**“92.23.** In this section and sections 92.24 to 92.30,

“base year” of an insurer means the insurer’s taxation year that precedes its transition year;

“insurance business” of an insurer means an insurance business carried on by the insurer, other than a life insurance business;

“reserve transition amount” of an insurer, in respect of an insurance business carried on by it in Canada in its transition year, is the positive or negative amount determined by the formula

$A - B$ ;

“transition year” of an insurer means the insurer’s first taxation year that begins after 30 September 2006.

In the formula in the definition of “reserve transition amount” in the first paragraph,

(a) *A* is the maximum amount that the insurer would be permitted to claim under the second paragraph of section 152 as a reserve for its base year in respect of its insurance policies if

i. the generally accepted accounting principles that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

ii. the regulations made under the second paragraph of section 152, as they read for the insurer’s transition year, applied to its base year; and

(b) B is the maximum amount that the insurer is permitted to claim under the second paragraph of section 152 as a reserve for its base year.

**“92.24.** There must be included in computing an insurer’s income for its transition year from an insurance business carried on by it in Canada in the transition year, the positive amount of the insurer’s reserve transition amount in respect of that insurance business.

**“92.25.** If an amount has been deducted under section 175.2.17 in computing an insurer’s income for its transition year from an insurance business carried on by it in Canada, there must be included in computing the insurer’s income, for each particular taxation year of the insurer that ends after the beginning of the transition year, from that insurance business, the amount determined by the formula

$$A \times B/1,825.$$

In the formula in the first paragraph,

(a) A is the amount deducted under section 175.2.17 in computing the insurer’s income for its transition year from that insurance business; and

(b) B is the number of days in the particular taxation year that are before the day that is 1,825 days after the first day of the transition year.

**“92.26.** If an insurer has, in a winding-up to which section 556 has applied, been wound up into another corporation (in this section referred to as the “parent”), and immediately after the winding-up the parent carries on an insurance business, in applying sections 92.25 and 175.2.18 in computing the incomes of the insurer and of the parent for the particular taxation years that end on or after the first day (in this section referred to as the “start day”) on which assets of the insurer were distributed to the parent on the winding-up, the following rules apply:

(a) the parent is, on and after the start day, deemed to be the same corporation as and a continuation of the insurer in respect of

i. any amount included under section 92.24 or deducted under section 175.2.17 in computing the insurer’s income from an insurance business for its transition year,

ii. any amount included under section 92.25 or deducted under section 175.2.18 in computing the insurer’s income from an insurance business for a taxation year of the insurer that begins before the start day, and

iii. any amount that would—in the absence of this section and if the insurer existed and carried on an insurance business on each day that is the start day or a subsequent day and on which the parent carries on an

insurance business—be required to be included under section 92.25 or deducted under section 175.2.18, in respect of any of those days, in computing the insurer’s income from an insurance business; and

(b) the insurer is, in respect of each of its particular taxation years, to determine the number of days that is referred to in subparagraph *b* of the second paragraph of sections 92.25 and 175.2.18 without reference to the start day and days after the start day.

**“92.27.** The rules in section 92.28 apply if, at any time, an insurer (in this section and section 92.28 referred to as the “transferor”) transfers, to a corporation (in this section and section 92.28 referred to as the “transferee”) that is related to the transferor, property in respect of an insurance business carried on by the transferor in Canada (in this section and section 92.28 referred to as the “transferred business”) and

(a) section 832.3 or 832.9 applies to the transfer; or

(b) section 518 applies to the transfer, the transfer includes all or substantially all of the property and liabilities of the transferred business and, immediately after the transfer, the transferee carries on an insurance business.

**“92.28.** The rules to which section 92.27 refers and that apply to the transfer of property at any time are as follows:

(a) the transferee is, at and after that time, deemed to be the same corporation as and a continuation of the transferor in respect of

i. any amount included under section 92.24 or deducted under section 175.2.17 in computing the transferor’s income for its transition year that can reasonably be attributed to the transferred business,

ii. any amount included under section 92.25 or deducted under section 175.2.18 in computing the transferor’s income for a taxation year of the transferor that begins before that time that can reasonably be attributed to the transferred business,

iii. any amount that would—in the absence of this section and if the transferor existed and carried on an insurance business on each day that includes that time or is a subsequent day and on which the transferee carries on an insurance business—be required to be included under section 92.25 or deducted under section 175.2.18, in respect of any of those days, in computing the transferor’s income that can reasonably be attributed to the transferred business; and

(b) for the purpose of determining, in respect of the day that includes that time or any subsequent day, any amount that is required to be included under section 92.25 or deducted under section 175.2.18 in computing the transferor’s

income for each particular taxation year from the transferred business, the amount referred to in subparagraph *a* of the second paragraph of those sections is deemed to be nil.

**“92.29.** If at any time an insurer ceases (otherwise than as a result of an amalgamation within the meaning of subsections 1 and 2 of section 544) to carry on all or substantially all of an insurance business (in this section referred to as the “discontinued business”), and neither section 92.26 nor 92.27 applies, there must be included in computing the insurer’s income from the discontinued business for the insurer’s taxation year that includes the time that is immediately before that time, the amount determined by the formula

$A - B.$

In the formula in the first paragraph,

(a) *A* is the amount deducted under section 175.2.17 in computing the insurer’s income from the discontinued business for its transition year; and

(b) *B* is the aggregate of all amounts each of which is an amount included under section 92.25 in computing the insurer’s income from the discontinued business for a taxation year that began before that time.

**“92.30.** If at any time an insurer that carried on an insurance business ceases to exist (otherwise than as a result of a winding-up described in section 92.26 or of an amalgamation within the meaning of subsections 1 and 2 of section 544), for the purposes of sections 92.29 and 175.2.19, the insurer is deemed to have ceased to carry on the insurance business at the time (determined without reference to this section) at which the insurer ceased to carry on the insurance business or, if it is earlier, the time that is immediately before the end of the last taxation year of the insurer that ended at or before the time at which the insurer ceased to exist.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**13.** (1) Section 127.1 of the Act is amended by replacing the definition of “controlled foreign affiliate” by the following definition:

““controlled foreign affiliate”, at any time, of a taxpayer resident in Canada, means a corporation that would, at that time, be a controlled foreign affiliate of the taxpayer within the meaning of section 572 if that section were read as if “resident in Canada” were inserted after “any person” in subparagraphs ii and iv of its paragraph *b*;

(2) Subsection 1 applies to a taxation year, of a foreign affiliate of a taxpayer, that begins after 23 February 1998. However, when the definition of “controlled foreign affiliate” in section 127.1 of the Act applies to such a taxation year that begins before 1 January 2003, it is to be read as if “subparagraphs ii and iv” was replaced by “subparagraph iii”.

**14.** (1) Section 127.13 of the Act is replaced by the following section:

**“127.13.** Section 127.6 does not apply to a corporation resident in Canada for a taxation year of the corporation in respect of an amount owing to the corporation by a person not resident in Canada if that person is a controlled foreign affiliate of the corporation throughout the period in the year during which the amount is owing to the extent that it is established that the amount owing

(a) arose as a loan or advance of money to the affiliate that the affiliate has used, throughout the period that began when the loan or advance was made and that ended at the earlier of the end of the year and the time at which the amount was repaid,

i. for the purpose of earning income from an active business of the affiliate or income that was included under subsection 2 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing the income from an active business of the affiliate, or

ii. for the purpose of making a loan or advance to another controlled foreign affiliate of the corporation where, if interest became payable on the loan or advance at any time in the period and the affiliate was required to include the interest in computing its income for a taxation year, that interest would not be required to be included in computing the affiliate’s foreign accrual property income, within the meaning of section 579, for that year; or

(b) arose in the course of an active business carried on by the affiliate throughout the period that began when the amount owing arose and that ended at the earlier of the end of the year and the time at which the amount was repaid.”

(2) Subsection 1 applies to a taxation year that begins after 23 February 1998.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall make such assessments or reassessments of the tax, interest and penalties payable by a corporation under Part I of the Act as are necessary for any taxation year ending before 2 October 2007 to give effect to subsection 1. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply to such assessments, with the necessary modifications.

**15.** (1) The Act is amended by inserting the following section after section 127.13:

**“127.13.1.** The presumption in the second paragraph applies in respect of money (in this section referred to as “new borrowings”) that a controlled foreign affiliate of a particular corporation resident in Canada has borrowed from the particular corporation to the extent that the affiliate has used the new borrowings

(a) to repay money (in this section referred to as “previous borrowings”) previously borrowed from any person or partnership, if

i. the previous borrowings became owing after the last time at which the affiliate became a controlled foreign affiliate of the particular corporation, and

ii. the previous borrowings were, at all times after they became owing, used for any of the purposes described in subparagraphs i and ii of paragraph *a* of section 127.13; or

(b) to pay an amount owing (in this section referred to as the “unpaid purchase price”) by the affiliate for a property previously acquired from any person or partnership, if

i. the property was acquired, and the unpaid purchase price became owing, by the affiliate after the last time at which it became a controlled foreign affiliate of the particular corporation,

ii. the unpaid purchase price is in respect of the property, and

iii. throughout the period that began when the unpaid purchase price became owing by the affiliate and ended when the unpaid purchase price was so paid, the property was used principally to earn income described in subparagraph i of paragraph *a* of section 127.13.

For the purposes of section 127.13, the new borrowings are deemed to have been used for the purposes for which the previous borrowings were used or were deemed by this paragraph to have been used, or to acquire the property in respect of which the unpaid purchase price was payable, as the case may be.”

(2) Subsection 1 applies to a taxation year that begins after 23 February 1998.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall make such assessments or reassessments of the tax, interest or penalties payable by a corporation under Part I of the Act as are necessary for any taxation year ending before 2 October 2007 to give effect to subsection 1. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply to such assessments, with the necessary modifications.

**16.** (1) Section 134.1 of the Act is amended by replacing “The annual dues described in subparagraph” in the second paragraph by “The dues described in any of subparagraphs”.

(2) Subsection 1 has effect from 19 June 2009.

**17.** (1) Section 161 of the Act is amended by striking out “, within the meaning of paragraph *e* of section 835,” in paragraph *a*.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**18.** (1) Section 163.1 of the Act is amended

(1) by replacing “paragraph *i*” and “paragraph *h* of the same section if that paragraph” in the portion before paragraph *a* by “subparagraph *i* of the first paragraph” and “subparagraph *h* of the first paragraph of the same section if that subparagraph”, respectively;

(2) by striking out “, within the meaning of paragraph *e* of section 835,” in paragraph *c*.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**19.** Section 165.4 of the Act is amended by replacing “referred to therein” by “referred to in that section”.

**20.** (1) The Act is amended by inserting the following after section 175.2.15:

#### **“DIVISION XII.0.1**

#### **“TRANSITIONAL RULES RELATING TO AN INSURER**

**“175.2.16.** In sections 175.2.17 to 175.2.19, “insurance business”, “reserve transition amount” and “transition year” have the meaning assigned by section 92.23.

**“175.2.17.** If an insurer’s reserve transition amount in respect of an insurance business carried on by it in Canada is negative, the reserve transition amount, expressed as a positive number, must be deducted in computing the insurer’s income for its transition year from the insurance business.

**“175.2.18.** If an amount has been included under section 92.24 in computing an insurer’s income for its transition year from an insurance business carried on by it in Canada, there must be deducted in computing the insurer’s income, for each particular taxation year of the insurer that ends after the beginning of the transition year, from that insurance business, the amount determined by the formula

$$A \times B/1,825.$$

In the formula in the first paragraph,

(*a*) *A* is the amount included under section 92.24 in computing the insurer’s income for its transition year from that insurance business; and



(b) B is the number of days in the particular taxation year that are before the day that is 1,825 days after the first day of the transition year.

**“175.2.19.** If at any time an insurer ceases (otherwise than as a result of an amalgamation within the meaning of subsections 1 and 2 of section 544) to carry on all or substantially all of an insurance business (in this section referred to as the “discontinued business”), and neither section 92.26 nor 92.27 applies, there must be deducted in computing the insurer’s income from the discontinued business for the insurer’s taxation year that includes the time that is immediately before that time, the amount determined by the formula

$A - B.$

In the formula in the first paragraph,

(a) A is the amount included under section 92.24 in computing the insurer’s income from the discontinued business for its transition year; and

(b) B is the aggregate of all amounts each of which is an amount deducted under section 175.2.18 in computing the insurer’s income from the discontinued business for a taxation year that began before that time.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**21.** Section 231.2 of the Act, amended by section 24 of chapter 5 of the statutes of 2010, is again amended by striking out “of Book III” in paragraph *c*.

**22.** (1) Section 232 of the Act is amended, in the first paragraph,

(1) by striking out “within the meaning assigned by paragraph *e* of section 835” in subparagraph *e*;

(2) by replacing subparagraph *g* by the following subparagraph:

“(g) a property in respect of whose disposition any of sections 851.22.11, 851.22.13 and 851.22.14 applies.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**23.** (1) Section 237 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the first paragraph,

(a) a right to acquire a property (other than a right, as security only, derived from a hypothec, mortgage, agreement of sale or similar obligation) is deemed to be a property that is identical to the property; and

(b) a share of the capital stock of a SIFT wind-up corporation in respect of a SIFT wind-up entity is, if the share was acquired before 1 January 2013, deemed to be a property that is identical to an interest in the entity that is an investment in a SIFT wind-up entity.”

(2) Subsection 1 applies in respect of a disposition that occurs after 2 February 2009.

**24.** (1) Section 238 of the Act is amended by replacing “, section 832.1 or 851.22.15, paragraph *b* of section 851.22.23 or section 861, 862 or” in paragraph *a* by “or any of sections 832.1, 851.22.15, 851.22.23 to 851.22.31, 861, 862 and”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**25.** (1) Section 238.2 of the Act is amended by inserting the following paragraph after paragraph *b*:

“(b.1) a share of the capital stock of a SIFT wind-up corporation in respect of a SIFT wind-up entity is, if the share was acquired before 1 January 2013, deemed to be a property that is identical to an interest in the entity that is an investment in a SIFT wind-up entity;”.

(2) Subsection 1 applies in respect of a disposition that occurs after 27 November 2008.

**26.** (1) Section 308.6 of the Act is amended by replacing “an election under” in subparagraph iii of subparagraph *d* of the first paragraph by “the election referred to in”.

(2) Subsection 1 has effect from 20 December 2006.

**27.** Section 312 of the Act, amended by section 36 of chapter 5 of the statutes of 2010, is again amended by replacing “une confirmation à l’effet” in the portion of paragraph *h* before subparagraph i in the French text by “la confirmation”.

**28.** Section 313.11 of the Act is amended by striking out “of Book III” in the first paragraph.

**29.** Section 339 of the Act is amended by replacing paragraph *j* by the following paragraph:

“(j) the aggregate of all amounts each of which is 50% of the amount payable by the taxpayer for the year as a contribution in respect of self-employed earnings under the Act respecting the Québec Pension Plan (chapter R-9) or under any similar plan within the meaning of paragraph *u* of section 1 of that Act, other than an amount payable by the taxpayer for the year in relation to a business of the taxpayer, as such a contribution, if all of

the taxpayer's income for the year from that business is not required to be included in computing the taxpayer's income for the year or is deductible in computing the taxpayer's taxable income for the year under any of sections 725, 737.16, 737.18.10, 737.18.34 and 737.22.0.10."

**30.** Section 421.2 of the Act is amended by striking out "of Book III" in the following provisions of the first paragraph:

- subparagraph *d*;
- subparagraph ii of subparagraph *d.1*;
- subparagraph ii of subparagraph *d.2*.

**31.** (1) Section 467.1 of the Act is amended by replacing "paragraph *k*" in paragraph *b* by "subparagraph *k* of the first paragraph".

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**32.** (1) The Act is amended by inserting the following section after section 485.22:

**"485.22.1.** If a trust that is a SIFT wind-up entity is the only beneficiary under another trust (in this section referred to as the "subsidiary trust"), and a capital property that is a debt or other obligation (in this section referred to as the "subsidiary trust's obligation") of the subsidiary trust to pay an amount to the SIFT wind-up entity is, as a consequence of a distribution by the subsidiary trust that is a SIFT trust wind-up event, settled at a particular time without any payment or by the payment of an amount that is less than the principal amount of the subsidiary trust's obligation, the following rules apply:

(a) if the payment is less than the adjusted cost base to the SIFT wind-up entity of the subsidiary trust's obligation immediately before the particular time, and the SIFT wind-up entity makes a valid election under subparagraph ii of paragraph *a* of subsection 5.1 of section 80.01 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in relation to the subsidiary trust's obligation, the amount paid at the particular time in satisfaction of the principal amount of the subsidiary trust's obligation is deemed to be equal to the amount that would be the adjusted cost base to the SIFT wind-up entity of the subsidiary trust's obligation immediately before the particular time if that adjusted cost base included amounts added in computing the SIFT wind-up entity's income in respect of the portion of the indebtedness representing unpaid interest, to the extent that the SIFT wind-up entity has not deducted any amounts as bad debts in respect of that unpaid interest; and

(b) for the purpose of applying sections 485 to 485.18 to the subsidiary trust's obligation, the subsidiary trust's obligation is deemed to have been settled immediately before the time that is immediately before the distribution.

Chapter V.2 of Title II of Book I applies in relation to an election made under subparagraph ii of paragraph *a* of subsection 5.1 of section 80.01 of the Income Tax Act.”

(2) Subsection 1 has effect from 15 July 2008.

**33.** (1) Section 487.0.2 of the Act is amended by inserting “or a region of flood or excessive moisture” after “drought region” in the portion of the first paragraph before the formula.

(2) Subsection 1 applies from the taxation year 2008.

**34.** (1) Section 487.0.3 of the Act is amended, in the first paragraph,

(1) by replacing “drought region, within the meaning of the regulations made under that section” in the portion before subparagraph *a* by “region referred to in the first paragraph of that section”;

(2) by replacing “a drought region” in subparagraph i of subparagraph *b* by “referred to in the first paragraph of section 487.0.2”.

(2) Subsection 1 applies from the taxation year 2008.

**35.** Section 487.2 of the Act is amended by striking out the second paragraph.

**36.** Section 487.2.1 of the Act is replaced by the following section:

**“487.2.1.** The amount referred to in section 487.2 is the aggregate of

(*a*) the interest for the year paid on each such debt not later than 30 days after the end of the year; and

(*b*) the portion of the interest paid or payable for the year in respect of each such debt by a person or partnership referred to in any of paragraphs *a* to *c* of section 487.2 that is reimbursed by the debtor in the year or within 30 days after the end of the year to the person or partnership that made the payment referred to in that section.”

**37.** Section 504 of the Act is amended by striking out “of Title IX of Book III” in subparagraph i of paragraph *f* of subsection 2.

**38.** Section 522 of the Act is amended

(1) by inserting “for the transferor and for the transferee” after “are met” in the portion of the first paragraph before subparagraph *a*;

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

“The conditions referred to in the first paragraph are as follows:”.

**39.** (1) The Act is amended by inserting the following sections after section 540.4:

**“540.5.** The rules in section 540.6 apply if a taxpayer disposes, before 1 January 2013, of an investment in a SIFT wind-up entity (in section 540.6 referred to as the “particular unit”) to a taxable Canadian corporation if

(a) the disposition occurs during a period (in this section and section 540.6 referred to as the “exchange period”) of no more than 60 days at the end of which all of the interests in the entity that are investments in a SIFT wind-up entity are owned by the corporation;

(b) the taxpayer receives no consideration for the disposition other than a share (in this section and section 540.6 referred to as the “exchange share”) of the capital stock of the corporation that is issued during the exchange period to the taxpayer by the corporation;

(c) neither of sections 518 and 529 applies in respect of the disposition; and

(d) all of the exchange shares issued to holders of interests in the entity that are investments in a SIFT wind-up entity are shares of a single class of the capital stock of the corporation.

**“540.6.** The rules to which section 540.5 refers, in relation to a disposition by a taxpayer of a particular unit of a SIFT wind-up entity to a corporation for consideration that is an exchange share, are as follows:

(a) the taxpayer’s proceeds of disposition of the particular unit, and cost of the exchange share, are deemed to be equal to the cost amount to the taxpayer of the particular unit immediately before the disposition;

(b) if the particular unit was immediately before the disposition taxable Québec property or taxable Canadian property of the taxpayer, the exchange share is deemed to be taxable Québec property or taxable Canadian property of the taxpayer, as the case may be;

(c) if the exchange share’s fair market value immediately after the disposition exceeds the particular unit’s fair market value at the time of the disposition, the excess is deemed to be an amount that Division IV of Chapter II of Title III requires to be included in computing the taxpayer’s income for the taxpayer’s taxation year in which the disposition occurs;

(d) if the particular unit’s fair market value at the time of the disposition exceeds the exchange share’s fair market value immediately after the disposition, and it is reasonable to regard any part of the excess as a benefit

that the taxpayer desired to have conferred on a person, or partnership, with whom the taxpayer does not deal at arm's length, the excess is deemed to be an amount that Division IV of Chapter II of Title III requires to be included in computing the taxpayer's income for the taxpayer's taxation year in which the disposition occurs; and

(e) the cost to the corporation of the particular unit is deemed to be the lesser of

i. the fair market value of the particular unit immediately before the disposition, and

ii. the amount determined for B in the formula in paragraph *f* of subsection 8 of section 85.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in respect of the particular unit.”

(2) Subsection 1 applies in respect of a disposition that occurs after 13 July 2008. It also applies in respect of a disposition by a taxpayer to a corporation after 19 December 2007 and before 14 July 2008 and in relation to which the corporation made a valid election, jointly with the taxpayer, under paragraph *b* of subsection 2 of section 18 of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2).

**40.** (1) The Act is amended by inserting the following section after section 544:

**“544.1.** If there is an amalgamation of two or more corporations and one of those corporations is a SIFT wind-up corporation, the new corporation is deemed to be a SIFT wind-up corporation.”

(2) Subsection 1 has effect from 20 December 2007.

**41.** (1) Section 564 of the Act is amended by inserting “section 544.1,” after “of this chapter,”.

(2) Subsection 1 has effect from 20 December 2007.

**42.** (1) The Act is amended by inserting the following after section 569:

#### **“CHAPTER IX.0.1**

#### **“WINDING-UP THAT IS A SIFT TRUST WIND-UP EVENT**

**“569.0.1.** Section 569.0.2 applies to a trust's distribution of property to a taxpayer if

(a) the distribution is a SIFT trust wind-up event;

(b) the trust is

i. a SIFT wind-up entity whose only beneficiary, at all times at which the trust makes a distribution that is a SIFT trust wind-up event, is a taxable Canadian corporation, or

ii. a trust whose only beneficiary, at all times at which the trust makes a distribution that is a SIFT trust wind-up event, is another trust described in subparagraph i;

(c) where the trust is a SIFT wind-up entity, the distribution occurs no more than 60 days after the first SIFT trust wind-up event of the trust or, if it is earlier, the first distribution to the trust that is a SIFT trust wind-up event of another trust; and

(d) where the property is shares of the capital stock of a taxable Canadian corporation,

i. the property was not acquired by the trust as part of a distribution referred to in section 688.3, and

ii. the trust makes a valid election under subparagraph ii of paragraph *d* of subsection 1 of section 88.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in relation to the distribution.

Chapter V.2 of Title II of Book I applies in relation to an election made under subparagraph ii of paragraph *d* of subsection 1 of section 88.1 of the Income Tax Act.

**“569.0.2.** If the conditions in section 569.0.1 are met, in respect of a trust’s distribution of property to a taxpayer, Chapter VII, and Chapter VI and sections 21.2 to 21.3.1 as they apply for the purposes of Chapter VII, apply in respect of the distribution, with the necessary modifications, as if

(a) the trust were a taxable Canadian corporation (in this section referred to as the “subsidiary”) other than a private corporation;

(b) where the taxpayer is a SIFT wind-up entity, the taxpayer were a taxable Canadian corporation other than a private corporation;

(c) the distribution were a winding-up of the subsidiary;

(d) the taxpayer’s interest as a beneficiary under the trust were shares of a single class of shares of the capital stock of the subsidiary owned by the taxpayer;

(e) section 558 deemed the taxpayer’s proceeds of disposition of the shares described in paragraph *d* and owned by the taxpayer immediately before the distribution to be equal to the adjusted cost base to the taxpayer of the taxpayer’s interest as a beneficiary under the trust immediately before the distribution;

(f) each trust, a majority-interest beneficiary (within the meaning of section 21.0.1) of which is another trust that because of the application of this section is deemed to be a corporation, were a corporation; and

(g) except for the purposes of sections 564.2 to 564.4.2, the taxpayer last acquired control of the subsidiary and of each corporation (including any trust that because of the application of this section is deemed to be a corporation) controlled by the subsidiary at the time at which the taxpayer last became a majority-interest beneficiary (within the meaning of section 21.0.1) of the trust.”

(2) Subsection 1 has effect from 15 July 2008. However, when section 569.0.1 of the Act applies in respect of a trust’s distribution of property that occurs on or before 11 May 2009, it is to be read without reference to subparagraph c of its first paragraph.

**43.** (1) Section 572 of the Act is replaced by the following section:

**“572.** In this Title, a controlled foreign affiliate, at any time, of a taxpayer resident in Canada means a foreign affiliate of the taxpayer that

(a) is, at that time, controlled by the taxpayer; or

(b) would, at that time, be controlled by the taxpayer if the taxpayer owned all of the following shares of the capital stock of the foreign affiliate:

i. the shares that are owned at that time by the taxpayer,

ii. the shares that are owned at that time by any person who does not deal at arm’s length with the taxpayer,

iii. the shares that are owned at that time by any person (in this section referred to as a “relevant Canadian shareholder”), in any set of persons not exceeding four (which set of persons is to be determined without reference to the existence of or the absence of any relationship, connection or action in concert between those persons), who

(1) are resident in Canada,

(2) are not the taxpayer or a person described in subparagraph ii, and

(3) own, at that time, shares of the capital stock of the foreign affiliate, and

iv. the shares that are owned at that time by any person who does not deal at arm’s length with any relevant Canadian shareholder.”

(2) Subsection 1 applies to a taxation year of a foreign affiliate of a taxpayer that begins after 31 December 1995. However, when section 572 of the Act applies to such a taxation year



(1) that begins before 28 February 2004, paragraph *a* of that section is to be read as follows:

“(a) is, at that time, controlled

i. by the taxpayer,

ii. by the taxpayer and not more than four other persons resident in Canada, or

iii. by not more than four persons resident in Canada, other than the taxpayer; or”;

(2) that begins before 1 January 2003, paragraph *b* of that section is to be read as follows:

“(b) would, at that time, be controlled by the taxpayer if the taxpayer owned

i. each share of the capital stock of a corporation that is owned at that time by the taxpayer and each share of the capital stock of a corporation that is owned at that time by any of not more than four other persons resident in Canada,

ii. each share of the capital stock of a corporation that is owned at that time by any of not more than four persons resident in Canada (other than the taxpayer), or

iii. each share of the capital stock of a corporation that is owned at that time by the taxpayer and each share of the capital stock of a corporation that is owned at that time by any person with whom the taxpayer does not deal at arm’s length.”

**44.** (1) The Act is amended by inserting the following sections after section 572:

“**572.1.** For the purposes of this section and paragraph *b* of section 572, the following rules apply:

(a) the shares of the capital stock of a corporation that are at any time owned by, or that are deemed by this section to be at any time owned by, another corporation are deemed to be, at that time, owned by, or property of, each shareholder of the other corporation in the proportion that the fair market value at that time of the shares of the capital stock of the other corporation that, at that time, are owned by, or are property of, the shareholder is of the fair market value at that time of all the issued and outstanding shares of the capital stock of the other corporation;

(b) the shares of the capital stock of a corporation that are, or are deemed by this section to be, at any time, property of a partnership, are deemed to be, at that time, owned by, or property of, each member of the partnership in the proportion 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 all interests in the partnership;

(c) the shares of the capital stock of a corporation that are at any time owned by, or that are deemed by this section to be at any time owned by, a non-discretionary trust (within the meaning of section 127.1) other than an exempt trust are deemed to be, at that time, owned by, or property of, each beneficiary of the trust in the proportion that the fair market value at that time of the beneficiary's beneficial interest in the trust is of the fair market value at that time of all beneficial interests in the trust; and

(d) all of the shares of the capital stock of a corporation that are at any time owned by, or that are deemed by this section to be at any time owned by, a particular trust (other than a non-discretionary trust, within the meaning of section 127.1, or an exempt trust) are deemed to be, at that time, owned by, or property of,

i. each beneficiary of the particular trust at that time, and

ii. each settlor (within the meaning of section 127.1) in respect of the particular trust at that time.

**“572.2.** In applying the assumption in paragraph *b* of section 572 in respect of a taxpayer resident in Canada to determine whether a foreign affiliate of the taxpayer is at any time a controlled foreign affiliate of the taxpayer, nothing in that paragraph or in section 572.1 is to be read or construed as requiring a right or an interest in a share of the capital stock of the foreign affiliate of the taxpayer owned at that time by the taxpayer to be taken into account more than once.

**“572.3.** In this Title,

“eligible trust” means a trust, other than a trust

(a) created or maintained for charitable purposes;

(b) governed by an employee benefit plan;

(c) described in subparagraph *a.1* of the third paragraph of section 647;

(d) governed by a salary deferral arrangement;

(e) operated for the purpose of administering or providing pension benefits or employee benefits; or

(f) where the amount of income or capital that an entity may receive directly from the trust at any time as a beneficiary under the trust depends on the exercise by an entity of, or the failure by an entity to exercise, a discretionary power;

“entity” includes an association, a corporation, a fund, a natural person, a joint venture, an organization, a partnership, a syndicate or a trust;

“exempt trust”, at a particular time in respect of a taxpayer resident in Canada, means a trust that, at that time, is a trust under which the interest of each beneficiary under the trust is, at all times that the interest exists during the trust’s taxation year that includes the particular time, a specified fixed interest of the beneficiary in the trust, if at the particular time

(a) the trust is an eligible trust;

(b) there are at least 150 beneficiaries each of whom holds a specified fixed interest, in the trust, that has a fair market value of at least \$500; and

(c) the total of all amounts each of which is the fair market value of an interest as a beneficiary under the trust held by a specified purchaser in respect of the taxpayer is not more than 10% of the total fair market value of all interests as a beneficiary under the trust;

“specified fixed interest”, at any time, of an entity in a trust, means an interest of the entity as a beneficiary under the trust if

(a) the interest includes, at that time, rights of the entity as a beneficiary under the trust to receive, at or after that time and directly from the trust, all or part of the income and capital of the trust;

(b) the interest was issued by the trust, at or before that time, to an entity, in exchange for consideration and the fair market value, at the time at which the interest was issued, of that consideration was equal to the fair market value, at the time at which it was issued, of the interest;

(c) the only manner in which any part of the interest may cease to be the entity’s is by way of a disposition (determined without reference to section 7.2 and subparagraph *e* of the second paragraph of section 248) by the entity of that part; and

(d) no amount of the income or capital of the trust that an entity may receive directly from the trust at any time as a beneficiary under the trust depends on the exercise by an entity of, or the failure by an entity to exercise, a discretionary power;

“specified purchaser”, at a particular time, in respect of a taxpayer resident in Canada, means an entity that is, at that time,

(a) the taxpayer;

(b) an entity resident in Canada with which the taxpayer does not deal at arm's length;

(c) a foreign affiliate of an entity described in any of paragraphs *a*, *b* and *d* to *f*;

(d) a trust (other than an exempt trust) in which an entity described in any of paragraphs *a* to *c*, *e* and *f* is beneficially interested;

(e) a partnership of which an entity described in any of paragraphs *a* to *d* and *f* is a member; or

(f) an entity (other than an entity described in any of paragraphs *a* to *e*) with which an entity described in any of those paragraphs does not deal at arm's length.”

(2) Subsection 1, when it enacts sections 572.1 and 572.2 of the Act, applies to a taxation year of a foreign affiliate of a taxpayer that begins after 27 February 2004.

(3) Subsection 1, when it enacts section 572.3 of the Act, has effect from 28 February 2004, except when it enacts the definition of “entity” in that section, in which case it applies to a taxation year of a foreign affiliate of a taxpayer that begins after 31 December 2004. However, when the definition of “specified purchaser” in that section applies before 2 October 2007, it is to be read as follows:

““specified purchaser”, at a particular time in respect of a particular taxpayer resident in Canada, means a person or partnership that is, at that time,

(a) the particular taxpayer;

(b) a taxpayer resident in Canada with which the particular taxpayer does not deal at arm's length;

(c) a foreign affiliate of a person described in paragraph *a* or *b*;

(d) a person not resident in Canada with which a person described in any of paragraphs *a* to *c* does not deal at arm's length;

(e) a trust (other than an exempt trust) in which a person or partnership described in any of paragraphs *a* to *d* and *f* is beneficially interested; and

(f) a partnership of which a person or partnership described in any of paragraphs *a* to *e* is a member.”

**45.** Section 584.1 of the Act is amended by replacing “Aux fins” in the French text by “Pour l'application” and by striking out “of Title X of Book III”.

**46.** (1) Sections 589 and 589.1 of the Act are replaced by the following sections:

**“589.** If a particular corporation resident in Canada or a particular foreign affiliate of the particular corporation disposes of a share of the capital stock of a foreign affiliate of the particular corporation and the particular corporation makes a valid election under subsection 1 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 in respect of the share, the amount designated in the election in accordance with paragraph *a* of that subsection 1, not exceeding the proceeds of disposition of the share, is deemed, for the purposes of this Part, to be a dividend on that share received from the foreign affiliate by the particular corporation or by the particular foreign affiliate, as the case may be, immediately before the disposition, and not to be proceeds of disposition of that share.

If a foreign affiliate of a corporation resident in Canada disposes of excluded property that is a share of the capital stock of another foreign affiliate of the corporation and subsection 1.1 of section 93 of the Income Tax Act applies in relation to that disposition, the corporation is deemed to have made the election referred to in the first paragraph, at the time of the disposition, in respect of the share disposed of and in the election to have designated an amount equal to the amount that the corporation is deemed, under that subsection 1.1, to have designated in the election in relation to the disposition.

Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 1 of section 93 of the Income Tax Act or in relation to an election made under this section before 20 December 2006.

**“589.1.** Except for the purposes of paragraph *a* of section 255, if, in relation to a share, section 261 applies to a corporation that has made, in respect of the share, the election referred to in the first paragraph of section 589, or to a foreign affiliate of the corporation, the amount that is deemed by section 261 to be the gain of the corporation or foreign affiliate, as the case may be, from the disposition of the share is deemed to be equal to the amount by which the amount established without reference to this section exceeds the amount that is deemed, under the first paragraph of section 589, to be a dividend and not to be proceeds of disposition of the share, in relation to the disposition.”

(2) Subsection 1 has effect from 20 December 2006.

**47.** (1) Section 589.2 of the Act is amended

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

**“589.2.** If the disposition of shares of a class of the capital stock of a foreign affiliate of a particular corporation resident in Canada by a partnership would, but for this section, result in a taxable capital gain for a corporation (in this section referred to as the “disposing corporation”) that is the particular corporation or a foreign affiliate of the particular corporation and the particular corporation makes a valid election under subsection 1.2 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 in respect of the disposition, the following rules apply:”;

(2) by replacing “the amount designated by the particular corporation” in subparagraph *b* of the first paragraph by “the amount determined in accordance with subparagraph *a* of the second paragraph”;

(3) by replacing “to which subparagraph *a* of the first paragraph refers in respect of shares” in the portion of the second paragraph before subparagraph *a* by “to which subparagraph *a* of the first paragraph refers in respect of shares of a class of the capital stock of the foreign affiliate”;

(4) by replacing “the amount designated in the election by the particular corporation, which amount shall not exceed” in subparagraph *a* of the second paragraph by “the amount designated in respect of shares in accordance with subparagraph *i* of paragraph *a* of subsection 1.2 of section 93 of the Income Tax Act, not exceeding”;

(5) by adding the following paragraph after the third paragraph:

“Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 1.2 of section 93 of the Income Tax Act or in relation to an election made under the first paragraph before 20 December 2006.”

(2) Paragraphs 1, 2, 4 and 5 of subsection 1 have effect from 20 December 2006.

**48.** (1) Section 589.3 of the Act is replaced by the following section:

**“589.3.** If a partnership disposes at a particular time of excluded property that are shares of a class of the capital stock of a foreign affiliate of a particular corporation resident in Canada, the disposition results in a taxable capital gain for a foreign affiliate (in this section referred to as the “disposing corporation”) of the particular corporation, and subsection 1.3 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies in respect of the disposition, the particular corporation is deemed to have made at that time the election referred to in section 589.2 in relation to the number of shares of that class of the capital stock of the foreign affiliate that is the amount by which the number of those shares that are deemed to be owned by the disposing corporation under section 592.1 immediately before the disposition exceeds the number of those shares that are deemed to be owned by the disposing corporation under that section immediately after the disposition.”

(2) Subsection 1 has effect from 20 December 2006.

**49.** (1) Section 649.1 of the Act is amended

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

**“649.1.** “Personal trust” means a trust (other than a trust that is, or was at any time after 31 December 1999, a unit trust) that is”;

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

**“(b)** an *inter vivos* trust no beneficial interest in which was acquired for consideration payable directly or indirectly to the trust or to any person or partnership that has made a contribution to the trust by way of transfer, assignment or other disposition of property.”

(2) Subsection 1 has effect from 15 July 2008.

**50.** Section 664 of the Act is amended by replacing “à l’effet” in paragraph *d* in the French text by “exigeant”.

**51.** (1) The Act is amended by inserting the following section after section 677:

**“677.1.** For the purposes of section 677, a contribution to a trust does not include a qualifying expenditure (within the meaning of section 118.04 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)) of a beneficiary under the trust.”

(2) Subsection 1 applies from the taxation year 2009.

**52.** (1) Section 688 of the Act is amended, in the first paragraph,

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

**“688.** Subject to sections 688.0.0.1, 688.0.0.2 and 691 to 692, if at a particular time a property of a personal trust or a prescribed trust is distributed (otherwise than as a SIFT trust wind-up event) by the trust to a taxpayer who was a beneficiary under the trust and there is a resulting disposition of all or any part of the taxpayer’s capital interest in the trust, the following rules apply:”;

(2) by replacing “540.2” in subparagraph iii of subparagraph *d.1* by “540.4”.

(2) Paragraph 1 of subsection 1 has effect from 15 July 2008.

**53.** (1) Section 688.1 of the Act is amended by replacing “and section 688” in the portion of the first paragraph before subparagraph *a* by “and in sections 569.0.2, 688 and 688.4”.

(2) Subsection 1 has effect from 15 July 2008.

**54.** Section 688.2 of the Act is amended by striking out “of Book III” in subparagraphs i and ii of subparagraph *a* of the first paragraph.

**55.** (1) The Act is amended by inserting the following sections after section 688.2:

**“688.3.** The rules in section 688.4 apply in respect of a trust’s distribution of property to a taxpayer if

(a) the distribution is a SIFT trust wind-up event to which section 569.0.2 does not apply;

(b) the property is a share and all the shares distributed on any SIFT trust wind-up event of the trust are of a single class of shares of the capital stock of a taxable Canadian corporation; and

(c) where the trust is a SIFT wind-up entity, the distribution occurs no more than 60 days after the first SIFT trust wind-up event of the trust or, if it is earlier, the first distribution to the trust that is a SIFT trust wind-up event of another trust.

**“688.4.** The rules to which section 688.3 refers, in relation to a trust’s distribution of property, are as follows:

(a) the trust is deemed to have disposed of the property for proceeds of disposition equal to the adjusted cost base to the trust of the property immediately before the distribution;

(b) the taxpayer is deemed to have disposed of the taxpayer’s interest as a beneficiary under the trust for proceeds of disposition equal to the cost amount to the taxpayer of the interest immediately before the distribution;

(c) the taxpayer is deemed to have acquired the property at a cost equal to

i. if, at all times at which the trust makes a distribution that is a SIFT trust wind-up event, the taxpayer is the only beneficiary under the trust and is a SIFT wind-up entity or a taxable Canadian corporation, the adjusted cost base to the trust of the property immediately before the distribution, and

ii. in any other case, the cost amount to the taxpayer of the taxpayer’s interest as a beneficiary under the trust immediately before the distribution;



(d) if the taxpayer's interest as a beneficiary under the trust was immediately before the disposition taxable Québec property or taxable Canadian property of the taxpayer, the property is deemed to be taxable Québec property or taxable Canadian property of the taxpayer, as the case may be; and

(e) if a liability of the trust becomes as a consequence of the distribution a liability of the corporation described in paragraph *b* of section 688.3 in respect of the distribution, and the amount payable by the corporation on the maturity of the liability is equal to the amount that would have been payable by the trust on its maturity,

i. the transfer of the liability by the trust to the corporation is deemed not to have occurred, and

ii. the liability is deemed to have been issued by the corporation at the time at which, and under the same agreement as that under which, it was issued by the trust, and not to have been issued by the trust.”

(2) Subsection 1 has effect from 15 July 2008. However,

(1) when it applies in respect of a trust's distribution of property that occurs before 3 February 2009, paragraph *b* of section 688.3 of the Act is to be read without reference to “of a single class of shares of”; and

(2) when it applies in respect of a trust's distribution of property that occurs on or before 11 May 2009, section 688.3 of the Act is to be read without reference to its paragraph *c*.

**56.** (1) Section 690 of the Act is amended by inserting “of section 688.4 and” after “except for the purposes” in the portion of the first paragraph before subparagraph *a*.

(2) Subsection 1 has effect from 15 July 2008.

**57.** (1) Section 692.8 of the Act is amended by replacing subparagraph *e* of the first paragraph by the following subparagraph:

“(e) if the property was deemed to be taxable Québec property or taxable Canadian property of the transferor under this subparagraph, subparagraph *c* of the first paragraph of section 280.6, subparagraph *d* of the first paragraph of section 301, any of sections 521, 538 and 540.4, paragraph *b* of section 540.6, section 554, subparagraph *c* of the second paragraph of section 614, subparagraph *d.1* of the first paragraph of section 688 or paragraph *d* of section 688.4, the property is deemed to be taxable Québec property or taxable Canadian property of the transferee trust;”.

(2) Subsection 1 applies

(1) in respect of a disposition that occurs after 23 December 1998; and

(2) in relation to the taxation year 1996 and subsequent taxation years, in respect of the transfer of capital property that occurred before 24 December 1998.

**58.** Section 693 of the Act is amended by striking out “737.18.28,” in the second paragraph.

**59.** Section 694 of the Act is replaced by the following section:

**“694.** For the purpose of computing the taxable income of a taxpayer for a taxation year, any deduction granted to the taxpayer under a provision of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing the taxpayer’s taxable income for a preceding taxation year in respect of which the taxpayer was not subject to tax under this Part, is deemed to have been also granted to the taxpayer under the corresponding provision of this Part in computing the taxpayer’s taxable income for that preceding year.”

**60.** (1) Section 694.0.0.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“Despite the first paragraph, the individual is not required to include, in computing taxable income for the year, if the individual so elects, the portion of the amount referred to in the first paragraph that relates to one or more preceding taxation years that are eligible taxation years of the individual (in this paragraph referred to as the “particular portion”), if the total of the particular portion and of the particular portion described in the first paragraph of section 725.1.2 that the individual elects to deduct in computing taxable income for the year, if applicable, is not less than \$300.”

(2) Subsection 1 applies from the taxation year 2007.

**61.** Section 712.0.2 of the Act is amended

(1) by replacing “stating” in the portion of paragraph *a* before subparagraph *i* by “certifying”;

(2) by replacing “réfère ce paragraphe *c*” in paragraph *b* in the French text by “ce paragraphe *c* fait référence”.

**62.** (1) Section 725.1.2 of the Act is amended by replacing the first paragraph by the following paragraph:

**“725.1.2.** An individual, other than a trust, may deduct, in computing the individual’s taxable income for a taxation year, if the individual so elects, the portion, relating to one or more preceding taxation years that are eligible

taxation years of the individual, of the aggregate of all amounts each of which is an amount described in the second paragraph that the individual includes in computing the individual's income for the year (in this paragraph referred to as the "particular portion"), if the total of the particular portion and of the particular portion described in the second paragraph of section 694.0.0.1 that the individual elects not to include in computing taxable income for the year, if applicable, is at least \$300."

(2) Subsection 1 applies from the taxation year 2007.

**63.** Section 726.4.17.17 of the Act is amended, in the French text,

(1) by replacing "produire" in subparagraph *b* of the first paragraph by "présenter";

(2) by replacing "Aux fins du" and "à l'effet" in the second paragraph by "Pour l'application du" and "l'informant", respectively.

**64.** (1) Section 726.27 of the Act is amended by replacing the definition of "qualified patronage dividends" by the following definition:

"qualified patronage dividends" for a taxation year means a patronage dividend received by a taxpayer who is a member of a qualified cooperative, or the portion of a patronage dividend received by a taxpayer who is a member of a member partnership of a qualified cooperative, in the year and before 1 January 2013, in the form of a preferred share issued by the qualified cooperative, and that the taxpayer included in computing the taxpayer's income for the year under section 795."

(2) Subsection 1 applies in respect of a patronage dividend allocated in relation to a taxation year that ends after 22 December 2009.

**65.** (1) The Act is amended by inserting the following section after section 726.27:

**"726.27.1.** For the purposes of the definition of "qualified patronage dividends" in section 726.27, if a partnership receives, in a fiscal period of the partnership, a qualified patronage dividend from a qualified cooperative in the form of a preferred share, the share of a taxpayer, who is a member of the partnership at the end of the fiscal period, of the amount of the patronage dividend is equal to the agreed proportion of the amount in respect of the taxpayer for the fiscal period."

(2) Subsection 1 applies in respect of a patronage dividend allocated in relation to a taxation year that ends after 22 December 2009.

**66.** (1) Section 726.29 of the Act is amended

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

“The first paragraph does not apply if the disposition by a member of a preferred share issued by a cooperative results from any of the operations referred to in the fourth paragraph and if, after the operation,

(a) all of the outstanding preferred shares issued by the cooperative and relating to qualified patronage dividends for a particular taxation year have been exchanged for consideration consisting only of preferred shares or fractions of such shares; and

(b) except in respect of the order of priority for the repayment of shares in the event of a winding-up, the new preferred shares or the fractions of such shares have the same characteristics as do the shares and fractions of shares they replace.”;

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

“The operations to which the third paragraph refers are the following:

(a) an amalgamation, within the meaning of section 544, or a winding-up of the cooperative, if, as a consequence of the amalgamation or winding-up, the member receives from another cooperative a new preferred share issued by the other cooperative to replace the preferred share so disposed of; and

(b) a conversion of the preferred share or a reorganization of the capital stock of the cooperative, if, as a consequence of the conversion or reorganization, the member receives from the cooperative a new preferred share to replace the preferred share so disposed of.”

(2) Subsection 1 applies in respect of the disposition of a preferred share that occurs after 22 December 2009.

**67.** (1) Section 733.0.6 of the Act is amended

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

“ $75\% \times \{1 - [(A - \$20,000,000)/\$10,000,000]\} \times (1 - B) \times C/D$ .”;

(2) by adding the following subparagraphs after subparagraph *b* of the third paragraph:

“(c) *C* is,

i. where the amount that would be deductible in computing the corporation's taxable income for the year under section 737.18.26 if no reference were made to section 737.18.26.1 exceeds the particular amount that is deductible in computing the corporation's taxable income for the year under section 737.18.26, the particular amount, and

ii. in any other case, 1; and

“(d) D is,

i. where the particular amount that would be deductible in computing the corporation's taxable income for the year under section 737.18.26 if no reference were made to section 737.18.26.1 exceeds the amount that is deductible in computing the corporation's taxable income for the year under section 737.18.26, the particular amount, and

ii. in any other case, 1.”

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

**68.** (1) Section 737.18.26 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“**737.18.26.** Subject to the third paragraph, a qualified corporation for a taxation year may deduct, in computing its taxable income for the year, an amount not exceeding the portion of its income for the year that may reasonably be considered as equal to the lesser of the amount determined under section 737.18.26.1 in respect of the corporation for the year and the amount determined by the formula”.

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

**69.** (1) The Act is amended by inserting the following section after section 737.18.26:

“**737.18.26.1.** The amount to which the first paragraph of section 737.18.26 refers in respect of a corporation for a taxation year is equal to the aggregate of the following amounts that is multiplied, if the corporation has an establishment situated outside Québec, by the reciprocal of the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771:

(a) the lesser of 100/8 of the balance of the corporation's tax assistance limit for the year and the amount by which the amount that would be determined in its respect for the year under section 771.2.1.2 if no reference were made to section 771.2.6 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income otherwise determined for the year were computed without reference to section 737.18.26, exceeds the amount that

would be determined in its respect for the year under section 771.2.1.2 if the corporation were to deduct, in computing its taxable income, all of the amount that, but for this section, would be determined under section 737.18.26; and

(b) 100/11.9 of the amount by which the balance of the corporation's tax assistance limit for the year exceeds 8% of the amount determined under subparagraph *a* in respect of the corporation for the year.

For the purposes of the first paragraph, the balance of a corporation's tax assistance limit for a taxation year is equal to the amount by which its tax assistance limit for the year, determined under section 1029.8.36.72.82.1.1, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister for the year under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3;

(b) the amount of tax that would be payable by the corporation under Part IV for the year if its paid-up capital for the purposes of that Part were equal to the amount it deducted for the year under section 1138.2.3 that is multiplied, if the corporation has an establishment situated outside Québec, by the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771; and

(c) the amount that would be payable by the corporation as the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) in respect of the aggregate of all amounts each of which is an amount, representing a proportion of wages paid or deemed to be paid in the year, for which no contribution is payable under the sixth paragraph of section 34 of that Act."

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

**70.** Title VII.2.5 of Book IV of Part I of the Act, comprising sections 737.18.27 and 737.18.28, is repealed.

**71.** Section 737.18.29 of the Act is amended by replacing "section 169" in the definition of "recognized business" in the first paragraph by "the second paragraph of section 170".

**72.** Section 752.0.10.7.1 of the Act is amended

(1) by replacing "stating" in the portion of paragraph *a* before subparagraph *i* by "certifying";

(2) by replacing paragraph *b* in the French text by the following paragraph:

“*b*) l’attestation relative à la juste valeur marchande du don à laquelle la définition de l’expression «total des dons de biens admissibles» prévue au premier alinéa de cet article 752.0.10.1 fait référence.”

**73.** Section 752.0.18.9 of the Act is replaced by the following section:

**“752.0.18.9.** If an amount would, but for section 134.1, be deductible in computing an individual’s income for a taxation year from a business or property as dues or a contribution referred to in any of subparagraphs *a* to *c* of the first paragraph of that section, the individual shall not include that amount in the aggregate referred to in section 752.0.18.8 for the year if all of the individual’s income for the year from that business or property is not required to be included in computing the individual’s income for the year or is deductible in computing the individual’s taxable income for the year under any of sections 725, 737.16, 737.18.10, 737.18.34 and 737.22.0.10.”

**74.** Section 752.12 of the Act is amended by replacing “Book V” in paragraph *b* by “this Book”.

**75.** Section 752.14 of the Act is amended by replacing “Book V” by “this Book”.

**76.** Section 766.2.2 of the Act is amended by striking out “of Title I of Book V”.

**77.** (1) Section 771.2.6 of the Act is amended

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

“ $75\% \times \{1 - [(A - \$20,000,000)/\$10,000,000]\} \times (1 - B) \times C/D$ .”;

(2) by adding the following subparagraphs after subparagraph *b* of the third paragraph:

“(c) C is

i. where the amount that would be deductible in computing the corporation’s taxable income for the year under section 737.18.26 if no reference were made to section 737.18.26.1 exceeds the particular amount that is deductible in computing the corporation’s taxable income for the year under section 737.18.26, the particular amount, and

ii. in any other case, 1; and

“(d) D is,

i. where the particular amount that would be deductible in computing the corporation's taxable income for the year under section 737.18.26 if no reference were made to section 737.18.26.1 exceeds the amount that is deductible in computing the corporation's taxable income for the year under section 737.18.26, the particular amount, and

ii. in any other case, 1.”

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

**78.** Section 772.7 of the Act is amended by striking out “737.18.28,” in subparagraph ii of subparagraph *b* of the first paragraph.

**79.** Section 772.9 of the Act is amended by striking out “, 737.18.28” in the following provisions of paragraph *a*:

— subparagraph 1 of subparagraph i;

— subparagraph 2 of subparagraph ii.

**80.** Section 772.11 of the Act is amended by striking out “737.18.28,” in subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph.

**81.** (1) Section 772.12 of the Act is amended by replacing “ten” in paragraph *a* by “20”.

(2) Subsection 1 applies in respect of the unused portion of the foreign tax credit computed for a taxation year that ends after 31 December 2005.

**82.** Section 776.41.5 of the Act is amended by replacing “Book V” in subparagraphs *a* and *b* of the second paragraph by “this Book”.

**83.** (1) Section 776.41.14 of the Act is amended

(1) by replacing “Book V” in subparagraph *b* of the second paragraph by “this Book”;

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

“An individual may deduct an amount under this section in computing the individual's tax otherwise payable under this Part for a taxation year only if

(a) the individual files a fiscal return for the year under this Part; and

(b) the eligible student of whom the individual is the father or mother files a fiscal return for the year under this Part, together with the prescribed form.”

(2) Paragraph 2 of subsection 1 applies from the taxation year 2007.



**84.** (1) Section 776.41.21 of the Act is amended by adding the following paragraph after the fourth paragraph:

“An individual may deduct an amount under this section in computing the individual’s tax otherwise payable under this Part for a taxation year only if

(a) the individual files a fiscal return for the year under this Part; and

(b) the person of whom the individual is the father, mother, grandfather or grandmother files a fiscal return for the year under this Part, together with the prescribed form.”

(2) Subsection 1 applies from the taxation year 2007.

**85.** (1) Section 776.45 of the Act is amended by replacing “paragraph *k*” in paragraph *d.1* by “subparagraph *k* of the first paragraph”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**86.** Section 776.49 of the Act is amended by replacing “à l’effet” in the French text by “l’informant”.

**87.** (1) Chapter III of Title I.1 of Book VI of Part I of the Act is replaced by the following chapter:

### “CHAPTER III

#### “REPLACED SECURITIES

“**785.3.1.** For the purposes of sections 772.9.2 to 772.9.4, 785.2.2 to 785.2.4, 1033.2 and 1033.7, if, in a transaction to which any of sections 301 to 301.2, 537, 540.6 and 541 to 555.4 apply, a person acquires a share (in this section referred to as the “new share”) in exchange for another share or an investment in a SIFT wind-up entity (in this section referred to as the “old security”), the person is deemed not to have disposed of the old security, and the new share is deemed to be the same security as the old security.”

(2) Subsection 1 has effect from 20 December 2007.

**88.** (1) Section 785.4 of the Act is amended by inserting “(other than a SIFT wind-up corporation)” after “mutual fund corporation” in the portion of the definition of “qualifying exchange” in the first paragraph before paragraph *a*.

(2) Subsection 1 has effect from 20 December 2007.

**89.** (1) Section 825.0.1 of the Act is amended by replacing “851.22.22” wherever it appears in the portion before paragraph *b* by “851.22.22.11”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**90.** (1) Section 835 of the Act is amended

(1) by adding the following paragraphs after paragraph *l*:

“(m) “base year” of a life insurer means the life insurer’s taxation year that precedes its transition year;

“(n) “transition year” of a life insurer means the life insurer’s first taxation year that begins after 30 September 2006;

“(o) “reserve transition amount” of a life insurer, in respect of a life insurance business carried on by it in Canada in its transition year, is the positive or negative amount determined by the formula

$A - B$ .”;

(2) by adding the following paragraph:

“In the formula in subparagraph *o* of the first paragraph,

(a) *A* is the maximum amount that the life insurer would be permitted to claim under paragraph *a* of section 840 as a reserve for its base year in respect of its life insurance policies in Canada if

i. the generally accepted accounting principles that applied to the life insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

ii. the regulations made under paragraph *a* of section 840, as they read for the life insurer’s transition year, applied to its base year; and

(b) *B* is the maximum amount that the life insurer is permitted to claim under paragraph *a* of section 840 as a reserve for its base year.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**91.** (1) The Act is amended by inserting the following after section 844.5:

**“DIVISION III.1**

**“TRANSITIONAL RULES**

**“844.6.** There must be included in computing a life insurer’s income for its transition year from a life insurance business carried on by it in Canada in the transition year, the positive amount of the life insurer’s reserve transition amount in respect of that life insurance business.

**“844.7.** If a life insurer’s reserve transition amount in respect of a life insurance business carried on by it in Canada is negative, the reserve transition amount, expressed as a positive amount, must be deducted in computing the life insurer’s income for its transition year from the life insurance business.

**“844.8.** If an amount has been included under section 844.6 in computing a life insurer’s income for its transition year from a life insurance business carried on by it in Canada, there must be deducted in computing the life insurer’s income, for each particular taxation year of the life insurer that ends after the beginning of the transition year, from that life insurance business, the amount determined by the formula

$$A \times B/1,825.$$

In the formula in the first paragraph,

(a) A is the amount included under section 844.6 in computing the life insurer’s income for its transition year from that life insurance business; and

(b) B is the number of days in the particular taxation year that are before the day that is 1,825 days after the first day of the transition year.

**“844.9.** If an amount has been deducted under section 844.7 in computing a life insurer’s income for its transition year from a life insurance business carried on by it in Canada, there must be included in computing the life insurer’s income, for each particular taxation year of the life insurer that ends after the beginning of the transition year, from that life insurance business, the amount determined by the formula

$$A \times B/1,825.$$

In the formula in the first paragraph,

(a) A is the amount deducted under section 844.7 in computing the life insurer’s income for its transition year from that life insurance business; and

(b) B is the number of days in the particular taxation year that are before the day that is 1,825 days after the first day of the transition year.

**“844.10.** If a life insurer has, in a winding-up to which section 556 has applied, been wound up into another corporation (in this section referred to as the “parent”), and immediately after the winding-up the parent carries on a life insurance business, in applying sections 844.8 and 844.9 in computing the income of the life insurer and of the parent for the particular taxation years that end on or after the first day (in this section referred to as the “start day”) on which assets of the life insurer were distributed to the parent on the winding-up, the following rules apply:

(a) the parent is, on and after the start day, deemed to be the same corporation as and a continuation of the life insurer in respect of

i. any amount included under section 844.6 or deducted under section 844.7 in computing the life insurer's income from a life insurance business for its transition year,

ii. any amount deducted under section 844.8 or included under section 844.9 in computing the life insurer's income from a life insurance business for a taxation year of the life insurer that begins before the start day, and

iii. any amount that would—in the absence of this section and if the life insurer existed and carried on a life insurance business on each day that is the start day or a subsequent day and on which the parent carries on a life insurance business—be required to be deducted under section 844.8 or included under section 844.9, in respect of any of those days, in computing the life insurer's income from a life insurance business; and

(b) the life insurer is, in respect of each of its particular taxation years, to determine the number of days that is referred to in subparagraph *b* of the second paragraph of sections 844.8 and 844.9 without reference to the start day and days after the start day.

**“844.11.** The rules in section 844.12 apply if, at any time, a life insurer (in this section and section 844.12 referred to as the “transferor”) transfers, to a corporation (in this section and section 844.12 referred to as the “transferee”) that is related to the transferor, property in respect of a life insurance business carried on by the transferor in Canada (in this section and section 844.12 referred to as the “transferred business”) and

(a) section 832.3 or 832.9 applies to the transfer; or

(b) section 518 applies to the transfer, the transfer includes all or substantially all of the property and liabilities of the transferred business and, immediately after the transfer, the transferee carries on a life insurance business.

**“844.12.** The rules to which section 844.11 refers and that apply to the transfer of property at any time are as follows:

(a) the transferee is, at and after that time, deemed to be the same corporation as and a continuation of the transferor in respect of

i. any amount included under section 844.6 or deducted under section 844.7 in computing the transferor's income for its transition year that can reasonably be attributed to the transferred business,

ii. any amount deducted under section 844.8 or included under section 844.9 in computing the transferor's income for a taxation year of the transferor that begins before that time that can reasonably be attributed to the transferred business, and

iii. any amount that would—in the absence of this section and if the transferor existed and carried on a life insurance business on each day that includes that time or is a subsequent day and on which the transferee carries on a life insurance business—be required to be deducted under section 844.8 or included under section 844.9, in respect of any of those days, in computing the transferor's income that can reasonably be attributed to the transferred business; and

(b) for the purpose of determining, in respect of the day that includes that time or any subsequent day, any amount that is required to be deducted under section 844.8 or included under section 844.9 in computing the transferor's income for each particular taxation year from the transferred business, the amount referred to in subparagraph *a* of the second paragraph of those sections is deemed to be nil.

**“844.13.** If at any time a life insurer ceases (otherwise than as a result of an amalgamation within the meaning of subsections 1 and 2 of section 544) to carry on all or substantially all of a life insurance business (in this section referred to as the “discontinued business”), and neither section 844.10 nor 844.11 applies, the following rules apply:

(a) there must be deducted, in computing the life insurer's income from the discontinued business for the life insurer's taxation year that includes the time that is immediately before that time, the amount determined by the formula

$A - B$ ; and

(b) there must be included, in computing the life insurer's income from the discontinued business for the life insurer's taxation year that includes the time that is immediately before that time, the amount determined by the formula

$C - D$ .

In the formulas in the first paragraph,

(a) *A* is the amount included under section 844.6 in computing the life insurer's income from the discontinued business for its transition year;

(b) *B* is the aggregate of all amounts each of which is an amount deducted under section 844.8 in computing the life insurer's income from the discontinued business for a taxation year that began before that time;

(c) C is the amount deducted under section 844.7 in computing the life insurer's income from the discontinued business for its transition year; and

(d) D is the aggregate of all amounts each of which is an amount included under section 844.9 in computing the life insurer's income from the discontinued business for a taxation year that began before that time.

**“844.14.** If at any time a life insurer that carried on a life insurance business ceases to exist (otherwise than as a result of a winding-up described in section 844.10 or of an amalgamation within the meaning of subsections 1 and 2 of section 544), for the purposes of section 844.13, the life insurer is deemed to have ceased to carry on the life insurance business at the time (determined without reference to this section) at which the life insurer ceased to carry on the life insurance business or, if it is earlier, the time that is immediately before the end of the last taxation year of the life insurer that ended at or before the time at which the life insurer ceased to exist.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**92.** (1) Section 851.22.1 of the Act is amended

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

““base year” of a taxpayer means the taxpayer's taxation year that precedes the taxpayer's transition year;

““tracking property” of a taxpayer means a property of the taxpayer the fair market value of which is determined primarily by reference to one or more criteria in respect of a property (in this definition referred to as a “tracked property”) that, if owned by the taxpayer, would be a mark-to-market property of the taxpayer, which criteria are

- (a) the fair market value of the tracked property;
- (b) the profits or gains from the disposition of the tracked property;
- (c) the revenue, income or cash flow from the tracked property; or
- (d) any other similar criteria in respect of the tracked property;

““transition year” of a taxpayer means the taxpayer's first taxation year that begins after 30 September 2006.”;

(2) by replacing the portion of the definition of “mark-to-market property” in the first paragraph before paragraph *a* by the following:

““mark-to-market property” of a taxpayer for a taxation year means property (other than an excluded property) held in the year by the taxpayer that is”;

(3) by replacing paragraph *b* of the definition of “mark-to-market property” in the first paragraph by the following paragraph:

“(b) where the taxpayer is not an investment dealer, a specified debt obligation that is a fair value property of the taxpayer for the year;”;

(4) by adding the following paragraph after paragraph *c* of the definition of “mark-to-market property” in the first paragraph:

“(d) a tracking property of the taxpayer that is a fair value property of the taxpayer for the year;”;

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

““excluded property” of a taxpayer for a taxation year means property, held in the year by the taxpayer, that is

(a) a share of the capital stock of a corporation if, at any time in the year, the taxpayer has a significant interest in the corporation;

(b) a property that is, at all times in the year at which the taxpayer held the property, a prescribed payment card corporation share of the taxpayer;

(c) if the taxpayer is an investment dealer, a property that is, at all times in the year at which the taxpayer held the property, a prescribed securities exchange investment of the taxpayer;

(d) a share of the capital stock of a corporation if

i. control of the corporation is, at any time (in this paragraph referred to as the “acquisition of control time”) that is in the 24-month period that begins immediately after the end of the year, acquired by

(1) the taxpayer,

(2) one or more persons related to the taxpayer (otherwise than by reason of a right referred to in paragraph *b* of section 20), or

(3) the taxpayer and one or more persons described in subparagraph 2; and

ii. the taxpayer elects, in a document filed with the Minister on or before the taxpayer’s filing-due date for the taxpayer’s taxation year that includes the acquisition of control time, to have subparagraph i apply; or

(e) a prescribed property;

““fair value property” of a taxpayer for a taxation year means a property, held at any time in the year by the taxpayer, that is—or it is reasonable to expect would, if the taxpayer held the property at the end of the year, be—valued (otherwise than solely because its fair value was less than its cost to the taxpayer or, if the property is a specified debt obligation, because of a default of the debtor) in accordance with generally accepted accounting principles, at its fair value (determined in accordance with those principles) in the taxpayer’s balance sheet as at the end of the year;

““transition property” of a taxpayer means a property that

(a) was a specified debt obligation held by the taxpayer at the end of the taxpayer’s base year;

(b) was not a mark-to-market property of the taxpayer for the taxpayer’s base year, but would have been a mark-to-market property of the taxpayer for the taxpayer’s base year if the property had been carried at the property’s fair market value in the taxpayer’s balance sheet as at the end of each taxation year of the taxpayer that ends after the taxpayer last acquired the property (otherwise than by reason of a reacquisition under section 851.22.15) and before the commencement of the taxpayer’s transition year; and

(c) was a mark-to-market property of the taxpayer for the transition year of the taxpayer;”;

(6) by replacing “third” in the portion of the definition of “financial institution” in the first paragraph before paragraph *a* by “second”;

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

““transition amount” of a taxpayer for the taxpayer’s transition year is the positive or negative amount determined by the formula

$A - B$ ;”;

(8) by striking out the second paragraph;

(9) by adding the following paragraph after the third paragraph:

“In the formula in the definition of “transition amount” in the first paragraph,

(a) *A* is the aggregate of all amounts each of which is the fair market value, at the end of the taxpayer’s base year, of a transition property of the taxpayer; and

(b) *B* is the aggregate of all amounts each of which is the cost amount to the taxpayer, at the end of the taxpayer’s base year, of a transition property of the taxpayer.”



(2) Paragraphs 1 to 3 and 5 to 9 of subsection 1 apply to a taxation year that begins after 30 September 2006. However, the election described in subparagraph ii of paragraph *d* of the definition of “excluded property” in the first paragraph of section 851.22.1 of the Act is deemed to have been filed with the Minister of Revenue by a taxpayer on a timely basis if it is filed on or before the taxpayer’s filing-due date for the taxpayer’s taxation year that includes (*insert the date of assent to this Act*).

(3) Paragraph 4 of subsection 1 applies to a taxation year that begins after 6 November 2007.

(4) In addition, subject to subsection 5, when section 851.22.1 of the Act applies to a taxation year that ends after 22 February 1994 and that begins before 1 October 2006,

(1) the definition of “mark-to-market property” in the first paragraph of that section is to be read as if

(a) the portion before paragraph *a* was replaced by the following:

““mark-to-market property” of a taxpayer for a taxation year means any of the following properties held by the taxpayer in the year that is neither a property described in the second paragraph nor a prescribed property:”, and

(b) “second” in paragraph *b* was replaced by “third”;

(2) the definition of “financial institution” in the first paragraph of that section is to be read as if “third” in the portion before paragraph *a* was replaced by “fourth”; and

(3) it is to be read as if the following paragraph was inserted after the first paragraph:

“The property to which the definition of “mark-to-market property” in the first paragraph refers is

(a) a share of the capital stock of a corporation in which the taxpayer has a significant interest at any time in the year;

(b) a property that is, at all times in the year at which the taxpayer holds the property, a prescribed payment card corporation share of the taxpayer;

(c) if the taxpayer is an investment dealer and the year begins after 31 December 1998, a property that is, at all times in the year at which the taxpayer holds the property, a prescribed securities exchange investment of the taxpayer; or

(d) a share of the capital stock of a corporation held, at any time in the year, by the taxpayer if

i. control of the corporation is, at any time (in this subparagraph *d* referred to as the “acquisition of control time”) that is after 31 December 2001 and is in the 24-month period that begins immediately after the end of the year, acquired by

(1) the taxpayer,

(2) one or more persons related to the taxpayer (otherwise than by reason of a right referred to in paragraph *b* of section 20), or

(3) the taxpayer and one or more persons described in subparagraph 2; and

ii. the taxpayer elects, in a document filed with the Minister on or before the taxpayer’s filing-due date for the taxpayer’s taxation year that includes the acquisition of control time, to have subparagraph *i* apply.”

(5) However, the election described in subparagraph *ii* of subparagraph *d* of the second paragraph of section 851.22.1 of the Act, enacted by subsection 4, is deemed to be filed with the Minister of Revenue by a taxpayer on a timely basis if it is filed on or before the taxpayer’s filing-due date for the taxpayer’s taxation year that includes (*insert the date of assent to this Act*).

**93.** (1) Section 851.22.2 of the Act is amended

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

**“851.22.2.** For the purposes of the definitions of “excluded property”, “mark-to-market property” and “specified debt obligation” in section 851.22.1 and of section 851.22.23.6, a taxpayer has a significant interest in a corporation at any time if the taxpayer is related otherwise than because of a right referred to in paragraph *b* of section 20 to the corporation at that time or the taxpayer holds, at that time, shares of the corporation that give the taxpayer 10% or more of the votes that could be cast under all circumstances at an annual meeting of shareholders of the corporation, and shares of the corporation having a fair market value of 10% or more of the fair market value of all the issued shares of the corporation.”;

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

“For the purposes of this section, in determining if, at a particular time, a person or partnership is related to another person or partnership, the rules in sections 17 to 21 are to be applied as if,

(a) a partnership (other than a partnership in respect of which an amount of the income or capital of the partnership that any particular person or particular partnership, in this paragraph referred to as the “entity”, may receive directly from the partnership at any time as a member of the partnership depends on the exercise by any entity of, or the failure by any entity to

exercise, a discretionary power) were a corporation having capital stock of a single class divided into 100 issued shares and each member of the partnership owned, at the particular time, that proportion of the issued shares of that class that the fair market value of the member's interest in the partnership at that time is of the fair market value of all interests in the partnership at the same time; and

(b) a trust (other than a trust in respect of which an amount of the income or capital of the trust that any entity may receive directly from the trust as a beneficiary under the trust depends on the exercise by any entity of, or the failure by any entity to exercise, a discretionary power) were a corporation having capital stock of a single class divided into 100 issued shares and each beneficiary under the trust owned, at the particular time, that proportion of the issued shares of that class that the fair market value of the beneficiary's beneficial interest in the trust at that time is of the fair market value of all beneficial interests in the trust at the same time."

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**94.** (1) Section 851.22.3 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**95.** (1) The Act is amended by inserting the following sections after section 851.22.21:

**"851.22.21.1.** The rules in section 851.22.21.2 apply if

(a) section 851.22.15 deems the taxpayer to have disposed of a specified debt obligation immediately before the end of the taxpayer's transition year (in section 851.22.21.2 referred to as the "particular disposition"); and

(b) the specified debt obligation was owned by the taxpayer at the end of the taxpayer's base year and was not a mark-to-market property of the taxpayer for the taxpayer's base year.

**"851.22.21.2.** The rules to which section 851.22.21.1 refers and that apply to a taxpayer in respect of a particular disposition are the following:

(a) section 157.6 does not apply to the taxpayer in respect of the particular disposition; and

(b) if section 92.22 does not apply to the taxpayer in respect of the particular disposition, there must be included in computing the taxpayer's income for the taxpayer's transition year the amount by which the aggregate determined in the second paragraph is exceeded by the aggregate of all amounts each of which is an amount deducted under section 140 in respect of the specified debt obligation of the taxpayer in computing the taxpayer's

income for the taxpayer's base year, or an amount deducted under section 141 in respect of the specified debt obligation of the taxpayer in computing the taxpayer's income for a taxation year that preceded the taxpayer's transition year.

The aggregate to which subparagraph *b* of the first paragraph refers is the aggregate of all amounts each of which is an amount included under paragraph *d* of section 87 in respect of the specified debt obligation of the taxpayer in computing the taxpayer's income for the taxpayer's transition year, or an amount included under paragraph *i* of section 87 in respect of the specified debt obligation of the taxpayer in computing the taxpayer's income for the taxpayer's transition year or a preceding taxation year."

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**96.** (1) The Act is amended by inserting the following after section 851.22.22:

### **"CHAPTER III.1**

#### **"TRANSITIONAL RULES**

**"851.22.22.1.** If the transition amount of a taxpayer that is a financial institution in the taxpayer's transition year is negative, the transition amount, expressed as a positive number, must be included in computing the taxpayer's income for that year.

**"851.22.22.2.** If the transition amount of a taxpayer that is a financial institution in the taxpayer's transition year is positive, the transition amount must be deducted in computing the taxpayer's income for that year.

**"851.22.22.3.** If an amount has been included under section 851.22.22.1 in computing a taxpayer's income for the taxpayer's transition year, there must be deducted in computing the taxpayer's income for each particular taxation year of the taxpayer that ends after the beginning of the transition year, and in which particular taxation year the taxpayer is a financial institution, the amount determined by the formula

$$A \times B/1,825.$$

In the formula in the first paragraph,

(a) A is the amount included under section 851.22.22.1 in computing the taxpayer's income for the taxpayer's transition year; and

(b) B is the number of days in the particular taxation year that are before the day that is 1,825 days after the first day of the transition year.

**“851.22.22.4.** If an amount has been deducted under section 851.22.22.2 in computing a taxpayer’s income for the taxpayer’s transition year, there must be included in computing the taxpayer’s income, for each particular taxation year of the taxpayer that ends after the beginning of the transition year, and in which particular taxation year the taxpayer is a financial institution, the amount determined by the formula

$$A \times B/1,825.$$

In the formula in the first paragraph,

(a) A is the amount deducted under section 851.22.22.2 in computing the taxpayer’s income for the taxpayer’s transition year; and

(b) B is the number of days in the particular taxation year that are before the day that is 1,825 days after the first day of the transition year.

**“851.22.22.5.** If a taxpayer has, in a winding-up to which section 556 has applied, been wound up into another corporation (in this section referred to as the “parent”), and immediately after the winding-up the parent is a financial institution, in applying sections 851.22.22.3 and 851.22.22.4 in computing the income of the taxpayer and of the parent for the particular taxation years that end on or after the first day (in this section referred to as the “start day”) on which assets of the taxpayer were distributed to the parent on the winding-up, the following rules apply:

(a) the parent is, on and after the start day, deemed to be the same corporation as and a continuation of the taxpayer in respect of

i. any amount included under section 851.22.22.1 or deducted under section 851.22.22.2 by the taxpayer in computing the taxpayer’s income for the taxpayer’s transition year,

ii. any amount deducted under section 851.22.22.3 or included under section 851.22.22.4 in computing the taxpayer’s income for a taxation year of the taxpayer that begins before the start day, and

iii. any amount that would—in the absence of this section and if the taxpayer existed and was a financial institution on each day that is the start day or a subsequent day and on which the parent is a financial institution—be required to be deducted under section 851.22.22.3 or included under section 851.22.22.4, in respect of any of those days, in computing the taxpayer’s income for the taxpayer’s transition year; and

(b) the taxpayer is, in respect of each of the taxpayer’s particular taxation years, to determine the number of days that is referred to in subparagraph *b* of the second paragraph of sections 851.22.22.3 and 851.22.22.4 without reference to the start day and days after the start day.

**“851.22.22.6.** The rules in section 851.22.22.7 apply if, at any time, a taxpayer (in this section and section 851.22.22.7 referred to as the “transferor”) transfers, to a corporation (in this section and section 851.22.22.7 referred to as the “transferee”) that is related to the transferor, property in respect of a business carried on by the transferor in Canada (in this section and section 851.22.22.7 referred to as the “transferred business”) and

(a) section 832.3 or 832.9 applies to the transfer; or

(b) section 518 applies to the transfer, the transfer includes all or substantially all of the property and liabilities of the transferred business and, immediately after the transfer, the transferee is a financial institution.

**“851.22.22.7.** The rules to which section 851.22.22.6 refers and that apply to the transfer, at any time, of property are the following:

(a) the transferee is, at and after that time, deemed to be the same corporation as and a continuation of the transferor in respect of

i. any amount included under section 851.22.22.1 or deducted under section 851.22.22.2 in computing the transferor’s income for the transferor’s transition year that can reasonably be attributed to the transferred business,

ii. any amount deducted under section 851.22.22.3 or included under section 851.22.22.4 in computing the transferor’s income for a taxation year of the transferor that begins before that time that can reasonably be attributed to the transferred business, and

iii. any amount that would—in the absence of this section and if the transferor existed and was a financial institution on each day that includes that time or is a subsequent day and on which the transferee is a financial institution—be required to be deducted under section 851.22.22.3 or included under section 851.22.22.4, in respect of any of those days, in computing the transferor’s income that can reasonably be attributed to the transferred business; and

(b) for the purpose of determining, in respect of the day that includes that time or any subsequent day, any amount that is required to be deducted under section 851.22.22.3 or included under section 851.22.22.4 in computing the transferor’s income for each particular taxation year from the transferred business, the amount referred to in subparagraph *a* of the second paragraph of those sections is deemed to be nil.

**“851.22.22.8.** If section 633 deems a partnership (in this section referred to as the “new partnership”) to be a continuation of another partnership (in this section referred to as the “predecessor partnership”) and, at the time that is immediately after the predecessor partnership ceases to exist, the new partnership is a financial institution, in applying sections 851.22.22.3 and 851.22.22.4 in computing the income of the new partnership for the

particular fiscal periods of the new partnership that begin on or after the day on which it comes into existence, the new partnership is, on and after that day, deemed to be the same partnership as and a continuation of the predecessor partnership in respect of

(a) any amount included under section 851.22.22.1 or deducted under section 851.22.22.2 in computing the predecessor partnership's income for the predecessor partnership's transition year;

(b) any amount deducted under section 851.22.22.3 or included under section 851.22.22.4 in computing the predecessor partnership's income for a fiscal period of the predecessor partnership that begins before the day on which the new partnership comes into existence; and

(c) any amount that would—in the absence of this section and if the predecessor partnership existed and was a financial institution on each day that is the day on which the new partnership comes into existence or a subsequent day and on which the new partnership is a financial institution—be required to be deducted under section 851.22.22.3 or included under section 851.22.22.4, in respect of any of those days, in computing the predecessor partnership's income.

**“851.22.22.9.** If at any time, a taxpayer ceases to be a financial institution, the following rules apply:

(a) there must be deducted, in computing the income of the taxpayer for the taxation year of the taxpayer that includes the time that is immediately before that time, the amount determined by the formula

$A - B$ ; and

(b) there must be included, in computing the income of the taxpayer for the taxation year of the taxpayer that includes the time that is immediately before that time, the amount determined by the formula

$C - D$ .

In the formulas in the first paragraph,

(a) A is the amount included under section 851.22.22.1 in computing the taxpayer's income for the taxpayer's transition year;

(b) B is the aggregate of all amounts each of which is an amount deducted under section 851.22.22.3 in computing the income of the taxpayer for a taxation year that began before that time;

(c) C is the amount deducted under section 851.22.22.2 in computing the taxpayer's income for the taxpayer's transition year; and

(d) D is the aggregate of all amounts each of which is an amount included under section 851.22.22.4 in computing the taxpayer's income for a taxation year that began before that time.

**“851.22.22.10.** If a taxpayer ceases to exist (otherwise than as a result of an amalgamation within the meaning of subsections 1 and 2 of section 544, a winding-up to which section 556 applies or a continuation to which section 633 applies), for the purposes of section 851.22.22.9, the taxpayer is deemed to have ceased to be a financial institution at the time (determined without reference to this section) at which the taxpayer ceased to be a financial institution or, if it is earlier, the time that is immediately before the end of the last taxation year of the taxpayer that ended at or before the time at which the taxpayer ceased to exist.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**97.** (1) The Act is amended by inserting the following sections after section 851.22.23.3:

**“851.22.23.4.** If, at a particular time in a taxation year of a taxpayer who is a financial institution for the year, a property becomes a mark-to-market property of the taxpayer for the year because it ceased, at the particular time, to be a prescribed payment card corporation share of the taxpayer, the following rules apply:

(a) the taxpayer is deemed to have disposed of the property immediately before the particular time for proceeds of disposition equal to its fair market value immediately before the particular time, and to have acquired the property, at the particular time, at a cost equal to those proceeds; and

(b) section 851.22.14 does not apply to the disposition referred to in paragraph *a*.

**“851.22.23.5.** If, at a particular time in a taxation year of a taxpayer who is a financial institution for the year, a property becomes a mark-to-market property of the taxpayer for the year because it ceased, at the particular time, to be a prescribed securities exchange investment of the taxpayer, the following rules apply:

(a) the taxpayer is deemed to have disposed of the property immediately before the particular time for proceeds of disposition equal to its fair market value immediately before the particular time, and to have acquired the property, at the particular time, at a cost equal to those proceeds; and

(b) section 851.22.14 does not apply to the disposition referred to in paragraph *a*.



**“851.22.23.6.** If, at the end of a particular taxation year of a taxpayer who is a financial institution for the year, the taxpayer holds a share of the capital stock of a corporation, the taxpayer has a significant interest in that corporation at any time in the year and the share is a mark-to-market property of the taxpayer for the subsequent taxation year, the taxpayer is deemed to have disposed of the share immediately before the end of the particular year for proceeds of disposition equal to the fair market value, at that time, of the share, and to have acquired the share at the end of the particular year at a cost equal to those proceeds.”

(2) Subsection 1, when it enacts section 851.22.23.4 of the Act, applies to a taxation year that ends after 22 February 1994.

(3) Subsection 1, when it enacts section 851.22.23.5 of the Act, applies to a taxation year that begins after 31 December 1998.

(4) Subsection 1, when it enacts section 851.22.23.6 of the Act, applies to a taxation year that begins after 30 September 2006.

**98.** (1) Section 851.22.24 of the Act is amended by replacing “and 851.22.23 to 851.22.23.2” by “, 851.22.23 to 851.22.23.2 and 851.22.23.4 to 851.22.23.6”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**99.** Section 965.0.17.2 of the Act is amended, in the French text,

(1) by replacing “à l’effet qu’il a l’intention” in subparagraph *c* of the first paragraph by “de son intention”;

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

**100.** (1) Section 965.55 of the Act, amended by section 96 of chapter 5 of the statutes of 2010, is again amended by replacing the definition of “public share issue” in the first paragraph by the following definition:

““public share issue” means the distribution of a share in accordance with a receipt granted by the Autorité des marchés financiers after 21 April 2005 or, if section 965.76 applies, in accordance with an exemption from filing a prospectus provided for

(a) in section 51 of the Securities Act, if the exemption from filing a prospectus is granted by the Autorité des marchés financiers after 21 April 2005 and before 14 September 2005;

(b) in subsection 2 of section 2.10 of Regulation 45-106 respecting prospectus and registration exemptions approved by ministerial order 2005-20 (2005, G.O. 2, 3664), if the exemption from filing a prospectus is granted by the Autorité des marchés financiers after 13 September 2005 and before 28 September 2009; or

(c) in subsection 1 of section 2.10 of Regulation 45-106 respecting prospectus and registration exemptions approved by ministerial order 2009-05 (2009, G.O. 2, 3362A), if the exemption from filing a prospectus is granted by the Autorité des marchés financiers after 27 September 2009;”.

(2) Subsection 1 has effect from 22 April 2005.

**101.** (1) Section 965.76 of the Act, amended by section 106 of chapter 5 of the statutes of 2010, is again amended

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

“(a) it is acquired for money consideration by a qualified mutual fund as first purchaser, other than a dealer acting as an intermediary or as a firm underwriter, as part of the distribution of a share in respect of which an exemption from filing a prospectus is referred to in the definition of “public share issue” in the first paragraph of section 965.55;”;

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

“(d) on or before 10 days after the day of the distribution of the share, a copy of the report provided for in section 46 of the Securities Act (chapter V-1.1), if the exemption from filing a prospectus is granted before 14 September 2005, in section 6.1 of Regulation 45-106 respecting prospectus and registration exemptions approved by ministerial order 2005-20 (2005, G.O. 2, 3664), if the exemption from filing a prospectus is granted after 13 September 2005 and before 28 September 2009, or in subsection 1 of section 6.1 of Regulation 45-106 respecting prospectus and registration exemptions approved by ministerial order 2009-05 (2009, G.O. 2, 3362A), if the exemption from filing a prospectus is granted after 27 September 2009, was filed with the Minister, accompanied by the certificate described in section 965.78, unless the issuing corporation makes a first public share issue under this Title in accordance with an exemption from filing a prospectus referred to in the definition of “public share issue” in the first paragraph of section 965.55; and”.

(2) Subsection 1 has effect from 22 April 2005.

**102.** (1) Sections 965.77 and 965.78 of the Act are replaced by the following sections:

“**965.77.** The condition in paragraph *c* of section 965.76 does not apply in respect of a share if an issuing corporation has previously made a public share issue under this Title otherwise than in accordance with an exemption from filing a prospectus referred to in the definition of “public share issue” in the first paragraph of section 965.55.

**“965.78.** The certificate to which paragraph *d* of section 965.76 refers means a certificate from a manager of the issuing corporation certifying that it is a qualified issuing corporation and that the share issued to the mutual fund—as part of the distribution of a share in respect of which an exemption from filing a prospectus is referred to in the definition of “public share issue” in the first paragraph of section 965.55—is a qualifying share.”

(2) Subsection 1 has effect from 22 April 2005.

**103.** (1) Section 965.117 of the Act is replaced by the following section:

**“965.117.** A qualified mutual fund is a mutual fund, within the meaning of section 5 of the Securities Act (chapter V-1.1), that meets the requirements of this division.”

(2) Subsection 1 has effect from 14 December 2006.

**104.** (1) Section 998 of the Act is amended by replacing “paragraph *k*” in the portion of paragraph *c.2* before subparagraph *i* by “subparagraph *k* of the first paragraph”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**105.** Section 1007.5 of the Act is amended by replacing “à l’effet qu’une” in the portion before paragraph *a* in the French text by “selon lesquelles une”.

**106.** Section 1010 of the Act is amended by replacing “à l’effet qu’aucun impôt n’est payable” in subsection 1 in the French text by “qu’aucun impôt n’est à payer”.

**107.** Section 1010.0.4 of the Act is amended by replacing “à l’effet” in the French text by “portant”.

**108.** (1) The Act is amended by inserting the following section after section 1012.2:

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

(a) the taxpayer has filed for the particular taxation year the fiscal return required by section 1000; and

(b) the taxpayer files with the Minister a prescribed form amending the fiscal return, on or before the filing-due date for the taxpayer’s taxation year that

i. if the filing is in respect of paragraph *d* of the definition of “excluded property” in the first paragraph of section 851.22.1, includes the acquisition of control time referred to in that paragraph, and

ii. if the filing is in respect of section 851.22.23.6, follows the particular taxation year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2001. However,

(1) when section 1012.3 of the Act applies to a taxation year that begins before 1 October 2006, the portion of that section before paragraph *a* and subparagraph i of paragraph *b* are to be read as if “paragraph *d* of the definition of “excluded property” in the first paragraph of” was replaced by “subparagraph *d* of the second paragraph of”; and

(2) the prescribed form referred to in paragraph *b* of section 1012.3 of the Act is deemed to have been filed with the Minister of Revenue by a taxpayer on a timely basis if it is filed by the taxpayer on or before the taxpayer’s filing-due date for the taxpayer’s taxation year that includes (*insert the date of assent to this Act*).

**109.** (1) Section 1029.6.0.0.1 of the Act, amended by section 136 of chapter 5 of the statutes of 2010, is again amended, in the second paragraph,

(1) by striking out “, II.6.5.1” and “, II.6.5.4” in the following provisions:

— the portion before subparagraph *a*;

— subparagraph *b*;

(2) by replacing “Fonds canadien du film et du vidéo indépendants” in subparagraph ii of subparagraph *c* in the French text by “Fonds canadien du film et de la vidéo indépendants”;

(3) by replacing “Canadian Film Development Corporation Act” in subparagraph iv of subparagraph *c* by “Telefilm Canada Act”;

(4) by striking out “II.6.0.0.6,” in the portion of subparagraph *h* before subparagraph i.

(2) Paragraph 2 of subsection 1 has effect from 20 December 2001.

(3) Paragraph 3 of subsection 1 has effect from 22 July 2002.

**110.** Section 1029.6.0.1 of the Act, amended by section 137 of chapter 5 of the statutes of 2010, is again amended by striking out “, II.6.5.4” in paragraphs *a* and *b*.

**111.** Section 1029.6.0.1.2.1 of the Act is amended by striking out “, II.6.5.4”.

**112.** Section 1029.6.0.1.2.2 of the Act is amended by striking out “, II.6.5.4” in the following provisions of the first paragraph:

- subparagraph i of subparagraph *a*;
- subparagraph *b*.

**113.** Section 1029.6.0.1.2.3 of the Act is amended by striking out “, II.6.5.4” in subparagraph *b* of the first paragraph.

**114.** Section 1029.6.0.1.2.4 of the Act is amended by striking out “, II.6.5.4” in subparagraph *a* of the first paragraph.

**115.** Section 1029.6.0.1.6 of the Act is repealed.

**116.** Section 1029.6.0.1.8 of the Act, amended by section 138 of chapter 5 of the statutes of 2010, is again amended by replacing “II.6.0.0.6” by “II.6.0.0.5”.

**117.** Section 1029.8.9.0.1.1 of the Act is amended by replacing “à l’effet” in the French text by “confirmant”.

**118.** Section 1029.8.16.1 of the Act is amended by replacing “à l’effet” in the French text by “confirmant”.

**119.** Division II.3.1 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.16.2 to 1029.8.16.6, is repealed.

**120.** Section 1029.8.20.1 of the Act is repealed.

**121.** Section 1029.8.21.2 of the Act is amended by replacing “, 1029.8.16.1.5 and 1029.8.16.6” by “and 1029.8.16.1.5”.

**122.** Section 1029.8.34 of the Act, amended by section 142 of chapter 5 of the statutes of 2010, is again amended

(1) by replacing “100/10.5 or 100/22.17” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “100/10 or 100/20”;

(2) by replacing “60/7” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “100/10”;

(3) by replacing “250%” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “20/9 or 20/7, as the case may be,”;

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

“For the purpose of determining the qualified expenditure for services rendered outside the Montréal area, the qualified computer-aided special effects and animation expenditure and the qualified labour expenditure of a corporation in respect of a property for a taxation year, the following rules apply:

(a) the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph is to be read, in respect of the property, as if “100/10 or 100/20” was replaced wherever it appears by “100/9.1875 or 100/19.3958”, if the qualified expenditure for services rendered outside the Montréal area, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph 1 of subparagraph i or ii of subparagraph *a.1* of the first paragraph of section 1029.8.35;

(b) the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph is to be read, in respect of the property, as if “100/10” was replaced wherever it appears by “100/10.2083”, if the qualified computer-aided special effects and animation expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.35;

(c) the definition of “qualified labour expenditure” in the first paragraph is to be read, in respect of the property, as if “20/9 or 20/7” was replaced wherever it appears by “100/39.375 or 100/29.1667”, if the qualified labour expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph 1 of subparagraph i or ii of subparagraph *a* of the first paragraph of section 1029.8.35; and

(d) if the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.1 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, the definition of “qualified labour expenditure” in the first paragraph is to be read, in respect of the property, as if “20/9 or 20/7” was replaced wherever it appears by “20/11 or 20/9”.”;

(5) by striking out the tenth paragraph;

(6) by replacing “subparagraph *a* of the first paragraph of section 1029.8.35.2” in subparagraph *a* of the eleventh paragraph by “subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.35”;

(7) by replacing “subparagraph *b* of the first paragraph of section 1029.8.35.2” in subparagraph *b* of the eleventh paragraph by “subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.35”.

**123.** Section 1029.8.35 of the Act, amended by section 143 of chapter 5 of the statutes of 2010, is again amended, in the first paragraph,

(1) by replacing “1029.8.35.1 to 1029.8.35.3” in the portion before subparagraph *a* by “1029.8.35.1 and 1029.8.35.3”;

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

“(a) the amount obtained by multiplying,

i. where the property is a property in respect of which the Société de développement des entreprises culturelles has issued a certificate, for the purposes of this division, to the effect that the property qualifies for the increase applicable to certain French-language productions or to giant-screen films,

(1) for a taxation year that ends before 1 January 2009, 39.375% by the amount of its qualified labour expenditure for the year in respect of the property, or

(2) for a taxation year that ends after 31 December 2008, 45% by the amount of its qualified labour expenditure for the year in respect of the property, or

ii. where the property is a property in respect of which the Société de développement des entreprises culturelles has not issued the certificate referred to in subparagraph i,

(1) for a taxation year that ends before 1 January 2009, 29.1667% by the amount of its qualified labour expenditure for the year in respect of the property, or

(2) for a taxation year that ends after 31 December 2008, 35% by the amount of its qualified labour expenditure for the year in respect of the property;”;

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

“i. where subparagraph i of subparagraph *a* applies in respect of the property”;

(4) by striking out subparagraph i.1 of subparagraph *a.1*;

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

“ii. where subparagraph ii of subparagraph *a* applies in respect of the property”;

(6) by striking out subparagraph iii of subparagraph *a.1*;

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

“(b) where the corporation encloses with the fiscal return it is required to file for the year a copy of the document that is enclosed with the advance ruling given or the certificate issued in relation to the property and that concerns the amount of the corporation’s computer-aided special effects and animation expenditure in respect of the property, and the property is a property referred to in subparagraph ii of subparagraph *a*,

i. if an amount included in computing the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property was incurred before 1 January 2009, 10.2083% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, and

ii. in any other case, 10% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property; and”.

**124.** Section 1029.8.35.1 of the Act, amended by section 144 of chapter 5 of the statutes of 2010, is again amended

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

**“1029.8.35.1.** The amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable under this Part for a taxation year that ends before 1 January 2009 in respect of a property must not exceed the amount by which \$2,187,500 exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that section in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.2 in respect of the property for a preceding taxation year.”;

(2) by replacing “\$2,500,000” wherever it appears in the second paragraph by “\$2,187,500”;

(3) by striking out the third paragraph.



**125.** Section 1029.8.35.2 of the Act is repealed.

**126.** Section 1029.8.35.3 of the Act, amended by section 146 of chapter 5 of the statutes of 2010, is again amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) for a taxation year that ends before 1 January 2009, 48.5625% of the qualified labour expenditure for the year in respect of the property; or

“(b) for a taxation year that ends after 31 December 2008, 65% of the qualified labour expenditure for the year in respect of the property.”

**127.** (1) Section 1029.8.36.0.0.4 of the Act, amended by section 149 of chapter 5 of the statutes of 2010, is again amended

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

““labour cost attributable to computer-aided special effects and animation” of a corporation for a taxation year, in respect of a property that is a qualified production, means

(a) where the corporation is not a qualified corporation for the year, an amount equal to zero; and

(b) in any other case, an amount equal to the amount by which the aggregate of all amounts each of which is the portion (in this paragraph referred to as the “particular portion”) of an amount described in any of paragraphs *a* to *c* of the definition of “production costs” that is included in the corporation’s production costs for the year in respect of the property, that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on as part of the production of the property and that is specified, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the favourable advance ruling given to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion and the aggregate of

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

ii. the amount of any benefit or advantage attributable to the particular portion that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that 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, and

iii. if the particular portion relates to the portion of the cost of a contract or to other costs described in paragraph *c* of the definition of “production costs”, the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered in Québec as part of the production of the property by the other person or the partnership under the contract;

““qualified labour cost attributable to computer-aided special effects and animation” of a corporation for a taxation year, in respect of a property that is a qualified production, means the amount by which the amount described in the fourth paragraph in respect of the property for the year is exceeded by the aggregate of

(a) the corporation’s labour cost attributable to computer-aided special effects and animation for the year in respect of the property;

(b) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in paragraph *b* of the definition of “labour cost attributable to computer-aided special effects and animation” or in the fourth paragraph in respect of a taxation year for which the corporation is a qualified corporation; and

(c) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation’s labour cost attributable to computer-aided special effects and animation or an amount determined under paragraph *b*, exceeds the amount by which the aggregate of all amounts each of which is the corporation’s qualified labour cost attributable to computer-aided special effects and animation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and which precedes the year, exceeds 500% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a year preceding the year by reason of subparagraph i.1 of subparagraph *b* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in the fourth paragraph;”;

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

““eligible production costs” to a corporation for a taxation year, in respect of a property that is a qualified production, means the amount by which the amount determined in the fifth paragraph in respect of the property for the year is exceeded by the aggregate of

(a) the production costs to the corporation for the year in respect of the property;

(b) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph *c* of the third paragraph or in the fifth paragraph in respect of a taxation year for which the corporation is a qualified corporation; and

(c) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the production costs to the corporation or an amount determined under paragraph *b*, exceeds the amount by which the aggregate of all amounts each of which is the eligible production costs to the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles and that precedes the year, exceeds 400% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a taxation year preceding the year by reason of subparagraph i.1 of subparagraph *b* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in the fifth paragraph;

““production costs” to a corporation for a taxation year, in respect of a property that is a qualified production, means, subject to the third paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance ruling, that are incurred by the corporation in a year preceding that year, to the extent that they relate to services rendered in Québec in relation to the stages of production of the property, from the script stage to the post-production stage, or in relation to another stage of production of the property that is carried out after the post-production stage within a period that is reasonable to the Minister but that must not extend beyond the date that is 18 months after the end of the corporation’s fiscal period that includes the taping date of the first trial composite of the property;

(b) the employer’s contributions and other employment-related costs established under an Act of Québec or of Canada that the corporation is required to pay for the year and, if applicable, a year preceding that year, in respect of salaries or wages referred to in paragraph *a*, except the contribution provided for in section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5);

(c) the portion of the cost of a contract and the other costs related to the contract that are incurred by the corporation in the year and, where the year is the taxation year in which the corporation files an application for an advance

ruling, that are incurred by the corporation in a year preceding that year, that are directly attributable to the production of the property, to the extent that that portion and the other costs relate to services rendered in Québec to the corporation in relation to the stages of production of the property that are referred to in paragraph *a*;

(*d*) the cost that is incurred by the corporation in the year in respect of the acquisition, rental or leasing, in Québec, of a particular property that is a corporeal property, including software, and, where the year is the taxation year in which the corporation files an application for an advance ruling, that is incurred by the corporation in that respect in a year preceding that year, that is directly attributable to the production of the property, to the extent that

i. the cost relates to the use of the particular property in Québec in relation to the stages of production of the property that are referred to in paragraph *a*, and

ii. the cost is incurred with

(1) an individual who is resident in Québec at the time the particular property is acquired, rented or leased as part of the production of the property, or

(2) a corporation or partnership that is carrying on a business in Québec and has an establishment in Québec at the time the particular property is acquired, rented or leased as part of the production of the property; and

(*e*) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the production costs to the corporation in respect of the property for the particular year because of any of paragraphs *a* to *d* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid to the same person or partnership as it was paid by the particular corporation;”;

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

“(g) the labour expenditure of a corporation for a taxation year in respect of a property is deemed to be nil, where the Société de développement des entreprises culturelles specifies in the favourable advance ruling it gives in respect of the property that the main filming or taping in Québec in respect of the property is carried out after 12 June 2009.”;

(4) by inserting the following paragraphs after the second paragraph:

“For the purposes of the definition of “production costs” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to a property that is a qualified production are, where an employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages that may reasonably be considered to relate to the production of the property;

(b) an amount may not be included in the production costs to a corporation in respect of a property if the amount is remuneration determined by reference to profits or revenues derived from the operation of the property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) the amount of the production costs to a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of a particular amount that is included in those production costs, and the aggregate of

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

ii. the amount of any benefit or advantage attributable to the particular amount that a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that 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, and

iii. if the particular amount relates to the portion of the cost of a contract and to other costs described in paragraph *c* of that definition, the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year, that is attributable to services rendered in Québec as part of the production of the property by the other person or the partnership under the contract;

(d) an amount described in any of paragraphs *a* to *c* of that definition that may reasonably be considered to be attributable to services rendered as part of the production of a property by a person as a producer, author, scriptwriter, director, art director, director of photography, musical director, composer, orchestra conductor, editor, visual effects supervisor, actor in a speaking role or performer, may be included in the production costs to the corporation for a taxation year in respect of the property only if that person is resident in Québec at the time the person renders such services as part of the production of the property;

(e) the production costs to a corporation for a taxation year in respect of a property do not include

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

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

(f) the cost incurred by a corporation in a taxation year in respect of the acquisition of a particular property that is a corporeal property, including software, that is used in Québec by the corporation as part of the production of a property and that is, for the corporation, a depreciable property of a prescribed class is an amount equal to the portion of the depreciation of the particular property for the year, determined in accordance with the generally accepted accounting principles, relating to the use of the particular property by the corporation in that year, as part of the production of the property;

(g) the cost incurred by a corporation in a taxation year in respect of the rental or leasing of a particular property that is a corporeal property, including software, as part of the production of a property corresponds to the portion of that cost that may reasonably be attributed to the use in Québec of the particular property by the corporation in that year as part of the production of the property;

(h) an expenditure may be taken into account in computing the production costs to a corporation for a taxation year in respect of a property only if it is paid at the time the corporation first files the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.5 for that taxation year in respect of the property;

(i) the production costs to a corporation for a taxation year in respect of a property must not include an amount that is not included in the production cost of the property or that relates to advertizing, marketing, promotion or market research, or an amount related in any way to another property; and

(j) where, for a taxation year, a corporation is not a qualified corporation, its production costs for the year in respect of a property are deemed to be nil.

The amount to which the definition of “qualified labour cost attributable to computer-aided special effects and animation” in the first paragraph refers for the purpose of determining a corporation's qualified labour cost attributable

to computer-aided special effects and animation for a taxation year, in respect of a property that is a qualified production, is equal to the aggregate of

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

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

(c) the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to services rendered in Québec by the other person or the partnership as part of the production of the property under a contract referred to in paragraph *c* of the definition of "production costs" in the first paragraph and relating to the corporation's labour cost attributable to computer-aided special effects and animation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph iii of paragraph *b* of the definition of "labour cost attributable to computer-aided special effects and animation" in the first paragraph, reduced the amount of the cost for that preceding year.

The amount to which the definition of "eligible production costs" in the first paragraph refers for the purpose of determining the amount of those costs to a corporation for a taxation year, in respect of a property that is a qualified production, is equal to the aggregate of

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

taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph i of paragraph *b* of the definition of “production costs” in the first paragraph, reduced the amount of those costs for that preceding year;

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

(*c*) the amount of any government assistance and non-government assistance that another person or a partnership with which the corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to services rendered in Québec as part of the production of the property by the other person or the partnership under a contract referred to in paragraph *c* of the definition of “production costs” in the first paragraph and relating to the corporation’s production costs for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to subparagraph iii of paragraph *b* of that definition, reduced the amount of those costs for that preceding year.”;

(5) by inserting “and for the purposes of paragraph *b* of the definitions of “eligible production costs” and “qualified labour cost attributable to computer-aided special effects and animation” in that paragraph” after “in the first paragraph” in the portion of the third paragraph before subparagraph *a*;

(6) by adding the following subparagraphs after subparagraph iv of subparagraph *a* of the third paragraph:

“v. because of paragraph *b* of the definition of “qualified labour cost attributable to computer-aided special effects and animation” in the first paragraph, the corporation’s qualified labour cost attributable to computer-aided special effects and animation in respect of the property,

“vi. because of paragraph *b* of the definition of “labour cost attributable to computer-aided special effects and animation” in the first paragraph, the corporation’s labour cost attributable to computer-aided special effects and animation in respect of the property,

“vii. because of paragraph *b* of the definition of “eligible production costs” in the first paragraph, eligible production costs to the corporation in respect of the property, or



“viii. because of subparagraph *c* of the third paragraph, production costs to the corporation in respect of the property;”;

(7) by replacing “subparagraph *b* of the second paragraph” in the portion of the fifth paragraph before subparagraph *a* by “subparagraph *b* of the second and third paragraphs”;

(8) by adding the following paragraph after the fifth paragraph:

“For the purposes of subparagraph ii of subparagraph *c* of the third paragraph and the fifth paragraph, the amount of an advantage attributable to production costs includes the portion of the proceeds of disposition for a corporation of a particular property used by it as part of the production of a property that is a qualified production that relates to the portion of the cost of acquisition of the particular property that is already included in the production costs of the property up to the portion of the cost of acquisition of the particular property that is already included in the production costs of the property.”

(2) Subsection 1 has effect from 13 June 2009.

**128.** (1) Section 1029.8.36.0.0.5 of the Act, amended by section 150 of chapter 5 of the statutes of 2010, is again amended, in the first paragraph,

(1) by inserting “that is not described in subparagraph *a.1*” after “qualified production” in the portion of subparagraph *a* before subparagraph *i*;

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

“(a.1) where the property is a qualified production in respect of which the Société de développement des entreprises culturelles specifies in the favourable advance ruling given in respect of the property that the main filming or taping in Québec in respect of the property is carried out after 12 June 2009, the aggregate of

i. 20% of the corporation’s qualified labour cost attributable to computer-aided special effects and animation for the year in respect of the property, and

ii. 25% of its eligible production costs for the year in respect of the property; and”.

(2) Subsection 1 has effect from 13 June 2009.

**129.** (1) The Act is amended by inserting the following section after section 1029.8.36.0.0.5:

“**1029.8.36.0.0.5.1.** If, at a particular time, a corporation enters into a contract for services rendered in Québec as part of the production of a property that is a qualified production with a person or partnership with

which it is not, at that time, dealing at arm's length, and if, in the opinion of the Minister, one of the purposes of the existence of the contract is to increase the particular amount that the corporation would be deemed to have paid to the Minister, in respect of the property, on account of its tax payable for a taxation year under subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.5 if a contract for the same services had been entered into with a person or partnership with which it is dealing at arm's length, the Minister may determine that the particular amount is the amount that the corporation is deemed to have paid to the Minister, in respect of the property, on account of its tax payable for that year under that subparagraph *a.1*.

For the purposes of the first paragraph, in determining whether a corporation and a partnership are not dealing at arm's length at the particular time, the partnership's fiscal period is deemed to end at the particular time and the partnership is deemed, at the particular time, to be a corporation all the voting shares of which are owned by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for that fiscal period."

(2) Subsection 1 has effect from 13 June 2009.

**130.** (1) Section 1029.8.36.0.0.13 of the Act, amended by section 155 of chapter 5 of the statutes of 2010, is again amended

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

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

(2) by replacing “printing costs” wherever it appears in the following provisions by “printing and reprinting costs”:

— subparagraphs 1 and 3 of subparagraph *i* of paragraph *a* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph;

— subparagraphs 1 to 3 of subparagraph *ii* of paragraph *a* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph;

— subparagraph *e* of the third paragraph;

— the portion of the fourth paragraph before subparagraph *a*;

— the portion of the eighth paragraph before subparagraph *a*;

- subparagraphs i and ii of subparagraph *a* of the eighth paragraph;
- the tenth paragraph;

(3) by replacing “in relation to the printing of the property” in subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph by “in relation to the printing and reprinting of the property”;

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

“i. 33 1/3% of the amount by which the aggregate of the printing costs directly attributable to the printing of the property that the corporation incurred before the end of the year in respect of the property to the extent that they relate to services rendered before the date on which the first printing of the eligible work or of the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph and the reprinting costs directly attributable to the reprinting of the eligible work or of a work that is part of the eligible group of works that the corporation incurred before the end of the year and within the time specified in subparagraph i of subparagraph *c* of the fourth paragraph to the extent that they relate to eligible reprinting work referred to in subparagraph ii of that subparagraph *c* in relation to the work, and that are paid by the corporation, exceeds the aggregate of”;

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

“ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to the printing and reprinting costs of the corporation in respect of the printing and reprinting of the property for a taxation year preceding the year exceeds 33 1/3% of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5, in respect of the printing and reprinting of the property, for a taxation year preceding the year;”;

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

““labour expenditure attributable to printing and reprinting costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the third and fourth paragraphs, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:”;

(7) by inserting the following paragraph after paragraph *a* of the definition of “labour expenditure attributable to printing costs” in the first paragraph:

“(a.1) the salaries or wages directly attributable to the reprinting of the eligible work or of a work that is part of the eligible group of works that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they are incurred within the time specified in subparagraph i of subparagraph *c* of the fourth paragraph and relate to services rendered in Québec for eligible reprinting work referred to in subparagraph ii of that subparagraph *c* in relation to the work, and that are paid by the corporation to its eligible employees;”;

(8) by replacing “for eligible printing work” in the following provisions of the definition of “labour expenditure attributable to printing costs” in the first paragraph by “for eligible printing work or eligible reprinting work”:

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

— paragraph *c*;

(9) by replacing “in connection with the printing” and “as part of the printing” wherever they appear in the following provisions by “as part of the printing or reprinting”:

— subparagraphs i to iv of paragraph *b* of the definition of “labour expenditure attributable to printing costs” in the first paragraph;

— subparagraph *b* of the sixth paragraph;

(10) by replacing “eligible preparation work or eligible printing work” in the definitions of “eligible employee” and “eligible individual” in the first paragraph by “eligible preparation work, eligible printing work or eligible reprinting work”;

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

““eligible reprinting work” in relation to an eligible work or a work that is part of an eligible group of works means the work to carry out the various stages related to reprinting the work;”;

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

“For the purposes of the definition of “labour expenditure attributable to printing and reprinting costs” in the first paragraph, the following rules apply:”;

(13) by inserting the following subparagraph after subparagraph *a* of the third paragraph:

“(a.1) for the purposes of paragraph *a.1* of the definition, the salaries or wages directly attributable to the reprinting of an eligible work or of a work that is part of an eligible group of works are, where an employee directly undertakes, supervises or supports the reprinting of the work, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the reprinting of the work;”;

(14) by replacing the portion of subparagraph *c* of the third paragraph before subparagraph *i* by the following:

“(c) the amount of the labour expenditure attributable to printing and reprinting costs of a corporation for a taxation year in respect of a property is to be reduced, where applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* or *a.1* of that definition, to the portion of the remuneration described in any of subparagraphs *i* to *iv* of paragraph *b* of that definition or to the consideration or the portion of the consideration described in paragraph *c* of that definition, that are included in that labour expenditure attributable to printing and reprinting costs of the corporation for the year, and the aggregate of”;

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

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

(16) by adding the following subparagraph after subparagraph *b* of the fourth paragraph:

“(c) no expenditure that relates to eligible reprinting work in relation to an eligible work or a work that is part of an eligible group of works may be taken into consideration in computing a labour expenditure attributable to printing and reprinting costs for a taxation year in respect of the eligible work or the eligible group of works, or printing and reprinting costs directly attributable to the printing and reprinting of the eligible work or the eligible group of works incurred before the end of the year, unless

i. the expenditure is incurred, in respect of the eligible work or of the work that is part of the eligible group of works, on or before the day that is 36 months after the day on which the first printing of the work is completed, and

ii. the Société de développement des entreprises culturelles notifies the Minister that the eligible reprinting work relating to the work began after 22 June 2009.”;

(17) by replacing the portion of the sixth paragraph before subparagraph *a* by the following:

“For the purposes of this division, the printing and reprinting costs directly attributable to the printing and reprinting of a property that is an eligible work or an eligible group of works incurred by a corporation before the end of a taxation year are”;

(18) by inserting the following subparagraph after subparagraph *a* of the sixth paragraph:

“(a.1) the reprinting costs, other than publishing fees and administration costs, incurred by the corporation as part of the reprinting of the eligible work or of a work that is part of the eligible group of works; and”.

(2) Subsection 1 has effect from 23 June 2009.

**131.** (1) Section 1029.8.36.0.0.14 of the Act, amended by section 156 of chapter 5 of the statutes of 2010, is again amended by replacing “printing costs” in subparagraph ii of subparagraphs *a*, *a.1* and *b* of the first paragraph by “printing and reprinting costs”.

(2) Subsection 1 has effect from 23 June 2009.

**132.** Division II.6.0.0.6 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.36.0.0.16 to 1029.8.36.0.0.32, is repealed.

**133.** Section 1029.8.36.0.27 of the Act is amended by replacing “, II.1 and II.3.1” in the first paragraph by “and II.1”.

**134.** Division II.6.4.1 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.36.53.1 to 1029.8.36.53.9, is repealed.

**135.** Division II.6.5.1 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.36.59.1 to 1029.8.36.59.8, is repealed.

**136.** Division II.6.5.4 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.36.59.21 to 1029.8.36.59.31, is repealed.

**137.** (1) Section 1029.8.36.72.82.1 of the Act is amended

(1) by replacing “pay period within” in the following provisions by “pay period that ended in”:

- the definition of “eligible employee” in the first paragraph;
- the portions of each of subparagraphs *a* and *b* of the second paragraph before their respective subparagraphs *i*;
- subparagraph *c* of the second paragraph;

(2) by replacing “pay period, within” in the following provisions of the first paragraph by “pay period, ended in”:

- paragraphs *a* and *b* of the definition of “eligible amount”;
- subparagraphs *i* and *ii* of paragraph *b* of the definition of “base amount”;

(3) by replacing the definition of “eligibility period” in the first paragraph by the following definition:

““eligibility period” of a corporation means, subject to the third paragraph, the period that begins on 1 January of the first calendar year referred to in the first unrevoked qualification certificate issued to the corporation or deemed obtained by it, in relation to a recognized business, for the purposes of this division or any of Divisions II.6.6.2, II.6.6.4 and II.6.6.6, and that ends on 31 December 2015;”;

(4) by replacing the definition of “base period” in the first paragraph by the following definition:

““base period” of a corporation means, subject to the fourth paragraph, the given calendar year preceding the calendar year in which the corporation’s eligibility period begins or the calendar year referred to in either of the following paragraphs if it is subsequent to the given calendar year:

(a) if the corporation has made the election provided for in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.3.1, for the purpose of determining the amount that it is deemed to have paid to the Minister under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3 for the taxation year in which the calendar year 2008 or 2009 ends or for a taxation year in which a calendar year subsequent to 2009 ends if the corporation elected, by filing with the Minister the prescribed form containing prescribed information on or before the corporation’s filing-due date for the taxation year in which the calendar year 2010 ends, that the base period be determined by reference to this paragraph, the calendar year that precedes the calendar year in respect of which the election provided for in section 1029.8.36.72.82.3.1 was first made by the corporation; or

(b) if the corporation has made the election provided for in section 1029.8.36.72.82.3.1.1, for the purpose of determining the amount that it is deemed to have paid to the Minister under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3 for a taxation year in which a calendar year that is subsequent to the calendar year 2010 ends, the calendar year 2010;”;

(5) by replacing the portion of the definition of “eligible region” in the first paragraph before paragraph *a.1* by the following:

““eligible region” means, subject to the seventh paragraph,

(a) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year preceding the calendar year 2010 ends and, if the corporation has made the election provided for in section 1029.8.36.72.82.3.1.1, for its taxation year in which the calendar year 2010 ends, in respect of a recognized business whose activities described in a qualification certificate issued for the purposes of this division are the processing of marine products, or activities related to such processing activities, the Municipalité régionale de comté de Matane or one of the administrative regions referred to in subparagraphs ii and iii of paragraph *b* and described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1);”;

(6) by striking out paragraph *a.1* of the definition of “eligible region” in the first paragraph;

(7) by replacing “sixth” in the definition of “designated region” in the first paragraph by “seventh”;

(8) by replacing the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph by the following definition:

““Saguenay–Lac-Saint-Jean region” means, in respect of a recognized business whose activities described in a qualification certificate issued for the purposes of this division are the manufacturing or processing of finished or semi-finished products made from aluminum having already undergone primary processing, the reclamation and recycling of waste and residues from the processing of aluminum, or activities related to such activities, the administrative region 02 Saguenay–Lac-Saint-Jean described in the Décret concernant la révision des limites des régions administratives du Québec;”;

(9) by replacing the portion of the definition of “resource region” in the first paragraph before paragraph *a* by the following:

““resource region” means, subject to the seventh paragraph,”;

(10) by replacing subparagraph vii of paragraph *a* of the definition of “resource region” in the first paragraph by the following subparagraph:



“vii. for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year preceding the year 2010 ends, administrative region 11 Gaspésie—Îles-de-la-Madeleine; or”;

(11) by replacing the portion of paragraph *m* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph *i* by the following:

“(m) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.3.2 that relates to a calendar year preceding the calendar year ending in the taxation year, except to the extent that paragraph *m.1* applies to the repayment, the amount by which the particular amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of”;

(12) by inserting the following paragraph after paragraph *m* of the definition of “eligible repayment of assistance” in the first paragraph:

“(m.1) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.2 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the particular amount that would have been determined under that subparagraph *a.1* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.2 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance;”;

(13) by replacing the portion of paragraph *n* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph i by the following:

“(n) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.3.3 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, except to the extent that paragraph *n.1* applies to the repayment, the amount by which the particular amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of”;

(14) by inserting the following paragraph after paragraph *n* of the definition of “eligible repayment of assistance” in the first paragraph:

“(n.1) where a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, the amount by which the particular amount that would have been determined under that subparagraph *a.1* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance;”;

(15) by replacing the portion of paragraph *o* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph *i* by the following:

“(o) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in subparagraph *a* or *c* of the first paragraph of section 1029.8.36.72.82.4 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, except to the extent that paragraph *o.1* applies to the repayment, the amount by which the particular amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of subparagraph *a* or *c* of the first paragraph of section 1029.8.36.72.82.4 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.82.4 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of”;

(16) by inserting the following paragraph after paragraph *o* of the definition of “eligible repayment of assistance” in the first paragraph:

“(o.1) where a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.72.82.4.2 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the particular amount that would have been determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.72.82.4.2 in relation to that preceding calendar year, each of the amounts of assistance in

respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.82.4.2 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance;”;

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

“If Investissement Québec cancels a qualification certificate issued, for the purposes of this division or of any of Divisions II.6.6.2, II.6.6.4 and II.6.6.6, to a corporation in relation to a recognized business it is carrying on in a designated region, because of a major unforeseen event affecting the recognized business, the qualification certificate is deemed not to have been so cancelled, for the purpose of determining the corporation’s eligibility period, if the corporation has resumed carrying on the recognized business in a municipality more than 40 kilometres away from the municipality in which the recognized business was carried on before the major unforeseen event occurred.”;

(18) by inserting the following paragraph after the fifth paragraph:

“For the purposes of this division and in determining the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.72.82.2 or 1029.8.36.72.82.3, the salary or wages paid to an employee in respect of a pay period, for which the employee is an eligible employee, that may reasonably be attributed to activities of a business that are described in paragraph *a.1* of the definition of “eligible region” in the first paragraph, enacted by subparagraph *i* of subparagraph *b.1* of the seventh paragraph, and that are carried on in the region to which that paragraph *a.1* refers, is deemed not to have been so paid to the eligible employee if, in the opinion of Investissement Québec, the activities are not recognized activities in respect of a resource region.”;

(19) by striking out subparagraphs *a* and *b* of the sixth paragraph;

(20) by inserting the following subparagraph after subparagraph *b* of the sixth paragraph:

“(b.1) the definition of “eligible region” in the first paragraph is to be read,

i. if the taxation year is subsequent to the taxation year in which the calendar year 2007 ends, as if the following paragraph was inserted after paragraph *a*:

“(a.1) in respect of a recognized business whose activities described in a qualification certificate issued for the purposes of this division are manufacturing or processing activities, other than those referred to in any of paragraphs *a*, *b*, *c* and *d*, included in the group described under code 31, 32 or 33 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada, or activities related to such manufacturing or processing activities, the administrative region referred to in subparagraph iii of paragraph *b* and described in the Décret concernant la révision des limites des régions administratives du Québec;”, and

ii. if the taxation year is subsequent to the taxation year in which the calendar year 2009 ends, as if the following paragraph was added after paragraph *d*, unless the corporation has made the election provided for in section 1029.8.36.72.82.3.1.1 for a preceding taxation year:

“(e) in respect of a recognized business whose activities described in a qualification certificate issued for the purposes of this division are the manufacturing or processing of finished or semi-finished products made from peat or slate, or activities related to such manufacturing or processing activities, one of the administrative regions referred to in subparagraphs i and ii of paragraph *b* and described in the Décret concernant la révision des limites des régions administratives du Québec;”;

(21) by replacing the definition of “designated region”, enacted by subparagraph *c* of the sixth paragraph, by the following definition:

““designated region” of a corporation means the Saguenay–Lac-Saint-Jean region or the eligible region where it carries on a recognized business in a particular taxation year, if

(a) the particular taxation year precedes the taxation year in which the calendar year 2010 ends; or

(b) the corporation has made the election provided for in section 1029.8.36.72.82.3.1.1; and”;

(22) by adding the following subparagraph after subparagraph *c* of the sixth paragraph:

“(d) if the taxation year is subsequent to the taxation year in which the calendar year 2012 ends, the definition of “resource region” in the first paragraph is to be read as if subparagraphs i to iii of paragraph *a* were replaced by the following subparagraphs:

“i. the eastern part of the administrative region 01 Bas-Saint-Laurent, included in the territory of the Municipalité régionale de comté de La Matapédia, the Municipalité régionale de comté de Matane and the Municipalité régionale de comté de La Mitis,

“ii. the part of the administrative region 02 Saguenay–Lac-Saint-Jean, included in the territory of the Municipalité régionale de comté de Maria-Chapdelaine, the Municipalité régionale de comté Le Fjord-du-Saguenay and the Municipalité régionale de comté Le Domaine-du-Roy,

“iii. the part of the administrative region 04 Mauricie, included in the territory of the urban agglomeration of La Tuque, the Municipalité régionale de comté de Mékinac and the city of Shawinigan.”.

(2) Paragraphs 1 to 5, 8, 10, 17, 19, 21 and 22 of subsection 1 have effect from 1 January 2010. In addition,

(1) if the definitions of “base period” and “eligibility period” in the first paragraph of section 1029.8.36.72.82.1 of the Act apply after 31 December 2007 and before 1 January 2010, they are to be read as if “sixth” was replaced by “seventh”; and

(2) if the sixth paragraph of section 1029.8.36.72.82.1 of the Act applies after 31 December 2007 and before 1 January 2010, subparagraph *b* of the sixth paragraph is to be read as follows:

“(b) if the qualified corporation carried on a recognized business before 1 April 2008 and made the election described in section 1029.8.36.72.82.3.1 for a taxation year in which the calendar year 2008 or 2009 ends, the definition of “base period” in the first paragraph is to be read as if “the calendar year preceding the calendar year in which the corporation’s eligibility period begins” was replaced by “the calendar year preceding the calendar year in respect of which the election described in section 1029.8.36.72.82.3.1 is made for the first time by the corporation or, if it is later, the calendar year preceding the calendar year in which the corporation’s eligibility period begins”;

(3) Paragraphs 6, 7, 9, 18 and 20 of subsection 1 have effect from 1 January 2008.

(4) Paragraphs 11 to 16 of subsection 1 apply to a taxation year that ends after 30 December 2010.

**138.** (1) The Act is amended by inserting the following sections after section 1029.8.36.72.82.1:

**“1029.8.36.72.82.1.1.** A corporation’s tax assistance limit for a taxation year is the aggregate of

- (a) the corporation's base amount for the year; and
  - (b) the amount determined by the formula
- $$5\% \times A \times B/C.$$

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

- (a) A is the corporation's gross revenue for the year;
- (b) B is the aggregate of all amounts each of which is a salary or wages paid by the corporation in the taxation year to an employee who reports for work, in the year, at an establishment of the corporation situated in a resource region or in the administrative region 11 Gaspésie—Îles-de-la-Madeleine described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1); and
- (c) C is the aggregate of all amounts each of which is a salary or wages paid to an employee by the corporation in the taxation year.

For the purposes of the second paragraph, if the amount represented by B, otherwise determined in respect of a corporation for a taxation year, is equal to or greater than 90% of the amount represented by C, determined in respect of the corporation for the year, the corporation is deemed to have paid salaries or wages in the year only to employees who reported for work, in the year, at an establishment of the corporation situated in a region referred to in subparagraph *b* of the second paragraph.

**“1029.8.36.72.82.1.2.** For the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.1.1 and subject to sections 1029.8.36.72.82.1.3 and 1029.8.36.72.82.1.4, a corporation's base amount for a taxation year is equal to

- (a) if the corporation is not a member of an associated group in the year, \$50,000; and
- (b) if the corporation is a member of an associated group in the year, an amount attributed for the year to the corporation pursuant to the agreement described in the second paragraph and filed with the Minister in the prescribed form or, if no amount is attributed to the corporation under the agreement or in the absence of such an agreement, zero.

The agreement to which subparagraph *b* of the first paragraph refers is the agreement under which all the corporations that are members of the associated group in the year attribute for the year to one or more of their number, for the purposes of this section, one or more amounts the total of which does not exceed \$50,000.

If the aggregate of the amounts attributed, in respect of a taxation year, pursuant to an agreement described in the second paragraph and entered into with the corporations that are members of an associated group in the year exceeds \$50,000, the amount determined under subparagraph *b* of the first paragraph in respect of each of those corporations for the taxation year is deemed, for the purposes of this section, to be equal to the proportion of \$50,000 that that amount is of the aggregate of the amounts attributed for the year under the agreement.

For the purposes of this section and sections 1029.8.36.72.82.1.3 and 1029.8.36.72.82.1.4, an associated group in a taxation year means all the corporations that, in the year, are associated with each other and are qualified corporations for the purposes of Title VII.2.4 of Book IV or corporations that carry on a recognized business.

**“1029.8.36.72.82.1.3.** If a corporation that is a member of an associated group referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.82.1.2 fails to file with the Minister an agreement referred to in that subparagraph within 30 days after notice in writing by the Minister has been sent to any of the corporations that are members of that group that such an agreement is required for the purposes of any assessment of tax under this Part or for the determination of another amount, the Minister shall, for the purposes of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.1.1, attribute an amount to one or more of those corporations for the taxation year, which amount or the aggregate of which amounts must be equal to \$50,000, and in such a case, despite that subparagraph *b*, the base amount for the year of each of the corporations is equal to the amount so attributed to it.

**“1029.8.36.72.82.1.4.** Despite sections 1029.8.36.72.82.1.2 and 1029.8.36.72.82.1.3, the following rules apply:

(*a*) if a corporation that is a member of an associated group (in this paragraph referred to as the “first corporation”) has more than one taxation year ending in the same calendar year and is associated in two or more of those taxation years with another corporation that is a member of the group that has a taxation year ending in that calendar year, the base amount of the first corporation for each particular taxation year that ends in the calendar year in which it is associated with the other corporation and that ends after the first taxation year ending in that calendar year is, subject to paragraph *b*, an amount equal to the lesser of

i. its base amount for the first taxation year ending in the calendar year, determined in accordance with subparagraph *b* of the first paragraph of section 1029.8.36.72.82.1.2 or section 1029.8.36.72.82.1.3, and

ii. its base amount for the particular taxation year ending in the calendar year, determined in accordance with subparagraph *b* of the first paragraph of section 1029.8.36.72.82.1.2 or section 1029.8.36.72.82.1.3; and



(b) if a corporation has a taxation year of fewer than 51 weeks, its base amount for the year is that proportion of its base amount for the year, determined without reference to this paragraph, that the number of days in the year is of 365.”

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

**139.** (1) Section 1029.8.36.72.82.2 of the Act is amended, in the first paragraph,

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

**“1029.8.36.72.82.2.** A qualified corporation that is carrying on a recognized business at least since 31 March 2008, that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents referred to in the third paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is subsequent to the year 2003 and precedes the year 2011, to the aggregate of”;

(2) by replacing “pay period, within” in the following provisions by “pay period, ended in”:

- the portion of subparagraph i of subparagraph *a* before subparagraph 1;
- subparagraph 2 of subparagraph i of subparagraph *a*;
- the portion of subparagraph i of subparagraph *a.1* before subparagraph 1;
- subparagraph 2 of subparagraph i of subparagraph *a.1*;

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

“i. 40% of the portion of the eligible repayment of assistance of the corporation for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount referred to in any of paragraphs *d*, *e*, *f*, *j.1*, *k.1* and *l.1* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1, or referred to in any of paragraphs *j*, *k* and *l* of that definition, if the preceding calendar year and the assistance to which that paragraph refers are the calendar year 2003 and assistance that may reasonably be attributed to a business whose activities are described in any of paragraphs *a* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, respectively, and

“ii. 30% of the amount by which the eligible repayment of assistance of the corporation for the taxation year exceeds the portion of the eligible repayment of assistance of the corporation for the taxation year determined in accordance with subparagraph i.”

(2) Subsection 1 has effect from 1 January 2010. In addition, when section 1029.8.36.72.82.2 of the Act applies after 31 December 2007 and before 1 January 2010, it is to be read as if the portion of the first paragraph before subparagraph *a* was replaced by the following:

**“1029.8.36.72.82.2.** A qualified corporation that is carrying on a recognized business at least since 31 March 2008, that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents referred to in the third paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is the year 2004 or a subsequent year, to the aggregate of”.

**140.** (1) Section 1029.8.36.72.82.3 of the Act is amended

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

**“1029.8.36.72.82.3.** A qualified corporation that is carrying on a recognized business at least since 31 March 2008, that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents referred to in the fourth paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is subsequent to the year 2003 and precedes the year 2011, to the aggregate of”;

(2) by replacing “pay period, within” in the following provisions of the first paragraph by “pay period, ended in”:

- the portion of subparagraph i of subparagraph *a* before subparagraph 1;
- subparagraph 2 of subparagraph i of subparagraph *a*;
- the portion of subparagraph ii of subparagraph *a* before subparagraph 1;
- subparagraph 2 of subparagraph ii of subparagraph *a*;

- the portion of subparagraph i of subparagraph *a.1* before subparagraph 1;
- subparagraph 2 of subparagraph i of subparagraph *a.1*;
- the portion of subparagraph ii of subparagraph *a.1* before subparagraph 1;
- subparagraph 2 of subparagraph ii of subparagraph *a.1*;

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

“(a.1) subject to the second paragraph, 40% of the particular amount that is the least of”;

(4) by replacing subparagraphs i and ii of subparagraph *b* of the first paragraph by the following subparagraphs:

“i. 40% of the portion of the eligible repayment of assistance of the corporation for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount referred to in any of paragraphs *d*, *e*, *f*, *j.1*, *k.1* and *l.1* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1, or referred to in any of paragraphs *j*, *k* and *l* of that definition, if the preceding calendar year and the assistance to which that paragraph refers are the calendar year 2003 and assistance that may reasonably be attributed to a business whose activities are described in any of paragraphs *a* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, respectively, and

“ii. 30% of the amount by which the eligible repayment of assistance of the corporation for the taxation year exceeds the portion of the eligible repayment of assistance of the corporation for the taxation year determined in accordance with subparagraph i.”;

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

“(a) the least of the excess amounts determined under any of subparagraphs i to iii of subparagraph *a* of that first paragraph, in respect of the calendar year, may not exceed the amount that is attributed to it in respect of that year pursuant to the agreement referred to in section 1029.8.36.72.82.4; and”.

(2) Subsection 1 has effect from 1 January 2010. In addition, when section 1029.8.36.72.82.3 of the Act applies after 31 December 2007 and before 1 January 2010, it is to be read as if the portion of the first paragraph before subparagraph *a* was replaced by the following:

**“1029.8.36.72.82.3.** A qualified corporation that is carrying on a recognized business at least since 31 March 2008, that is associated with one or more other corporations at the end of a calendar year within the qualified

corporation's eligibility period and that encloses the documents referred to in the fourth paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is the year 2004 or a subsequent year, to the aggregate of".

**141.** (1) Section 1029.8.36.72.82.3.1 of the Act is amended by replacing the first paragraph by the following paragraph:

**"1029.8.36.72.82.3.1.** No corporation may be deemed to have paid an amount to the Minister in accordance with section 1029.8.36.72.82.2 or 1029.8.36.72.82.3 for a taxation year in which any of the calendar years 2007 to 2009 ends if the corporation has elected irrevocably to avail itself, for the year or a preceding taxation year,

(a) of section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3; or

(b) of Division II.6.14.2."

(2) Subsection 1 has effect from 1 January 2010.

**142.** (1) The Act is amended by inserting the following section after section 1029.8.36.72.82.3.1:

**"1029.8.36.72.82.3.1.1.** A corporation may be deemed to have paid an amount to the Minister in accordance with section 1029.8.36.72.82.2 or 1029.8.36.72.82.3 for the taxation year in which the calendar year 2010 ends only if the corporation so elects irrevocably in the manner described in the third or fourth paragraph, as the case may be, and if the corporation did not make the election provided for in section 1029.8.36.72.82.3.1 for a preceding taxation year.

A corporation that makes the election provided for in the first paragraph for the taxation year in which the calendar year 2010 ends may not be deemed to have paid an amount to the Minister in accordance with section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3 for the year.

A corporation to which the fourth paragraph does not apply shall make the election provided for in the first paragraph for the taxation year in which the calendar year 2010 ends by filing with the Minister the prescribed form containing prescribed information on or before the corporation's filing-due date for the taxation year.

A particular corporation that is associated, in a taxation year in which the calendar year 2010 ends, with one or more other corporations that carry on a recognized business at least since 31 March 2008 shall make the election provided for in the first paragraph for the taxation year by filing with the

Minister, jointly with the other corporations that are members of the group of associated corporations, the prescribed form containing prescribed information on or before the earliest of the filing-due dates of the corporations that are members of the group, for the taxation year.”

(2) Subsection 1 has effect from 1 January 2010.

**143.** (1) Section 1029.8.36.72.82.3.2 of the Act is amended

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

**“1029.8.36.72.82.3.2.** A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents described in the fifth paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the second and fourth paragraphs, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is the year 2010 or a subsequent year, to the aggregate of

(*a*) 20% of the particular amount that is the amount by which the lesser of the following amounts exceeds the particular amount that would be determined for the calendar year in accordance with subparagraph *a.1* if that subparagraph were read without reference to the balance of the qualified corporation’s tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4.”;

(2) by replacing “pay period, within” in the portion of subparagraph *i* of subparagraph *a* of the first paragraph before subparagraph 1 and in subparagraph 2 of that subparagraph *i* by “pay period, ended in”;

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

“(a.1) 10% of the particular amount that is the lesser of the balance of the qualified corporation’s tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4, and the least of the following amounts:

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to a given activity (in this section referred to as the “recognized activity in respect of a resource region”) that is not an activity described in any of paragraphs *a* and *b* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, an activity that is carried on in a region described in paragraph *a.1* or *e* of the definition of that expression,

enacted by subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, and that is described in that paragraph *a.1* or *e*, or an activity described in the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph of section 1029.8.36.72.82.1, exceeds the aggregate of all amounts each of which is

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, if, at no time in its base period, the corporation carried on a business in Québec in the sectors of activity described in a qualification certificate issued, for the purposes of this division, to the corporation for the year in respect of a recognized business, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages that were paid by the corporation to an employee in respect of a pay period, ended in its base period, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to a recognized activity in respect of a resource region,

ii. the amount by which the amount that would be the qualified corporation’s eligible amount for the calendar year exceeds the amount that would be the qualified corporation’s base amount if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and

iii. the lesser of the amount determined for the calendar year in accordance with subparagraph *i* of subparagraph *a* and the amount determined for that year in accordance with subparagraph *ii* of that subparagraph *a*; and”;

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

“(b) the aggregate of

i. 10% of the portion of the qualified corporation’s eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount, other than an amount described in the third paragraph, that is referred to in any of paragraphs *g* to *i*, *m.1*, *n.1* and *o.1* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1 or any of paragraphs *j*, *k* and *l* of that definition to the extent that the assistance related to the carrying on of a recognized business in a resource region, and

ii. 20% of the amount by which the portion of the qualified corporation’s eligible repayment of assistance for the taxation year that concerns assistance that may reasonably be considered to relate to a business carried on in a designated region exceeds the portion of the qualified corporation’s eligible repayment of assistance for the taxation year determined in accordance with subparagraph *i.*”;

(5) by inserting the following paragraphs after the first paragraph:

“If this section applies to a taxation year in which the calendar year 2010 ends, the portion of subparagraph *a.1* of the first paragraph before subparagraph *i* and subparagraph *i* of subparagraph *b* of that paragraph are to be read as if “10%” was replaced by “20%”.

An amount to which subparagraph *i* of subparagraph *b* of the first paragraph refers is

(*a*) if the calendar year that ends in the taxation year referred to in that subparagraph *i* is subsequent to 2012, an amount relating to assistance that may reasonably be considered to relate to a business that is carried on elsewhere than in a resource region; or

(*b*) an amount referred to in any of paragraphs *g* to *i*, *j*, *k* and *l* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1 and that concerns assistance that may reasonably be attributed to a business carried on in a region described in paragraph *a.1* or *e* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, enacted by subparagraph *b.1* of the seventh paragraph of that section, and whose activities are described in that paragraph *a.1* or *e*, as the case may be.”;

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

(2) Paragraphs 1, 3, 5 and 6 of subsection 1 apply to a taxation year that ends after 30 December 2010.

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

(4) Paragraph 4 of subsection 1 has effect from 1 January 2008. However, when subparagraph *b* of the first paragraph of section 1029.8.36.72.82.3.2 of the Act applies in respect of a taxation year that ends before 31 December 2010, it is to be read as follows:

“(b) the qualified corporation’s eligible repayment of assistance for the taxation year, except the portion of the repayment that may reasonably be attributed to an amount referred to in any of paragraphs *g* to *i* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1 or any of paragraphs *j*, *k* and *l* of that definition to the extent that the assistance related to the carrying on of a recognized business in a resource region, other than a business carried on in the region described in paragraph *a.1* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, enacted by subparagraph *i* of subparagraph *b.1* of the seventh paragraph of that section, and whose activities are described in that paragraph *a.1*.”

**144.** (1) Section 1029.8.36.72.82.3.3 of the Act is amended

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

**“1029.8.36.72.82.3.3.** A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents described in the sixth paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the third and fifth paragraphs, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is the year 2010 or a subsequent year, to the aggregate of

(a) subject to the second paragraph, 20% of the particular amount that is the amount by which the least of the following amounts exceeds the particular amount that would be determined for the calendar year in accordance with subparagraph *a.1* if that subparagraph were read without reference to the balance of the qualified corporation’s tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4.”;

(2) by replacing “pay period, within” in the following provisions of the first paragraph by “pay period, ended in”:

— the portion of subparagraph i of subparagraph *a* before subparagraph 1 and subparagraph 2 of that subparagraph i;

— the portion of subparagraph ii of subparagraph *a* before subparagraph 1 and subparagraph 2 of that subparagraph ii;

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

“(a.1) subject to the second paragraph, 10% of the particular amount that is the lesser of the balance of the qualified corporation’s tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4, and the least of the following amounts:

i. the amount by which the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to a given activity (in this section referred to as the “recognized activity in respect of a resource region”) that is not an activity described in any of paragraphs *a* and *b* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, an activity that is carried on in a region described in paragraph *a.1* or *e* of the definition of that



expression, enacted by subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, and that is described in that paragraph *a.1* or *e*, or an activity described in the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph of section 1029.8.36.72.82.1, exceeds the aggregate of all amounts each of which is

(1) except in respect of a corporation that results from an amalgamation, an amount equal to zero, if, at no time in its base period, the corporation carried on a business in Québec in the sectors of activity described in a qualification certificate issued, for the purposes of this division, to the corporation for the year in respect of a recognized business, and

(2) in any other case, the aggregate of all amounts each of which is the salary or wages that were paid by the corporation to an employee in respect of a pay period, ended in its base period, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to a recognized activity in respect of a resource region,

ii. the amount by which the aggregate of the amount that would be the qualified corporation’s eligible amount for the calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee in respect of a pay period, ended in the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the other corporation that are recognized activities in respect of a resource region that are described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business, exceeds the total of

(1) the amount that would be the qualified corporation’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee in respect of a pay period, ended in the qualified corporation’s base period, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the other corporation

that are recognized activities in respect of a resource region that are described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business,

iii. the amount by which the amount that would be the qualified corporation's eligible amount for the calendar year exceeds the amount that would be the qualified corporation's base amount if, for the purposes of the definitions of "base amount" and "eligible amount" in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and

iv. the least of the amounts determined for the calendar year in accordance with subparagraphs i to iii of subparagraph *a*; and";

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

"(b) the aggregate of

i. 10% of the portion of the qualified corporation's eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount, other than an amount described in the fourth paragraph, that is referred to in any of paragraphs *g* to *i*, *m.1*, *n.1* and *o.1* of the definition of "eligible repayment of assistance" in the first paragraph of section 1029.8.36.72.82.1 or any of paragraphs *j*, *k* and *l* of that definition to the extent that the assistance related to the carrying on of a recognized business in a resource region, and

ii. 20% of the amount by which the portion of the qualified corporation's eligible repayment of assistance for the taxation year that concerns assistance that may reasonably be considered to relate to a business carried on in a designated region exceeds the portion of the qualified corporation's eligible repayment of assistance for the taxation year determined in accordance with subparagraph i.";

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

"If the qualified corporation referred to in the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the taxation year in which the calendar year ends, the following rules apply:

(a) the least of the excess amounts determined under any of subparagraphs i to iii of subparagraph *a* of the first paragraph, in respect of the calendar year, may not exceed the amount that is attributed to it in respect of that year pursuant to the agreement referred to in section 1029.8.36.72.82.4; and

(b) the least of the excess amounts determined, if applicable, under any of subparagraphs i to iv of subparagraph *a.1* of the first paragraph, in respect of the calendar year, may not exceed the amount that is attributed to it in respect of that year pursuant to the agreement referred to in section 1029.8.36.72.82.4.2.”;

(6) by inserting the following paragraphs after the second paragraph:

“If this section applies to a taxation year in which the calendar year 2010 ends, the portion of subparagraph *a.1* of the first paragraph before subparagraph i and subparagraph i of subparagraph *b* of that paragraph are to be read as if “10%” was replaced by “20%”.

An amount to which subparagraph i of subparagraph *b* of the first paragraph refers means

(a) if the calendar year that ends in the taxation year referred to in that subparagraph i is subsequent to 2012, an amount relating to assistance that may reasonably be considered to relate to a business that is carried on elsewhere than in a resource region; or

(b) an amount referred to in any of paragraphs *g* to *i*, *j*, *k* and *l* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1 and that concerns assistance that may reasonably be attributed to a business carried on in a region described in paragraph *a.1* or *e* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, enacted by subparagraph *b.1* of the seventh paragraph of that section, and whose activities are described in that paragraph *a.1* or *e*, as the case may be.”;

(7) by striking out the fourth and fifth paragraphs;

(8) by replacing subparagraph *c* of the sixth paragraph by the following subparagraph:

“(c) if the second paragraph applies, the agreement referred to in section 1029.8.36.72.82.4 and, if applicable, the agreement referred to in section 1029.8.36.72.82.4.2, filed in prescribed form.”

(2) Paragraphs 1, 3 and 5 to 8 of subsection 1 apply to a taxation year that ends after 30 December 2010.

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

(4) Paragraph 4 of subsection 1 has effect from 1 January 2008. However, when subparagraph *b* of the first paragraph of section 1029.8.36.72.82.3.3 of the Act applies in respect of a taxation year that ends before 31 December 2010, it is to be read as follows:

“(b) the qualified corporation’s eligible repayment of assistance for the taxation year, except the portion of the repayment that may reasonably be attributed to an amount referred to in any of paragraphs *g* to *i* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1 or any of paragraphs *j*, *k* and *l* of that definition to the extent that the assistance related to the carrying on of a recognized business in a resource region, other than a business carried on in a region described in paragraph *a.1* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, enacted by subparagraph *i* of subparagraph *b.1* of the seventh paragraph of that section, and whose activities are described in that paragraph *a.1*.”

**145.** (1) The Act is amended by inserting the following section after section 1029.8.36.72.82.3.3:

**“1029.8.36.72.82.3.4.** The balance of a corporation’s tax assistance limit for a taxation year is equal to the amount by which its tax assistance limit for the year, determined under section 1029.8.36.72.82.1.1, exceeds the aggregate of

(a) the aggregate of the following amounts that is multiplied, if the corporation has an establishment situated outside Québec, by the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771:

i. 8% of the lesser of the amount the corporation deducts in computing its taxable income for the year under section 737.18.26 and the amount by which the amount that would be determined in its respect for the year under section 771.2.1.2 if no reference were made to section 771.2.6 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the year were computed without reference to section 737.18.26, exceeds the amount that would be determined in its respect for the year under section 771.2.1.2 if the corporation were to deduct, in computing its taxable income, all of the amount that, but for section 737.18.26.1, would be determined under section 737.18.26, and

ii. 11.9% of the amount by which the amount that the corporation deducts in computing its taxable income for the year under section 737.18.26 exceeds the excess amount determined in subparagraph *i*;

(b) the amount of tax that would be payable by the corporation under Part IV for the year if its paid-up capital for the purposes of that Part were equal to the amount it deducted for the year under section 1138.2.3, that is multiplied, if the corporation has an establishment situated outside Québec, by the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771; and

(c) the amount that would be payable by the corporation as the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) in respect of the aggregate of all amounts each of which is an amount, representing a proportion of wages paid or deemed to be paid in the year, for which no contribution is payable under the sixth paragraph of section 34 of that Act.”

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

**146.** (1) Section 1029.8.36.72.82.4 of the Act is amended, in the first paragraph,

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

**“1029.8.36.72.82.4.** The agreement to which subparagraph *a* of the second paragraph of sections 1029.8.36.72.82.3 and 1029.8.36.72.82.3.3 refers in respect of a calendar year means an agreement under which all of the qualified corporations that are carrying on, in the calendar year, a recognized business and that are associated with each other at the end of that calendar year (in this section called the “group of associated corporations”), attribute to one or more of their number, for the purposes of this division, one or more amounts; the aggregate of the amounts so attributed, for the calendar year, must not be greater than the least of”;

(2) by replacing “pay period, within” in the following provisions by “pay period, ended in”:

— the portion of subparagraph *a* before subparagraph *i* and subparagraph *ii* of that subparagraph *a*;

— the portion of subparagraph *c* before subparagraph *i* and subparagraph *ii* of that subparagraph *c*;

(3) by replacing “period within” in subparagraph *ii* of subparagraph *c* by “pay period that ended in”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 30 December 2010.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 1 January 2010.

**147.** (1) Section 1029.8.36.72.82.4.1 of the Act is amended

(1) by replacing “pay period, within” in the following provisions by “pay period, ended in”:

— the portion of paragraph *a* before subparagraph *i* and subparagraph *ii* of that paragraph *a*;

— the portion of paragraph *c* before subparagraph *i* and subparagraph *ii* of that paragraph *c*;

(2) by replacing “period within” in subparagraph *ii* of paragraph *c* by “pay period that ended in”.

(2) Subsection 1 has effect from 1 January 2010.

**148.** (1) The Act is amended by inserting the following section after section 1029.8.36.72.82.4.1:

**“1029.8.36.72.82.4.2.** The agreement to which subparagraph *b* of the second paragraph of section 1029.8.36.72.82.3.3 refers in respect of a calendar year means an agreement under which all of the qualified corporations that are carrying on, in the calendar year, a recognized business and that are associated with each other at the end of that calendar year (in this section called the “group of associated corporations”), attribute to one or more of their number, for the purposes of this division, one or more amounts; the aggregate of the amounts so attributed, for the calendar year, must not be greater than the least of

(a) the amount by which the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee of the corporation, to the extent that the salary or wages may reasonably be attributed to a given activity (hereinafter referred to as a “recognized activity in respect of a resource region”) that is not an activity described in any of paragraphs *a* and *b* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, an activity that is carried on in a region described in paragraph *a.1* or *e* of the definition of that expression, enacted by subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, and that is described in that paragraph *a.1* or *e*, or an activity described in the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph of section 1029.8.36.72.82.1, exceeds the aggregate of all amounts each of which is,

i. except in respect of a corporation that results from an amalgamation, an amount equal to zero, if, at no time in the base period of a qualified corporation that is a member of the group of associated corporations, the corporation carried on a business in Québec the activities of which were described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business, and

ii. in any other case, the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a pay period, ended

in its base period, for which the employee is an eligible employee of the qualified corporation, to the extent that the salary or wages may reasonably be attributed to a recognized activity in respect of a resource region;

(b) the amount by which the aggregate of all amounts each of which is the amount that would be the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the amount that would be the base amount of such a corporation if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered; and

(c) the amount by which the aggregate of all amounts each of which is the amount that would be the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, or the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the other corporation that are recognized activities in respect of a resource region and that are described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business, exceeds the total of

i. the aggregate of all amounts each of which would be the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the base period of a qualified corporation that is a member of the group at the end of the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the other corporation

that are recognized activities in respect of a resource region and that are described in a qualification certificate issued for the year, for the purposes of this division and in respect of a recognized business, to a qualified corporation that is a member of the group, unless an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a pay period that ended in a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**149.** (1) Section 1029.8.36.72.82.5 of the Act is replaced by the following section:

**“1029.8.36.72.82.5.** If the aggregate of the amounts attributed, in respect of a calendar year, in an agreement referred to in subparagraph *a* or *b* of the second paragraph of section 1029.8.36.72.82.3 or 1029.8.36.72.82.3.3, as the case may be, and entered into with the qualified corporations that are carrying on, in that calendar year, a recognized business and that are associated with each other at the end of that calendar year exceeds the particular amount that is the least of the excess amounts determined for that calendar year in respect of those corporations under any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.72.82.4 or under any of paragraphs *a* to *c* of section 1029.8.36.72.82.4.1 or 1029.8.36.72.82.4.2, as the case may be, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.82.3 or 1029.8.36.72.82.3.3, as the case may be, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation in the agreement is of the aggregate of the amounts attributed for the calendar year in the agreement.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**150.** (1) Section 1029.8.36.72.82.6 of the Act is amended

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

“(a) the amount of the salaries or wages referred to in the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.1 and in subparagraph i of subparagraphs *a* and *a.1* of the first paragraph of any of sections 1029.8.36.72.82.2, 1029.8.36.72.82.3, 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3 and paid by the qualified corporation, and the amount of the salaries or wages referred to in subparagraph ii of subparagraphs *a* and *a.1* of the first paragraph of section 1029.8.36.72.82.3 or 1029.8.36.72.82.3.3 and paid by a corporation associated with the qualified corporation, are to be reduced, if applicable.”;

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



“(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations and referred to in any of sections 1029.8.36.72.82.4, 1029.8.36.72.82.4.1 and 1029.8.36.72.82.4.2, is to be reduced, if applicable,”;

(3) by replacing “reduced”, “pay period within” and “in that first paragraph” wherever they appear in the second paragraph by “are to reduce”, “pay period that ended in” and “in the first paragraph”, respectively;

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

“The aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a pay period that ended in the qualified corporation’s base period, and determined for the purpose of computing the particular amount referred to in subparagraph *a.1* of the first paragraph of any of sections 1029.8.36.72.82.2, 1029.8.36.72.82.3, 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3, in relation to the qualified corporation, for a calendar year ending in a taxation year, may not exceed the aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be, in respect of a pay period that ended in the calendar year, and determined for the purpose of computing the particular amount referred to in subparagraph *a.1* of the first paragraph of any of sections 1029.8.36.72.82.2, 1029.8.36.72.82.3, 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3, as the case may be, in relation to the qualified corporation, for that calendar year.”

(2) Paragraphs 1, 2 and 4 of subsection 1 apply to a taxation year that ends after 30 December 2010. In addition, when the third paragraph of section 1029.8.36.72.82.6 of the Act applies, after 31 December 2009, in respect of a taxation year that ends before 31 December 2010, it is to be read as follows:

“The aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a pay period that ended in the qualified corporation’s base period, and determined for the purpose of computing the particular amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.2 or 1029.8.36.72.82.3, in relation to the qualified corporation, for a calendar year that ended in a taxation year, may not exceed the aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be, in respect of a pay period that ended in the calendar year, and determined for the purpose of computing the particular amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.2 or 1029.8.36.72.82.3, as the case may be, in relation to the qualified corporation, for that calendar year.”

(3) Paragraph 3 of subsection 1 has effect from 1 January 2010.

**151.** (1) Section 1029.8.36.72.82.6.1 of the Act is amended by replacing “pay period within” in the portion before paragraph *a* by “pay period that ended in”.

(2) Subsection 1 has effect from 1 January 2010.

**152.** (1) The Act is amended by inserting the following section after section 1029.8.36.72.82.6.1:

**“1029.8.36.72.82.6.2.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a taxation year, under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, the amount, determined otherwise but without reference to subparagraphs i and iii of subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.72.82.6 and section 1029.8.36.72.82.10, of a salary or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, in the portion of subparagraph i of subparagraphs *a* and *a.1* of the first paragraph of each of sections 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3 before subparagraph 1, in the portion of subparagraph ii of subparagraphs *a* and *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 before subparagraph 1 or in the portion of each of subparagraphs *a* and *c* of the first paragraph of each of sections 1029.8.36.72.82.4 and 1029.8.36.72.82.4.2 before subparagraph i, that is paid, in respect of a pay period that ended in a calendar year subsequent to the calendar year 2009, by the qualified corporation or by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee and that may reasonably be attributed to recognized activities in respect of a resource region that are described in a qualification certificate issued, for the purposes of this division, to the qualified corporation, for the year, in respect of a recognized business that it carries on in a resource region, is deemed to be equal to

- (a) 94% of that amount if the calendar year is the year 2010;
- (b) 92% of that amount if the calendar year is the year 2011;
- (c) 90% of that amount if the calendar year is the year 2012;
- (d) 88% of that amount if the calendar year is the year 2013;
- (e) 86% of that amount if the calendar year is the year 2014; and
- (f) 84% of that amount if the calendar year is the year 2015.

For the purposes of the first paragraph, a recognized activity in respect of a resource region is a given activity that is not an activity described in any of paragraphs *a* and *b* to *d* of the definition of “eligible region” in the first

paragraph of section 1029.8.36.72.82.1, an activity that is carried on in a region described in paragraph *a.1* or *e* of the definition of that expression, enacted by subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, and that is described in that paragraph *a.1* or *e*, or an activity described in the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph of section 1029.8.36.72.82.1.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**153.** (1) Section 1029.8.36.72.82.7 of the Act is amended by replacing subparagraphs i and ii of paragraph *a* by the following subparagraphs:

“i. in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* or *a.1* of the first paragraph of any of sections 1029.8.36.72.82.2, 1029.8.36.72.82.3, 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3, or

“ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.82.6, the excess amount referred to in subparagraph *a* or *c* of the first paragraph of section 1029.8.36.72.82.4 or in any of paragraphs *a* to *c* of section 1029.8.36.72.82.4.1 or 1029.8.36.72.82.4.2, as the case may be, determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**154.** (1) Section 1029.8.36.72.82.10 of the Act is amended

(1) by replacing “pay period, within” wherever it appears in the following provisions by “pay period, ended in”:

— the portion of subparagraph i of subparagraph *a* of the first paragraph before the formula and subparagraph i.1 of that subparagraph *a*;

— subparagraphs i, i.1, ii and ii.1 of subparagraph *c* of the first paragraph;

— subparagraph 2 of subparagraphs iii and iii.1 of subparagraph *c* of the first paragraph;

— subparagraph 1 of subparagraphs i and ii of subparagraph *d* of the first paragraph;

— subparagraph *a*, subparagraphs i and ii of subparagraph *b* and subparagraph *c* of the second paragraph;

(2) by replacing “pay period within” in subparagraphs 1 and 2 of subparagraphs i and ii of subparagraph *d* of the first paragraph by “pay period that ended in”;

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

“i.2. the aggregate of all amounts each of which is the portion of a salary or wages paid by the vendor to an employee in respect of a pay period, ended in the vendor’s base period, for which the employee is an eligible employee, that may reasonably be attributed to a given activity (in this section referred to as a “recognized activity in respect of a resource region”) that is not an activity described in any of paragraphs *a* and *b* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, an activity that is carried on in a region described in paragraph *a.1* or *e* of the definition of that expression, enacted by subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, and that is described in that paragraph *a.1* or *e*, or an activity described in the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph of section 1029.8.36.72.82.1, is deemed, for the purposes of subparagraph 2 of subparagraph i of subparagraph *a.1* of the first paragraph of sections 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3 and subparagraph ii of paragraph *a* of section 1029.8.36.72.82.4.2, to be equal to the amount by which that amount otherwise determined exceeds the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *a* of the second paragraph, only the employees of the vendor who carry on such an activity were considered,”;

(4) by adding the following subparagraph after subparagraph iii of subparagraph *a* of the first paragraph:

“iv. the amount that would be the base amount of the vendor if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, is deemed to be equal to the amount by which the amount otherwise determined without reference to subparagraph ii exceeds the amount that would be determined by the formula in subparagraph ii if, for the purposes of subparagraph *b* of the second paragraph, only the employees of the vendor who carry on such an activity were considered,”;

(5) by adding the following subparagraph after subparagraph ii of subparagraph *b* of the first paragraph:

“iii. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.82.4.2, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph iii exceeds the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *c* of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered,”;

(6) by inserting the following subparagraph after subparagraph i.1 of subparagraph c of the first paragraph:

“i.2. to have paid, for the purposes of subparagraph 2 of subparagraph i of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.2, subparagraph 2 of subparagraph i of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.3 or subparagraph ii of paragraph a of section 1029.8.36.72.82.4.2, as the case may be, to employees, in respect of a pay period, ended in the purchaser’s base period, for which the employees are eligible employees, the amount that is the proportion of the aggregate (in subparagraph ii.2 referred to as the “particular aggregate”) of all amounts each of which is the salary or wages paid by the purchaser to an employee, after the particular time, in respect of a pay period, ended in the particular calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that are recognized activities in respect of a resource region, that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities,”;

(7) by inserting the following subparagraph after subparagraph ii.1 of subparagraph c of the first paragraph:

“ii.2. to have paid, for the purposes of subparagraph i of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.2, subparagraph i of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.3 or paragraph a of section 1029.8.36.72.82.4.2, as the case may be, to employees, in respect of a pay period, ended in the particular calendar year, for which the employees are eligible employees, the amount by which the amount determined pursuant to subparagraph i.2 exceeds the amount of the particular aggregate,”;

(8) by inserting the following subparagraph after subparagraph iii.1 of subparagraph c of the first paragraph:

“iii.2. to have an amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, that is equal to the aggregate of

(1) the amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and if no reference were made to subparagraph iii or this subparagraph iii.2, and

(2) the amount that is the proportion of the aggregate (in subparagraph 2 of subparagraph vi referred to as the “particular aggregate”) of all amounts each of which is the salary or wages that the purchaser paid to an employee

after the particular time in respect of a pay period, ended in the particular calendar year, for which the employee is an eligible employee, or the salary or wages of an employee that the purchaser paid after the particular time in respect of a pay period, ended in the particular calendar year, in which the employee reports for work at an establishment of the purchaser situated in Québec but outside a designated region of the purchaser and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the purchaser that are described in a qualification certificate issued to the purchaser, for the purposes of this division, for the year in respect of a recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that are recognized activities in respect of a resource region, that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business.”;

(9) by adding the following subparagraph after subparagraph v of subparagraph c of the first paragraph:

“vi. to have an amount that would be the purchaser’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, that is equal to the aggregate of

(1) the amount that would be the purchaser’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and if no reference were made to subparagraph iv or this subparagraph vi, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph iii.2 exceeds the amount of the particular aggregate; and”;

(10) by replacing “referred to in that provision” in the portion of subparagraph i of subparagraph d of the first paragraph before subparagraph 1 and “referred to therein” in the portion of subparagraph ii of that subparagraph d before subparagraph 1 by “that are referred to therein”;

(11) by adding the following subparagraph after subparagraph ii of subparagraph d of the first paragraph:

“iii. the purchaser is deemed, for the purposes of subparagraph ii of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.3 or paragraph c of section 1029.8.36.72.82.4.2, to have paid to employees that are referred to therein

(1) in respect of a pay period that ended in the particular corporation's base period, the amount that is the proportion of the aggregate (in subparagraph 2 referred to as the "particular aggregate") of all amounts each of which is the salary or wages of an employee that the purchaser paid after the particular time in respect of a pay period, ended in the particular calendar year, in which the employee reports for work at an establishment of the purchaser situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the purchaser that are described in a qualification certificate issued, for the purposes of this division, to the particular corporation in relation to the particular calendar year, in respect of a recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that are recognized activities in respect of a resource region, that began or increased at the particular time, and except if an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 1, in relation to a recognized business carried on by a corporation other than the particular corporation, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, and

(2) in respect of a pay period that ended in the particular calendar year, the amount by which the amount determined pursuant to subparagraph 1 exceeds the amount of the particular aggregate.”;

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

“For the purposes of this section, if the amount of the particular aggregate that is determined in respect of the purchaser in relation to particular activities and that is referred to in subparagraph *i* of subparagraph *c* of the first paragraph and subparagraph 2 of subparagraph *iii* of that subparagraph *c* or subparagraph *i.1* or *i.2* of subparagraph *c* of the first paragraph and subparagraph 2 of subparagraph *iii.1* or *iii.2* of that subparagraph *c*, in the case where the purchaser is the particular corporation, or subparagraph 1 of subparagraph *i* of subparagraph *d* of the first paragraph or subparagraph 1 of subparagraph *ii* or *iii* of that subparagraph *d*, in the case where the purchaser is associated with the particular corporation at the end of the particular calendar year, is equal to zero, the particular time of the particular calendar year, otherwise determined, is deemed, in respect of the purchaser and in relation to the particular activities, to be 1 January of the following calendar year.”;

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

“Subject to the third paragraph and for the purposes of this section, if the vendor's business referred to in the first paragraph is a business carried on on a seasonal basis, the proportion that 365 is of the number of days in the particular calendar year during which the purchaser carried on the activities described in that paragraph, which proportion is referred to in subparagraph *i*

of subparagraph *c* of the first paragraph and in subparagraph 2 of subparagraph iii of that subparagraph *c* or in subparagraph i.1 or i.2 of subparagraph *c* of the first paragraph and in subparagraph 2 of subparagraph iii.1 or iii.2 of that subparagraph *c*, in the case where the purchaser is the particular corporation, or in subparagraph 1 of subparagraph i of subparagraph *d* of the first paragraph or in subparagraph 1 of subparagraph ii or iii of that subparagraph *d*, in the case where the purchaser is associated with the particular corporation at the end of the particular calendar year, is to be replaced.”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 January 2010.

(3) Paragraphs 3 to 13 of subsection 1 apply to a taxation year that ends after 30 December 2010.

**155.** (1) Section 1029.8.36.72.82.10.1 of the Act is amended

(1) by replacing “pay period, within” wherever it appears in the following provisions by “pay period, ended in”:

— the portion of subparagraph i of subparagraph *a* of the first paragraph before the formula;

— subparagraphs ii and iv of subparagraph *a* of the first paragraph;

— the portion of subparagraph iii of subparagraph *a* of the first paragraph before the formula;

— the portion of subparagraph i of subparagraph *c* of the first paragraph before the formula;

— subparagraphs ii and iv of subparagraph *c* of the first paragraph;

— the portion of subparagraph iii of subparagraph *c* of the first paragraph before the formula;

— subparagraph i of subparagraph *a* of the second paragraph;

— subparagraphs 1 and 2 of subparagraph ii of subparagraph *a* of the second paragraph;

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

— subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the second paragraph;

— subparagraph i of subparagraph *c* of the second paragraph;

— subparagraphs 1 and 2 of subparagraph ii of subparagraph *c* of the second paragraph;



- subparagraph i of subparagraph *d* of the second paragraph;
- subparagraphs 1 and 2 of subparagraph ii of subparagraph *d* of the second paragraph;
- subparagraphs *e* and *f* of the second paragraph;

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

“ii.1. the aggregate of all amounts each of which is the portion of a salary or wages paid by the vendor to an employee in respect of a pay period, ended in the vendor’s base period, for which the employee is an eligible employee, that may reasonably be attributed to a given activity (in this section referred to as a “recognized activity in respect of a resource region”) that is not an activity described in any of paragraphs *a* and *b* to *d* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.1, an activity that is carried on in a region described in paragraph *a.1* or *e* of the definition of that expression, enacted by subparagraph *b.1* of the seventh paragraph of section 1029.8.36.72.82.1, and that is described in that paragraph *a.1* or *e*, or an activity described in the definition of “Saguenay–Lac-Saint-Jean region” in the first paragraph of section 1029.8.36.72.82.1, is deemed, for the purposes of subparagraph 2 of subparagraph i of subparagraph *a.1* of the first paragraph of sections 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3 and subparagraph ii of paragraph *a* of section 1029.8.36.72.82.4.2, to be equal to the amount by which that amount otherwise determined exceeds the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *a* of the second paragraph, only the employees of the vendor who carry on such an activity were considered,”;

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

“iv.1. the aggregate of all amounts each of which is the portion of a salary or wages paid by the vendor to an employee in respect of a pay period, ended in the particular calendar year, for which the employee is an eligible employee, that may reasonably be attributed to a given activity of the employee that is a recognized activity in respect of a resource region, is deemed, for the purposes of subparagraph i of subparagraph *a.1* of the first paragraph of sections 1029.8.36.72.82.3.2 and 1029.8.36.72.82.3.3 and paragraph *a* of section 1029.8.36.72.82.4.2, to be equal to the amount by which that amount otherwise determined exceeds the amount that would be determined by the formula in subparagraph iii if, for the purposes of subparagraph *b* of the second paragraph, only the employees of the vendor who carry on such an activity were considered,”;

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

“vi.1. the amount that would be the vendor’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, is deemed to be equal to the amount by which that amount determined without reference to subparagraph v exceeds the amount that would be determined by the formula in subparagraph v if, for the purposes of subparagraph *c* of the second paragraph, only the employees of the vendor who carry on such an activity were considered,”;

(5) by adding the following subparagraph after subparagraph viii of subparagraph *a* of the first paragraph:

“ix. the amount that would be the vendor’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, is deemed to be equal to the amount by which that amount determined without reference to subparagraph vii exceeds the amount that would be determined by the formula in subparagraph vii if, for the purposes of subparagraph *d* of the second paragraph, only the employees of the vendor who carry on such an activity were considered,”;

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

“ii.1. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.82.4.2, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph ii.1 exceeds the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *e* of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered,”;

(7) by adding the following subparagraph after subparagraph iv of subparagraph *b* of the first paragraph:

“v. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.72.82.4.2 before subparagraph i, determined in respect of the vendor for the particular calendar year, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph v exceeds the amount that would be determined by the formula in subparagraph iii if, for the purposes of subparagraph *f* of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered,”;

(8) by inserting the following subparagraph after subparagraph ii of subparagraph c of the first paragraph:

“ii.1. to have paid, for the purposes of subparagraph 2 of subparagraph i of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3 or subparagraph ii of paragraph a of section 1029.8.36.72.82.4.2, as the case may be, to employees, in respect of a pay period, ended in the purchaser’s base period, for which the employees are eligible employees, the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph a of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered,”;

(9) by inserting the following subparagraph after subparagraph iv of subparagraph c of the first paragraph:

“iv.1. to have paid, for the purposes of subparagraph i of subparagraph a.1 of the first paragraph of section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3 or paragraph a of section 1029.8.36.72.82.4.2, as the case may be, to employees, in respect of a pay period, ended in the particular calendar year, for which the employees are eligible employees, the amount that would be determined by the formula in subparagraph iii if, for the purposes of subparagraph b of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered,”;

(10) by inserting the following subparagraph after subparagraph vi of subparagraph c of the first paragraph:

“vi.1. to have an amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, that is equal to the aggregate of

(1) the amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and if no reference were made to subparagraph v or this subparagraph vi.1, and

(2) the amount that would be determined by the formula in subparagraph 2 of subparagraph v if, for the purposes of subparagraph c of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered,”;

(11) by adding the following subparagraph after subparagraph viii of subparagraph c of the first paragraph:

“ix. to have an amount that would be the purchaser’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, that is equal to the aggregate of

(1) the amount that would be the purchaser’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, only the portion of the salary or wages of an employee that may reasonably be attributed to a recognized activity in respect of a resource region were considered, and if no reference were made to subparagraph vii or this subparagraph ix, and

(2) the amount that would be determined by the formula in subparagraph 2 of subparagraph vii if, for the purposes of subparagraph *d* of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered; and”;

(12) by inserting the following subparagraph after subparagraph ii of subparagraph *d* of the first paragraph:

“ii.1. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.82.4.2, determined in respect of the purchaser, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph ii.1, and

(2) the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *e* of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered.”;

(13) by adding the following subparagraph after subparagraph iv of subparagraph *d* of the first paragraph:

“v. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.3 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.72.82.4.2 before subparagraph i, determined in respect of the purchaser for the particular calendar year, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph v for the particular calendar year, and

(2) the amount that would be determined by the formula in subparagraph iii if, for the purposes of subparagraph *f* of the second paragraph, only the employees of the vendor who carry on a recognized activity in respect of a resource region were considered.”;

(14) by replacing “pay period within” in subparagraph i of subparagraph *d* of the second paragraph and in subparagraph 1 of subparagraph ii of that subparagraph *d* by “pay period that ended in”.

(2) Paragraphs 1 and 14 of subsection 1 have effect from 1 January 2010.

(3) Paragraphs 2 to 13 of subsection 1 apply to a taxation year that ends after 30 December 2010.

**156.** (1) The heading of Division II.6.6.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

“CREDIT FOR JOB CREATION IN THE GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC IN THE FIELDS OF MARINE BIOTECHNOLOGY, MARICULTURE AND MARINE PRODUCTS PROCESSING”.

(2) Subsection 1 has effect from 1 January 2010.

**157.** (1) Section 1029.8.36.72.82.13 of the Act is amended

(1) by replacing “pay period within” in the following provisions by “pay period that ended in”:

— the definition of “eligible employee” in the first paragraph;

— the portions of each of subparagraphs *a* and *a.1* of the second paragraph before their respective subparagraphs i;

— subparagraph *b* of the second paragraph;

(2) by replacing “pay period, within” in the following provisions of the first paragraph by “pay period, ended in”:

— paragraphs *a* and *b* of the definition of “eligible amount”;

— paragraph *b* of the definition of “base amount”;

(3) by replacing the definition of “eligibility period” in the first paragraph by the following definition:

““eligibility period” of a corporation means, subject to the third paragraph, the period that begins on 1 January of the first calendar year referred to in the first unrevoked qualification certificate issued to the corporation or deemed

obtained by it, in relation to a recognized business, for the purposes of this division or, if the recognized business is referred to in paragraph *b* of the definition of “eligible region”, for the purposes of Division II.6.6.6.1 or II.6.6.4, and that ends on 31 December 2015;”;

(4) by replacing the definition of “eligible region” in the first paragraph by the following definition:

““eligible region” means

(a) in respect of a recognized business whose activities described in a qualification certificate, issued to a corporation for the purposes of this division, are the manufacturing or processing of finished or semi-finished products in the field of marine biotechnology or mariculture, or activities related to such manufacturing or processing activities, one of the following administrative regions described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1):

- i. administrative region 01 Bas-Saint-Laurent,
- ii. administrative region 09 Côte-Nord, or
- iii. administrative region 11 Gaspésie-Îles-de-la-Madeleine; and

(b) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for its taxation year in which a calendar year subsequent to the calendar year 2010 ends and, if the corporation has not made the election provided for in section 1029.8.36.72.82.3.1.1, for its taxation year in which the calendar year 2010 ends, in respect of a recognized business whose activities described in a qualification certificate, issued to the corporation for the purposes of this division, are the processing of marine products, or activities related to such processing activities, the Municipalité régionale de comté de Matane or one of the administrative regions referred to in subparagraphs ii and iii of paragraph *a* and described in the order in council referred to in paragraph *a*;”;

(5) by replacing the portion of paragraph *a* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph ii by the following:

“(a) if the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18, that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.14 that relates to a calendar year preceding the calendar year ending in the taxation year, except to the extent that subparagraph *a.1* applies to the repayment, the amount by which the

particular amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.82.14 in respect of the qualified corporation in relation to the preceding calendar year, and”;

(6) by inserting the following paragraph after paragraph *a* of the definition of “eligible repayment of assistance” in the first paragraph:

“(a.1) if the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18, that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.14 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the particular amount that would have been determined under that subparagraph *a.1* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.14 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance;”;

(7) by replacing the portion of paragraph *b* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph ii by the following:

“(b) if a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.15 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified

corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, except to the extent that paragraph *b.1* applies to the repayment, the amount by which the particular amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.82.15 in respect of the qualified corporation in relation to the preceding calendar year, and”;

(8) by inserting the following paragraph after paragraph *b* of the definition of “eligible repayment of assistance” in the first paragraph:

“(b.1) if a corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, the amount by which the particular amount that would have been determined under that subparagraph *a.1* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance;”;

(9) by replacing the portion of paragraph *c* of the definition of “eligible repayment of assistance” in the first paragraph before subparagraph ii by the following:

“(c) if a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.18 that



reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the aggregate and the excess amount referred to in paragraphs *a* and *c*, respectively, of section 1029.8.36.72.82.16 and determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, except to the extent that paragraph *d* applies to the repayment, the amount by which the particular amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.82.15 in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.72.82.16 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined in accordance with section 1029.8.36.72.82.16 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.82.15 in respect of the qualified corporation in relation to the preceding calendar year, and”;

(10) by adding the following paragraph after paragraph *c* of the definition of “eligible repayment of assistance” in the first paragraph:

“(d) if a qualified corporation pays in a calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.18 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the aggregate and the excess amount referred to in paragraphs *a* and *c*, respectively, of section 1029.8.36.72.82.16.1 and determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the particular amount that would have been determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.72.82.16.1 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, and if the amount determined in accordance with section 1029.8.36.72.82.16.1 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the particular amount determined under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance;”;

(11) by striking out the third paragraph;

(12) by replacing the fourth paragraph by the following paragraph:

“If Investissement Québec cancels a qualification certificate issued, for the purposes of this division, to a corporation, in relation to a recognized business the corporation carries on in an eligible region, because of a major unforeseen event affecting the recognized business, the qualification certificate is deemed not to have been so cancelled, for the purpose of determining the eligibility period of the corporation, if the corporation has resumed carrying on the recognized business in a municipality more than 40 kilometres away from the municipality in which the recognized business was carried on before the major unforeseen event occurred.”

(2) Paragraphs 1 to 4, 11 and 12 of subsection 1 have effect from 1 January 2010.

(3) Paragraphs 5 to 10 of subsection 1 apply to a taxation year that ends after 30 December 2010. In addition, when paragraph *c* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.13 of the Act applies to a taxation year that ends before 31 December 2010, it is to be read as if “the excess amount referred to in paragraph *a* or *c*” in the portion before subparagraph *i* was replaced by “the aggregate and the excess amount referred to in paragraphs *a* and *c*, respectively,”.

**158.** (1) Section 1029.8.36.72.82.14 of the Act is amended

(1) by striking out “40% of” in the portion of the first paragraph before subparagraph *a*;

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

“(a) 40% of the particular amount that is the amount by which the particular amount determined for the calendar year in accordance with subparagraph *a.1* is exceeded by the lesser of”;

(3) by replacing “pay period, within” in subparagraph *i* of subparagraph *a* of the first paragraph by “pay period, ended in”;

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

“(a.1) 20% of the particular amount that is the least of

i. the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to an activity referred to in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13,

ii. the amount by which the amount that would be the qualified corporation’s eligible amount for the calendar year exceeds the amount that would be the qualified corporation’s base amount if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity referred to in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, and

iii. the lesser of the amount determined for the calendar year in accordance with subparagraph i of subparagraph *a* and the amount determined for that year in accordance with subparagraph ii of subparagraph *a*; and”;

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

“(b) the aggregate of

i. 20% of the portion of the corporation’s eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount referred to in any of paragraphs *a.1*, *b.1* and *d* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.13, and

ii. 40% of the amount by which the corporation’s eligible repayment of assistance for the taxation year exceeds the portion of the corporation’s eligible repayment of assistance for the taxation year determined in accordance with subparagraph i.”;

(6) by replacing “réfèrent” in the portion of the second paragraph before subparagraph *a* in the French text by “font référence”.

(2) Paragraphs 1, 2, 4 and 5 of subsection 1 apply to a taxation year that ends after 30 December 2010.

(3) Paragraph 3 of subsection 1 has effect from 1 January 2010.

**159.** (1) Section 1029.8.36.72.82.15 of the Act is amended

(1) by striking out “40% of” in the portion of the first paragraph before subparagraph *a*;

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

“(a) subject to the second paragraph, 40% of the particular amount that is the amount by which the particular amount determined for the calendar year in accordance with subparagraph *a.1* is exceeded by the least of”;

(3) by replacing “pay period, within” in the following provisions of subparagraph *a* of the first paragraph by “pay period, ended in”:

— subparagraph *i*;

— the portion of subparagraph *ii* before subparagraph *1*;

— subparagraph *2* of subparagraph *ii*;

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

“(a.1) subject to the second paragraph, 20% of the particular amount that is the least of

i. the aggregate of all amounts each of which is the salary or wages paid by the qualified corporation to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee, to the extent that the salary or wages may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13,

ii. the amount by which the aggregate of the amount that would be the qualified corporation’s eligible amount for the calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, and of the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee in respect of a pay period, ended in the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect

of a recognized business and that is described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13, exceeds the total of

(1) the amount that would be the qualified corporation’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, and

(2) the aggregate of all amounts each of which is the salary or wages paid by another corporation with which the qualified corporation is associated at the end of the calendar year to an employee in respect of a pay period, ended in the qualified corporation’s base period, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business and that is described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13,

iii. the amount by which the amount that would be the qualified corporation’s eligible amount for the calendar year exceeds the amount that would be the qualified corporation’s base amount if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, and

iv. the least of the amounts determined for the calendar year in accordance with subparagraphs i to iii of subparagraph *a*; and”;

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

“(b) the aggregate of

i. 20% of the portion of the corporation’s eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount referred to in any of paragraphs *a.1*, *b.1* and *d* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.13, and

ii. 40% of the amount by which the corporation’s eligible repayment of assistance for the taxation year exceeds the portion of the corporation’s eligible repayment of assistance for the taxation year determined in accordance with subparagraph *i*.”;

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

“If the qualified corporation referred to in the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the taxation year in which the calendar year ends, the following rules apply:

(a) the least of the amounts determined under any of subparagraphs i to iii of subparagraph *a* of the first paragraph, in respect of the calendar year, may not exceed the amount that is attributed to it in respect of that year pursuant to the agreement referred to in section 1029.8.36.72.82.16; and

(b) the particular amount determined, if applicable, under subparagraph *a.1* of the first paragraph, in respect of the calendar year, may not exceed the amount that is attributed to it in respect of that year pursuant to the agreement referred to in section 1029.8.36.72.82.16.1.”;

(7) by replacing subparagraph *c* of the fourth paragraph by the following subparagraph:

“(c) if the second paragraph applies, the agreement referred to in section 1029.8.36.72.82.16 and, if applicable, the agreement referred to in section 1029.8.36.72.82.16.1, filed in the prescribed form.”

(2) Paragraphs 1, 2 and 4 to 7 of subsection 1 apply to a taxation year that ends after 30 December 2010.

(3) Paragraph 3 of subsection 1 has effect from 1 January 2010.

**160.** (1) Section 1029.8.36.72.82.16 of the Act is amended

(1) by inserting “subparagraph *a* of” after “The agreement to which” in the portion before paragraph *a*;

(2) by replacing “pay period, within” in paragraph *a* and in the portion of paragraph *c* before subparagraph i by “pay period, ended in”;

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

“ii. the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the base period of a qualified corporation that is a member of the group at the end of the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the other corporation

that are described in a qualification certificate issued for the year, for the purposes of this division and in respect of a recognized business, to a qualified corporation that is a member of the group, unless an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a pay period that ended in a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group.”

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 30 December 2010.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 1 January 2010.

**161.** (1) The Act is amended by inserting the following section after section 1029.8.36.72.82.16:

**“1029.8.36.72.82.16.1.** The agreement to which subparagraph *b* of the second paragraph of section 1029.8.36.72.82.15 refers in respect of a calendar year means an agreement under which all of the qualified corporations that are carrying on, in the calendar year, a recognized business and that are associated with each other at the end of that calendar year (in this section called the “group of associated corporations”), attribute to one or more of their number, for the purposes of this division, one or more amounts; the aggregate of the amounts so attributed, for the calendar year, must not be greater than the least of

(a) the aggregate of all amounts each of which is the salary or wages paid by a qualified corporation that is a member of the group of associated corporations to an employee in respect of a pay period, ended in the calendar year, for which the employee is an eligible employee of the corporation, to the extent that the salary or wages may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13;

(b) the amount by which the aggregate of all amounts each of which is the amount that would be the eligible amount of a qualified corporation that is a member of the group of associated corporations for the calendar year exceeds the aggregate of all amounts each of which is the amount that would be the base amount of such a corporation if, for the purposes of the definitions of “base amount” and “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered; and

(c) the amount by which the aggregate of all amounts each of which is the amount that would be the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar

year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, or the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued, for the purposes of this division, to the qualified corporation for the year in respect of a recognized business and that is described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section, exceeds the total of

i. the aggregate of all amounts each of which would be the base amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, and

ii. the aggregate of all amounts each of which is the salary or wages paid by another corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, ended in the base period of a qualified corporation that is a member of the group at the end of the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the other corporation that is described in a qualification certificate issued for the year, for the purposes of this division and in respect of a recognized business, to a qualified corporation that is a member of the group and that is described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13, unless an amount is included, in respect of the employee, in computing an amount under this subparagraph, in relation to a pay period that ended in a base period in relation to another recognized business carried on by a qualified corporation that is a member of the group.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.



**162.** (1) Section 1029.8.36.72.82.17 of the Act is replaced by the following section:

**“1029.8.36.72.82.17.** If the aggregate of the amounts attributed, in respect of a calendar year, in an agreement referred to in paragraph *a* or *b* of the second paragraph of section 1029.8.36.72.82.15 and entered into with the qualified corporations that are carrying on, in that calendar year, a recognized business and that are associated with each other at the end of that calendar year exceeds the particular amount that is the least of the amounts determined for that calendar year in respect of those corporations under any of paragraphs *a* to *c* of section 1029.8.36.72.82.16 or any of paragraphs *a* to *c* of section 1029.8.36.72.82.16.1, as the case may be, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.82.15, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation in the agreement is of the aggregate of all amounts attributed for the calendar year in the agreement.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**163.** (1) Section 1029.8.36.72.82.18 of the Act is amended

(1) by replacing “of subparagraph *a*” wherever it appears in the portion of subparagraph *a* of the first paragraph before subparagraph *i* by “of subparagraphs *a* and *a.1*”;

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

“(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations and referred to in section 1029.8.36.72.82.16 or 1029.8.36.72.82.16.1, is to be reduced, if applicable,”;

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

“The aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a pay period that ended in the qualified corporation’s base period, and determined for the purpose of computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.14 or 1029.8.36.72.82.15, in relation to the qualified corporation, for a calendar year ending in a taxation year, may not exceed the aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, in respect of a pay period that ended in that calendar year, and determined for the purpose of computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.14 or 1029.8.36.72.82.15, in relation to the qualified corporation, for that calendar year.”;

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

“The aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or a corporation associated with it, in respect of a pay period that ended in the qualified corporation’s base period, and determined for the purpose of computing the particular amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.14 or 1029.8.36.72.82.15, in relation to the qualified corporation, for a calendar year ending in a taxation year, may not exceed the aggregate of the amounts referred to in the first paragraph that are to reduce the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, in respect of a pay period that ended in that calendar year, and determined for the purpose of computing the particular amount referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.14 or 1029.8.36.72.82.15, in relation to the qualified corporation, for that calendar year.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010. In addition, when the second paragraph of section 1029.8.36.72.82.18 of the Act applies after 31 December 2009, in respect of a taxation year that ends before 31 December 2010, it is to be read as if “pay period within” was replaced wherever it appears by “pay period that ended”.

**164.** (1) Section 1029.8.36.72.82.19 of the Act is amended by replacing subparagraphs i and ii of paragraph *a* by the following subparagraphs:

“i. in the case of assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.82.18, the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* or *a.1* of the first paragraph of section 1029.8.36.72.82.14 or 1029.8.36.72.82.15, or

“ii. in the case of assistance referred to in subparagraph *b* of the first paragraph of section 1029.8.36.72.82.18, the aggregate and the excess amount referred to, respectively, in paragraphs *a* and *c* of section 1029.8.36.72.82.16 or paragraphs *a* to *c* of section 1029.8.36.72.82.16.1, as the case may be, and determined, in respect of a calendar year, in relation to all of the qualified corporations that are associated with each other;”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010. In addition, when section 1029.8.36.72.82.19 of the Act applies to a taxation year that ends before 31 December 2010, it is to be read as if “the excess amount referred to in paragraph *a* or *c*” in subparagraph ii of paragraph *a* was replaced by “the aggregate and the excess amount referred to, respectively, in paragraphs *a* and *c*”.

**165.** (1) Section 1029.8.36.72.82.22 of the Act is amended

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

“(a) if the particular corporation is the vendor,

i. the base amount of the vendor is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$A \times C \times D$ , and

ii. the amount that would be the base amount of the vendor if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *a* of the second paragraph, only the employees of the vendor who carry on such an activity were considered;

“(b) if the particular corporation is a corporation with which the vendor was associated at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.15 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.82.16, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph i exceeds the amount determined by the formula

$B \times C \times D$ , and

ii. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.82.16.1, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph ii exceeds the amount that would be determined in accordance with the formula in subparagraph i if, for the purposes of subparagraph *b* of the second paragraph, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered;”;

(2) by replacing “pay period, within” in the following provisions by “pay period, ended in”:

— subparagraph 2 of subparagraph i of subparagraph *c* of the first paragraph;

— subparagraphs *a* and *b* of the second paragraph;

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

“i.1. to have an amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, equal to the aggregate of

(1) the amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, otherwise determined, and

(2) the amount that is the proportion of the aggregate (in subparagraph 2 of subparagraph iii referred to as the “particular aggregate”) of all amounts each of which is the salary or wages of an employee that the purchaser paid after the particular time in respect of a pay period, ended in the particular calendar year, in which the employee reports for work at an establishment of the purchaser situated in Québec but outside an eligible region and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity of the purchaser that is described in a qualification certificate issued to the purchaser, for the purposes of this division, for the year in respect of a recognized business, and that is described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activity that began or increased at the particular time, that 365 is of the number of days in the particular calendar year during which the purchaser carried on the activity, unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 2, in relation to another recognized business,”;

(4) by adding the following subparagraph after subparagraph ii of subparagraph c of the first paragraph:

“iii. to have an amount that would be the purchaser’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, equal to the aggregate of

(1) the amount that would be the purchaser's eligible amount for the particular calendar year if, for the purposes of the definition of "eligible amount" in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of "eligible region" in the first paragraph of that section were considered, otherwise determined for the particular calendar year, and

(2) the amount by which the amount determined pursuant to subparagraph 2 of subparagraph i.1 exceeds the amount of the particular aggregate; and";

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

"(d) if the particular corporation is a corporation that is associated with the purchaser at the end of the particular calendar year,

i. the purchaser is deemed, for the purposes of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.15 or paragraph *c* of section 1029.8.36.72.82.16, to have paid to employees referred to therein

(1) in respect of a pay period that ended in the particular corporation's base period, the amount that is the proportion of the aggregate (in subparagraph 2 referred to as the "particular aggregate") of all amounts each of which is the salary or wages of an employee that the purchaser paid after the particular time in respect of a pay period, ended in the particular calendar year, in which the employee reports for work at an establishment of the purchaser situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities that are described in a qualification certificate issued, for the purposes of this division, to the particular corporation, in relation to the particular calendar year, in respect of a recognized business, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activities that began or increased at the particular time and unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 1, in relation to a recognized business carried on by a corporation other than the particular corporation, that 365 is of the number of days in the particular calendar year during which the purchaser carried on those activities, and

(2) in respect of a pay period that ended in the particular calendar year, the amount by which the amount determined pursuant to subparagraph 1 exceeds the amount of the particular aggregate, and

ii. the purchaser is deemed, for the purposes of subparagraph ii of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 or paragraph *c* of section 1029.8.36.72.82.16.1, to have paid to employees referred to therein

(1) in respect of a pay period that ended in the particular corporation's base period, the amount that is the proportion of the aggregate (in subparagraph 2 referred to as the "particular aggregate") of all amounts each of which is the salary or wages of an employee that the purchaser paid after the particular time in respect of a pay period, ended in the particular calendar year, in which the employee reports for work at an establishment of the purchaser situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to an activity that is described in a qualification certificate issued, for the purposes of this division, to the particular corporation, in relation to the particular calendar year, in respect of a recognized business and that is described in paragraph *b* of the definition of "eligible region" in the first paragraph of section 1029.8.36.72.82.13, to the extent that the salary or wages may reasonably be considered to relate to the carrying on by the employee of the part of the activity that began or increased at the particular time and unless an amount is included, in respect of the employee, in relation to the purchaser, in computing an amount determined under this subparagraph 1, in relation to a recognized business carried on by a corporation other than the particular corporation, that 365 is of the number of days in the particular calendar year during which the purchaser carried on the activity, and

(2) in respect of a pay period that ended in the particular calendar year, the amount by which the amount determined pursuant to subparagraph 1 exceeds the amount of the particular aggregate.”;

(6) by replacing the third paragraph and the portion of the fourth paragraph before subparagraph *a* by the following:

“For the purposes of this section, if the amount of the particular aggregate that is determined in respect of the purchaser in relation to particular activities and that is referred to in subparagraph 2 of subparagraphs *i* and *i.1* of subparagraph *c* of the first paragraph, in the case where the purchaser is the particular corporation, or in subparagraph 1 of subparagraphs *i* and *ii* of subparagraph *d* of the first paragraph, in the case where the purchaser is associated with the particular corporation at the end of the particular calendar year, is equal to zero, the particular time of the particular calendar year, otherwise determined, is deemed, in respect of the purchaser and in relation to the particular activities, to be 1 January of the following calendar year.

Subject to the third paragraph and for the purposes of this section, if the vendor's business referred to in the first paragraph is a business carried on on a seasonal basis, the proportion that 365 is of the number of days in the particular calendar year during which the purchaser carried on the activities described in the first paragraph, which proportion is referred to in subparagraph 2 of subparagraphs *i* and *i.1* of subparagraph *c* of the first paragraph, in the case where the purchaser is the particular corporation, or in subparagraph 1 of subparagraphs *i* and *ii* of subparagraph *d* of the first paragraph, in the case where the purchaser is associated with the particular corporation at the end of the particular calendar year, is to be replaced,”.

(2) Paragraphs 1 and 3 to 6 of subsection 1 apply to a taxation year that ends after 30 December 2010. In addition, when subparagraph *d* of the first paragraph of section 1029.8.36.72.82.22 of the Act applies after 31 December 2009 in respect of a taxation year that ends before 31 December 2010, it is to be read

(1) as if “pay period within” in subparagraphs *i* and *ii* was replaced by “pay period that ended”; and

(2) as if “pay period, within” in subparagraph *i* was replaced by “pay period, ended”.

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

**166.** (1) Section 1029.8.36.72.82.23 of the Act is amended

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

“i.1. the amount that would be the vendor’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount that would be determined by the formula in subparagraph *i* if, for the purposes of subparagraph *i* of subparagraph *a* of the second paragraph, only the employees of the vendor who carry on such an activity were considered.”;

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

“iii. the amount that would be the vendor’s eligible amount for the particular calendar year if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount that would be determined under subparagraph *ii* if, for the purposes of subparagraph *i* of subparagraph *b* of the second paragraph, only the employees of the vendor who carry on such an activity were considered.”;

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

“i.1. the amount that is the aggregate referred to in subparagraph 2 of subparagraph *ii* of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 or in subparagraph *ii* of paragraph *c* of section 1029.8.36.72.82.16.1, determined in respect of the vendor, is deemed

to be equal to the amount by which that amount determined without reference to this subparagraph i.1 exceeds the amount that would be determined by the formula in subparagraph i if, for the purposes of subparagraph *c* of the second paragraph, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered,”;

(4) by replacing “pay period, within” wherever it appears in the following provisions by “pay period, ended in”:

- subparagraph ii of subparagraph *b* of the first paragraph;
- subparagraph 2 of subparagraph ii of subparagraph *d* of the first paragraph;
- subparagraph i of subparagraph *a* of the second paragraph;
- subparagraphs 1 and 2 of subparagraph ii of subparagraph *a* of the second paragraph;
- subparagraph i of subparagraph *b* of the second paragraph;
- subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the second paragraph;
- subparagraph *c* of the second paragraph;

(5) by replacing “pay period, within the particular calendar year” in the following provisions of the first paragraph by “pay period that ended in the particular calendar year”:

- subparagraph ii of subparagraph *b*;
- subparagraph 2 of subparagraph ii of subparagraph *d*;

(6) by adding the following subparagraph after subparagraph ii of subparagraph *b* of the first paragraph:

“iii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.15 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.72.82.16.1 before subparagraph i, determined in respect of the vendor for the particular calendar year, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph iii exceeds the amount that would be determined for the particular calendar year by the formula in subparagraph i if subparagraph *c* of the second paragraph were read as if “paid by the vendor in respect of a pay period, ended in the particular corporation’s base period” was replaced by “paid by the vendor, before the particular time, in respect of a pay period that ended in the particular calendar year”, and if, for the purposes of that



subparagraph *c*, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered;”;

(7) by inserting the following subparagraph after subparagraph *i* of subparagraph *c* of the first paragraph:

“i.1. to have an amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, equal to the aggregate of

(1) the amount that would be the purchaser’s base amount if, for the purposes of the definition of “base amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, otherwise determined, and

(2) the amount that would be determined by the formula in subparagraph 2 of subparagraph *i* if, for the purposes of subparagraph *ii* of subparagraph *a* of the second paragraph, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered;”;

(8) by adding the following subparagraph after subparagraph *ii* of subparagraph *c* of the first paragraph:

“iii. to have an amount that would be the purchaser’s eligible amount if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, for the particular calendar year, equal to the aggregate of

(1) the amount that would be the purchaser’s eligible amount if, for the purposes of the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.13, only the portion of the salary or wages of an employee that may reasonably be attributed to an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of that section were considered, for the particular calendar year, otherwise determined, and

(2) the amount that would be determined by the formula in subparagraph 2 of subparagraph *ii* if, for the purposes of subparagraph *ii* of subparagraph *b* of the second paragraph, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered; and”;

(9) by inserting the following subparagraph after subparagraph *i* of subparagraph *d* of the first paragraph:

“i.1. the amount that is the aggregate referred to in subparagraph 2 of subparagraph *ii* of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 or in subparagraph *ii* of paragraph *c* of section 1029.8.36.72.82.16.1, determined in respect of the purchaser, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph *i.1*, and

(2) the amount that would be determined by the formula in subparagraph 2 of subparagraph *i* if, for the purposes of subparagraph *c* of the second paragraph, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered,”;

(10) by adding the following subparagraph after subparagraph *ii* of subparagraph *d* of the first paragraph:

“iii. the amount that is the second aggregate mentioned in the portion of subparagraph *ii* of subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.15 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.72.82.16.1 before subparagraph *i*, determined in respect of the purchaser for the particular calendar year, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph *iii* for the particular calendar year, and

(2) the amount that would be determined for the particular calendar year, in respect of the purchaser, by the formula in subparagraph 2 of subparagraph *i* if subparagraph *c* of the second paragraph were read as if “paid by the vendor in respect of a pay period, ended in the particular corporation’s base period” was replaced by “paid by the vendor, before the particular time, in respect of a pay period that ended in the particular calendar year”, and if, for the purposes of that subparagraph *c*, only the employees of the vendor who carry on an activity described in paragraph *b* of the definition of “eligible region” in the first paragraph of section 1029.8.36.72.82.13 were considered.”

(2) Paragraphs 1 to 3 and 6 to 10 of subsection 1 apply to a taxation year that ends after 30 December 2010.

(3) Paragraphs 4 and 5 of subsection 1 have effect from 1 January 2010.

**167.** Division II.6.14 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.36.157 to 1029.8.36.166, is repealed.

**168.** (1) Section 1029.8.36.166.40 of the Act, amended by section 159 of chapter 5 of the statutes of 2010, is again amended, in the first paragraph,

(1) by replacing “second paragraph” in subparagraph ii of paragraphs *a* and *b* of the definition of “eligible expenses” by “third paragraph”;

(2) by replacing “second paragraph” in the definition of “unused portion of the tax credit” by “third paragraph”;

(3) by striking out subparagraph i of paragraph *a* of the definition of “resource region”;

(4) by inserting the following subparagraphs after subparagraph i of paragraph *b* of the definition of “resource region”:

“i.1. Municipalité régionale de comté de Kamouraska,

“i.2. Municipalité régionale de comté de La Matapédia,

“i.3. Municipalité régionale de comté de La Mitis,”;

(5) by inserting the following subparagraphs after subparagraph ii of paragraph *b* of the definition of “resource region”:

“ii.1. Municipalité régionale de comté des Basques,

“ii.2. Municipalité régionale de comté de Matane,”;

(6) by adding the following subparagraphs after subparagraph iii of paragraph *b* of the definition of “resource region”:

“iv. Municipalité régionale de comté de Rimouski-Neigette,

“v. Municipalité régionale de comté de Rivière-du-Loup, or

“vi. Municipalité régionale de comté de Témiscouata,”;

(7) by replacing paragraph *e* of the definition of “excluded corporation” by the following paragraph:

“(e) a corporation that was carrying on a recognized business, for the purposes of Division II.6.6.6.1, before 1 April 2008 and, if the taxation year is the one in which the calendar year 2008 or 2009 ends, that has not made an election under section 1029.8.36.72.82.3.1 for the year or a preceding taxation year or, if the taxation year is the one in which the calendar year 2010 ends, that has made an election under section 1029.8.36.72.82.3.1.1 for the year, or that is associated with such a corporation in the year,”.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of expenses incurred after 28 October 2009.

(3) Paragraphs 3 to 6 of subsection 1 apply in respect of expenses incurred after 9 December 2009, unless they were incurred in respect of a property acquired before 1 January 2011 pursuant to an obligation in writing entered into before 10 December 2009 or in respect of a property the construction of which, by or on behalf of the purchaser, had begun before 10 December 2009.

(4) Paragraph 7 of subsection 1 has effect from 1 January 2010.

**169.** (1) The Act is amended by inserting the following sections after section 1029.8.36.166.40:

**“1029.8.36.166.40.1.** For the purposes of this division, the balance of a qualified corporation’s cumulative eligible expense limit for a particular taxation year is equal,

(a) if the qualified corporation is not a member of an associated group in the particular year, to the amount by which \$75,000,000 exceeds the aggregate of all amounts each of which is the amount of the portion of the qualified corporation’s eligible expenses, in respect of a qualified property, for a given taxation year that ends in a 24-month period preceding the beginning of the particular year, or its share of the portion of a partnership’s eligible expenses, in respect of a qualified property, for a fiscal period of the partnership that ends in such a given taxation year, that are referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.43 or 1029.8.36.166.44 and in respect of which an amount is deemed to have been paid to the Minister by the corporation for the given year under section 1029.8.36.166.43 or 1029.8.36.166.44 or would be so deemed to have been paid but for the third paragraph of that section; or

(b) if the qualified corporation is a member of an associated group in the particular year, to the amount attributed for the particular year to the qualified corporation pursuant to the agreement described in the second paragraph and filed with the Minister in the prescribed form or, if no amount is attributed to the qualified corporation pursuant to that agreement or in the absence of such an agreement, to zero or to the amount attributed to it by the Minister, if applicable, for the particular year in accordance with this division.

The agreement to which subparagraph *b* of the first paragraph refers, in respect of a particular taxation year of the qualified corporation, is the agreement under which all the corporations that are members of the associated group in the particular taxation year attribute, for the purposes of this section, to one or more of the corporations that are members of the associated group, for the particular taxation year, one or more amounts the total of which is not greater than the amount by which \$75,000,000 exceeds the aggregate of all amounts each of which is

(a) the amount of the portion of the eligible expenses of a corporation that is a member of the associated group in the particular year in respect of a qualified property, for a taxation year that ends in a 24-month period preceding the beginning of the particular year, which are referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.43 and in respect of which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.43 or would be so deemed to have been paid but for the third paragraph of that section; or

(b) the amount of the share of a corporation that is a member of the associated group in the year of the portion of the eligible expenses of a partnership, in respect of a qualified property, for a fiscal period of the partnership that ended in a taxation year of the corporation that ends in a 24-month period preceding the beginning of the particular year, which are referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.44 and in respect of which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.44 or would be so deemed to have been paid but for the third paragraph of that section.

If the aggregate of the amounts attributed, in respect of a taxation year, in an agreement described in the second paragraph and entered into with the corporations that are members of an associated group in the year is greater than the excess amount determined under that paragraph, the amount determined under subparagraph *b* of the first paragraph in respect of each of those corporations for that taxation year is deemed, for the purposes of this section, to be equal to the proportion of that excess amount that that amount is of the aggregate of the amounts attributed for that year in the agreement.

For the purposes of this section and section 1029.8.36.166.40.2, an associated group in a taxation year means all the corporations that are associated with each other in the year.

For the purposes of subparagraph *a* of the first paragraph and subparagraph *b* of the second paragraph, a corporation's share of the portion of the eligible expenses, in respect of a qualified property, of a partnership for a fiscal period is equal to the agreed proportion of that portion of the expenses in respect of the corporation for the fiscal period.

**“1029.8.36.166.40.2.** If a corporation that is a member of an associated group for a taxation year fails to file with the Minister an agreement for the purposes of this division within 30 days after notice in writing by the Minister has been sent to any of the corporations that are members of that group that such an agreement is required for the purposes of any assessment of tax under this Part, the Minister shall, for the purposes of this division, attribute, for the taxation year, an amount to one or more of those corporations, which amount or the aggregate of which amounts must be equal to the excess amount determined for the year under the second paragraph of section 1029.8.36.166.40.1 and, in any such case, the balance of the cumulative eligible expense limit of each of those corporations for the year is equal to the amount so attributed to it.

**“1029.8.36.166.40.3.** For the purposes of this division, the balance of a qualified partnership’s cumulative eligible expense limit for a particular fiscal period is equal to the amount by which \$75,000,000 exceeds the aggregate of all amounts each of which is the amount of its eligible expenses, in respect of a qualified property, for a fiscal period that ends in the 24-month period preceding the beginning of the particular fiscal period and in respect of which an amount is deemed to have been paid to the Minister under section 1029.8.36.166.44 or would be so deemed to have been paid but for the third paragraph of that section.

**“1029.8.36.166.40.4** For the purposes of this division, the balance of a joint venture’s cumulative eligible expense limit for a particular fiscal period of the joint venture is equal to the amount by which \$75,000,000 exceeds the aggregate of all amounts each of which is the amount of the eligible expenses incurred by a corporation or a partnership, in respect of a qualified property, as a party to the joint venture in a fiscal period of the joint venture that ends in the 24-month period preceding the beginning of the particular fiscal period and in respect of which an amount is deemed to have been paid to the Minister under section 1029.8.36.166.43 or 1029.8.36.166.44 or would be so deemed to have been paid but for the third paragraph of that section.

For the purposes of this section, a joint venture is deemed to be a partnership whose fiscal period ends on 31 December of a calendar year.

For the purposes of this division, the share of a corporation for a taxation year, or of a partnership for a fiscal period, of the balance of a joint venture’s cumulative eligible expense limit is equal,

(a) in the case of a corporation,

i. if its taxation year does not end on 31 December of a calendar year, to the aggregate of all amounts each of which is the proportion of its share, determined in accordance with the fourth paragraph, of the balance of the joint venture’s cumulative eligible expense limit for a fiscal period of the joint venture, a part of which is included in the taxation year, that the eligible expenses incurred by the corporation as a party to the joint venture in that part of the fiscal period of the joint venture that is included in the taxation year of the corporation is of the aggregate of the eligible expenses incurred by the corporation as a party to the joint venture in that fiscal period of the joint venture, or

ii. if its taxation year ends on 31 December of a calendar year, to its share, determined in accordance with the fourth paragraph, of the balance of the joint venture’s cumulative eligible expense limit for the fiscal period of the joint venture whose end coincides with the end of the taxation year of the corporation; and

(b) in the case of a partnership,

i. if its fiscal period does not end on 31 December of a calendar year, to the aggregate of all amounts each of which is the proportion of its share, determined in accordance with the fourth paragraph, of the balance of the joint venture's cumulative eligible expense limit for the fiscal period of the joint venture, a part of which is included in the fiscal period of the partnership, that the eligible expenses incurred by the partnership as a party to the joint venture in that part of the fiscal period of the joint venture that is included in the fiscal period of the partnership is of the aggregate of the eligible expenses incurred by the partnership as a party to the joint venture in that fiscal period of the joint venture, or

ii. if its taxation year ends on 31 December of a calendar year, to its share, determined in accordance with the fourth paragraph, of the balance of the joint venture's cumulative eligible expense limit for the fiscal period of the joint venture whose end coincides with the end of the fiscal period of the partnership.

For the purposes of the third paragraph, a corporation's or a partnership's share of the balance of a joint venture's cumulative eligible expense limit for a fiscal period of the joint venture is equal to the proportion of that amount that the eligible expenses incurred by the corporation or the partnership in that fiscal period as a party to the joint venture is of the aggregate of the eligible expenses incurred in the fiscal period of the joint venture."

(2) Subsection 1 applies in respect of expenses incurred after 28 October 2009.

**170.** (1) Section 1029.8.36.166.42 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

**"1029.8.36.166.42.** The amount to which the definition of "maximum tax credit amount" in the first paragraph of section 1029.8.36.166.40 refers, in relation to a corporation for a taxation year, is equal to the product obtained by multiplying, by the proportion determined by the formula in the third paragraph, the amount by which the total amount that the corporation would be deemed to have paid to the Minister for the taxation year under sections 1029.8.36.166.43 and 1029.8.36.166.44 if no reference were made to the third paragraph of those sections and if the corporation considered, in its eligible expenses or its share of the eligible expenses of a partnership, only the portion of such expenses that are referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.43 or 1029.8.36.166.44, exceeds the amount by which the corporation's total taxes for the year exceeds the amount the corporation is deemed to have paid to the Minister for the year under section 1029.8.36.166.46.

The amount to which the definition of "limit relating to an unused portion" in the first paragraph of section 1029.8.36.166.40 refers, in relation to a corporation for a taxation year, is equal to the product obtained by multiplying, by the proportion determined by the formula in the third paragraph, the amount by which the corporation's total taxes for the year are exceeded by

the aggregate of all amounts each of which is an excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.46 that would be determined in respect of an original year, within the meaning of that subparagraph, in relation to the taxation year, if the definition of “unused portion of the tax credit” in the first paragraph of section 1029.8.36.166.40 were read as follows:

““unused portion of the tax credit” of a corporation for a taxation year, if the paid-up capital that is attributed to the corporation for the year, determined in accordance with section 737.18.24, is less than \$500,000,000, means the amount by which the maximum tax credit amount of the corporation for the year is exceeded by the total amount that the corporation would be deemed to have paid to the Minister for that year under sections 1029.8.36.166.43 and 1029.8.36.166.44 if no reference were made to the third paragraph of those sections and if the corporation considered, in its eligible expenses or its share of the eligible expenses of a partnership, only the portion of such expenses that does not exceed, as the case may be,

(a) the balance of the corporation’s cumulative eligible expense limit for the year;

(b) the corporation’s share of the balance of a qualified partnership’s cumulative eligible expense limit for a particular fiscal period of the partnership that ends in the taxation year of the corporation;

(c) the portion of the eligible expenses incurred by the corporation in the year as a party to a joint venture that exceeds the corporation’s share for the taxation year of the balance of the joint venture’s cumulative eligible expense limit; or

(d) the portion of the eligible expenses incurred by the partnership, in a particular fiscal period of the partnership that ends in the taxation year, as a party to a joint venture, that exceeds the partnership’s share for the particular fiscal period of the balance of the joint venture’s cumulative eligible expense limit.””

(2) Subsection 1 applies in respect of expenses incurred after 28 October 2009.

**171.** (1) The Act is amended by inserting the following section after section 1029.8.36.166.42:

**“1029.8.36.166.42.1.** If it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a taxation year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division for that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division for that year, those corporations are deemed, for the purposes of this division, to be associated with each other in the year.”



(2) Subsection 1 applies to a taxation year that ends after 28 October 2009.

**172.** (1) Section 1029.8.36.166.43 of the Act is amended

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

**“1029.8.36.166.43.** A qualified corporation for a taxation year that encloses the documents referred to in the fifth paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is, in relation to a qualified property,

(a) if the paid-up capital attributed to the qualified corporation for the year, determined in accordance with section 737.18.24, is less than \$500,000,000, the aggregate of all amounts, to the extent that that aggregate does not include the portion, determined by the qualified corporation, of the eligible expenses incurred by the corporation in the year as a party to a joint venture that exceeds the corporation’s share for the taxation year of the balance of the joint venture’s cumulative eligible expense limit, each of which is the product obtained by multiplying the portion of its eligible expenses for the year, in respect of the property, by the rate determined in relation to the portion of those expenses in respect of the property for the year under section 1029.8.36.166.45; or

(b) the product obtained by multiplying the portion of its eligible expenses for the year, in respect of the property, other than the portion of those expenses that is referred to in subparagraph *a*, by 5%.”;

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

“The aggregate of the amounts referred to in subparagraph *a* of the first paragraph and determined in respect of a corporation for a taxation year may not exceed the amount by which the balance of its cumulative eligible expense limit for the year exceeds the portion of the aggregate of the amounts referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.44 for the year in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.44 or would be so deemed to have paid such an amount but for the third paragraph of that section.”;

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

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

(a) the prescribed form containing prescribed information; and

(b) a copy of the agreement described in section 1029.8.36.166.40.1, if applicable.”

(2) Subsection 1 applies in respect of expenses incurred after 28 October 2009.

**173.** (1) Section 1029.8.36.166.44 of the Act is amended

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

**“1029.8.36.166.44.** A qualified corporation for a taxation year that is a member of a qualified partnership at the end of a particular fiscal period of the partnership that ends in the year and that encloses the documents referred to in the sixth paragraph with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is, in relation to a qualified property,

(a) if the paid-up capital attributed to the qualified corporation for the year, determined in accordance with section 737.18.24, is less than \$500,000,000, the aggregate of all amounts, to the extent that that aggregate does not include its share of the portion, determined by the qualified corporation, of the qualified partnership’s eligible expenses for the particular fiscal period that exceeds its share of the balance of the partnership’s cumulative eligible expense limit for the particular fiscal period, or its share of the portion, determined by the qualified corporation, of such expenses incurred by the partnership in the particular fiscal period as a party to a joint venture that exceeds the partnership’s share for the particular fiscal period of the balance of the joint venture’s cumulative eligible expense limit, each of which is the product obtained by multiplying its share of the portion of the partnership’s eligible expenses for the particular fiscal period, in respect of the property, by the rate determined in relation to the portion of those expenses in respect of the property for the year under section 1029.8.36.166.45; or

(b) the product obtained by multiplying its share of the portion of the partnership’s eligible expenses for the particular fiscal period, in respect of the property, other than the portion of those expenses that is referred to in subparagraph *a*, by 5%.”;

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

“The aggregate of the amounts referred to in subparagraph *a* of the first paragraph and determined in respect of a corporation for a taxation year may not exceed the amount by which the balance of the corporation’s cumulative eligible expense limit for the year exceeds the portion of the aggregate of the amounts referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.43 for the year in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.43 or would be so deemed to have paid such an amount but for the third paragraph of that section.”;

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

“For the purposes of the first paragraph, a qualified corporation’s share of a particular amount, in relation to a qualified partnership of which it is a member in a fiscal period is equal to the agreed proportion of that amount in respect of the qualified corporation for the fiscal period.”;

(4) by adding the following paragraph after the fifth paragraph:

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

(a) the prescribed form containing prescribed information; and

(b) a copy of the agreement described in section 1029.8.36.166.40.1, if applicable.”

(2) Subsection 1 applies in respect of expenses incurred after 28 October 2009.

**174.** (1) Section 1029.8.36.166.45 of the Act is amended, in the first paragraph,

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

**“1029.8.36.166.45.** The rate to which subparagraph *a* of the first paragraph of sections 1029.8.36.166.43 and 1029.8.36.166.44 refers, in relation to the portion of the eligible expenses, in respect of a qualified property, for a taxation year is”;

(2) by replacing the portion of subparagraph *b* before the formula by the following:

“(b) if the qualified property is acquired to be used mainly in one of the regional county municipalities referred to in subparagraphs i.2, i.3 and ii.2 of paragraph *b* of the definition of “resource region” in the first paragraph of section 1029.8.36.166.40, the rate determined by the formula”;

(3) by replacing “referred to in paragraph *b*” in the portion of subparagraph *c* before the formula by “referred to in subparagraphs i, i.1, ii, ii.1 and iii to vi of paragraph *b*”;

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

“(d) in any other case, the rate determined by the formula

$10\% - [5\% \times (A - \$250,000,000)/\$250,000,000].$ ”

(2) Paragraph 1 of subsection 1 applies in respect of expenses incurred after 28 October 2009.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of expenses incurred after 9 December 2009, unless they were incurred in respect of a property acquired before 1 January 2011 pursuant to an obligation in writing entered into before 10 December 2009 or in respect of a property the construction of which, by or on behalf of the purchaser, had begun before 10 December 2009.

(4) Paragraph 4 of subsection 1 applies in respect of expenses incurred after 9 December 2009.

**175.** (1) Section 1029.8.36.166.59 of the Act is amended by replacing “second paragraph” in subparagraph *a* of the third paragraph by “third paragraph”.

(2) Subsection 1 applies in respect of expenses incurred after 28 October 2009.

**176.** (1) Section 1029.8.61.18.1 of the Act is amended by replacing “subparagraphs *b* and *c*” in the third paragraph by “subparagraphs *a* and *b*”.

(2) Subsection 1 applies from the taxation year 2007.

**177.** Section 1029.8.61.46 of the Act is amended by replacing “and Book IX” by “and this Book” and by striking out “of that Book IX”.

**178.** (1) Section 1029.8.61.51 of the Act is amended by inserting the following paragraph after the second paragraph:

“The Board may also suspend the payment of an amount in respect of a child assistance payment for the duration of an inquiry on the individual’s eligibility. The Board shall conduct the inquiry diligently.”

(2) Subsection 1 has effect from 29 October 2009.

**179.** Section 1029.8.66.1 of the Act is amended by replacing “stating” in subparagraph *b* of the first paragraph by “certifying”.

**180.** Section 1029.8.119 of the Act is amended by replacing “recognizing the individual” by “certifying that the individual is recognized”.

**181.** Section 1029.8.145 of the Act is amended by replacing “Book IX” by “this Book” and by striking out “of that Book”.

**182.** Section 1038 of the Act, amended by section 169 of chapter 5 of the statutes of 2010, is again amended by striking out “II.6.5.1,” and “II.6.5.4,” in the following provisions:

— subparagraph ii of subparagraph *a* of the second paragraph;

- subparagraph ii of subparagraph *b* of the second paragraph;
- the portion of subparagraph *a* of the third paragraph before subparagraph i.

**183.** Section 1049.14 of the Act is amended by inserting “before 24 June 2009” after “a qualifying security” in the first paragraph.

**184.** Section 1049.14.0.1 of the Act is amended by inserting “before 24 June 2009” after “, within the meaning of that section,” in the first paragraph.

**185.** (1) Section 1049.14.23 of the Act is replaced by the following section:

**“1049.14.23.** If a corporation fails to send a copy of the report referred to in paragraph *d* of section 965.76 to the Minister within the prescribed time, in accordance with that paragraph, the corporation incurs a penalty of \$25 a day for every day the omission continues, up to \$10,000.”

(2) Subsection 1 has effect from 22 April 2005.

**186.** (1) The Act is amended by inserting the following after section 1079.8:

## **“BOOK X.2**

### **“DISCLOSURE OF TRANSACTIONS**

#### **“TITLE I**

##### **“DEFINITIONS AND INTERPRETATION**

**“1079.8.1.** In this Book,

“adviser” in respect of a transaction means a person or partnership that provides help, assistance or advice regarding the design or implementation of the transaction, or that commercializes or promotes it;

“confidential transaction”, carried out by a taxpayer or by a partnership of which a taxpayer is a member, means a transaction under which the taxpayer or partnership retained the services of an adviser in respect of the transaction and under which the contract between the taxpayer and the adviser or between the partnership and the adviser, as the case may be, includes, in relation to the transaction, an undertaking of confidentiality of the taxpayer or partnership towards other persons or towards an income taxation authority in Canada or elsewhere;

“tax benefit” means a reduction, avoidance or deferral of the tax or of another amount payable under this Act or an increase in a refund of tax or of another amount under this Act, including a reduction, avoidance or deferral

of the tax or of another amount that would be payable under this Act but for a tax agreement, and an increase in a refund of tax or of another amount under this Act that results from a tax agreement;

“transaction” includes an arrangement or event, and a series of transactions;

“transaction involving conditional remuneration”, carried out by a taxpayer or by a partnership of which a taxpayer is a member, means, subject to the second paragraph, a transaction in relation to which the remuneration of an adviser in respect of the transaction takes on any of the following forms:

(a) all or part of the remuneration is conditional on obtaining a tax benefit resulting from the transaction or is determined, in whole or in part, on the basis of the tax benefit;

(b) all or part of the remuneration may be refunded, in any manner whatever, if the expected tax benefit from the transaction fails to materialize;

(c) all or part of the remuneration is earned by the adviser only after the expiry of a prescription period that is provided for in a law and that applies to the taxpayer’s taxation year or taxation years in which the transaction takes place.

For the purposes of the definition of “transaction involving conditional remuneration” in the first paragraph, the following transactions are excluded:

(a) any request related to the payment to a taxpayer of an amount the taxpayer is deemed to have paid to the Minister on account of tax payable under this Part for a taxation year;

(b) any request related to the analysis and review of an amount of interest payable by a taxpayer under this Act, following an assessment, a reassessment or an additional assessment for a taxation year;

(c) any request related to the review of a fiscal return of a taxpayer for a taxation year following its filing under this Act; and

(d) a transaction in respect of which an agreement has been entered into with a person who is a member of a professional order and under which the result obtained by the person is one of the factors taken into consideration in determining the person’s remuneration, in accordance with a provision of the code of ethics adopted by the professional order under the authority of which the person practises the profession.

For the purposes of the definition of “confidential transaction” in the first paragraph, it is understood that an undertaking of confidentiality towards other persons does not include a clause providing that an adviser’s professional liability exists only towards the adviser’s client and according to which a third party may not, for that party’s own purposes, rely on the opinion given by the adviser to the client.

**“1079.8.2.** For the purposes of the definition of “confidential transaction” in the first paragraph of section 1079.8.1, the following rules apply:

(a) if a contract with an adviser is entered into by a corporation associated with, or a person related to, at the time at which the contract is entered into, the taxpayer or the partnership, the contract is deemed to have been entered into by the taxpayer or the partnership, as the case may be; and

(b) if an undertaking of confidentiality is made with an adviser by a corporation associated with, or a person related to, at the time at which the undertaking is made, the taxpayer or the partnership, the undertaking is deemed to have been made by the taxpayer or the partnership, as the case may be.

**“1079.8.3.** For the purposes of this Book, the following rules apply:

(a) if a person is a member, or is deemed because of the application of this paragraph to be a member, of a partnership that is a member of another partnership, the person is deemed to be a member of the other partnership;

(b) for the purpose of determining whether a corporation is associated with, or whether a person is related to, a partnership at a particular time, the partnership is deemed to be a corporation whose taxation year corresponds to the partnership’s fiscal period and all the voting shares in the capital stock of which are owned at that time by each member of the partnership in a proportion equal to the agreed proportion that would be determined in respect of the member for the partnership’s fiscal period if the fiscal period ended at that time; and

(c) for the purpose of determining whether a person is related to a taxpayer or a partnership at a particular time, a trust is deemed to be a corporation all the voting shares in the capital stock of which

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

(1) are owned at that time by such a beneficiary, if that beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a discretionary power, and if that time occurs before the distribution date, or

(2) are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries, if subparagraph 1 does not apply and that time occurs before the distribution date,

ii. if a beneficiary's share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a discretionary power, are owned at that time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

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

**“1079.8.4.** For the purposes of sections 1079.8.5 and 1079.8.6, the following rules apply:

(a) the amount of the impact on a taxpayer's income for a taxation year, resulting from a particular transaction referred to in either of those sections, is to be determined by the formula

$A + B$ ; and

(b) the amount of the impact on a particular partnership's income for a fiscal period, resulting from a particular transaction referred to in either of those sections, is to be determined by the formula

$C + D$ .

In the formulas in subparagraphs *a* and *b* of the first paragraph,

(a) *A* is the amount by which the taxpayer's income that would be determined for the taxation year if the particular transaction were not taken into account, exceeds the taxpayer's income for the taxation year;

(b) *B* is the amount by which the aggregate of all amounts each of which is the taxpayer's non-capital loss, farm loss, net capital loss, restricted farm loss or limited partnership loss for the taxation year, exceeds the aggregate of all amounts each of which would be the taxpayer's non-capital loss, farm loss, net capital loss, restricted farm loss or limited partnership loss for the taxation year if the particular transaction were not taken into account;

(c) *C* is the amount by which the amount that would be the particular partnership's income for the fiscal period if the particular transaction were not taken into account, exceeds the particular partnership's income for the fiscal period; and



(d) D is the amount by which the aggregate of all amounts each of which would have been the particular partnership's non-capital loss, farm loss, net capital loss, restricted farm loss or limited partnership loss for the fiscal period if the particular partnership were a taxpayer whose taxation year coincides with the fiscal period, exceeds the aggregate determined under the third paragraph.

The aggregate to which subparagraph *d* of the second paragraph refers is the aggregate of all amounts each of which would be the particular partnership's non-capital loss, farm loss, net capital loss, restricted farm loss or limited partnership loss for the fiscal period if the particular partnership were a taxpayer whose taxation year coincides with the fiscal period and if the particular transaction were not taken into account.

## **“TITLE II**

### **“MANDATORY DISCLOSURE**

**“1079.8.5.** A taxpayer who carries out a transaction involving conditional remuneration in a taxation year or who is a member of a partnership that carries out such a transaction in a fiscal period shall, in an information return filed in accordance with section 1079.8.9 and within the time limit provided for in section 1079.8.10, disclose the transaction to the Minister for the taxation year or fiscal period, as the case may be, if, but for Title I of Book XI, the transaction would result, directly or indirectly,

(a) where the transaction is carried out by the taxpayer, in a tax benefit of \$25,000 or more for the taxpayer, or in an impact on the income of the taxpayer of \$100,000 or more, for the year; or

(b) where the transaction is carried out by the partnership, in an impact on the income of the partnership of \$100,000 or more for the fiscal period.

Despite the first paragraph, the obligation to disclose provided for in that paragraph applies, in the case of a limited partnership, to all of its general partners and to them only.

**“1079.8.6.** A taxpayer who carries out a confidential transaction in a taxation year or who is a member of a partnership that carries out such a transaction in a fiscal period shall, in an information return filed in accordance with section 1079.8.9 and within the time limit provided for in section 1079.8.10, disclose the transaction to the Minister for the taxation year or fiscal period, as the case may be, if, but for Title I of Book XI, the transaction would result, directly or indirectly,

(a) where the transaction is carried out by the taxpayer, in a tax benefit of \$25,000 or more for the taxpayer, or in an impact on the income of the taxpayer of \$100,000 or more, for the year; or

(b) where the transaction is carried out by the partnership, in an impact on the income of the partnership of \$100,000 or more for the fiscal period.

Despite the first paragraph, the obligation to disclose provided for in that paragraph applies, in the case of a limited partnership, to all of its general partners and to them only.

### “TITLE III

#### “PREVENTIVE DISCLOSURE

“**1079.8.7.** A taxpayer may disclose to the Minister, in an information return that must be filed in accordance with section 1079.8.9 and within the time limit provided for in section 1079.8.10, any transaction that began to be carried out in a taxation year or fiscal period, as the case may be, by the taxpayer or a partnership of which the taxpayer is a member.

### “TITLE IV

#### “ADDITIONAL RULES

“**1079.8.8.** For the purposes of this Book, a disclosure made by a member of a partnership is deemed to have been made by each other member of the partnership.

“**1079.8.9.** An information return, in respect of a transaction, whose filing is provided for in any of sections 1079.8.5 to 1079.8.7 must be sent to the Minister under separate cover by registered mail, in the prescribed form, and contain the following information:

(a) the identity of all the parties involved in the transaction and their relationship to each other during the time the transaction was carried out;

(b) a complete description of the facts relating to the transaction;

(c) a statement of the tax consequences resulting from the transaction;  
and

(d) such other information as is required by the prescribed form.

The description of the facts and the statement of the tax consequences must be sufficiently detailed to allow the Minister to analyze the transaction and have a fair understanding of the tax consequences.

The Minister shall acknowledge receipt of the information return referred to in the first paragraph.

**“1079.8.10.** The information return, in respect of a transaction, whose filing is provided for in any of sections 1079.8.5 to 1079.8.7 must be sent to the Minister on or before the filing-due date of the taxpayer who carried out the transaction for the taxation year referred to in that section or, if the transaction is carried out by a partnership, on or before the day, determined in accordance with section 1086R80 of the Regulation respecting the Taxation Act (R.R.Q., c. I-3, r. 1), on which the partnership return provided for in section 1086R78 of that Regulation is required to be filed for the partnership’s fiscal period referred to in section 1079.8.5, 1079.8.6 or 1079.8.7, as the case may be, or would be required to be so filed but for section 36.1 of the Act respecting the Ministère du Revenu (chapter M-31).

**“1079.8.11.** An information return, in respect of a transaction, whose filing is provided for in any of sections 1079.8.5 to 1079.8.7 and that is sent to the Minister is deemed to have been sent to the Minister in accordance with section 1079.8.9 if, within 120 days after the day on which it was sent, the Minister does not communicate with the person who filed the return in order to obtain additional information in relation to the transaction or the tax consequences resulting from the transaction.

**“1079.8.12.** For the purposes of Title I of Book XI, the disclosure under this Book of a transaction may not be considered to be an admission with respect to the application of the rules of that Title I to the transaction so disclosed.

## **“TITLE V**

### **“FAILURE TO DISCLOSE**

**“1079.8.13.** If, in relation to a transaction to which section 1079.8.5 or 1079.8.6 applies, a taxpayer who carried out the transaction or a member of a partnership that carried out the transaction fails to send, in accordance with that section, an information return within the time limit provided for in section 1079.8.10 in respect of the transaction, the taxpayer or the partnership, as the case may be, incurs a penalty of \$10,000 and an additional penalty of \$1,000 a day, as of the second day, for every day the failure continues, up to \$100,000.

However, the taxpayer or the partnership, as the case may be, may not incur, in respect of the same failure, both the penalty provided for in the first paragraph and the penalty provided for in section 59 of the Act respecting the Ministère du Revenu (chapter M-31).

**“1079.8.14.** If a partnership incurs a penalty under section 1079.8.13, the following provisions apply, with the necessary modifications, in respect of the penalty as if the partnership were a corporation:

(a) sections 1005 to 1014, 1034 to 1034.0.2, 1035 to 1044.0.2 and 1051 to 1055.1; and

(b) sections 14, 14.4 to 14.6, Division II.1 of Chapter III and Chapters III.1 and III.2 of the Act respecting the Ministère du Revenu (chapter M-31).

**“1079.8.15.** If, in relation to a taxation year of a particular taxpayer described in the second paragraph for which tax consequences under this Act result from a transaction involving conditional remuneration or a confidential transaction, a taxpayer who carried out the transaction or a member of a partnership that carried out the transaction fails to send, in accordance with section 1079.8.5 or 1079.8.6, an information return within the time limit provided for in section 1079.8.10 in respect of the transaction, the Minister may, despite the expiry of the time limits provided for in section 1010, redetermine the tax, interest and penalties or any other amount, under this Act, and make a redetermination, reassessment or additional assessment for the taxation year in respect of the particular taxpayer

(a) on or before the day that is three years after the day on which an information return containing the information required by section 1079.8.9 is sent to the Minister in respect of the transaction, if the period for which the Minister could, before the expiry of the time limits provided for in section 1010, make a reassessment or an additional assessment in respect of the particular taxpayer is the period referred to in paragraph *a* of subsection 2 of section 1010;

(b) on or before the day that is four years after the day referred to in subparagraph *a*, if the period for which the Minister could, before the expiry of the time limits provided for in section 1010, make a reassessment or an additional assessment in respect of the particular taxpayer is the period referred to in paragraph *a.0.1* of subsection 2 of section 1010;

(c) on or before the day that is six years after the day referred to in subparagraph *a*, if the period for which the Minister could, before the expiry of the time limits provided for in section 1010, make a reassessment or an additional assessment in respect of the particular taxpayer is the first period referred to in paragraph *a.1* of subsection 2 of section 1010 and if any of the conditions in subparagraphs i to vii of that paragraph *a.1* is applicable in respect of the transaction; or

(d) on or before the day that is seven years after the day referred to in subparagraph *a*, if the period for which the Minister could, before the expiry of the time limits provided for in section 1010, make a reassessment or an additional assessment in respect of the particular taxpayer is the second period referred to in paragraph *a.1* of subsection 2 of section 1010 and if any of the conditions in subparagraphs i to vii of that paragraph *a.1* is applicable in respect of the transaction.

The particular taxpayer to which the first paragraph refers, in relation to a taxation year for which tax consequences under this Act result from a transaction referred to in that paragraph, is

(a) the taxpayer who carried out the transaction;

(b) each taxpayer who is a member of the partnership that carried out the transaction, at the end of the partnership's fiscal period that ends in the taxation year;

(c) a corporation that is associated with the taxpayer or the partnership that carried out the transaction, at the time the transaction is carried out;

(d) a corporation that is associated with a taxpayer who is a member of the partnership that carried out the transaction, at the time the transaction is carried out;

(e) a person who is related to the taxpayer or the partnership that carried out the transaction, at the time the transaction is carried out; or

(f) a person who is related to a taxpayer who is a member of the partnership that carried out the transaction, at the time the transaction is carried out.

However, the Minister may, in respect of a taxation year for which tax consequences under this Act result from a transaction referred to in the first paragraph, make a reassessment or an additional assessment under the first paragraph only to the extent that the reassessment or additional assessment may reasonably be considered to relate to those tax consequences."

(2) Subsection 1 applies in respect of a transaction carried out after 14 October 2009. However,

(1) Titles II and V of Book X.2 of Part I of the Act do not apply in respect of a transaction which is part of a series of transactions that, without reference to section 1.5 of the Act, begins before 15 October 2009 and is completed before 1 January 2010;

(2) an information return referred to in section 1079.8.10 of the Act is deemed to be sent to the Minister of Revenue within the prescribed time if it is sent on or before the day that is 60 days after (*insert the date of assent to this Act*); and

(3) for the purposes of the definition of "confidential transaction" in the first paragraph of section 1079.8.1 of the Act in respect of an undertaking of confidentiality included in a general service contract, within the meaning of subsection 3, made before 1 March 2010 between an adviser, within the meaning of that first paragraph, and a taxpayer or a partnership, if the general service contract includes, in relation to the services rendered by the adviser, an undertaking of confidentiality that is made by the taxpayer or partnership towards other persons or towards an income taxation authority in Canada or elsewhere, and the parties terminate the undertaking of confidentiality before 15 April 2010, the undertaking of confidentiality is deemed never to have existed and, in that respect, the parties are considered to have terminated the undertaking of confidentiality before that date if

(a) they terminate the undertaking before that date by means of a written document;

(b) they enter into a new general service contract in writing before that date that does not include such an undertaking of confidentiality and the new general service contract terminates the former general service contract; or

(c) the adviser irrevocably waives in writing before that date the undertaking of confidentiality made in the adviser's favour and so informs the taxpayer or partnership by means of a personalized notice or a general notice posted on the adviser's website.

(3) For the purposes of paragraph 3 of subsection 2, a general service contract is a service contract entered into between an adviser and a taxpayer or a partnership that is applicable to all services rendered during a determinate or indeterminate period. However, a service contract relating to one or more specific transactions does not constitute a general service contract.

**187.** (1) Section 1079.9 of the Act is amended

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

““promoter” of a transaction or a series of transactions means a person or a partnership in respect of which the following conditions are met:

(a) the person or partnership commercializes the transaction or series of transactions, promotes it or otherwise supports its development or the interest it generates;

(b) the person or partnership receives or is entitled to receive, directly or indirectly, a consideration for the commercialization, promotion or support, or another person or partnership related to, or associated with, the person or partnership receives or is entitled to so receive such a consideration; and

(c) it is reasonable to consider that the person or partnership assumes an important role in the commercialization, promotion or support.”;

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

“For the purposes of paragraph *c* of the definition of “promoter” in the first paragraph, the following rules apply in respect of an employee of a person or partnership:

(a) the employee, other than a specified employee, is not considered to assume an important role in the person's or partnership's commercialization of, promotion of or support of the development of or interest in a transaction or series of transactions; and

(b) the conduct of the employee is deemed to be the conduct of the person or partnership.”

(2) Subsection 1 applies in respect of a transaction carried out after 14 October 2009. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 15 October 2009 and was completed before 1 January 2010.

**188.** (1) The Act is amended by inserting the following section after section 1079.9:

**“1079.9.1.** For the purposes of the definition of “promoter” in the first paragraph of section 1079.9 and section 1079.13.2, the following rules apply:

(a) for the purpose of determining whether, at a particular time, a person or a partnership is associated with, or related to, another person or partnership, a partnership is deemed to be a corporation whose taxation year corresponds to its fiscal period and all the voting shares in the capital stock of which are owned at that time by each of its members in a proportion equal to the agreed proportion that would be determined in respect of the member for the partnership’s fiscal period if the fiscal period ended at that time; and

(b) for the purpose of determining whether, at a particular time, a person or a partnership is related to another person or partnership, a trust is deemed to be a corporation all the voting shares in the capital stock of which

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

(1) are owned at that time by such a beneficiary, if that beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if that time occurs before the distribution date, or

(2) are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries, if subparagraph 1 does not apply and that time occurs before the distribution date,

ii. if a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at that time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

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

(2) Subsection 1 has effect from 15 October 2009.

**189.** (1) Section 1079.11 of the Act is replaced by the following section:

**“1079.11.** An avoidance transaction is any transaction that, but for this Title, would result, directly or indirectly, in a tax benefit or that is part of a series of transactions, which series, but for this Title, would result, directly or indirectly, in a tax benefit, unless the transaction in either case may reasonably be considered to have been undertaken or arranged primarily for *bona fide* purposes.

For the purposes of the first paragraph, the following purposes of a transaction or a combination of them are not considered as *bona fide* purposes:

(a) the obtainment of a tax benefit;

(b) the reduction, avoidance or deferral of tax or of another amount payable as tax or in respect of tax under an Act of Canada or of a province, other than this Act; and

(c) the increase of a refund of tax or of another amount as tax or in respect of tax under an Act of Canada or of a province, other than this Act.”

(2) Subsection 1 applies to a taxation year that is subsequent to the taxation year 2008 or to a taxation year that precedes the taxation year 2009 and in respect of which any of the following conditions is met:

(1) the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 15 October 2009; or

(2) on 15 October 2009, a notice of objection had been notified to the Minister of Revenue or an appeal had been filed against an assessment or determination based on the application of Title I of Book XI of Part I of the Act.

(3) However, subsection 1 does not apply in respect of cases pending on 30 January 2009 and notices of objection served on the Minister of Revenue on or before that date, if one of the subjects of the contestation on that date,



expressly invoked on or before that date in the motion of appeal or in the notice of objection served on the Minister of Revenue, alleges that the transaction was undertaken or organized mainly for the reduction, avoidance or deferral of tax or of another amount payable as tax or in respect of tax under an Act of Canada or of a province, other than the Taxation Act, or for the increase of a refund of tax or of another amount as tax or in respect of tax under such an Act.

**190.** (1) The Act is amended by inserting the following sections after section 1079.13:

**“1079.13.1.** If, as a consequence of the application of section 1079.10 in respect of a transaction, the tax consequences to a person are determined as is reasonable in the circumstances in order to deny a tax benefit, the person incurs a penalty equal to 25% of the amount of the tax benefit denied.

However, the first paragraph does not apply if the person filed an information return in respect of the transaction, or series of transactions that includes the transaction, in accordance with any of sections 1079.8.5 to 1079.8.7.

**“1079.13.2.** If a person (in this section referred to as the “particular person”) incurs a penalty under section 1079.13.1 in respect of a transaction, the promoter of the transaction, or of the series of transactions that includes the transaction, incurs a penalty equal to 12.5% of

(a) if the transaction or series of transactions is carried out by the particular person, the aggregate of all amounts each of which is a consideration that the promoter, or a person or partnership related to, or associated with, the promoter, has received or is entitled to receive, directly or indirectly, from any person or partnership in respect of the transaction; or

(b) if the transaction or series of transactions is carried out by a partnership of which the particular person is a member, the amount that is the agreed proportion of the aggregate referred to in subparagraph *a* in respect of the particular person for the partnership’s fiscal period in which the transaction or series of transactions is carried out.

If a penalty incurred by a particular person under section 1079.13.1 in relation to a transaction is cancelled in consequence of an objection, an appeal or a summary appeal, as the case may be, the Minister shall, despite the expiry of the time limits provided for in section 1010, make a reassessment and redetermine the interest and penalties payable by the promoter of the transaction or of the series of transactions, under the first paragraph, in order to take the decision or judgment into account.

**“1079.13.3.** For the purposes of subparagraph *b* of the first paragraph of section 1079.13.2, the following rules apply if a particular person is a member, or is deemed because of the application of this section to be a

member, of a partnership (in this section referred to as the “interposed partnership”) at the end of a fiscal period of the interposed partnership (in this section referred to as the “interposed fiscal period”), and the interposed partnership is itself a member of a given partnership at the end of the given partnership’s given fiscal period that ends in the interposed fiscal period:

(a) the particular person is deemed to be a member of the given partnership at the end of the given fiscal period; and

(b) the agreed proportion in respect of the particular person for the given partnership’s given fiscal period is deemed to be equal to the product obtained by multiplying the agreed proportion in respect of the particular person for the interposed partnership’s interposed fiscal period by the agreed proportion in respect of the interposed partnership for the given partnership’s given fiscal period.

**“1079.13.4.** If a partnership incurs a penalty under section 1079.13.2, the following provisions apply, with the necessary modifications, in respect of the penalty as if the partnership were a corporation:

(a) sections 1005 to 1014, 1034 to 1034.0.2, 1035 to 1044.0.2 and 1051 to 1055.1; and

(b) sections 14, 14.4 to 14.6, Division II.1 of Chapter III and Chapters III.1 and III.2 of the Act respecting the Ministère du Revenu (chapter M-31).”

(2) Subsection 1 applies in respect of a transaction carried out after 14 October 2009. However, it does not apply in respect of a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 15 October 2009 and was completed before 1 January 2010.

**191.** (1) The Act is amended by inserting the following section after section 1079.15:

**“1079.15.1.** If section 1079.10 applies to a person in relation to a transaction and the person did not file an information return in accordance with any of sections 1079.8.5 to 1079.8.7, in respect of the transaction or series of transactions that includes the transaction, the Minister may, despite the expiry of the time limit provided for, in respect of the person, in paragraph *a* or *a.0.1* of subsection 2 of section 1010, determine the tax consequences to the person, the interest and the penalties, under this Act, and make a reassessment or an additional assessment,

(a) on or before the day that is six years after the day referred to, for the taxation year concerned, in paragraph *a* of subsection 2 of section 1010 or, if the transaction or series of transactions must be disclosed as required by section 1079.8.5 or 1079.8.6, the day, if it is later, on which the information return containing the information required by section 1079.8.9 is sent to the Minister in respect of the transaction or series of transactions; or

(b) on or before the day that is seven years after the day determined in subparagraph *a* if, at the end of the taxation year concerned, the person is a mutual fund trust or a corporation other than a Canadian-controlled private corporation.

However, the Minister may make a reassessment or an additional assessment beyond the period that, in respect of a person, is referred to in paragraph *a* or *a.0.1* of subsection 2 of section 1010, because of the application of section 1079.10 to the person in relation to a transaction, only to the extent that the reassessment or additional assessment may reasonably be considered to relate to the transaction.”

(2) Subsection 1 applies to a taxation year that ends after 15 October 2009, in relation to a transaction carried out after 14 October 2009, other than a transaction which, without reference to section 1.5 of the Act, is part of a series of transactions that began before 15 October 2009 and was completed before 1 January 2010.

**192.** Section 1091 of the Act is amended by striking out “737.18.28,” in paragraph *c*.

**193.** (1) Section 1102.4 of the Act, amended by section 189 of chapter 5 of the statutes of 2010, is again amended by replacing paragraph *b* by the following paragraph:

“(b) a security listed on a recognized stock exchange, that is

- i. a share of a class of shares of the capital stock of a corporation, or
- ii. an investment in a SIFT wind-up entity;”.

(2) Subsection 1 has effect from 15 July 2008.

**194.** (1) Section 1129.0.0.1 of the Act is amended

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

**“1129.0.0.1.** In Parts III.0.1, III.1 to III.1.0.5, III.1.1, III.1.1.2, III.1.1.3, III.1.1.7, III.10 and III.10.1 to III.10.2, “government assistance” and “non-government assistance” have the meaning assigned by the first paragraph of section 1029.6.0.0.1.”;

(2) by replacing “III.2.4” in the portion of the third paragraph before the definition of “filing-due date” by “III.2.6”;

(3) by adding the following definitions in alphabetical order in the third paragraph:

““individual” has the meaning assigned by section 1;

““person” has the meaning assigned by section 1;”.

(2) Paragraph 2 of subsection 1 has effect from 24 June 2009.

**195.** Section 1129.0.0.4 of the Act is amended by striking out the third paragraph.

**196.** Section 1129.0.0.6 of the Act, amended by section 190 of chapter 5 of the statutes of 2010, is again amended by replacing “Parts III.0.3” and “III.10.2 and III.10.5 to III.10.7” by “Parts III.0.1, III.0.3, III.1.0.6” and “III.10.1.1, III.10.1.1.2, III.10.2, III.10.5 to III.10.7, III.10.9 and III.12.1”, respectively.

**197.** Section 1129.2 of the Act, amended by section 191 of chapter 5 of the statutes of 2010, is again amended, in subparagraph *c* of the first paragraph,

(1) by striking out “, within the meaning of section 1,” in subparagraph *i*;

(2) by replacing “à l’effet” in subparagraph *iii* in the French text by “certifiant”.

**198.** Section 1129.4.0.2 of the Act is amended by striking out “, within the meaning of section 1,” in subparagraph *i* of subparagraph *b* of the first paragraph.

**199.** (1) Section 1129.4.0.5 of the Act is replaced by the following section:

**“1129.4.0.5.** In this Part, “computer-aided special effects and animation expenditure”, “eligible production costs”, “labour cost attributable to computer-aided special effects and animation”, “qualified computer-aided special effects and animation expenditure”, “qualified labour cost attributable to computer-aided special effects and animation”, “qualified labour expenditure”, “qualified low-budget production”, and “qualified production” have the meaning assigned by section 1029.8.36.0.0.4.”

(2) Subsection 1 has effect from 13 June 2009.

**200.** (1) Section 1129.4.0.6 of the Act, amended by section 192 of chapter 5 of the statutes of 2010, is again amended

(1) by striking out “, within the meaning of section 1,” in subparagraph *i* of subparagraph *b* of the first paragraph;

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

“i.1. in computing the amount determined under the fourth or fifth paragraph of section 1029.8.36.0.0.4, government assistance or non-government assistance that the corporation, another person or a partnership

has received, is entitled to receive or may reasonably expect to receive, on or before the corporation's filing-due date for the particular year, must be taken into account for the particular year in respect of the property, and the costs to which the assistance is attributable or relates were incurred by the corporation in a taxation year preceding the particular year,";

(3) by replacing subparagraphs ii and iii of subparagraph *b* of the first paragraph by the following subparagraphs:

"ii. an amount relating to an expenditure included in the qualified labour cost attributable to computer-aided special effects and animation, a qualified computer-aided special effects and animation expenditure, a qualified labour expenditure or eligible production costs in respect of the property, other than the amount of assistance to which subparagraph i or i.1 applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, or

"iii. an amount relating to the labour cost attributable to computer-aided special effects and animation or to a computer-aided special effects and animation expenditure ceases, in the particular year, to be considered as attributable to an amount paid in any year for activities related to computer-aided special effects and animation, by reason of a revocation by the Société de développement des entreprises culturelles, that relates to that amount indicated, by budgetary item, on a document enclosed with the advance ruling given to the corporation in relation to the property.";

(4) by inserting the following subparagraph after subparagraph i of subparagraph *a* of the second paragraph:

"i.1. where subparagraph i.1 of subparagraph *b* of the first paragraph applies, the assistance referred to in that subparagraph i.1 had been received by the corporation, the other person or the partnership in the year during which the costs to which the assistance is attributable or relates were incurred by the corporation,";

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

"ii. where subparagraph ii of subparagraph *b* of the first paragraph applies, any amount referred to in that subparagraph ii had been refunded, paid or allocated in the year during which the costs or expenditure to which the amount is attributable were incurred, and".

(2) Paragraphs 2 to 5 of subsection 1 have effect from 13 June 2009.

**201.** Section 1129.4.0.10 of the Act is amended by striking out “, within the meaning of section 1,” in subparagraph i of subparagraph *b* of the first paragraph.

**202.** Section 1129.4.0.14 of the Act is amended by striking out “, within the meaning of section 1,” in subparagraph i of subparagraph *b* of the first paragraph.

**203.** (1) Section 1129.4.0.17 of the Act is replaced by the following section:

**“1129.4.0.17.** In this Part, “eligible group of works”, “eligible work”, “qualified labour expenditure attributable to preparation costs” and “qualified labour expenditure attributable to printing and reprinting costs” have the meaning assigned by section 1029.8.36.0.0.13.”

(2) Subsection 1 has effect from 23 June 2009.

**204.** (1) Section 1129.4.0.18 of the Act is amended, in subparagraph *b* of the first paragraph,

(1) by replacing “printing costs” and “another person, within the meaning of section 1,” in subparagraph i by “printing and reprinting costs” and “another person”, respectively;

(2) by replacing subparagraph ii by the following subparagraph:

“ii. an amount relating to an expenditure included in a qualified labour expenditure attributable to preparation costs or qualified labour expenditure attributable to printing and reprinting costs in respect of the property, or relating to printing and reprinting costs directly attributable to the printing and reprinting of the property or to preparation costs directly attributable to the preparation of the property, other than an amount of assistance to which subparagraph i applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.”

(2) Paragraph 1 of subsection 1, when it replaces “printing costs”, and paragraph 2 of subsection 1 have effect from 23 June 2009.

**205.** Section 1129.12.18 of the Act is amended by inserting “before 24 June 2009” after “qualified federation of cooperatives” in the portion of the first paragraph before the formula.

**206.** Section 1129.12.19 of the Act, amended by section 193 of chapter 5 of the statutes of 2010, is again amended by inserting “before 24 June 2009” after “qualified federation of cooperatives” in the portion of the first paragraph before the formula.

**207.** (1) The Act is amended by inserting the following after section 1129.12.22:

**“PART III.2.5**

**“SPECIAL TAX RELATING TO A REDEMPTION UNDER THE FIRST COOPERATIVE INVESTMENT PLAN**

**“1129.12.23.** In this Part,

“cooperative investment plan” means the cooperative investment plan enacted by Order in Council 1596-85 (1985, G.O. 2, 5580, in French only);

“qualified cooperative” has the meaning assigned by the cooperative investment plan;

“qualifying security” has the meaning assigned by section 6 of the cooperative investment plan.

**“1129.12.24.** Every qualified cooperative that carries out, after 23 June 2009 and before 1 January 2010, a block redemption of all of the outstanding qualifying securities it issued under the cooperative investment plan is required to pay for the calendar year 2009 a tax equal to 50% of the aggregate of all amounts each of which is the amount determined by the following formula in respect of each of those qualifying securities, unless the block redemption is described in the third paragraph:

$$[(1,826 - A)/1,826] \times B.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the qualifying security referred to in the first paragraph and that ends on the day on which the qualifying security is redeemed; and

(b) B is the amount paid by the qualified cooperative for the redemption of the qualifying security.

The block redemption to which the first paragraph refers means a block redemption that

(a) meets the requirements of section 8 of the cooperative investment plan in relation to an increase in the reserve;

(b) is covered by an exemption granted by the Minister of Economic Development, Innovation and Export Trade under the first paragraph of section 10.3 of the cooperative investment plan; or

(c) is an exchange operation described in the fourth paragraph.

The exchange operation to which subparagraph *c* of the third paragraph refers is a conversion of securities, an amalgamation or a reorganization of the capital stock, at the end of which a qualifying security is exchanged for consideration consisting only of preferred shares or fractions of such shares that meet the requirements of paragraphs 3 and 5 of section 6 of the cooperative investment plan.

**“1129.12.25.** If a qualified cooperative is required to pay tax for the calendar year 2009 under section 1129.12.24, it shall, on or before 31 March 2010,

(a) file with the Minister, without notice or demand, a return under this Part for the year in the prescribed form containing prescribed information;

(b) estimate, in the return, the amount of its tax payable under this Part for the year; and

(c) pay to the Minister the amount of its tax payable under this Part for the year.

**“1129.12.26.** Subject to section 1129.12.28, if a qualifying security issued under the cooperative investment plan is the subject of a redemption by a qualified cooperative after 23 June 2009, otherwise than under the circumstances to which section 1129.12.27 applies, the individual referred to in section 965.37, the person to whom, if applicable, the security devolved as a consequence of the individual’s death, or a trust holding the security and that is governed by a registered retirement savings plan or by a registered retirement income fund the annuitant of which is the individual, is required to pay, for the taxation year in which the redemption is made, a tax equal to the amount determined by the formula

$$[(1,826 - A)/1,826] \times B.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the qualifying security referred to in the first paragraph and that ends on the day on which the qualifying security is redeemed; and

(b) B is the lesser of

i. 25% of the acquisition cost of the qualifying security—determined without taking into account the borrowing costs and the other costs related to its acquisition—to the individual or the trust governed by a registered retirement savings plan of which the individual was the annuitant on acquiring the security, and

ii. the amount paid by the qualified cooperative for the redemption of the qualifying security.



**“1129.12.27.** Subject to section 1129.12.28, if a qualifying security issued under the cooperative investment plan and held by a partnership is the subject of a redemption by a qualified cooperative after 23 June 2009, an individual who is a member of the partnership at the end of the partnership’s fiscal period in which the redemption is made, is required to pay, for the taxation year in which the fiscal period ends, a tax equal to the amount determined by the formula

$$[(1,826 - A)/1,826] \times B \times C.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the qualifying security referred to in the first paragraph and that ends on the day on which the qualifying security is redeemed;

(b) B is the lesser of

i. 25% of the acquisition cost of the qualifying security to the partnership, and

ii. the amount paid by the qualified cooperative for the redemption of the qualifying security; and

(c) C is the agreed proportion in respect of the individual for the fiscal period referred to in the first paragraph.

For the purposes of this section, the acquisition cost of the qualifying security to the partnership is the aggregate of the costs determined in respect of the partnership’s members in accordance with section 965.37.1, without taking into account the borrowing costs and the other costs related to its acquisition.

**“1129.12.28.** Sections 1129.12.26 and 1129.12.27 do not apply in respect of the redemption of a qualifying security of a qualified cooperative issued under the cooperative investment plan, if the redemption meets the requirements of section 4 of the plan or is made as part of a block redemption of all the outstanding qualifying securities of the cooperative.

**“1129.12.29.** If a qualified cooperative redeems a qualifying security in respect of which tax is payable under section 1129.12.26 or 1129.12.27, the following rules apply:

(a) the qualified cooperative is required to withhold the amount of tax, on behalf of the person who is liable to pay the tax, from the amount it pays or credits to that person because of the redemption of the security; and

(b) the qualified cooperative is required to pay to the Minister the amount so withheld on behalf of that person within 30 days following the day on which the security is redeemed.

**“1129.12.30.** Every qualified cooperative is required to pay, on behalf of the person who is liable to pay the tax referred to in section 1129.12.26 or 1129.12.27, any amount that the cooperative did not withhold under section 1129.12.29, and it is authorized to recover the amount so paid from that person.

**“1129.12.31.** Unless otherwise provided in this Part, the first paragraph of section 549, section 564 if it refers to the first paragraph of section 549, and sections 1000 to 1014 and 1037 to 1079.16 apply to this Part, with the necessary modifications.

## **“PART III.2.6**

### **“SPECIAL TAX RELATING TO A REDEMPTION UNDER THE SECOND COOPERATIVE INVESTMENT PLAN**

**“1129.12.32.** In this Part, “eligible member”, “qualified cooperative”, “qualified federation of cooperatives” and “qualifying security” have the meaning assigned by the first paragraph of section 2 of the Cooperative Investment Plan Act (chapter R-8.1.1).

**“1129.12.33.** Every qualified cooperative or qualified federation of cooperatives that carries out, in a calendar year and after 23 June 2009, a block redemption or repayment of all of the outstanding qualifying securities it issued under the Cooperative Investment Plan Act (chapter R-8.1.1), is required to pay for that year a tax equal to 30% of the aggregate of all amounts each of which is the amount determined by the following formula in respect of each of those qualifying securities, unless the block redemption or repayment is an exchange operation described in the third paragraph:

$$[(1,826 - A)/1,826] \times B.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the qualifying security referred to in the first paragraph and that ends on the day on which the qualifying security is redeemed or repaid; and

(b) B is the amount paid by the qualified cooperative or qualified federation of cooperatives for the redemption or repayment of the qualifying security.

The exchange operation to which the first paragraph refers is a conversion of securities, an amalgamation or a reorganization of the capital stock, at the end of which a qualifying security is exchanged for consideration consisting only of preferred shares or fractions of such shares that meet the requirements of paragraphs 3 and 4 of section 6 of the Cooperative Investment Plan Act.

**“1129.12.34.** If a qualified cooperative or qualified federation of cooperatives is required to pay tax for a calendar year under section 1129.12.33, it shall, on or before 31 March of the calendar year that follows the calendar year for which the tax is payable,

(a) file with the Minister, without notice or demand, a return under this Part for the year in the prescribed form containing prescribed information;

(b) estimate, in the return, the amount of its tax payable under this Part for the year; and

(c) pay to the Minister the amount of its tax payable under this Part for the year.

**“1129.12.35.** If a qualifying security is the subject of a redemption or repayment by a qualified cooperative or qualified federation of cooperatives after 23 June 2009, otherwise than under the circumstances to which section 1129.12.36 applies, the individual referred to in section 965.39.4, the person to whom, if applicable, the security devolved as a consequence of the individual’s death, or a trust holding the security and that is governed by a registered retirement savings plan or by a registered retirement income fund the annuitant of which is the individual, is required to pay, for the taxation year in which the redemption or repayment is made, a tax equal to the amount determined by the following formula, unless the redemption or repayment is made as part of the block redemption or repayment of all of the outstanding qualifying securities of the qualified cooperative or qualified federation of cooperatives, as the case may be:

$$[(1,826 - A)/1,826] \times B.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the qualifying security referred to in the first paragraph and that ends on the day on which the qualifying security is redeemed or repaid; and

(b) B is the lesser of

i. the amount obtained by multiplying the rate specified in the third paragraph by the acquisition cost of the qualifying security—determined without taking into account the borrowing costs and the other costs related to its acquisition—to the individual or the trust governed by a registered retirement savings plan of which the individual was the annuitant on acquiring the security, and

ii. the amount paid by the qualified cooperative or qualified federation of cooperatives for the redemption or repayment of the qualifying security.

The rate to which subparagraph i of subparagraph *b* of the second paragraph refers is 25% if the redemption or repayment complies with the requirements of section 7 of the Cooperative Investment Plan Act (chapter R-8.1.1), and 30% in any other case.

**“1129.12.36.** If a qualifying security held by a partnership is the subject of a redemption or repayment by a qualified cooperative or qualified federation of cooperatives after 23 June 2009, an individual who is a member of the partnership at the end of the partnership’s fiscal period in which the redemption or repayment is made, is required to pay, for the taxation year in which the fiscal period ends, a tax equal to the amount determined by the following formula, unless the redemption or repayment is made as part of the block redemption or repayment of all of the outstanding qualifying securities of the qualified cooperative or qualified federation of cooperatives, as the case may be:

$$[(1,826 - A)/1,826] \times B \times C.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the qualifying security referred to in the first paragraph and that ends on the day on which the qualifying security is redeemed or repaid;

(b) B is the lesser of

i. the amount obtained by multiplying the rate specified in the third paragraph by the acquisition cost of the qualifying security—determined without taking into account the borrowing costs and the other costs related to its acquisition—to the partnership, and

ii. the amount paid by the qualified cooperative or qualified federation of cooperatives for the redemption or repayment of the qualifying security; and

(c) C is the agreed proportion in respect of the individual for the fiscal period referred to in the first paragraph.

The rate to which subparagraph i of subparagraph *b* of the second paragraph refers is 25% if the redemption or repayment complies with the requirements of section 7 of the Cooperative Investment Plan Act (chapter R-8.1.1), and 30% in any other case.

For the purposes of this section, the acquisition cost of the qualifying security to the partnership is the aggregate of the costs determined in respect of the partnership’s eligible members in accordance with section 965.39.5, without taking into account the borrowing costs and the other costs related to its acquisition.

**“1129.12.37.** If a qualified cooperative or qualified federation of cooperatives redeems or repays a qualifying security in respect of which tax is payable under section 1129.12.35 or 1129.12.36, the following rules apply:

(a) the qualified cooperative or qualified federation of cooperatives is required to withhold the amount of tax, on behalf of the person who is liable to pay the tax, from the amount it pays or credits to that person because of the redemption or repayment of the security; and

(b) the qualified cooperative or qualified federation of cooperatives is required to pay to the Minister the amount so withheld on behalf of that person within 30 days following the day on which the security is redeemed or repaid.

**“1129.12.38.** Every qualified cooperative or qualified federation of cooperatives is required to pay, on behalf of the person who is liable to pay the tax referred to in section 1129.12.35 or 1129.12.36, any amount that the cooperative or federation of cooperatives did not withhold under section 1129.12.37, and it is authorized to recover the amount so paid from that person.

**“1129.12.39.** Unless otherwise provided in this Part, the first paragraph of section 549, section 564 if it refers to the first paragraph of section 549, and sections 1000 to 1014 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1, when it enacts Part III.2.5 of the Act, applies in respect of a redemption made after 23 June 2009 and, when it enacts Part III.2.6 of the Act, applies in respect of a redemption or repayment made after that date.

**208.** Section 1129.27.15 of the Act is replaced by the following section:

**“1129.27.15.** In this Part, “qualified wages”, “unused portion of the tax credit” and “wages” have the meaning assigned by section 776.1.7.”

**209.** (1) Section 1129.45.3.30.3 of the Act is amended, in the first paragraph,

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

“i. the amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.72.82.3 or 1029.8.36.72.82.3.3 on account of its tax payable under Part I for the taxation year in which the preceding calendar year ends if, for the purposes of section 1029.8.36.72.82.4 and section 1029.8.36.72.82.4.1 or 1029.8.36.72.82.4.2, in relation to that preceding calendar year, each of the amounts of assistance in respect of the

salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to any of sections 1029.8.36.72.82.4, 1029.8.36.72.82.4.1 and 1029.8.36.72.82.4.2, as the case may be, had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”;

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

“i. the amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.72.82.3 or 1029.8.36.72.82.3.3 on account of its tax payable under Part I for the taxation year in which the preceding calendar year ends if, for the purposes of section 1029.8.36.72.82.4 and section 1029.8.36.72.82.4.1 or 1029.8.36.72.82.4.2, in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year, and if the amount determined pursuant to any of sections 1029.8.36.72.82.4, 1029.8.36.72.82.4.1 and 1029.8.36.72.82.4.2, as the case may be, had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”;

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

“i. the amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.72.82.3 or 1029.8.36.72.82.3.3 on account of its tax payable under Part I for the taxation year in which the preceding calendar year ends in respect of the corporation, in relation to the preceding calendar year, if, for the purposes of section 1029.8.36.72.82.4 and section 1029.8.36.72.82.4.1 or 1029.8.36.72.82.4.2, in relation to the preceding calendar year, every amount that was so refunded, paid or allocated at or before the end of the particular taxation year, in relation to the salary or wages, had been government assistance received in the preceding calendar year and attributable to such a salary or wages, and if the amount determined pursuant to any of sections 1029.8.36.72.82.4, 1029.8.36.72.82.4.1 and 1029.8.36.72.82.4.2, as the case may be, had been attributed to the corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**210.** (1) Section 1129.45.3.30.8 of the Act is amended, in the first paragraph,

(1) by replacing “for the purposes of section 1029.8.36.72.82.16” and “pursuant to section 1029.8.36.72.82.16” in subparagraph *i* of subparagraphs *c* and *d* by “for the purposes of sections 1029.8.36.72.82.16 and 1029.8.36.72.82.16.1” and “pursuant to section 1029.8.36.72.82.16 or 1029.8.36.72.82.16.1”, respectively;

(2) by replacing “for the purposes of section 1029.8.36.72.82.16” and “pursuant to section 1029.8.36.72.82.16” in subparagraph *i* of subparagraph *g* by “for the purposes of sections 1029.8.36.72.82.16 and 1029.8.36.72.82.16.1” and “pursuant to section 1029.8.36.72.82.16 or 1029.8.36.72.82.16.1”, respectively.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

**211.** Section 1129.45.13 of the Act is replaced by the following section:

**“1129.45.13.** In this Part, “qualified wages” and “wages” have the meaning assigned by section 1029.8.36.95.”

**212.** Section 1129.45.32 of the Act is replaced by the following section:

**“1129.45.32.** In this Part, “qualified wages” and “wages” have the meaning assigned by section 1029.8.36.147.”

**213.** Section 1129.63 of the Act is amended by striking out the definitions of “individual” and “person”.

**214.** Section 1129.67 of the Act is amended by striking out the definitions of “individual” and “person”.

**215.** (1) Section 1129.70 of the Act is amended

(1) by striking out “situated in Canada” in paragraph *a* of the definition of “qualified property” in the first paragraph;

(2) by replacing subparagraph *i* of paragraph *c* of the definition of “qualified property” in the first paragraph by the following subparagraph:

“*i.* titles of ownership in real or immovable properties of the trust or of another subject entity all of the securities of which are held by the trust, including real or immovable properties that the trust or the other subject entity holds together with one or more other persons or partnerships, or”;

(3) by replacing paragraph *d* of the definition of “Canadian real, immovable or resource property” in the first paragraph by the following paragraph:

“(d) a share of the capital stock of a corporation, an income or capital interest in a trust or an interest in a partnership (other than a taxable Canadian corporation, a SIFT trust or a SIFT partnership, as the case may be), if more

than 50% of the fair market value of the share or interest is derived directly or indirectly from one or any combination of properties described in paragraphs *a* to *c*; or”;

(4) by replacing the portion of paragraph *a* in the definition of “non-portfolio property” in the first paragraph before subparagraph *i* by the following:

“(a) a security of a subject entity (other than a portfolio investment entity), if at that time the trust or partnership holds”;

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

““equity”, of an entity, means

(a) if the entity is a corporation, a share of its capital stock;

(b) if the entity is a trust, an income or capital interest in the entity;

(c) if the entity is a partnership, an interest as a member of the entity;

(d) a liability of the entity (and, for purposes of the definition of “publicly-traded liability”, a security of the entity that is a liability of another entity) if

i. the liability is convertible into, or exchangeable for, equity of the entity or of another entity, or

ii. any amount paid or payable in respect of the liability is contingent on the use of or production from property, is determined on the basis of such use or production, or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class of shares of the capital stock of a corporation, or to income or capital paid or payable to any member of a partnership or beneficiary under a trust; and

(e) a right to, or to acquire, anything described in this paragraph and any of paragraphs *a* to *d*;

““regulated innovative capital” means equity of a trust, if

(a) since 1 November 2006, the equity has been authorized, by the Superintendent of Financial Institutions of Canada, by the Autorité des marchés financiers or by a provincial regulatory authority having powers similar to those of the Superintendent of Financial Institutions of Canada, as Tier 1 or Tier 2 capital of a financial institution (within the meaning of subsection 1 of section 181 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement));



(b) the terms and conditions of the equity have not changed after 1 August 2008;

(c) the trust has not issued any equity after 31 October 2006; and

(d) the trust does not hold any non-portfolio property other than

i. liabilities of the financial institution, and

ii. shares of the capital stock of the financial institution that were acquired by the trust for the sole purpose of satisfying a right to require the trust to accept, as demanded by a holder of the equity, the surrender of the equity;”;

(6) by inserting the following definitions in alphabetical order in the first paragraph:

““publicly-traded liability”, of an entity, means a liability that is a security of the entity, that is not equity of the entity and that is listed on a stock exchange or other public market or traded on such an exchange or other market;

““unaffiliated publicly-traded liability”, of an entity at any time means a publicly-traded liability of the entity if, at that time the fair market value of all publicly-traded liabilities of the entity that are held at that time by persons or partnerships that are not affiliated with the entity is at least 90% of the fair market value of all publicly-traded liabilities of the entity.”;

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

““portfolio investment entity” at any time means an entity that does not at that time hold any non-portfolio property;”;

(8) by replacing subparagraphs i to iii of paragraph c of the definition of “real estate investment trust” in the first paragraph by the following subparagraphs:

“i. rent from real or immovable properties,

“ii. interest payable on debts secured by hypothecs on real or immovable properties, and

“iii. capital gains from dispositions of real or immovable properties; and”;

(9) by replacing paragraph d of the definition of “real estate investment trust” in the first paragraph by the following paragraph:

“(d) at each time in the year an amount, that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is real or immovable

property, indebtedness of a Canadian corporation represented by a bankers' acceptance, property described in paragraph *a* or *b* of the definition of "qualified investment" in section 204 of the Income Tax Act, or a deposit with a credit union;"

(10) by replacing the portion of the definition of "SIFT trust" in the first paragraph before paragraph *a* by the following:

"“SIFT trust”, being a specified investment flow-through trust, for a taxation year means a trust (other than a real estate investment trust or an excluded subsidiary entity for the year) that meets the following conditions at any time during the year:"

(11) by replacing paragraph *b* of the definition of "SIFT trust" in the first paragraph by the following paragraph:

"(b) investments in the trust are listed on a stock exchange or other public market or traded on such an exchange or other market; and";

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

"“excluded subsidiary entity”, for a taxation year, means an entity none of the equity of which is at any time in the year

(a) listed on a stock exchange or other public market or traded on such an exchange or other market; nor

(b) held by any person or partnership other than

i. a real estate investment trust,

ii. a taxable Canadian corporation,

iii. a SIFT trust or a trust that would be a SIFT trust but for subsection 3 of section 534 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government's 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5),

iv. a SIFT partnership or a partnership that would be a SIFT partnership but for subsection 3 of section 534 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government's 2007–2008 Budgetary Policy and to certain other budget statements, or

v. an excluded subsidiary entity for the year;"

(13) by replacing the portion of the definition of "rent from real or immovable properties" in the first paragraph before paragraph *a* by the following:

““rent from real or immovable properties” includes rent or similar payments for the use of, or right to use, real or immovable properties, the amounts paid for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection with the rental of real or immovable properties and a payment that is included under paragraph *a* of section 663 in computing the recipient’s income and that was derived from the part of a trust’s income (determined without reference to section 657) that may be attributed to rent from real or immovable properties, but does not include”;

(14) by replacing the definition of “investment” in the first paragraph by the following definition:

““investment”, in a trust or partnership, means the following property, but does not include an unaffiliated publicly-traded liability of the trust or partnership, nor regulated innovative capital:

(a) a property that is a security of the trust or partnership, or

(b) a right which may reasonably be considered to replicate a return on, or the value of, a security of the trust or partnership;”;

(15) by replacing the portion of the definition of “SIFT partnership” in the first paragraph before paragraph *a* by the following:

““SIFT partnership”, being a specified investment flow-through partnership, for a taxation year, means a partnership other than an excluded subsidiary entity for the year that meets the following conditions at any time during the year:”;

(16) by replacing paragraph *b* of the definition of “SIFT partnership” in the first paragraph by the following paragraph:

“(b) investments in the partnership are listed on a stock exchange or other public market or traded on such an exchange or other market; and”;

(17) by striking out the fourth paragraph.

(2) Subsection 1 has effect from 31 October 2006.

**216.** (1) Section 1129.75 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“1129.75.** Unless otherwise provided in this Part, Book I of Part I and sections 647, 1000 to 1024, 1026, 1026.0.1 and 1037 to 1079.16 apply, with the necessary modifications, to this Part and, for the purpose of applying this Part to a SIFT entity that is a SIFT partnership,”.

(2) Subsection 1 has effect from 31 October 2006.

**217.** (1) Section 1137.0.0.2 of the Act is amended

(1) by replacing “réfère le paragraphe *b.1.2* de l’article 1137” in the portion of the first paragraph before the formula in the French text by “le paragraphe *b.1.2* de l’article 1137 fait référence”;

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

“(a) the paid-up capital of the corporation determined without reference to section 1138.2.6 for the preceding taxation year, or, if the taxation year is the first fiscal period of the corporation, its paid-up capital determined without reference to paragraph *b.1.2* of section 1137 and section 1138.2.6 on the basis of its financial statements at the beginning of that fiscal period; or

“(b) where, in the taxation year, the corporation is associated with another corporation, the paid-up capital of that other corporation determined without reference to section 1138.2.6 for its last taxation year that ended before the beginning of the taxation year of the corporation, or, if that other corporation has no such taxation year, its paid-up capital determined without reference to paragraph *b.1.2* of section 1137 and section 1138.2.6 on the basis of its financial statements at the beginning of its first fiscal period.”

(2) Paragraph 2 of subsection 1 applies to a taxation year that ends after 13 March 2008.

**218.** (1) Section 1138.2.3 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“**1138.2.3.** A corporation that is a qualified corporation for the year, for the purposes of Title VII.2.4 of Book IV of Part I, may deduct from its paid-up capital otherwise determined for the year under this Title an amount equal to the lesser of the amount determined under section 1138.2.3.1 in respect of the corporation for the year and the amount determined by the formula”.

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

**219.** (1) The Act is amended by inserting the following section after section 1138.2.3:

“**1138.2.3.1.** The amount to which the first paragraph of section 1138.2.3 refers in respect of a corporation for a taxation year is equal to the product obtained by multiplying the balance of the corporation’s tax assistance limit for the year by the reciprocal of the proportion that is the percentage determined in respect of the corporation for the year under section 1132.5 and, if the corporation has an establishment situated outside Québec, by the reciprocal of the proportion that the corporation’s business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under section 1133.

For the purposes of the first paragraph, the balance of a corporation's tax assistance limit for a taxation year is equal to the amount by which its tax assistance limit for the year, determined under section 1029.8.36.72.82.1.1, exceeds the aggregate of

(a) the aggregate of the following amounts that is multiplied, if the corporation has an establishment situated outside Québec, by the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771:

i. 8% of the lesser of the amount the corporation deducts in computing its taxable income for the year under section 737.18.26 and the amount by which the amount that would be determined in its respect for the year under section 771.2.1.2 if no reference were made to section 771.2.6 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the year were computed without reference to section 737.18.26, exceeds the amount that would be determined in its respect for the year under section 771.2.1.2 if the corporation were to deduct, in computing its taxable income, all of the amount that, but for section 737.18.26.1, would be determined under section 737.18.26, and

ii. 11.9% of the amount by which the amount that the corporation deducts in computing its taxable income for the year under section 737.18.26 exceeds the excess amount determined in subparagraph i;

(b) the amount that the corporation is deemed to have paid to the Minister for the year under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3; and

(c) the amount that would be payable by the corporation as the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) in respect of the aggregate of all amounts each of which is an amount, representing a proportion of wages paid or deemed to be paid in the year, for which no contribution is payable by the corporation under the sixth paragraph of section 34 of that Act."

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

**220.** (1) Section 1175.6 of the Act is amended

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

" $A - (B + C)$ .";

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

“(b) B is the life insurer’s capital allowance for the taxation year; and

“(c) C is that proportion of the amount by which the amount determined under subparagraph *a* for the taxation year exceeds the amount referred to in subparagraph *b* that the business carried on by the life insurer in Canada but not in Québec for the taxation year is of the aggregate of its business carried on in Canada for the taxation year, as determined in accordance with the regulations.”;

(3) by striking out subparagraph *d* of the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**221.** (1) Section 1175.9 of the Act is amended

(1) by replacing “paragraph *l*” in the portion of subparagraph *i* of paragraph *a* before subparagraph 1 by “subparagraph *l* of the first paragraph”;

(2) by striking out paragraph *d*.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

**222.** (1) Section 1175.14 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1175.14.** For the purposes of sections 1175.12 and 1175.13, the taxable capital employed in Canada of a life insurer for a taxation year is, in the case of a life insurer that is resident in Canada at any time in the taxation year, the amount obtained by multiplying the aggregate of the capital of the life insurer for the taxation year and the amount determined for the year in respect of the capital of its foreign insurance subsidiaries by the proportion that the Canadian reserve liabilities of the life insurer at the end of the taxation year is of the aggregate of its total reserve liabilities at the end of the year and the amount determined for the year in respect of the total reserve liabilities of its foreign insurance subsidiaries.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2006.

#### ACT RESPECTING THE MINISTÈRE DU REVENU

**223.** Section 2 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31), amended by section (*insert the number of the section in Bill 87 that amends section 2 of the Act respecting the Ministère du Revenu*) of chapter (*insert the chapter number of Bill 87*) of the statutes of (*insert the year of assent to Bill 87*), is again amended by inserting the following at the end of the second paragraph: “or of any first nation law within the meaning of the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67)”.

**224.** Section 9.0.1 of the Act is amended by inserting the following at the end: “or of any first nation law within the meaning of the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67)”.

**225.** (1) The Act is amended by inserting the following section after section 37.1.1:

“**37.1.2.** A prescribed corporation shall send the fiscal return it is required to file under section 1000 of the Taxation Act (chapter I-3) for a taxation year to the Minister by way of electronic filing according to the terms and conditions specified by the Minister.”

(2) Subsection 1 applies to a taxation year that ends after 31 May 2010.

**226.** The Act is amended by inserting the following section after section 59:

“**59.0.0.1.** Every person who fails to file a fiscal return for a taxation year in the manner provided for in section 37.1.2 incurs a penalty equal to

(a) \$250 if the taxation year ends after 31 May 2011 but before 1 June 2012;

(b) \$500 if the taxation year ends after 31 May 2012 but before 1 June 2013;  
or

(c) \$1,000 if the taxation year ends after 31 May 2013.”

**227.** Section 59.6 of the Act is replaced by the following section:

“**59.6.** No person shall incur, in respect of the same statement or omission, both the penalty provided for in section 59.3 or section 1049 of the Taxation Act (chapter I-3) and the penalty provided for in section 59.4 or, in respect of the same omission, both the penalty provided for in section 59 and the penalty provided for in section 59.0.0.1. Moreover, no person shall incur, in respect of the same omission, both the penalty provided for in any of sections 59, 59.0.0.1 and 59.2 or section 1045 of the Taxation Act and the penalty provided for in section 59.3.1. In addition, no person shall incur, in respect of the same statement or omission, both a penalty provided for in any of those sections, section 59.5.3 or section 1049.0.5 of the Taxation Act and the payment of a fine provided for in a fiscal law unless, in the latter case, the penalty was imposed before the proceedings giving rise to the fine were brought.”

**228.** Section 69.0.1 of the Act is amended by replacing paragraph *a.1* by the following paragraph:

“(a.1) for the purposes of an agreement concerning the application of a fiscal law between the Government and a Native community, be communicated to the band council of such a community and to any body charged with assisting the Minister in implementing such an agreement;”.

**229.** Section 72.1 of the Act is amended by replacing “by a local municipality under” in the second paragraph by “by a prosecutor referred to in”.

**230.** Section 72.3.1 of the Act is amended

(1) by replacing “by a local municipality under” in the portion of the first paragraph before subparagraph *a* by “by a prosecutor referred to in”;

(2) by striking out “the municipality who was” in subparagraph *b* of the first paragraph.

**231.** (1) Section 91.1 of the Act is amended by replacing “with section 37.1” in the first paragraph by “with section 37.1 or 37.1.2”.

(2) Subsection 1 applies from 1 June 2010.

#### ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

**232.** Section 33 of the Act respecting the Régie de l’assurance maladie du Québec (R.S.Q., chapter R-5) is amended by replacing “the said Act” in the definition of “individual” in the first paragraph by “that Act”.

**233.** (1) Section 34 of the Act is amended by replacing “Where” in the portion of the sixth paragraph before subparagraph *a* by “Subject to section 34.1.0.2, where”.

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

**234.** (1) The Act is amended by inserting the following section after section 34.1.0.1:

**“34.1.0.2.** The aggregate of all amounts each of which is a contribution that, under the sixth paragraph of section 34, is not payable by an employer for a taxation year may not exceed the balance of the employer’s tax assistance limit for the year.

For the purposes of the first paragraph, the balance of an employer’s tax assistance limit for a taxation year is equal to the amount by which the employer’s tax assistance limit for the year, determined under section 1029.8.36.72.82.1.1 of the Taxation Act (chapter I-3), exceeds the aggregate of

(*a*) the aggregate of the following amounts that is multiplied, if the employer has an establishment situated outside Québec, by the proportion that the employer’s business carried on in Québec is of the aggregate of the employer’s business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771 of the Taxation Act:



i. 8% of the lesser of the amount the employer deducts in computing the employer's taxable income for the year under section 737.18.26 of the Taxation Act and the amount by which the amount that would be determined in respect of the employer for the year under section 771.2.1.2 of that Act if no reference were made to section 771.2.6 of that Act and if, for the purposes of paragraph *b* of section 771.2.1.2 of that Act, the employer's taxable income for the year, for the purposes of Part I of that Act, were computed without reference to section 737.18.26 of that Act, exceeds the amount that would be determined in respect of the employer for the year under section 771.2.1.2 of that Act if, in computing the employer's taxable income, the employer were to deduct all of the amount that, but for section 737.18.26.1 of that Act, would be determined under section 737.18.26 of that Act, and

ii. 11.9% of the amount by which the amount that the employer deducts in computing the employer's taxable income for the year under section 737.18.26 of the Taxation Act, exceeds the excess amount determined in subparagraph i;

(*b*) the amount that the employer is deemed to have paid to the Minister of Revenue for the year under subparagraph *a.1* of the first paragraph of section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3 of the Taxation Act; and

(*c*) the amount of tax that would be payable by the employer under Part IV of the Taxation Act for the year if the employer's paid-up capital for the purposes of that Part were equal to the amount that the employer deducted for the year under section 1138.2.3 of that Act, that is multiplied, if the employer has an establishment situated outside Québec, by the proportion that the employer's business carried on in Québec is of the aggregate of the employer's business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771 of that Act."

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

**235.** Section 34.1.5 of the Act is amended by replacing "the said Act" in paragraphs *a* and *b* by "that Act".

**236.** Section 37.8 of the Act is amended by replacing "the said section" in the second paragraph by "section".

#### COOPERATIVE INVESTMENT PLAN ACT

**237.** (1) Section 2 of the Cooperative Investment Plan Act (R.S.Q., chapter R-8.1.1) is amended by inserting the following definitions in alphabetical order in the first paragraph:

"“user member” has the meaning assigned by section 226.1 of the Cooperatives Act;

"“worker member” has the meaning assigned by section 226.1 of the Cooperatives Act."

(2) Subsection 1 applies in respect of an application for authorization filed after 23 June 2009.

**238.** (1) Section 3 of the Act is amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph *d* of subparagraph 1:

“(d.1) a solidarity cooperative, with or without supporting members, that consists of worker members and user members, so long as each user member of the cooperative is a producer and at least 90% of the goods or services it provides, including those provided through a partnership or a controlled subsidiary, are provided to persons or partnerships that procure those goods or services for the purpose of earning income from a business, or”;

(2) by inserting “, a solidarity cooperative that would be a work cooperative but for its supporting members,” after “shareholding workers cooperative” in subparagraph 5.

(2) Paragraph 1 of subsection 1 applies in respect of an application for authorization filed after 23 June 2009.

(3) Paragraph 2 of subsection 1 applies from the year 2009.

**239.** (1) The Act is amended by inserting the following sections after section 56:

“**56.1.** Despite section 56, if, after 6 June 2002, a cooperative redeems a security issued under the rules set out in the cooperative investment plan adopted under the Act respecting the Ministère du Développement économique, de l’Innovation et de l’Exportation (chapter M-30.01), the obligation to increase the reserve provided for in section 8 of that plan is not required in respect of the redemption if

(1) the redemption is made as part of a block redemption of all of the outstanding qualifying securities that the cooperative has issued;

(2) the assets of the cooperative shown in its financial statements at the end of its last fiscal period preceding the redemption is at least 75% less than the assets shown in its financial statements for a fiscal period that ended in the 24-month period preceding the beginning of the last fiscal period; and

(3) the Minister exempts the cooperative from it.

In the case of a redemption referred to in the first paragraph, section 9 of the cooperative investment plan does not apply.

**“56.2.** Despite section 56, if, after 23 June 2009, a cooperative redeems a security issued under the rules set out in the cooperative investment plan adopted under the Act respecting the Ministère du Développement économique, de l’Innovation et de l’Exportation (chapter M-30.01) and the redemption is made after the expiry of a period of at least five years beginning on the date of issue of the security, the obligation to increase the reserve provided for in section 8 of that plan is not required in respect of the redemption.”

(2) Subsection 1, when it enacts section 56.1 of the Act, has effect from 7 June 2002. However, when that section applies

(1) before 23 March 2004, it is to be read as if “Act respecting the Ministère du Développement économique, de l’Innovation et de l’Exportation (chapter M-30.01)” in the portion of the first paragraph before subparagraph 1 was replaced by “Act respecting the Ministère de l’Industrie et du Commerce (chapter M-17)”; or

(2) after 22 March 2004 and before 8 June 2006, it is to be read as if “Act respecting the Ministère du Développement économique, de l’Innovation et de l’Exportation” in the portion of the first paragraph before subparagraph 1 was replaced by “Act respecting the Ministère du Développement économique et régional et de la Recherche”.

(3) Subsection 1, when it enacts section 56.2 of the Act, has effect from 24 June 2009.

## ACT RESPECTING THE QUÉBEC SALES TAX

**240.** Section 199.0.3 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by adding “where the supply, or the bringing into Québec, of the vehicle is made after 26 June 2007 and before 1 January 2009” at the end.

**241.** Section 382.9 of the Act is amended by inserting the following subparagraph before subparagraph 1 of the first paragraph:

“(0.1) the recipient has acquired, or brought into Québec, the vehicle after 23 March 2006 and before 1 January 2009;”.

**242.** (1) Section 541.23 of the Act is amended by striking out “for consideration” in the definition of “intermediary”.

(2) Subsection 1 has effect from 1 July 2005.

**243.** (1) Section 541.24 of the Act is amended

(1) by adding the following subparagraph after subparagraph 2 of the first paragraph:

“(3) for the period beginning after 31 January 2010 and ending before 1 February 2015, where the establishment is situated in a class 3 prescribed tourist region,

(a) if the supply is made by the operator of a sleeping-accommodation establishment, a tax computed at the rate of 3.5% of the value of the consideration for the overnight stay, and

(b) if the supply is made by an intermediary, a specific tax equal to \$3.50 per overnight stay for each unit.”;

(2) by inserting “and subparagraph *a* of subparagraph 3” after “subparagraph 2” in the second paragraph.

(2) Subsection 1 applies in respect of the supply of an accommodation unit that is invoiced after 31 January 2010 for occupancy after that date, unless

(1) the accommodation unit is supplied by an intermediary to whom the accommodation unit was supplied before 1 February 2010; or

(2) the operator of a sleeping-accommodation establishment has invoiced the accommodation unit to a travel intermediary that is a travel agent within the meaning of section 2 of the Travel Agents Act (R.S.Q., chapter A-10), a foreign tour operator or a convention organizer that supplies the accommodation unit to a convention attendee, consideration has been set under an agreement entered into before 1 February 2010 between the operator of the sleeping-accommodation establishment and the travel intermediary, and occupation of the accommodation unit takes place after 31 January 2010 and before 1 November 2010.

**244.** (1) Section 541.25 of the Act is amended by replacing the third paragraph by the following paragraph:

“The operator of a sleeping-accommodation establishment or the intermediary who supplies such an accommodation unit for no consideration shall, as a mandatary of the Minister, collect, at the time the supply is made,

(1) if the supply is made to a client, the tax provided for in subparagraph 1 of the first paragraph of section 541.24, subparagraph *b* of subparagraph 2 of that paragraph or subparagraph *b* of subparagraph 3 of that paragraph, as the case may be; or

(2) if the supply is made to a person other than a client, an amount equal to any of the taxes referred to in subparagraph 1.”

(2) Subsection 1 has effect from 1 February 2010.

**245.** (1) Section 541.32 of the Act is amended by replacing the portion of the second paragraph before subparagraph 1 by the following:

“However, if subparagraph *a* of subparagraph 2 of the first paragraph of section 541.24 or subparagraph *a* of subparagraph 3 of that paragraph applies, the person shall state the amount of the tax separately and specify that the amount is the 3% or 3.5% tax on lodging, as applicable, if”.

(2) Subsection 1 has effect from 1 February 2010.

**246.** The Act is amended by inserting the following after section 541.47:

**“TITLE IV.4.1**

**“AGREEMENTS RELATING TO NATIVE TAXES IN INDIAN RESERVES**

**“CHAPTER I**

**“OBJECT**

**“541.47.1.** The object of this Title is to provide for the conclusion of agreements between the Government and a band council empowered to adopt fiscal standards in a reserve of the Native community it represents and for the harmonization of those standards with any of the following texts of law and with the regulations made under it:

- (1) Title I as regards all property and services referred to in that Title;
- (2) Title I as regards alcoholic beverages or fuel;
- (3) Title II as regards alcoholic beverages;
- (4) Title III as regards insurance premiums;
- (5) the Tobacco Tax Act (chapter I-2); and
- (6) the Fuel Tax Act (chapter T-1).

**“CHAPTER II**

**“DEFINITIONS**

**“541.47.2.** For the purposes of this Title, unless the context indicates otherwise, the expressions used in this Title have the meaning assigned by section 1, except “Government” which means the Gouvernement du Québec only.

The expression “alcoholic beverages” has the meaning assigned by section 2 of the Act respecting offences relating to alcoholic beverages (chapter I-8.1) and “fuel” has the meaning assigned by section 1 of the Fuel Tax Act (chapter T-1).

In addition,

“band text” means a band law within the meaning of section 17 of the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67), enacted by section 10 of chapter 19 of the Statutes of Canada of 2005;

“input tax refund” means an input tax refund within the meaning of Title I;

“net tax” means a net tax within the meaning of Title I;

“taxable supply brought into Québec” means a supply referred to in section 18 or 18.0.1.

### **“CHAPTER III**

#### **“ADMINISTRATION AGREEMENT**

**“541.47.3.** The Government may enter into an agreement with a band council referred to in Schedule 2 to the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67), enacted by section 12 of chapter 19 of the Statutes of Canada of 2005, for the purpose of entrusting the Minister with the administration and application of a band text adopted by the council to impose a property or services tax within the boundaries of a reserve referred to in that Schedule and located in Québec.

**“541.47.4.** Such an agreement may be entered into only if the band text

(1) was duly adopted by the band council; and

(2) is harmonized with any of the texts of law referred to in section 541.47.1 and with the regulations made under it.

**“541.47.5.** In addition to providing for the administration and application of a band text by the Minister, the agreement must, in accordance with the band text, provide for the payment by the Government to the Native community of sums based on the tax attributable to the Native community that is, according to the method to be determined in the agreement, an estimate for each calendar year of the excess amount provided for in paragraph 1 or 2, as applicable:

(1) in the case of a band text that is harmonized with the text of law referred to in paragraph 1 of section 541.47.1, the amount by which the amount determined in accordance with subparagraph *a* exceeds the amount determined in accordance with subparagraph *b*:

(a) the total of all amounts each of which is the amount of tax that, while the band text was in force, became payable in the calendar year, under a band text that is the subject of an agreement with the Government, or under Title I and that is attributable to a property or service that is for consumption or use in the reserve of the Native community, and

(b) the total of all amounts each of which is included in the total determined in accordance with subparagraph *a* and that

i. is included in computing an input tax refund or in determining a deduction that may be claimed in computing a person's net tax,

ii. may reasonably be considered to be an amount that a person is or was entitled to recover by way of a rebate, refund, remission or otherwise under a band text that was the subject of an agreement with the Government, under this Act or under another Act, or

iii. is an amount of tax in respect of a supply to a person who is, under a federal Act, an Act of Québec or any other rule of law, exempt from paying the tax; and

(2) in the case of a band text that is harmonized with a text of law referred to in any of paragraphs 2 to 6 of section 541.47.1, the amount by which the amount determined in accordance with subparagraph *a* exceeds the amount determined in accordance with subparagraph *b*:

(a) the total of all amounts each of which is the amount of tax that, while the band text was in force, became payable in the calendar year under the band text,

(b) the total of all amounts each of which is included in the total determined in accordance with subparagraph *a* and that

i. is included in computing an input tax refund or in determining a deduction that may be claimed in computing a person's net tax,

ii. may reasonably be considered to be an amount that a person is or was entitled to recover by way of a rebate, refund, remission or otherwise under the band text, or

iii. is an amount of tax that a person is exempt from paying because of a federal Act, an Act of Québec or any other rule of law.

**“541.47.6.** The agreement must also provide

(1) for the sharing, if any, between the Native community and the Government of the tax attributable to the Native community;

(2) for the payment, under the conditions in the agreement, by the Government to the Native community of sums to which the Native community is entitled under the agreement in respect of the tax attributable to the Native community;

(3) for the reimbursement by the Native community to the Government of any overpayments by the Government and for the right of the Government to set off any overpayments or advances against sums payable to the Native community in accordance with the agreement;

(4) for the attribution to the Government of sums that represent

(a) any share of the tax attributable to the Native community to which the Government is entitled as agreed, and

(b) in the case of a band text that is harmonized with the text of law referred to in paragraph 1 of section 541.47.1, the portion of the total tax imposed under the band text that is not included in the tax attributable to the Native community;

(5) subject to section 69.0.1 of the Act respecting the Ministère du Revenu (chapter M-31), for the communication to the band council by the Minister of information held by the Minister for the purposes of the band text or of the text of law with which the band text is harmonized and for the communication to the Minister by the band council of information required for the purposes of the band text;

(6) for the manner in which to render an account of the sums collected in accordance with the agreement;

(7) for the undertaking by the Government, its departments, bodies and mandataries to comply with the obligations, including the payment of sums, imposed by the band text or by any other band text that is the subject of an agreement with the Government, to the extent that the Government, its departments, bodies and mandataries are subject to them in accordance with section 541.47.19, and for the undertaking of the Native community, its mandataries and subordinate bodies to comply with the obligations, including the payment of sums, imposed by the band text, by any other band text that is the subject of an agreement with the Government and by any other text of law with which they are harmonized;

(8) for the manner in which to render an account of the payments made by the Government and the band council under paragraph 7;



(9) for the procedure for the resolution of disputes relating to the application of the agreement;

(10) for the conditions for amending the agreement;

(11) for the conditions for the termination of the agreement, in particular if a provision of this Title or of the agreement has been violated;

(12) for the measures that apply upon termination of the agreement;

(13) for the date of coming into force of the band text; and

(14) for the date of coming into force of the agreement.

**“541.47.7.** The agreement must be signed by the Minister, the Minister of Finance, the minister responsible for the administration of Division III.2 of the Act respecting the Ministère du Conseil exécutif (chapter M-30) and the authorized body of the band council.

#### **“CHAPTER IV**

#### **“BAND TEXT**

#### **“DIVISION I**

#### **“HARMONIZATION WITH TITLE I WITH RESPECT TO PROPERTY AND SERVICES**

**“541.47.8.** For the purposes of paragraph 2 of section 541.47.4, a band text is harmonized with the text of law referred to in paragraph 1 of section 541.47.1 and with the regulations made under it, if

(1) it imposes a tax in a reserve in respect of

(a) a taxable supply made in the reserve in accordance with section 541.47.9 or 541.47.10,

(b) a taxable supply brought into Québec, made in the reserve in accordance with section 541.47.11, or

(c) a transfer, into the reserve from a place in Québec, of corporeal movable property, including a mobile or floating home, subject to the conditions in section 541.47.12; and

(2) its provisions provide that

(a) Title I and the regulations made under it—except the provisions providing for a refund, rebate or tax exemption based on an exemption referred to in section 18 of the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67), enacted by section 10 of

chapter 19 of the Statutes of Canada of 2005—are incorporated in the band text by open incorporation by reference and apply, with the necessary modifications, as if the tax imposed under subparagraphs *a* and *b* of paragraph 1 were imposed under section 16 or section 18 or 18.0.1, respectively, and, subject to paragraph 4 of section 541.47.12, as if the tax imposed under subparagraph *c* of paragraph 1 were imposed under section 17,

(*b*) the Act respecting the Ministère du Revenu (chapter M-31) and the regulations made under it apply, with the necessary modifications, as if the band text were a fiscal law within the meaning of that Act,

(*c*) the rules in section 541.47.17 apply, and

(*d*) any amendment to this division arising from an amendment to Title I and to the regulations made under it applies as if it were made to the band text.

**“541.47.9.** A supply (other than a taxable supply brought into Québec) is made in a reserve if

(1) in addition to being deemed to be made in Québec in accordance with Title I, it would be deemed to be made in the reserve under a provision of Title I or of a regulation made under it that deems a supply to be made in Québec if the provision and any other provision required for its application were read as if “Québec” were replaced by “reserve”, with the necessary modifications; or

(2) the tax provided for in Title I would be payable in respect of the supply but for section 541.47.18, the connection of the supply with the reserve and the application of the exemption provided for in section 87 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5).

**“541.47.10.** Despite section 541.47.9, in the case of a supply by way of lease, licence or similar arrangement of a road vehicle made under an agreement under which continuous possession or use of the vehicle is provided for a period of more than three months, the supply is made in a reserve only if the road vehicle is registered in Québec and

(1) if the recipient is an individual, the recipient ordinarily resides in the reserve at the time the supply is made; and

(2) if the recipient is not an individual, the ordinary location of the vehicle, determined for the purposes of Title I at the time the supply is made, is in the reserve.

**“541.47.11.** A taxable supply brought into Québec is made in a reserve if

(1) in the case of

(a) the supply of a service or incorporeal movable property described in paragraph 1 or 2 of section 18, the recipient of the supply is resident in the reserve and acquires the supply for consumption, use or supply primarily in the reserve,

(b) the supply of a property described in paragraph 3 of section 18, physical possession of the property is transferred to the recipient of the supply in the reserve,

(c) the supply of a property described in paragraph 4, 5 or 6 of section 18, the recipient of the supply is resident in the reserve or is a registrant and the property is delivered or made available to the registrant in the reserve,

(d) the supply of a property described in paragraph 2.1, 7 or 8 of section 18, the supply is made in the reserve in accordance with paragraph 1 of section 541.47.9, or

(e) the supply of an incorporeal movable property or a service described in the first paragraph of section 18.0.1, the recipient of the supply is resident in the reserve and acquires the supply for consumption, use or supply primarily in the reserve; or

(2) the tax provided for in Title I would be payable in respect of the supply but for section 541.47.18, the connection of the supply with the reserve and the application of the exemption provided for in section 87 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5).

**“541.47.12.** The conditions for the imposition of a tax in respect of the transfer of a corporeal movable property into a reserve by a person from a place in Québec are the following:

(1) the tax applies to a property that was last supplied by way of sale to the person transferring the property or having it transferred (in this section referred to as the “transferor”), while an agreement on the band text imposing the tax was in force;

(2) the tax would have been payable in respect of the sale of the property under Title I at a rate other than 0% but for the application of the exemption provided for in section 87 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5);

(3) the tax does not apply

(a) if, before the transfer of the property, a tax became payable by the transferor in respect of the property under another band text that is the subject of an agreement with a band council or under section 17, and

(b) to the exceptions provided for in subparagraphs 2 and 4 of the fourth paragraph of section 17 on the assumption that that section applies to the transfer described in subparagraph c of paragraph 1 of section 541.47.8;

(4) the tax is payable by the transferor of the property at the time of the transfer and the transferor shall,

(a) if the property is a property in respect of which the tax should be paid to a prescribed person in accordance with section 473 if section 17 applied to such a transfer, pay the tax to that person in accordance with section 473,

(b) if the transferor is a registrant and acquired the property, other than a property described in subparagraph *a*, for consumption, use or supply primarily in the course of commercial activities of the transferor, pay the tax to the Minister on or before the day on which the transferor is required to file, under the band text, a return in respect of net tax for the reporting period in which the tax became payable and report the tax in that return, and

(c) in any other case, pay the tax to the Minister on or before the last day of the month following the month in which it became payable and file a return in respect of the tax with and as prescribed by the Minister, in the prescribed form containing prescribed information; and

(5) the amount of the tax payable is equal to the amount determined by the formula

$$A \times B.$$

For the purposes of that formula,

(1) *A* is the rate of the tax provided for in the first paragraph of section 17; and

(2) *B* is

(a) if the property that was last supplied by way of sale to the transferor was delivered to the transferor within 30 days before the day on which it was transferred, the value of the consideration on which the tax provided for in Title I in respect of the sale would have been calculated but for the application of the exemption provided for in section 87 of the Indian Act, and

(b) in any other case, the lesser of the fair market value of the property at the time the property is transferred and the value of the consideration referred to in subparagraph *a*.

## **“DIVISION II**

### **“HARMONIZATION WITH TITLE I WITH RESPECT TO ALCOHOLIC BEVERAGES OR FUEL**

**“541.47.13.** For the purposes of paragraph 2 of section 541.47.4, a band text is harmonized with the text of law mentioned in paragraph 2 of section 541.47.1 and with the regulations made under it,

(1) if it imposes a tax in a reserve only in respect of a taxable supply of alcoholic beverages or fuel made in the reserve in accordance with section 541.47.14; and

(2) if its provisions provide that

(a) Title I and the regulations made under it—except the provisions providing for a refund, rebate or tax exemption based on an exemption referred to in section 18 of the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67), enacted by section 10 of chapter 19 of the Statutes of Canada of 2005—are incorporated in the band text by open incorporation by reference and apply, with the necessary modifications, as if the tax imposed under paragraph 1 were imposed under Title I,

(b) the Act respecting the Ministère du Revenu (chapter M-31) and the regulations made under it apply, with the necessary modifications, within the scope of the band text as if the text were a fiscal law within the meaning of that Act,

(c) the rules in section 541.47.17 apply, and

(d) any amendment to this division arising from an amendment to Title I and to the regulations made under it applies as if it were made to the band text.

**“541.47.14.** A taxable supply of alcoholic beverages or fuel is made in a reserve if, without reference to section 541.47.18, the tax provided for in the first paragraph of section 16 is not payable in respect of the supply because of the connection of the supply with the reserve and because of the application of the exemption provided for in section 87 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5), or would not be payable, for the same reasons, if the recipient of the supply was exempted from tax under that section.

### **“DIVISION III**

#### **“HARMONIZATION WITH OTHER TEXTS OF LAW**

**“541.47.15.** For the purposes of paragraph 2 of section 541.47.4, a band text is harmonized with any of the texts of law referred to in paragraphs 3 to 6 of section 541.47.1 and with the regulations made under it,

(1) if it imposes, in a reserve, a tax in respect of the acquisition of a property in the reserve or for an insurance premium referred to in that text of law under the conditions provided for in that text of law;

(2) if, without reference to section 541.47.18, the tax provided for in that text of law is not payable in respect of the acquisition of the property or the insurance premium because of the connection of the property or the premium

with the reserve and because of the application of the exemption provided for in section 87 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5), or would not be payable, for the same reasons, if the recipient of the property or the person that is subject to the tax on the premium was exempted from tax under that section; and

(3) if its provisions provide that

(a) the text of law and the regulations made under it—except the provisions providing for a refund, rebate or tax exemption based on an exemption referred to in section 18 of the First Nations Goods and Services Tax Act (Statutes of Canada, 2003, chapter 15, section 67), enacted by section 10 of chapter 19 of the Statutes of Canada of 2005—are incorporated in the band text by open incorporation by reference and apply, with the necessary modifications, as if the tax imposed under paragraph 1 were imposed under that text of law,

(b) the Act respecting the Ministère du Revenu (chapter M-31) and the regulations made under it apply, with the necessary modifications, as if the band text were a fiscal law within the meaning of that Act,

(c) the rules in section 541.47.17 apply, and

(d) any amendment to this division arising from an amendment to the text of law and to the regulations made under it applies as if it were made to the band text.

For the purposes of subparagraph *a* of paragraph 3, a refund, rebate or tax exemption based on an exemption referred to in section 18 of the First Nations Goods and Services Tax Act also includes a reimbursement of the tax on fuel in accordance with section 10.2 of the Fuel Tax Act (chapter T-1).

## “CHAPTER V

### “PAYMENT

“**541.47.16.** The Minister may, on behalf of the Government, take out of the consolidated revenue fund the sums necessary to

(1) pay to a Native community the sums or advances to which the Native community is entitled in accordance with the agreement; and

(2) pay to a person, in accordance with the agreement,

(a) a sum that is payable to the person according to the band text, or

(b) a sum as a recoverable advance, if no sum is held on behalf of the Native community in the consolidated revenue fund or if the sum to be paid under subparagraph *a* is greater than the sums so held, provided that their reimbursement by the Native community is provided for in the agreement.

## **“CHAPTER VI**

### **“RULES OF APPLICATION**

**“541.47.17.** Once the agreement and the band text are in force, the following rules apply:

(1) the text of law with which the band text is harmonized applies as if the tax imposed under the band text were imposed under that text of law and as if the provisions of the band text respecting that tax were an integral part of the text of law and, conversely, the band text applies as if the tax imposed under the text of law with which it is harmonized were imposed under the band text and as if the provisions of that text of law respecting that tax were an integral part of the band text;

(2) to the extent of the parallelism between the band text and the text of law with which it is harmonized, the application of one text has the same force and effect as the application of the other text, with the result that the provisions of those texts are not both to be applied and may be invoked regardless of their source; and

(3) the other laws apply as if the tax imposed under the band text were imposed under the text of law with which it is harmonized.

**“541.47.18.** Without restricting the generality of section 541.47.17, once the agreement and the band text are in force, no tax is payable or is deemed to have been paid or collected in respect of a supply, the acquisition of a property or an insurance premium under the text of law with which the band text is harmonized to the extent that, under the band text, a tax is payable or is deemed to have been paid or collected in respect of that supply, property or premium.

**“541.47.19.** To the extent that the Government, its departments, bodies and mandataries are bound by a provision of the text of law with which the band text is harmonized, they are bound by the corresponding provision of the band text.”

### **ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS**

**247.** Section 350 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63) is amended by inserting the following paragraph after paragraph *a* of subsection 5:

“(a.1) where paragraph 6 of section 206.1 of the said Act, repealed by subsection 1, has effect from 19 March 2007, it shall be read as follows:

“(6) the food, beverages or entertainment in respect of which section 421.1 or 421.1.1 of the Taxation Act (chapter I-3) applies, or would apply if the registrant were a taxpayer under that Act, during a taxation year of the registrant.”;”.

ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED  
ON 24 MAY 2007, TO THE 1 JUNE 2007 MINISTERIAL STATEMENT  
CONCERNING THE GOVERNMENT’S 2007–2008 BUDGETARY  
POLICY AND TO CERTAIN OTHER BUDGET STATEMENTS

**248.** Section 655 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government’s 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5) is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a supply, or of the bringing into Québec, of a vehicle after 20 February 2007.”

**249.** Section 656 of the Act is amended by replacing subsections 2 and 3 by the following subsections:

“(2) Paragraph 1 of subsection 1 applies in respect of a supply, or of the bringing into Québec, of a vehicle after 23 March 2006.

“(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a supply, or of the bringing into Québec, of a vehicle after 20 February 2007.”

TRANSITIONAL AND FINAL PROVISIONS

**250.** For the purposes of sections 752.0.10.1 to 752.0.10.18 of the Taxation Act (R.S.Q., chapter I-3), an individual who makes a donation of money after 11 January 2010 and before 1 March 2010 is deemed to have made a donation in the individual’s taxation year 2009, not in the individual’s taxation year 2010, if

(1) the donation of money has been made to a registered charity, within the meaning of section 1 of that Act, to enable the charity to assist the victims of the earthquake that struck Haiti on 12 January 2010; and

(2) the individual has claimed, under section 752.0.10.6 of that Act, a deduction in respect of the donation of money in computing tax payable under Part I of that Act for the individual’s taxation year 2009.

For the purposes of the first paragraph, a donation of money is a donation made in cash, by cheque, credit card or money order, or by means of a text message (SMS), wire transfer or rewards program points.



**251.** Despite sections 1010 to 1011 of the Taxation Act, the Minister of Revenue shall make such assessments or reassessments of the tax, interest and penalties payable by a taxpayer under Part I of that Act as are necessary for any taxation year to take into account an election, a revocation or an amendment to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of which subsection 48 of section 26 of the Budget and Economic Statement Implementation Act, 2007 (Statutes of Canada, 2007, chapter 35) or subsection 9 of section 25 of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2) applies. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply to such assessments, with the necessary modifications.

**252.** This Act comes into force on *(insert the date of assent to this Act)*.













