



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 175

(2001, chapter 51)

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

Introduced 20 December 2000

Passage in principle 17 May 2001

Passage 19 December 2001

Assented to 20 December 2001

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EXPLANATORY NOTES

This bill amends various legislation to give effect primarily to the Budget Speech delivered by the Minister of Finance on 14 March 2000 and to Information Bulletins 99-1, 99-2, 99-3, 99-4, 99-5, 99-6, 2000-1, 2000-2 and 2000-5 issued by the Ministère des Finances respectively on 30 June 1999, 15 July 1999, 30 September 1999, 5 November 1999, 26 November 1999, 22 December 1999, 31 March 2000, 14 April 2000 and 6 October 2000. Amendments are also introduced to give effect to various measures contained in the Budget Speech of 9 March 1999.

The Mining Duties Act is amended to simplify its application for mining operators and to clarify certain provisions.

The Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and the Act to establish the Fonds de solidarité des travailleurs du Québec are amended to authorize the transfer of shares of Fondation or of the Fonds de solidarité des travailleurs du Québec between trustees of registered retirement savings plans or registered retirement income funds.

The Tobacco Tax Act is amended primarily to raise the amounts of tax applicable in respect of certain tobacco products and to introduce measures enabling the processing of bad debts incurred by a collection officer to be regularized and standardized.

The Taxation Act is amended primarily to introduce a number of fiscal measures specific to Québec and to modify certain existing measures. In particular, the measures

(1) enhance the personal income tax system, in particular through the replacement of personal income tax tables, lower tax for families and the introduction of full indexing of the tax system;

(2) enhance the refundable tax credit for child care expenses;

(3) create a refundable tax credit for couples receiving treatments for infertility;

(4) enhance the refundable tax credit for adoption expenses;

- (5) *create a refundable tax credit for top-level athletes;*
- (6) *enhance the tax system for self-employed workers;*
- (7) *enhance the tax treatment of gifts;*
- (8) *create a refundable tax credit for businesses operating in the optics, photonics or laser sector in the Québec area;*
- (9) *enhance the refundable tax credit for Québec film productions as regards services provided outside the Montréal area;*
- (10) *create a refundable tax credit to promote the development and implementation of e-commerce solutions by small and medium-sized businesses in Québec;*
- (11) *create a refundable tax credit for businesses operating in the aluminum processing sector in the Saguenay–Lac-Saint-Jean area;*
- (12) *create a refundable tax credit for businesses operating in the goods manufacturing or processing sector or in the environmental sector that locate on the former Angus Yards site;*
- (13) *create a refundable tax credit for book publishing;*
- (14) *set a comprehensive ceiling applicable to the refundable tax credit for the creation of investment funds;*
- (15) *create a tax credit to support the solicitation activities carried on by operators of international financial centres with a view to obtaining the management of foreign investment funds; and*
- (16) *impose administrative penalties on third parties making false statements or omissions in relation to tax affairs.*

The bill amends the Licenses Act to increase the current rates of reduction applicable to the specific duty on beer produced by microbreweries and to relax their conditions of application.

The bill amends the Act respecting the Ministère du Revenu to enable administrative penalties to be imposed on third parties who make false statements or omissions in connection with fiscal affairs relating to the sales tax.

The bill amends the Act respecting the Québec sales tax to introduce measures specific to the tax system in Québec and to modify certain existing measures. In particular, the measures

(1) reintroduce the presumption of residence in Québec that prevailed before harmonization of the QST with the HST, but only for the purposes of zero-rating measures applying to supplies shipped outside Québec;

(2) enable the Société de l'assurance automobile du Québec to collect the tax payable in respect of the retail sale of a motor vehicle at the time the vehicle is registered;

(3) zero-rate the supply of a motor vehicle acquired solely for the purpose of again making a supply of the vehicle by sale or long-term lease;

(4) enhance the rebate of tax paid in respect of a new residential unit;

(5) clarify the election by a charity not to use the simplified method for computing net tax; and

(6) simplify the administration of the tax on pari-mutuel betting through a change in its tax structure.

The Fuel Tax Act is amended primarily to introduce measures enabling the processing of bad debts incurred by a collection officer to be regularized and standardized.

Lastly, the bill contains various technical, consequential and terminological amendments.

LEGISLATION AMENDED BY THIS BILL :

- Mining Duties Act (R.S.Q., chapter D-15);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);
- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);

- Licenses Act (R.S.Q., chapter L-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);
- Act respecting the Québec Pension Plan (R.S.Q., chapter R-9);
- Act respecting property tax refund (R.S.Q., chapter R-20.1);
- Act respecting Québec business investment companies (R.S.Q., chapter S-29.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Fuel Tax Act (R.S.Q., chapter T-1);
- Act respecting international financial centres (1999, chapter 86).

Bill 175

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 :

MINING DUTIES ACT

1. (1) Section 1 of the Mining Duties Act (R.S.Q., chapter D-15), amended by section 1 of chapter 5 of the statutes of 2000, is again amended

(1) by striking out paragraph 2 of the definition of “mining operation”;

(2) by replacing paragraph 3 of the definition of “mining operation” by the following :

“(3) carried out after 17 October 1990 in respect of surface mineral substances within the meaning assigned to that expression in section 1 of the Mining Act, or of mineral substances the rights in or over which have been surrendered to the owner of the soil under section 5 of that Act;”;

(3) by replacing the definition of “mineral substance” by the following :

““mineral substance” means any natural mineral substance, whether solid, gaseous or liquid, except water, and includes a fossilized organic substance or mine tailings, but does not include a mineral substance the well head value of which is subject to the royalty referred to in section 204 of the Mining Act (chapter M-13.1);”.

(2) Subsection 1 applies to fiscal years of an operator that end after 12 May 1994, except in respect of cases pending on 14 March 2000 and notices of objection served on the Minister of Natural Resources on or before that date, in which one of the matters of dispute, expressly raised on or before that date in the motion for appeal or the notice of objection previously served on the Minister of Natural Resources, or in the notice of objection, as the case may be, concerns the method of computing profit or loss for the year and alleges that an expenditure relating to a mineral substance the well head value of which is subject to the royalty referred to in section 204 of the Mining Act (R.S.Q., chapter M-13.1) is deductible in computing profit or loss for a year.

2. (1) Section 6 of the said Act is replaced by the following :

“6. Subject to section 6.1, the gross value of the annual output of an operator for a fiscal year is the value of the mineral substances and, where applicable, of the processing products, derived from the operator’s mining operation, that is established

(1) where the mineral substances and, where applicable, the processing products are used by the operator in the fiscal year, at the market price at the time of their use ; or

(2) where subparagraph 1 does not apply, according to one of the following methods of valuation :

(a) at the market price at the time of alienation of the mineral substances and, where applicable, of the processing products alienated by the operator in the fiscal year ;

(b) according to the method used by the operator to prepare the financial statements for that fiscal year provided that the method is consistent with generally accepted accounting principles ;

(c) at the amount received or receivable as consideration for the alienation of the mineral substances and, where applicable, of the processing products alienated by the operator in the fiscal year.

For the purposes of the first paragraph, the value of the mineral substances and, where applicable, of the processing products does not include a gain or loss resulting from a hedging or speculative transaction.”

(2) Subsection 1 applies

(1) to fiscal years of an operator that begin after 14 March 2000 ;

(2) to a fiscal year of an operator that includes 14 March 2000 if the operator has so elected by notifying the Minister of Natural Resources in writing not later than six months after the end of the operator’s first fiscal year that ends after 20 December 2001.

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

“6.1. For the purpose of determining the gross value of the annual output of an operator for a fiscal year, the value of the mineral substances and, where applicable, of the processing products, shall be established on the basis of the method of valuation provided for in one of subparagraphs *a* to *c* of subparagraph 2 of section 6 that was used by the operator to determine the gross value of annual production for the preceding fiscal year, unless the Minister authorizes the operator to use another of the methods provided for in that subparagraph 2, in which case the operator shall comply with the conditions determined by the Minister.

In addition, for the purpose of determining the gross value of annual output for a fiscal year, an operator must also obtain the authorization of the Minister and comply with the conditions determined by the Minister, if the method of valuation used by the operator to determine the value of mineral substances and, where applicable, of the processing products is the method provided for in subparagraph *b* of subparagraph 2 of section 6, and if the method used by the operator to prepare the financial statements for that fiscal year differs from the method used by the operator to prepare the financial statements for the preceding fiscal year.

This section does not apply for the purpose of determining the gross value of an operator's annual output for the first fiscal year of the operator other than a fiscal year deemed to be the operator's first fiscal year by reason of section 2.1."

(2) Subsection 1 applies to fiscal years of an operator that are after the operator's first fiscal year that begins after 14 March 2000 or to fiscal years of an operator that are after the fiscal year comprising 14 March 2000 if the operator has made the election provided for in paragraph 2 of subsection 2 of section 2.

4. (1) Section 7 of the said Act is replaced by the following:

"7. In case of doubt or where the gross value of an operator's annual output for a fiscal year does not correspond to the market value, the Minister may value the mineral substances and, where applicable, the processing products, derived from the operator's mining operation for the fiscal year, and such valuation shall constitute the gross value of the operator's annual output for the fiscal year for the purposes of this Act."

(2) Subsection 1 applies to fiscal years of an operator that begin after 14 March 2000 or to fiscal years of an operator comprising 14 March 2000 if the operator has made the election provided for in paragraph 2 of subsection 2 of section 2.

5. (1) Section 8 of the said Act, amended by section 2 of chapter 5 of the statutes of 2000, is again amended

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

"(a.1) where, for the purpose of determining the gross value of the operator's annual output for a fiscal year, the Minister authorizes under section 6.1 the use of a method for the fiscal year that differs from the method used by the operator for the preceding fiscal year, the amount, if any, by which the value that would be the gross value of annual output for the preceding fiscal year if that value had been established on the basis of the method used by the operator to determine the gross value of annual output for the fiscal year, exceeds the gross value of annual output for the preceding fiscal year;"

(2) by adding, after subparagraph *k* of paragraph 2, the following subparagraph:

“(l) where, for the purpose of determining the gross value of the operator’s annual output for a fiscal year, the Minister authorizes under section 6.1 the use of a method for the fiscal year that differs from the method used by the operator for the preceding fiscal year, the amount, if any, by which the gross value of annual output for the preceding fiscal year exceeds the value that would be the gross value of annual output for the preceding fiscal year if that value had been established on the basis of the method used by the operator to determine the gross value of annual output for the fiscal year.”

(2) Subsection 1 applies to fiscal years of an operator that are after the operator’s first fiscal year that begins after 14 March 2000 or to fiscal years of an operator that are after the fiscal year comprising 14 March 2000 if the operator has made the election provided for in paragraph 2 of subsection 2 of section 2.

6. (1) Section 26.0.1 of the said Act is amended by replacing the portion of the second paragraph before subparagraph 2 by the following:

“Property to which the first paragraph refers is property of the third class, within the meaning assigned by section 9, that

(1) was acquired new by the operator after 25 March 1997 and before 1 April 1998, otherwise than as property to replace or modernize any other property;”.

(2) Subsection 1 applies to fiscal years of an operator that end after 25 March 1997.

7. (1) Section 35.4 of the said Act is amended by replacing the portion of paragraph 6 before subparagraph *a* by the following:

“(6) for the purposes of section 26.0.1, where the purchaser acquired from the former owner all or substantially all of the property of the third class referred to in that section that was owned by him immediately before the acquisition,”.

(2) Subsection 1 applies to fiscal years of an operator that end after 25 March 1997.

8. (1) The said Act is amended by inserting, after section 70, the following:

“DIVISION IX**“WAIVER AND CANCELLATION**

“70.1. The Minister may waive all or any portion of any interest or penalty provided by law.

The Minister may also cancel all or any portion of any interest or penalty payable under the law.

No objection or appeal lies from the Minister’s decision.

A statistical summary of all waivers and cancellations under this section shall be tabled each year before the National Assembly within the first 15 days of the following session.”

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

ACT TO ESTABLISH FONDACTION, LE FONDS DE DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX POUR LA COOPÉRATION ET L’EMPLOI

9. (1) Section 10 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (R.S.Q., chapter F-3.1.2) is replaced by the following :

“10. Notwithstanding section 9, a class “A” or class “B” share or fractional share may be transferred to a trustee within the scope of a registered retirement savings plan under which the shareholder or the spouse of the shareholder is the beneficiary. The beneficiary of the plan is deemed, however, to keep the voting rights attached to the share thus transferred. For the purposes of the second paragraph of section 9 and section 11, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.

Subject to section 10.1, the trustee is, however, subject to section 9 in respect of any transfer to a person other than the beneficiary of the plan.”

(2) Subsection 1 applies in respect of shares transferred to a registered retirement savings plan after 14 March 2000.

10. (1) The said Act is amended by inserting, after section 10, the following sections :

“10.1. Notwithstanding section 9, a class “A” or class “B” share or fractional share, held within the scope of a registered retirement savings plan under which the shareholder or the spouse of the shareholder is the beneficiary, may be transferred to a trustee within the scope of another registered retirement savings plan or a registered retirement income fund under which the shareholder or the spouse of the shareholder is the beneficiary. The beneficiary of that

other plan or of that fund is deemed, however, to keep the voting rights attached to the share thus transferred. For the purposes of the second paragraph of section 9 and section 11, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.

Subject to the first paragraph and section 10.2, the trustee is, however, subject to section 9 in respect of any transfer to a person other than the beneficiary of that other plan or of that fund.

“10.2. Notwithstanding section 9, a class “A” or class “B” share or fractional share, held within the scope of a registered retirement income fund under which the shareholder or the spouse of the shareholder is the beneficiary, may be transferred to a trustee within the scope of another registered retirement income fund or registered retirement savings plan, as the case may be, under which the shareholder or the spouse of the shareholder is the beneficiary. The beneficiary of that other fund or plan is deemed, however, to keep the voting rights attached to the share thus transferred. For the purposes of the second paragraph of section 9 and section 11, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.

Subject to the first paragraph, the trustee is, however, subject to section 9 in respect of any transfer to a person other than the beneficiary of that other fund or plan.”

(2) Subsection 1 applies in respect of shares transferred to a registered retirement savings plan or to a registered retirement income fund after 14 March 2000.

ACT RESPECTING THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

11. (1) Section 9 of the Act respecting the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) is replaced by the following :

“9. Notwithstanding section 8, class “A” shares or fractional shares may be transferred to a trustee within the scope of a registered retirement savings plan under which the shareholder or the spouse of the shareholder is the beneficiary. The beneficiary of the plan is deemed, however, to keep the voting rights attached to the shares thus transferred. For the purposes of the second paragraph of section 8 and section 10, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.

Subject to section 9.1, the trustee is, however, subject to section 8 in respect of any transfer to a person other than the beneficiary of the plan.”

(2) Subsection 1 applies in respect of shares transferred to a registered retirement savings plan after 14 March 2000.

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

“9.1. Notwithstanding section 8, a class “A” share or fractional share, held within the scope of a registered retirement savings plan under which the shareholder or the spouse of the shareholder is the beneficiary, may be transferred to a trustee within the scope of another registered retirement savings plan or a registered retirement income fund under which the shareholder or the spouse of the shareholder is the beneficiary. The beneficiary of that other plan or of that fund is deemed, however, to keep the voting rights attached to the share thus transferred. For the purposes of the second paragraph of section 8 and section 10, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.

Subject to the first paragraph and section 9.2, the trustee is, however, subject to section 8 in respect of any transfer to a person other than the beneficiary of that other plan or of that fund.

“9.2. Notwithstanding section 8, a class “A” share or fractional share, held within the scope of a registered retirement income fund under which the shareholder or the spouse of the shareholder is the beneficiary, may be transferred to a trustee within the scope of another registered retirement income fund or registered retirement savings plan, as the case may be, under which the shareholder or the spouse of the shareholder is the beneficiary. The beneficiary of that other fund or plan is deemed, however, to keep the voting rights attached to the share thus transferred. For the purposes of the second paragraph of section 8 and section 10, the spouse is deemed to be the person who acquired the transferred share or fractional share from the Fund.

Subject to the first paragraph, the trustee is, however, subject to section 8 in respect of any transfer to a person other than the beneficiary of that other fund or plan.”

(2) Subsection 1 applies in respect of shares transferred to a registered retirement savings plan or to a registered retirement income fund after 14 March 2000.

TOBACCO TAX ACT

13. Section 5.1 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended by inserting, in the second paragraph, after the word “Minister”, “, by registered or certified mail,”.

14. (1) Section 8 of the said Act is amended

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

“(a) \$0.043 per cigarette and per cigar sold at a retail price of \$0.15 or less ;

“(b) \$0.0215 per gram of any loose tobacco;

“(b.1) \$0.0108 per gram of any leaf tobacco;”;

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

“(d) \$0.0537 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, where the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.0349 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.0349 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(2) Subsection 1 has effect from 6 November 1999. However, a person who sells tobacco products in Québec in respect of which an amount corresponding to the tobacco tax was, or should have been, collected in advance shall, on or before 10 December 1999, submit to the Minister an inventory, in such form as is prescribed by the Minister, of the tobacco products mentioned in subsection 1 that the person has in stock at 24:00 on 5 November 1999 and, at the same time, remit to the Minister the amount corresponding to the tobacco tax computed at the rate in effect on 6 November 1999, in respect of those tobacco products, after deducting an amount corresponding to the tobacco tax computed at the rate in effect on 5 November 1999, to the extent that such remittance has not otherwise been made.

For the purposes of this subsection, the tobacco products that a person has in stock at 24:00 on 5 November 1999 include tobacco products that are acquired by the person but are not delivered at that time.

15. (1) The said Act is amended by inserting, after section 17.11, the following sections:

“17.12. Every holder of a collection officer’s permit who makes a sale of tobacco, other than a retail sale, to a person with whom the collection officer is dealing at arm’s length may, provided it is established that the sale price and the amount provided for in section 17.2 in respect of the sale of tobacco have become in whole or in part a bad debt, obtain a refund of an amount corresponding to the amount provided for in that section that the collection officer was unable to recover.

To obtain a refund under the first paragraph, a collection officer must

(a) have reported to the Minister in accordance with the first or third paragraph of section 17.3, as the case may be, on the amount provided for in section 17.2 that the collection officer should have collected in respect of the sale of tobacco;

(b) as the case may be, have paid under section 17.2 to a holder of a collection officer's permit the amount provided for in that section in respect of tobacco that relates to the bad debt or have remitted that amount to the Minister under section 17.3;

(c) have written off the bad debt in the collection officer's books of account and produce to the Minister an application using the form prescribed within four years after the day on which the bad debt was written off; and

(d) fulfil such other terms and conditions as may be determined by regulation.

A collection officer who has obtained an allowance pursuant to section 17.6 for the collection and remittance of the amount provided for in section 17.2 for which the collection officer has applied for a refund under the first paragraph must deduct the amount of the allowance from the amount of the refund applied for.

The Government may, by regulation, determine a method for establishing the amount of the refund to which the collection officer is entitled under the first paragraph or the amount of the allowance to be deducted under the third paragraph as well as the conditions and manner of use of each method.

“17.13. For the purposes of the first paragraph of section 17.12, persons are not dealing at arm's length with each other if the persons are described in any of sections 3 to 9 of the Act respecting the Québec sales tax (chapter T-0.1).

“17.14. Every holder of a collection officer's permit who recovers all or part of a bad debt in respect of which the collection officer obtained a refund under section 17.12 shall, on or before the last day of the month following the month in which all or part of the bad debt was recovered, make a report to the Minister, using the form prescribed by the Minister, on the amount equal to the tobacco tax computed using the method determined by regulation and shall remit that amount to the Minister at the same time.”

(2) Subsection 1 applies in respect of sales of tobacco made after 14 March 2000.

16. Section 20 of the said Act is amended by adding the following paragraphs:

“Notwithstanding the first paragraph, the regulations made in the year 2001 under this Act in respect of the person authorized to keep a deposit payable under section 13.4.3 or the proceeds of the sale of property under section 13.5 may, once published and if they so provide, apply to a date prior to their publication but not prior to 22 September 1997.

“Notwithstanding the first paragraph, the regulations made in the year 2001 under this Act in respect of the terms and conditions for obtaining a refund

under section 17.12, a method for establishing the amount of the refund or the amount of the allowance to deduct under that section and the conditions and manner of use of the methods or in respect of the method enabling the amount to be remitted under section 17.14 to be determined, may, once published and if they so provide, apply to a date prior to their publication but not prior to 15 March 2000.”

TAXATION ACT

17. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 4 of chapter 5 of the statutes of 2000, by section 152 of chapter 8 of the statutes of 2000 and by section 1 of chapter 7 of the statutes of 2001, is again amended

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

““share” means a share or fraction of a share of the capital stock of a corporation and includes, except for the purposes of Title VI.1 of Book VII, a share or fraction of a share of the capital of a prescribed cooperative or of a savings and credit union;”;

(2) by replacing the definition of “registered securities dealer” by the following :

““registered securities dealer” means a “person authorized to trade in securities, in the capacity of an agent or principal, without any restriction as to the types or kinds of securities in which that person may trade by reason of the fact that the person

(a) is registered or licensed under the laws of a province ; or

(b) meets the following conditions :

i. the person is registered with, or licensed by, a competent authority other than the competent authority of a province, and

ii. the person obtained from a securities commission or similar body an exemption from registration pursuant to the laws of a province ;”;

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

““Québec museum” means a museum situated in Québec and any other museum that is an accredited museum at the time the gift is made.”

(2) Paragraph 1 of subsection 1 has effect from 20 March 1997.

(3) Paragraph 2 of subsection 1 applies to taxation years that begin after 22 December 1999. It also applies to a taxation year that begins before 23 December 1999 and ends at any time between 31 December 1998 and

1 January 2001 if the taxpayer so elects by notifying the Minister of Revenue in writing before the end of the sixth month following the month that includes 20 December 2001.

(4) Paragraph 3 of subsection 1 applies in respect of gifts made after 14 March 2000.

18. (1) Section 39.4 of the said Act is amended by inserting, after the words “regional county municipality”, the words “or a member of the council of the Kativik Regional Government, constituted under the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1),”.

(2) Subsection 1 applies from the taxation year 1997.

19. (1) The said Act is amended by inserting, after section 39.4, the following section :

“39.4.1. An individual who is elected or appointed in a representative capacity to hold an office with a body that is a corporation, association or other similar organization with which the individual was dealing at arm’s length is not required to include in computing the individual’s income for a taxation year an amount received by the individual in the year from the body as an allowance for, or reimbursement of, travel expenses to enable the individual to attend a meeting of the council or committee of which the individual is a member, other than travel expenses incurred in the performance of the individual’s duties, to the extent that the amount does not exceed a reasonable amount and that the meeting is held at a location

(a) not less than 80 kilometres from the individual’s ordinary place of residence; and

(b) where the body is a non-profit organization, that may reasonably be considered as being connected to the territory within which that body regularly carries on its activities or, in any other case, is situated within the local municipal territory or the metropolitan area, as the case may be, where the head office or principal place of business of the body is situated.”

(2) Subsection 1 applies from the taxation year 2000. In addition, it applies to any taxation year of an individual in respect of which the time limits provided for in paragraph *a* of subsection 2 of section 1010 of the said Act had not expired on 14 March 2000.

20. (1) The said Act is amended by inserting, after section 78.7, the following sections :

“78.8. If an individual in respect of whom an amount may be deducted because of section 752.0.14 or 752.0.15 for a taxation year files with the individual’s fiscal return under this Part for the year, other than a fiscal return filed under the second paragraph of section 429 or section 681, 782 or 1003, a

prescribed form containing the prescribed information, there may be deducted in computing the individual's income for the year from an office or employment an amount equal to the lesser of

(a) the excess, over the aggregate of all amounts each of which is the amount of a reimbursement or any other form of assistance, other than an amount that is included in computing a taxpayer's income and that is not deductible in computing the taxpayer's taxable income, that any taxpayer is or was entitled to receive in respect of an amount described in both subparagraphs i and ii, of the aggregate of all amounts each of which is an amount

i. that was paid in the year by the individual to a person who, at the time of the payment, is neither the individual's spouse nor under 18 years of age, on account of attendant care provided in Canada to the individual to enable the individual to perform the duties of an office or employment, and

ii. that is not included in computing a deduction under sections 752.0.11 to 752.0.13.0.1 for any taxation year; and

(b) 2/3 of the aggregate of all amounts each of which is

i. an amount included under sections 32 to 58.3 in computing the individual's income for the year from an office or employment,

ii. an amount included by reason of paragraph *g* or *h* of section 312 in computing the individual's income for the year, or

iii. the individual's income for the year from a business carried on either alone or as a partner actively engaged in the business.

However, the payment of an amount referred to in subparagraph *a* of the first paragraph may be included in computing a deduction under that paragraph only if the payment is proven by filing with the Minister one or more receipts each of which was issued by the payee and contains, where the payee is an individual, that individual's Social Insurance Number.

“78.9. Where an individual is, throughout all or part of a taxation year, absent from Canada but resident in Québec, section 78.8 applies for the year or that part of the year in respect of the individual, taking into account the following rules :

(a) subparagraph i of subparagraph *a* of the first paragraph of that section 78.8 shall be read without reference to the words “in Canada” ;

(b) the second paragraph of that section 78.8 shall be read without reference to “and contains, where the payee is an individual, that individual's Social Insurance Number”, if the payment is made to a person who is not resident in Canada.”

(2) Subsection 1 applies from the taxation year 1998.

21. (1) Section 85.3.1 of the said Act, enacted by section 7 of chapter 39 of the statutes of 2000, is amended by replacing paragraph *b* by the following :

“(b) in any other case, fills out, at the time of the acquisition of the property, a document signed by the individual who delivers the property to the taxpayer and containing the information required by section 85.3.2 in relation to the acquisition.”

(2) Subsection 1 applies in respect of acquisitions of property that occur after 9 March 1999.

22. (1) The said Act is amended by inserting, after section 85.3.1, enacted by section 7 of chapter 39 of the statutes of 2000, the following section :

“**85.3.2.** For the purposes of paragraph *b* of section 85.3.1, the information that must be included in the document filled out by the taxpayer is the following :

(a) the name, address, date of birth and Social Insurance Number of the individual who delivers the property to the taxpayer to whom that paragraph *b* refers ;

(b) the description of the goods acquired, the purchase price and the method of payment ;

(c) if the individual who delivers the property to the taxpayer is not the vendor of the property, the name and address of the vendor and the vendor’s Social Insurance Number or, as the case may be, the vendor’s registration number assigned under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45).

The individual referred to in subparagraph *a* of the first paragraph shall produce one of the following supporting documents to confirm the individual’s name, address and Social Insurance Number, and the document containing that information must specify the supporting document so produced :

(a) the individual’s health insurance card issued by the Régie de l’assurance maladie du Québec ;

(b) the individual’s birth certificate ;

(c) the individual’s driver’s licence issued by the Société de l’assurance automobile du Québec ;

(d) the registration certificate of the vehicle used for the transportation of the property that is issued by the Société de l’assurance automobile du Québec.”

(2) Subsection 1 applies in respect of acquisitions of property that occur after 9 March 1999.

23. (1) Section 87 of the said Act, amended by section 30 of chapter 5 of the statutes of 2000 and by section 9 of chapter 7 of the statutes of 2001, is again amended, in paragraph *w*,

(1) by replacing, in the French text of the portion before subparagraph *i*, the words “à la fois” by the words “selon le cas”;

(2) by replacing, in the English text, at the end of subparagraph *iii*, the word “and” by the word “or”.

(2) Subsection 1 applies in respect of amounts received after 31 January 1990.

24. (1) Section 156.5 of the said Act is amended by replacing the second paragraph by the following:

“No deduction may be made by a taxpayer under the first paragraph, in computing the taxpayer’s income from a business for a taxation year, in respect of property acquired from a person or a partnership with whom or with which the taxpayer was not dealing at arm’s length at the time of the acquisition, unless that person or that partnership acquired the property after 25 March 1997 and before 1 April 2005, other than property acquired pursuant to an agreement in writing entered into before 26 March 1997 or the construction of which, by or on behalf of the corporation or partnership, had begun by 25 March 1997, and was not entitled to deduct, for a taxation year or a fiscal period, as the case may be, preceding the taxation year or fiscal period in which the property was disposed of, an amount in computing the person’s or the partnership’s income from a business under the first paragraph or under the first paragraph of section 156.5.1, as the case may be, in respect of the property.”

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

25. (1) Section 156.6 of the said Act, amended by section 15 of chapter 39 of the statutes of 2000, is again amended by replacing “2000”, wherever it appears, by “2005”.

(2) Subsection 1 has effect from 1 April 2000.

26. (1) The said Act is amended by inserting, after section 157.17, the following sections:

“157.18. If an individual in respect of whom an amount may be deducted because of section 752.0.14 or 752.0.15 for a taxation year files with the individual’s fiscal return under this Part for the year, other than a fiscal return filed under the second paragraph of section 429 or section 681, 782 or 1003, a

prescribed form containing the prescribed information, there may be deducted in computing the individual's income for the year from a business an amount equal to the lesser of

(a) the excess, over the aggregate of all amounts each of which is the amount of a reimbursement or any other form of assistance, other than an amount that is included in computing a taxpayer's income and that is not deductible in computing the taxpayer's taxable income, that any taxpayer is or was entitled to receive in respect of an amount described in both subparagraphs i and ii, of the aggregate of all amounts each of which is an amount

i. that was paid in the year by the individual to a person who, at the time of the payment, is neither the individual's spouse nor under 18 years of age, on account of attendant care provided in Canada to the individual to enable the individual to carry on a business either alone or as a partner actively engaged in the business, and

ii. that is not included in computing a deduction under sections 752.0.11 to 752.0.13.0.1 for any taxation year; and

(b) 2/3 of the aggregate of all amounts each of which is

i. an amount included under sections 32 to 58.3 in computing the individual's income for the year from an office or employment,

ii. an amount included by reason of paragraph *g* or *h* of section 312 in computing the individual's income for the year, or

iii. the individual's income for the year from a business carried on either alone or as a partner actively engaged in the business.

However, the payment of an amount referred to in subparagraph *a* of the first paragraph may be included in computing a deduction under that paragraph only if the payment is proven by filing with the Minister one or more receipts each of which was issued by the payee and contains, where the payee is an individual, that individual's Social Insurance Number.

“157.19. Where an individual is, throughout all or part of a taxation year, absent from Canada but resident in Québec, section 157.18 applies for the year or that part of the year in respect of the individual, taking into account the following rules :

(a) subparagraph i of subparagraph *a* of the first paragraph of that section 157.18 shall be read without reference to the words “in Canada”;

(b) the second paragraph of that section 157.18 shall be read without reference to “and contains, where the payee is an individual, that individual's Social Insurance Number”, if the payment is made to a person who is not resident in Canada.”

(2) Subsection 1 applies from the taxation year 1998.

27. (1) Section 175.5 of the said Act, amended by section 293 of chapter 5 of the statutes of 2000 and by section 16 of chapter 39 of the statutes of 2000, is again amended

(1) by adding, after subparagraph *b* of the second paragraph, the following subparagraph :

“(c) an expenditure, other than an expenditure of a capital nature, made by the individual or partnership, that may reasonably be considered to relate both to the part of the establishment, other than the work space, and to the work space, including an amount paid or payable by the individual or partnership as lighting or heating costs, and that is not an expenditure in relation to the maintenance of the establishment, is deemed to be an expenditure that may reasonably be considered to relate solely to the work space.”;

(2) by adding the following paragraph :

“For the purposes of subparagraph *c* of the second paragraph, an amount paid or payable by the individual or partnership as maintenance and repairs costs, rent, interest on a hypothecary loan, property and school taxes or insurance premiums, relating to both the part of the establishment, other than the work space, and the work space, is deemed to be an expenditure relating to the maintenance of the establishment.”

(2) Subsection 1 applies to fiscal periods that end after 14 March 2000.

28. (1) Section 230.13 of the said Act, enacted by section 19 of chapter 39 of the statutes of 2000, is amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) an amount not exceeding 460% of the aggregate of all amounts each of which is a qualified expenditure, an eligible fee, an eligible fee balance or the corporation’s share of such an amount, in respect of which the corporation would, but for this division and section 1029.8.21.3, be deemed to have paid an amount to the Minister, on account of its tax payable for the year, under any of Divisions II.1 to II.3 of Chapter III.1 of Title III of Book IX, as the case may be ; and”.

(2) Subsection 1 applies to taxation years of corporations that end after 22 December 1999.

29. (1) Section 231 of the said Act is amended by replacing the first paragraph by the following :

“**231.** Subject to section 231.1, a taxable capital gain, an allowable capital loss or an allowable business investment loss from the disposition of any property is equal to 3/4 of the capital gain, 3/4 of the capital loss or 3/4 of

the business investment loss, as the case may be, from the disposition of the property.”

(2) Subsection 1 applies in respect of gifts made after 14 March 2000.

30. (1) The said Act is amended by inserting, after section 231, the following section:

“**231.1.** The taxable capital gain for a taxation year from the disposition of a property after 14 March 2000 and before 1 January 2002, is equal to one third of the capital gain from the disposition of the property where that disposition is

(a) a gift made to a qualified donee, within the meaning of paragraph *b* of section 985.1, other than a private foundation, of a property that is a share, debt or right listed on a Canadian stock exchange or a foreign stock exchange, a share of the capital stock of a mutual fund corporation, an interest in a mutual fund trust, an interest in a trust created in respect of a segregated fund within the meaning of section 851.2 or a prescribed debt obligation; or

(b) a deemed disposition by reason of Division III of Chapter III of Title VII of Book III, and that the property is that of a deceased individual and that that individual is deemed under section 752.0.10.10 to have made a gift referred to in paragraph *a* in respect of that property.”

(2) Subsection 1 applies in respect of gifts made after 14 March 2000.

31. Section 250.1 of the said Act is replaced by the following:

“**250.1.** Subject to section 250.3, where a Canadian security has been disposed of by a taxpayer in a taxation year, the taxpayer may elect, in prescribed form, in the taxpayer’s fiscal return under this Part for that year, that every Canadian security owned by the taxpayer in that year and any subsequent taxation year be deemed to have been a capital property owned by the taxpayer and that every disposition by the taxpayer of any such Canadian security be deemed to be a disposition by the taxpayer of a capital property.”

32. (1) Section 311 of the said Act, amended by section 83 of chapter 5 of the statutes of 2000, is again amended

(1) by replacing paragraph *e.3* by the following:

“(e.3) financial assistance under a program established by the Canada Employment Insurance Commission under Part II of the Employment Insurance Act, other than an amount attributable to child care expenses;”;

(2) by replacing the portion of paragraph *e.4* before subparagraph *i* by the following:

“(e.4) financial assistance, other than an amount attributable to child care expenses, under a program, other than a prescribed program, that is”;

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

“(k.2) a pension under the Automobile Insurance Act (chapter A-25), other than a pension that is a death benefit under Title II of that Act in respect of a person who has suffered bodily injury before 1 January 1990, or a prescribed law of another province;”;

(4) by replacing paragraph *k.5* by the following:

“(k.5) an indemnity under the second paragraph of section 36 of the Act respecting occupational health and safety (chapter S-2.1);”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2000.

(3) Paragraph 3 of subsection 1 applies from the taxation year 1998.

(4) Paragraph 4 of subsection 1 applies from the taxation year 1999.

33. (1) Section 311.1 of the said Act, replaced by section 84 of chapter 5 of the statutes of 2000 and amended by section 20 of chapter 39 of the statutes of 2000, is again amended by replacing the second paragraph by the following:

“However, a social assistance payment referred to in the first paragraph does not include

(a) the portion of an amount received under the Act respecting income support, employment assistance and social solidarity (chapter S-32.001) as a last resort financial assistance benefit attributable to a period after 30 September 1999 that relates to

i. an increase to account for the advance Québec sales tax credit provided for in section 24 or 25 of the Regulation respecting income support made by Order in Council 1011-99 dated 1 September 1999, as it reads at the time of its application,

ii. an increase in respect of dependent children provided for in any of sections 34 to 41, 43, 200, 201 and 204 of the Regulation respecting income support, or

iii. an amount received as a special benefit referred to in subdivision 2 of Division III of Chapter III of the Regulation respecting income support; or

(b) an amount attributable to child care expenses received in the year by the taxpayer under an employment-assistance measure, program or service under Title I of the Act respecting income support, employment assistance and social solidarity or under a law of a province.”

(2) Subsection 1 applies from the taxation year 2000.

34. (1) Section 312 of the said Act is amended by replacing paragraph *g* by the following :

“(g) the amount by which the aggregate of all amounts, other than an amount referred to in paragraph *i* of section 311, an amount received in the course of business and an amount received by virtue of, or in the course of, an office or employment, received by the taxpayer in the year, each of which is an amount received by the taxpayer as a scholarship, fellowship or bursary, or a prize for achievement in a field of endeavour ordinarily carried on by the taxpayer, other than the following prize or bursary, exceeds the amount determined under section 312.2 in respect of the taxpayer :

i. a prize recognized by the general public and that is awarded for meritorious achievement in the arts, the sciences or service to the public, other than an amount that can reasonably be regarded as having been received as compensation for services rendered or to be rendered,

ii. a bursary received by the taxpayer from a school board, which relates to the actual costs of periodic transportation incurred by the taxpayer, or by an individual who is a member of the taxpayer’s household, in accordance with the budgetary rules established by the Minister of Education for the purpose of applying the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14), and

iii. a bursary or prize received by the taxpayer to pursue university studies at the undergraduate level, or leading to a Master’s or Doctoral degree, except such bursary or prize received under the Act respecting financial assistance for education expenses (chapter A-13.3), under the Canada Student Financial Assistance Act (Statutes of Canada, 1994, chapter 28) or under a law of a province; and”.

(2) Subsection 1 applies in respect of amounts received after 31 December 1992. However, where paragraph *g* of section 312 of the said Act applies to a taxation year prior to the taxation year 2000, it shall be read as follows :

“(g) the amount by which the aggregate of all amounts, other than an amount referred to in paragraph *i* of section 311, an amount received in the course of business and an amount received by virtue of, or in the course of, an office or employment, received by the taxpayer in the year, each of which is an amount received by the taxpayer as a scholarship, fellowship or bursary, or a prize for achievement in a field of endeavour ordinarily carried on by the taxpayer, other than a prescribed prize or a bursary received by the taxpayer from a school board, which relates to the actual costs of periodic transportation incurred by the taxpayer, or by an individual who is a member of the taxpayer’s household, in accordance with the budgetary rules established by the Minister of Education for the purpose of applying the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14), exceeds the amount determined under section 312.2 in respect of the taxpayer; and”.

(3) Where paragraph *g* of section 312 of the said Act, enacted by subsection 2, applies before 1 April 1998, the reference therein to “the Minister of Education” shall be read as a reference to “the Minister of Transport”.

35. (1) Section 312.2 of the said Act is amended by replacing, in the portion before paragraph *a*, “\$500” by “\$3,000”.

(2) Subsection 1 applies from the taxation year 2000.

36. (1) Section 336 of the said Act, amended by section 87 of chapter 5 of the statutes of 2000 and by section 21 of chapter 39 of the statutes of 2000, is again amended

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

“(d) an amount described in any of paragraphs *a*, *c* and *e* to *e.4* of section 311 or section 311.1, the amount of any pension, supplement or spouse’s allowance paid under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9) or the amount of any benefit paid under the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act, received by an individual and included in computing the individual’s income for the year or a preceding taxation year, to the extent of the amount repaid by the individual in the year otherwise than because of Part VII of the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1), Part VII of the Employment Insurance Act (Statutes of Canada, 1996, chapter 23) or Part I.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), except if the tax, interest and penalties that may reasonably be attributed to that amount have been remitted under section 94.0.4 of the Act respecting the Ministère du Revenu (chapter M-31);”;

(2) by inserting, in paragraph *d.2*, after the words “a preceding taxation year”, “, except if the tax, interest and penalties that may reasonably be attributed to that amount have been remitted under section 94.0.4 of the Act respecting the Ministère du Revenu (chapter M-31)”;

(3) by striking out, in paragraph *j*, after the word “Act”, “(Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 1998. However, where paragraph *d* of section 336 of the said Act applies to the taxation year 1998, it shall be read as follows :

“(d) an amount described in any of paragraphs *a*, *c* and *e* to *e.4* of section 311 or section 311.1, the amount of any pension paid under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9) or the amount of any benefit paid under the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act, received by an individual and included in computing the individual’s income for the year or a preceding taxation year, to the extent of the amount repaid by the individual in

the year otherwise than because of Part VII of the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or Part VII of the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), except if the tax, interest and penalties that may reasonably be attributed to that amount have been remitted under section 94.0.4 of the Act respecting the Ministère du Revenu (chapter M-31);”.

(3) Paragraph 3 of subsection 1 applies from the taxation year 1999.

37. (1) Section 339 of the said Act is amended by adding, after paragraph *i*, 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 section 725, 737.16 or 737.18.10.”

(2) Subsection 1 applies from the taxation year 2000.

38. (1) Section 358.0.1 of the said Act, amended by section 92 of chapter 5 of the statutes of 2000, is again amended by replacing the portion of subparagraph *a* of the first paragraph before subparagraph *ii* by the following:

“(a) the excess, over the aggregate of all amounts each of which is the amount of a reimbursement or any other form of assistance, other than an amount that is included in computing a taxpayer’s income and that is not deductible in computing the taxpayer’s taxable income, that any taxpayer is or was entitled to receive in respect of an amount described in both subparagraphs *i* and *ii*, of the aggregate of all amounts each of which is an amount

i. that was paid in the year by the individual to a person who, at the time of the payment, is neither the individual’s spouse nor under 18 years of age, on account of attendant care provided in Canada to the individual to enable the individual to carry on research or any similar work in respect of which the individual received a grant, and”.

(2) Subsection 1 applies from the taxation year 1998.

39. (1) Section 694.0.2 of the said Act is replaced by the following:

“**694.0.2.** A taxpayer shall, in computing the taxpayer’s taxable income for a taxation year, include any amount deducted in computing the taxpayer’s income for the year under paragraph *d* or *d.2* of section 336 as a repayment of

a social assistance payment or a repayment of a supplement or spouse's allowance paid under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9), to the extent that the payment, supplement or allowance has been deducted in computing the taxpayer's taxable income for the year or a preceding taxation year under paragraph *c* of section 725."

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

40. (1) The said Act is amended by inserting, after section 716.0.1, the following section:

"716.0.1.1. For the purpose of determining the amount that is deductible under paragraphs *a* and *d* of section 710 in computing the taxable income of a corporation, where the corporation makes a gift of a work of art to a Québec museum, the amount of the fair market value of that gift or, as the case may be, of the fair market value determined in respect of that gift under any of sections 710.1 to 710.3 or 714.2, shall be increased by 1/4 of that amount."

(2) Subsection 1 applies in respect of gifts made after 14 March 2000.

41. (1) Section 737.18.6 of the said Act, enacted by section 49 of chapter 39 of the statutes of 2000, is amended

(1) by replacing the definition of "recognized business" by the following:

"recognized business" has the meaning assigned by the first paragraph of section 1029.8.36.0.38 and by section 1029.8.36.0.38.1.";

(2) by replacing, in the French text of the portion of the definition of "période de référence" before paragraph *a*, the words "premier en date" by the words "plus hâtif";

(3) by replacing, in paragraph *b* of the definition of "base period", "2009" by "2010".

(2) Subsection 1 has effect from 14 March 2000.

42. (1) The said Act is amended by inserting, after section 737.18.6, enacted by section 49 of chapter 39 of the statutes of 2000, the following section:

"737.18.6.1. For the purposes of this Title, where, in a taxation year or a fiscal period, as the case may be, a corporation or a partnership carries on a business in respect of which section 1029.8.36.0.38.1 applies and whose activities are carried on in Québec but outside the international trade zone, the following rules apply:

(*a*) the activities shown on the certificate referred to in paragraph *a* of section 1029.8.36.0.38.1 in respect of the recognized business, that are carried

on in Québec but outside the international trade zone, are deemed to be activities carried on in the international trade zone;

(b) the individual who, at a particular time after 13 March 2000, holds employment with that corporation or partnership and whose duties consist in carrying out work relating to the activities referred to in paragraph *a* exclusively or almost exclusively in Québec is deemed, from that time and throughout the period in which the individual actually performs those duties, to carry out work, exclusively or almost exclusively, that is related to the activities shown on the certificate issued to the corporation or partnership in respect of the recognized business and to perform the duties of the individual's employment exclusively or almost exclusively in the international trade zone."

(2) Subsection 1 has effect from 14 March 2000.

43. (1) Section 737.22.0.1 of the said Act, amended by section 55 of chapter 39 of the statutes of 2000, is again amended

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

““eligible activity” of an eligible employer for a taxation year means

(a) an eligible activity of the eligible employer for that year within the meaning of

i. the first paragraph of section 1029.8.36.0.3.28, where the eligible employer is a corporation referred to in paragraph *b* of the definition of “eligible employer”, or

ii. the first paragraph of section 1029.8.36.0.3.38, where the eligible employer is a corporation referred to in paragraph *c* of the definition of “eligible employer”; or

(b) a specified activity of the eligible employer for the year within the meaning of section 1029.8.36.0.17, where the eligible employer is a corporation referred to in paragraph *d* of the definition of “eligible employer”;

““new economy centre” has the meaning assigned by the first paragraph of section 771.1;”;

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

“(c) where the foreign specialist is employed by an eligible employer that is a corporation referred to in any of paragraphs *b* to *d* of the definition of “eligible employer”, 14 March 2000;”;

(3) by replacing the definition of “eligible employer” by the following:

““eligible employer” for a taxation year means

(a) a corporation that would be an exempt corporation within the meaning of sections 771.12 and 771.13 for that year if section 771.12 were read without reference to paragraphs *d* and *e*;

(b) a qualified corporation within the meaning of the first paragraph of section 1029.8.36.0.3.28 that holds a valid certificate issued by Investissement-Québec for the purposes of Division II.6.0.1.4 of Chapter III.1 of Title III of Book IX, certifying that an eligible activity is carried on by the qualified corporation for that year;

(c) a qualified corporation within the meaning of the first paragraph of section 1029.8.36.0.3.38 that holds a valid certificate issued by Investissement-Québec for the purposes of Division II.6.0.1.5 of Chapter III.1 of Title III of Book IX, certifying that an eligible activity is carried on by the qualified corporation for that year; or

(d) a specified corporation within the meaning of the first paragraph of section 1029.8.36.0.1.7 that is not a corporation referred to in paragraph *a* for the year and that holds a valid certificate issued by Investissement-Québec for the purposes of Division II.6.0.3 of Chapter III.1 of Title III of Book IX, certifying that the specified corporation carries on or may carry on for that year a business in a building housing all or any part of a new economy centre;”;

(4) by replacing, in paragraph *a* of the definition of “specialized activity period”, the words “the condition” by the words “a condition”;

(5) by replacing paragraph *c* of the definition of “foreign specialist” by the following:

“(c) from the particular time and without interruption, the individual works almost exclusively for the eligible employer and, where the eligible employer is a corporation referred to in any of paragraphs *b* to *d* of the definition of “eligible employer”, the individual’s duties as an employee of the eligible employer, from that time, are almost exclusively attributable to eligible activities of the eligible employer for the year;”;

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

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

(2) Paragraphs 1 to 5 of subsection 1 apply from the taxation year 2000. However, where any of paragraphs *b* to *d* of the definition of “eligible employer” in section 737.22.0.1 of the said Act applies in respect of valid certificates issued before 1 April 2000, it shall be read with the words “Investissement-Québec” replaced by the words “the Minister of Finance”.

(3) Paragraph 6 of subsection 1 applies in respect of certificates issued after 31 March 2000.

44. (1) Section 737.27 of the said Act is amended by replacing the definition of “eligible seaman” by the following:

““eligible seaman” for a taxation year means a seaman in respect of whom a certificate was issued by the Minister of Transport certifying that the seaman was, in the year, employed by an eligible shipowner for the year, that the seaman carried out, in that year, substantially all the duties relating to the seaman’s employment on a vessel engaged in international freight transportation and that the seaman was assigned to such a vessel for a period of at least 10 consecutive days beginning in the year or in a preceding taxation year;”.

(2) Subsection 1, except where it replaces, in the French text of the definition of “eligible seaman” in section 737.27 of the said Act, the words “un visa a été délivré” by the words “une attestation a été délivrée”, applies in respect of salaries or wages received by an eligible seaman for a period during which the eligible seaman was assigned to a vessel engaged in international freight transportation and ending after 14 March 2000.

45. Section 737.28 of the said Act is replaced by the following:

“737.28. An individual resident in Québec in a taxation year who encloses, with the fiscal return the individual is required to file under this Part for the year, a copy of the certificate issued by the Minister of Transport certifying that the individual was an eligible seaman for that taxation year may deduct, in computing the individual’s taxable income for the year, the aggregate of all amounts each of which is the amount of salaries or wages received by the individual in the year, in respect of a period determined in the certificate, from an eligible shipowner whose name appears on the certificate.”

46. (1) Section 750 of the said Act is amended by replacing paragraphs *a* to *c* by the following:

“(a) where the individual’s taxable income for the taxation year does not exceed \$26,000,

i. 19% of the individual’s taxable income, where that year is the year 2000,

ii. 17% of the individual’s taxable income, where that year is the year 2001, and

iii. 16% of the individual's taxable income, where that year is the year 2002 or a subsequent year ;

“(b) where the individual's taxable income for the taxation year exceeds \$26,000 but does not exceed \$52,000,

i. \$4,940 plus 22.25% of the amount by which the individual's taxable income exceeds \$26,000, where that year is the year 2000,

ii. \$4,420 plus 21.25% of the amount by which the individual's taxable income exceeds \$26,000, where that year is the year 2001, and

iii. \$4,160 plus 20%, where that year is the year 2002 or a subsequent year ;
and

“(c) where the individual's taxable income for the taxation year exceeds \$52,000,

i. \$10,790 plus 25% of the amount by which the individual's taxable income exceeds \$52,000, where that year is the year 2000,

ii. \$9,945 plus 24.5% of the amount by which the individual's taxable income exceeds \$52,000, where that year is the year 2001, and

iii. \$9,360 plus 24% of the amount by which the individual's taxable income exceeds \$52,000, where that year is the year 2002 or a subsequent year.”

(2) Subsection 1 applies from the taxation year 2000.

47. (1) The said Act is amended by inserting, after section 750, the following sections :

“**750.1.** The percentage to which sections 752.0.1, 752.0.7.4, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.13.4, 752.0.14, 752.0.15, 752.0.18.1, 752.0.18.3, 752.0.18.8, 752.0.18.10, 768 and 770 refer is

(a) 22%, where the taxation year is the year 2000 ;

(b) 20.75%, where the taxation year is the year 2001 ; and

(c) 20%, where the taxation year is the year 2002 or a subsequent year.

“**750.2.** Each of the amounts referred to in the third paragraph shall, where it is to be used for a taxation year subsequent to the taxation year 2001, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the percentage determined by the formula

(A / B) – 1.

In the formula provided for in the first paragraph,

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

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

The amounts to which the first paragraph refers are

(a) the amounts of \$26,000 and \$52,000, wherever they are mentioned in section 750;

(b) the amounts of \$1,300, \$1,650, \$2,400, \$2,600 and \$5,900, wherever they are mentioned in section 752.0.1;

(c) the amount of \$26,000 mentioned in section 752.0.7.1; and

(d) the amount of \$1,050, wherever it is mentioned in section 752.0.7.4.

“**750.3.** Where the amount that results from the adjustment provided for in section 750.2 is not a multiple of 5, it shall be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Subsection 1, where it enacts section 750.1 of the said Act, applies from the taxation year 2000 and, where it enacts sections 750.2 and 750.3 of the said Act, applies from the taxation year 2002.

48. (1) Section 752.0.1 of the said Act is amended

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

“**752.0.1.** An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount of \$5,900 and an amount equal to the amount obtained by multiplying that percentage by the aggregate of”;

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

“(d) for each person described in paragraph *b*, \$1,650 in respect of each completed term, without exceeding two, which began in the year and during which the person was in full-time attendance at an educational institution designated by the Minister of Education for the purposes of the loans and bursaries program

for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses (chapter A-13.3), where the person was enrolled in an educational program referred to in section 752.0.2.1;”.

(2) Subsection 1 applies from the taxation year 2000.

49. (1) The said Act is amended by inserting, after section 752.0.2, the following section:

“752.0.2.1. An educational program to which paragraph *d* of section 752.0.1 refers means any of the following programs that provides that each student taking the program spend not less than 9 hours per week on courses or work in the program:

(a) where the educational institution is situated in Québec, an educational program recognized by the Minister of Education for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses (chapter A-13.3); and

(b) where the educational institution is situated outside Québec, an educational program at the college level or at the university level or the equivalent.”

(2) Subsection 1 applies from the taxation year 2000.

50. (1) Section 752.0.3 of the said Act is replaced by the following:

“752.0.3. A deduction may be granted under section 752.0.1, by virtue of paragraph *d* of that section, only if the enrolment at an educational institution in an educational program referred to in section 752.0.2.1 is proven by filing with the Minister a certificate in a prescribed form issued by the educational institution and containing the prescribed information.”

(2) Subsection 1 applies from the taxation year 2000.

51. (1) Section 752.0.7.4 of the said Act is amended by replacing the portion before paragraph *a* by the following:

“752.0.7.4. An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount by which the aggregate of the following amounts exceeds 15% of the individual’s family income for the year:”.

(2) Subsection 1 applies from the taxation year 2000.

52. (1) Section 752.0.10.6 of the said Act is replaced by the following:

“752.0.10.6. An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part, an amount equal to

(a) for the taxation year 2000, any of the following amounts:

i. where the aggregate determined under the second paragraph does not exceed \$2,000, 22% of that aggregate,

ii. in any other case, the aggregate of \$440 and 25% of the amount by which the aggregate determined under the second paragraph exceeds \$2,000;

(b) for the taxation year 2001, any of the following amounts:

i. where the aggregate determined under the second paragraph does not exceed \$2,000, 20.75% of that aggregate,

ii. in any other case, the aggregate of \$415 and 24.5% of the amount by which the aggregate determined under the second paragraph exceeds \$2,000;

(c) from the taxation year 2002, any of the following amounts:

i. where the aggregate determined under the second paragraph does not exceed \$2,000, 20% of that aggregate,

ii. in any other case, the aggregate of \$400 and 24% of the amount by which the aggregate determined under the second paragraph exceeds \$2,000.

The aggregate to which the first paragraph refers is the aggregate of

(a) the individual’s total Crown gifts for the year;

(b) the individual’s total gifts of qualified property for the year;

(c) the individual’s total cultural gifts for the year; and

(d) the individual’s qualified total charitable gifts for the year.”

(2) Subsection 1 applies from the taxation year 2000.

53. (1) The said Act is amended by inserting, after section 752.0.10.15, the following section:

“752.0.10.15.1. For the purposes of the definition of “total charitable gifts” and of “total cultural gifts” in section 752.0.10.1, where the individual makes a gift of a work of art to a Québec museum, the amount of the fair market value of that gift or, as the case may be, of the fair market value

determined in respect of that gift under any of sections 752.0.10.11.2 to 752.0.10.14, shall be increased by 1/4 of that amount.”

(2) Subsection 1 applies in respect of gifts made after 14 March 2000.

54. (1) Section 752.0.11 of the said Act, amended by section 163 of chapter 5 of the statutes of 2000, is again amended by replacing the portion of the second paragraph before subparagraph *b* by the following :

“In the formula provided for in the first paragraph,

(a) A is the rate specified in section 750.1 for the year;”.

(2) Subsection 1 applies from the taxation year 2000.

55. (1) Section 752.0.11.1 of the said Act, amended by section 164 of chapter 5 of the statutes of 2000 and by section 60 of chapter 39 of the statutes of 2000, is again amended

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

“**752.0.11.1.** Subject to section 752.0.11.1.3, the medical expenses to which subparagraph *b* of the second paragraph of section 752.0.11 refers are amounts paid”;

(2) by replacing, in subparagraph *i* of paragraph *m.1*, “Chapter IX.0.1 of Title VI of Book III or paragraph *k, l, m* or *n*” by “any of sections 78.8, 157.18 and 358.0.1 or any of paragraphs *k, l, m* and *n*”.

(2) Paragraph 1 of subsection 1 applies in respect of expenses paid after 31 December 1999.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1998.

56. (1) The said Act is amended by inserting, after section 752.0.11.1.2, the following section :

“**752.0.11.1.3.** The medical expenses referred to in section 752.0.11.1 do not include the expenses related to artificial insemination or *in vitro* fertilization treatments undergone by an individual or the individual’s spouse in order to enable the individual and the individual’s spouse to become parents.”

(2) Subsection 1 applies in respect of expenses paid after 31 December 1999.

57. (1) Section 752.0.11.3 of the said Act is replaced by the following :

“752.0.11.3. For the purposes of subparagraph *b* of the second paragraph of section 752.0.11, the following rules apply:

(a) any amount included in computing the income of an individual or of the individual's spouse for a taxation year from an office or employment in respect of a medical expense described in section 752.0.11.1 and paid or provided by an employer at a particular time for the benefit of the individual, the individual's spouse or a person referred to in section 752.0.12 who is a dependant of the individual is deemed to be a medical expense paid at that time by the individual or the individual's spouse, as the case may be;

(b) an amount to be paid for the year by an individual under subdivision 2 of Division I.1 of Chapter IV of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) is deemed to be paid on 31 December of the year for which that amount is required to be paid.”

(2) Subsection 1 applies from the taxation year 2000.

58. (1) Section 752.0.13.1 of the said Act is amended

(1) by replacing “23% of the amount” by “an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount”;

(2) by adding the following paragraph:

“The travel and lodging expenses referred to in the first paragraph do not include the expenses related to artificial insemination or *in vitro* fertilization treatments undergone by an individual or the individual's spouse in order to enable the individual and the individual's spouse to become parents.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2000.

(3) Paragraph 2 of subsection 1 applies in respect of expenses paid after 31 December 1999.

59. (1) Section 752.0.13.1.1 of the said Act is amended by replacing the first paragraph by the following:

“752.0.13.1.1. An individual who moves from a former residence situated in Québec at which the individual ordinarily lived to a new residence, at which the individual ordinarily lives, situated in Québec not more than 80 kilometres from a health establishment situated in Québec so that a particular person referred to in section 752.0.13.2 may obtain, at that establishment, medical care not available in Québec within 250 kilometres of the locality in which the former residence of the individual is situated, may deduct from the individual's tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount of the moving expenses referred to

in the second paragraph paid in the year by the individual or the individual's legal representatives in respect of the move, if the individual files with the Minister the prescribed form whereon a physician certifies that the medical care may reasonably be expected to last at least six months and whereon that physician and the director general, or the director general's delegate in that respect, of a health establishment that is in the area in which the former residence of the individual is situated certify that care equivalent or virtually equivalent to that obtained is not available in Québec within 250 kilometres of the locality where the former residence of the individual is situated."

(2) Subsection 1 applies from the taxation year 2000.

60. (1) Section 752.0.13.4 of the said Act is replaced by the following :

"752.0.13.4. Subject to section 752.0.13.5, an individual may deduct from the individual's tax otherwise payable for a taxation year under this Part, an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount the individual is required to pay for the year as a contribution under subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5)."

(2) Subsection 1 applies from the taxation year 2000.

61. (1) Section 752.0.14 of the said Act, amended by section 166 of chapter 5 of the statutes of 2000, is again amended by replacing the portion before paragraph *a* by the following :

"752.0.14. An individual may deduct from the individual's tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount of \$2,200 if".

(2) Subsection 1 applies from the taxation year 2000.

62. (1) Section 752.0.15 of the said Act, amended by section 63 of chapter 39 of the statutes of 2000, is again amended by replacing, in the portion of the first paragraph before subparagraph *a*, "the amount by which 23%" by "the amount by which the amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount".

(2) Subsection 1 applies from the taxation year 2000.

63. (1) Section 752.0.18.1 of the said Act is amended

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

"752.0.18.1. An individual may deduct from the individual's tax otherwise payable for a taxation year under this Part an amount equal to the

amount obtained by multiplying the percentage specified in section 750.1 for the year by the aggregate of”;

(2) by replacing, in paragraph *c*, the words “each of which is an amount” by “each of which is 50% of an amount”.

(2) Subsection 1 applies from the taxation year 2000.

64. (1) Section 752.0.18.2 of the said Act, amended by section 264 of chapter 39 of the statutes of 2000, is again amended by replacing paragraph *b* by the following :

“(b) an amount in respect of an amount payable by the individual for the year, in relation to a business of the individual, as a contribution referred to in paragraph *c* of that section, if all of the individual’s income for the year from that business 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 section 725, 737.16 or 737.18.10.”

(2) Subsection 1 applies from the taxation year 2000.

65. (1) Section 752.0.18.3 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“**752.0.18.3.** An individual who, in a taxation year, performs the duties of an office or employment may deduct from the individual’s tax otherwise payable for the year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the aggregate of all amounts each of which is an amount paid by the individual in the year as any of the following dues or as the following contribution, to the extent that the individual has not been reimbursed, and is not entitled to be reimbursed, in respect thereof by the entity to which the amount is paid and that the amount may reasonably be regarded as relating to the office or employment:”.

(2) Subsection 1 applies from the taxation year 2000.

66. (1) Section 752.0.18.8 of the said Act is replaced by the following :

“**752.0.18.8.** An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the aggregate of all amounts each of which is an amount that would, but for section 134.1, be deductible in computing the individual’s income for the year from a business or property as dues or a contribution referred to in any of subparagraphs *a* to *c* of the first paragraph of section 134.1 and that has not been taken into account in determining an amount that was deducted under this section in computing the individual’s tax payable under this Part for a preceding taxation year.”

(2) Subsection 1 applies from the taxation year 2000.

67. (1) Section 752.0.18.10 of the said Act, amended by section 168 of chapter 5 of the statutes of 2000, is again amended by replacing the portion before paragraph *a* by the following :

“752.0.18.10. An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the aggregate of”.

(2) Subsection 1 applies from the taxation year 2000.

68. (1) Section 752.0.18.10.1 of the said Act, enacted by section 169 of chapter 5 of the statutes of 2000, is amended by striking out subparagraph iv of paragraph *a*.

(2) Subsection 1 applies from the taxation year 2000.

69. (1) Section 752.0.25 of the said Act is replaced by the following :

“752.0.25. Where an individual is referred to in the second paragraph of section 26, sections 752.0.1 to 752.0.19 do not apply for the purpose of computing the individual’s tax payable under this Part for a taxation year.

However, the individual may deduct, in computing the individual’s tax payable under this Part for such a taxation year,

(*a*) where all or substantially all of the individual’s income for the year, as determined under section 28, is included in computing the individual’s taxable income earned in Canada for the year, such portion of the amounts determined under sections 752.0.1 to 752.0.18.1, 752.0.18.10 and 752.0.19, as is represented by the proportion described in the second paragraph of section 26; and

(*b*) such portion of the amounts determined under sections 752.0.18.3 and 752.0.18.8, as is represented by the proportion described in the second paragraph of section 26.”

(2) Subsection 1 applies from the taxation year 1997. However, where section 752.0.25 of the said Act applies to the taxation years 1997 to 1999, it shall be read as follows :

“752.0.25. Where an individual is referred to in the second paragraph of section 26, sections 752.0.1 to 752.0.10, 752.0.11 to 752.0.13.1.1, 752.0.15, 752.0.16, 752.0.18.3, 752.0.18.8 and 752.0.19 do not apply for the purpose of computing the individual’s tax payable under this Part for a taxation year.

However, the individual may deduct, in computing the individual’s tax payable under this Part for such a taxation year,

(a) where all or substantially all of the individual's income for the year, as determined under section 28, is included in computing the individual's taxable income earned in Canada for the year, such portion of the amounts determined under sections 752.0.1 to 752.0.10, 752.0.11 to 752.0.13.1.1, 752.0.15, 752.0.16 and 752.0.19, as is represented by the proportion described in the second paragraph of section 26; and

(b) such portion of the amounts determined under sections 752.0.18.3 and 752.0.18.8, as is represented by the proportion described in the second paragraph of section 26."

70. (1) Section 768 of the said Act is replaced by the following:

"768. The tax payable under this Part by an *inter vivos* trust other than a mutual fund trust is the greater of the tax payable on its taxable income for a taxation year determined under section 750 and the amount obtained by multiplying the percentage specified in section 750.1 for the year by its taxable income for the year."

(2) Subsection 1 applies from the taxation year 2000.

71. (1) Section 770 of the said Act is amended

(1) by replacing, in the French text, the portion before paragraph *a* by the following:

"770. Malgré l'article 750, l'impôt payable en vertu de la présente partie par une fiducie de fonds commun de placements sur son revenu imposable pour une année d'imposition est égal au plus élevé des montants suivants:";

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

"(a) the amount obtained by multiplying the percentage specified in section 750.1 for the year by its taxable income reduced by the amount by which its taxable capital gains for the year exceeds its allowable capital losses for the year and increased by the amounts deducted for the year under section 729; or".

(2) Subsection 1 applies from the taxation year 2000.

72. (1) Section 771.1 of the said Act, amended by section 76 of chapter 39 of the statutes of 2000, is again amended

(1) by replacing, in the definition of "information technology development centre" and of "new economy centre" in the first paragraph, the words "the Minister of Finance" by the word "Investissement-Québec";

(2) by replacing, in the second paragraph, the words "premises designated by the Minister of Finance" by the words "premises designated by Investissement-Québec".

(2) Subsection 1 applies in respect of buildings or premises designated after 31 March 2000.

73. (1) Section 771.12 of the said Act, amended by section 91 of chapter 39 of the statutes of 2000, is again amended by replacing the portion of paragraph *a* before subparagraph *i* by the following :

“(a) the corporation holds a certificate issued and unrevoked by Investissement-Québec certifying that”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

74. (1) The said Act is amended by inserting, after section 776.29, the following section :

“776.29.1. The amount of \$26,000 mentioned in section 776.29 shall, where it is to be used for a taxation year subsequent to the taxation year 2001, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the percentage determined by the formula

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

In the formula provided for in the first paragraph,

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

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

Where the amount that results from the adjustment provided for in the first paragraph is not a multiple of 5, it shall be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Subsection 1 applies from the taxation year 2002.

75. (1) Section 776.34 of the said Act is replaced by the following :

“776.34. The amount to which the first paragraph of section 776.32 refers is equal to

(a) 5% of the family income of the individual for the taxation year, where that year is the year 2000 ;

(b) 3% of the family income of the individual for the taxation year, where that year is the year 2001 or a subsequent year.”

(2) Subsection 1 applies from the taxation year 2000.

76. (1) Section 776.46 of the said Act is amended by replacing the portion of the second paragraph before subparagraph *b* by the following :

“In the formula provided for in the first paragraph,

(a) A is a rate of

i. 22%, where the taxation year is the year 2000,

ii. 20.75%, where the taxation year is the year 2001, and

iii. 20%, where the taxation year is the year 2002 or a subsequent year;”.

(2) Subsection 1 applies from the taxation year 2000.

77. (1) Section 776.67 of the said Act is amended by adding the following paragraph :

“However, the Minister shall not make the determination provided for in subparagraph *b* of the first paragraph if the individual files with the Minister, in prescribed form, a notice stating that the individual refuses to have the Minister determine the tax payable by the individual for the year under this Part with reference to the provisions of this Book.”

(2) Subsection 1 applies from the taxation year 1998.

78. (1) Section 776.70 of the said Act, amended by section 184 of chapter 5 of the statutes of 2000, is replaced by the following :

“**776.70.** The individual shall, in computing the income of the individual for the year under Title VI of Book III, deduct only the amount deductible for the year under paragraphs *d* to *d.2* and *f* to *j* of section 336 and sections 336.0.4, 339 and 339.5.”

(2) Subsection 1 applies from the taxation year 1998.

79. (1) Section 776.77 of the said Act is replaced by the following :

“**776.77.** The individual may deduct from the individual’s tax otherwise payable for the taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in the fourth paragraph for the year by the total of \$5,900 and the flat amount for the year.

For the purposes of the first paragraph, the flat amount for a taxation year is equal to the greater of the flat amount for the preceding taxation year and the aggregate of

(a) the product obtained by multiplying the maximum contributory earnings determined for the year under the Act respecting the Québec Pension Plan (chapter R-9) by one-half of the rate of contribution for that year under that Act;

(b) the product obtained by multiplying the maximum yearly insurable earnings determined for the year under the Employment Insurance Act (Statutes of Canada, 1996, chapter 23) by the employee's premium rate for that year under that Act; and

(c) \$250.

Where the flat amount determined in accordance with the second paragraph is not a multiple of 5, it must be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.

The percentage to which the first paragraph refers is

(a) 22%, for the year 2000;

(b) 20.75%, for the year 2001; and

(c) 20%, for the year 2002 or a subsequent year."

(2) Subsection 1 applies from the taxation year 1999. However, where section 776.77 of the said Act applies to the taxation year 1999, it shall be read with the words "an amount equal to the amount obtained by multiplying the percentage specified in the fourth paragraph for the year by", in the portion of the first paragraph before subparagraph *a*, replaced by "23% of" and without reference to the fourth paragraph.

80. (1) The said Act is amended by inserting, after section 776.77, the following sections:

"776.77.1. Each of the amounts referred to in the third paragraph shall, where it is to be used for a taxation year subsequent to the taxation year 2001, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the percentage determined by the formula

$(A / B) - 1.$

In the formula provided for in the first paragraph,

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

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

The amounts to which the first paragraph refers are

(a) the amount of \$5,900 mentioned in the first paragraph of section 776.77; and

(b) the flat amount referred to secondly in the portion of the second paragraph of section 776.77 before subparagraph *a*.

“776.77.2. Where the amount that results from the adjustment provided for in section 776.77.1 is not a multiple of 5, it shall be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Subsection 1 applies from the taxation year 2002.

81. (1) Section 776.89 of the said Act is amended by striking out paragraphs *d* and *e*.

(2) Subsection 1 applies from the taxation year 1998.

82. (1) Section 779 of the said Act, replaced by section 185 of chapter 5 of the statutes of 2000 and amended by section 101 of chapter 39 of the statutes of 2000, is again amended by replacing “II.13 to II.18” by “II.12.1 to II.19”.

(2) Subsection 1 applies from the taxation year 2000.

83. (1) Section 985.14 of the said Act is amended, in paragraph *c*, by replacing “paragraph *a.1* or *c* of section 752.0.10.6” by “paragraph *b* or *d* of the second paragraph of section 752.0.10.6”.

(2) Subsection 1 applies from the taxation year 2000.

84. (1) Section 1015 of the said Act, amended by section 243 of chapter 5 of the statutes of 2000, is again amended by replacing subparagraphs *a* and *b* of the third paragraph by the following:

“(a) in cases where subparagraph *b* does not apply,

i. to the amount determined in accordance with the tables drawn up by the Minister determining the amount to be deducted or withheld from an amount paid, allocated, granted or awarded or, where the amount to be deducted or

withheld cannot be determined with those tables, to the amount computed in the prescribed manner, or

ii. to the amount determined according to a mathematical formula authorized by the Minister; and

“(b) in the cases described in sections 1015R3.1 to 1015R3.5 and 1015R5 to 1015R13.3 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), to the prescribed amount.”

(2) Subsection 1 has effect from 13 December 1999.

85. (1) Section 1016 of the said Act, amended by section 244 of chapter 5 of the statutes of 2000, is replaced by the following :

“**1016.** Where the Minister is satisfied that the deduction or withholding of the amount provided for in the third paragraph of section 1015 would impose undue hardship on the taxpayer, the Minister may determine a lesser amount and that amount shall be deemed to be the amount that is required to be deducted or withheld under that section.”

(2) Subsection 1 has effect from 13 December 1999.

86. (1) Section 1017 of the said Act is replaced by the following :

“**1017.** A taxpayer may elect, in prescribed form and prescribed manner, that the amount deducted or withheld in the taxpayer’s respect under section 1015 be increased by the amount specified by the taxpayer in the election, and that increased amount shall be deemed to be the amount that is required to be deducted or withheld under that section.”

(2) Subsection 1 has effect from 13 December 1999.

87. (1) The said Act is amended by inserting, after the heading of Division I.1 of Chapter III.1 of Title III of Book IX of Part I, the following section :

“**1029.6.0.0.1.** In this chapter,

“government assistance” means assistance from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance ;

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

For the purposes of Divisions II.4 to II.4.3, II.5.2, II.6 to II.6.0.6, II.6.5.1 and II.6.6.1 to II.6.12, the following rules apply :

(a) in the case of Division II.4, government assistance does not include an amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), other than the portion of the amount that may reasonably be attributed to an amount that is a qualified expenditure, within the meaning of subsection 9 of that section 127, and that, for the purposes of that definition, is an expenditure made before 1 May 1987;

(b) in the case of each of Divisions II.4.1 to II.4.3, II.5.2, II.6.0.0.1, II.6.0.4 to II.6.0.6, II.6.5.1 and II.6.6.1 to II.6.12, government assistance or non-government assistance does not include an amount that is deemed to have been paid to the Minister for a taxation year under that division;

(c) in the case of Division II.6, government assistance or non-government assistance does not include

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

ii. the amount of financial assistance granted by the Société de développement des entreprises culturelles, by the Canada Council for the Arts or by the Canadian Independent Film and Video Fund,

iii. the amount of financial assistance granted by the National Film Board of Canada and the amount equal to the fair market value of assistance granted by that body as a contribution of property or services,

iv. the amount of assistance granted by Telefilm Canada in accordance with the Canadian Film Development Corporation Act (Revised Statutes of Canada, 1985, chapter C-16), other than any subsidy granted by that body under a dubbing and subtitling assistance fund,

v. the amount of financial assistance granted by the Canadian Television Fund under the Licence Fee Program or the Equity Investment Program,

vi. the amount equal to the fair market value of assistance granted as a contribution of property or services by a public authority that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or

vii. the amount of assistance or of an inducement paid for advertising purposes;

(d) in the case of Division II.6.0.0.2, government assistance or non-government assistance does not include an amount that a corporation is deemed to have paid to the Minister for a taxation year under that division, or an amount that a corporation is deemed to have paid for a taxation year under subsection 3 of section 125.4 or 125.5 of the Income Tax Act;

(e) in the case of Division II.6.0.0.3 or II.6.0.0.4, government assistance or non-government assistance does not include an amount deemed to have been paid to the Minister for a taxation year under that division, or the amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the Société de développement des entreprises culturelles, the Canada Council for the Arts, Fondation Musicaction or the Foundation to Assist Canadian Talent on Records ;

(f) in the case of Division II.6.0.0.5, government assistance or non-government assistance does not include

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

ii. amounts paid under a book publishing industry development program of the Department of Canadian Heritage,

iii. grants paid by the Canada Council for the Arts to book publishers, for international translation and for co-operative projects in writing and publishing, or

iv. amounts paid under a book publishing industry development program of the Société de développement des entreprises culturelles ;

(g) in the case of Division II.6.0.1 or II.6.0.1.1, government assistance or non-government assistance does not include

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

ii. the amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles, or

iii. any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act ;

(h) in the case of each of Divisions II.6.0.1.2 to II.6.0.1.5, government assistance or non-government assistance does not include

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

ii. any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act ;

(i) in the case of Division II.6.0.2 or II.6.0.3, government assistance or non-government assistance does not include

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

ii. any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act; or

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

(2) Subsection 1,

(1) where it applies in relation to Division II.4.3 of Chapter III.1 of Title III of Book IX of Part I of the said Act, has effect from 15 March 2000;

(2) where it applies in relation to Division II.6.0.0.5 of that Chapter III.1, applies in respect of eligible works or works that are part of an eligible group of works the publishing work of which began after 14 March 2000;

(3) where it applies in relation to Division II.6.6.1 of that Chapter III.1, has effect from 1 January 1999;

(4) where it applies in relation to Divisions II.6.6.2 and II.6.6.3 of that Chapter III.1, has effect from 1 January 2000; and

(5) where it applies in relation to Division II.6.12 of that Chapter III.1, applies to taxation years that end after 14 March 2000.

88. (1) Section 1029.6.0.1 of the said Act is amended by replacing, in paragraphs *a* to *c*, “II.6.11” by “II.6.12”.

(2) Subsection 1 applies in respect of expenditures or costs incurred after 14 March 2000.

89. (1) The said Act is amended by inserting, after section 1029.6.0.1.1, enacted by section 122 of chapter 39 of the statutes of 2000, the following sections:

“1029.6.0.1.2. A taxpayer is deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a particular taxation year under any of Divisions II.4.3, II.5.2, II.6 to II.6.0.0.5, II.6.5, II.6.5.1, II.6.6.1 to II.6.6.3 and II.6.12, only if the taxpayer files with the Minister the prescribed form containing the prescribed information and, where applicable, a copy of the agreement, certificate, advance ruling or qualification certificate referred to therein on or before the day that is 12 months after the taxpayer’s filing-due date for the particular year.

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

“1029.6.0.1.4. Notwithstanding paragraph *b* of section 1029.6.0.1, where, before 14 March 2000, a certificate was issued by the Minister of Finance for the purposes of any of Divisions II.6.0.1.4, II.6.0.1.5, II.6.0.2 and II.6.0.3, to the other taxpayer referred to in that paragraph *b*, the other taxpayer may, for a taxation year, subject to section 1029.6.0.1.5, be deemed to have paid an amount to the Minister under any of those divisions in respect of all or part of a wage expense that is paid before 14 March 2000 in performing the particular contract, or any contract derived therefrom, that is referred to in that paragraph and entered into before that date, that may reasonably be considered to relate to a particular expenditure referred to in that paragraph, if it may reasonably be considered that all or a portion of a consideration paid or payable by the person referred to in that paragraph under the particular contract relates to the particular expenditure and that the person may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.6 or II.6.0.0.2 in respect of that particular expenditure.

“1029.6.0.1.5. Notwithstanding section 1029.6.0.1.4, where the other taxpayer referred to in that section is a corporation control of which was acquired by a person or group of persons at any time after 13 March 2000, the other taxpayer shall not be deemed to have paid an amount to the Minister under any of Divisions II.6.0.1.4, II.6.0.1.5, II.6.0.2 and II.6.0.3, for any taxation year ending after that time.”

(2) Subsection 1,

(1) where it enacts section 1029.6.0.1.2 of the said Act, applies to taxation years that end after 22 December 1999. However, where section 1029.6.0.1.2 of the said Act applies

(a) to taxation years that end before 1 January 2000, it shall be read with “II.4.3, II.5.2, II.6 to II.6.0.0.5, II.6.5, II.6.5.1, II.6.6.1 to II.6.6.3 and II.6.12” replaced by “II.5.2, II.6 to II.6.0.0.4, II.6.5, II.6.5.1 and II.6.6.1”;

(b) to taxation years that end after 31 December 1999 and before 15 March 2000, it shall be read with “II.4.3, II.5.2, II.6 to II.6.0.0.5, II.6.5, II.6.5.1, II.6.6.1 to II.6.6.3 and II.6.12” replaced by “II.5.2, II.6 to II.6.0.0.4, II.6.5, II.6.5.1 and II.6.6.1 to II.6.6.3”;

(2) where it enacts section 1029.6.0.1.3 of the said Act, applies in respect of expenditures or costs incurred after 14 March 2000

(3) where it enacts sections 1029.6.0.1.4 and 1029.6.0.1.5 of the said Act, has effect from 26 March 1997. However, where section 1029.6.0.1.4 of the said Act applies

(a) before 16 June 1998, it shall be read with “any of Divisions II.6.0.1.4, II.6.0.1.5, II.6.0.2 and II.6.0.3” replaced by “Division II.6.0.2”;

(b) after 15 June 1998 and before 10 March 1999, it shall be read with “II.6.0.1.4, II.6.0.1.5, II.6.0.2 and II.6.0.3” replaced by “II.6.0.1.4 and II.6.0.2”.

90. (1) The said Act is amended by inserting, after section 1029.6.0.5, the following:

“DIVISION I.1.1

“ANNUAL ADJUSTMENT OF CERTAIN AMOUNTS

“1029.6.0.6. Each of the amounts referred to in the third paragraph shall, where it is to be used for a taxation year subsequent to the taxation year 2001, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the percentage determined by the formula

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

In the formula provided for in the first paragraph,

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

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

The amounts to which the first paragraph refers are

(a) the amounts between \$27,000 and \$75,000 mentioned in section 1029.8.80;

(b) the amount of \$26,000 mentioned in sections 1029.8.101 and 1029.8.110;

(c) the amounts of \$103 and \$154, wherever they are mentioned in section 1029.8.105;

(d) the amounts of \$15 and \$35, wherever they are mentioned in section 1029.8.114; and

(e) the amounts of \$500 and \$17,500 mentioned in section 1029.8.118.

“1029.6.0.7. Where the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *a*, *b* and *e* of the third paragraph of that section, is not a multiple of 5, it shall be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.

Where the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *c* and *d* of the third paragraph of that section, is not a multiple of 1, it shall be rounded to the nearest multiple of 1 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Subsection 1 applies from the taxation year 2002.

91. (1) Section 1029.8.9.0.2 of the said Act is amended

(1) by replacing the definition of “eligible fee” by the following:

““eligible fee” of a taxpayer or partnership, for a taxation year or fiscal period, as the case may be, relating to an eligible research consortium, means the amount obtained by multiplying the amount that is expenditures made by the eligible research consortium in respect of scientific research and experimental development related to a business of the taxpayer or partnership undertaken by the eligible research consortium in Québec, after 14 May 1992, in its fiscal period ending in the taxation year of the taxpayer or fiscal period of the partnership, that may reasonably be considered to be attributable to fees or dues paid, during that fiscal period of the eligible research consortium, by all the taxpayers and all the partnerships that are members thereof by such proportion as the fee or dues paid by the taxpayer or partnership, as the case may be, to the eligible research consortium, during the fiscal period of the eligible research consortium ending in the taxation year of the taxpayer or the fiscal period of the partnership, to be a member thereof is or are of the aggregate of the fees or dues paid, during that fiscal period of the eligible research consortium, by all the taxpayers and all the partnerships that are members thereof;”;

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

““eligible fee balance” of a taxpayer or partnership, for a taxation year or fiscal period, as the case may be, relating to an eligible research consortium, means the aggregate of all amounts each of which is the amount obtained by multiplying the amount that is expenditures made by the eligible research consortium in respect of scientific research and experimental development related to a business of the taxpayer or partnership undertaken by the eligible research consortium in Québec in its fiscal period ending in the taxation year of the taxpayer or fiscal period of the partnership, that may reasonably be considered to be attributable to fees or dues paid, during the particular fiscal period of the eligible research consortium, by all the taxpayers and all the partnerships that were members thereof by such proportion as the fee or dues paid by the taxpayer or the partnership, as the case may be, to the eligible research consortium, during the particular fiscal period of the eligible research consortium ending in a preceding taxation year of the taxpayer or a preceding fiscal period of the partnership, to be a member of the eligible research consortium is or are of the aggregate of the fees or dues paid, during the particular fiscal period of the eligible research consortium, by all the taxpayers and all the partnerships that were members thereof;”;

(3) by adding the following paragraph:

“For the purposes of this section, the expenditures made by an eligible research consortium are attributable to fees or dues paid during a fiscal period only if the expenditures may reasonably be considered not to be attributable to fees or dues paid to the eligible research consortium during a preceding fiscal period, and for the purposes of this paragraph, the expenditures made by an eligible research consortium are attributable to fees or dues paid to it in the order in which they have been received.”

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

92. (1) Sections 1029.8.9.0.3 and 1029.8.9.0.4 of the said Act are replaced by the following:

“1029.8.9.0.3. A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada is deemed to have paid to the Minister on the taxpayer’s balance-due day for a taxation year, on account of the taxpayer’s tax payable for that year under this Part, an amount equal to 40% of the total of the aggregate of all amounts each of which is the taxpayer’s eligible fee for the year relating to an eligible research consortium and the aggregate of all amounts each of which is, where the taxpayer is a member of an eligible research consortium at the end of the fiscal period of the eligible research consortium ending in the year, the taxpayer’s eligible fee balance for the year relating to that consortium.

“1029.8.9.0.4. Where a partnership carries on a business in Canada, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership in which the

partnership paid an eligible fee to an eligible research consortium, and who is not a specified member of the partnership in that fiscal period, is deemed to have paid to the Minister on the taxpayer's balance-due day for the taxpayer's taxation year in which the fiscal period ends, on account of the taxpayer's tax payable for that year under this Part, an amount equal to 40% of the taxpayer's share of the total of the aggregate of all amounts each of which is, for the fiscal period of the partnership ending in the year, an eligible fee of the partnership relating to an eligible research consortium and the aggregate of all amounts each of which is, where the partnership is a member of an eligible research consortium at the end of the fiscal period of the eligible research consortium ending in the fiscal period of the partnership, the partnership's eligible fee balance for the fiscal period relating to the eligible research consortium."

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

93. (1) Section 1029.8.16.2 of the said Act, enacted by section 128 of chapter 39 of the statutes of 2000, is amended, in the first paragraph,

(1) by inserting, in the definition of "eligible amount", after "an eligible fee", "an eligible fee balance";

(2) by inserting, in the definition of "qualified corporation", after the words "whose assets", "as determined in the manner provided for in Division II and".

(2) Paragraph 1 of subsection 1 applies to taxation years of corporations that end after 22 December 1999.

(3) Paragraph 2 of subsection 1 applies to taxation years of corporations that begin after 30 June 1999.

94. Section 1029.8.17 of the said Act is amended by striking out paragraphs *a* and *b*.

95. (1) Section 1029.8.18 of the said Act is amended, in the first paragraph,

(1) by replacing, in subparagraph *a* and in the portion of subparagraph *b* before subparagraph *i*, the words "or of an eligible fee" by "of an eligible fee or of an eligible fee balance,";

(2) by replacing, in subparagraph *a* and subparagraphs *i* and *ii* of subparagraph *b*, the words "or to the eligible fee" by "to the eligible fee or to the eligible fee balance";

(3) by replacing, in subparagraphs *i* and *ii* of subparagraph *b*, the words "or the eligible fee" by "the eligible fee or the eligible fee balance".

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

96. (1) Section 1029.8.18.1 of the said Act is amended

(1) by replacing, in the portion before paragraph *a*, the words “or a particular eligible fee” by “, a particular eligible fee or a particular eligible fee balance”;

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

“ii. where the assistance reduced a particular eligible fee or a particular eligible fee balance, to be an eligible fee or an eligible fee balance, as the case may be, for the taxation year in which the taxpayer paid the particular amount;”;

(3) by replacing, in subparagraphs i and ii of paragraph *b*, the words “or particular eligible fee” by “, particular eligible fee or particular eligible fee balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

97. (1) Section 1029.8.18.1.1 of the said Act is amended

(1) by replacing, in the portion before paragraph *a*, the words “or of a particular eligible fee” by “, of a particular eligible fee or of a particular eligible fee balance”;

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

“ii. where the assistance reduced a particular eligible fee or a particular eligible fee balance, to be an eligible fee or an eligible fee balance, as the case may be, for the fiscal period of the partnership in which the partnership paid the particular amount;”;

(3) by replacing, in subparagraphs i and ii of paragraph *b*, the words “or particular eligible fee” by “, particular eligible fee or particular eligible fee balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

98. (1) Section 1029.8.18.1.2 of the said Act is amended

(1) by replacing, in the portion before paragraph *a*, the words “or of a particular eligible fee” by “, of a particular eligible fee or of a particular eligible fee balance”;

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

“ii. where the assistance reduced the taxpayer’s share of a particular eligible fee or a particular eligible fee balance, to be an eligible fee or eligible fee balance, as the case may be, of the partnership for the fiscal period of the partnership ending in the taxation year of the taxpayer in which the taxpayer pays the particular amount;”;

(3) by replacing, in subparagraphs i and ii of paragraph *b*, the words “or particular eligible fee” by “, particular eligible fee or particular eligible fee balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

99. (1) Section 1029.8.18.2 of the said Act is amended by replacing, in paragraph *a*, the words “or of an eligible fee” by “, of an eligible fee or of an eligible fee balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

100. (1) Section 1029.8.19 of the said Act is amended by replacing the words “or of the eligible fee” by “, of the eligible fee or of the eligible fee balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

101. (1) Section 1029.8.21.3 of the said Act, amended by section 250 of chapter 5 of the statutes of 2000 and replaced by section 134 of chapter 39 of the statutes of 2000, is again replaced by the following:

“1029.8.21.3. A taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a particular taxation year or under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.9.0.4, 1029.8.10 and 1029.8.11 in respect of an expenditure that is wages or part of a consideration, a qualified expenditure, an eligible fee or an eligible fee balance, as the case may be, or under section 1029.8.16.6, in respect of an excess amount referred to therein, only if the taxpayer files with the Minister the prescribed form containing the prescribed information on or before the day that is 12 months after the taxpayer’s filing-due date for the particular year.”

(2) Subsection 1 applies to taxation years of corporations that end after 22 December 1999.

102. (1) Section 1029.8.21.3.1 of the said Act, enacted by section 251 of chapter 5 of the statutes of 2000, is replaced by the following:

“1029.8.21.3.1. A taxpayer may not be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a particular taxation year under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.9.0.4, 1029.8.10 and 1029.8.11 in respect of an expenditure that is wages or part of a consideration, a qualified expenditure, an eligible fee or an eligible fee balance, as the case may be, if that expenditure is deemed not to be an expenditure on or in respect of scientific research and experimental development because of the application of section 230.0.0.5.”

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

103. (1) The said Act is amended by inserting, after section 1029.8.21.31, enacted by section 135 of chapter 39 of the statutes of 2000, the following :

“DIVISION II.4.3

“CREDIT TO PROMOTE THE DEVELOPMENT AND INTEGRATION OF E-COMMERCE SOLUTIONS

“§1. — Interpretation and general

“1029.8.21.32. In this division,

“base period” of a qualified corporation or qualified partnership, in relation to an eligible production expenditure incurred in respect of an eligible e-commerce solution, means the period beginning on 15 March 2000 and ending on

(a) 30 September 2002, when either of the following conditions is satisfied :

i. the expense is incurred pursuant to an agreement in writing entered into before 1 April 2002, or

ii. the production work in relation to the eligible e-commerce solution, carried out by, or on behalf of, the qualified corporation or qualified partnership, as the case may be, has begun before 1 April 2002 ; or

(b) 31 March 2002, in any other case ;

“deemed expenditure” of a qualified corporation for a taxation year or of a qualified partnership for a fiscal period means

(a) the aggregate of all amounts each of which is the amount for the year in respect of an eligible e-commerce solution of the corporation that is determined under section 1029.8.21.47 ; or

(b) the aggregate of all amounts each of which is the amount for the fiscal period in respect of an eligible e-commerce solution of the partnership that is determined under section 1029.8.21.48 or 1029.8.21.49 ;

“e-commerce solution” of a qualified corporation or qualified partnership, in respect of a business it carries on in Québec, means a transactional Web site using the Internet, a limited-access secure and confidential extranet, or a business-to-business transactions system using a private network, in relation to that business;

“eligible e-commerce solution” of a qualified corporation or qualified partnership, in respect of a business it carries on in Québec means, subject to the fourth paragraph, an e-commerce solution of the corporation or partnership, in respect of that business, that is not connected with pornography, violence or lottery games, provided that the following conditions were not satisfied in its respect on 14 March 2000, but that they are satisfied at any particular time after that date and on or before 31 March 2003

(a) it includes a transaction mode by secure computerized channel that ensures the confidentiality of information exchanged; and

(b) the transaction mode referred to in paragraph *a* allows the purchase or sale of tangible or intangible property or services, or allows the exchange of commercial documents;

“eligible production expenditure” of a qualified corporation for a taxation year or of a qualified partnership for a fiscal period, in respect of its eligible e-commerce solution, means the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(a) the aggregate of all amounts each of which is a production expenditure in respect of the eligible e-commerce solution that the qualified corporation or qualified partnership incurred in that portion of its base period that is in the taxation year or fiscal period, as the case may be, to the extent that the amount is paid;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the qualified corporation or qualified partnership, under the terms of a contract, for production work in relation to the eligible e-commerce solution that was carried out on its behalf in that portion of its base period that is in the year or fiscal period, as the case may be, to a person or partnership who or which carried out all or substantially all of the production work and with whom or with which the qualified corporation or the qualified partnership is not dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to a production expenditure in respect of that eligible e-commerce solution that the person or partnership incurred and paid; and

(c) the aggregate of all amounts each of which is 80% of the portion of the consideration paid by the qualified corporation or qualified partnership, under the terms of a contract, for production work in relation to the eligible e-commerce solution, to a person or partnership with whom or with which the qualified corporation or the qualified partnership is dealing at arm’s length at

the time the contract is entered into, that may reasonably be attributed to the production work carried out on its behalf in that portion of its base period that is in the year or fiscal period, as the case may be, but only to the extent where the expenditure incurred by the person or partnership in connection with the carrying out of the production work is a production expenditure in respect of that eligible e-commerce solution;

“production expenditure” in respect of an eligible e-commerce solution of a qualified corporation or a qualified partnership means an amount that may reasonably be attributed to the salaries or wages a person or partnership incurred for production work in relation to the eligible e-commerce solution, or to the cost of an application software that a person or partnership acquired, as part of that production work, for integration into the eligible e-commerce solution, but does not include

(a) the salary or wages incurred in respect of an employee of the qualified corporation or qualified partnership, as the case may be, who takes part in a training activity concerning the eligible e-commerce solution;

(b) expenditures to commercialize the eligible e-commerce solution, except those relating to the design of a marketing plan;

(c) expenditures for hosting the eligible e-commerce solution; or

(d) where the production expenditure has been incurred by the person or partnership for production work carried out on behalf of the qualified corporation or qualified partnership, an amount, that is salaries or wages, that is not an amount that may reasonably be attributed to the salaries or wages the person or partnership incurred in respect of its employees in an establishment situated in Québec, or that could be so attributed if the person or partnership had such employees;

“production work” in relation to an eligible e-commerce solution of a qualified corporation or qualified partnership means the work carried out as part of the stages required to implement the eligible e-commerce solution, including stages relating to

(a) developing an implementation assessment of the eligible e-commerce solution;

(b) developing a marketing plan of the eligible e-commerce solution;

(c) designing or developing the eligible e-commerce solution, or integrating it in the business carried on in Québec by the qualified corporation or qualified partnership;

(d) modifying an eligible e-commerce solution in respect of which not all the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” were satisfied on 14 March 2000, such that the conditions may be satisfied;

(e) the training of the employees of the qualified corporation or qualified partnership that is done in the particular period ending on or before the last day of the three-month period following the date of implementation of the eligible e-commerce solution, or the technical support provided to that corporation or partnership in the particular period ; or

(f) the maintenance of the eligible e-commerce solution that is carried out in the three-month period following the date of implementation of the eligible e-commerce solution ;

“qualified corporation” for a taxation year means, subject to section 1029.8.21.37, a corporation that, in the year, carries on a business in Québec and has an establishment in Québec and all or substantially all of whose gross revenue for the year is derived from the carrying on of a qualified business, of which at least 50% of the salaries or wages it pays to its employees in the year, are paid to the employees of an establishment situated in Québec, but does not include

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

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

“qualified partnership” for a fiscal period means a partnership that, if it were a corporation, would be a qualified corporation for that fiscal period ;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

For the purposes of the definition of “qualified corporation” in the first paragraph, in determining the proportion of the salaries or wages of a corporation’s employees that a corporation pays to employees of an establishment situated in Québec, the rules set out in sections 771R5 and 771R5.0.1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) apply as if the portion of section 771R5.0.1 before paragraph *a* were read with the words “a service in Québec” replaced by the words “a service” and the words “to an employee of an establishment of the corporation or partnership situated in Québec” replaced by the words “to an employee of an establishment of the corporation or partnership to which the service is reasonably attributable and to the extent that it is so attributable”.

In determining the assets or gross revenue, pursuant to section 1029.8.21.37, for the purposes of the definition of “qualified partnership” in the first paragraph, the rules set out in section 1029.8.21.34 apply in respect of the taxation year of a corporation and the dispersal of ownership of the corporation’s shares among the members of the partnership.

The eligible e-commerce solution of a qualified corporation or qualified partnership, in respect of which the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” in the first paragraph cease to be satisfied at a particular time that is not after the end of the base period of the qualified corporation or qualified partnership, continues to qualify as such at and after that time provided the conditions are again satisfied on or before 31 March 2003.

For the purposes of the definition of “production work” in the first paragraph, the date of implementation of an eligible e-commerce solution is the date on which the eligible e-commerce solution is functional for the first time and all the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” in the first paragraph are satisfied in its respect.

“1029.8.21.33. For the purposes of this division, unless the context indicates otherwise, the share of a corporation that is a member of a partnership, for a fiscal period of the partnership, of any amount is equal to such proportion of that amount as is determined by the formula

$A / B.$

In the formula provided for in the first paragraph,

(*a*) *A* is the member’s share of the income or loss of the partnership for the fiscal period; and

(*b*) *B* is the income or loss of the partnership for the fiscal period.

Where the income and loss of the partnership for the fiscal period are nil, the formula provided for in the first paragraph shall be applied on the assumption that the partnership’s income for that fiscal period is equal to \$1,000,000.

“1029.8.21.34. For the purposes of sections 1029.8.21.35 and 1029.8.21.39 to 1029.8.21.41, a partnership is deemed, at a particular time in a fiscal period, to be a corporation the taxation year of which corresponds to the partnership’s fiscal period and all of the voting shares in the capital stock of which are owned in the fiscal period by each member of the partnership, in the proportion determined by the formula

$A / B.$

In the formula provided for in the first paragraph,

(*a*) *A* is the member’s share of the income or loss of the partnership for the fiscal period; and

(*b*) *B* is the income or loss of the partnership for the fiscal period.

Where the income and loss of the partnership for the fiscal period are nil, the formula provided for in the first paragraph shall be applied on the assumption that the partnership's income for that fiscal period is equal to \$1,000,000.

“1029.8.21.35. For the purposes of this division, the following rules apply :

(a) an associated group in a taxation year or fiscal period means the group formed by all the corporations and partnerships that are associated with each other in the year or period ; and

(b) an associated group at the end of a taxation year or fiscal period means the group formed by all the corporations and partnerships that would be associated with each other at that time if the portion of section 21.20 before paragraph *a* were read as if the reference to “in a taxation year” were a reference to “at the end of a taxation year” and the reference to “at any time in the year” were a reference to “at that time”.

“1029.8.21.36. For the purposes of this division, two or more corporations or partnerships are deemed to be members of an associated group, in a taxation year or fiscal period, or at the end of a taxation year or fiscal period, if it may reasonably be considered that one of the main reasons for the separate existence of those corporations or partnerships in that year or period, or at the end of that year or period, is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division or to increase such an amount.

“1029.8.21.37. For the purposes of this division, a corporation is not a qualified corporation if,

(a) where the corporation is in its first fiscal period, the assets shown in its financial statements submitted to the shareholders at the beginning of its first fiscal period or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, are equal to or greater than \$12,000,000 ; or

(b) in any other case, the following conditions are satisfied :

i. the corporation's assets shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year are equal to or greater than \$12,000,000, or

ii. the corporation's gross revenue for its preceding taxation year is equal to or greater than \$25,000,000.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph shall be read as if the reference therein to “submitted to the shareholders” were a reference to “submitted to the members”.

“1029.8.21.38. For the purposes of section 1029.8.21.37, in computing the assets of a corporation at any time, the amount that is the surplus reassessment of its property at that time and the amount of its intangible assets at that time shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

All or part of an expenditure made in respect of intangible assets is deemed to be nil if it consists of shares of the capital stock of a corporation or capital of a cooperative.

“1029.8.21.39. For the purposes of section 1029.8.21.37, the assets of a corporation that is a member in a taxation year of an associated group is equal to the amount by which the aggregate of all amounts each of which is the assets of a member of that group, as determined in accordance with sections 1029.8.21.37 and 1029.8.21.38, exceeds the aggregate of the amounts of investments the members own in each other and the balance of inter-corporate accounts.

“1029.8.21.40. Where a corporation or, if the corporation is a member of an associated group, another member of that group reduces its assets by any transaction in a taxation year and, but for that reduction, the corporation would not be a qualified corporation by reason of section 1029.8.21.37, the assets are deemed for the purposes of this division not to have been so reduced unless the Minister decides otherwise.

“1029.8.21.41. For the purposes of section 1029.8.21.37, the gross revenue of a corporation that is a member of an associated group in a taxation year is the amount that would be the gross revenue of that group for the year if it were computed from the consolidated financial statement of the members of that group.

“§2. — *Credits*

“1029.8.21.42. A qualified corporation that, for a taxation year, encloses the prescribed form containing the prescribed information with its fiscal return it is required to file for the year under section 1000 and, where the qualified corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.21.43 in prescribed form, is deemed, subject to the second 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 that year under this Part, an amount equal to the lesser of

(a) 40% of the aggregate of

i. the aggregate of all amounts each of which is the qualified corporation's eligible production expenditure for the year in respect of an eligible e-commerce solution in relation to a business the qualified corporation carries on in Québec, and

ii. the qualified corporation's deemed expenditure for the year; and

(b) where the qualified corporation is a member of an associated group at the end of the year, the amount attributed to it for the year pursuant to the agreement referred to in section 1029.8.21.43 or, in any other case, the amount by which \$40,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister,

i. under this section or section 1029.8.21.44,

(1) by the qualified corporation for a preceding taxation year,

(2) where the qualified corporation is a member of an associated group in the year, by another member corporation of the group, for a particular taxation year of the other corporation ending in the year or for a taxation year of the other corporation preceding that particular taxation year, or

(3) where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph 2, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for a taxation year of the other corporation preceding that particular taxation year, or

ii. under section 1029.8.21.44,

(1) by the qualified corporation for the year,

(2) where the qualified corporation is a member of an associated group in the year, by another corporation, other than a corporation referred to in subparagraph 2 or 3 of subparagraph i, that is a member of a partnership that is a member of the group, at the end of a fiscal period of the partnership, for a particular taxation year of the other corporation ending in the year and in which that fiscal period of the partnership ends, or for a taxation year of the other corporation preceding that particular taxation year and in which a fiscal period of the partnership ends, or

(3) where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph 2 or subparagraph 2 or 3 of subparagraph i, that is a member of a partnership that is a member of the group, at the end of a fiscal period of that partnership, for a particular taxation year of the other corporation ending in that preceding taxation year and in which that fiscal period of the partnership ends, or for a taxation year of the other corporation preceding that particular taxation year and in which a fiscal period of the partnership ends.

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

“1029.8.21.43. The agreement to which subparagraph *b* of the first paragraph of section 1029.8.21.42 refers, in respect of a qualified corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which all of the corporations and partnerships, each of which is a member of the group, attribute to the qualified corporation, for the purposes of this division, an amount for the year that does not exceed the amount by which \$40,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister,

(a) under section 1029.8.21.42 or 1029.8.21.44,

i. by the qualified corporation for a preceding taxation year,

ii. in respect of the associated group in the year of which the qualified corporation is a member, by another member corporation of the group, for a particular taxation year of the other corporation ending in the year or for a taxation year of the other corporation preceding that particular taxation year, or

iii. where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph ii, that is a member of the group, for a particular taxation year of the other corporation ending in that preceding taxation year or for a taxation year of the other corporation preceding that particular taxation year; or

(b) under section 1029.8.21.44,

i. by the qualified corporation for the year,

ii. in respect of the associated group in the year of which the qualified corporation is a member, by another corporation, other than a corporation referred to in subparagraph ii or iii of paragraph *a*, that is a member of a partnership that is a member of the group, at the end of a fiscal period of the partnership, for a particular taxation year of the other corporation ending in the year and in which that fiscal period of the partnership ends, or for a taxation year of the other corporation preceding that particular taxation year and in which a fiscal period of the partnership ends, or

iii. where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph ii or subparagraph ii or iii of paragraph *a*, that is a member of a partnership that is a member of the group, at the end of a fiscal period of the partnership, for a particular taxation year of the other corporation ending in that preceding taxation year and in which that fiscal period of the partnership ends, or for a taxation year of the other partnership preceding that particular taxation year and in which a fiscal period of the partnership ends.

“1029.8.21.44. Every qualified corporation that is a member of a qualified partnership at the end of a fiscal period of the partnership and that, for its taxation year in which that fiscal period ends, encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and, where the qualified partnership is a member of an associated group at the end of the fiscal period, the agreement referred to in section 1029.8.21.45 in prescribed form, is deemed, subject to the second paragraph, to have paid to the Minister on its balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the lesser of

(a) 40% of the aggregate of

i. the aggregate of all amounts each of which is the qualified corporation's share of the qualified partnership's eligible production expenditure, for the fiscal period, in respect of an eligible e-commerce solution in relation to a business the qualified partnership carries on in Québec, and

ii. the qualified corporation's share of the qualified partnership's deemed expenditure for the fiscal period; and

(b) where the qualified partnership is a member of an associated group at the end of the fiscal period, the qualified corporation's share of the amount attributed to the qualified partnership for the period pursuant to the agreement referred to in section 1029.8.21.45 or, in any other case, the qualified corporation's share for the fiscal period of the amount by which \$40,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister,

i. under this section or section 1029.8.21.42,

(1) by a particular qualified corporation that was a member of the qualified partnership at the end of a preceding fiscal period of the partnership, for a taxation year of the particular qualified corporation in which that preceding fiscal period ends,

(2) where the qualified partnership is a member of an associated group in the fiscal period, by a corporation, other than a corporation referred to in subparagraph 1, that is a member of the group, for a particular taxation year of the corporation ending in the fiscal period or for a taxation year of the corporation preceding that particular taxation year, or

(3) where the qualified partnership was a member of an associated group in a preceding fiscal period, by a corporation, other than a corporation referred to in subparagraph 1 or 2, that is a member of the group, for a particular taxation year of the corporation ending in that preceding fiscal period or for a taxation year of the corporation preceding that particular taxation year, or

ii. under this section,

(1) where the qualified partnership is a member of an associated group in the fiscal period, by a corporation, other than a corporation referred to in subparagraph i, that is a member of another partnership that is a member of the group, at the end of any given fiscal period of the other partnership, for a particular taxation year of the corporation ending in the fiscal period and in which the given fiscal period ends, or for a taxation year of the corporation preceding that particular taxation year and in which a fiscal period of the other partnership ends, or

(2) where the qualified partnership was a member of an associated group in a preceding fiscal period, by a corporation, other than a corporation referred to in subparagraph 1 or subparagraph i, that is a member of another partnership that is a member of the group, at the end of any given fiscal period of that other partnership, for a particular taxation year of the corporation that ends in that preceding fiscal period and in which the given fiscal period ends, or for a taxation year of the corporation preceding that particular taxation year and in which a fiscal period of the other partnership ends.

For the purpose of computing the payments that the qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on which that fiscal period ends, when that date coincides with that on or before which it must make such a payment, or, in any other case, on the first date following the end of that fiscal period and on or before which it must make such a payment, the amount determined for the year in its respect under the first paragraph.

“1029.8.21.45. The agreement to which subparagraph *b* of the first paragraph of section 1029.8.21.44 refers, in respect of a qualified partnership that is a member of an associated group at the end of a fiscal period, is the agreement pursuant to which every corporation and partnership that is a member of the group attributes to the qualified partnership, for the purposes of this division, an amount for the fiscal period that does not exceed the amount by which \$40,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister,

(*a*) under section 1029.8.21.42 or 1029.8.21.44,

i. by a particular qualified corporation that was a member of the qualified partnership at the end of a preceding fiscal period of the qualified partnership, for a taxation year of the particular qualified corporation in which that preceding fiscal period ends,

ii. in respect of the associated group in the fiscal period of which the qualified partnership is a member, by a corporation, other than a corporation referred to in subparagraph i, that is a member of the group, for a particular taxation year of the corporation ending in the fiscal period or for a taxation year of the corporation preceding that particular taxation year, or

iii. where the qualified partnership was a member of an associated group in a preceding fiscal period, by a corporation, other than a corporation referred to in subparagraph i or ii, that is a member of the group, for a particular taxation year of the corporation ending in that preceding fiscal period or for a taxation year of the corporation preceding that particular taxation year; or

(b) under section 1029.8.21.44:

i. in respect of the associated group in the fiscal period of which the qualified partnership is a member, by a corporation, other than a corporation referred to in paragraph *a*, that is a member of another partnership that is a member of the group, at the end of any given fiscal period of the other partnership, for a particular taxation year of the corporation ending in the fiscal period and in which the given fiscal period ends, or for a taxation year of the corporation preceding that particular taxation year and in which a fiscal period of the other partnership ends, or

ii. where the qualified partnership was a member of an associated group in a preceding fiscal period, by a corporation, other than a corporation referred to in subparagraph i or paragraph *a*, that is a member of another partnership that is a member of the group, at the end of any given fiscal period of the other partnership, for a particular taxation year of the corporation ending in that preceding fiscal period and in which the given fiscal period ends, or for a taxation year of the corporation preceding that particular taxation year and in which a fiscal period of the other partnership ends.

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

“**1029.8.21.46.** For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.21.42 or 1029.8.21.44, the following rules apply:

(a) the amount of a production expenditure incurred or of any portion of a consideration paid, that is included in an eligible production expenditure of the corporation for the year referred to in subparagraph i of subparagraph *a* of section 1029.8.21.42, shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to that

production expenditure or to that part of a consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before its filing-due date for that year; and

(b) the corporation's share, for a fiscal period of a qualified partnership of which the corporation is a member ending in that fiscal period, of the amount of a production expenditure incurred or of any portion of a consideration paid, that is included in an eligible production expenditure of the partnership for the fiscal period, referred to in subparagraph i of subparagraph *a* of section 1029.8.21.44, shall be reduced, where applicable,

i. by its share, for that fiscal period, of the amount of any government assistance or non-government assistance attributable to that production expenditure or that portion of a consideration, as the case may be, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that fiscal period, and

ii. by the amount of any government assistance or non-government assistance attributable to that production expenditure or that portion of a consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that fiscal period.

“1029.8.21.47. The amount to which paragraph *a* of the definition of “deemed expenditure” in the first paragraph of section 1029.8.21.32 refers, for a taxation year in respect of an eligible e-commerce solution of a qualified corporation, is the aggregate of all amounts each of which is an amount that, within two years after the end of the base period of the corporation in respect of the eligible e-commerce solution, is paid by the corporation in the year, pursuant to a legal obligation, and that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of paragraph *a* of section 1029.8.21.46, an amount that is the eligible production expenditure of the corporation for a preceding taxation year in relation to the eligible e-commerce solution, and in respect of which the qualified corporation is deemed to have paid an amount to the Minister under section 1029.8.21.42 for that preceding taxation year.

“1029.8.21.48. The amount to which paragraph *b* of the definition of “deemed expenditure” in the first paragraph of section 1029.8.21.32 refers, for a fiscal period in respect of an eligible e-commerce solution of a qualified partnership, is the aggregate of all amounts each of which is an amount that, within two years after the end of the base period of the partnership in respect of the eligible e-commerce solution, is paid by the partnership in the fiscal period, pursuant to a legal obligation, and that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph i of paragraph *b* of section 1029.8.21.46, an amount that is the share of the qualified corporation that is a member of the partnership, of the eligible production expenditure of the partnership for a

preceding fiscal period in relation to the eligible e-commerce solution, and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.21.44 for a taxation year in which that preceding fiscal period ends.

“1029.8.21.49. The amount to which paragraph *b* of the definition of “deemed expenditure” in the first paragraph of section 1029.8.21.32 refers, for a fiscal period in respect of an eligible e-commerce solution of a qualified partnership, is the aggregate of all amounts each of which is an amount that, within two years after the end of the base period of the partnership in respect of the eligible e-commerce solution, is paid in the fiscal period by a qualified corporation that is a member of a partnership, pursuant to a legal obligation, that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of paragraph *b* of section 1029.8.21.46, an amount that is the share of the qualified corporation, of the eligible production expenditure of the partnership for a preceding fiscal period in relation to the eligible e-commerce solution, and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.21.44 for a taxation year in which that preceding fiscal period ends.

“1029.8.21.50. For the purposes of sections 1029.8.21.47 to 1029.8.21.49, an amount of assistance is deemed to be repaid, at a particular time, by a qualified corporation or a qualified partnership, as the case may be, pursuant to a legal obligation where that amount

(a) reduced, because of section 1029.8.21.46, the amount of an eligible production expenditure, or a corporation’s share of such an amount, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.21.42 or 1029.8.21.44;

(b) was not received by the corporation or partnership; and

(c) ceased, at the particular time, to be an amount that the corporation or partnership could reasonably expect to receive.

“1029.8.21.51. Where, in respect of production work in relation to an eligible e-commerce solution, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage other than the benefit or advantage that may reasonably be attributed to the carrying out of the work, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.21.42, the amount of the eligible production expenditure of the corporation for the year in respect of the eligible e-commerce solution shall be reduced by the amount of that benefit or advantage that the person or partnership

has obtained, is entitled to obtain or may reasonably expect to obtain on or before its filing-due date for that taxation year;

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.21.44 by a qualified corporation that is a member of a qualified partnership, the corporation's share of the amount of the eligible production expenditure of the partnership for a fiscal period ending in that taxation year in respect of the eligible e-commerce solution, shall be reduced

i. by its share, for that fiscal period, of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of that fiscal period, and

ii. by the amount of the benefit or advantage that that corporation or a person with whom the corporation does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of that fiscal period."

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

104. Section 1029.8.33.12 of the said Act, amended by section 137 of chapter 39 of the statutes of 2000, is again amended by striking out the definition of "government assistance".

105. (1) Section 1029.8.34 of the said Act, amended by section 255 of chapter 5 of the statutes of 2000, by section 143 of chapter 39 of the statutes of 2000 and by section 144 of chapter 7 of the statutes of 2001, is again amended

(1) by striking out the definition of "government assistance" and of "non-government assistance" in the first paragraph;

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

““qualified expenditure for services rendered outside the Montréal area” of a corporation for a taxation year in respect of a property that is a Québec film production means the lesser of

(a) the amount by which

i. the aggregate of

(1) the corporation's expenditure for services rendered outside the Montréal area for the year in respect of the property,

(2) any repayment made by the corporation in the year, pursuant to a legal obligation, of any assistance referred to, in relation to the property, in

subparagraph ii or in paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in respect of a taxation year for which the corporation is a qualified corporation or of any other assistance referred to in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2 in relation to the property not exceeding the product obtained by multiplying 100/10.5 or 100/22.17, as the case may be, by the amount of the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year by reason of that subparagraph i in relation to such assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation’s expenditure for services rendered outside the Montréal area or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is a qualified expenditure for services rendered outside the Montréal area of the corporation in respect of the property, for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds the product obtained by multiplying 100/10.5 or 100/22.17, as the case may be, by the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1 for a year preceding the year by reason of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds

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

(*b*) the amount by which

i. 45% of the amount by which the production costs, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property, exceeds the amount of any government assistance and non-government assistance attributable to those costs 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 and that it has not repaid at that time pursuant to a legal obligation, exceeds

ii. the amount by which the aggregate of all amounts each of which is the corporation’s qualified expenditure for services rendered outside the Montréal area in respect of the property, for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds the product obtained by multiplying 100/10.5 or 100/22.17, as the case may be, by the aggregate of all amounts each of which is a tax that the

corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;”;

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

““expenditure for services rendered outside the Montréal area” of a corporation for a taxation year in respect of a property that is a Québec film 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 portion of a labour expenditure of the corporation for the year that is directly attributable to services rendered after 30 June 1999 and in the year outside the Montréal area in relation to a regional production and that is indicated on a valid favourable advance ruling given to the corporation for the year in relation to the property by the Société de développement des entreprises culturelles, exceeds the amount of any government assistance and non-government assistance, attributable to that portion of the labour expenditure of the corporation, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year;”;

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

““regional production” means a Québec film production in respect of which the Société de développement des entreprises culturelles certifies, on the favourable advance ruling given to a corporation in respect of the production, that the production qualifies for the purposes of subparagraph *a.1* of the first paragraph of section 1029.8.35 and certifies the portion of the corporation’s labour expenditure that is directly attributable to services rendered outside the Montréal area;”;

(5) by replacing, in subparagraph iii of subparagraph *d.1* of the second paragraph, “2000” by “2001”;

(6) by replacing the portion of the third paragraph before subparagraph *a* by the following:

“For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definitions of “qualified expenditure for services rendered outside the Montréal area”, “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph, an amount of assistance is deemed to be repaid by a qualified corporation in a taxation year, pursuant to a legal obligation, where that amount”;

(7) by inserting, after subparagraph i of subparagraph *a* of the third paragraph, the following subparagraphs :

“i.1 a qualified expenditure for services rendered outside the Montréal area of the qualified corporation, because of subparagraph ii of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph,

“i.2 an expenditure for services rendered outside the Montréal area of the qualified corporation, because of paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in the first paragraph,” ;

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

“For the purposes of subparagraph i of paragraph *b* of the definitions of “qualified expenditure for services rendered outside the Montréal area”, “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph, an amount of government assistance or non-government assistance that a qualified corporation is entitled to receive in a taxation year is deemed not to be such an amount where that amount” ;

(9) by replacing the portion of the fifth paragraph before subparagraph *a* by the following :

“For the purposes of subparagraph i of paragraph *b* of the definitions of “qualified expenditure for services rendered outside the Montréal area”, “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph, the production costs incurred by a corporation before the end of a taxation year in respect of a property are deemed to include the aggregate of the following amounts, without exceeding 25% of all the production costs, excluding the costs relating to the script, to development, to the producer, to the production and to the stars, and the post-production costs for the property :” ;

(10) by replacing subparagraph ii of subparagraph *a* of the fifth paragraph by the following :

“ii. 10% of the aggregate of all production costs, excluding the costs referred to in subparagraph i and the costs relating to copyright, to the script, to development, to the production and to the stars, and the post-production costs for the property ;” ;

(11) by inserting, in subparagraph ii of subparagraph *b* of the fifth paragraph, after the words “costs relating”, “to copyright,” ;

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

“For the purposes of the definitions of “qualified expenditure for services rendered outside the Montréal area”, “expenditure for services rendered outside the Montréal area” and “regional production” in the first paragraph, the Montréal area means the territory consisting of one of the following administrative regions or of one of the portions of the following administrative regions described in Order in Council 2000-87 dated 22 December 1987 concerning the revision of the boundaries of the administrative regions of Québec, as amended:

(a) administrative region 06 Montréal;

(b) administrative region 13 Laval;

(c) administrative region 14 Lanaudière, except the regional county municipalities of Matawinie and D’Autray;

(d) administrative region 15 Laurentides, except the regional county municipalities of Les Laurentides and Antoine-Labelle”.

(2) Paragraphs 2 to 4, 6 to 8 and 12 of subsection 1 have effect from 1 July 1999.

(3) Paragraph 5 of subsection 1 has effect from 26 March 2000.

(4) Paragraph 9 of subsection 1 applies in respect of productions the main filming and taping of which began after 30 June 1999.

(5) Paragraphs 10 and 11 of subsection 1 have effect from 19 December 1990, except in respect of a taxation year of a taxpayer in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act expired before 23 June 1998.

(6) Subject to subsection 5 and to Part I of the said Act, the Minister of Revenue shall, notwithstanding sections 1007, 1010 and 1011 of the said Act, make, pursuant to the said Part I, a determination or redetermination of the amount deemed to have been paid by a corporation under Division II.6 of Chapter III.1 of Title III of Book IX of that Part, and any assessment or reassessment of the interest and penalties of the corporation that are required to give effect to paragraphs 10 and 11 of subsection 1 and subsection 5.

106. (1) Section 1029.8.35 of the said Act, amended by section 144 of chapter 39 of the statutes of 2000, is again amended

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

“1029.8.35. A corporation that, for a taxation year, is a qualified corporation and encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information

and a copy of the favourable advance ruling in force or, as the case may be, of the unrevoked certificate given or issued by the Société de développement des entreprises culturelles in respect of a property that is a Québec film production and confirming, where applicable, that the conditions to be met for the property not to be subject to the production annual limit otherwise applicable nor covered by the obligation to reinvest in French-language Québec films are complied with, is deemed, subject to the second paragraph and sections 1029.8.35.1 to 1029.8.35.3, where the main filming or taping of the property began before the end of the year, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to the aggregate of”;

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

“(a.1) where the qualified corporation encloses with its fiscal return for the year a copy of the valid certificate issued to it for the year by the Société de développement des entreprises culturelles, in respect of the property, in relation to services rendered outside the Montréal area,

i. where paragraph *a* of section 1029.8.35.2 applies in respect of the property, 10.5% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property, and

ii. where paragraph *b* of section 1029.8.35.2 applies in respect of the property, 22.17% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property; and”;

(3) by inserting, in the second paragraph, after the words “labour expenditure”, “, to an expenditure for services rendered outside the Montréal area”;

(4) by replacing the portion of subparagraph *b* of the third paragraph before subparagraph *i* by the following:

“(b) in respect of a qualified expenditure for services rendered outside the Montréal area, a qualified computer-aided special effects and animation expenditure or a qualified labour expenditure of a corporation for a particular taxation year or a subsequent taxation year in respect of a property all or any part of which, in circumstances other than those described in subparagraph *a* and on or before the earlier of the first day on which the property is used for commercial purposes and the first anniversary of the day on which the main filming or taping was completed, was acquired by an individual resident in Québec at the end of any taxation year of that individual or by a partnership any member of which, at the end of any of the partnership's fiscal periods, is such an individual at the end of the individual's taxation year in which the fiscal period ends or such a partnership, where,”.

(2) Paragraph 1 of subsection 1, except where it replaces, in the portion of the first paragraph of section 1029.8.35 of the said Act before subparagraph *a*, “and 1029.8.35.2” by “to 1029.8.35.3”, applies in respect of productions the main filming and taping of which began after 15 July 1999. In addition, where the first paragraph of section 1029.8.35 of the said Act applies in respect of a production the main filming and taping of which began after 19 December 1990, it shall be read with the words “at the end of the year” struck out wherever they appear.

(3) Paragraph 1 of subsection 1, where it replaces, in the portion of the first paragraph of section 1029.8.35 of the said Act before subparagraph *a*, “and 1029.8.35.2” by “to 1029.8.35.3”, and paragraphs 2 to 4 of that subsection 1 have effect from 1 July 1999.

107. (1) Section 1029.8.35.0.1 of the said Act, amended by section 145 of chapter 39 of the statutes of 2000, is replaced by the following :

“1029.8.35.0.1. Subject to sections 1010 to 1011 and for the purposes of paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” and of “computer-aided special effects and animation expenditure” in the first paragraph of section 1029.8.34 and subparagraphs *a.1* and *b* of the first paragraph of section 1029.8.35, where the Société de développement des entreprises culturelles replaces or revokes a certificate issued by it to a corporation, the following rules apply :

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

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

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

(2) Subsection 1 has effect from 1 July 1999.

108. (1) Section 1029.8.35.1 of the said Act is amended by inserting, after the first paragraph, the following paragraph :

“For the purposes of the first paragraph, where the property is co-produced by the corporation and one or more other qualified corporations, the amount of \$2,500,000 is replaced, wherever it appears, by the amount obtained by applying to \$2,500,000 the corporation’s share, expressed as a percentage, of the production costs in relation to the production of the property that is specified in the favourable advance ruling given or the certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property.”

(2) Subsection 1 applies in respect of co-productions the main filming and taping of which began after 14 March 2000.

109. (1) Section 1029.8.35.2 of the said Act is amended by replacing paragraph *a* by the following :

“(a) 45% in the case of any production that meets the criteria listed in the Regulation respecting the recognition of films as Québec films (R.R.Q., 1981, chapter C-18.1, r.0.1.6) to qualify for the increased rate applicable to certain French-language productions and in respect of which the Société de développement des entreprises culturelles has issued a certificate to that effect for the purposes of this division;”.

(2) Subsection 1 has effect from 1 May 1997.

110. (1) The said Act is amended by inserting, after section 1029.8.35.2, the following section :

“**1029.8.35.3.** The amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable for a taxation year under this Part in respect of a property, shall not exceed, where paragraph *b* of section 1029.8.35.2 applies in respect of the property and where all or part of an expenditure of the corporation is a qualified expenditure for services rendered outside the Montréal area for the year in respect of the property and a qualified computer-aided special effects and animation expenditure for the year in respect of the property, 55.5% of the qualified labour expenditure for the year in respect of the property.”

(2) Subsection 1 has effect from 1 July 1999.

111. Section 1029.8.36.0.0.4 of the said Act, amended by section 257 of chapter 5 of the statutes of 2000 and by section 145 of chapter 7 of the statutes of 2001, is again amended

(1) by striking out the definition of “government assistance” and “non-government assistance” in the first paragraph;

(2) by striking out the fourth paragraph.

112. (1) Section 1029.8.36.0.0.5 of the said Act, amended by section 146 of chapter 39 of the statutes of 2000, is again amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1029.8.36.0.0.5.** A corporation that, for a taxation year, is a qualified corporation and encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and a copy of the valid certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified production or a qualified low-budget production and confirming, where applicable, that the

conditions to be met for the property not to be subject to the production annual limit otherwise applicable nor covered by the obligation to reinvest in French-language Québec films are complied with, is deemed, subject to the second paragraph, where the main filming or taping of the property began before the end of the year, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to”.

(2) Subsection 1 applies in respect of productions the main filming and taping of which began after 15 July 1999.

113. (1) Section 1029.8.36.0.0.7 of the said Act, enacted by section 147 of chapter 39 of the statutes of 2000, is amended, in the first paragraph,

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by replacing subparagraphs i and ii of paragraph *b* of the definition of “labour expenditure” by the following :

“i. to an eligible individual, to the extent that that portion of the remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual as part of the production of the property, to the wages of the eligible individual's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property, or to services rendered in Québec, as part of the production of the property, by another eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists (chapter S-32.1) and to whom that portion of the remuneration is paid again by the eligible individual,

“ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, to the extent that that portion of the remuneration is reasonably attributable either to the wages of the particular corporation's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property or to services rendered in Québec, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the particular corporation,”;

(3) by replacing subparagraph iv of the definition of “labour expenditure” by the following :

“iv. to a partnership carrying on a business in Québec and having an establishment therein, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec, as part of the production of the property, by an eligible individual who is a member of the partnership, to the wages of the partnership's eligible employees that relate to services

rendered in Québec by the eligible employees as part of the production of the property, or to services rendered in Québec, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the partnership;”.

(2) Paragraphs 2 and 3 of subsection 1 apply in respect of labour expenditures incurred after 9 March 1999.

114. (1) Section 1029.8.36.0.0.8 of the said Act, enacted by section 147 of chapter 39 of the statutes of 2000, is amended by replacing the third paragraph by the following:

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

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

115. (1) Section 1029.8.36.0.0.10 of the said Act, enacted by section 147 of chapter 39 of the statutes of 2000, is amended, in the first paragraph,

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by striking out, in paragraph *a* of the definition of “labour expenditure” and in the portion of paragraph *b* of that definition before subparagraph *i*, the words “in Québec”;

(3) by replacing subparagraphs *i* to *iv* of paragraph *b* of the definition of “labour expenditure” by the following:

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

artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists (chapter S-32.1) and to whom that portion of the remuneration is paid again by the eligible individual,

“ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, to the extent that that portion of the remuneration is reasonably attributable either to the wages of the particular corporation’s eligible employees that relate to services rendered by the eligible employees as part of the production of the property or to services rendered, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the particular corporation,

“iii. to a corporation having an establishment in Québec all the issued capital stock of which, except directors’ qualifying shares, belongs to an eligible individual and the activities of which consist principally in the provision of the eligible individual’s services, to the extent that that portion of the remuneration is reasonably attributable to services rendered by the eligible individual as part of the production of the property, or

“iv. to a partnership carrying on a business in Québec and having an establishment therein, to the extent that that portion of the remuneration is reasonably attributable to services rendered, as part of the production of the property, by an eligible individual who is a member of the partnership, to the wages of the partnership’s eligible employees that relate to services rendered by the eligible employees as part of the production of the property, or to services rendered, as part of the production of the property, by an eligible individual who is an artist subject to the Act respecting the professional status and conditions of engagement of performing, recording and film artists and to whom that portion of the remuneration is paid again by the partnership;”;

(4) by replacing the definition of “qualified performance” by the following :

““qualified performance” of a corporation means a property that is a musical performance in respect of which the corporation holds, for one of the following periods, a favourable advance ruling given or a certificate issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division :

(a) the period covering the stage of pre-production of the property through the end of the first full year after the first performance of the property before an audience ;

(b) the period covering the second full year after the first performance of the property before an audience ; or

(c) the period covering the third full year after the first performance of the property before an audience;”.

(2) Paragraphs 2 to 4 of subsection 1 apply in respect of labour expenditures incurred after 9 March 1999.

116. (1) Section 1029.8.36.0.0.11 of the said Act, enacted by section 147 of chapter 39 of the statutes of 2000, is amended

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

“1029.8.36.0.0.11. A qualified corporation that, in a taxation year, produces a musical performance and encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and a copy of the valid favourable advance ruling given or valid certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of a property that is a qualified performance for one of the periods provided for in the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that is in whole or in part within the year, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to 33 1/3% of its qualified labour expenditure for the year in respect of that property.”;

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

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

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

117. (1) The said Act is amended by inserting, after section 1029.8.36.0.0.12, enacted by section 147 of chapter 39 of the statutes of 2000, the following :

“DIVISION II.6.0.0.5**“CREDIT FOR BOOK PUBLISHING**

“1029.3.36.0.0.13. In this division,

“eligible preparation work” in relation to a property that is an eligible work or a work that is part of an eligible group of works means the work to carry out the various stages of publishing the property, from the initial stage to the stage preceding the production in print form, including editing, design, research, art work, mock-up production, layout, typesetting and pre-press work ;

“eligible printing work” in relation to a property that is an eligible work or a work that is part of an eligible group of works means the work to carry out the various printing stages of the property, which include the first printing, first assembly and first binding of the property ;

“eligible work” for a taxation year means property that is a work published by a corporation, in respect of which the corporation holds, for the year, a favourable advance ruling or a certificate given or issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division ;

“excluded corporation” for a taxation year means a corporation that is

(a) at any time in the year or in the 24 months preceding the year, controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec ;

(b) exempt from tax for the year under Book VIII ; or

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

“labour expenditure attributable to preparation costs” of a corporation for a taxation year, in respect of property that is an eligible work or a work that is part of an eligible group of works, means, subject to the fourth 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 preparation of the property, to the extent that they relate to services rendered in Québec for eligible preparation work, that the corporation incurred in the year and paid to its employees in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister ;

(b) the non-refundable advances directly attributable to the preparation of the property, to the extent that the services for the eligible preparation work in respect of the property were rendered in Québec, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and

that the corporation paid to a Québec author or a holder of the rights of a Québec author in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister ;

(c) the portion of remuneration, other than salaries or wages or a non-repayable advance, for the delivery of services rendered in Québec to the corporation for eligible preparation work that relates to the property, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and that the corporation paid in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister,

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

ii. to a particular corporation that has an establishment in Québec and that is not dealing at arm's length with the corporation at the time the contract is entered into, other than a particular corporation referred to in subparagraph iii, to the extent that that portion of remuneration is reasonably attributable to the wages of the particular corporation's employees that relate to services rendered in Québec by the employees in connection with the preparation of the property,

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

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

(d) half of the consideration, other than salaries or wages or a non-repayable advance, that the corporation incurred in the year, pursuant to a contract entered into in respect of the property, and that the corporation paid in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister, for services rendered in Québec to the corporation

for eligible preparation work by a person or partnership, other than an employee of the corporation, with whom or with which the corporation is not dealing at arm's length at the time the contract is entered into;

“labour expenditure attributable to printing costs” of a corporation for a taxation year, in respect of property that is an eligible work or a work that is part of an eligible group of works, 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 printing of the property, to the extent that they relate to services rendered in Québec for eligible printing work, that the corporation incurred in the year and paid to its employees in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister;

(b) the portion of remuneration, other than wages or salary or a non-repayable advance, for the delivery of services rendered in Québec to the corporation for eligible printing work that relates to the property, that the corporation incurred in the year pursuant to a contract entered into in respect of the property, and that the corporation paid in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister,

i. to an individual who carries on a business in Québec and has an establishment in Québec and who is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services personally rendered in Québec by the individual in connection with the printing of the property or to the wages of the individual's employees that relate to services rendered in Québec by the employees in connection with the printing of the property,

ii. to a particular corporation that has an establishment in Québec and that is not dealing at arm's length with the corporation at the time the contract is entered into, other than a particular corporation referred to in subparagraph iii, to the extent that that portion of remuneration is reasonably attributable to the wages of the particular corporation's employees that relate to services rendered in Québec by the employees in connection with the printing of the property,

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

iv. to a partnership that carries on a business in Québec and has an establishment in Québec and that is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec in connection with the printing of the property, by an individual who is a member of the partnership, or to the wages of the partnership's employees that relate to services rendered in Québec by the employees in connection with the printing of the property; and

(c) one-third of the consideration, other than wages or salary or a non-repayable advance, that the corporation incurred in the year, pursuant to a contract entered into in respect of the property, and that the corporation paid in the year or within 60 days after the end of the year, or within a longer time that is reasonable to the Minister, for services rendered in Québec to the corporation for eligible printing work by a person or partnership, other than an employee of the corporation, with whom or with which the corporation is not dealing at arm's length at the time the contract is entered into;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec and carries on a book publishing business, that is a qualified business, and that, for the year, is a publishing house recognized by the Société de développement des entreprises culturelles;

“qualified labour expenditure attributable to preparation costs” of a corporation for a taxation year, in respect of property that is an eligible work or a work that is part of an eligible group of works, means the lesser of

(a) the amount by which

i. the aggregate of

(1) the labour expenditure attributable to the preparation costs of the corporation for the year in respect of the property;

(2) any repayment made by the corporation in the year, pursuant to a legal obligation, of assistance referred to, in relation to the property, in subparagraph 1 of subparagraph ii or subparagraph of the fourth paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance referred to in subparagraph i of subparagraph b of the first paragraph of section 1129.4.0.18 in relation to the preparation of the property, up to 250% of the tax under Part III.1.0.5 that the corporation is required to pay in a taxation year preceding the year by reason of that subparagraph i, in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure attributable to the preparation costs of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure

attributable to the preparation costs of the corporation in respect of the property for a taxation year preceding the year, exceeds 250% of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5 for a year preceding the year, by reason of subparagraph *i* of subparagraph *b* of the first paragraph of section 1129.4.0.18, in relation to assistance referred to in subparagraph 1 of subparagraph *ii*, exceeds

ii. the aggregate of

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

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

(b) the amount by which

i. 50% of the amount by which the corporation's preparation costs for the year or a preceding taxation year in relation to the preparation of the property exceeds the aggregate of

(1) the amount of any government assistance or non-government assistance attributable to those costs 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 and that the corporation has not repaid at that time pursuant to a legal obligation; and

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

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

“qualified labour expenditure attributable to printing costs” of a corporation for a taxation year, in respect of property that is an eligible work or a work that is part of an eligible group of works, means the lesser of

(a) the amount by which

i. the aggregate of

(1) the labour expenditure attributable to the printing costs of the corporation for the year in respect of the property;

(2) any repayment made by the corporation in the year, pursuant to a legal obligation, of assistance referred to, in relation to the property, in subparagraph 1 of subparagraph ii or subparagraph 1 of the third paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18 in relation to the printing of the property, up to 333 1/3% of the tax under Part III.1.0.5 that the corporation is required to pay in a taxation year preceding the year by reason of that subparagraph i, in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure attributable to the printing costs of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to the printing costs of the corporation in respect of the property for a taxation year preceding the year, exceeds 333 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 for a year preceding the year, by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18, in relation to assistance referred to in subparagraph 1 of subparagraph ii, exceeds

ii. the aggregate of

(1) the amount of any government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, in relation to a labour expenditure attributable to the printing costs of the corporation for a taxation year preceding the year in respect of the property, to

the extent that the amount has not, by virtue of subparagraph *c* of the third paragraph, reduced that labour expenditure attributable to printing costs for that preceding year, and

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

(b) the amount by which

i. 33 1/3% of the amount by which the corporation's printing costs for the year or a preceding taxation year in relation to the printing of the property exceeds the aggregate of

(1) the amount of any government assistance or non-government assistance attributable to those costs 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 and that the corporation has not repaid at that time pursuant to a legal obligation, and

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

ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to the printing costs of the corporation in respect of the printing 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 of the property, for a taxation year preceding the year;

“Québec author” means an individual who is an author and who was resident in Québec at the end of the calendar year preceding the calendar year in which the publishing work began, or was resident in Québec for at least five consecutive years prior to the beginning of the publishing work;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III;

“work that is part of an eligible group of works” for a taxation year means property that is a work published by a corporation and that is part of a group of works in respect of which the corporation holds, for the year, a favourable advance ruling or a certificate given or issued, as the case may be, by the Société de développement des entreprises culturelles for the purposes of this division.

For the purposes of this section, the initial stage of publishing, relating to eligible work, means

(a) where a publishing contract is entered into between a qualified corporation and the author or one of the authors of the work,

i. in the case of an eligible work, the time at which the qualified corporation enters into a publishing contract with the author or one of the authors of the work; and

ii. in the case of a work that is part of an eligible group of works, the time at which the qualified corporation enters into a first publishing contract with the author or one of the authors of a work in the group; and

(b) in any other case, the date on which the qualified corporation files an application for an advance ruling with the Société de développement des entreprises culturelles in respect of the work.

For the purposes of the definition of “labour expenditure attributable to printing costs” in the first paragraph, the following rules apply:

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

(b) remuneration, including a salary or wages, does not include remuneration determined by reference to the profits or revenues derived from the operation of a 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 labour expenditure attributable to the printing costs of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to that expenditure, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year;

(d) the amount of the labour expenditure attributable to the printing costs of a corporation for a taxation year in respect of a property shall be reduced,

where applicable, by the amount of any benefit or advantage attributable to that expenditure, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, 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; and

(e) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure attributable to printing costs for the year in respect of a property is deemed to be null.

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

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

(b) remuneration, including a salary or wages, does not include remuneration determined by reference to the profits or revenues derived from the operation of a 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 labour expenditure attributable to the preparation costs of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to that expenditure, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year ;

(d) the amount of the labour expenditure attributable to the preparation costs of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the amount of any benefit or advantage attributable to that expenditure, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, 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 ; and

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

For the purposes of this division, the printing costs of a corporation, for a taxation year, in relation to the printing of a property that is an eligible work or a work that is part of an eligible group of works are the costs, other than publishing fees and administration costs, incurred by the corporation for the first printing, first assembly and first binding of the property.

For the purposes of this division, the preparation costs of a corporation, for a taxation year, in relation to the preparation of a property that is an eligible work or a work that is part of an eligible group of works, are deemed to include

(a) the preparation costs, other than publishing fees and administration costs, incurred by the corporation before the printing of the property, including non-refundable advances paid to the author or authors, editing, design, research, art work, mock-up production, layout, typesetting and pre-press costs; and

(b) an amount relating to the publishing fees and administration costs pertaining to the property that is 15% of the amount determined pursuant to subparagraph *a*.

For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph, and of subparagraph 1 of subparagraph *i* of paragraph *b* of that definition, an amount of assistance is deemed, in respect of a property that is an eligible work or a work that is part of an eligible group of works, to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.14, in respect of the property,

i. because of subparagraph *c* of the third paragraph, a labour expenditure attributable to the printing costs of the corporation in respect of the property,

ii. because of subparagraph 1 of subparagraph *ii* of paragraph *a* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph, a qualified labour expenditure attributable to the printing costs of the corporation in respect of the property, or

iii. because of subparagraph 1 of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph, the printing costs of the corporation, in respect of the property, for the year or for a preceding taxation year;

(b) was not received by the corporation; and

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

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs” in the first paragraph, and of subparagraph 1 of subparagraph i of paragraph *b* of that definition, an amount of assistance is deemed, in respect of a property that is an eligible work or a work that is part of an eligible group of works, to be repaid by a corporation in a taxation year, pursuant to a legal obligation, where that amount

(a) reduced, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.14 in respect of the property,

i. because of subparagraph *c* of the fourth paragraph, a labour expenditure attributable to the preparation costs of the corporation in respect of the property,

ii. because of subparagraph 1 of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs” in the first paragraph, a qualified labour expenditure attributable to the preparation costs of the corporation in respect of the property, or

iii. because of subparagraph 1 of subparagraph i of paragraph *b* of the definition of “qualified labour expenditure attributable to preparation costs” in the first paragraph, the preparation costs of the corporation, in respect of the property, for the year or for a preceding taxation year ;

(b) was not received by the corporation ; and

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

For the purposes of subparagraph 1 of subparagraph i of paragraph *b* of the definition of “qualified labour expenditure attributable to printing costs” in the first paragraph, an amount of government assistance or non-government assistance that a qualified corporation is entitled to receive in a taxation year in respect of a property that is an eligible work or a work that is part of an eligible group of works is deemed not to be such an amount where that amount of assistance

(a) would, but for this paragraph, reduce, because of that subparagraph 1, the printing costs of the corporation for the year in respect of the property, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the taxation year under section 1029.8.36.0.0.14 in respect of the property ;

(b) was not received by the corporation ; and

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

For the purposes of subparagraph 1 of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure attributable to preparation costs” in the first paragraph, an amount of government assistance or non-government assistance that a qualified corporation is entitled to receive in a taxation year in respect of a property that is an eligible work or a work that is part of an eligible group of works is deemed not to be such an amount where that amount of assistance

(*a*) would, but for this paragraph, reduce, because of that subparagraph 1, the preparation costs of the corporation for the year in respect of the property, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the taxation year under section 1029.8.36.0.0.14 in respect of the property ;

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

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

“1029.8.36.0.0.14. A qualified corporation that, in a taxation year, publishes a property that is an eligible work or a work that is part of an eligible group of works and encloses with its fiscal return it is required to file for the year under section 1000 a copy of the valid favourable advance ruling given or valid certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property and the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, the aggregate of

(*a*) an amount equal to 40% of its qualified labour expenditure attributable to preparation costs for the year in respect of that property ; and

(*b*) an amount equal to 30% of its qualified labour expenditure attributable to printing costs for the year in respect of that property.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on which the first payment is required to be made, the portion, in this paragraph referred to as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a labour expenditure attributable to preparation costs or a labour expenditure attributable to printing costs, as the case may be, of the corporation for a preceding taxation year and, on the date on or before which each

payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.

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

“1029.8.36.0.0.15. Subject to sections 1010 to 1011, for the purposes of section 1029.8.36.0.0.14, where the Société de développement des entreprises culturelles replaces a favourable advance ruling or a certificate given or issued by it, as the case may be, in respect of a property that is an eligible work or a work that is part of an eligible group of works, the following rules apply :

(a) the replaced favourable advance ruling is null from the time it was given or deemed given, and the new favourable advance ruling is deemed to have been given at that time ; and

(b) the replaced certificate is null from the time it was issued or deemed issued, and the new certificate is deemed to have been issued at that time.”

(2) Subsection 1 applies in respect of qualified labour expenditures attributable to printing costs or qualified labour expenditures attributable to preparation costs incurred after 14 March 2000.

118. Section 1029.8.36.0.3.1 of the said Act is amended by replacing the words “it files with the Minister the prescribed information in prescribed form” by the words “it files with the Minister the prescribed form containing the prescribed information”.

119. (1) Section 1029.8.36.0.3.3 of the said Act, amended by section 258 of chapter 5 of the statutes of 2000, by section 150 of chapter 39 of the statutes of 2000 and by section 146 of chapter 7 of the statutes of 2001, is again amended

(1) by striking out the definition of “government assistance” and of “non-government assistance” in the first paragraph ;

(2) by replacing the words “validation certificate” by the words “qualification certificate” and the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”, in the following provisions :

— the definition of “multimedia title” in the first paragraph ;

— subparagraph *a* of the fourth paragraph ;

(3) by replacing the definition of “eligible production work” in the first paragraph by the following :

““eligible production work” relating to a property that is a multimedia title means work to carry out the stages of production of the property during a period that begins at the beginning of the initial design and ends 24 months after the date of completion of the final version, including activities relating to the writing of the script for the property, the development of its interactive structure, the purchase and production of its component elements and its computer development, but does not include activities relating to mastering, media duplication, promotion, distribution or dissemination ;” ;

(4) by replacing, in subparagraph *b* of the second paragraph, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec” ;

(5) by adding, after the fourth paragraph, the following paragraph :

“For the purposes of the definition of “eligible production work” in the first paragraph, the date of completion of the final version of a multimedia title is deemed to be the date indicated by Investissement-Québec as the date on which the title begins to be distributed, on the certificate, favourable advance ruling or qualification certificate that was given or issued, as the case may be, in its respect.”

(2) Paragraph 2 of subsection 1, where it replaces the words “validation certificate” by the words “qualification certificate”, and paragraphs 3 and 5 of that subsection apply to taxation years that end after 9 May 1996. However,

(1) where the date of completion of the final version of a multimedia title, determined under the fifth paragraph of section 1029.8.36.0.3.3 of the said Act, is before 30 June 1997, the definition of “eligible production work” in the first paragraph of that section 1029.8.36.0.3.3 shall be read with “24 months after the date of completion of the final version” replaced by “on 30 June 1999” ;

(2) where the certificate or qualification certificate is issued in respect of a multimedia title before 30 June 1999, the fifth paragraph of section 1029.8.36.0.3.3 of the said Act shall be read with “indicated by Investissement-Québec as the date on which the title begins to be distributed, on the certificate, favourable advance ruling or qualification certificate that was given or issued,

as the case may be, in its respect” replaced by “established by Investissement-Québec as the date on which the title begins to be distributed”;

(3) the fifth paragraph of section 1029.8.36.0.3.3 of the said Act shall be read with the words “by Investissement-Québec” replaced by

(a) the words “by the Société de développement des entreprises culturelles”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, pursuant to an application submitted by a corporation before 1 January 2000; or

(b) the words “by the Minister of Finance”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, before 1 April 2000, pursuant to an application submitted by a corporation after 31 December 1999.

(3) Paragraph 2 of subsection 1, where it replaces the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”, and paragraph 4 of that subsection apply in respect of a certificate, a favourable advance ruling, a final certificate or a qualification certificate that was given or issued, as the case may be, pursuant to an application submitted by a corporation after 31 December 1999. However, where the definition of “multimedia title” in the first paragraph of section 1029.8.36.0.3.3 of the said Act and subparagraph *b* of the second paragraph of that section apply in respect of a certificate, a favourable advance ruling, a final certificate or a qualification certificate that was given or issued, as the case may be, before 1 April 2000, they shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

120. (1) Section 1029.8.36.0.3.4 of the said Act is amended

(1) by replacing, in the portion before subparagraph *a* of the first paragraph, the words “validation certificate” by the words “qualification certificate” and the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”;

(2) by replacing, in subparagraph *a* of the second and third paragraphs, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”.

(2) Paragraph 1 of subsection 1, where it replaces the words “validation certificate” by the words “qualification certificate”, applies to taxation years that end after 9 May 1996.

(3) Paragraph 1 of subsection 1, where it replaces the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”, and paragraph 2 of that subsection apply in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, pursuant to an application submitted by a corporation after 31 December 1999. However, where the portion of the first paragraph of

section 1029.8.36.0.3.4 of the said Act before subparagraph *a* and subparagraph *a* of the second and third paragraphs of that section apply in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, before 1 April 2000, they shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

121. (1) Section 1029.8.36.0.3.5 of the said Act is amended

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

“1029.8.36.0.3.5. Subject to sections 1010 to 1011 and for the purposes of section 1029.8.36.0.3.4, where Investissement-Québec replaces or revokes a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, to a corporation in respect of a property that is a multimedia title, the following rules apply :” ;

(2) by striking out the words “and void” in paragraphs *a* and *b* ;

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

“(c) the replaced qualification certificate is null from the time it was issued or deemed issued and the new qualification certificate is deemed to have been issued at that time ; and

“(d) the revoked certificate, the revoked favourable advance ruling or the revoked qualification certificate, as the case may be, is null from the time the revocation becomes effective.” ;

(4) by adding the following paragraph :

“The revoked certificate, revoked favourable advance ruling or revoked qualification certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.”

(2) Subsection 1 applies to taxation years that end after 9 May 1996. However, the portion of the first paragraph of section 1029.8.36.0.3.5 of the said Act before paragraph *a* shall be read with “Investissement-Québec” replaced by

(1) the words “the Minister of Finance”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was replaced or revoked before 1 April 2000 but after 31 December 1999 ; or

(2) the words “the Société de développement des entreprises culturelles”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was replaced or revoked before 1 January 2000.

122. (1) Section 1029.8.36.0.3.6 of the said Act is replaced by the following :

“1029.8.36.0.3.6. A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.4, only if it files with the Minister the prescribed form containing the prescribed information and a copy of the certificate, favourable advance ruling or qualification certificate, as the case may be, referred to in that section, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.”

(2) Subsection 1 applies to taxation years that end after 9 May 1996. However, where section 1029.8.36.0.3.6 of the said Act applies to a taxation year that ends before 20 December 1999, it shall be read with “the day that is 12 months after the qualified corporation’s filing-due date for the particular year” replaced by “the qualified corporation’s filing-due date for its taxation year that includes 20 December 1999.”

123. (1) Section 1029.8.36.0.3.8 of the said Act, amended by section 259 of chapter 5 of the statutes of 2000, by section 151 of chapter 39 of the statutes of 2000 and by section 147 of chapter 7 of the statutes of 2001, is again amended

(1) by striking out the definition of “government assistance” and of “non-government assistance” in the first paragraph ;

(2) by replacing, in the definition of “multimedia title” in the first paragraph, the words “validation certificate” by the words “qualification certificate” and the words “the Société développement des entreprises culturelles” by the word “Investissement-Québec” ;

(3) by replacing the definition of “eligible production work” in the first paragraph by the following :

““eligible production work” relating to a property that is a multimedia title means work to carry out the stages of production of the property during a period that begins at the beginning of the initial design and ends 24 months after the date of completion of the final version, including activities relating to the writing of the script for the property, the development of its interactive structure, the purchase and production of its component elements and its computer development, but does not include activities relating to mastering, media duplication, promotion, distribution or dissemination ;” ;

(4) by replacing, in subparagraph *b* of the second paragraph, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec” ;

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

“For the purposes of the definition of “eligible production work” in the first paragraph, the date of completion of the final version of the multimedia title is deemed to be the date indicated by Investissement-Québec as the date on which the title begins to be distributed, on the certificate, favourable advance ruling or qualification certificate that was given or issued, as the case may be, in its respect.”

(2) Paragraph 2 of subsection 1, where it replaces the words “validation certificate” by the words “qualification certificate”, and paragraphs 3 and 5 of that subsection apply to taxation years that end after 9 May 1996. However,

(1) where the date of completion of the final version of a multimedia title, determined under the third paragraph of section 1029.8.36.0.3.8 of the said Act, is before 30 June 1997, the definition of “eligible production work” in the first paragraph of that section 1029.8.36.0.3.8 shall be read with “24 months after the date of completion of the final version” replaced by “on 30 June 1999”;

(2) where the certificate or qualification certificate is issued in respect of a multimedia title before 30 June 1999, the third paragraph of section 1029.8.36.0.3.8 of the said Act shall be read with “indicated by Investissement-Québec as the date on which the title begins to be distributed, on the certificate, favourable advance ruling or qualification certificate that was given or issued, as the case may be, in its respect” replaced by “established by Investissement-Québec as the date on which the title begins to be distributed”;

(3) the third paragraph of section 1029.8.36.0.3.8 of the said Act shall be read with the words “by Investissement-Québec” replaced by

(a) the words “by the Société de développement des entreprises culturelles”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, pursuant to an application submitted by a corporation before 1 January 2000; or

(b) the words “by the Minister of Finance”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, before 1 April 2000, pursuant to an application submitted by a corporation after 31 December 1999.

(3) Paragraph 2 of subsection 1, where it replaces the words “the Société de développement des entreprises culturelles” by “Investissement-Québec”, and paragraph 4 of that subsection apply in respect of a certificate, a favourable advance ruling, a final certificate or a qualification certificate that was given or issued, as the case may be, pursuant to an application submitted by a corporation after 31 December 1999. However, where the definition of “multimedia title” in the first paragraph of section 1029.8.36.0.3.8 of the said Act and subparagraph *b* of the second paragraph of that section apply in respect of a certificate, a favourable advance ruling, a final certificate or a qualification certificate that was given or issued, as the case may be, before

1 April 2000, they shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

124. (1) Section 1029.8.36.0.3.9 of the said Act is amended

(1) by replacing, in the first paragraph, the words “validation certificate” by the words “qualification certificate” and the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”;

(2) by replacing, in subparagraphs *a* and *b* of the third paragraph, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”.

(2) Paragraph 1 of subsection 1, where it replaces the words “validation certificate” by the words “qualification certificate”, applies to taxation years that end after 9 May 1996.

(3) Paragraph 1 of subsection 1, where it replaces the words “the Société de développement des entreprises culturelles” by “Investissement-Québec”, and paragraph 2 of that subsection apply in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, pursuant to an application submitted by a corporation after 31 December 1999. However, where the first paragraph of section 1029.8.36.0.3.9 of the said Act and subparagraphs *a* and *b* of the third paragraph of that section apply in respect of a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, before 1 April 2000, they shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

125. (1) Section 1029.8.36.0.3.10 of the said Act is amended

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

“1029.8.36.0.3.10. Subject to sections 1010 to 1011 and for the purposes of section 1029.8.36.0.3.9, where Investissement-Québec replaces or revokes a certificate, a favourable advance ruling or a qualification certificate that was given or issued, as the case may be, to a corporation in respect of a property that is a multimedia title, the following rules apply :”;

(2) by striking out the words “and void” in paragraphs *a* and *b*;

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

“(c) the replaced qualification certificate is null from the time it was issued or deemed issued and the new qualification certificate is deemed to have been issued at that time; and

“(d) the revoked certificate, revoked favourable advance ruling or revoked qualification certificate, as the case may be, is null from the time the revocation becomes effective.”;

(4) by adding the following paragraph:

“The revoked certificate, revoked favourable advance ruling or revoked qualification certificate referred to in the first paragraph is deemed not to have been issued as of the effective date specified in the notice of revocation.”

(2) Subsection 1 applies to taxation years that end after 9 May 1996. However, the portion of the first paragraph of section 1029.8.36.0.3.10 of the said Act before paragraph *a* shall be read with “Investissement-Québec” replaced by

(1) the words “the Minister of Finance”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was replaced or revoked before 1 April 2000 but after 31 December 1999; or

(2) the words “the Société de développement des entreprises culturelles”, where it applies in respect of a certificate, a favourable advance ruling or a qualification certificate that was replaced or revoked before 1 January 2000.

126. (1) Section 1029.8.36.0.3.16 of the said Act is replaced by the following:

“**1029.8.36.0.3.16.** A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, only if it files with the Minister the prescribed form containing the prescribed information and, where applicable, a copy of the certificate, the favourable advance ruling or the qualification certificate, as the case may be, referred to in section 1029.8.36.0.3.9, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.”

(2) Subsection 1 applies to taxation years that end after 9 May 1996. However, where section 1029.8.36.0.3.16 of the said Act applies to a taxation year that ends before 20 December 1999, it shall be read with “the day that is 12 months after the qualified corporation’s filing-due date for the particular year” replaced by “the qualified corporation’s filing-due date for its taxation year that includes 20 December 1999”.

127. (1) Section 1029.8.36.0.3.18 of the said Act, amended by section 260 of chapter 5 of the statutes of 2000 and by section 152 of chapter 39 of the statutes of 2000, is again amended

(1) by striking out the definition of “government assistance” and of “non-government assistance” in the first paragraph;

(2) by replacing, in the definition of “designated establishment” in the first paragraph and in subparagraph *b* of the second paragraph, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”;

(3) by replacing, in the definition of “eligible multimedia title” in the first paragraph, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec” and the words “validation certificate” by the words “qualification certificate”;

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

““eligible production work” relating to an eligible multimedia title means the work to carry out the stages of production of the title during a period that begins at the beginning of the initial design and ends 24 months after the date of completion of the final version, including activities relating to the writing of the script for the title, the development of its interactive structure, the purchase and production of its component elements and its computer development, but does not include activities relating to mastering, media duplication, promotion, distribution or dissemination;”;

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

“For the purposes of the definition of “eligible production work” in the first paragraph, the date of completion of the final version of an eligible multimedia title is deemed to be the date on which the title begins to be distributed.”

(2) Paragraph 2 of subsection 1 applies in respect of final certificates issued pursuant to applications submitted by corporations after 31 December 1999. However, where the definition of “designated establishment” in the first paragraph of section 1029.8.36.0.3.18 of the said Act and subparagraph *b* of the second paragraph of that section apply in respect of a final certificate issued before 1 April 2000, they shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

(3) Paragraph 3 of subsection 1 has effect from 1 January 2000, except where it replaces the words “validation certificate” by the words “qualification certificate”, in which case it applies to taxation years that end after 9 May 1996. However, where the definition of “eligible multimedia title” in the first paragraph of section 1029.8.36.0.3.18 of the said Act applies before 1 April 2000, it shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

(4) Paragraphs 4 and 5 of subsection 1 apply to taxation years that end after 9 May 1996. However, where the date of completion of the final version of an eligible multimedia title, determined under the third paragraph of section 1029.8.36.0.3.18 of the said Act, is before 30 June 1997, the definition of

“eligible production work” in the first paragraph of that section 1029.8.36.0.3.18 shall be read with “24 months after the date of completion of the final version” replaced by “on 30 June 1999”.

128. (1) Section 1029.8.36.0.3.19 of the said Act is amended by replacing, in the first paragraph, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of final certificates issued pursuant to applications submitted by corporations after 31 December 1999. However, where the first paragraph of section 1029.8.36.0.3.19 of the said Act applies in respect of a final certificate issued before 1 April 2000, it shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

129. (1) Section 1029.8.36.0.3.20 of the said Act is amended

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

“1029.8.36.0.3.20. Where Investissement-Québec replaces or revokes a final certificate issued to a corporation for a taxation year, section 1029.8.36.0.3.19 applies, subject to sections 1010 to 1011, taking into account the following rules:”;

(2) by striking out the words “and void” in paragraph *a*;

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

“(b) the revoked final certificate is null from the time the revocation becomes effective.”;

(4) by adding the following paragraph:

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

(2) Subsection 1 applies to taxation years that end after 9 May 1996. However, the portion of the first paragraph of section 1029.8.36.0.3.20 of the said Act before paragraph *a* shall be read with “Investissement-Québec” replaced by

(1) the words “the Minister of Finance”, where it applies in respect of a final certificate that was replaced or revoked before 1 April 2000 but after 31 December 1999 or

(2) the words “the Société de développement des entreprises culturelles”, where it applies in respect of a final certificate that was replaced or revoked before 1 January 2000.

130. Section 1029.8.36.0.3.27 of the said Act is amended by replacing the words “files with the Minister the prescribed information in prescribed form” by the words “files with the Minister the prescribed form containing the prescribed information”.

131. (1) Section 1029.8.36.0.3.28 of the said Act, amended by section 261 of chapter 5 of the statutes of 2000 and by section 153 of chapter 39 of the statutes of 2000, is again amended, in the first paragraph,

(1) by replacing, in the definition of “eligible activity” and of “eligible employee”, the words “the Minister of Finance” by the word “Investissement-Québec”;

(2) by striking out the definition of “government assistance” and of “non-government assistance”.

(2) Paragraph 1 of subsection 1 applies in respect of certificates issued after 31 March 2000.

132. (1) Section 1029.8.36.0.3.30 of the said Act, amended by section 155 of chapter 39 of the statutes of 2000, is again amended by replacing, in the portion before subparagraph *a* of the first paragraph and in subparagraphs *b* and *c* of the third paragraph, the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

133. (1) Section 1029.8.36.0.3.32 of the said Act, replaced by section 157 of chapter 39 of the statutes of 2000, is amended, in paragraph *c*, by replacing subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 of the said Act, enacted by that paragraph *c*, by the following :

“(a) the proportion of the aggregate of 60% of the amount determined under subparagraph *i* of paragraph *c* or *d* of section 1029.8.36.0.3.29 and 40% of the amount determined under subparagraph *ii* of paragraph *c* or *d* of that section, in respect of the qualified wages incurred by the corporation in the year in respect of an eligible employee, as the working time spent by the eligible employee on the carrying out of an eligible activity of the qualified corporation in the year is of all the working time of the eligible employee for the year as eligible employee of that corporation; exceeds”.

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

134. (1) Section 1029.8.36.0.3.33 of the said Act, amended by section 158 of chapter 39 of the statutes of 2000, is again amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) the aggregate of all amounts each of which is an amount of government assistance relating to the wages incurred by the corporation in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, or an amount that would be such an amount of government assistance if none of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were taken into account, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year.”

(2) Subsection 1 applies in respect of wages incurred after 15 June 1998.

135. (1) Section 1029.8.36.0.3.34 of the said Act, replaced by section 159 of chapter 39 of the statutes of 2000, is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1029.8.36.0.3.34.** Subject to sections 1010 to 1011 and for the purposes of this division, where Investissement-Québec replaces or revokes a certificate that was issued to a corporation for a taxation year, the following rules apply :”.

(2) Subsection 1 applies in respect of certificates replaced or revoked after 31 March 2000.

136. (1) Section 1029.8.36.0.3.38 of the said Act, enacted by section 163 of chapter 39 of the statutes of 2000 and amended by section 169 of chapter 7 of the statutes of 2001, is again amended, in the first paragraph,

(1) by replacing, in the definition of “eligible activity” and of “eligible employee”, the words “the Minister of Finance” by the word “Investissement-Québec” ;

(2) by striking out the definition of “government assistance” and of “non-government assistance”.

(2) Paragraph 1 of subsection 1 applies in respect of certificates issued after 31 March 2000.

137. (1) Section 1029.8.36.0.3.40 of the said Act, enacted by section 163 of chapter 39 of the statutes of 2000, is amended by replacing, in the portion of the first paragraph before subparagraph *a* and in subparagraphs *b* and *c* of the third paragraph, the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

138. (1) Section 1029.8.36.0.3.41 of the said Act, enacted by section 163 of chapter 39 of the statutes of 2000 and amended by section 169 of chapter 7 of the statutes of 2001, is again amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) the aggregate of all amounts each of which is an amount of government assistance relating to the wages incurred by the corporation in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, or an amount that would be such an amount of government assistance if none of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were taken into account, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year.”

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

139. (1) Section 1029.8.36.0.3.42 of the said Act, enacted by section 163 of chapter 39 of the statutes of 2000, is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“**1029.8.36.0.3.42.** Subject to sections 1010 to 1011 and for the purposes of this division, where Investissement-Québec replaces or revokes a certificate that was issued to a corporation for a taxation year, the following rules apply:”.

(2) Subsection 1 applies in respect of certificates replaced or revoked after 31 March 2000.

140. (1) Section 1029.8.36.0.4 of the said Act, amended by section 164 of chapter 39 of the statutes of 2000, is again amended

(1) by striking out the definition of “government assistance” and of “non-government assistance” in the first paragraph;

(2) by replacing the words “the Minister of Finance” by the word “Investissement-Québec” in the following provisions:

- paragraph *d* of the definition of “qualified property” in the first paragraph;
- the definition of “eligible employee” in the first paragraph;
- the fourth paragraph.

(2) Paragraph 2 of subsection 1 applies in respect of certificates issued after 31 March 2000.

141. (1) Section 1029.8.36.0.5 of the said Act, amended by section 165 of chapter 39 of the statutes of 2000, is again amended by replacing, in subparagraph *b* of the second paragraph, the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

142. (1) Section 1029.8.36.0.5.1 of the said Act, amended by section 166 of chapter 39 of the statutes of 2000, is again amended by replacing, in subparagraph *b* of the second paragraph, the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

143. (1) Section 1029.8.36.0.5.3 of the said Act, amended by section 168 of chapter 39 of the statutes of 2000, is again amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) the aggregate of all amounts each of which is an amount of government assistance relating to the wages incurred by the corporation in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, or an amount that would be such an amount of government assistance if none of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were taken into account, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year.”

(2) Subsection 1 applies to taxation years that begin after 22 December 1998.

144. (1) Section 1029.8.36.0.6 of the said Act, replaced by section 169 of chapter 39 of the statutes of 2000, is amended by replacing the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

145. (1) Section 1029.8.36.0.7 of the said Act is replaced by the following :

“**1029.8.36.0.7.** Subject to sections 1010 to 1011 and for the purposes of this division, where Investissement-Québec replaces or revokes a certificate that was issued to a corporation for a taxation year, the following rules apply :

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

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

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

(2) Subsection 1 has effect from 26 March 1997. However, where the portion of the first paragraph of section 1029.8.36.0.7 of the said Act before subparagraph *a* applies in respect of a certificate replaced or revoked before 1 April 2000, it shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

146. (1) Section 1029.8.36.0.8 of the said Act, replaced by section 170 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the first paragraph, “and II.1” by “, II.1 and II.3.1”;

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

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

(a) a provision of Division II, if the particular amount is included in the wages that are taken into account in computing the qualified wages paid in the year by the corporation to an eligible employee and in respect of which an amount is deemed to have been paid by the corporation, for the year, under section 1029.8.36.0.5; or

(b) section 1029.8.36.0.5.1, if the particular amount is qualified wages paid in a preceding taxation year by the corporation to an eligible employee and an amount is deemed to have been paid by the corporation for that preceding year under a provision of Division II, in respect of an amount included in the wages that are taken into account in computing the particular amount.”;

(3) by replacing, in the second paragraph, the words “the first paragraph” by the words “the first and second paragraphs”.

(2) Paragraph 1 of subsection 1 applies to taxation years of corporations that begin after 30 June 1999.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of wages or costs incurred after 25 March 1997.

147. (1) Section 1029.8.36.0.17 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000 and amended by section 169 of chapter 7 of the statutes of 2001, is again amended

(1) by replacing the words “the Minister of Finance” by the word “Investissement-Québec” in the following provisions:

— the definition of “specified activity” in the first paragraph;

— paragraph *e* of the definition of “qualified property” in the first paragraph;

- the definition of “eligible employee” in the first paragraph;
- the definition of “specified employee” in the first paragraph;
- the third paragraph;

(2) by striking out the definition of “government assistance” and of “non-government assistance” in the first paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of certificates issued after 31 March 2000.

148. (1) Section 1029.8.36.0.19 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended by replacing, in subparagraph *b* of the second paragraph, the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

149. (1) Section 1029.8.36.0.20 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended by replacing, in subparagraph *b* of the second paragraph, the words “the Minister of Finance” by the word “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

150. (1) Section 1029.8.36.0.22 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the portion of the first paragraph before subparagraph *a*, the words “issued to it by the Minister of Finance” by the words “issued to it by Investissement-Québec”;

(2) by replacing, in subparagraphs *b* and *c* of the third paragraph, the words “the Minister of Finance” by “Investissement-Québec”.

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

151. (1) Section 1029.8.36.0.23 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended by replacing subparagraph *b* of the first paragraph by the following:

“(b) the aggregate of all amounts each of which is an amount of government assistance relating to the wages incurred by the corporation in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, or an amount that would be such an amount of government

assistance if none of sections 1029.8.21.2, 1029.8.32.1, 1029.8.33.9 and 1029.8.36.28 were taken into account, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year."

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

152. (1) Section 1029.8.36.0.25 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended by replacing the words "the Minister of Finance" by the word "Investissement-Québec".

(2) Subsection 1 applies in respect of certificates issued after 31 March 2000.

153. (1) Section 1029.8.36.0.26 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

"1029.8.36.0.26. Subject to sections 1010 to 1011 and for the purposes of this division, where Investissement-Québec replaces or revokes a certificate that was issued to a corporation for a taxation year, the following rules apply:".

(2) Subsection 1 applies in respect of certificates replaced or revoked after 31 March 2000.

154. (1) Section 1029.8.36.0.27 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the first paragraph, "and II.1" by ", II.1 and II.3.1";

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

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

(a) a provision of Division II, if the particular amount is included in the wages that are taken into account in computing the qualified wages paid in the year by the corporation to an eligible employee and in respect of which an amount is deemed to have been paid by the corporation, for the year, under section 1029.8.36.0.19; or

(b) section 1029.8.36.0.20, if the particular amount is qualified wages paid in a preceding taxation year by the corporation to an eligible employee and an amount is deemed to have been paid by the corporation for that preceding year under a provision of Division II, in respect of an amount included in the wages that are taken into account in computing the particular amount.";

(3) by replacing, in the second paragraph, the words “the first paragraph” by the words “the first and second paragraphs”.

(2) Paragraph 1 of subsection 1 applies to taxation years of corporations that begin after 30 June 1999.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of wages or costs incurred after 9 March 1999.

155. (1) Section 1029.8.36.0.38 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended, in the first paragraph,

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by replacing, in paragraph *b* of the definition of “qualified wages”, “2010” by “2011”;

(3) by replacing, in the English text, paragraph *b* of the definition of “recognized business” by the following:

“(b) separate accounts are kept by the corporation or partnership, from the effective date of the certificate referred to in paragraph *a*, in relation to the business activities carried on within the international trade zone;”.

(2) Paragraph 2 of subsection 1 has effect from 14 March 2000.

156. (1) The said Act is amended by inserting, after section 1029.8.36.0.38, enacted by section 176 of chapter 39 of the statutes of 2000, the following sections:

“**1029.8.36.0.38.1.** For the purposes of this division, a business carried on in Québec but outside the international trade zone by a corporation in a year or by a partnership in a fiscal period is deemed to be a recognized business of the corporation for the taxation year or of the partnership for the fiscal period if, in relation to that business,

(a) a valid certificate for all or part of the year or fiscal period was issued to the corporation or partnership by the Minister of Finance, certifying that the business activities carried on in Québec but outside the international trade zone relate to activities shown on the certificate; and

(b) separate accounts are kept by the corporation or partnership, from the effective date of the certificate referred to in paragraph *a*, in relation to the business activities shown on the certificate that are carried on in Québec but outside the international trade zone.

“1029.8.36.0.38.2. For the purposes of this division, where the activities of a business in respect of which section 1029.8.36.0.38.1 applies are carried on in Québec but outside the international trade zone by a corporation in a taxation year, or by a partnership in a fiscal period, the business activities shown on the certificate referred to in paragraph *a* of that section that are carried on in Québec but outside the international trade zone are deemed to be carried on in the international trade zone.”

(2) Subsection 1 has effect from 14 March 2000.

157. (1) Section 1029.8.36.0.39 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in paragraph *a*, “2001” by “2002”;

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

“(b) where the taxation year of the corporation or the fiscal period of the partnership begins before 1 January 2002 and ends after 31 December 2001, to the aggregate of

i. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year or fiscal period before 1 January 2002 during which the employee qualifies as an eligible employee of the corporation or partnership, in relation to the recognized business, is of 365, and

ii. the amount obtained by multiplying \$40,000 by the proportion that the number of days in the taxation year or fiscal period after 31 December 2001 during which the employee qualifies as an eligible employee of the corporation or partnership, in relation to the recognized business, is of 365;”;

(3) by replacing, in paragraph *c*, “2009” and “2010” by “2010” and “2011”, respectively.

(2) Subsection 1 has effect from 14 March 2000.

158. (1) Section 1029.8.36.0.41 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in paragraph *a*, “2001” by “2002”;

(2) by replacing, in the portion of paragraph *b* before subparagraph i, “1 January 2001 and ends after 31 December 2000” by “1 January 2002 and ends after 31 December 2001”;

(3) by replacing, in paragraph *c*, “31 December 2000 and ends before 1 January 2004” by “31 December 2001 and ends before 1 January 2005”

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

“(d) where the taxation year of the corporation begins before 1 January 2005 and ends after 31 December 2004, the aggregate of

i. 30% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the year before 1 January 2005 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the year during which the employee qualifies as an eligible employee in relation to the recognized business, and

ii. 20% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the year after 31 December 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the year during which the employee qualifies as an eligible employee in relation to the recognized business;”;

(5) by replacing, in paragraph *e*, “31 December 2003 and ends before 1 January 2010” by “31 December 2004 and ends before 1 January 2011”

(6) by replacing, in paragraph *f*, “2009” by “2010”.

(2) Subsection 1 has effect from 14 March 2000. In addition, where subparagraphs i and ii of paragraph *d* of section 1029.8.36.0.41 of the said Act, replaced by paragraph 4 of subsection 1, apply before 14 March 2000, they shall be read as follows:

“i. 30% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the year before 1 January 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the year during which the employee qualifies as an eligible employee in relation to the recognized business, and

“ii. 20% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the year after 31 December 2003 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the year during which the employee qualifies as an eligible employee in relation to the recognized business;”.

159. (1) Section 1029.8.36.0.42 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in paragraph *a*, “2001” by “2002”;

(2) by replacing, in paragraph *b*, “31 December 2000 and before 1 January 2004” by “31 December 2001 and before 1 January 2005”

(3) by replacing, in paragraph *c*, “31 December 2003 and before 1 January 2010” by “31 December 2004 and before 1 January 2011”.

(2) Subsection 1 has effect from 14 March 2000.

160. (1) Section 1029.8.36.0.44 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in paragraph *a*, “2001” by “2002”;

(2) by replacing, in the portion of paragraph *b* before subparagraph *i*, “1 January 2001 and ends after 31 December 2000” by “1 January 2002 and ends after 31 December 2001”;

(3) by replacing, in paragraph *c*, “31 December 2000 and ends before 1 January 2004” by “31 December 2001 and ends before 1 January 2005”

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

“(d) where the fiscal period of the partnership begins before 1 January 2005 and ends after 31 December 2004, the amount obtained by multiplying the aggregate of the following amounts by the corporation’s share of the qualified wages:

i. 30% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the fiscal period before 1 January 2005 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the fiscal period during which the employee qualifies as an eligible employee in relation to the recognized business, and

ii. 20% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the fiscal period after 31 December 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the fiscal period during which the employee qualifies as an eligible employee in relation to the recognized business;”;

(5) by replacing, in paragraph *e*, “31 December 2003 and ends before 1 January 2010” by “31 December 2004 and ends before 1 January 2011”

(6) by replacing, in paragraph *f*, “2009” by “2010”.

(2) Subsection 1 has effect from 14 March 2000. In addition, where subparagraphs i and ii of paragraph *d* of section 1029.8.36.0.44 of the said Act, replaced by paragraph 4 of subsection 1, apply before 14 March 2000, they shall be read as follows:

“i. 30% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the fiscal period before 1 January 2004 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the fiscal period during which the employee qualifies as an eligible employee in relation to the recognized business, and

“ii. 20% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.39 in respect of the eligible employee in relation to the recognized business, by the proportion that the number of days in the fiscal period after 31 December 2003 during which the employee qualifies as an eligible employee in relation to the recognized business is of the number of days in the fiscal period during which the employee qualifies as an eligible employee in relation to the recognized business;”.

161. (1) Section 1029.8.36.0.45 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in paragraph *a*, “2001” by “2002”;

(2) by replacing, in paragraph *b*, “31 December 2000 and before 1 January 2004” by “31 December 2001 and before 1 January 2005”

(3) by replacing, in paragraph *c*, “31 December 2003 and before 1 January 2010” by “31 December 2004 and before 1 January 2011”.

(2) Subsection 1 has effect from 14 March 2000.

162. (1) Section 1029.8.36.0.55 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by replacing, in subparagraph i of paragraph *b* of the definition of “qualified brokerage expenditure”, “2010” by “2011”;

(3) by replacing the definition of “recognized business” by the following:

““recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 and by section 1029.8.36.0.38.1.”

(4) by adding, at the end, the following paragraph:

“For the purposes of the definition of “eligible contract” in the first paragraph, where the activities of a business in respect of which section 1029.8.36.0.38.1 applies are carried on in Québec but outside the international trade zone by a corporation in a taxation year, or by a partnership in a fiscal period, the business activities shown on the certificate referred to in paragraph *a* of section 1029.8.36.0.38.1 that are carried on in Québec but outside the international trade zone are deemed to be activities shown on the certificate issued to the corporation or partnership in respect of the recognized business and carried on in the international trade zone by the corporation or partnership.”

(2) Paragraphs 2 to 4 of subsection 1 have effect from 14 March 2000.

163. (1) Section 1029.8.36.0.56 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the portion before paragraph *a*, “in section 1029.8.36.0.55” by “in the first paragraph of section 1029.8.36.0.55”;

(2) by replacing, in paragraph *a*, “2001” by “2002”;

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

“(b) where the taxation year of the corporation or the fiscal period of the partnership begins before 1 January 2002 and ends after 31 December 2001, to the aggregate of

i. the amount obtained by multiplying \$75,000 by the proportion that the number of days in the taxation year or fiscal period before 1 January 2002 is of 365, and

ii. the amount obtained by multiplying \$80,000 by the proportion that the number of days in the taxation year or fiscal period after 31 December 2001 is of 365;”;

(4) by replacing, in paragraph *c*, “31 December 2009” and “1 January 2010” by “31 December 2010” and “1 January 2011”, respectively.

(2) Subsection 1 has effect from 14 March 2000.

164. (1) Section 1029.8.36.0.58 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the portion before paragraph *a*, “in section 1029.8.36.0.55” by “in the first paragraph of section 1029.8.36.0.55”;

(2) by replacing, in paragraph *a*, “2001” by “2002”;

(3) by replacing, in the portion of paragraph *b* before subparagraph *i*, “1 January 2001 and ends after 31 December 2000” by “1 January 2002 and ends after 31 December 2001”;

(4) by replacing, in paragraph *c*, “31 December 2000 and ends before 1 January 2004” by “31 December 2001 and ends before 1 January 2005”

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

“(d) where the taxation year of the corporation begins before 1 January 2005 and ends after 31 December 2004, the aggregate of

i. 30% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the year before 1 January 2005 is of the number of days in the corporation’s year, and

ii. 20% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the year after 31 December 2004 is of the number of days in the corporation’s year;”;

(6) by replacing, in paragraph *e*, “31 December 2003 and ends before 1 January 2010” by “31 December 2004 and ends before 1 January 2011”

(7) by replacing, in paragraph *f*, “2009” by “2010”.

(2) Subsection 1 has effect from 14 March 2000. In addition, where subparagraphs *i* and *ii* of paragraph *d* of section 1029.8.36.0.58 of the said Act, replaced by paragraph 5 of subsection 1, apply before 14 March 2000, they shall be read as follows:

“i. 30% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the year before 1 January 2004 is of the number of days in the corporation’s year, and

“ii. 20% of the amount obtained by multiplying the amount determined for the year under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the year after 31 December 2003 is of the number of days in the corporation’s year;”.

165. (1) Section 1029.8.36.0.59 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the portion before paragraph *a*, “in section 1029.8.36.0.55” by “in the first paragraph of section 1029.8.36.0.55”;

(2) by replacing, in paragraph *a*, “2001” by “2002”;

(3) by replacing, in paragraph *b*, “31 December 2000 and before 1 January 2004” by “31 December 2001 and before 1 January 2005”

(4) by replacing, in paragraph *c*, “31 December 2003 and before 1 January 2010” by “31 December 2004 and before 1 January 2011”.

(2) Subsection 1 has effect from 14 March 2000.

166. (1) Section 1029.8.36.0.61 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the portion before paragraph *a*, “in section 1029.8.36.0.55” by “in the first paragraph of section 1029.8.36.0.55”;

(2) by replacing, in paragraph *a*, “2001” by “2002”;

(3) by replacing, in the portion of paragraph *b* before subparagraph *i*, “1 January 2001 and ends after 31 December 2000” by “1 January 2002 and ends after 31 December 2001”;

(4) by replacing, in paragraph *c*, “31 December 2000 and ends before 1 January 2004” by “31 December 2001 and ends before 1 January 2005”

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

“(d) where the fiscal period of the partnership begins before 1 January 2005 and ends after 31 December 2004, the amount obtained by multiplying the aggregate of the following amounts by the corporation’s share of the qualified brokerage expenditure:

i. 30% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the fiscal period before 1 January 2005 is of the number of days in the partnership’s fiscal period, and

ii. 20% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the fiscal period after 31 December 2004 is of the number of days in the partnership’s fiscal period;”;

(6) by replacing, in paragraph *e*, “31 December 2003 and ends before 1 January 2010” by “31 December 2004 and ends before 1 January 2011”

(7) by replacing, in paragraph *f*, “2009” by “2010”.

(2) Subsection 1 has effect from 14 March 2000. In addition, where subparagraphs *i* and *ii* of paragraph *d* of section 1029.8.36.0.61 of the said

Act, replaced by paragraph 5 of subsection 1, apply before 14 March 2000, they shall be read as follows:

“i. 30% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the fiscal period before 1 January 2004 is of the number of days in the partnership’s fiscal period, and

“ii. 20% of the amount obtained by multiplying the amount determined for the fiscal period under paragraph *d* of section 1029.8.36.0.56 in relation to the recognized business, by the proportion that the number of days in the fiscal period after 31 December 2003 is of the number of days in the partnership’s fiscal period;”.

167. (1) Section 1029.8.36.0.62 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by replacing, in the portion before paragraph *a*, “in section 1029.8.36.0.55” by “in the first paragraph of section 1029.8.36.0.55”;

(2) by replacing, in paragraph *a*, “2001” by “2002”;

(3) by replacing, in paragraph *b*, “31 December 2000 and before 1 January 2004” by “31 December 2001 and before 1 January 2005”

(4) by replacing, in paragraph *c*, “31 December 2003 and before 1 January 2010” by “31 December 2004 and before 1 January 2011”.

(2) Subsection 1 has effect from 14 March 2000.

168. (1) Section 1029.8.36.0.72 of the said Act, enacted by section 176 of chapter 39 of the statutes of 2000, is amended

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by replacing, in subparagraph ii of paragraph *a* and subparagraph i of paragraph *b* of the definition of “qualified property”, “2010” by “2011”;

(3) by replacing the definition of “recognized business” by the following:

““recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.0.38 and by section 1029.8.36.0.38.1;”;

(4) by adding, at the end, the following paragraph:

“For the purposes of subparagraph iv of paragraph *a* and subparagraph iii of paragraph *b* of the definition of “qualified property” in the first paragraph, where, at any time after 13 March 2000, a corporation or a partnership has

acquired or leased a property that it begins to use, within a reasonable time after its acquisition or after the date on which the contract of lease referred to in subparagraph *i* of that paragraph *b* is entered into, exclusively or almost exclusively to earn income from the business activities, carried on in Québec but outside the international trade zone, to which paragraph *a* of section 1029.8.36.0.38.1 applies, and the property would be a qualified property if the definition of that expression were read without subparagraph *iv* of paragraph *a* thereof or without subparagraph *iii* of paragraph *b* thereof, as the case may be, the corporation or partnership is deemed, from that time and throughout the period during which the property is being used exclusively or almost exclusively in the course of the business activities, to use the property exclusively in the international trade zone and exclusively or almost exclusively to earn income from the activities shown on the certificate issued to the corporation or the partnership in respect of the recognized business and carried on within the international trade zone by the corporation or the partnership.”

(2) Paragraphs 2 to 4 of subsection 1 have effect from 14 March 2000.

169. Section 1029.8.36.5 of the said Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1029.8.36.5.** A qualified corporation in respect of which the Minister of Industry and Trade issues, for a taxation year, a certificate in respect of a design activity in connection with a business it carries on in Québec and that encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and a copy of the certificate, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to 20% of the expenditure incurred by it in the year and that is part or all of the cost of an outside consulting contract mentioned in the certificate, to the extent that the expenditure is paid and”.

170. Section 1029.8.36.6 of the said Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“**1029.8.36.6.** Where a qualified partnership in respect of which the Minister of Industry and Trade issues a certificate for a fiscal period in connection with a business it carries on in Québec, incurs in that fiscal period an expenditure that is part or all of the cost of an outside consulting contract mentioned in the certificate, each qualified corporation that is a member of the partnership at the end of that fiscal period and that encloses with its fiscal return it is required to file under section 1000 for its taxation year in which the fiscal period of the partnership ends the prescribed form containing the prescribed information and a copy of the certificate, is deemed, subject to the third paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to 20% of its share of the expenditure so incurred, to the extent that the expenditure is paid and”.

171. Section 1029.8.36.7 of the said Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following :

“1029.8.36.7. A qualified corporation in respect of which the Minister of Industry and Trade issues a certificate for a period of one taxation year, in respect of a design activity in connection with a business it carries on in Québec and that encloses with its fiscal return it is required to file under section 1000 the prescribed form containing the prescribed information and a copy of the certificate is deemed to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to 20% of the qualified wages incurred by the corporation, within the framework of that activity and in the period described in the certificate, in respect of a particular designer whose name appears on the certificate, to the extent that the wages were paid and”.

172. Sections 1029.8.36.8 and 1029.8.36.9 of the said Act are repealed.

173. Section 1029.8.36.10 of the said Act, amended by section 180 of chapter 39 of the statutes of 2000, is again amended

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

“1029.8.36.10. Where the corporation referred to in any of sections 1029.8.36.5 to 1029.8.36.7 is a corporation whose assets shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$50,000,000, the rate of “20%” mentioned in any of those sections 1029.8.36.5 to 1029.8.36.7 shall be replaced by the rate determined by the formula

$$40\% - \{[(A - \$25,000,000) \times 20\%] / \$25,000,000\}.”;$$

(2) by replacing, in the second paragraph, the words “the formulas provided” by the words “the formula provided”.

174. Section 1029.8.36.16 of the said Act is replaced by the following :

“1029.8.36.16. Subject to sections 1010 to 1011 and for the purposes of this division, where the Minister of Industry and Trade revokes, in whole or in part, a certificate issued by the Minister of Industry and Trade, the following rules apply :

(a) a certificate that is revoked, in whole or in part, is, as far as the whole or part so revoked is concerned, null from the time the certificate was issued ;

(b) no amount may be deemed, under section 1029.8.36.5, to have been paid to the Minister by a qualified corporation in respect of an expenditure incurred by the corporation in respect of an outside consulting contract entered into for the carrying out of a design activity referred to in the first paragraph of that section, if the certificate issued to the corporation in respect of the design activity is revoked in respect of that contract;

(c) no amount may be deemed, under section 1029.8.36.6, to have been paid to the Minister by a qualified corporation in respect of an expenditure incurred by a partnership of which it is a member in respect of an outside consulting contract entered into for the carrying out of a design activity referred to in the first paragraph of that section, if the certificate issued to the partnership in respect of the design activity is revoked in respect of that contract; and

(d) no amount may be deemed, under section 1029.8.36.7, to have been paid to the Minister by a qualified corporation in respect of qualified wages incurred as part of a design activity referred to in the first paragraph of that section, if the certificate issued to the corporation, in respect of the design activity, is revoked.

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

175. Section 1029.8.36.20 of the said Act is amended by replacing, in the French text, paragraphs *a* and *b*, by the following :

“*a*) la société est réputée détenir une attestation valide délivrée, pour l’année, par le ministre de l’Industrie et du Commerce qui fait mention du contrat de consultation externe;

“*b*) la partie du premier alinéa de l’article 1029.8.36.5 qui précède le paragraphe *a* doit se lire sans les mots “et une copie de cette attestation”.”

176. Section 1029.8.36.21 of the said Act is amended by replacing, in the French text, paragraphs *a* and *b*, by the following :

“*a*) la société de personnes est réputée détenir une attestation valide délivrée, pour l’exercice, par le ministre de l’Industrie et du Commerce qui fait mention du contrat de consultation externe;

“*b*) la partie du premier alinéa de l’article 1029.8.36.6 qui précède le paragraphe *a* doit se lire sans les mots “et une copie de cette attestation”.”

177. Section 1029.8.36.22 of the said Act is amended by replacing, in the French text, paragraphs *a* and *b*, by the following :

“a) la société de personnes est réputée détenir une attestation valide délivrée, pour l’exercice, par le ministre de l’Industrie et du Commerce qui fait mention du contrat de consultation externe;

“b) la partie du premier alinéa de l’article 1029.8.36.6 qui précède le paragraphe *a* doit se lire sans les mots “et une copie de cette attestation”.”

178. Section 1029.8.36.23 of the said Act, amended by section 169 of chapter 7 of the statutes of 2001, is again amended, in paragraph *b*,

(1) by replacing, in the French text, subparagraphs *i* and *ii* by the following :

“*i.* la société est réputée détenir une attestation valide délivrée, pour l’année d’imposition, par le ministre de l’Industrie et du Commerce sur laquelle apparaît le nom du designer donné;

“*ii.* la partie du premier alinéa de l’article 1029.8.36.7 qui précède le paragraphe *a* doit se lire sans les mots «et une copie de cette attestation».”;

(2) by striking out subparagraph *iii*.

179. Section 1029.8.36.29 of the said Act is replaced by the following :

“**1029.8.36.29.** A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.5 to 1029.8.36.7, only if it files with the Minister the prescribed form containing the prescribed information and the copy of the certificate referred to in any of those sections, on or before the day that is 12 months after its filing-due date for the particular year.”

180. (1) Section 1029.8.36.54 of the said Act, amended by section 265 of chapter 5 of the statutes of 2000 and by section 169 of chapter 7 of the statutes of 2001, is again amended, in the first paragraph,

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by replacing the definition of “eligible contract” by the following :

““eligible contract” means a contract in respect of which a qualification certificate has been issued by the Minister of Industry and Trade, entered into by a qualified corporation with a person or partnership and under which the qualified corporation entrusts the person or partnership with the carrying out of work in Québec which is related to the construction or conversion of an eligible vessel by the qualified corporation;”;

(3) by replacing the portion of paragraph *b* of the definition of “qualified construction expenditure” before subparagraph *i* by the following :

“(b) in the case of an eligible vessel in respect of which the Minister of Industry and Trade has issued a qualification certificate attesting that it is a prototype vessel and in respect of which work was carried out before 26 March 1997, the aggregate of”;

(4) by replacing paragraphs *a* to *d* of the definition of “factor specified” by the following :

“(a) where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is a prototype vessel, 2 ;

“(b) where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the first vessel constructed or converted as part of a production run, 1000/375 ;

“(c) where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the second vessel constructed or converted as part of a production run, 4 ; and

“(d) where the qualification certificate issued by the Minister of Industry and Trade attests that the eligible vessel is the third vessel constructed or converted as part of a production run, 8 ;” ;

(5) by replacing the definition of “eligible vessel” by the following :

““eligible vessel” of a qualified corporation means a vessel constructed or converted in Québec by the corporation under a project in respect of which the Minister of Industry and Trade has issued a qualification certificate attesting that the vessel will be a prototype vessel with a gross tonnage of at least 50 tons, or the first, second or third vessel with a gross tonnage of at least 50 tons, constructed or converted, as the case may be, as part of a production run according to essentially the same plans and specifications as those according to which a vessel in respect of which a qualification certificate was issued by the Minister of Industry and Trade attesting that it was a prototype vessel with a gross tonnage of at least 50 tons was constructed or converted ;”.

(2) Paragraph 5 of subsection 1 applies in respect of expenditures incurred after 14 March 2000.

181. Section 1029.8.36.56 of the said Act is replaced by the following :

“1029.8.36.56. Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Industry and Trade revokes a qualification certificate issued by the Minister of Industry and Trade to a qualified corporation, the following rules apply :

(a) a revoked qualification certificate is null from the time the revocation becomes effective ;

(b) no amount may be deemed to have been paid to the Minister by the qualified corporation under section 1029.8.36.55 in respect of an expenditure that would, but for this subparagraph, be a construction expenditure included in a qualified construction expenditure of the qualified corporation in respect of an eligible vessel of the corporation in respect of which a qualification certificate was issued by the Minister of Industry and Trade if,

i. where the expenditure is referred to in any of paragraphs *b* to *d* of the definition of “construction expenditure” in the first paragraph of section 1029.8.36.54, the expenditure was incurred before the date indicated to that effect on the qualification certificate,

ii. where the expenditure was incurred after the date of issue of the qualification certificate and is referred to in subparagraph i or ii of paragraph *a* of the definition of “construction expenditure” in the first paragraph of section 1029.8.36.54 or in paragraph *b* or *c* of that definition, the qualification certificate was not valid at the time the salaries or wages were incurred, or

iii. where the expenditure was incurred after the date of issue of the qualification certificate and is referred to in subparagraph iii of paragraph *a* of the definition of “construction expenditure” in the first paragraph of section 1029.8.36.54 or in paragraph *d* of that definition, the qualification certificate was not valid at the time the work was carried out;

(c) no amount may be deemed to have been paid to the Minister by the qualified corporation under section 1029.8.36.55.1 in respect of an expenditure that would, but for this subparagraph, be a conversion expenditure included in a qualified conversion expenditure of the qualified corporation in respect of an eligible vessel of the corporation in respect of which a qualification certificate was issued by the Minister of Industry and Trade if,

i. where the expenditure is referred to in any of paragraphs *b* to *d* of the definition of “conversion expenditure” in the first paragraph of section 1029.8.36.54, the expenditure was incurred before the date indicated to that effect on the qualification certificate,

ii. where the expenditure was incurred after the date of issue of the qualification certificate and is referred to in subparagraph i or ii of paragraph *a* of the definition of “conversion expenditure” in the first paragraph of section 1029.8.36.54 or in paragraph *b* or *c* of that definition, the qualification certificate was not valid at the time the salaries or wages were incurred, or

iii. where the expenditure was incurred after the date of issue of the qualification certificate and is referred to in subparagraph iii of paragraph *a* of the definition of “conversion expenditure” in the first paragraph of section 1029.8.36.54 or in paragraph *d* of that definition, the qualification certificate was not valid at the time the work was carried out.

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

182. (1) The said Act is amended by inserting, before Division II.6.7 of Chapter III.1 of Title III of Book IX of Part I, the following :

“DIVISION II.6.6.1

“CREDIT FOR JOB CREATION IN THE OPTICS INDUSTRY IN THE QUÉBEC AREA

“§1. — Definitions and general

“1029.8.36.72.1. In this division,

“base amount” of a corporation, in relation to a calendar year, means the amount that would be the eligible amount of the corporation for its base period in relation to the calendar year if the reference to a calendar year, in the definition of “eligible amount” in this section, were replaced by a reference to a base period in relation to a calendar year or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.11 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero ;

“base period” of a corporation, in relation to a calendar year, means the period within the preceding calendar year during which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was carried on in Québec by the corporation ;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in the Québec area ;

“eligible employee” for a period within a calendar year means an employee, other than an excluded employee at any time in that period, who, during that period, reports for work at an establishment of the employer situated in the Québec area and who, throughout that period, spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to the manufacturing or, as the case may be, the commercialization of apparatus or equipment related to the optics, photonics or laser sector and that constitutes a business carried on by the employer in the Québec area ;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation ;

“qualified corporation” for a calendar year means a corporation that carries on a business in Québec and has an establishment in Québec in that year and all or substantially all of whose gross revenue for the corporation’s taxation year in which the calendar year ends is derived from the carrying on of a qualified business, but does not include

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

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

“Québec area” means the Québec Census Metropolitan Area, as described in the 1996 Census Dictionary published by Statistics Canada ;

“recognized business” of a corporation for a taxation year means a business manufacturing and, as the case may be, commercializing apparatus or equipment related to the optics, photonics or laser sector, that is carried on by the corporation in the year and in respect of which a qualification certificate was issued by the Minister of Industry and Trade ;

“repayment of eligible assistance” for a taxation year by a qualified corporation means the aggregate of

(a) where, in the taxation year, pursuant to a legal obligation, the qualified corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of paragraph a of section 1029.8.36.72.7 that reduced the amount of the salaries or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph a of the first paragraph of section 1029.8.36.72.2 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph a in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph a of the first paragraph of section 1029.8.36.72.2 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 ;

(b) where, in a calendar year ending in the taxation year, pursuant to a legal obligation, a corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of paragraph a of section 1029.8.36.72.7 that reduced the amount of the salaries or wages paid

by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.3 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in the Québec area for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.3 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 ; and

(c) where, in a calendar year ending in the taxation year, pursuant to a legal obligation, a corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of paragraph *b* of section 1029.8.36.72.7 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the excess amount referred to in section 1029.8.36.72.4 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.3, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of section 1029.8.36.72.4 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the excess amount so determined in accordance with that section 1029.8.36.72.4 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.3, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year, 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 ;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include

(a) for an employee whose activities relate to the commercialization of apparatus or equipment related to the optics, photonics or laser sector, directors’ fees, premiums, overtime compensation for hours done in addition to normal working hours or benefits referred to in Division II of Chapter II of Title II of Book III; or

(b) for all other employees, directors’ fees, premiums, incentive bonuses, overtime compensation for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

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

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

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

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

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

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

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

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

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

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

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“§2. — *Credits*

“1029.8.36.72.2. A qualified corporation for a calendar year after the calendar year 1998 and before the calendar year 2004 that is not associated with any other corporation at the end of the calendar year and that encloses the documents referred to in the second paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in the Québec area, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation's base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.11 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the qualified corporation's base amount in relation to that calendar year; and

(b) the repayment of eligible assistance by the qualified corporation for the taxation year.

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

- (a) the prescribed form containing the prescribed information; and
- (b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business.

“1029.8.36.72.3. A qualified corporation for a calendar year after the calendar year 1998 and before the calendar year 2004 that is associated with one or more other corporations at the end of the calendar year and encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends is deemed to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in the Québec area, subject to the second paragraph, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation’s base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.11 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the aggregate of the qualified corporation’s eligible amount for the calendar year and the eligible amount for the calendar year of each corporation with which the qualified corporation is associated at the end of the calendar year exceeds the aggregate of the qualified corporation’s base amount in relation to that calendar year and the base amount of each corporation with which the qualified corporation is associated at the end of that calendar year in relation to that calendar year; and

(b) the repayment of eligible assistance by the qualified corporation for the taxation year.

Where the qualified corporation referred to in subparagraph *a* of the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the Québec area in the taxation year during which the calendar year ends, the amount determined under subparagraph *a* shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.72.4.

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

- (a) the prescribed form containing the prescribed information ;
- (b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business ; and
- (c) where the second paragraph applies, the agreement referred to in section 1029.8.36.72.4 in prescribed form.

“1029.8.36.72.4. The agreement to which the second paragraph of section 1029.8.36.72.3 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business in the Québec area and that are associated with each other at the end of that calendar year attribute to one or more of their number, for the purposes of this division, one or more amounts the aggregate of which for the calendar year does not exceed the lesser of

- (a) the amount by which the aggregate of all amounts each of which is the salaries or wages paid by one such corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the corporation’s base period in relation to that calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.11 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero ; and

- (b) the amount by which the aggregate of all amounts each of which is the eligible amount of one such corporation for the calendar year exceeds the aggregate of all amounts each of which is the base amount of one such corporation in relation to that calendar year.

“1029.8.36.72.5. For the purposes of this division, where the number of days in the base period of a corporation, in relation to a calendar year, in this section referred to as the “number of qualifying days” of the corporation for the year, is less than 365, the following rules apply :

- (a) the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the base period of the corporation in relation to the calendar year for which the employee is an eligible employee, reduced by the amount determined in respect of such salaries or wages, in accordance with section 1029.8.36.72.7, is deemed to be equal to the proportion of that aggregate, otherwise determined without taking account of section 1029.8.36.72.11, that 365 is of the number of qualifying days of the corporation for the year ; and

(b) the base amount of the corporation in relation to the calendar year is deemed to be equal to the proportion of that amount, otherwise determined without taking account of section 1029.8.36.72.11, that 365 is of the number of qualifying days of the corporation for the year.

“1029.8.36.72.6. Where the aggregate of the amounts attributed, pursuant to an agreement referred to in the second paragraph of section 1029.8.36.72.3, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in the Québec area and that are associated with each other at the end of that calendar year exceeds the particular amount that is the excess amount determined for that calendar year in respect of those corporations under section 1029.8.36.72.4, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.3, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.

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

“1029.8.36.72.7. 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 1029.8.36.72.2 or 1029.8.36.72.3, the following rules apply :

(a) the amount of the salaries or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.1, subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.2 or subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.3 paid by the corporation and the amount of the salaries or wages referred to in subparagraph ii of subparagraph a of the first paragraph of section 1029.8.36.72.3 paid by a corporation associated with the qualified corporation shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages paid by the qualified corporation under subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be; and

(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.72.4 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages under subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the particular qualified corporation.

“1029.8.36.72.8. For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation where that amount

(a) reduced an amount of salaries or wages,

i. in the case of assistance referred to in paragraph *a* of section 1029.8.36.72.7, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under

subparagraph *a* of the first paragraph of section 1029.8.36.72.2 or 1029.8.36.72.3, or

ii. in the case of assistance referred to in paragraph *b* of section 1029.8.36.72.7, for the purpose of computing the excess amount referred to in section 1029.8.36.72.4, determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the Québec area and that are associated with each other;

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

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

“1029.8.36.72.9. For the purposes of this division, the following rules apply to a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which is referred to in this section as a “predecessor corporation”:

(*a*) if the new corporation has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by one of the predecessor corporations, and ending immediately before the amalgamation; and

(*b*) for the purpose of determining the amount that the new corporation is deemed to have paid to the Minister under this division for the calendar year, the new corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by a predecessor corporation to an employee in a period within the preceding period for which the employee

i. is an eligible employee of the predecessor corporation, or

ii. if the employee reports for work at an establishment of the predecessor corporation situated in Québec, would be an eligible employee of the predecessor corporation if the establishment where the employee so reported for work had been situated in the Québec area.

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

“1029.8.36.72.10. For the purposes of this division, where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, the following rules apply:

(a) if the parent corporation, within the meaning of section 556, has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by the subsidiary, and ending immediately before the beginning of the parent corporation’s base period otherwise determined; and

(b) for the purpose of determining the amount that the parent corporation is deemed to have paid to the Minister under this division for the calendar year, the parent corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by the subsidiary to an employee in a period within the preceding period for which the employee

i. is an eligible employee of the subsidiary, or

ii. if the employee reports for work at an establishment of the subsidiary situated in Québec, would be an eligible employee of the subsidiary if the establishment where the employee so reported for work had been situated in the Québec area.

“1029.8.36.72.11. Subject to sections 1029.8.36.72.9 and 1029.8.36.72.10, where, at a particular time in a particular calendar year, the activities carried out by a corporation, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease in whole or in part and it may reasonably be considered that, as a result, another corporation, in this section referred to as the “purchaser”, begins, after the particular time, to carry out similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried out in the course of carrying on such a business, the following rules apply, subject to the third, fourth and fifth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the following calendar year:

(a) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period in relation to the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in its base period in relation to the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area is deemed to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$A \times B \times C$;

(b) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period of the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period of the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area is deemed, for the purpose of determining the amount that the vendor is deemed to have paid to the Minister under this division for the calendar year following the particular calendar year, to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$B \times D$; and

(c) the purchaser is deemed

i. to have an eligible amount for the particular calendar year equal to the aggregate of its eligible amount for the year otherwise determined and the amount that is that proportion of the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area, to the extent that the employee may reasonably be considered to have been assigned to the carrying out of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried out those activities, and

ii. to have a base amount in relation to the particular calendar year equal to the aggregate of

(1) the base amount of the purchaser otherwise determined in relation to the particular calendar year,

(2) the amount that is that proportion of the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area, to the extent that the salaries or wages may reasonably be considered to relate to the carrying out by the employee of the part of the

activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried out those activities, and

(3) the aggregate of all amounts each of which is the salaries or wages paid by the purchaser to an employee in a period of the particular calendar year and after the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, that were paid by the purchaser in a period of the particular calendar year and after the particular time for which the employee would be an eligible employee of the purchaser if the establishment where the employee so reported for work had been situated in the Québec area, to the extent that the salaries or wages may reasonably be considered to relate to the carrying out by the employee of the part of the activities that began or increased at the particular time.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period for the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area;

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

(*c*) *C*, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365; and

(*d*) *D* is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Québec area.

Where a corporation is, at any time in a calendar year, a purchaser in relation to activities carried out by another corporation and, at a subsequent

time in the same calendar year, that corporation is a vendor in relation to all of those activities, this section does not apply to the corporation neither as vendor nor as purchaser in respect of the activities and, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this division, the corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying out of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried out by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and the base amount of the corporation in relation to that year:

(a) the corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry out after that time; and

(b) the other corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry out after that time.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to certain activities carried out by a corporation and that corporation has been, at an earlier time in the calendar year, a purchaser in relation to those activities carried out by another corporation, in applying this section to the particular corporation, subparagraph i of subparagraph c of the first paragraph and subparagraph 2 of subparagraph ii of that subparagraph c shall be read as if the reference therein to “vendor” were a reference to all the corporations that were, in the calendar year and before that time, vendors in respect of the activities.

“1029.8.36.72.12. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of the corporation ends in relation to a calendar year, in respect of a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of paragraph a or b of section 1029.8.36.72.7, as the case may be, the amount of the salaries or wages paid

by the corporation in its base period, in relation to the business, so as to cause the corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be zero.

“1029.8.36.72.13. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

“1029.8.36.72.14. The Minister may obtain the advice of the Ministère de l'Industrie et du Commerce to determine, for the purposes of this division, whether an activity is directly related to the manufacturing or, as the case may be, the commercialization of apparatus or equipment related to the optics, photonics or laser sector.

“DIVISION II.6.6.2

“CREDIT FOR JOB CREATION IN THE ALUMINUM INDUSTRY IN THE SAGUENAY–LAC-SAINT-JEAN AREA

“§1. — *Definitions and general*

“1029.8.36.72.15. In this division,

“base amount” of a corporation, in relation to a calendar year, means the amount that would be the eligible amount of the corporation for its base period in relation to the calendar year if the reference to a calendar year, in the definition of “eligible amount” in this section, were replaced by a reference to a base period in relation to a calendar year or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.25 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero ;

“base period” of a corporation, in relation to a calendar year, means the period within the preceding calendar year during which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was carried on in Québec by the corporation ;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the

corporation during a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area;

“eligible employee” for a period within a calendar year means an employee, other than an excluded employee at any time in that period, who, during that period, reports for work at an establishment of the employer situated in the Saguenay–Lac-Saint-Jean area and who, throughout that period, spends, when at work, at least 90% of the time in undertaking, supervising or supporting

(a) work that is directly related to the manufacturing or, as the case may be, the commercialization of finished or semi-finished products made from aluminum having already undergone primary processing or of specialized equipment for businesses producing or processing aluminum and that constitutes a business carried on by the employer in the Saguenay–Lac-Saint-Jean area; or

(b) work that is directly related to design work or engineering work in relation to the manufacturing of finished or semi-finished products made from aluminum having already undergone primary processing or of specialized equipment for businesses producing or processing aluminum and that constitutes a business carried on by the employer in the Saguenay–Lac-Saint-Jean area;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation;

“qualified corporation” for a calendar year means a corporation that carries on a business in Québec and has an establishment in Québec in that year and all or substantially all of whose gross revenue for the corporation’s taxation year in which the calendar year ends is derived from the carrying on of a qualified business, but does not include

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

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

“recognized business” of a corporation for a taxation year means a business manufacturing and, as the case may be, commercializing finished or semi-finished products made from aluminum which has already undergone primary processing or a business consisting in manufacturing and, as the case may be, commercializing specialized equipment for businesses producing or processing aluminum, that is carried on by the corporation in the year and in respect of which a qualification certificate was issued by Investissement-Québec;

“repayment of eligible assistance” for a taxation year by a qualified corporation means the aggregate of

(a) where, in the taxation year, pursuant to a legal obligation, the qualified corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of paragraph *a* of section 1029.8.36.72.21 that reduced the amount of the salaries or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.16 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.16 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance ;

(b) where, in a calendar year ending in the taxation year, pursuant to a legal obligation, a corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of paragraph *a* of section 1029.8.36.72.21 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.17 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business in the Saguenay–Lac-Saint-Jean area for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.17 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ;
and

(c) where, in a calendar year ending in the taxation year, pursuant to a legal obligation, a qualified corporation pays an amount that may reasonably be

considered to be a repayment of assistance referred to in subparagraph *i* of paragraph *b* of section 1029.8.36.72.21 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the excess amount referred to in section 1029.8.36.72.18 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.17, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the excess amount so determined in accordance with that section 1029.8.36.72.18 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.17, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year, 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;

“Saguenay–Lac-Saint-Jean area” means the Saguenay–Lac-Saint-Jean administrative region;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include

(*a*) for an employee whose activities relate to the commercialization of finished or semi-finished products made from aluminum which has already undergone primary processing or specialized equipment for businesses producing or processing aluminum, directors’ fees, premiums, overtime compensation for hours done in addition to normal working hours or benefits referred to in Division II of Chapter II of Title II of Book III; or

(*b*) for all other employees, directors’ fees, premiums, incentive bonuses, overtime compensation for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

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

(a) where, during a period within a calendar year, an employee reports for work at an establishment of a qualified corporation situated in the Saguenay–Lac-Saint-Jean area and at an establishment of the qualified corporation situated outside the Saguenay–Lac-Saint-Jean area, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in the Saguenay–Lac-Saint-Jean area, or

ii. to report for work only at the establishment situated outside the Saguenay–Lac-Saint-Jean area if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside the Saguenay–Lac-Saint-Jean area; and

(b) where, during a period within a calendar year, an employee is not required to report for work at an establishment of a qualified corporation and the employee’s salary or wages in relation to that period are paid from such an establishment situated in the Saguenay–Lac-Saint-Jean area, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of the definition of “recognized business” in the first paragraph, a corporation is deemed to carry on in a taxation year a business manufacturing finished or semi-finished products made from aluminum having already undergone primary processing, or a business consisting in manufacturing specialized equipment for businesses producing or processing aluminum where

(a) in the year, the corporation causes to be carried on on its behalf activities relating to the manufacturing of finished or semi-finished products made from aluminum having already undergone primary processing, or activities relating to the manufacturing of specialized equipment for businesses producing or processing aluminum, in this paragraph referred to as “particular activities”; and

(b) in the year, the corporation carries on design work and engineering work in relation to the particular activities referred to in subparagraph *a*.

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

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

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

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

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

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“§2. — *Credits*

“**1029.8.36.72.16.** A qualified corporation for a calendar year after the calendar year 1999 and before the calendar year 2004 that is not associated with any other corporation at the end of the calendar year and that encloses the documents referred to in the second paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in the Saguenay–Lac-Saint-Jean area, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation's base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.25 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the qualified corporation's base amount in relation to that calendar year; and

(b) the repayment of eligible assistance by the qualified corporation for the taxation year.

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

- (a) the prescribed form containing the prescribed information; and
- (b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business.

“1029.8.36.72.17. A qualified corporation for a calendar year after the calendar year 1999 and before the calendar year 2004 that is associated with one or more other corporations at the end of the calendar year and encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends is deemed to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in the Saguenay–Lac-Saint-Jean area, subject to the second paragraph, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation’s base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.25 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the aggregate of the qualified corporation’s eligible amount for the calendar year and the eligible amount for the calendar year of each corporation with which the qualified corporation is associated at the end of the calendar year exceeds the aggregate of the qualified corporation’s base amount in relation to that calendar year and the base amount of each corporation with which the qualified corporation is associated at the end of that calendar year in relation to that calendar year; and

(b) the repayment of eligible assistance by the qualified corporation for the taxation year.

Where the qualified corporation referred to in subparagraph *a* of the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the Saguenay–Lac-Saint-Jean area in the taxation year during which the calendar year ends, the amount determined under subparagraph *a* shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.72.18.

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

- (a) the prescribed form containing the prescribed information;
- (b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business; and
- (c) where the second paragraph applies, the agreement referred to in section 1029.8.36.72.18 in prescribed form.

“1029.8.36.72.18. The agreement to which the second paragraph of section 1029.8.36.72.17 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business in the Saguenay–Lac-Saint-Jean area and that are associated with each other at the end of that calendar year attribute to one or more of their number, for the purposes of this division, one or more amounts the aggregate of which for the calendar year does not exceed the lesser of

(a) the amount by which the aggregate of all amounts each of which is the salaries or wages paid by one such corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the corporation’s base period in relation to that calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.25 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero; and

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of one such corporation for the calendar year exceeds the aggregate of all amounts each of which is the base amount of one such corporation in relation to that calendar year.

“1029.8.36.72.19. For the purposes of this division, where the number of days in the base period of a corporation, in relation to a calendar year, in this section referred to as the “number of qualifying days” of the corporation for the year, is less than 365, the following rules apply:

(a) the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the base period of the corporation in relation to the calendar year for which the employee is an eligible employee, reduced by the amount determined in respect of such salaries or wages, in accordance with section 1029.8.36.72.21, is deemed to be equal to the proportion of that aggregate, otherwise determined without taking account of section 1029.8.36.72.25, that 365 is of the number of qualifying days of the corporation for the year; and

(b) the base amount of the corporation in relation to the calendar year is deemed to be equal to the proportion of that amount, otherwise determined without taking account of section 1029.8.36.72.25, that 365 is of the number of qualifying days of the corporation for the year.

“1029.8.36.72.20. Where the aggregate of the amounts attributed, pursuant to an agreement referred to in the second paragraph of section 1029.8.36.72.17, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in the Saguenay–Lac-Saint-Jean area and that are associated with each other at the end of that calendar year exceeds the particular amount that is the excess amount determined for that calendar year in respect of those corporations under section 1029.8.36.72.18, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.17, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.

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

“1029.8.36.72.21. 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 1029.8.36.72.16 or 1029.8.36.72.17, the following rules apply :

(a) the amount of the salaries or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.15, subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.16 or subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.17 paid by the corporation and the amount of the salaries or wages referred to in subparagraph ii of subparagraph a of the first paragraph of section 1029.8.36.72.17 paid by a corporation associated with the corporation shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages paid by the qualified corporation under subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be; and

(b) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.72.18 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages under subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the particular qualified corporation.

“1029.8.36.72.22. For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation where that amount

(a) reduced an amount of salaries or wages,

i. in the case of assistance referred to in paragraph *a* of section 1029.8.36.72.21, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under

subparagraph *a* of the first paragraph of section 1029.8.36.72.16 or 1029.8.36.72.17, or

ii. in the case of assistance referred to in paragraph *b* of section 1029.8.36.72.21, for the purpose of computing the excess amount referred to in section 1029.8.36.72.18, determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the Saguenay–Lac-Saint-Jean area and that are associated with each other ;

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

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

“1029.8.36.72.23. For the purposes of this division, the following rules apply to a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which is referred to in this section as a “predecessor corporation” :

(*a*) if the new corporation has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by one of the predecessor corporations, and ending immediately before the amalgamation ; and

(*b*) for the purpose of determining the amount that the new corporation is deemed to have paid to the Minister under this division for the calendar year, the new corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by a predecessor corporation to an employee in a period within the preceding period for which the employee

i. is an eligible employee of the predecessor corporation, or

ii. if the employee reports for work at an establishment of the predecessor corporation situated in Québec, would be an eligible employee of the predecessor corporation if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area.

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

“1029.8.36.72.24. For the purposes of this division, where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, the following rules apply :

(a) if the parent corporation, within the meaning of section 556, has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by the subsidiary, and ending immediately before the beginning of the parent corporation’s base period otherwise determined; and

(b) for the purpose of determining the amount that the parent corporation is deemed to have paid to the Minister under this division for the calendar year, the parent corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by the subsidiary to an employee in a period within the preceding period for which the employee

i. is an eligible employee of the subsidiary, or

ii. if the employee reports for work at an establishment of the subsidiary situated in Québec, would be an eligible employee of the subsidiary if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area.

“1029.8.36.72.25. Subject to sections 1029.8.36.72.23 and 1029.8.36.72.24, where, at a particular time in a particular calendar year, the activities carried out by a corporation, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a recognized business if a qualification certificate had been issued in its respect, diminish or cease in whole or in part and it may reasonably be considered that, as a result, another corporation, in this section referred to as the “purchaser”, begins, after the particular time, to carry out similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried out in the course of carrying on such a business, the following rules apply, subject to the third, fourth and fifth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the following calendar year:

(a) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period in relation to the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in its base period in relation to the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area is deemed to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$A \times B \times C$;

(b) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period of the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period of the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area is deemed, for the purpose of determining the amount that the vendor is deemed to have paid to the Minister under this division for the calendar year following the particular calendar year, to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$B \times D$; and

(c) the purchaser is deemed

i. to have an eligible amount for the particular calendar year equal to the aggregate of its eligible amount for the year otherwise determined and the amount that is that proportion of the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the employee may reasonably be considered to have been assigned to the carrying out of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried out those activities, and

ii. to have a base amount in relation to the particular calendar year equal to the aggregate of

(1) the base amount of the purchaser otherwise determined in relation to the particular calendar year,

(2) the amount that is that proportion of the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the salaries or wages

may reasonably be considered to relate to the carrying out by the employee of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried out those activities, and

(3) the aggregate of all amounts each of which is the salaries or wages paid by the purchaser to an employee in a period of the particular calendar year and after the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, that were paid by the purchaser in a period of the particular calendar year and after the particular time for which the employee would be an eligible employee of the purchaser if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area, to the extent that the salaries or wages may reasonably be considered to relate to the carrying out by the employee of the part of the activities that began or increased at the particular time.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period for the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area;

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

(*c*) *C*, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365; and

(*d*) *D* is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Saguenay–Lac-Saint-Jean area.

Where a corporation is, at any time in a calendar year, a purchaser in relation to activities carried out by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to all of those activities, this section does not apply to the corporation neither as vendor nor as purchaser in respect of the activities and, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this division, the corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying out of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried out by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and the base amount of the corporation in relation to that year :

(a) the corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry out after that time ; and

(b) the other corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry out after that time.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to certain activities carried out by a corporation and that corporation has been, at an earlier time in the calendar year, a purchaser in relation to those activities carried out by another corporation, in applying this section to the particular corporation, subparagraph i of subparagraph c of the first paragraph and subparagraph 2 of subparagraph ii of that subparagraph c shall be read as if the reference therein to “vendor” were a reference to all the corporations that were, in the calendar year and before that time, vendors in respect of the activities.

“1029.8.36.72.26. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of the corporation ends in relation to a calendar year, in respect of a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in

accordance with subparagraph i or iii of paragraph *a* or *b* of section 1029.8.36.72.21, as the case may be, the amount of the salaries or wages paid by the corporation in its base period, in relation to the business, so as to cause the corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be zero.

“1029.8.36.72.27. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

“1029.8.36.72.28. The Minister may obtain the advice of Investissement-Québec to determine, for the purposes of this division, whether an activity is directly related to the manufacturing or, as the case may be, the commercialization of finished or semi-finished products made from aluminum which has already undergone primary processing or specialized equipment for businesses producing or processing aluminum.

“DIVISION II.6.6.3

“CREDIT FOR JOB CREATION IN THE MANUFACTURING OR ENVIRONMENTAL SECTOR IN THE ANGUS TECHNOPOLE

“§1. — *Definitions and general*

“1029.8.36.72.29. In this division,

“Angus Technopole” means a site situated in the territory of Ville de Montréal and determined by the Minister of Finance to be the Angus Technopole;

“base amount” of a corporation, in relation to a calendar year, means the amount that would be the eligible amount of the corporation for its base period in relation to the calendar year if the reference to a calendar year, in the definition of “eligible amount” in this section, were replaced by a reference to a base period in relation to a calendar year or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.39 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero;

“base period” of a corporation, in relation to a calendar year, means the period within the preceding calendar year during which a recognized business, or a business that would have been a recognized business if a qualification

certificate had been issued in its respect, was carried on in Québec by the corporation;

“eligible amount” of a corporation for a calendar year means the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the corporation situated in Québec, that were paid by the corporation in a period within the year for which the employee would be an eligible employee of the corporation if the establishment where the employee so reported for work had been situated in the Angus Technopole ;

“eligible employee” for a period within a calendar year means an employee, other than an excluded employee at any time in that period, who, during that period, reports for work at an establishment of the employer situated in the Angus Technopole and who, throughout that period, spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to manufacturing, recycling or site purification and decontamination activities, or, as the case may be, the commercialization of products or services resulting therefrom and that constitutes a business carried on by the employer in the Angus Technopole ;

“excluded employee” at a particular time means an employee of a corporation who, at that time, is a specified shareholder of that corporation or, where the corporation is a cooperative, a specified member of that corporation;

“qualified corporation” for a calendar year means a corporation that carries on a business in Québec and has an establishment in Québec in that year and all or substantially all of whose gross revenue for the corporation’s taxation year in which the calendar year ends is derived from the carrying on of a qualified business, but does not include

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

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

“recognized business” of a corporation for a taxation year means a manufacturing business or a manufacturing and commercializing business in the manufacturing or environmental sector carried on by the corporation in the year and in respect of which a qualification certificate was issued by Investissement-Québec ;

“repayment of eligible assistance” for a taxation year by a qualified corporation means the aggregate of

(a) where, in the taxation year, pursuant to a legal obligation, the qualified corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of paragraph a of section

1029.8.36.72.35 that reduced the amount of the salaries or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.30 that relates to a calendar year preceding the calendar year ending in the taxation year, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.30 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a taxation year preceding the taxation year under this paragraph in relation to a repayment of assistance ;

(*b*) where, in a calendar year ending in the taxation year, pursuant to a legal obligation, a corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of paragraph *a* of section 1029.8.36.72.35 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.31 that relates to a calendar year preceding the calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business in the Angus Technopole for its taxation year in which the preceding calendar year ended, the amount by which the amount that would have been determined under that subparagraph *a* in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.31 in respect of the qualified corporation in relation to the preceding calendar year, and

ii. the aggregate of all amounts determined for a calendar year preceding the calendar year under this paragraph in relation to a repayment of assistance ; and

(*c*) where, in a calendar year ending in the taxation year, pursuant to a legal obligation, a qualified corporation pays an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph *i* of paragraph *b* of section 1029.8.36.72.35 that reduced the amount of the salaries or wages paid by the corporation to an employee, for the purpose of computing

the excess amount referred to in section 1029.8.36.72.32 determined, in respect of a calendar year preceding the calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that time, the amount by which the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.31, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of section 1029.8.36.72.32 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the calendar year or a preceding calendar year and, if the excess amount so determined in accordance with that section 1029.8.36.72.32 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.31, with reference to the second paragraph of that section, in respect of the qualified corporation in relation to the preceding calendar year, 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 ;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III, but does not include

(*a*) for an employee whose activities relate to the commercialization of goods or services resulting from manufacturing, recycling or site purification and decontamination activities, directors’ fees, premiums, overtime compensation for hours done in addition to normal working hours or benefits referred to in Division II of Chapter II of Title II of Book III ; or

(*b*) for all other employees, directors’ fees, premiums, incentive bonuses, overtime compensation for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III ;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

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

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

i. except if subparagraph ii applies, to report for work only at the establishment situated in the Angus Technopole, or

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

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

For the purposes of the definition of "eligible amount" in the first paragraph,

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

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

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

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

For the purposes of this division, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“§2. — *Credits*

“**1029.8.36.72.30.** A qualified corporation for a calendar year after the calendar year 1999 and before the calendar year 2004 that is not associated with any other corporation at the end of the calendar year and that encloses the documents referred to in the second paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in the Angus Technopole, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation's base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.39 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the qualified corporation's eligible amount for the calendar year exceeds the qualified corporation's base amount in relation to that calendar year; and

(b) the repayment of eligible assistance by the qualified corporation for the taxation year.

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

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

(b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business.

“1029.8.36.72.31. A qualified corporation for a calendar year after the calendar year 1999 and before the calendar year 2004 that is associated with one or more other corporations at the end of the calendar year and encloses the documents referred to in the third paragraph with the fiscal return the qualified corporation is required to file under section 1000 for the taxation year in which the calendar year ends is deemed to have paid to the Minister on the qualified corporation's balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal to 40% of the aggregate of

(a) if, in the taxation year, the qualified corporation carries on a recognized business in the Angus Technopole, subject to the second paragraph, the lesser of

i. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified corporation to an employee in a period within the qualified corporation's base period in relation to the calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to

which section 1029.8.36.72.39 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero, and

ii. the amount by which the aggregate of the qualified corporation's eligible amount for the calendar year and the eligible amount for the calendar year of each corporation with which the qualified corporation is associated at the end of the calendar year exceeds the aggregate of the qualified corporation's base amount in relation to that calendar year and the base amount of each corporation with which the qualified corporation is associated at the end of that calendar year in relation to that calendar year; and

(b) the repayment of eligible assistance by the qualified corporation for the taxation year.

Where the qualified corporation referred to in subparagraph *a* of the first paragraph is associated, at the end of the calendar year, with at least one other qualified corporation carrying on a recognized business in the Angus Technopole in the taxation year during which the calendar year ends, the amount determined under subparagraph *a* shall not exceed the amount that is attributed to it in respect of the calendar year pursuant to the agreement referred to in section 1029.8.36.72.32.

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

(a) the prescribed form containing the prescribed information;

(b) a copy of the unrevoked qualification certificate issued to the qualified corporation in relation to the recognized business; and

(c) where the second paragraph applies, the agreement referred to in section 1029.8.36.72.32 in prescribed form.

“1029.8.36.72.32. The agreement to which the second paragraph of section 1029.8.36.72.31 refers in respect of a calendar year means an agreement under which all of the qualified corporations carrying on, in the calendar year, a recognized business in the Angus Technopole and that are associated with each other at the end of that calendar year attribute to one or more of their number, for the purposes of this division, one or more amounts the aggregate of which for the calendar year does not exceed the lesser of

(a) the amount by which the aggregate of all amounts each of which is the salaries or wages paid by one such corporation to an employee in a period within the calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the corporation's base period in relation to that calendar year, for which the employee is an eligible employee or, where the calendar year, except in the case of a corporation that results from an amalgamation or a corporation to which section 1029.8.36.72.39 applies in relation to the calendar year, ends in the first taxation year of the corporation, an amount equal to zero; and

(b) the amount by which the aggregate of all amounts each of which is the eligible amount of one such corporation for the calendar year exceeds the aggregate of all amounts each of which is the base amount of one such corporation in relation to that calendar year.

“1029.8.36.72.33. For the purposes of this division, where the number of days in the base period of a corporation, in relation to a calendar year, in this section referred to as the “number of qualifying days” of the corporation for the year, is less than 365, the following rules apply :

(a) the aggregate of all amounts each of which is the salaries or wages paid by the corporation to an employee in a period within the base period of the corporation in relation to the calendar year for which the employee is an eligible employee, reduced by the amount determined in respect of such salaries or wages, in accordance with section 1029.8.36.72.35, is deemed to be equal to the proportion of that aggregate, otherwise determined without taking account of section 1029.8.36.72.39, that 365 is of the number of qualifying days of the corporation for the year ; and

(b) the base amount of the corporation in relation to the calendar year is deemed to be equal to the proportion of that amount, otherwise determined without taking account of section 1029.8.36.72.39, that 365 is of the number of qualifying days of the corporation for the year.

“1029.8.36.72.34. Where the aggregate of the amounts attributed, pursuant to an agreement referred to in the second paragraph of section 1029.8.36.72.31, in respect of a calendar year by the qualified corporations carrying on, in that calendar year, a recognized business in the Angus Technopole and that are associated with each other at the end of that calendar year exceeds the particular amount that is the excess amount determined for that calendar year in respect of those corporations under section 1029.8.36.72.32, the amount attributed to each of the corporations for the calendar year is deemed, for the purposes of section 1029.8.36.72.31, to be equal to the proportion of the particular amount that the amount attributed for the calendar year to that corporation pursuant to the agreement is of the aggregate of all amounts attributed for the calendar year pursuant to the agreement.

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

“1029.8.36.72.35. 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 1029.8.36.72.30 or 1029.8.36.72.31, the following rules apply :

(a) the amount of the salaries or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.29, subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.72.30 or subparagraph i of subparagraph a of the first paragraph of

section 1029.8.36.72.31 paid by the corporation and the amount of the salaries or wages referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.31 paid by a corporation associated with the corporation shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the qualified corporation or the corporation associated with it, as the case may be, has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages paid by the qualified corporation under subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the qualified corporation or the corporation associated with it, as the case may be; and

(*b*) the amount of the salaries or wages paid by a particular qualified corporation associated with one or more other qualified corporations, determined for the purpose of computing the amount that may be attributed, in respect of a calendar year, in accordance with section 1029.8.36.72.32 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the particular qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for its taxation year, except any amount of government assistance that reduced the amount of salaries or wages under subparagraph ii,

ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation deducted an amount in computing its income under Division XIII of Chapter V of Title III of Book III or is deemed to have paid an amount to the Minister under this chapter for any taxation year, and

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the particular qualified corporation's filing-due date for its taxation year, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the particular qualified corporation.

“1029.8.36.72.36. For the purposes of this division, an amount of assistance is deemed to be repaid in a calendar year by a qualified corporation where that amount

(a) reduced an amount of salaries or wages,

i. in the case of assistance referred to in paragraph *a* of section 1029.8.36.72.35, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.72.30 or 1029.8.36.72.31, or

ii. in the case of assistance referred to in paragraph *b* of section 1029.8.36.72.35, for the purpose of computing the excess amount referred to in section 1029.8.36.72.32, determined, in respect of a calendar year in relation to all of the qualified corporations carrying on a recognized business in the Angus Technopole and that are associated with each other;

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

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

“1029.8.36.72.37. For the purposes of this division, the following rules apply to a corporation, in this section referred to as the “new corporation”, resulting from the amalgamation, within the meaning of section 544, of two or more corporations, each of which is referred to in this section as a “predecessor corporation”:

(a) if the new corporation has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by one of the predecessor corporations, and ending immediately before the amalgamation; and

(b) for the purpose of determining the amount that the new corporation is deemed to have paid to the Minister under this division for the calendar year, the new corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by a predecessor corporation to an employee in a period within the preceding period for which the employee

- i. is an eligible employee of the predecessor corporation, or
- ii. if the employee reports for work at an establishment of the predecessor corporation situated in Québec, would be an eligible employee of the predecessor corporation if the establishment where the employee so reported for work had been situated in the Angus Technopole.

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

“1029.8.36.72.38. For the purposes of this division, where the rules in sections 556 to 564.1 and 565 apply to the winding-up of a subsidiary, within the meaning of section 556, the following rules apply :

(a) if the parent corporation, within the meaning of section 556, has a base period, in relation to a calendar year, of less than 365 days, its base period, otherwise determined in relation to the calendar year, is deemed to include the period of the preceding calendar year, in this section referred to as the “preceding period”, commencing on the day on which a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, was first carried on in Québec by the subsidiary, and ending immediately before the beginning of the parent corporation’s base period otherwise determined ; and

(b) for the purpose of determining the amount that the parent corporation is deemed to have paid to the Minister under this division for the calendar year, the parent corporation is deemed to have paid, in the preceding period, the aggregate of all amounts each of which is the salaries or wages paid by the subsidiary to an employee in a period within the preceding period for which the employee

- i. is an eligible employee of the subsidiary, or
- ii. if the employee reports for work at an establishment of the subsidiary situated in Québec, would be an eligible employee of the subsidiary if the establishment where the employee so reported for work had been situated in the Angus Technopole.

“1029.8.36.72.39. Subject to sections 1029.8.36.72.37 and 1029.8.36.72.38, where, at a particular time in a particular calendar year, the activities carried out by a corporation, in this section referred to as the “vendor”, in relation to a recognized business or a business that would be a

recognized business if a qualification certificate had been issued in its respect, diminish or cease in whole or in part and it may reasonably be considered that, as a result, another corporation, in this section referred to as the “purchaser”, begins, after the particular time, to carry out similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried out in the course of carrying on such a business, the following rules apply, subject to the third, fourth and fifth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the following calendar year:

(a) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period in relation to the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in its base period in relation to the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Angus Technopole is deemed to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

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

(b) the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period of the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period of the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Angus Technopole is deemed, for the purpose of determining the amount that the vendor is deemed to have paid to the Minister under this division for the calendar year following the particular calendar year, to be equal to the amount by which the amount otherwise determined exceeds the amount determined by the formula

$$B \times D; \text{ and}$$

(c) the purchaser is deemed

i. to have an eligible amount for the particular calendar year equal to the aggregate of its eligible amount for the year otherwise determined and the amount that is that proportion of the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported

for work had been situated in the Angus Technopole, to the extent that the employee may reasonably be considered to have been assigned to the carrying out of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried out those activities, and

ii. to have a base amount in relation to the particular calendar year equal to the aggregate of

(1) the base amount of the purchaser otherwise determined in relation to the particular calendar year,

(2) the amount that is that proportion of the salaries or wages paid by the vendor to an employee in a period within the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Angus Technopole, to the extent that the salaries or wages may reasonably be considered to relate to the carrying out by the employee of the part of the activities that diminished or ceased at the particular time, that the number of days in the particular calendar year preceding the particular time is of the number of days in the particular calendar year during which the vendor carried out those activities, and

(3) the aggregate of all amounts each of which is the salaries or wages paid by the purchaser to an employee in a period of the particular calendar year and after the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the purchaser situated in Québec, that were paid by the purchaser in a period of the particular calendar year and after the particular time for which the employee would be an eligible employee of the purchaser if the establishment where the employee so reported for work had been situated in the Angus Technopole, to the extent that the salaries or wages may reasonably be considered to relate to the carrying out by the employee of the part of the activities that began or increased at the particular time.

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in its base period for the particular calendar year for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the year for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Angus Technopole ;

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

(c) C, where this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365 ; and

(d) D is the aggregate of all amounts each of which is the salaries or wages paid by the vendor to an employee in a period within the particular calendar year preceding the particular time for which the employee is an eligible employee, or the salaries or wages of an employee who reports for work at an establishment of the vendor situated in Québec, that were paid by the vendor in a period within the particular calendar year preceding the particular time for which the employee would be an eligible employee of the vendor if the establishment where the employee so reported for work had been situated in the Angus Technopole.

Where a corporation is, at any time in a calendar year, a purchaser in relation to activities carried out by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to all of those activities, this section does not apply to the corporation neither as vendor nor as purchaser in respect of the activities and, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this division, the corporation is deemed to have paid, from that time to the subsequent time, no portion of the salaries or wages that may reasonably be considered to relate to the employees of the corporation assigned to the carrying out of the activities that ceased after the subsequent time.

For the purposes of this section, where a corporation is, at a particular time in a calendar year, a purchaser in relation to activities carried out by another corporation and, at a subsequent time in the same calendar year, that corporation is a vendor in relation to part of those activities, the following rules apply for the purpose of determining the eligible amount of the corporation for the year and the base amount of the corporation in relation to that year :

(a) the corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry out after that time ; and

(b) the other corporation is deemed to have paid to its employees only the portion of the salaries or wages that may reasonably be considered to have been paid to the employees of the corporation assigned to the part of the activities that the corporation continues to carry out after that time.

Where a particular corporation is, at any time in a calendar year, a purchaser in relation to certain activities carried out by a corporation and that corporation has been, at an earlier time in the calendar year, a purchaser in relation to those activities carried out by another corporation, in applying this section to the particular corporation, subparagraph i of subparagraph c of the first paragraph and subparagraph 2 of subparagraph ii of that subparagraph c shall be read as if the reference therein to “vendor” were a reference to all the corporations that were, in the calendar year and before that time, vendors in respect of the activities.

“1029.8.36.72.40. For the purposes of this division, where a corporation has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or a fiscal period in which the base period of the corporation ends in relation to a calendar year, in respect of a recognized business, or a business that would have been a recognized business if a qualification certificate had been issued in its respect, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of paragraph a or b of section 1029.8.36.72.35, as the case may be, the amount of the salaries or wages paid by the corporation in its base period, in relation to the business, so as to cause the corporation to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that the corporation is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be zero.

“1029.8.36.72.41. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a calendar year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division in respect of that year, those corporations are deemed, for the purposes of this division, to be associated with each other at the end of the year.

“1029.8.36.72.42. The Minister may obtain the advice of Investissement-Québec to determine, for the purposes of this division, whether an activity is directly related to manufacturing, recycling or site purification and decontamination activities, or to the commercialization of goods or services resulting from such activities.”

(2) Subsection 1, where it enacts Division II.6.6.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act, has effect from 1 January 1999. However,

(1) where section 1029.8.36.72.2 of the said Act applies to a taxation year that ends before 23 December 1999, it shall be read with the following paragraph added:

“A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under the first paragraph, only if it files with the Minister the documents referred to in the second paragraph on or before the day that is 12 months after the qualified corporation’s filing-due date for the year.”;

(2) where section 1029.8.36.72.3 of the said Act applies to a taxation year that ends before 23 December 1999, it shall be read with the following paragraph added:

“A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under the first paragraph, only if it files with the Minister the documents referred to in the third paragraph on or before the day that is 12 months after the qualified corporation’s filing-due date for the year.”;

(3) where subparagraph ii of paragraph *a* of section 1029.8.36.72.7 of the said Act applies to taxation years that begin before 1 July 1999, it shall be read as follows:

“ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the qualified corporation or the corporation associated with it, as the case may be, is deemed to have paid an amount to the Minister under this chapter for any taxation year, and”;

(4) where subparagraph ii of paragraph *b* of section 1029.8.36.72.7 of the said Act applies to taxation years that begin before 1 July 1999, it shall be read as follows:

“ii. by the portion of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the particular qualified corporation is deemed to have paid an amount to the Minister under this chapter for any taxation year, and”.

(3) Subsection 1, where it enacts Divisions II.6.6.2 and II.6.6.3 of Chapter III.1 of Title III of Book IX of Part I of the said Act, has effect from 1 January 2000.

183. (1) Section 1029.8.36.89 of the said Act, amended by section 267 of chapter 5 of the statutes of 2000, by section 186 of chapter 39 of the statutes of 2000 and by section 169 of chapter 7 of the statutes of 2001, is again amended, in the first paragraph,

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by inserting, in the definition of “deemed start-up expenditure”, after ““particular year”,”, “and within two years after the end of the period referred to in subparagraph ii of paragraph *a* of the definition of “qualified start-up expenditure”,”;

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

““associated group” has the meaning assigned by section 1029.8.36.89.1.”;

(2) Paragraph 2 of subsection 1 has effect from 1 January 1998. However, where the definition of “deemed start-up expenditure” in the first paragraph of section 1029.8.36.89 of the said Act applies in respect of a qualified investment fund for which the period referred to in subparagraph ii of paragraph *a* of the definition of “qualified start-up expenditure” in the first paragraph ends before 20 December 2001, the definition shall be read with “the end of the period referred to in subparagraph ii of paragraph *a* of the definition of “qualified start-up expenditure”” replaced by “20 December 2001”.

(3) Paragraph 3 of subsection 1 has effect from 15 March 2000.

184. (1) The said Act is amended by inserting, after section 1029.8.36.89, the following:

“**1029.8.36.89.1.** An associated group in a taxation year means the group formed by all of the corporations that are associated with each other in the year.

An associated group at the end of a taxation year means the group formed by all the corporations that would be associated with each other at that time if the portion of section 21.20 before paragraph *a* were read as if the reference to “in a taxation year” were a reference to “at the end of a taxation year” and the reference to “at any time in the year” were a reference to “at that time”.

“**1029.8.36.89.2.** For the purposes of this division, two or more corporations are deemed to be members of an associated group in a taxation year or at the end of a taxation year, as the case may be, if it may reasonably be considered that one of the main reasons for the separate existence of the corporations in that year or at the end of that year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division or to increase such an amount.”

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

185. (1) Section 1029.8.36.90 of the said Act, amended by section 264 of chapter 39 of the statutes of 2000, is again amended

(1) by inserting, in the portion of the first paragraph before paragraph *a*, after “second paragraph”, “and section 1029.8.36.90.3”;

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

“The aggregate of all amounts each of which is an amount that a qualified corporation is deemed to have paid to the Minister under the first paragraph for a taxation year may not exceed, where the qualified corporation is a member of an associated group at the end of the year, the amount that is attributed to the corporation for the year pursuant to the agreement referred to in section 1029.8.36.90.2 or, in any other case, the amount by which \$1,000,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under the first paragraph

(a) by the qualified corporation for a preceding taxation year;

(b) where the qualified corporation is a member of an associated group in the year, by another corporation that is a member of the group, referred to in the third paragraph as the “particular corporation”, for a particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph *b*, that is a member of the group, referred to in the third paragraph as the “particular corporation”, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

For the purposes of subparagraph *c* of the second paragraph, where the particular corporation was, in a preceding taxation year, a member of a particular associated group of which the qualified corporation was not a member, the qualified corporation is deemed to be a member of the particular associated group in that preceding taxation year.”

(2) Subsection 1 applies in relation to qualified investment funds of a qualified corporation in respect of which any of the following conditions is met :

(1) a final validation certificate has been issued in its respect by the Commission des valeurs mobilières du Québec after 14 March 2000;

(2) in the case of a fund whose authorization is not granted by the Commission des valeurs mobilières du Québec, the distribution of its shares has been approved by a similar regulating authority or securities supervisory agency after 14 March 2000; or

(3) in the case of a separate fund referred to in paragraph *c* of the definition of “qualified investment fund” in the first paragraph of section 1029.8.36.89 of the said Act, the net asset value per security is first computed after 14 March 2000.

186. (1) The said Act is amended by inserting, after section 1029.8.36.90.1, enacted by section 187 of chapter 39 of the statutes of 2000, the following:

“1029.8.36.90.2. The agreement to which the second paragraph of section 1029.8.36.90 refers, in respect of a qualified corporation that is a member of an associated group at the end of a taxation year, is the agreement pursuant to which every member corporation of the group attributes to the qualified corporation, for the purposes of this division, an amount for the year that is not greater than the amount by which \$1,000,000 exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under the first paragraph of section 1029.8.36.90

(a) by the qualified corporation for a preceding taxation year;

(b) in respect of the associated group in the year of which the qualified corporation is a member, by another member corporation of the group, referred to in the second paragraph as the “particular corporation”, for a particular taxation year of the other corporation ending in the year or for any taxation year of the other corporation preceding that particular year; or

(c) where the qualified corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph *b*, that is a member of the group, referred to in the second paragraph as the “particular corporation”, for a particular taxation year of the other corporation ending in that preceding taxation year or for any taxation year of the other corporation preceding that particular taxation year.

For the purposes of subparagraph *c* of the first paragraph, where the particular corporation was, in a preceding taxation year, a member of a particular associated group of which the qualified corporation is not a member, the qualified corporation is deemed to be a member of the particular associated group in that preceding taxation year.

“1029.8.36.90.3. A qualified corporation may be deemed to have paid an amount to the Minister under the first paragraph of section 1029.8.36.90 for a particular taxation year in relation to a qualified investment fund of the qualified corporation in respect of its qualified start-up expenditure in respect of the fund for the particular year or, as the case may be, for a taxation year preceding the particular year, only if it encloses with the fiscal return it is required to file for the particular year under section 1000

(a) a copy of the valid certificate issued to the qualified corporation by the Minister of Finance for the particular year in respect of the fund;

(b) a copy of the valid certificate issued to the qualified corporation for the particular year or, as the case may be, for that preceding taxation year, in respect of that expenditure, that is referred to in the definition of “qualified start-up expenditure” in the first paragraph of section 1029.8.36.89; and

(c) where the corporation is a member of an associated group at the end of the particular year, the agreement referred to in section 1029.8.36.90.2, in prescribed form.”

(2) Subsection 1 applies in relation to qualified investment funds of a qualified corporation in respect of which any of the following conditions is met:

(1) a final validation certificate has been issued in its respect by the Commission des valeurs mobilières du Québec after 14 March 2000;

(2) in the case of a fund whose authorization is not granted by the Commission des valeurs mobilières du Québec, the distribution of its shares has been approved by a similar regulating authority or securities supervisory agency after 14 March 2000; or

(3) in the case of a separate fund referred to in paragraph *c* of the definition of “qualified investment fund” in the first paragraph of section 1029.8.36.89 of the said Act, the net asset value per security is first computed after 14 March 2000.

187. (1) Section 1029.8.36.91 of the said Act, amended by section 264 of chapter 39 of the statutes of 2000, is again amended by replacing, in the portion of the first paragraph before subparagraph *a*, the words “subparagraph *a* of the second paragraph of section 1029.8.36.90” by the words “paragraph *a* of section 1029.8.36.90.3”.

(2) Subsection 1 applies in respect of qualified investment funds of a qualified corporation in respect of which any of the following conditions is met:

(1) a final validation certificate has been issued in its respect by the Commission des valeurs mobilières du Québec after 14 March 2000;

(2) in the case of a fund whose authorization is not granted by the Commission des valeurs mobilières du Québec, the distribution of its shares has been approved by a similar regulating authority or securities supervisory agency after 14 March 2000; or

(3) in the case of a separate fund referred to in paragraph *c* of the definition of “qualified investment fund” in the first paragraph of section 1029.8.36.89 of the said Act, the net asset value per security is first computed after 14 March 2000.

188. (1) Section 1029.8.36.94 of the said Act, replaced by section 188 of chapter 39 of the statutes of 2000, is again replaced by the following:

“**1029.8.36.94.** A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.90, only if it files with the Minister the prescribed form containing the prescribed information, the copy of the qualification certificate referred to therein and, where applicable, the copy of each of the documents to be filed by the qualified corporation under section 1029.8.36.90.3, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.”

(2) Subsection 1 applies in respect of qualified investment funds of a qualified corporation in respect of which any of the following conditions is met:

(1) a final validation certificate has been issued in its respect by the Commission des valeurs mobilières du Québec after 14 March 2000;

(2) in the case of a fund whose authorization is not granted by the Commission des valeurs mobilières du Québec, the distribution of its shares has been approved by a similar regulating authority or securities supervisory agency after 14 March 2000; or

(3) in the case of a separate fund referred to in paragraph *c* of the definition of “qualified investment fund” in the first paragraph of section 1029.8.36.89 of the said Act, the net asset value per security is first computed after 14 March 2000.

189. (1) The said Act is amended by inserting, after section 1029.8.36.124, the following:

“DIVISION II.6.12

“CREDIT FOR SOLICITATION EXPENDITURE IN RESPECT OF A FOREIGN INVESTMENT FUND

“§1. — *Interpretation and general*

“**1029.8.36.125.** In this division,

“associated group” has the meaning assigned by section 1029.8.36.126;

“foreign investment fund” means an investment fund approved by a regulating authority or securities supervisory agency, the shares of which were not distributed in Canada in the taxation year or fiscal period of a corporation or partnership, as the case may be, during which a qualified solicitation expenditure in respect of the fund was paid;

“foreign investment fund management” means the management of a part or all of the assets of a foreign investment fund;

“foreign investment fund promoter” means an entity that

(a) is not resident in Canada; and

(b) carries on activities that consist, in particular, in the design and creation of investment funds, including research, the preparation and distribution of a prospectus for the funds, the registration of the funds with regulating authorities or securities supervisory agencies, the marketing of the funds and the organization of the distribution of the shares of the funds;

“qualified gross income” of a corporation or partnership operating an international financial centre, for a taxation year or fiscal period, from a qualified international financial transaction means the gross revenue of the corporation or partnership from that transaction for the part, included in the taxation year or fiscal period, of the period specified in subparagraph ii of paragraph *b* of the definition of “qualified international financial transaction” in respect of that transaction;

“qualified international financial transaction” in respect of a foreign investment fund, carried out by a corporation or partnership operating an international financial centre, means foreign investment fund management that

(a) is related to a solicitation activity engaged in at an earlier time by the corporation or partnership;

(b) is carried out by the corporation or partnership, after 14 March 2000 and before 1 January 2005, in the course of the operations of the international financial centre, for or on behalf of a foreign investment fund promoter with which the corporation or partnership is dealing at arm’s length,

i. under a written agreement for the supply of services, and

ii. within a period of three years beginning on the effective date of the agreement referred to in subparagraph i; and

(c) constitutes a type of activity that was at no time carried on for or on behalf of the promoter referred to in paragraph *b*, by the corporation or partnership or by a person not dealing at arm’s length with the corporation or partnership, during that part of the taxation year of the corporation, prior to the effective date of the agreement referred to in subparagraph i of paragraph *b*, in which the agreement became effective or the three preceding taxation years, or, as the case may be, during that part of the fiscal period of the partnership, prior to the effective date of the agreement, in which the agreement became effective or the three preceding fiscal periods;

“qualified solicitation expenditure” in respect of a foreign investment fund, made by a corporation or partnership operating an international financial centre means, for a taxation year or fiscal period, a lump sum, paid in the taxation year or fiscal period but after 14 March 2000 and before 1 January 2002 by the corporation or partnership in the course of the operations of the

international financial centre to a promoter of a foreign investment fund, in respect of which a certificate issued by the Minister of Finance certifies that the amount corresponds to the costs charged by such a promoter to grant to the corporation or partnership a mandate to manage a foreign investment fund;

“tax-exempt taxpayer” means

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

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

(c) a trust one of the capital or income beneficiaries of which is a person mentioned in paragraph *a* or *b*.

“1029.8.36.126. An associated group in a taxation year or fiscal period means the group formed by all the corporations and partnerships operating an international financial centre in the year or fiscal period that are associated with each other in the year and, for the purposes of this section, a partnership operating an international financial centre in a fiscal period is deemed to be a corporation the taxation year of which corresponds to the partnership’s fiscal period and all of the voting shares in the capital stock of which are owned in the fiscal period by each member of the partnership in a proportion equal to the proportion that

(a) the member’s share of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000, is of

(b) the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.

An associated group at the end of a taxation year or fiscal period means the group formed by all the corporations and partnerships operating an international financial centre at the end of the taxation year or fiscal period that would be associated with each other at that time if the portion of section 21.20 before paragraph *a* were read as if the reference to “in a taxation year” were a reference to “at the end of a taxation year” and the reference to “at any time in the year” were a reference to “at that time”.

“1029.8.36.127. For the purposes of this division, two or more corporations or partnerships operating an international financial centre are deemed to be members of an associated group, in a taxation year or fiscal period, or at the end of a taxation year or fiscal period, if it may reasonably be considered that one of the main reasons for the separate existence of those

corporations or partnerships in that year or period, or at the end of that year or period, is to cause a corporation or a taxpayer, other than a tax-exempt taxpayer, who is a member of a partnership to be deemed to have paid an amount to the Minister under this division or to increase such an amount.

“1029.8.36.128. For the purposes of this division, unless the context indicates otherwise, a taxpayer’s share, as a member of a partnership, of any amount for a fiscal period of the partnership is equal to such proportion of that amount as the taxpayer’s share of the income or loss of the partnership for that fiscal period is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.

“§2. — *Credit*

“1029.8.36.129. A corporation operating an international financial centre in a taxation year that carries out a qualified international financial transaction in that year in respect of a foreign investment fund and encloses the prescribed form containing the prescribed information with the fiscal return the corporation is required to file for the year under section 1000 is deemed, subject to section 1029.8.36.130, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to the lesser of

(a) 50% of the amount by which

i. the aggregate of all amounts each of which is a qualified solicitation expenditure in respect of the fund made by the corporation for the year or either of the two preceding taxation years, exceeds

ii. 200% of the amount by which the aggregate of all amounts each of which is the amount that the corporation is deemed to have paid to the Minister in respect of the fund under this section for either of the two preceding taxation years referred to in subparagraph i exceeds the aggregate of all amounts each of which is the amount that the corporation would have been deemed to have paid to the Minister in respect of the fund under this section for one of those two preceding taxation years if no qualified solicitation expenditure in respect of the fund made by the corporation for those two preceding taxation years and no repayment under section 1029.8.36.143 relating to such qualified solicitation expenditure in respect of the fund made by the corporation had been taken into account;

(b) 25% of the corporation’s qualified gross revenue for the year, from a qualified international financial transaction in respect of the fund;

(c) subject to section 1029.8.36.139, \$150,000; and

(d) where the corporation is a member of an associated group at the end of the year, the amount attributed to it for the year in respect of the fund, pursuant to the agreement referred to in section 1029.8.36.135 or, where the corporation is not a member of an associated group at the end of the year, the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under this section or section 1029.8.36.132 to have been paid to the Minister in respect of the fund

i. by the corporation for a preceding taxation year,

ii. where the corporation is a member of an associated group in the year, by another member corporation of the group, in the second paragraph referred to as the “particular corporation”, for a taxation year ending in the year or for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of a member partnership of the group, in the second paragraph referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in the year or for any taxation year preceding that year, or

iii. where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph ii, that was a member corporation of the group, in the second paragraph referred to as the “particular corporation”, for a taxation year ending in that preceding taxation year or for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph ii, who was a member at the end of a fiscal period of a member partnership of the group, in the second paragraph referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in that preceding taxation year or for any taxation year preceding that year.

For the purposes of subparagraph iii of subparagraph *d* of the first paragraph, where a particular corporation or a particular partnership was a member of a particular associated group in a preceding taxation year, of which the corporation was not a member, the corporation is deemed to be a member of the particular associated group in the preceding taxation year.

“1029.8.36.130. Subject to section 1029.8.36.139, the aggregate of all amounts each of which is an amount that a corporation operating an international financial centre is deemed to have paid to the Minister under section 1029.8.36.129 for a taxation year shall not exceed

(a) where the corporation is a member of an associated group at the end of the year, the amount attributed to it for the year pursuant to the agreement referred to in section 1029.8.36.137 ;

(b) where the corporation is not a member of an associated group at the end of the year but is a member of an associated group in the year, the amount by which \$750,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister by another member corporation of the group for a taxation

year ending in the year, or by a taxpayer who is a member, at the end of a fiscal period, of a member partnership of the group, for a taxation year in which that fiscal period ends and ending in the year; or

(c) in any other case, \$750,000.

“1029.8.36.131. A corporation operating an international financial centre shall not be deemed to have paid an amount to the Minister under section 1029.8.36.129 for a taxation year unless the corporation encloses with its fiscal return it is required to file for the year under section 1000

(a) a copy of the valid certificate issued to the corporation for the year or, as the case may be, for any of the two preceding taxation years, in respect of a qualified solicitation expenditure in respect of a foreign investment fund, and referred to in the definition of “qualified solicitation expenditure” in section 1029.8.36.125; and

(b) where the corporation is a member of an associated group at the end of the year, the agreement referred to in section 1029.8.36.135 or 1029.8.36.137, in prescribed form.

“1029.8.36.132. Where a partnership operating an international financial centre in a fiscal period carries out a qualified international financial transaction in the fiscal period in respect of a foreign investment fund, each taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of that fiscal period and encloses the prescribed form containing the prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which that fiscal period ends, is deemed, subject to section 1029.8.36.133, to have paid to the Minister on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for the year under this Part, an amount equal to the lesser of

(a) 50% of the amount by which

i. the aggregate of all amounts each of which is the taxpayer’s share, for the fiscal period, of a qualified solicitation expenditure in respect of the fund made by the partnership for the fiscal period or either of the two preceding fiscal periods, exceeds

ii. the taxpayer’s share, for the fiscal period, of 200% of the amount by which the aggregate of all amounts each of which is the amount that a member of the partnership at the end of either of the two preceding fiscal periods referred to in subparagraph i is deemed to have paid to the Minister in respect of the fund under this section, in relation to that preceding fiscal period, for the member’s taxation year in which the fiscal period ends, exceeds the aggregate of all amounts each of which is the amount that a member of the partnership at the end of either of the two preceding fiscal periods referred to in subparagraph i would have been deemed to have paid to the Minister in respect of the fund under this section, in relation to the preceding fiscal period, for the member’s taxation year in which the fiscal period ends if no

qualified solicitation expenditure in respect of the fund made by the partnership for those two preceding fiscal periods and no repayment under section 1029.8.36.144 or 1029.8.36.145 relating to such qualified solicitation expenditure in respect of the fund made by the partnership had been taken into account;

(b) 25% of the taxpayer's share, for the fiscal period, of the partnership's qualified gross revenue for the fiscal period from a qualified international financial transaction in respect of the fund;

(c) subject to section 1029.8.36.139, the taxpayer's share, for the fiscal period, of \$150,000; and

(d) where the partnership is a member of an associated group at the end of the fiscal period, the partnership's share for the fiscal period of the amount attributed to the partnership in respect of the fund, pursuant to the agreement referred to in section 1029.8.36.136 or, where the partnership is not a member of an associated group at the end of the fiscal period, the partnership's share for the fiscal period of the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under this section or section 1029.8.36.129 to have been paid to the Minister in respect of the fund

i. by a taxpayer who was a member of the partnership at the end of a preceding fiscal period for a taxation year in which that fiscal period ended,

ii. where the partnership is a member of an associated group in the fiscal period, by a member corporation of the group, in the second paragraph referred to as the "particular corporation", for a taxation year ending in the fiscal period or for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of another member partnership of the group, in the second paragraph referred to as the "particular partnership", for a taxation year in which that fiscal period ended and ending in the fiscal period or for any taxation year preceding that year, or

iii. where the partnership was a member of an associated group in a preceding fiscal period, by a corporation, other than a corporation referred to in subparagraph ii, that was a member corporation of the group, in the second paragraph referred to as the "particular corporation", for a taxation year ending in that preceding fiscal period or for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph ii, who was a member at the end of a fiscal period of a member partnership of the group, in the second paragraph referred to as the "particular partnership", for a taxation year in which that fiscal period ended and ending in that preceding fiscal period or for any taxation year preceding that year.

For the purposes of subparagraph iii of subparagraph *d* of the first paragraph, where the particular corporation or the particular partnership was a member of a particular associated group in a preceding fiscal period, of which the partnership was not a member, the partnership is deemed to be a member of the particular associated group in the preceding fiscal period.

“1029.8.36.133. Subject to section 1029.8.36.139, the aggregate of all amounts each of which is an amount that a taxpayer who is a member of a partnership operating an international financial centre is deemed to have paid to the Minister under section 1029.8.36.132 for a taxation year shall not exceed

(a) where the partnership is a member of an associated group at the end of the fiscal period ended in the year, the partnership’s share, for that fiscal period, of the amount attributed to it pursuant to the agreement referred to in section 1029.8.36.138;

(b) where the partnership is not a member of an associated group at the end of the fiscal period but is a member of an associated group in the fiscal period, its share, for that fiscal period, of the amount by which \$750,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister by a member corporation of the group for a taxation year ending in the fiscal period, or by a taxpayer who is a member, at the end of a fiscal period, of another member partnership of the group, for a taxation year in which that fiscal period ends and ending in the fiscal period; or

(c) in any other case, the partnership’s share, for the fiscal period, of \$750,000.

“1029.8.36.134. A taxpayer who is a member of a partnership operating an international financial centre shall not be deemed to have paid an amount to the Minister under section 1029.8.36.132 for a taxation year unless the taxpayer encloses with the fiscal return the taxpayer is required to file for the year under section 1000

(a) a copy of the valid certificate issued to the partnership for the fiscal period ending in that year or, as the case may be, for any of the two preceding fiscal periods, in respect of a qualified solicitation expenditure in respect of a foreign investment fund made by the partnership, and referred to in the definition of “qualified solicitation expenditure” in section 1029.8.36.125; and

(b) where the partnership is a member of an associated group at the end of the fiscal period, the agreement referred to in section 1029.8.36.136 or 1029.8.36.138, in prescribed form.

“1029.8.36.135. The agreement to which subparagraph *d* of the first paragraph of section 1029.8.36.129 refers in respect of a foreign investment fund for a taxation year, where the corporation is a member of an associated group at the end of the year, means the agreement pursuant to which all the member corporations and partnerships of the group attribute to the corporation, for the purposes of this division, an amount for the year that is not greater than the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister in respect of the fund

(a) by the corporation for a preceding taxation year;

(b) where the corporation is a member of an associated group in the year, by another member corporation of the group, in the second paragraph referred to as the “particular corporation”, for a taxation year ending in the year or for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of a member partnership of the group, in the second paragraph referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in the year or for any taxation year preceding that year; or

(c) where the corporation was a member of an associated group in a preceding taxation year, by another corporation, other than a corporation referred to in subparagraph *b*, that was a member corporation of the group, in the second paragraph referred to as the “particular corporation”, for a taxation year ending in that preceding taxation year or for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph *b*, who was a member at the end of a fiscal period of a member partnership of the group, in the second paragraph referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in that preceding taxation year or for any taxation year preceding that year.

For the purposes of subparagraph *c* of the first paragraph, where a particular corporation or a particular partnership was a member of a particular associated group in a preceding taxation year, of which the corporation was not a member, the corporation is deemed to be a member of the particular associated group in the preceding taxation year.

“1029.8.36.136. The agreement to which subparagraph *d* of the first paragraph of section 1029.8.36.132 refers in respect of a foreign investment fund for a fiscal period, where the partnership is a member of an associated group at the end of the fiscal period, means the agreement pursuant to which all the member corporations and partnerships of the group attribute to the partnership, for the purposes of this division, an amount for the fiscal period that is not greater than the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister in respect of the fund

(a) by a taxpayer who was a member of the partnership at the end of a preceding fiscal period for a taxation year in which that fiscal period ended;

(b) where the partnership is a member of an associated group in the fiscal period, by a member corporation of the group, in the second paragraph referred to as the “particular corporation”, for a taxation year ending in the fiscal period or for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of another member partnership of the group, in the second paragraph referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in the fiscal period or for any taxation year preceding that year; or

(c) where the partnership was a member of an associated group in a preceding fiscal period, by a corporation, other than a corporation referred to in subparagraph *b*, that was a member corporation of the group, in the second paragraph referred to as the “particular corporation”, for a taxation year ending in that preceding fiscal period or for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph *b*, who was a member at the end of a fiscal period of another member partnership of the group, in the second paragraph referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in that preceding fiscal period or for any taxation year preceding that year.

For the purposes of subparagraph *c* of the first paragraph, where a particular corporation or a particular partnership was a member of a particular associated group in a preceding fiscal period, of which the partnership was not a member, the partnership is deemed to be a member of the particular associated group in the preceding fiscal period.

“1029.8.36.137. Subject to section 1029.8.36.139, the agreement to which paragraph *a* of section 1029.8.36.130 refers for a taxation year, where a corporation is a member of an associated group at the end of the year, means an agreement pursuant to which all the member corporations and partnerships of the group attribute to the corporation, for the purposes of this division, an amount for the year that is not greater than the amount by which \$750,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister

(a) by a corporation that is a member of an associated group in the year of which the corporation was a member in the year, for a taxation year ending in the year; and

(b) by a taxpayer who is a member at the end of a fiscal period of a member partnership of an associated group in the year of which the corporation was a member in the year, for a taxation year in which that fiscal period ends and ending in the year.

“1029.8.36.138. Subject to section 1029.8.36.139, the agreement to which paragraph *a* of section 1029.8.36.133 refers in respect of a fiscal period, where a partnership is a member of an associated group at the end of the fiscal period, means an agreement pursuant to which all the member corporations and partnerships of the group attribute to the partnership, for the purposes of this division, an amount for the fiscal period that is not greater than the amount by which \$750,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister

(a) by a corporation that is a member of an associated group in the fiscal period of which the partnership was a member in the fiscal period, for a taxation year ending in the fiscal period; and

(b) by a taxpayer who is a member at the end of a fiscal period of a member partnership of an associated group in the fiscal period of which the partnership was a member in the fiscal period, for a taxation year in which that fiscal period ends and ending in the fiscal period.

“1029.8.36.139. Where the taxation year referred to in section 1029.8.36.129 of a corporation, or the fiscal period referred to in section 1029.8.36.132, of a partnership, has fewer than 51 weeks, the amount of \$150,000 in subparagraph *c* of the first paragraph of those sections and the amount of \$750,000 in paragraphs *b* and *c* of section 1029.8.36.130 or 1029.8.36.133 and in section 1029.8.36.137 or 1029.8.36.138 shall be replaced by the product obtained by multiplying \$150,000 and \$750,000 by the proportion that the number of days in the taxation year or fiscal period, as the case may be, is of 365.

“1029.8.36.140. Subject to sections 1010 to 1011, for the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued to a corporation or partnership for a taxation year or fiscal period in respect of a qualified solicitation expenditure, the following rules apply :

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

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

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

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

“1029.8.36.141. For the purpose of computing the amount that a taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.129 or 1029.8.36.132, the following rules apply :

(a) the amount of a qualified solicitation expenditure in respect of a foreign investment fund, referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.129, shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to the qualified solicitation expenditure in respect of the fund that the taxpayer has received, is entitled to receive or may reasonably expect to receive on or before the taxpayer’s filing-due date for the taxation year in which the expenditure was paid by the taxpayer; and

(b) the share, for a fiscal period of a partnership ending in that taxation year, of a taxpayer who is a member of the partnership, of the amount of a qualified solicitation expenditure in respect of a foreign investment fund,

referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.132, shall be reduced, where applicable,

i. by the taxpayer's share, for that fiscal period, of the amount of any government assistance or non-government assistance attributable to the qualified solicitation expenditure in respect of the fund that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period in which the expenditure was paid by the partnership, and

ii. by the amount of any government assistance or non-government assistance attributable to the qualified solicitation expenditure in respect of the fund that the taxpayer has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period in which the expenditure was paid by the partnership.

“1029.8.36.142. Where, in respect of a qualified solicitation expenditure in respect of a foreign investment fund, a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be related to the solicitation activity relating to that expenditure, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the following rules apply :

(*a*) for the purpose of computing the amount that a taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.129, the amount of the qualified solicitation expenditure in respect of the fund shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the taxpayer's filing-due date for that taxation year ;

(*b*) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.132 by a taxpayer who is a member of the partnership referred to in that section, the taxpayer's share, for a fiscal period of the partnership that ends in that taxation year, of the amount of the qualified solicitation expenditure in respect of the fund shall be reduced

i. by the taxpayer's share, for that fiscal period, of the amount of the benefit or advantage that the person or partnership other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of that fiscal period, and

ii. by the amount of the benefit or advantage that the taxpayer or a person with whom the taxpayer does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of that fiscal period.

“1029.8.36.143. Where, before 1 January 2003, a corporation pays in a taxation year, in this section referred to as the “repayment year”, pursuant to a legal obligation, a particular amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of paragraph *a* of section 1029.8.36.141, the amount of a particular qualified solicitation expenditure of the corporation in respect of a foreign investment fund, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister in respect of the particular foreign investment fund for a taxation year under section 1029.8.36.129, the following rules apply:

(*a*) the amount that the corporation is deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.129 for the repayment year is deemed to be equal to the aggregate of

i. the amount that, had there been no such repayment in the repayment year, the corporation would have been deemed to have paid to the Minister in respect of the fund under that section for that year, and

ii. the lesser of

(1) the amount by which the aggregate of all amounts each of which is the amount that, had there been no such repayment of government assistance or non-government assistance in the repayment year or a preceding taxation year, the corporation would have been deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.129, without taking into account the amount that was attributed to the corporation for the year in respect of the fund pursuant to the agreement referred to in section 1029.8.36.135, as the case may be, for a particular taxation year that is the year in which the particular qualified solicitation expenditure was paid or one of the following two taxation years not subsequent to the repayment year, exceeds the aggregate of all amounts each of which is the amount that, but for this section, the corporation would have been deemed to have paid to the Minister in respect of the fund under section 1029.8.36.129 for such a particular taxation year, or an amount determined under this subparagraph ii, in respect of the corporation, for a taxation year preceding the repayment year, and

(2) the amount determined in the second paragraph;

(*b*) if the repayment occurs in the taxation year following the taxation year in which the particular qualified solicitation expenditure was paid, the particular amount is deemed, for the purpose of applying section 1029.8.36.129 to the taxation year following the repayment year, to be a qualified solicitation expenditure in respect of the foreign investment fund made by the corporation in the taxation year in which the particular qualified solicitation expenditure was paid; and

(*c*) where applicable, the corporation is deemed, for the purpose of applying section 1029.8.36.129 in respect of the excess amount determined under subparagraph 1 of subparagraph ii of subparagraph *a*, to have carried out, in

the repayment year, a qualified international financial transaction in respect of a foreign investment fund and to have operated an international financial centre in that year.

The amount to which subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph refers is equal to the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister in respect of the fund

(a) by the corporation for a taxation year preceding the repayment year ;

(b) where the corporation is a member of an associated group in the repayment year, by another member corporation of the group, in this section referred to as the “particular corporation”, for a taxation year ending in the repayment year and for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of a member partnership of the group, in this section referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in the repayment year and for any taxation year preceding that year ; or

(c) where the corporation was a member of an associated group in a taxation year preceding the repayment year, by another corporation, other than a corporation referred to in subparagraph *b*, that was a member corporation of the group, in this section referred to as the “particular corporation”, for a taxation year ending in that preceding taxation year and for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph *b*, who was a member at the end of a fiscal period of a member partnership of the group, in this section referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in that preceding taxation year and for any taxation year preceding that year.

For the purposes of subparagraph *c* of the second paragraph, where the particular corporation or the particular partnership was a member of a particular associated group in a preceding taxation year or preceding fiscal period, of which the corporation was not a member, the corporation is deemed to be a member of the particular associated group in the preceding taxation year.

“1029.8.36.144. Where, before 1 January 2003, a partnership pays in a fiscal period, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, a particular amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph i of paragraph *b* of section 1029.8.36.141, the share, for a fiscal period of the partnership, of a taxpayer who is a member of the partnership, of the amount of a particular qualified solicitation expenditure of the partnership in respect of a foreign investment fund, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister in respect of the particular foreign investment fund for a taxation year under section 1029.8.36.132, the following rules apply :

(a) the amount that the taxpayer is deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.132 in respect of the partnership for the taxation year in which the fiscal period of repayment ended is deemed to be equal to the aggregate of

i. the amount that, had there been no such repayment in the fiscal period of repayment, the taxpayer would have been deemed to have paid to the Minister in respect of the fund under that section in respect of the partnership for that taxation year, and

ii. the lesser of

(1) the amount by which the aggregate of all amounts each of which is the amount that, had there been no such repayment of government assistance or non-government assistance in the fiscal period of repayment or a preceding fiscal period, the taxpayer would have been deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.132 in respect of the partnership, without taking into account the taxpayer's share, for the fiscal period, of the amount attributed to the partnership in respect of the fund pursuant to the agreement referred to in section 1029.8.36.136, and if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, for a particular taxation year that is the year in which the fiscal period in which the particular qualified solicitation expenditure was paid ended, or that is the year in which one of the following two fiscal periods not subsequent to the fiscal period of repayment ended, exceeds the aggregate of all amounts each of which is the amount that, but for this section, and if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, the taxpayer would have been deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.132 in respect of the partnership for such a particular taxation year, or an amount determined under this subparagraph ii in respect of the taxpayer in relation to the partnership and on the assumption that the taxpayer's share of any amount for any fiscal period was the taxpayer's share of that amount for the fiscal period of repayment, for a taxation year preceding the taxation year in which the fiscal period of repayment ended, and

(2) the taxpayer's share, for the fiscal period of repayment, of the amount determined in the second paragraph ;

(b) if the repayment occurs in the fiscal period following the fiscal period in which the particular qualified solicitation expenditure was paid, the particular amount is deemed, for the purpose of applying section 1029.8.36.132 to the taxation year in which the fiscal period following the fiscal period of repayment ends, to be a qualified solicitation expenditure in respect of a foreign investment fund made by the partnership in the fiscal period in which the particular qualified solicitation expenditure was paid ; and

(c) where applicable, the partnership is deemed, for the purpose of applying section 1029.8.36.132 in respect of the excess amount determined under subparagraph 1 of subparagraph ii of subparagraph *a*, to have carried out in the fiscal period of repayment a qualified international financial transaction in respect of a foreign investment fund and operated an international financial centre in that fiscal period.

The amount to which subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph refers is equal to the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister in respect of the fund

(a) by a taxpayer who was a member of the partnership at the end of a fiscal period preceding the fiscal period of repayment, for a taxation year in which that preceding fiscal period ended;

(b) where the partnership is a member of an associated group in the fiscal period of repayment, by a member corporation of the group, in this section referred to as the “particular corporation”, for a taxation year ending in the fiscal period of repayment and for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of another member partnership of the group, in this section referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in the fiscal period of repayment and for any taxation year preceding that year; or

(c) where the partnership was a member of an associated group in a fiscal period preceding the fiscal period of repayment, by a corporation, other than a corporation referred to in subparagraph *b*, that was a member corporation of the group, in this section referred to as the “particular corporation”, for a taxation year ending in that preceding fiscal period and for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph *b*, who was a member at the end of a fiscal period of another member partnership of the group, in this section referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in that preceding fiscal period and for any taxation year preceding that year.

For the purposes of subparagraph *c* of the second paragraph, where the particular corporation or the particular partnership was a member of a particular associated group in a preceding taxation year or preceding fiscal period, of which the partnership was not a member, the partnership is deemed to be a member of the particular associated group in the preceding fiscal period.

“1029.8.36.145. Where, before 1 January 2003, a taxpayer who is a member of a partnership pays in a fiscal period of the partnership, in this section referred to as the “fiscal period of repayment”, pursuant to a legal obligation, a particular amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of paragraph *b* of section 1029.8.36.141, the

taxpayer's share, for a fiscal period of the partnership, of the amount of a particular qualified solicitation expenditure of the partnership in respect of a foreign investment fund, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister in respect of the particular foreign investment fund for a taxation year under section 1029.8.36.132, the following rules apply :

(a) the amount that the taxpayer is deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.132 in respect of the partnership for the taxation year in which the fiscal period of repayment ended is deemed to be equal to the aggregate of

i. the amount that, had there been no such repayment in the fiscal period of repayment, the taxpayer would have been deemed to have paid to the Minister in respect of the fund under that section in respect of the partnership for that taxation year, and

ii. the lesser of

(1) the amount by which the aggregate of all amounts each of which is the amount that, had there been no such repayment of government assistance or non-government assistance in the fiscal period of repayment or a preceding fiscal period, the taxpayer would have been deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.132 in respect of the partnership, without taking into account the taxpayer's share, for the fiscal period, of the amount attributed to the partnership in respect of the fund pursuant to the agreement referred to in section 1029.8.36.136, and if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, for a particular taxation year that is the year in which the fiscal period in which the particular qualified solicitation expenditure was paid ended, or that is the year in which one of the following two fiscal periods not subsequent to the fiscal period of repayment ended, exceeds the aggregate of all amounts each of which is the amount that, but for this section, and if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, the taxpayer would have been deemed to have paid to the Minister in respect of the fund under that section 1029.8.36.132 in respect of the partnership for such a particular taxation year, or an amount determined under this subparagraph ii in respect of the taxpayer in relation to the partnership and on the assumption that the taxpayer's share of any amount for any fiscal period was the taxpayer's share of that amount for the fiscal period of repayment, for a taxation year preceding the taxation year in which the fiscal period of repayment ended, and

(2) the taxpayer's share, for the fiscal period of repayment, of the amount determined in the second paragraph ;

(b) if the repayment occurs in the fiscal period following the fiscal period in which the particular qualified solicitation expenditure was paid, the particular amount is deemed, for the purpose of applying section 1029.8.36.132 to the

taxation year in which the fiscal period following the fiscal period of repayment ends, to be a qualified solicitation expenditure in respect of a foreign investment fund made by the partnership in the fiscal period in which the particular qualified solicitation expenditure was paid; and

(c) where applicable, the partnership is deemed, for the purpose of applying section 1029.8.36.132 in respect of the excess amount determined under subparagraph 1 of subparagraph ii of subparagraph *a*, to have carried out in the fiscal period of repayment a qualified international financial transaction in respect of a foreign investment fund and operated an international financial centre in that fiscal period.

The amount to which subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph refers is equal to the amount by which \$300,000 exceeds the aggregate of all amounts each of which is an amount deemed under section 1029.8.36.129 or 1029.8.36.132 to have been paid to the Minister in respect of the fund

(a) by a taxpayer who was a member of the partnership at the end of a fiscal period preceding the fiscal period of repayment, for a taxation year in which that preceding fiscal period ended;

(b) where the partnership is a member of an associated group in the fiscal period of repayment, by a member corporation of the group, in this section referred to as the “particular corporation”, for a taxation year ending in the fiscal period of repayment and for any taxation year preceding that year, or by a taxpayer who is a member at the end of a fiscal period of another member partnership of the group, in this section referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in the fiscal period of repayment and for any taxation year preceding that year; or

(c) where the partnership was a member of an associated group in a fiscal period preceding the fiscal period of repayment, by a corporation, other than a corporation referred to in subparagraph *b*, that was a member corporation of the group, in this section referred to as the “particular corporation”, for a taxation year ending in that preceding fiscal period and for any taxation year preceding that year, or by a taxpayer, other than a taxpayer referred to in subparagraph *b*, who was a member at the end of a fiscal period of another member partnership of the group, in this section referred to as the “particular partnership”, for a taxation year in which that fiscal period ended and ending in that preceding fiscal period and for any taxation year preceding that year.

For the purposes of subparagraph *c* of the second paragraph, where the particular corporation or the particular partnership was a member of a particular associated group in a preceding taxation year or preceding fiscal period, of which the partnership was not a member, the partnership is deemed to be a member of the particular associated group in the preceding fiscal period.

“**1029.8.36.146.** For the purposes of sections 1029.8.36.143 to 1029.8.36.145, an amount of assistance is deemed to be repaid, at a particular time, by a taxpayer or a partnership, as the case may be, pursuant to a legal obligation where that amount

(a) reduced, because of section 1029.8.36.141, the amount of a qualified solicitation expenditure in respect of a foreign investment fund or the taxpayer’s share of such an amount, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for a taxation year under section 1029.8.36.129 or 1029.8.36.132;

(b) was not received by the taxpayer or partnership; and

(c) ceased, at the particular time, to be an amount that the taxpayer or partnership may reasonably expect to receive.”

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

190. (1) Section 1029.8.50 of the said Act, amended by section 268 of chapter 5 of the statutes of 2000, is again amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**1029.8.50.** Where an individual is required to repay all or part of an amount that is a benefit which the individual received under the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act, or under the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or the Employment Insurance Act (Statutes of Canada, 1996, chapter 23) and included in computing the individual’s income for one or more preceding taxation years, the individual is deemed, except where the amount is repaid under Part VII of the Unemployment Insurance Act or Part VII of the Employment Insurance Act, to have paid to the Minister on the individual’s balance-due day for a particular taxation year in which the individual repays such an amount, if the individual is resident in Québec on the last day of that taxation year, on account of the individual’s tax payable for the particular year under this Part, except where an amount is deducted by the individual for the particular year under paragraph *d* of section 336 in respect of all or part of the amount to be repaid by the individual or where the individual is an individual to whom the rules provided for in Book V.2.1 apply for the particular year and an amount is deducted by the individual for the particular year under section 776.70 in respect of all or part of the amount to be repaid by the individual, an amount equal to the product obtained by multiplying by such proportion as the amount repaid by the individual in the particular year is of the total amount to be repaid by the individual, the aggregate of all amounts each of which is the amount by which”.

(2) Subsection 1 applies from the taxation year 1998.

191. (1) Section 1029.8.54 of the said Act is amended by replacing the first paragraph by the following:

“**1029.8.54.** In this division, “qualified parent” of an individual means a person who is

(a) the mother or father of the individual or any other direct ascendant of the individual or the spouse of the individual;

(b) the uncle or aunt of the individual or the spouse of the individual; or

(c) the great uncle or great aunt of the individual or the spouse of the individual.”

(2) Subsection 1 applies from the taxation year 2000.

192. (1) Section 1029.8.61.1 of the said Act, enacted by section 190 of chapter 39 of the statutes of 2000, is amended, in the definition of “eligible expense” in the first paragraph

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

““eligible expense” made by an eligible individual in a taxation year means, subject to section 1029.8.61.2, the portion of an amount that the authorized manager pays in the year on behalf of the eligible individual, by way of the authorized payment arrangement, that may reasonably be attributed to an eligible service rendered or to be rendered in respect of the eligible individual after the eligible individual has attained the age of 70 years and in respect of which the eligible individual transmits a payment order to the authorized manager, and that corresponds

(a) in the case of a service rendered or to be rendered by an employee of the eligible individual, to the aggregate of the salary or wages of the employee in respect of the service, the management charges relating to the use of the authorized payment arrangement which are in connection with the service and each of the amounts payable in respect of the employee in relation to the amount of salary or wages under any of”;

(2) by replacing paragraph b by the following:

“(b) in the case of a service rendered or to be rendered by a person, other than a person who is an employee of the eligible individual, or a partnership, each of which is referred to in this division as the “service provider”, to the aggregate of the amount that is the cost of the service, including, where applicable, the goods and services tax or the Québec sales tax in respect of the service and the management charges relating to the use of the authorized payment arrangement which are in connection with the service;”.

(2) Subsection 1 has effect from 1 January 2000.

193. (1) Section 1029.8.63 of the said Act, amended by section 191 of chapter 39 of the statutes of 2000, is again amended by replacing, in the first paragraph, “\$3,000 and 20%” by “\$3,750 and 25%”.

(2) Subsection 1 applies in respect of qualifying certificates given after 31 December 1999 or qualifying judgments rendered after that date.

194. (1) The said Act is amended by inserting, after section 1029.8.66, the following :

“DIVISION II.12.1

“CREDIT FOR THE TREATMENT OF INFERTILITY

“**1029.8.66.1.** In this division, “eligible expenses” of an individual means the expenses related to artificial insemination or *in vitro* fertilization treatments undergone by the individual or the individual’s spouse to enable the individual and the individual’s spouse to become parents, and that

(a) but for section 752.0.11.1.3, would be medical expenses referred to in section 752.0.11.1, and are proven by a receipt ; or

(b) but for the second paragraph of section 752.0.13.1, would be travel and lodging expenses referred to in the first paragraph of that section, and for which a physician produces a certificate, within the meaning of section 752.0.18, stating that care equivalent or virtually equivalent to that obtained is not available in Québec within 250 kilometres of the locality where the person undergoing the treatments lives and, where such is the case, that that person is unable to travel unassisted.

For the purposes of this division, the following expenses shall not be considered, for a taxation year, to be eligible expenses of an individual :

(a) expenses in respect of which an amount was deducted in computing the income or taxable income of or tax otherwise payable by the individual or the individual’s spouse for the year or a preceding taxation year under this Part, or is deemed to have been paid to the Minister by the individual or the individual’s spouse on account of the tax payable by the individual or the individual’s spouse for the year or a preceding taxation year under this Part ; and

(b) expenses in respect of which an individual or the individual’s spouse or, as the case may be, the legal representative of either the individual or the individual’s spouse, has received or is entitled to receive a refund, except to the extent that the amount of the expenses is required to be included in computing the income of the individual or the individual’s spouse under this Part and is not deductible in computing the income or taxable income of the individual or the individual’s spouse.

“1029.8.66.2. An individual who is resident in Québec at the end of 31 December of a year is deemed to have paid to the Minister, on the individual’s balance-due day for the individual’s taxation year the end of which coincides with that date, on account of the individual’s tax payable pursuant to this Part for that taxation year, an amount, for the year, equal to the lesser of \$3,750 and 25% of the aggregate of the eligible expenses paid in the year by the individual and the person who is the individual’s spouse at the time of payment.

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

“1029.8.66.3. An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.66.2 for a taxation year, unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or that the individual would be required to so file if tax were payable by the individual for the year under this Part, the following documents :

(a) the prescribed form containing the prescribed information ;

(b) a copy of the receipt referred to in subparagraph *a* of the first paragraph of section 1029.8.66.1 ; and

(c) a copy of the certificate referred to in subparagraph *b* of the first paragraph of section 1029.8.66.1 in prescribed form.

“1029.8.66.4. An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.66.2 for a taxation year if the individual or the individual’s spouse is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).

“1029.8.66.5. Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid to the Minister an amount under section 1029.8.66.2 for the year, no amount greater than the amount provided for in that section, for the year, shall be deemed to have been paid to the Minister, for the year, under that section.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine that portion of the amount for the year.”

(2) Subsection 1 applies from the taxation year 2000.

195. (1) Section 1029.8.67 of the said Act, amended by section 270 of chapter 5 of the statutes of 2000, is again amended

(1) by replacing, in the English text, at the end of subparagraph *v* of paragraph *a* of the definition of “child care expense”, the word “and” by the word “or”;

(2) by adding, after subparagraph *v* of paragraph *a* of the definition of “child care expense”, the following subparagraph:

“vi. to actively seek employment; and”;

(3) by replacing the portion of the definition of “family income” before paragraph *a* by the following:

““family income” of an individual for a taxation year means the aggregate of”;

(4) by replacing paragraph *b* of the definition of “earned income” by the following:

“(b) the excess, over the amount deducted in computing the individual’s income or that would be so deducted, but for paragraph *e* of that section 488R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), under section 78.6, of all amounts included in computing the individual’s income or that would be so included, but for subparagraph iii of paragraph *g* of section 312 and paragraphs *e*, *w* and *y* of that section 488R1, under sections 34 to 58.3, paragraph *e*.2 to *e*.4 of section 311, paragraph *g* of section 312 if it were read without reference to “the amount by which” and “, exceeds the amount determined under section 312.2 in respect of the taxpayer”, or paragraph *h* of that section 312 if it were read as follows:

“(h) any grant received to carry on research or any similar work;”;

(5) by adding, after paragraph *d* of the definition of “earned income”, the following paragraph:

“(e) all amounts received by the individual in the year as benefits paid under any of Parts I, VIII and VIII.1 of the Employment Insurance Act (Statutes of Canada, 1996, chapter 23);”.

(2) Subsection 1 applies from the taxation year 2000.

196. (1) Section 1029.8.68 of the said Act is amended by replacing “transport or education or for board or lodging other than those described in that definition” by “transportation, for general or specific education services, or for board or lodging, other than such expenses described in that definition”.

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

197. (1) Section 1029.8.80 of the said Act is amended

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

“(a) 75% where the family income of the individual for the year does not exceed \$27,000;”;

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

“(a.1) 74% where the family income of the individual for the year exceeds \$27,000 but does not exceed \$28,000;

“(a.2) 73% where the family income of the individual for the year exceeds \$28,000 but does not exceed \$29,000;

“(a.3) 72% where the family income of the individual for the year exceeds \$29,000 but does not exceed \$30,000;

“(a.4) 71% where the family income of the individual for the year exceeds \$30,000 but does not exceed \$31,000;”;

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

“(b) 70% where the family income of the individual for the year exceeds \$31,000 but does not exceed \$32,000;”;

(4) by inserting, after paragraph *b*, the following paragraphs :

“(b.1) 69% where the family income of the individual for the year exceeds \$32,000 but does not exceed \$33,000;

“(b.2) 68% where the family income of the individual for the year exceeds \$33,000 but does not exceed \$34,000;

“(b.3) 67% where the family income of the individual for the year exceeds \$34,000 but does not exceed \$35,000;

“(b.4) 66% where the family income of the individual for the year exceeds \$35,000 but does not exceed \$36,000;”;

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

“(c) 65% where the family income of the individual for the year exceeds \$36,000 but does not exceed \$37,000;”;

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

“(c.1) 64% where the family income of the individual for the year exceeds \$37,000 but does not exceed \$38,000;

“(c.2) 63% where the family income of the individual for the year exceeds \$38,000 but does not exceed \$39,000;

“(c.3) 62% where the family income of the individual for the year exceeds \$39,000 but does not exceed \$40,000;

“(c.4) 61% where the family income of the individual for the year exceeds \$40,000 but does not exceed \$41,000;”;

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

“(d) 60% where the family income of the individual for the year exceeds \$41,000 but does not exceed \$42,000;”;

(8) by inserting, after paragraph *d*, the following paragraphs :

“(d.1) 59% where the family income of the individual for the year exceeds \$42,000 but does not exceed \$43,000;

“(d.2) 58% where the family income of the individual for the year exceeds \$43,000 but does not exceed \$44,000;

“(d.3) 57% where the family income of the individual for the year exceeds \$44,000 but does not exceed \$45,000;

“(d.4) 56% where the family income of the individual for the year exceeds \$45,000 but does not exceed \$46,000;”;

(9) by replacing paragraph *e* by the following :

“(e) 55% where the family income of the individual for the year exceeds \$46,000 but does not exceed \$47,000;”;

(10) by inserting, after paragraph *e*, the following paragraphs :

“(e.1) 54% where the family income of the individual for the year exceeds \$47,000 but does not exceed \$48,000;

“(e.2) 53% where the family income of the individual for the year exceeds \$48,000 but does not exceed \$49,000;

“(e.3) 52% where the family income of the individual for the year exceeds \$49,000 but does not exceed \$50,000;”;

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

“(f) 51% where the family income of the individual for the year exceeds \$50,000 but does not exceed \$51,000;”;

(12) by inserting, after paragraph *f*, the following paragraphs :

“(f.1) 50% where the family income of the individual for the year exceeds \$51,000 but does not exceed \$52,000;

“(f.2) 49% where the family income of the individual for the year exceeds \$52,000 but does not exceed \$53,000;

“(f.3) 48% where the family income of the individual for the year exceeds \$53,000 but does not exceed \$54,000;”;

(13) by replacing paragraph *g* by the following:

“(g) 47% where the family income of the individual for the year exceeds \$54,000 but does not exceed \$55,000;”;

(14) by inserting, after paragraph *g*, the following paragraphs:

“(g.1) 46% where the family income of the individual for the year exceeds \$55,000 but does not exceed \$56,000;

“(g.2) 45% where the family income of the individual for the year exceeds \$56,000 but does not exceed \$57,000;”;

(15) by replacing paragraph *h* by the following:

“(h) 44% where the family income of the individual for the year exceeds \$57,000 but does not exceed \$58,000;”;

(16) by inserting, after paragraph *h*, the following paragraphs:

“(h.1) 43% where the family income of the individual for the year exceeds \$58,000 but does not exceed \$59,000;

“(h.2) 42% where the family income of the individual for the year exceeds \$59,000 but does not exceed \$60,000;

“(h.3) 41% where the family income of the individual for the year exceeds \$60,000 but does not exceed \$61,000;”;

(17) by replacing paragraphs *i* to *w* by the following:

“(i) 40% where the family income of the individual for the year exceeds \$61,000 but does not exceed \$62,000;

“(j) 39% where the family income of the individual for the year exceeds \$62,000 but does not exceed \$63,000;

“(k) 38% where the family income of the individual for the year exceeds \$63,000 but does not exceed \$64,000;

“(l) 37% where the family income of the individual for the year exceeds \$64,000 but does not exceed \$65,000;

“(m) 36% where the family income of the individual for the year exceeds \$65,000 but does not exceed \$66,000;

“(n) 35% where the family income of the individual for the year exceeds \$66,000 but does not exceed \$67,000;

“(o) 34% where the family income of the individual for the year exceeds \$67,000 but does not exceed \$68,000;

“(p) 33% where the family income of the individual for the year exceeds \$68,000 but does not exceed \$69,000;

“(q) 32% where the family income of the individual for the year exceeds \$69,000 but does not exceed \$70,000;

“(r) 31% where the family income of the individual for the year exceeds \$70,000 but does not exceed \$71,000;

“(s) 30% where the family income of the individual for the year exceeds \$71,000 but does not exceed \$72,000;

“(t) 29% where the family income of the individual for the year exceeds \$72,000 but does not exceed \$73,000;

“(u) 28% where the family income of the individual for the year exceeds \$73,000 but does not exceed \$74,000;

“(v) 27% where the family income of the individual for the year exceeds \$74,000 but does not exceed \$75,000;

“(w) 26% where the family income of the individual for the year exceeds \$75,000.”

(2) Subsection 1 applies from the taxation year 2000.

198. (1) Section 1029.8.118 of the said Act, enacted by section 271 of chapter 5 of the statutes of 2000, is amended

(1) by replacing, in subparagraph *a* of the second paragraph, “25/23” by the words “the factor specified in the third paragraph for the taxation year”;

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

“The factor to which the second paragraph refers is

(a) 25/22, where the taxation year is the year 2000;

(b) 25/20.75, where the taxation year is the year 2001;

(c) 25/20, where the taxation year is the year 2002 or a subsequent taxation year.”

(2) Subsection 1 applies from the taxation year 2000.

199. (1) The said Act is amended by inserting, after section 1029.8.118, enacted by section 271 of chapter 5 of the statutes of 2000, the following :

“DIVISION II.19

“CREDIT FOR TOP-LEVEL ATHLETES

“1029.8.119. In this division, “eligible individual” means an individual who holds a certificate issued by the Secrétariat au loisir et au sport of the Ministère de la Santé et des Services sociaux for a taxation year, recognizing the individual as an athlete having achieved the “Excellence”, “Élite” or “Relève” performance level, as the case may be, in respect of an individual sport or a team sport in which the individual participated in the year.

“1029.8.120. An eligible individual resident in Québec at the end of 31 December of a taxation year who encloses the certificate issued to the eligible individual for the year by the Secrétariat au loisir et au sport of the Ministère de la Santé et des Services sociaux with the fiscal return the eligible individual is required to file under section 1000 for the year, or would be required to so file if tax were payable by the eligible individual for that year under this Part, is deemed to have paid to the Minister, on the eligible individual’s balance-due day for the year, on account of the eligible individual’s tax payable for that taxation year under this Part, an amount equal to the aggregate of

(a) the amount obtained by multiplying \$4,000 by the proportion that the number of days in the year that is specified in the certificate, for which the eligible individual is recognized as having achieved the “Excellence” performance level in respect of an individual sport in which the eligible individual participated in the year, is of the number of days in the taxation year;

(b) the amount obtained by multiplying \$4,000 by the proportion that the number of days in the year that is specified in the certificate, for which the eligible individual is recognized as having achieved the “Élite” performance level in respect of an individual sport in which the eligible individual participated in the year, is of the number of days in the taxation year;

(c) the amount obtained by multiplying \$2,000 by the proportion that the number of days in the year that is specified in the certificate, for which the eligible individual is recognized as having achieved the “Relève” performance level in respect of an individual sport in which the eligible individual participated in the year, is of the number of days in the taxation year;

(d) the amount obtained by multiplying \$2,000 by the proportion that the number of days in the year that is specified in the certificate, for which the eligible individual is recognized as having achieved the “Excellence” performance level in respect of a team sport in which the eligible individual participated in the year, is of the number of days in the taxation year;

(e) the amount obtained by multiplying \$2,000 by the proportion that the number of days in the year that is specified in the certificate, for which the eligible individual is recognized as having achieved the “Élite” performance level in respect of a team sport in which the eligible individual participated in the year, is of the number of days in the taxation year; and

(f) the amount obtained by multiplying \$1,000 by the proportion that the number of days in the year that is specified in the certificate, for which the eligible individual is recognized as having achieved the “Relève” performance level in respect of a team sport in which the eligible individual participated in the year, is of the number of days in the taxation year.

Where, in respect of a particular day of a taxation year, an amount is deemed, because of any of subparagraphs *a* to *f* of the first paragraph, to have been paid to the Minister by an eligible individual for the year, no amount may be deemed to have been paid to the Minister by that eligible individual, for the year, in respect of that particular day because of any other of those subparagraphs.

For the purposes of the first paragraph, an eligible individual who was resident in Québec immediately before the eligible individual’s death is deemed to be resident in Québec at the end of 31 December of the year in which the eligible individual died, and no amount shall be deemed to have been paid under the first paragraph to the Minister by the eligible individual in respect of a day that is after the day of death.

“1029.8.121. An eligible individual shall not be deemed to have paid to the Minister an amount under this division for a taxation year if the eligible individual is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).”

(2) Subsection 1 applies from the taxation year 2000.

200. Title V of Book IX of Part I of the said Act is amended

(1) by replacing, in the French text, the heading by the following :

“PÉNALITÉS”;

(2) by inserting, after the heading, the following :

“CHAPTER I**“FALSE STATEMENTS OR OMISSIONS”.**

201. (1) Section 1049 of the said Act, amended by section 276 of chapter 5 of the statutes of 2000, by section 202 of chapter 39 of the statutes of 2000 and by section 149 of chapter 7 of the statutes of 2001, is again amended by replacing, in subparagraph ii of subparagraphs *a* and *b* of the first paragraph, “II.6.11” by “II.6.12”.

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

202. (1) The said Act is amended by inserting, before section 1049.1, the following :

“CHAPTER II**“MISREPRESENTATION OF A TAX MATTER BY A THIRD PARTY**

“1049.0.3. In this chapter,

“culpable conduct” means an act or a failure to act that

(a) is tantamount to intentional conduct ;

(b) shows an indifference as to whether this Act is complied with ; or

(c) shows a wilful, reckless or wanton disregard of this Act ;

“false statement” includes a statement that is misleading because of an omission from the statement ;

“gross compensation” of a particular person at any time, in respect of a false statement that could be used by or on behalf of another person, means all amounts that the particular person, or any person not dealing at arm’s length with the particular person, is entitled, either absolutely or contingently and either before or after that time, to receive or to obtain in respect of the statement ;

“person” includes a partnership ;

“subordinate”, in respect of a particular person, includes any other person over whose activities the particular person has direction, supervision or control whether or not the other person is an employee of the particular person or of another person.

For the purposes of the definition of “subordinate” in the first paragraph, if the particular person is a member of a partnership, the other person is not a subordinate of the particular person solely because the particular person is a member of the partnership.

“1049.0.4. For the purposes of this chapter, any reference to a person’s participation includes

(a) the fact of causing a subordinate to act or to omit information; and

(b) the fact of knowing of, and not making a reasonable attempt to prevent, the participation of a subordinate in an act or an omission of information.

“1049.0.5. Every person who makes a statement, or assents to, acquiesces in or participates in the making of a statement by or on behalf of another person, in this section and sections 1049.0.6, 1049.0.8 and 1049.0.10 referred to as the “other person”, that the person knows, or would reasonably be expected to know but for circumstances amounting to culpable conduct, is a false statement that could be used by or on behalf of the other person for a purpose of this Act is liable to a penalty in respect of the false statement equal to the greater of \$1,000 and the lesser of

(a) the penalty to which the other person would be liable under section 1049 if the other person had made the statement in a return filed for the purposes of this Act and had known that the statement was false; and

(b) the aggregate of \$100,000 and the person’s gross compensation, at the time at which the notice of assessment of the penalty is sent to the person, in respect of the false statement that could be used by or on behalf of the other person.

“1049.0.6. For the purposes of section 1049.0.5, a person, in this section referred to as the “advisor”, who acts on behalf of the other person is not considered to have acted in circumstances amounting to culpable conduct in respect of the false statement referred to in that section solely because the advisor relied, in good faith, on information provided to the advisor by or on behalf of the other person or, because of such reliance, failed to verify, correct or investigate the information.

“1049.0.7. For the purposes of this chapter, a person is not considered to have made or furnished, or assented to, acquiesced in or participated in the furnishing of a false statement solely because the person provided clerical services, other than bookkeeping services, or secretarial services in respect of the statement.

“1049.0.8. For the purposes of this chapter, where a person is assessed a penalty that is referred to in section 1049.0.5, the person’s gross compensation at any time in respect of the false statement that could be used by or on behalf of the other person shall exclude the aggregate of all amounts each of which is the amount of a penalty, other than a penalty the assessment of which is deemed to be null because of section 1049.0.9, determined under section 1049.0.5, insofar as the false statement was used by or on behalf of that other person, and for which notice of the assessment was sent to the person before that time.

“**1049.0.9.** For the purposes of this Act, if an assessment of a penalty under section 1049.0.5 is vacated, the assessment is deemed to be null from the time it was made.

“**1049.0.10.** Where an employee, other than a specified employee, is employed by the other person, the following rules apply :

(a) section 1049.0.5 does not apply to the employee to the extent that the false statement could be used by or on behalf of the other person for a purpose of this Act ; and

(b) the conduct of the employee is deemed to be that of the other person for the purpose of applying section 1049 to the other person.

“**1049.0.11.** Where a partnership is liable to a penalty under section 1049.0.5, 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).

“CHAPTER III

“OTHER PENALTIES AND THEIR APPLICATION”.

(2) Subsection 1 applies in respect of statements made after 29 June 2000.

203. (1) Section 1086.5 of the said Act is amended by replacing the definition of “taxation year” by the following :

““taxation year” has the meaning that would be assigned by Part I if it were read without reference to section 779.”

(2) Subsection 1 applies from the taxation year 1994.

204. (1) The said Act is amended by inserting, after section 1129, the following :

“PART III.0.0.1

“DEFINITIONS APPLICABLE TO CERTAIN SPECIAL TAXES

“**1129.0.0.1.** In Parts III.0.2, III.1, III.1.0.1 to III.1.1, III.1.1.4 to III.1.6, III.10.1.1 to III.10.1.4 and III.10.2,

“government assistance” has the meaning assigned by the first paragraph of section 1029.6.0.0.1; and

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.6.0.0.1.

However, an amount of government assistance or non-government assistance referred to in any of Parts III.0.2, III.1, III.1.0.1 to III.1.1, III.1.1.4 to III.1.6, III.10.1.1 to III.10.1.4 and III.10.2 does not include an amount that, in accordance with the second paragraph of section 1029.6.0.0.1, is not government assistance or non-government assistance, as the case may be, for the purposes of the division of Chapter III.1 of Title III of Book IX of Part I to which that Part relates.”

(2) Subsection 1,

(1) where it applies in relation to Part III.1.0.5 of the said Act, applies in respect of an eligible work or an eligible group of works the publishing work of which began after 14 March 2000;

(2) where it applies in relation to Part III.10.1.2 of the said Act, has effect from 1 January 1999; or

(3) where it applies in relation to Part III.10.1.3 or III.10.1.4 of the said Act, has effect from 1 January 2000.

205. (1) Section 1129.0.1 of the said Act, amended by section 222 of chapter 39 of the statutes of 2000, is again amended by inserting the following definition in alphabetical order:

““eligible fee balance” has the meaning assigned by section 1029.8.9.0.2;”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

206. (1) Section 1129.0.6 of the said Act is amended by replacing, in the portion before paragraph *a*, the words “relating to an eligible fee or to the taxpayer’s share of such fee” by the words “relating to an eligible fee or an eligible fee balance or to the taxpayer’s share of such fee or such balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

207. (1) Section 1129.0.7 of the said Act, replaced by section 225 of chapter 39 of the statutes of 2000, is amended by replacing, in the portion before paragraph *a*, the words “of an eligible fee paid” by the words “of an eligible fee or an eligible fee balance paid” and by inserting, after the words “an amount relating to such fee”, “or such balance, as the case may be,”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

208. (1) Section 1129.0.9.1 of the said Act, enacted by section 227 of chapter 39 of the statutes of 2000, is amended, in the portion before paragraph *a*, by inserting, after “an eligible fee,” “an eligible fee balance,” and by replacing the words “or eligible fee” by “, eligible fee or eligible fee balance”.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

209. (1) Section 1129.0.9.2 of the said Act, enacted by section 227 of chapter 39 of the statutes of 2000, is amended, in the portion before paragraph *a*, by replacing the words “or of an eligible fee” and “or eligible fee” by “, of an eligible fee or of an eligible fee balance” and “, eligible fee or eligible fee balance”, respectively.

(2) Subsection 1 applies to taxation years of taxpayers that end after 22 December 1999.

210. (1) The said Act is amended by inserting, after section 1129.0.15, enacted by section 228 of chapter 39 of the statutes of 2000, the following :

“PART III.0.3

“SPECIAL TAX RELATING TO E-COMMERCE SOLUTIONS

“1129.0.16. In this Part,

“e-commerce solution” has the meaning assigned by the first paragraph of section 1029.8.21.32;

“eligible e-commerce solution” has the meaning assigned by section 1029.8.21.32;

“eligible production expenditure” has the meaning assigned by the first paragraph of section 1029.8.21.32;

“fiscal period” has the meaning assigned by Part I;

“Minister” means the Minister of Revenue ;

“production expenditure” has the meaning assigned by the first paragraph of section 1029.8.21.32 ;

“taxation year” has the meaning assigned by Part I.

“1129.0.17. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.21.42, on account of the corporation’s tax payable under Part I for a particular taxation year shall pay a tax equal to the amount determined under the second paragraph for a subsequent taxation year, in this section referred to as a “repayment year”, where

(a) the amount of all or part of an eligible production expenditure of the corporation for the particular year, in respect of which the corporation is so deemed to have paid an amount, is deemed to have been refunded to the corporation in the repayment year; or

(b) an amount, in relation to an expenditure that is included in an eligible production expenditure of the corporation for the particular year in respect of which the corporation is so deemed to have paid an amount, is, in the repayment year, directly or indirectly, refunded, deemed to have been refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation.

The tax referred to in the first paragraph is equal to the amount by which the amount that the corporation is deemed to have paid to the Minister for the particular year under section 1029.8.21.42 exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.42 for that particular year, if every amount that has been, at or before the end of the repayment year, so refunded, paid, allocated or deemed to have been refunded had been refunded, paid, allocated or deemed to have been refunded in the particular year; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section, for a taxation year preceding the repayment year, in respect of the amount the corporation is deemed to have paid to the Minister for the particular year.

“1129.0.18. For the purposes of section 1129.0.17,

(a) an amount, equal to all or part of the eligible production expenditure of a qualified corporation for a particular taxation year in respect of an eligible e-commerce solution, is deemed to have been refunded to that corporation in its taxation year that includes 1 April 2003, if that eligible e-commerce solution ceased to be eligible, for all or part of the particular year to which that amount may reasonably be attributed, as the case may be, because the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” in the first paragraph of section 1029.8.21.32 had not been satisfied or had not again been satisfied, as the case may be, in respect of that corporation, on or before 31 March 2003;

(b) an amount, equal to the cost of application software that is a production expenditure included in the eligible production expenditure of a qualified corporation for a taxation year in respect of an eligible e-commerce solution or to the portion of the consideration that is included in such an eligible

production expenditure and that may reasonably be considered to relate to the cost of application software that is a production expenditure, is deemed to have been refunded to that corporation in its taxation year that includes 1 April 2003, if

- i. the cost of the software or the portion of the consideration is not included in an amount that is deemed to have been refunded under subparagraph *a*; and
- ii. the software has not been integrated into the eligible e-commerce solution before 1 April 2003.

Section 1129.0.17 does not apply, for a particular taxation year, to any amount that is refunded or otherwise paid to a corporation, or allocated to a payment to be made by the corporation, if the particular amount is included in an amount that is deemed to have been refunded, under the first paragraph, in that particular year or in a preceding taxation year.

“1129.0.19. Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.21.44, in respect of that partnership, on account of the corporation’s tax payable under Part I for a particular taxation year in which a particular fiscal period of that partnership ends shall pay a tax equal to the amount determined under the second paragraph for the taxation year ending in the subsequent fiscal period, in this section referred to as a “fiscal period of repayment”, where

(a) the amount of all or part of an eligible production expenditure of the partnership for the particular fiscal period, in respect of which the corporation is so deemed to have paid an amount, is deemed to have been refunded to the partnership in the fiscal period of repayment; or

(b) an amount, in relation to an expenditure that is included in an eligible production expenditure of the partnership for the particular fiscal period in respect of which the corporation is so deemed to have paid an amount, is, in the fiscal period of repayment, directly or indirectly, refunded, deemed to have been refunded or otherwise paid to the partnership or corporation, or allocated to a payment to be made by the partnership or corporation.

The tax referred to in the first paragraph is equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister for the particular year under section 1029.8.21.44, if the corporation’s share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation’s share for the fiscal period of repayment, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.21.44, for the particular year if

i. any amount that has been, at or before the end of the fiscal period of repayment, so refunded, paid, allocated or deemed to have been refunded had been refunded, paid, allocated or deemed to have been refunded in the particular fiscal period; and

ii. the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment; and

(b) any amount of tax that the corporation should have paid to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of the amount the corporation is deemed to have paid to the Minister for the particular year, if the corporation's share of the income or loss of the partnership for the particular fiscal period had been the same as the corporation's share for the fiscal period of repayment.

For the purpose of computing the amount provided for in subparagraph *a* of the second paragraph, an amount referred to in subparagraph *i* of that paragraph that is refunded or otherwise paid to the corporation, or allocated to a payment to be made by the corporation, is deemed to be an amount

(a) refunded or otherwise paid to the partnership, or allocated to a payment to be made by the partnership; and

(b) obtained by multiplying the amount refunded, paid or allocated, otherwise determined, by the proportion that the income or loss of the partnership for the fiscal period of repayment is of the corporation's share of that income or loss, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for the fiscal period is equal to \$1,000,000.

“1129.0.20. For the purposes of section 1129.0.19,

(a) an amount, equal to all or part of the eligible production expenditure of a qualified partnership for a particular fiscal period in respect of an eligible e-commerce solution, is deemed to have been refunded to that partnership in its fiscal period that includes 1 April 2003, if that eligible e-commerce solution ceased to be eligible, for all or part of the particular fiscal period to which that amount may reasonably be attributed, as the case may be, because the conditions set out in paragraphs *a* and *b* of the definition of “eligible e-commerce solution” in the first paragraph of section 1029.8.21.32 had not been satisfied or had not again been satisfied, as the case may be, in respect of that partnership, on or before 31 March 2003;

(b) an amount, equal to the cost of application software that is a production expenditure included in the eligible production expenditure of an eligible partnership for a fiscal period in respect of an eligible e-commerce solution or to the portion of the consideration that is included in such an eligible production

expenditure and that may reasonably be considered to relate to the cost of application software that is a production expenditure, is deemed to have been refunded to that partnership in its fiscal period that includes 1 April 2003, if

- i. the cost of the software or the portion of the consideration is not included in an amount that is deemed to have been refunded under subparagraph *a*; and
- ii. the software has not been integrated into the eligible e-commerce solution before 1 April 2003.

Section 1129.0.19 does not apply, for a particular fiscal period, to any amount that is refunded or otherwise paid to a corporation, or allocated to a payment to be made by the corporation, if the particular amount is included in an amount that is deemed to have been refunded, under the first paragraph, in that particular year or in a preceding taxation year.

“1129.0.21. For the purposes of Part I, except for Division II.4.3 of Chapter III.1 of Title III of Book IX,

(*a*) tax paid to the Minister by a corporation at any time, under section 1129.0.17, in relation to an expenditure that is included in an eligible production expenditure of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of that expenditure, pursuant to a legal obligation; and

(*b*) tax paid to the Minister by a corporation at any time, under section 1129.0.19, in relation to an expenditure that is included in an eligible production expenditure of the partnership referred to in that section, is deemed to be an amount of assistance repaid by that partnership at that time in respect of that expenditure, pursuant to a legal obligation.

“1129.0.22. Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

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

211. (1) Section 1129.1 of the said Act is amended

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

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

““qualified expenditure for services rendered outside the Montréal area” has the meaning assigned by section 1029.8.34;”;

(3) by striking out, in the definition of “qualified computer-aided special effects and animation expenditure” and of “qualified labour expenditure”, the words “the first paragraph of”.

(2) Paragraph 2 of subsection 1 has effect from 1 July 1999.

212. (1) Section 1129.2 of the said Act, amended by section 229 of chapter 39 of the statutes of 2000, is again amended, in the first paragraph,

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

“ii. the particular year is the first year for which subparagraph *b* of the third paragraph of section 1029.8.35 applies in respect of the property or, where applicable, would have been such first year had the qualified expenditure for services rendered outside the Montréal area, qualified computer-aided special effects and animation expenditure or qualified labour expenditure of the corporation for the particular year in respect of the property not been nil;”;

(2) by replacing subparagraphs i and ii of subparagraph *c* by the following :

“i. any government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before its filing-due date, within the meaning of section 1, for the particular year must be taken into account, for or from the particular year and in respect of the property, in computing the amount determined under subparagraph ii of paragraph *a* or subparagraph i of paragraph *b* of the definition of “qualified expenditure for services rendered outside the Montréal area”, of “qualified computer-aided special effects and animation expenditure” and of “qualified labour expenditure” in the first paragraph of section 1029.8.34, and the expenditure to which the assistance is attributable has been incurred by the corporation in a taxation year preceding the particular year, or

“ii. an amount relating to an expenditure included in a qualified expenditure for services rendered outside the Montréal area, qualified computer-aided special effects and animation expenditure or qualified labour expenditure in respect of the property, other than the amount of an assistance to which subparagraph i applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation;”.

(2) Subsection 1 has effect from 1 July 1999.

213. (1) Section 1129.4.0.11 of the said Act, enacted by section 230 of chapter 39 of the statutes of 2000, is amended by replacing “II.6.0.0.4” and “1129.0.10” by “II.6.0.0.3” and “1129.4.0.10”, respectively.

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

214. (1) The said Act is amended by inserting, after section 1129.4.0.16, enacted by section 230 of chapter 39 of the statutes of 2000, the following :

“PART III.1.0.5

“SPECIAL TAX RELATING TO THE CREDIT FOR BOOK PUBLISHING

“1129.4.0.17. In this Part,

“eligible work” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.13 ;

“filing-due date” has the meaning assigned by section 1 ;

“qualified labour expenditure attributable to preparation costs” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.0.13 ;

“qualified labour expenditure attributable to printing costs” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.0.13 ;

“Minister” has the meaning assigned by section 1 ;

“taxation year” has the meaning assigned by Part I ;

“work that is part of an eligible group of works” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.13.

“1129.4.0.18. Every corporation that, in relation to the publishing of a property that is an eligible work or a work that is part of an eligible group of works, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.0.14, on account of its tax payable under Part I for any taxation year shall pay, for a particular taxation year, a tax equal to

(a) the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed, under that section 1029.8.36.0.0.14, to have so paid to the Minister in respect of the publishing of the property for a year preceding the particular year, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part in respect of the publishing of the property for a taxation year preceding the particular year, where the property ceases, in the particular year, to be considered as an eligible work or a work that is part of an eligible group of works by reason of the fact that the favourable advance ruling given by the Société de développement des entreprises culturelles in respect of the property, ceases to be in force at that time and that no certificate is issued by the Société in respect of the property, or of the fact that the certificate issued by the Société de développement des entreprises culturelles in respect of the property is revoked at that time ;

(b) where subparagraph *a* does not apply in the particular year or in a preceding taxation year, in relation to the publishing of the property, the amount determined in respect of the corporation under the second paragraph where

i. in computing the amounts determined under subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs” and “qualified labour expenditure attributable to printing costs” in the first paragraph of section 1029.8.36.0.0.13, government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the particular year, must be taken into account for the particular year or from that year in respect of the publishing of the property, and the expenditure to which the assistance is attributable was incurred by the corporation in a taxation year preceding the particular year, or

ii. an amount relating to an expenditure included in a qualified labour expenditure attributable to preparation costs or a qualified labour expenditure attributable to printing costs in respect of the property, other than the amount of an 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.

The amount to which subparagraph *b* of the first paragraph refers, in relation to a property, is equal, for the corporation, to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.14 in respect of the publishing of the property for the particular year or a preceding taxation year, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.0.0.14 in respect of the property for the particular year or for a preceding taxation year if

i. where subparagraph i of subparagraph *b* of the first paragraph applies, the assistance referred to in that subparagraph i had been received by the corporation in the year during which the expenditure to which the assistance is attributable was incurred, and

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 expenditure to which the amount is attributable was incurred; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part in respect of the property for a taxation year preceding the particular year.

Furthermore, where applicable, every corporation that controls, directly or indirectly in any manner whatever, the corporation referred to in the first paragraph is liable, solidarily with that corporation, for payment of the tax under the first paragraph.

“1129.4.0.19. For the purposes of Part I, except for Division II.6.0.0.5 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under section 1129.4.0.18, in relation to an expenditure that is included in a qualified labour expenditure attributable to preparation costs of the corporation or a qualified labour expenditure attributable to printing costs of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property, pursuant to a legal obligation to repay all or any part of that amount of assistance.

“1129.4.0.20. Except where inconsistent with this Part, section 21.25, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 applies in respect of eligible works or works that are part of an eligible group of works the publishing work of which began after 14 March 2000.

215. (1) Section 1129.4.2 of the said Act is amended, in the first paragraph,

(1) by replacing, in subparagraphs *a* to *e*, the words “the Société de développement des entreprises culturelles” by the word “Investissement-Québec”;

(2) by replacing, in the French text of subparagraphs *a* to *e*, the words “qu’elle a” by the words “qui a été”;

(3) by replacing, in the English text of subparagraphs *a* to *e*, the words “it issued” and “it had previously issued” by the words “issued” and “previously issued”, respectively;

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

“ii. where a certificate has been issued in respect of the property attesting that the multimedia title is both available in French and intended for the consumer market, and where subparagraph *c* does not apply in the particular year or in a preceding taxation year, the lesser of”;

(5) by striking out, in subparagraph *g*, the words “by the Société de développement des entreprises culturelles”;

(6) by replacing subparagraph *h* by the following:

“(h) where subparagraph *a* does not apply, in the particular year or in any preceding taxation year in respect of the property, a document validating the operating receipts is not issued to the corporation in the particular year in respect of the property, that particular year is subsequent to a taxation year in which such a document was issued in respect of the property, the corporation has received, is entitled to receive, or may reasonably expect to receive on or before its filing-due date, within the meaning assigned by section 1, for the particular year in respect of the property any government assistance or non-government assistance attributable to production costs of the corporation in a taxation year preceding the particular year and which, had the assistance been received in the preceding year, would have been taken into account in computing the eligible operating receipts of the corporation for that preceding year and, because of that assistance, the aggregate of the amounts the corporation is deemed to have paid to the Minister under paragraph *c* of section 1029.8.36.0.2 for a taxation year preceding the particular year exceeds the aggregate of the amounts the corporation would have been deemed to have paid to the Minister under that paragraph for such a year, the part of that excess amount that exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay because of this subparagraph in respect of the property for a taxation year preceding the particular year.”

(2) Subsection 1 applies in respect of certificates, or documents validating the operating receipts, replaced or revoked after 31 December 1999. However, where subparagraphs *a* to *e* of the first paragraph of section 1129.4.2 of the said Act apply in respect of a certificate, or document validating the operating receipts, replaced or revoked before 1 April 2000, they shall be read with “Investissement-Québec” replaced by the words “the Minister of Finance”.

216. (1) Section 1129.4.18 of the said Act, enacted by section 238 of chapter 39 of the statutes of 2000, is amended

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by inserting, in the definition of “qualified brokerage expenditure”, after the words “assigned by”, the words “the first paragraph of”.

(2) Paragraph 2 of subsection 1 has effect from 14 March 2000.

217. (1) Section 1129.4.23 of the said Act, enacted by section 238 of chapter 39 of the statutes of 2000, is amended

(1) by striking out the definition of “government assistance” and of “non-government assistance”;

(2) by inserting, in the definition of “acquisition costs” and of “rental expenses”, after the words “assigned by”, the words “the first paragraph of”.

(2) Paragraph 2 of subsection 1 has effect from 14 March 2000.

218. (1) The said Act is amended by inserting, after section 1129.45.3.5, enacted by section 243 of chapter 39 of the statutes of 2000, the following :

“PART III.10.1.2

“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION IN THE OPTICS INDUSTRY IN THE QUÉBEC AREA

“1129.45.3.6. In this Part,

“base period” has the meaning assigned by the first paragraph of section 1029.8.36.72.1 ;

“Minister” means the Minister of Revenue ;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.72.1 ;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.1 ;

“taxation year” has the meaning assigned by Part I.

For the purposes of this Part, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“1129.45.3.7. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.2 or 1029.8.36.72.3, on account of the corporation’s tax payable under Part I, for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of

(a) where, in the particular taxation year, pursuant to a legal obligation, the corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.2, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. the aggregate of all amounts each of which is an amount paid by the corporation in a taxation year preceding the particular taxation year and is a repayment to which this subparagraph has applied ;

(b) where, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, any corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.3, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business in the Québec area for its taxation year in which the preceding calendar year ended, the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salaries or wages referred to therein had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid in a taxation year preceding the particular taxation year and is a repayment to which this subparagraph has applied ;

(c) where, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, any corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation for its base period for the purpose of computing the excess amount referred to in section 1029.8.36.72.4 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this subparagraph referred to as a “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of section 1029.8.36.72.4 in

relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year and, if the excess amount so determined pursuant to that section 1029.8.36.72.4 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid, in a calendar year preceding the particular calendar year, by a member corporation of the particular group and is a repayment of assistance, relating to such salaries or wages, to which this subparagraph has applied;

(d) where, in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by the corporation, that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.2 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the salaries or wages paid in the base period of the corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.2 in respect of the corporation in relation to that preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages had been government assistance or non-government assistance received by the corporation in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied;

(e) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.3 determined in respect of the corporation, in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in the Québec area for its taxation year in which the preceding calendar year ended, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by the corporation, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.3 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied; and

(*f*) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the excess amount referred to in section 1029.8.36.72.4 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this subparagraph referred to as a “particular group”, and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by the corporation, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.3, taking into account the second paragraph of that section, in respect of the corporation in relation to that preceding calendar year if, for the purposes of section 1029.8.36.72.4 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and, if the amount by which the excess amount so determined, pursuant to that section 1029.8.36.72.4, had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied.

“1129.45.3.8. For the purposes of Part I, except for Division II.6.6.1 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the salaries or wages, pursuant to a legal obligation.

“1129.45.3.9. Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.72.8 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

“PART III.10.1.3

“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION IN THE ALUMINUM INDUSTRY IN THE SAGUENAY–LAC-SAINT-JEAN AREA

“1129.45.3.10. In this Part,

“base period” has the meaning assigned by the first paragraph of section 1029.8.36.72.15 ;

“Minister” means the Minister of Revenue ;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.72.15 ;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.15 ;

“taxation year” has the meaning assigned by Part I.

For the purposes of this Part, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“1129.45.3.11. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.16 or 1029.8.36.72.17, on account of the corporation’s tax payable under Part I, for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of

(*a*) where, in the particular taxation year, pursuant to a legal obligation, the corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.16, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. the aggregate of all amounts each of which is an amount paid by the corporation in a taxation year preceding the particular taxation year and is a repayment to which this subparagraph has applied ;

(*b*) where, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, any corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.17, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business in the Saguenay–Lac-Saint-Jean area for its taxation year in which the preceding calendar year ended, the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salaries or wages referred to therein had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid in a taxation year preceding the particular taxation year and is a repayment to which this subparagraph has applied ;

(*c*) where, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, any corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation for its base period for the purpose of computing the excess amount referred to in section 1029.8.36.72.18 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this subparagraph referred to as a “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second

paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year and, if the excess amount so determined pursuant to that section 1029.8.36.72.18 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid, in a calendar year preceding the particular calendar year, by a member corporation of the particular group and is a repayment of assistance relating to such salaries or wages to which this subparagraph has applied ;

(*d*) where, in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by the corporation, that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.16 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the salaries or wages paid in the base period of the corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.16 in respect of the corporation in relation to that preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages had been government assistance or non-government assistance received by the corporation in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied ;

(*e*) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.17 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in the

Saguenay–Lac-Saint-Jean area for its taxation year in which the preceding calendar year ended, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by the corporation, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.17 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied; and

(*f*) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the excess amount referred to in section 1029.8.36.72.18 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this subparagraph referred to as a “particular group”, and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by the corporation, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.17, taking into account the second paragraph of that section, in respect of the corporation in relation to that preceding calendar year if, for the purposes of section 1029.8.36.72.18 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and, if the amount by which the excess amount so determined, pursuant to that section 1029.8.36.72.18, had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied.

“1129.45.3.12. For the purposes of Part I, except for Division II.6.6.2 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the salaries or wages, pursuant to a legal obligation.

“1129.45.3.13. Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.72.22 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

“PART III.10.1.4

“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION IN THE MANUFACTURING OR ENVIRONMENTAL SECTOR IN THE ANGUS TECHNOPOLE

“1129.45.3.14. In this Part,

“base period” has the meaning assigned by the first paragraph of section 1029.8.36.72.29;

“Minister” means the Minister of Revenue ;

“recognized business” has the meaning assigned by the first paragraph of section 1029.8.36.72.29;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.72.29;

“taxation year” has the meaning assigned by Part I.

For the purposes of this Part, a reference to a calendar year ending in a taxation year includes a reference to a calendar year ending coincidentally with that taxation year.

“1129.45.3.15. Every corporation that, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to have paid an amount to the Minister, under section 1029.8.36.72.30 or 1029.8.36.72.31, on account of the corporation’s tax payable under Part I, for any taxation year, shall pay, for a particular taxation year, a tax equal to 40% of the aggregate of

(a) where, in the particular taxation year, pursuant to a legal obligation, the corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation in

its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.30, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year, the amount by which the amount referred to in that subparagraph *a*, determined in its respect, that relates to the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein had been reduced by any amount paid by the corporation, in respect of such an amount of assistance, as repayment in the particular taxation year or a preceding taxation year, and

ii. the aggregate of all amounts each of which is an amount paid by the corporation in a taxation year preceding the particular taxation year and is a repayment to which this subparagraph has applied ;

(*b*) where, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, any corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation in its base period for the purpose of computing the amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.31, determined in its respect, that relates to a calendar year preceding the particular calendar year ending in the particular taxation year at the end of which the corporation was not associated with any qualified corporation carrying on a recognized business in the Angus Technopole for its taxation year in which the preceding calendar year ended, the amount by which the amount referred to in that subparagraph *a*, determined in respect of the corporation in relation to the preceding calendar year, exceeds the aggregate of

i. the amount that would have been determined pursuant to that subparagraph *a* in respect of the corporation in relation to that preceding calendar year if the aggregate of all amounts each of which is an amount of assistance paid in respect of the salaries or wages referred to therein had been reduced by the aggregate of all amounts each of which is an amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid in a taxation year preceding the particular taxation year and is a repayment to which this subparagraph has applied ;

(*c*) where, in the particular calendar year ending in the particular taxation year, pursuant to a legal obligation, any corporation pays an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an employee by the corporation for its base period for the purpose of

computing the excess amount referred to in section 1029.8.36.72.32 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this subparagraph referred to as a “particular group”, and with which the corporation was associated at that time, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation, in relation to that preceding calendar year if, for the purposes of section 1029.8.36.72.32 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salaries or wages referred to therein had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or in a preceding calendar year and, if the excess amount so determined pursuant to that section 1029.8.36.72.32 had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount paid, in a calendar year preceding the particular calendar year, by a member corporation of the particular group and is a repayment of assistance relating to such salaries or wages to which this subparagraph has applied ;

(*d*) where, in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by the corporation, that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.30 determined in respect of the corporation in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the salaries or wages paid in the base period of the corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.30 in respect of the corporation in relation to that preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages had been government assistance or non-government assistance received by the corporation in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied ;

(e) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the particular amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.72.31 determined in respect of the corporation in relation to a calendar year preceding the particular calendar year at the end of which the corporation was not associated with any other qualified corporation carrying on a recognized business in the Angus Technopole for its taxation year in which the preceding calendar year ended, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by the corporation, the amount by which the particular amount exceeds the aggregate of

i. the amount that would have been determined under subparagraph *a* of the first paragraph of section 1029.8.36.72.31 in respect of the corporation in relation to that preceding calendar year if every amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied; and

(f) where, in the particular calendar year ending in the particular taxation year, an amount in relation to the salaries or wages paid to an employee by any corporation, that are included in computing the excess amount referred to in section 1029.8.36.72.32 that relates to a calendar year preceding the particular calendar year, in respect of all the corporations that were associated with each other at the end of that preceding calendar year, in this subparagraph referred to as a “particular group”, and to which the corporation was associated at that time, other than salaries or wages paid in the base period of that corporation in relation to that preceding calendar year, is, directly or indirectly, refunded or otherwise paid to that corporation or allocated to a payment to be made by the corporation, the amount by which the amount determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation for the preceding calendar year exceeds the aggregate of

i. the amount that would have been determined pursuant to subparagraph *a* of the first paragraph of section 1029.8.36.72.31, taking into account the second paragraph of that section, in respect of the corporation in relation to that preceding calendar year if, for the purposes of section 1029.8.36.72.32 in relation to that preceding calendar year, each of the amounts that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, had been government assistance or non-government assistance received in the preceding calendar year and attributable to such salaries or wages, and, if the amount by which the excess amount so

determined, pursuant to that section 1029.8.36.72.32, had been attributed to a corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated in a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied.

“1129.45.3.16. For the purposes of Part I, except for Division II.6.6.3 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a recognized business, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the salaries or wages, pursuant to a legal obligation.

“1129.45.3.17. Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.72.36 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, where it enacts Part III.10.1.2 of the said Act, has effect from 1 January 1999.

(3) Subsection 1, where it enacts Parts III.10.1.3 and III.10.1.4 of the said Act, has effect from 1 January 2000.

219. (1) Section 1129.45.10 of the said Act is replaced by the following :

“1129.45.10. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.90, on account of its tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to an expenditure included in a qualified start-up expenditure in respect of a qualified investment fund in relation to which the corporation is so deemed to have paid an amount is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which the amount it is deemed to have paid to the Minister for that particular year under that section 1029.8.36.90 exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent year had been refunded, paid or allocated in the particular year ; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a preceding taxation year in respect of the amount that it is deemed to have paid to the Minister for the particular year.”

(2) Subsection 1 applies in relation to qualified investment funds of a qualified corporation in respect of which any of the following conditions is met:

(1) a final qualification certificate has been issued in its respect by the Commission des valeurs mobilières du Québec after 14 March 2000;

(2) in the case of a fund whose authorization is not granted by the Commission des valeurs mobilières du Québec, the distribution of its shares has been approved by a similar regulating authority or securities supervisory agency after 14 March 2000; or

(3) in the case of a separate fund referred to in paragraph *c* of the definition of “qualified investment fund” in the first paragraph of section 1029.8.36.89 of the said Act, the net asset value per security is first computed after 14 March 2000.

220. (1) The said Act is amended by inserting, after section 1129.45.26, the following:

“PART III.10.7

“SPECIAL TAX RELATING TO SOLICITATION EXPENDITURE IN RESPECT OF A FOREIGN INVESTMENT FUND

“1129.45.27. In this Part,

“balance-due day” has the meaning assigned by section 1;

“fiscal period” has the meaning assigned by Part I;

“Minister” means the Minister of Revenue;

“qualified solicitation expenditure” has the meaning assigned by section 1029.8.36.125;

“taxation year” has the meaning assigned by Part I;

“taxpayer” has the meaning assigned by section 1.

“1129.45.28. Every corporation shall pay for the subsequent taxation year referred to in subparagraph *b*, on or before the corporation’s balance-due day for that subsequent taxation year, a tax equal to the amount provided for in the second paragraph where

(*a*) the corporation paid a particular qualified solicitation expenditure in a particular taxation year;

(b) in a taxation year, in subparagraph *c* and in the second paragraph referred to as a “repayment year”, subsequent to the particular taxation year, an amount relating to the particular qualified solicitation expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; and

(c) the corporation is deemed to have paid to the Minister, under section 1029.8.36.129, an amount on account of the corporation’s tax payable under Part I for the particular taxation year or for either of the two subsequent taxation years that is not subsequent to the repayment year.

The tax referred to in the first paragraph is equal to the amount by which

(a) the aggregate of all amounts each of which is the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.129 for a taxation year that is the particular taxation year or either of the two subsequent taxation years that is not subsequent to the repayment year; exceeds

(b) the aggregate of the amounts, each of which is

i. the amount that, if the particular qualified solicitation expenditure had been reduced by any amount that, in respect of such expenditure and in the repayment year or a preceding taxation year, had been, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the corporation would have been deemed to have paid to the Minister under section 1029.8.36.129 for a taxation year that is the particular taxation year or either of the two subsequent taxation years that is not subsequent to the repayment year, or

ii. the amount of tax that the corporation is required to pay for a taxation year preceding the repayment year, under this section, in relation to an amount that, in respect of the particular qualified solicitation expenditure, was, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

“1129.45.29. Every taxpayer shall pay for the taxation year in which the subsequent fiscal period referred to in subparagraph *b* ends, on or before the taxpayer’s balance-due day for that taxation year, a tax equal to the amount provided for in the second paragraph where

(a) the taxpayer is a member of a partnership that paid a particular qualified solicitation expenditure in a particular fiscal period ending in a particular taxation year;

(b) in a fiscal period, in subparagraph *c* and in the second paragraph referred to as a “fiscal period of repayment”, subsequent to the particular fiscal period, an amount relating to the particular qualified solicitation expenditure is, directly or indirectly, refunded or otherwise paid to the taxpayer or partnership or allocated to a payment to be made by the taxpayer or partnership; and

(c) the taxpayer is deemed to have paid to the Minister, under section 1029.8.36.132, in respect of the partnership, an amount on account of the taxpayer's tax payable under Part I for the particular taxation year or for a subsequent taxation year in which either of the two fiscal periods ends, subsequent to that particular fiscal period of the partnership and that is not subsequent to the taxation year in which the fiscal period of repayment ends.

The tax referred to in the first paragraph is equal to the amount by which

(a) the aggregate of all amounts each of which is the amount that, if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, the taxpayer would have been deemed to have paid to the Minister under section 1029.8.36.132 in respect of the partnership for the particular taxation year, or for a subsequent taxation year in which either of the two fiscal periods ends, subsequent to the particular fiscal period of the partnership and that is not subsequent to the taxation year in which the fiscal period of repayment ends; exceeds

(b) the aggregate of the amounts, each of which is

i. the amount that, if the taxpayer's share of the particular qualified solicitation expenditure for any fiscal period were reduced by any amount that, in respect of such expenditure and in the fiscal period of repayment or a preceding fiscal period, was, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer and of the taxpayer's share of any amount for that fiscal period that, in respect of that expenditure and in the fiscal period of repayment or a preceding fiscal period, was, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, and if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, the taxpayer would have been deemed to have paid to the Minister under section 1029.8.36.132 in respect of the partnership for a particular taxation year, or for a taxation year in which either of the two fiscal periods ends, subsequent to the particular fiscal period of the partnership and that is not subsequent to the taxation year in which the fiscal period of repayment ends, or

ii. the amount of tax that, if the taxpayer's share of any amount for any fiscal period were the taxpayer's share of that amount for the fiscal period of repayment, the taxpayer should have paid for a taxation year preceding the taxation year in which the fiscal period of repayment ends, under this section, in relation to an amount that, in respect of the particular qualified solicitation expenditure, was, directly or indirectly, refunded or otherwise paid to the taxpayer or partnership or allocated to a payment to be made by the taxpayer or partnership.

For the purposes of the second paragraph, a taxpayer's share, as a member of a partnership, of any amount for a fiscal period of the partnership is equal to such proportion of that amount as the taxpayer's share of the income or loss of the partnership for that fiscal period is of the income or loss of the partnership

for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.

“1129.45.30. For the purposes of Part I, except for Division II.6.12 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a taxpayer at any time, under this Part, in relation to a particular expenditure, is deemed to be an amount of assistance repaid at that time in respect of that expenditure pursuant to a legal obligation, by

(a) the partnership referred to in section 1129.45.29, where the tax arises from an amount directly or indirectly refunded or otherwise paid to that partnership or allocated to a payment required to be made by the partnership ; or

(b) the taxpayer, in any other case.

“1129.45.31. Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

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

221. (1) Section 1130 of the said Act, amended by section 244 of chapter 39 of the statutes of 2000, is again amended by replacing the definition of “recognized business” by the following :

““recognized business” means a recognized business within the meaning assigned by the first paragraph of section 1029.8.36.0.38 and by section 1029.8.36.0.38.1 ;”.

(2) Subsection 1 has effect from 14 March 2000.

222. (1) Section 1137 of the said Act, amended by section 249 of chapter 39 of the statutes of 2000 and by section 166 of chapter 7 of the statutes of 2001, is again amended

(1) by replacing, wherever it appears in the French text of the portion of paragraphs *b.2* and *b.2.1* before subparagraph *i*, the word “visa” by the word “certificat” ;

(2) by replacing paragraph *b.5* by the following :

“(b.5) an amount equal to 33 1/3% of the portion of its paid-up capital that would, but for this paragraph, be determined under sections 1136 to 1138 that

i. the greater of

(1) its gross revenue for the taxation year from a mineral resource owned or operated by it, and

(2) the capital cost, to the corporation, of property acquired in the year in the course of a major expansion that results in any of the consequences described in subparagraphs 1 and 2 of subparagraph ii of subparagraph *a* of the first paragraph of Class 28 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), that is added to the capital cost, to the corporation, of the property of Class 41 of that Schedule, is of

ii. the aggregate of its gross revenue for that year and, where applicable, the amount by which the amount determined under subparagraph 2 of subparagraph i of this paragraph exceeds the amount determined under subparagraph 1 of that subparagraph;”.

(2) Paragraph 2 of subsection 1 applies to taxation years that end after 31 March 1998.

223. (1) Section 1137.4 of the said Act is amended by adding the following paragraph :

“Where the property is general-purpose electronic data processing equipment referred to in subparagraph *b* of the second paragraph of Class 12 of Schedule B to the Regulation respecting the Taxation Act and the property is installed in Québec, the word “solely” shall be replaced, in subparagraph *b* of the first paragraph, by the word “primarily”.”

(2) Subsection 1 applies in respect of property acquired after 14 March 2000.

224. (1) Section 1137.5 of the said Act, amended by section 251 of chapter 39 of the statutes of 2000, is again amended by replacing, in the portion of the first paragraph before subparagraph *a*, wherever they appear, “2000” and “2001” by “2005” and “2006”, respectively.

(2) Subsection 1 has effect from 1 April 2000.

225. (1) Section 1138 of the said Act, amended by section 252 of chapter 39 of the statutes of 2000, is again amended by replacing subparagraph *d.1* of paragraph 1 by the following

“(d.1) the amount of debts resulting from the selling of property or the provision of services to another corporation where those debts are secured, in whole or in part, by a property of that other corporation, other than a debt contracted or assumed by it within the preceding six months and that is an account receivable payable as consideration for the acquisition of property or the supply of a service, or a receivable tax in connection with the acquisition of property or the supply of a service where the acquisition or supply gave rise to an account receivable or would give rise to an account receivable if the consideration for the acquisition or supply were unpaid;”.

(2) Subsection 1 applies to taxation years that end after 9 March 1999.

226. (1) Section 1141.1.1 of the said Act is amended by replacing subparagraphs i and ii of subparagraph b of the first paragraph by the following :

“i. the value at the end of the year of an asset of the corporation, other than property held by the corporation primarily for the purpose of resale that was acquired by the corporation in the year or the preceding taxation year, as a consequence of another person’s default, or anticipated default, in respect of a debt owed to the corporation, that is tangible property, and

“ii. the corporation’s share, in respect of a partnership of which the corporation is a member at the end of the year, of the value of an asset of the partnership, at the end of the partnership’s last fiscal period ending at or before the end of the year, that is tangible property.”

(2) Subsection 1 applies to taxation years that begin after 9 May 1995. However, it does not apply in respect of cases pending before the courts on 14 March 2000 and notices of objection served on the Minister of Revenue on or before that date, in which one of the matters of dispute, expressly raised on or before that date in the motion for appeal or the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, is that the value of an asset that is tangible property, or the share of the value of such an asset, is not required to be included in computing a corporation’s paid-up capital.

227. Section 1186.5 of the said Act is amended by adding the following paragraph :

“However, contributions referred to in section 1186.2 paid by a person from the date on which the Act to establish a fund to combat poverty through reintegration into the labour market ceases to have effect shall be paid into the consolidated revenue fund.”

228. (1) The said Act, amended by chapters 5, 8, 14, 25, 29, 39 and 56 of the statutes of 2000 and by chapter 7 of the statutes of 2001, is again amended

(1) by striking out the definition of “government assistance” and of “non-government assistance” in the following provisions :

- the first paragraph of section 1029.8.21.4;
- the first paragraph of section 1029.8.21.17;
- the first paragraph of section 1029.8.22;
- section 1029.8.33.2;
- section 1029.8.36.0.0.1;

- the first paragraph of section 1029.8.36.0.1;
 - the first paragraph of section 1029.8.36.4;
 - section 1029.8.36.59.1;
 - the first paragraph of section 1029.8.36.73;
 - the first paragraph of section 1029.8.36.95;
 - section 1029.8.36.102;
 - the first paragraph of section 1029.8.36.115;
 - section 1129.0.11;
 - section 1129.4.0.1;
 - section 1129.4.0.5;
 - section 1129.4.0.9;
 - section 1129.4.0.13;
 - section 1129.4.1;
 - section 1129.4.3.13;
 - section 1129.4.3.18;
 - section 1129.4.4;
 - section 1129.4.7;
 - section 1129.4.13;
 - section 1129.45.3.1;
 - the first paragraph of section 1129.45.4;
- (2) by replacing “2011” by “2012” in the following provisions:
- the portion of section 1029.8.36.0.49 before paragraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.50 before subparagraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.51 before subparagraph *a*;

- the portion of section 1029.8.36.0.66 before paragraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.67 before subparagraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.68 before subparagraph *a*;
 - the portion of section 1029.8.36.0.77 before paragraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.78 before subparagraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.79 before subparagraph *a*;
- (3) by replacing “in section 1029.8.36.0.55” by “in the first paragraph of section 1029.8.36.0.55” in the following provisions:
- subparagraph *b* of the second paragraph of section 1029.8.36.0.57;
 - subparagraph *b* of the second paragraph of section 1029.8.36.0.60;
 - the portion of section 1029.8.36.0.66 before paragraph *a*;
 - the portion of the first paragraph of section 1029.8.36.0.67 before subparagraph *a*;
 - subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.67;
 - subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.0.68;
 - paragraph *a* of section 1029.8.36.0.69;
 - paragraph *a* of section 1029.8.36.0.70;
 - the portion of paragraph *b* of section 1029.8.36.0.70 before subparagraph *i*;
- (4) by replacing “in section 1029.8.36.0.72” by “in the first paragraph of section 1029.8.36.0.72” in the following provisions:
- subparagraph *b* of the second paragraph of section 1029.8.36.0.73;
 - subparagraph *b* of the second paragraph of section 1029.8.36.0.74;
- (5) by replacing the words “validation certificate” by the words “qualification certificate” in the following provisions:

— the portion of the first paragraph of section 1029.8.36.55 before subparagraph *a*;

— the portion of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.55 before subparagraph 1;

— the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.55 before subparagraph 1;

— subparagraphs i to iv of subparagraph *b* of the first paragraph of section 1029.8.36.55;

— the portion of the first paragraph of section 1029.8.36.55.1 before subparagraph *a*;

— subparagraphs i to iv of subparagraph *a* of the first paragraph of section 1029.8.36.55.1;

— subparagraphs i to iv of subparagraph *b* of the first paragraph of section 1029.8.36.55.1;

— the definition of “eligible contract” in section 1130;

— paragraph *a* of section 1137.1.

(2) Paragraphs 2 to 4 of subsection 1 have effect from 14 March 2000.

LICENSES ACT

229. Section 5 of the Licenses Act (R.S.Q., chapter L-3) is amended by adding the following paragraph:

“Notwithstanding the second paragraph, the regulations made in the year 2001 under this Act in respect of the reduction of the specific duty provided for in subparagraphs *b* and *c* of the first paragraph of section 79.11 may, once published and if they so provide, apply from 15 March 2000.”

ACT RESPECTING THE MINISTÈRE DU REVENU

230. The heading of Chapter I of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is replaced by the following:

“INTERPRETATION AND RULES OF APPLICATION”.

231. Section 1.0.1 of the said Act, replaced by section 2 of chapter 25 of the statutes of 2000, is amended by inserting, in the portion before the definitions, after the word “regulations”, the words “made thereunder”.

232. Section 1.1 of the said Act is amended by inserting, after the words “fiscal law”, the words “and the regulations thereunder”.

233. (1) Section 21 of the said Act is amended by adding the following paragraph:

“This section does not apply in respect of

(1) an amount that a person has paid as tax under the Act respecting the Québec sales tax (chapter T-0.1) in respect of the supply by way of sale of a motor vehicle the person received solely for the purpose of again making a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year; or

(2) an amount of tax provided for in section 16 of the Act respecting the Québec sales tax that a person has paid, in respect of a motor vehicle the supply of which was received by the person by way of retail sale, to the registrant who made the supply to the person in circumstances where the amount was not payable by the person under section 422 of that Act.”

(2) Subsection 1 has effect from 1 May 1999. However, for the period starting 1 May 1999 and ending 20 February 2000, the second paragraph of section 21 of the said Act, enacted by subsection 1, shall be read as follows:

“This section does not apply in respect of an amount that a person has paid as tax under the Act respecting the Québec sales tax (chapter T-0.1) in respect of the supply by way of sale of a motor vehicle the person has received solely for the purpose of again making a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year.”

234. (1) Section 28 of the said Act is amended

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

“Any refund due by the Minister under a fiscal law shall also bear interest, for each quarter of a calendar year, at the rate in effect on the first day of the third month of the previous quarter in relation to the latest issue of Québec savings bonds.”;

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

“The interest rate that applies to a refund provided for in the second paragraph, for a quarter, shall be published in the *Gazette officielle du Québec*.”

(2) Paragraph 1 of subsection 1 applies in respect of refunds due by the Minister of Revenue after 31 December 1999.

235. Section 38 of the said Act, amended by section 16 of chapter 25 of the statutes of 2000, is again amended by adding, at the end of the first paragraph, the following sentence: “However, the person may not enter a residence without the consent of its occupant.”

236. Section 58.1 of the said Act is replaced by the following :

“**58.1.** The Minister may require that a prescribed person furnish, in any return, report or other document exigible under a fiscal law, the information provided for in section 58.1.1 in respect of the person’s identification or that of another person referred to in such return, report or other document.

The Minister may also require that the prescribed person or the other person obtain a Social Insurance Number.”

237. The said Act is amended by inserting, after section 58.1, the following :

“**58.1.1.** The identification information to which the first paragraph of section 58.1 refers concerning the person required to file a return, report or other document exigible under a fiscal law or any other person referred to in the return, report or other document consists of the person’s

- (a) name ;
- (b) date of birth ;
- (c) address ;
- (d) occupation ;
- (e) Social Insurance Number ;
- (f) registration number assigned under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (chapter P-45) ;
- (g) business number, within the meaning of subsection 1 of section 248 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)
- (h) registration number assigned under section 415 of the Act respecting the Québec sales tax (chapter T-0.1) ; and
- (i) any other means of identification the Minister uses in respect of a person.”

238. Section 58.2 of the said Act is amended by striking out, in the first paragraph, the word “prescribed”.

239. Section 59.0.2 of the said Act is amended by replacing subparagraphs *a* and *b* of the third paragraph by the following :

“(a) a failure to provide information referred to in section 58.1 with respect to a person, if the person required to provide the information has made a reasonable effort to obtain it from such person ; or

“(b) a failure to provide the Social Insurance Number in a fiscal return, if the person required to provide the number has applied for the assignment of such a number and has not received it at the time the return is filed.”

240. Section 59.0.3 of the said Act is amended by replacing, in the third paragraph, the words “identification number” by the words “Social Insurance Number”.

241. (1) The said Act is amended by inserting, after section 59.5, the following sections :

“**59.5.1.** In this section and sections 59.5.2 to 59.5.9,

“culpable conduct” means an act or a failure to act that

(a) is tantamount to intentional conduct ;

(b) shows an indifference as to whether Title I of the Act respecting the Québec sales tax (chapter T-0.1) is complied with ; or

(c) shows a wilful, reckless or wanton disregard of Title I of the Act respecting the Québec sales tax ;

“false statement” includes a statement that is misleading because of an omission from the statement ;

“gross compensation” of a particular person at any time, in respect of a false statement that could be used by or on behalf of another person, means all amounts that the particular person, or any person not dealing at arm’s length, within the meaning of the Taxation Act (chapter I-3), with the particular person, is entitled, either absolutely or contingently and either before or after that time, to receive or to obtain in respect of the statement ;

“person” has the meaning assigned by section 1 of the Act respecting the Québec sales tax ;

“subordinate”, in respect of a particular person, includes any other person over whose activities the particular person has direction, supervision or control whether or not the other person is an employee of the particular person or of another person.

For the purposes of the definition of “subordinate” in the first paragraph, if the particular person is a member of a partnership, the other person is not a subordinate of the particular person solely because the particular person is a member of the partnership.

“59.5.2. For the purposes of this section and sections 59.5.3 and 59.5.5, any reference to a person’s participation includes

- (a) the fact of causing a subordinate to act or to omit information ; and
- (b) the fact of knowing of, and not making a reasonable attempt to prevent, the participation of a subordinate in an act or an omission of information.

“59.5.3. Every person who makes a statement, or assents to, acquiesces in or participates in the making of a statement by or on behalf of another person, in this section and sections 59.5.4, 59.5.6 and 59.5.8 referred to as the “other person”, that the person knows, or would reasonably be expected to know but for circumstances amounting to culpable conduct, is a false statement that could be used by or on behalf of the other person for a purpose of Title I of the Act respecting the Québec sales tax (chapter T-0.1) is liable to a penalty in respect of the false statement equal to the greater of \$1,000 and the lesser of

- (a) the aggregate of \$100,000 and the person’s gross compensation, at the time at which the notice of assessment of the penalty is sent to the person, in respect of the false statement that could be used by or on behalf of the other person ; and

- (b) 50% of the aggregate of all amounts each of which is

- i. if the false statement is relevant to the determination of net tax of the other person for a reporting period, the amount, if any, by which the net tax of the other person for the reporting period exceeds the amount that would be the net tax of the other person for the reporting period if the statement were not a false statement,

- ii. if the false statement is relevant to the determination of an amount of tax payable by the other person, the amount, if any, by which the tax payable exceeds the amount that would be the tax payable by the other person if the statement were not a false statement, and

- iii. if the false statement is relevant to the determination of a rebate, the amount, if any, by which the amount that would be the rebate to which the other person would be entitled if the statement were not a false statement exceeds the amount of the rebate payable to the other person.

“59.5.4. For the purposes of section 59.5.3, a person, in this section referred to as the “advisor”, who acts on behalf of the other person is not considered to have acted in circumstances amounting to culpable conduct in respect of the false statement referred to in that section solely because the

advisor relied, in good faith, on information provided to the advisor by or on behalf of the other person or, because of such reliance, failed to verify, correct or investigate the information.

“59.5.5. For the purposes of sections 59.5.1 to 59.5.9, a person is not considered to have made or furnished, or assented to, acquiesced in or participated in the making of, a false statement solely because the person provided clerical services, other than bookkeeping services, or secretarial services with respect to the statement.

“59.5.6. For the purposes of sections 59.5.1 to 59.5.9, where a person is assessed a penalty that is referred to in section 59.5.3, the person’s gross compensation at any time in respect of the false statement that could be used by or on behalf of the other person shall exclude the aggregate of all amounts each of which is the amount of a penalty, other than a penalty the assessment of which is null because of section 59.5.7, determined under section 59.5.3, to the extent that the false statement was used by or on behalf of that other person and for which notice of the assessment was sent to the person before that time.

“59.5.7. For the purposes of this Act, if an assessment of a penalty under section 59.5.3 is vacated, the assessment is deemed to be null from the time it was made.

“59.5.8. Where an employee, other than a specified employee within the meaning of section 1 of the Taxation Act (chapter I-3), is employed by the other person, the following rules apply :

(a) section 59.5.3 does not apply to the employee to the extent that the false statement could be used by or on behalf of the other person for a purpose of Title I of the Act respecting the Québec sales tax (chapter T-0.1); and

(b) the conduct of the employee is deemed to be that of the other person for the purpose of applying section 59.3 to the other person.

“59.5.9. If, in an appeal under this Act, a penalty is in issue, the burden of establishing the facts referred to in section 59.3 or sections 59.5.1 to 59.5.8 is on the Minister.”

(2) Subsection 1 applies to statements made after 29 June 2000.

242. Section 59.6 of the said Act is replaced by the following :

“59.6. However, no person shall incur, in respect of the same statement or omission, both the penalty provided in section 59.3 or 59.5 and the penalty provided in section 59.4, or both a penalty provided in those sections or section 59.5.3 and the payment of a fine provided in a fiscal law unless, in the latter case, the penalty was imposed before the proceedings giving rise to the fine were brought.”

243. (1) The said Act is amended by inserting, after section 61.0.0.1, enacted by section 22 of chapter 25 of the statutes of 2000, the following section:

“61.0.0.2. No penalty or fine under a fiscal law may be imposed on a person for failing to comply with an obligation under a fiscal law or a regulation thereunder that is incumbent on an employer where another person undertakes to fulfil that obligation, on behalf of the person, pursuant to an agreement entered into between the Minister and the other person, in respect of wages paid by the person under Division II.11.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3) or within the framework of the direct allowance programme implemented by the Ministère de la Santé et des Services sociaux under section 478 of the Act respecting health services and social services (chapter S-4.2).”

(2) Subsection 1 applies in respect of events generating a penalty or a fine and occurring after 31 December 1999.

244. Section 64 of the said Act is amended by replacing “section 1049” by “section 1049 or 1049.0.5”.

245. The said Act is amended by inserting, after section 94.0.3, enacted by section 267 of chapter 39 of the statutes of 2000, the following section:

“94.0.4. The Minister may, for a taxation year subsequent to the year 1997, remit the tax, interest and penalties paid or payable by an individual under Part I of the Taxation Act (chapter I-3) and the contribution, interest and penalties paid or payable by the individual under Part VII.1 of that Act where the individual became resident in Canada in the year and the individual’s taxable income for the year, within the meaning assigned by section 1 of that Act, does not exceed the aggregate of all amounts each of which is an amount received as a social assistance payment made on the basis of a means, needs or income test that was included in computing the individual’s income for the year under section 311.1 of the Taxation Act and that was not deductible in computing the individual’s taxable income under paragraph *c* of section 725 of that Act.”

ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

246. (1) Section 33.0.3 of the Act respecting the Régie de l’assurance maladie du Québec (R.S.Q., chapter R-5), enacted by section 269 of chapter 39 of the statutes of 2000, is replaced by the following:

“33.0.3. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more employers at the end of a year or for the transfer of a business or part of a business from one employer to another employer in the year is to reduce the total payroll of any of the employers for that year, the employers are deemed, for the purposes of the

definition of “total payroll” provided for in the first paragraph of section 33, to be employers associated with each other at the end of the year and carrying on at that time such a business as described in that definition.”

(2) Subsection 1 applies from the year 1999.

247. (1) Section 33.0.4 of the said Act, enacted by section 269 of chapter 39 of the statutes of 2000, is amended, in the French text, by replacing the first paragraph by the following :

“33.0.4. Les règles prévues au deuxième alinéa s’appliquent lorsque, au cours d’une année donnée :

a) soit survient l’unification de plusieurs sociétés qui sont remplacées pour former une seule société ;

b) soit surviennent la liquidation ou la dissolution d’une société ou société de personnes donnée, et, dans le cadre de la liquidation ou de la dissolution ou d’une série d’opérations ou d’événements comprenant la liquidation ou la dissolution, le transfert de biens appartenant ou ayant appartenu à la société ou société de personnes donnée en faveur d’une personne ou société de personnes qui, immédiatement après le transfert, est associée à la société ou société de personnes donnée selon les règles prévues au deuxième alinéa de l’article 33.0.2, compte tenu des adaptations nécessaires, ou le serait si, à ce moment, la société ou société de personnes donnée existait et avait les mêmes actionnaires ou membres que ceux qu’elle avait immédiatement avant le début de la liquidation ou de la dissolution.”

(2) Subsection 1 applies from the year 1999.

248. (1) Section 34 of the said Act, amended by section 270 of chapter 39 of the statutes of 2000, is again amended

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

“(b) the employer carries on a recognized business, within the meaning of section 1029.8.36.0.38 of the Taxation Act, at the time of payment or deemed payment, within the period covered by the certificate in relation to that recognized business which cannot begin before 10 March 1999 nor end after 31 December 2010, of the wages or amount to one of the employees, and, for the pay period related to the wages or amount, which is within the period covered by the certificate, the employee spends at least 75% of the working time in carrying on work within the international trade zone, within the meaning of that section, in respect of the recognized business ; and” ;

(2) by adding, after subparagraph *b* of the sixth paragraph, the following subparagraph :

“(c) the employer carries on a business that is referred to in section 1029.8.36.0.38.1 of the Taxation Act, at the time of payment or deemed payment, within the period covered by the certificate in relation to that business which cannot begin before 14 March 2000 nor end after 31 December 2010, of the wages or amount to one of the employees, and, for the pay period related to the wages or amount, which is within the period covered by the certificate, the employee spends at least 75% of the working time in carrying on work relating to the business activities that, because of section 1029.8.36.0.38.2 of that Act, are deemed to be carried on within the international trade zone.”;

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

“For the purposes of subparagraphs *b* and *c* of the sixth paragraph, where a pay period is not included in whole in the period covered by the certificate in relation to the employer’s recognized business or, as the case may be, in relation to the employer’s business referred to in section 1029.8.36.0.38.1 of the Taxation Act, only the period in respect of which the wages or amount relate, which is within the period covered by the certificate, may be taken into account.”

(2) Subsection 1 applies from the year 2000.

(3) In addition, where the seventh paragraph of section 34 of the said Act, replaced by paragraph 3 of subsection 1, applies to the taxation 1999, the French text thereof shall be read with the words “sous-paragraphe” replaced by the word “paragraphe”.

249. (1) Section 34.1.4 of the said Act, amended by section 273 of chapter 39 of the statutes of 2000 and by section 176 of chapter 7 of the statutes of 2001, is again amended by replacing subparagraph ii of paragraph *b* by the following :

“ii. any amount deducted in computing the individual’s income for the year by reason of any of paragraphs *d*, *d.1* and *f* to *i* of section 336 of the Taxation Act, except to the extent that paragraph *d* of that section refers to an overpayment of an amount described in section 311.1 of that Act or of a pension paid under the Old Age Security Act, by reason of section 336.0.3 of the Taxation Act, by reason of paragraph *b* of section 339 of that Act to the extent that that paragraph refers to an amount that is deductible under any of sections 924, 926 and 928 of that Act, by reason of paragraph *c* of that section 339 to the extent that that paragraph refers to an amount that is deductible under section 952.1 of that Act, by reason of any of paragraphs *d*, *d.1*, *d.2*, *f* and *j* of that section 339, or by reason of section 961.20 or 961.21 of that Act;”.

(2) Subsection 1 applies from the year 2000.

250. (1) Section 37.4 of the said Act is amended

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

“(a) \$11,120 where, for the year, the individual has neither an eligible spouse nor a dependent child ;

“(b) \$18,030 where, for the year, the individual has no eligible spouse but has only one dependent child ;

“(c) \$20,630 where, for the year, the individual has no eligible spouse but has several dependent children ;

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

“(c.1) \$18,030 where, for the year, the individual has an eligible spouse but has no dependent child;”;

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

“(d) where, for the year, the individual has an eligible spouse and at least one dependent child,

i. \$20,630 where the individual has one dependent child for the year, or

ii. \$23,030 where the individual has several dependent children for the year.”

(2) Subsection 1 applies from the year 2000. In addition, where paragraphs *a* to *d* of section 37.4 of the said Act apply to the year 1999, they shall be read as follows :

“(a) \$10,860 where, for the year, the individual has neither an eligible spouse nor a dependent child ;

“(b) \$17,600 where, for the year, the individual has no eligible spouse but has only one dependent child ;

“(c) \$20,200 where, for the year, the individual has no eligible spouse but has several dependent children ;

“(c.1) \$17,600 where, for the year, the individual has an eligible spouse but has no dependent child ;

“(d) where, for the year, the individual has an eligible spouse and at least one dependent child,

i. \$20,200 where the individual has one dependent child for the year, or

ii. \$22,600 where the individual has several dependent children for the year.”

ACT RESPECTING THE QUÉBEC PENSION PLAN

251. (1) Section 47 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is amended by replacing the first paragraph by the following :

“**47.** The self-employed earnings of a worker for a year are equal to the worker’s income for the year from all businesses carried on by the worker directly or as a member of a partnership where the worker is actively engaged in the activities of the partnership, less all losses sustained by the worker in the year in carrying on such business.”

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

ACT RESPECTING PROPERTY TAX REFUND

252. (1) The Act respecting property tax refund (R.S.Q., chapter R-20.1) is amended by inserting, after section 1.2, the following sections :

“**1.3.** Each of the amounts referred to in the third paragraph shall, where it is to be used for a year subsequent to the taxation year 2001, be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding year and the product obtained by multiplying that amount so used by the percentage determined by the formula

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

In the formula provided for in the first paragraph,

(a) A is the average consumer price index for Québec for the 12-month period that ended on 30 September of the year preceding that for which an amount is to be adjusted ;

(b) B is the average consumer price index for Québec for the 12-month period that ended on 30 September of the year next before the year preceding that for which the amount is to be adjusted.

The amounts to which the first paragraph refers are

(a) the amount of \$26,000 mentioned in section 1 ;

(b) the amount of \$1,285 mentioned in section 7 ;

(c) the amount of \$430, wherever it is mentioned in section 7.1.

1.4. Where the amount that results from the indexation provided for in section 1.3 is not a multiple of 5, it must be rounded to the nearest multiple of 5 or, if it is equidistant from two such multiples, to the higher thereof.”

(2) Subsection 1 applies in respect of computations of property tax refund for the year 2002 and subsequent years.

ACT RESPECTING QUÉBEC BUSINESS INVESTMENT COMPANIES

253. (1) Section 4.0.1 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) is amended by replacing the words “the Société de développement industriel du Québec” by the words “Investissement Québec”.

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

254. (1) Section 12 of the said Act, amended by section 278 of chapter 39 of the statutes of 2000, is again amended by replacing subparagraph 2 of the third paragraph by the following :

“(2) have assets of less than \$25,000,000;”.

(2) Subsection 1 applies in respect of investments made by investment companies in Québec businesses after 14 March 2000.

255. (1) Section 12.1 of the said Act, amended by section 279 of chapter 39 of the statutes of 2000, is again amended by replacing, in the portion before paragraph 1, the words “the Société de développement industriel du Québec” by the words “Investissement Québec”.

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

256. (1) Section 13 of the said Act is amended by replacing “\$5 000 000” by “\$10,000,000”.

(2) Subsection 1 applies in respect of investments made by investment companies in Québec businesses after 14 March 2000.

257. (1) Section 16 of the said Act is amended by replacing subparagraph 3 of the first paragraph by the following :

“(3) determine what constitutes the assets of a legal person and of any legal person associated with it, the net equity of a legal person’s shareholders and the manner of computing them;”.

(2) Subsection 1 applies in respect of investments made by investment companies in Québec businesses after 14 March 2000.

ACT RESPECTING THE QUÉBEC SALES TAX

258. (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 26 of chapter 25 of the statutes of 2000 and by section 218 of chapter 56 of the statutes of 2000, is again amended

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

““net mass” means

(1) in the case of a new motor vehicle, the mass of the vehicle indicated by the manufacturer at the time of shipping;

(2) in the case of a used motor vehicle, the mass indicated on the last registration certificate issued in respect of the vehicle;”;

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

““motor vehicle” means a self-propelled road vehicle having a net mass of less than 4,000 kg, with four or more wheels and designed essentially for transporting persons or property by road;”;

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

““retail sale” of a motor vehicle means

(1) the sale of a motor vehicle to a person who receives it for any other purpose than to again make a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year;

(2) the sale of a new motor vehicle to a person who receives it to again make a supply of it by way of sale, otherwise than by way of gift, and who acquires it through a mandatary for the purpose of shipping the vehicle outside Québec.”

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 May 1999.

(3) Paragraph 3 of subsection 1 has effect from 1 May 1999. However, for the period that begins on 1 May 1999 and ends on 20 February 2000, the definition of “retail sale” in section 1 of the said Act, enacted by paragraph 3 of subsection 1, shall be read as follows:

““retail sale” of a motor vehicle means the sale of a new motor vehicle to a person who receives it to again make a supply of it by way of sale, otherwise than by way of gift, and who acquires it through a mandatary for the purpose of shipping the vehicle outside Québec;”.

259. (1) Section 11.1 of the said Act is replaced by the following :

“**11.1.** Except for the purpose of determining the place of residence of an individual in the individual’s capacity as a consumer and except for the purposes of Division V of Chapter IV, a person is deemed to be resident in Québec if the person is resident in Canada and has a permanent establishment in Québec.

For the purposes of Division V of Chapter IV, a person who is not resident in Québec but who is resident in Canada and has a permanent establishment in Québec is deemed to be resident in Québec, but only in respect of activities carried on by the person through that establishment.”

(2) Subsection 1 has effect from 15 March 2000. It also applies for the period from 1 April 1997 to 14 March 2000 in respect of supplies which, but for its application, would not have been zero-rated under Division V of Chapter IV of Title I of the said Act, except if the supplier has charged or collected an amount as or on account of tax under Title I of the said Act.

260. (1) Section 17 of the said Act is amended by replacing the first paragraph by the following :

“**17.** Every person who brings into Québec corporeal property for consumption or use in Québec by the person or at the person’s expense by another person or for supply in Québec for consideration where the person is a small supplier who is not a registrant or, in the case of a road vehicle, a person who is not registered under Division I of Chapter VIII shall, immediately after the bringing into Québec of the property, pay to the Minister a tax in respect of that property, calculated at the rate of 7.5% on the value of the property.”

(2) Subsection 1 applies in respect of the bringing in of property after 30 April 1999.

261. (1) Section 22.9 of the said Act is amended, in the first paragraph, by replacing

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

“**22.9.** Property is deemed to be delivered

(1) in Québec where the supplier”;

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

“(2) outside Québec where the supplier”.

(2) Subsection 1 has effect from 1 April 1997.

262. (1) Section 22.28 of the said Act is replaced by the following :

“**22.28.** Notwithstanding sections 22.7 to 22.27, a supply of property that is deemed under any of sections 207 to 210.4, 238.1, 285 to 287.3, 298, 300, 320, 323.1, 325 and 337.2 to 341.9 to have been made or received at any time is deemed to be made in Québec if the property is situated in Québec at that time.”

(2) Subsection 1 has effect from 1 May 1999.

263. (1) Section 54.2 of the said Act is amended by adding the following paragraph :

“(4) if the recipient is not required to collect tax in respect of the supply of the trade-in because of the application of subparagraph 3 of the second paragraph of section 422.”

(2) Subsection 1 has effect from 21 February 2000.

264. (1) Section 55.0.3 of the said Act is amended, in the first paragraph, by replacing the portion before subparagraph 1 by the following :

“**55.0.3.** Where section 55.0.1 applies in respect of the supply of a road vehicle that is damaged or that shows unusual wear and at the time of the supply the recipient provides the supplier of the vehicle or, in the case of a supply under section 20.1 or a supply of a motor vehicle by way of retail sale, the Minister or a person prescribed for the purposes of section 473.1 or, as the case may be, section 473.1.1, with a written estimate of the vehicle or of the repairs to be carried out in respect of the vehicle, the estimated value of the vehicle described in section 55.0.2 may be reduced by an amount equal to”.

(2) Subsection 1 has effect from 21 February 2000.

265. (1) Section 81 of the said Act is amended

(1) by replacing paragraph 7 by the following :

“(7) goods to the supply of which any of Divisions I, II, III or IV of Chapter IV, paragraph 2 of section 198 or section 198.1 or 198.2 applies;”;

(2) by inserting, after paragraph 7, the following paragraph :

“(7.1) a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply made in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2;”.

(2) Paragraph 1 of subsection 1 has effect from 23 June 1998. In addition, for the period that began on 9 May 1996 and ended on 22 June 1998, paragraph 7 of section 81 of the said Act, replaced by paragraph 1 of subsection 1, shall be read as follows

“(7) goods to the supply of which any of Divisions I, II, III or IV of Chapter IV, paragraph 2 of section 198 or section 198.1 applies;”.

(3) Paragraph 2 of subsection 1 has effect in respect of the bringing in of vehicles after 30 April 1999.

266. (1) The said Act is amended by inserting, after section 82.1, the following :

“**82.2.** Notwithstanding section 82, tax under section 16 in respect of the supply of a motor vehicle by way of retail sale, other than a supply under section 20.1, is payable at the time of the registration of the vehicle under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply.

Notwithstanding the first paragraph, tax is payable at the time the motor vehicle is delivered to the recipient if the vehicle is not registered within 15 days after that time.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or is paid before 21 February 2000.

267. (1) Section 91 of the said Act is amended by replacing the portion before paragraph 1 by the following :

“**91.** For the purposes of sections 82, 82.2, 85 to 90 and 92, where a supply of any combination of service, movable property or immovable property (each of which is in this section referred to as an “element”) is made and the consideration for each element is not separately identified,”.

(2) Subsection 1 has effect from 21 February 2000.

268. (1) Section 92 of the said Act is amended by replacing the first paragraph by the following :

“**92.** For the purposes of sections 82, 82.2 and 85 to 91, a deposit, whether refundable or not, given in respect of a supply shall not be considered as consideration paid for the supply unless and until the supplier applies the deposit as consideration for the supply.”

(2) Subsection 1 has effect from 21 February 2000.

269. (1) The said Act is amended by inserting, after section 197.1, the following:

“DIVISION VII.1

“MOTOR VEHICLE ACQUIRED TO BE RESUPPLIED

“197.2. A supply of a motor vehicle by way of sale made to a person who is registered under Division I of Chapter VIII and who receives the motor vehicle only to again make a supply of it by way of sale or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year is a zero-rated supply.

For the purposes of this section, “sale” has the meaning assigned by section 1 but does not include a gift.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 30 April 1999 and is not paid before 1 May 1999. However,

(a) it does not apply in respect of any part of the consideration that becomes due or is paid before 1 May 1999;

(b) where the first paragraph of section 197.2 of the said Act, enacted by subsection 1, applies for the period that begins on 1 May 1999 and ends on 20 February 2000, it shall be read as if the reference therein to “a person who is registered under Division I of Chapter VIII” were a reference to “a recipient”.

270. (1) Section 199 of the said Act is amended by adding the following paragraph:

“Notwithstanding the first paragraph, the input tax refund of a person in respect of a motor vehicle supplied to the person by way of retail sale is the amount determined pursuant to section 199.0.1.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or has been paid before 21 February 2000. In addition, for the period that begins on 1 May 1999 and ends on 20 February 2000, the third paragraph of section 199 of the said Act shall be read as follows:

“Notwithstanding the first paragraph, the input tax refund of a person in respect of a motor vehicle supplied to the person by way of a retail sale referred to in the definition of “retail sale” in section 1 is nil.”

271. (1) The said Act is amended by inserting, after section 199, the following section :

“**199.0.1.** Where a motor vehicle is supplied to a person by way of retail sale and, during a reporting period of the person during which the person is a registrant, tax in respect of the supply is paid by the person, the amount determined by the following formula is an input tax refund of the person in respect of the motor vehicle for the period :

$A \times B.$

For the purposes of the formula,

(1) A is the tax in respect of the supply that is paid by the person during the reporting period ; however, the tax paid by the person in respect of a retail sale referred to in paragraph 2 of the definition of “retail sale” in section 1 is deemed to be nil ;

(2) B is the percentage determined under subparagraph 2 of the second paragraph of section 199.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or has been paid before 21 February 2000.

272. (1) Section 201 of the said Act is amended by adding the following paragraph :

“Furthermore, where the input tax refund is in respect of a motor vehicle supplied to the registrant by way of retail sale, the registrant shall obtain a document issued by the person required to collect the tax payable in respect of the supply certifying that the tax has been paid by the registrant.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or has been paid before 21 February 2000.

273. (1) Section 255 of the said Act is amended by striking out “ , except where, in the case of a passenger vehicle, the vehicle is a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply”.

(2) Subsection 1 has effect from 1 August 1995.

274. (1) The said Act is amended by inserting, after section 287, the following :

“287.1. Where a person who is not a registrant receives a zero-rated supply of a motor vehicle under section 197.2 and, at any time, begins to consume or use the motor vehicle, supplies it for any purpose other than those referred to in that section or causes it to be consumed or used at the person’s expense by another person, the person is deemed to have received a taxable supply of the motor vehicle for consideration paid at that time equal to its market value or to its estimated value described in section 55.0.2, whichever is greater, at that time.

“287.2. Where a registrant receives a zero-rated supply of a motor vehicle under section 197.2 or brings into Québec a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2 and, at any time, the registrant begins to consume or use the motor vehicle or supplies it for any purpose other than those referred to in section 197.2,

(1) the registrant is deemed

(a) to have made, immediately before that time, a supply of the vehicle by way of sale ;

(b) to have collected, at that time, tax in respect of the supply calculated on the market value of the supply or on its estimated value described in section 55.0.2, whichever is greater, at that time ; and

(2) the registrant is deemed to have received, at that time, a supply of the vehicle by way of sale and to have paid tax in respect of the supply calculated on its market value or on its estimated value described in section 55.0.2, whichever is greater, at that time.

This section does not apply where section 287.3 applies.

“287.3. Where a prescribed registrant has received a zero-rated supply of a motor vehicle under section 197.2 or brings into Québec a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply in Québec in the same circumstances, would have been acquired by way of zero-rated supply under section 197.2 and, at any time, the registrant begins to consume or use the motor vehicle or supplies it for any purpose other than those referred to in section 197.2 and that would not allow the registrant to claim an input tax refund in respect of the vehicle if the vehicle were acquired by the registrant at that time for exclusive use in the course of the commercial activities of the registrant,

(1) the registrant is deemed to have made, on the last day of each month ending after that time, a supply of the vehicle for consideration, paid on that last day, equal to the amount that is 2.5% of the prescribed value of the vehicle ; and

(2) the registrant is deemed to have collected, on the last day of each month ending after that time, tax in respect of the supply calculated on that consideration.

For the purposes of this section, if the prescribed registrant makes a supply of a motor vehicle referred to in the first paragraph for no consideration or for nominal consideration, the prescribed registrant is deemed to consume or use the motor vehicle.”

(2) Subsection 1 has effect from 1 May 1999. However, for the period that begins on 1 May 1999 and ends on 20 February 2000, section 287.1 of the said Act, enacted by subsection 1, shall be read as follows :

“287.1. Where a person who is not a registrant receives a zero-rated supply of a motor vehicle under section 197.2 or brings into Québec a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2 and, at any time, the person begins to consume or use the motor vehicle, or supplies it for any purpose other than those referred to in that section or causes it to be consumed or used at the person’s expense by another person, the person is deemed to have received a taxable supply of the motor vehicle for consideration paid at that time equal to its market value or to its estimated value described in section 55.0.2, whichever is greater, at that time.”

275. (1) Section 301 of the said Act is amended by inserting, after subparagraph 2 of the first paragraph, the following subparagraph :

“(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code;”.

(2) Subsection 1 has effect from 1 May 1999.

276. (1) Section 301.2 of the said Act is amended by inserting, after subparagraph 2 of the first paragraph, the following subparagraph :

“(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code;”.

(2) Subsection 1 has effect from 1 May 1999.

277. (1) Section 324 of the said Act is amended by inserting, after subparagraph 2 of the first paragraph, the following subparagraph :

“(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code;”.

(2) Subsection 1 has effect from 1 May 1999.

278. (1) Section 324.2 of the said Act is amended by inserting, after subparagraph 2 of the first paragraph, the following subparagraph:

“(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code;”.

(2) Subsection 1 has effect from 1 May 1999.

279. (1) Section 350.6 of the said Act is amended by replacing the portion before subparagraph 1 of the first paragraph by the following:

“**350.6.** Where a registrant makes a taxable supply in Québec of property or a service, other than a zero-rated supply that is not a zero-rated supply under section 197.2, that a particular person acquires either from the registrant or from another person, and the registrant pays at any time to the particular person a rebate in respect of the property or service to which section 449 does not apply, and therewith provides written indication that a portion of the rebate is an amount on account of tax, the following rules apply:”.

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 30 April 1999 and is not paid before 1 May 1999. However, it does not apply in respect of any part of the consideration that becomes due or is paid before 1 May 1999.

280. (1) Section 362.2 of the said Act is amended by replacing, in paragraph 2, “\$200,000” by “\$225,000”.

(2) Subsection 1 applies in respect of a taxable supply of a single unit residential complex or a residential unit held in co-ownership by way of sale made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership takes place after that date.

281. (1) The first paragraph of section 362.3 of the said Act is amended

(1) by replacing, in subparagraph 1, “\$175,000” by “\$200,000”;

(2) by replacing, in subparagraph 2, “\$175,000” by “\$200,000”, “\$200,000”, wherever it appears, by “\$225,000” and “\$4,937” by “\$5,642”.

(2) Subsection 1 applies in respect of a taxable supply of a single unit residential complex or a residential unit held in co-ownership by way of sale made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership takes place after that date.

282. (1) Section 368.1 of the said Act is amended by replacing “\$200,000” by “\$225,000”.

(2) Subsection 1 applies in respect of a taxable supply of a single unit residential complex or a residential unit held in co-ownership by way of sale made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership takes place after that date.

283. (1) Section 370.0.1 of the said Act is amended by replacing, in subparagraph 3 of the first paragraph, “\$230,050” by “\$258,806”.

(2) Subsection 1 applies in respect of a supply of a single unit residential complex or a residential unit held in co-ownership made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership of the building or any part thereof in which the unit is located takes place after that date.

284. (1) Section 370.0.2 of the said Act is amended

(1) by replacing, in subparagraph 1 of the first paragraph, “\$201,294” by “\$230,050”;

(2) by replacing, in subparagraph 2 of the first paragraph, “\$201,294” by “\$230,050” and “\$230,050”, wherever it appears, by “\$258,806”;

(3) by replacing, in the third paragraph, “\$4,937” by “\$5,642”.

(2) Subsection 1 applies in respect of a supply of a single unit residential complex or a residential unit held in co-ownership made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership of the building or any part thereof in which the unit is located takes place after that date.

285. (1) Section 370.3.1 of the said Act is amended by replacing “\$230,050” by “\$258,806”.

(2) Subsection 1 applies in respect of a supply of a single unit residential complex or a residential unit held in co-ownership made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership of the building or any part thereof in which the unit is located takes place after that date.

286. (1) Section 370.5 of the said Act is amended by replacing, in paragraph 4, “\$230,050” by “\$258,806”.

(2) Subsection 1 applies in respect of a supply of a share of the capital stock of a cooperative housing corporation made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership of the share takes place after that date.

287. (1) Section 370.6 of the said Act is amended

(1) by replacing, in subparagraph 1 of the first paragraph, “\$201,294” by “\$230,050”;

(2) by replacing, in subparagraph 2 of the first paragraph, “\$201,294” by “\$230,050”, “\$230,050”, wherever it appears, by “\$258,806” and “\$4,937” by “\$5,642”;

(3) by replacing, in the third paragraph, “\$4,937” by “\$5,642”.

(2) Subsection 1 applies in respect of a supply of a share of the capital stock of a cooperative housing corporation made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership of the share takes place after that date.

288. (1) Section 370.8 of the said Act is amended by replacing “\$230,050” by “\$258,806”.

(2) Subsection 1 applies in respect of a supply of a share of the capital stock of a cooperative housing corporation made under an agreement in writing entered into after 14 March 2000 under which transfer of ownership of the share takes place after that date.

289. (1) Section 370.9 of the said Act is amended by replacing, in paragraph 1, “\$200,000” by “\$225,000”.

(2) Subsection 1 applies in respect of a single unit residential complex or residential unit held in co-ownership for which a permit relating to construction or substantial renovation is issued after 14 March 2000.

290. (1) Section 370.10 of the said Act is amended

(1) by replacing, in subparagraph 1 of the first paragraph, “\$175,000” by “\$200,000”;

(2) by replacing, in subparagraph 2 of the first paragraph, “\$175,000” by “\$200,000” and “\$200,000”, wherever it appears, by “\$225,000”;

(3) by replacing, in the third paragraph, “\$4,937” by “\$5,642”.

(2) Subsection 1 applies in respect of a single unit residential complex or a residential unit held in co-ownership for which a permit relating to construction or substantial renovation is issued after 14 March 2000.

291. (1) Section 370.13 of the said Act is amended by replacing “\$200,000” by “\$225,000” and by striking out “single unit”.

(2) Subsection 1 applies

(1) where it replaces “\$200,000” by “\$225,000”, in respect of a single unit residential complex or a residential unit held in co-ownership for which the permit relating to construction or substantial renovation is issued after 14 March 2000;

(2) where it strikes out “single unit”, in respect of a rebate relating to a residential complex for which an application is filed with the Minister of Revenue after 22 April 1996, unless

(a) the complex was occupied as a place of residence or lodging between the beginning of its construction or substantial renovation and 23 April 1996;

(b) the construction or substantial renovation of the complex was substantially completed before 23 April 1996; or

(c) the person filing the application transferred ownership of the complex before 23 April 1996 to the recipient of a supply of the complex by way of sale.

292. (1) Section 402.3 of the said Act is amended by replacing the portion before paragraph 1 by the following:

“402.3. Subject to section 402.5, a person is entitled to a rebate, determined in accordance with section 402.4, in respect of the tax paid by the person under section 16 in respect of a supply by way of sale of a used road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person, or under section 17 in respect of such a vehicle brought into Québec immediately after the time of the supply by way of sale outside Québec and used within 12 months after the supply or brought into Québec by the person being a small supplier who is not a registrant or a person who is not registered under Division I of Chapter VIII in order to make a supply of the vehicle for consideration, if”.

(2) Subsection 1 has effect from 1 May 1999.

293. (1) The said Act is amended by inserting, after section 402.7, enacted by section 283 of chapter 39 of the statutes of 2000, the following:

“§6.4. — *Motor vehicles*

“402.8. A person who, under section 473.1.1, has paid tax under section 16 to a prescribed person or to the Minister in respect of a supply of a motor vehicle by way of retail sale is entitled, where the value of the consideration for the supply is at any time reduced for any reason, to a rebate of the amount that is the difference between the tax paid and the amount of tax payable with reference to the reduction of the consideration paid, if the person files with the Minister an application for a rebate of the amount within four years after the day tax became payable in respect of the supply.

This section does not apply where section 402.3 applies.

“**402.9.** A supplier may pay to or credit in favour of a recipient the amount of the rebate payable to the recipient under section 402.8 where

(1) the supplier has made a supply of the motor vehicle by way of retail sale;

(2) the recipient assigns the rebate to the supplier in prescribed form containing prescribed information;

(3) the recipient provides the supplier with proof of payment of the tax; and

(4) the recipient presents to the supplier, within four years after the day tax became payable in respect of the supply, in prescribed form containing prescribed information, the application for a rebate of the tax to which the recipient is entitled under section 402.8 where the recipient had applied for the rebate in accordance with that section.

“**402.10.** Where the supplier receives an application for a rebate under section 402.8 and pays to or credits in favour of the recipient any rebate payable to the recipient under that section in respect of the supply,

(1) the supplier may apply for a deduction under section 455 in respect of the supply equal to the amount of the rebate payable to the recipient;

(2) the recipient is not entitled to any rebate, remission of or compensation for tax in respect of the reduction of the consideration for the value of the supply;

(3) the supplier shall keep the application for a rebate for purposes of verification by the Minister; and

(4) notwithstanding section 28 of the Act respecting the Ministère du Revenu (chapter M-31), no interest is payable in respect of the rebate;

(5) the supplier shall, within a reasonable time, issue to the recipient a credit note, containing the information prescribed for the purposes of paragraph 1 of section 449, with the necessary modifications, for the amount of the refund or credit.

“**402.11.** Where, under section 402.9, a supplier pays to or credits in favour of a recipient, at a particular time, an amount as a rebate and

(1) the recipient does not satisfy the conditions in this division (in this section referred to as the “eligibility conditions”) for obtaining the rebate; or

(2) the amount paid to or credited in favour of the recipient exceeds the rebate to which the recipient would have been so entitled, by a particular amount.

Subject to the third paragraph, the recipient is liable to pay to the Minister the amount or particular amount, as the case may be, as if it had been paid at the particular time to the recipient as a rebate under this division.

Where, at the particular time, the supplier knows or ought to know that the recipient does not satisfy the eligibility conditions or that the amount paid to or credited in favour of the recipient exceeds the rebate to which the recipient is entitled, the supplier and the recipient are solidarily liable to pay to the Minister the amount or particular amount, as the case may be, as if it had been paid at the particular time as a rebate under this division to the supplier and the recipient.

“§6.5. — *Motor vehicles exported outside Canada*

“**402.12.** To the extent that a person fulfils the prescribed terms and conditions, the person is entitled to a rebate of the tax paid by the person in respect of a supply by way of retail sale of a new motor vehicle acquired by the person through a mandatary who is not registered, if the person exports the vehicle outside Canada as soon as is reasonable after it is delivered to the person.

A person is entitled to the rebate under the first paragraph if the person files an application for a rebate within 12 months after the day the tax was paid.”

(2) Subsection 1, where it enacts sections 402.8 to 402.11 of the said Act, has effect from 21 February 2000.

(3) Subsection 1, where it enacts section 402.12 of the said Act, applies in respect of tax that becomes payable after 30 June 1999 and is not paid before 1 July 1999 in respect of a supply of a new motor vehicle.

294. (1) The said Act is amended by inserting, after section 404, the following :

“**404.1.** A person is not entitled to the rebate under this division of an amount the person has paid as tax in respect of a supply of a motor vehicle by way of sale received by the person only to again make a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year.

“**404.2.** Subject to section 402.12, a person is not entitled to the rebate under this division of an amount of tax under section 16 that the person has paid to the registrant from whom the person has acquired a motor vehicle by a supply by way of retail sale, in circumstances where the amount was not payable by the person under section 422.”

(2) Subsection 1, where it enacts section 404.1 of the said Act, has effect from 1 May 1999.

(3) Subsection 1, where it enacts section 404.2 of the said Act, has effect from 21 February 2000.

295. (1) Section 407.5 of the said Act, enacted by section 284 of chapter 39 of the statutes of 2000, is amended by replacing the first paragraph by the following :

“**407.5.** Notwithstanding section 407, a small supplier or a person not resident and not carrying on business in Québec, who engages in the sale of a new tire or road vehicle, other than a road vehicle that is capital property of the supplier or person, or the leasing of a new tire or the long term leasing of a road vehicle, is required to be registered in respect of those activities.”

(2) Subsection 1 has effect from 1 October 1999.

296. (1) Section 411 of the said Act, amended by section 287 of chapter 39 of the statutes of 2000, is again amended by replacing the second paragraph by the following :

“The supply of transportation services referred to in subparagraph *i* of subparagraph *b* of subparagraph 2 of the first paragraph is a zero-rated supply of a freight transportation service, or a supply of such a service deemed under section 22.32 or 24.2 to have been made outside Québec, made by a person not resident in Québec but resident in Canada.”

(2) Subsection 1 has effect from 24 April 1996.

297. (1) Section 422 of the said Act is amended, in the second paragraph, by adding the following subparagraph :

“(3) the supply is a supply of a motor vehicle by way of retail sale other than a supply made following the exercise by the recipient of a right to acquire the vehicle, conferred on the recipient under an agreement in writing for the lease of the vehicle entered into by the recipient and the supplier.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or is paid before 21 February 2000.

298. (1) The said Act is amended by inserting, after section 425, the following :

“**425.1.** Notwithstanding the first paragraph of section 425, a registrant who makes a supply of a motor vehicle by way of retail sale, other than a supply under section 20.1, shall indicate clearly in the invoice or receipt issued to, or in an agreement in writing entered into with, the recipient, the tax payable by the recipient under section 16 in respect of the supply and the prescribed information.

In the case of a prescribed registrant, the prescribed information must also be indicated in the prescribed manner on the prescribed document.

“425.2. Every registrant who fails to indicate to the recipient, in accordance with section 425.1, the tax payable by the recipient in respect of the supply of a motor vehicle by way of retail sale made by the recipient or who indicates an amount that is less than the amount of tax payable by the recipient in respect of the supply shall pay an amount equal to the difference between the amount of tax payable and the amount of tax paid by the recipient under section 473.1.1 in respect of the supply, at the time the return under this chapter is required to be filed for the reporting period of the registrant during which the registrant made the supply.

Furthermore, the registrant shall incur a penalty of 15% of the difference between the two amounts.

The amount paid by the registrant pursuant to the first paragraph is deemed to be tax required to be collected by the registrant from the recipient of the supply under this Title and the registrant may bring an action in a court of competent jurisdiction to recover the amount from the recipient as though it were a debt due by the recipient to the registrant.”

(2) Subsection 1 has effect from 21 February 2000.

299. (1) Section 433.8 of the said Act is replaced by the following :

“433.8. Where a charity that makes supplies outside Québec, or zero-rated supplies, in the ordinary course of a business or all or substantially all of whose supplies are taxable supplies, other than supplies of financial services, elects not to determine its net tax in accordance with section 433.2, that section does not apply in respect of any reporting period of the charity during which the election is in effect.”

(2) Subsection 1 applies for the purpose of determining the net tax of a charity in respect of a reporting period beginning after 14 March 2000. However, where a charity has made an election under section 433.8 while the charity would not have been able to make that election in accordance with section 433.8, replaced by subsection 1, the election made by the charity is deemed to be revoked from the first day of a reporting period beginning after 14 March 2000.

300. (1) Section 435.2 of the said Act is amended by adding the following paragraph :

“Notwithstanding the first paragraph, where a prescribed registrant makes

(1) a zero-rated supply of motor vehicles under section 197.2, the revocation of an election under section 434 may, at the request of the prescribed registrant, come into force on the first day of a reporting period that includes 1 May 1999 ; or

(2) a supply of motor vehicles by way of retail sale, the revocation of an election under section 434 may, at the request of the prescribed registrant, come into force on the first day of a reporting period that includes 21 February 2000.”

(2) Subsection 1 has effect from 1 May 1999. However, for the period that begins on 1 May 1999 and ends on 20 February 2000, the second paragraph of section 435.2 of the said Act, enacted by subsection 1, shall be read as follows:

“Notwithstanding the first paragraph, where a prescribed registrant makes a zero-rated supply of motor vehicles under section 197.2, the revocation of an election under section 434 may, at the request of the prescribed registrant, come into force on the first day of a reporting period that includes 1 May 1999.”

301. (1) The said Act is amended by inserting, after section 438, the following section:

“**438.1.** Where tax under section 16 is payable by a person because of section 287.1, the person shall pay the tax to the Minister and file with the Minister in prescribed manner a return in respect of the tax in prescribed form containing prescribed information on or before the last day of the month after the month in which the tax became payable.”

(2) Subsection 1 has effect from 1 May 1999.

302. (1) The said Act is amended by inserting, after section 447, the following section:

“**447.1.** Where a registrant makes a supply of a motor vehicle by way of sale and, during a reporting period, charges to, or collects from, another registrant an amount as or on account of tax under section 16 in respect of the supply that the other registrant receives only to again make a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year in excess of the tax that was collectible by the registrant from the other registrant, the registrant shall, if the other registrant applies therefor within two years after the day the amount was so charged or collected,

(1) where the excess amount was charged but not collected, adjust the amount of tax charged;

(2) where the excess amount was collected, refund or credit the excess amount to the registrant.

The first paragraph applies, with the necessary modifications, in respect of an amount of tax under section 16 that is charged or collected by a registrant

who makes a supply of a motor vehicle by way of retail sale in excess of the tax that was collectible in respect of that supply.”

(2) Subsection 1 has effect from 1 May 1999. However, for the period that begins on 1 May 1999 and ends on 20 February 2000, section 447.1 of the said Act, enacted by subsection 1, shall be read as follows :

“**447.1.** Where a registrant makes a supply of a motor vehicle by way of sale and, during a reporting period, charges to, or collects from, a recipient an amount as or on account of tax under section 16 in respect of the supply that the recipient receives only to again make a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year in excess of the tax that was collectible by the registrant from the recipient, the registrant shall, if the recipient applies therefor within two years after the day the amount was so charged or collected,

(1) where the excess amount was charged but not collected, adjust the amount of tax charged ;

(2) where the excess amount was collected, refund or credit the excess amount to the registrant.”

303. (1) Section 449 of the said Act is amended by replacing the portion before paragraph 1 by the following :

“**449.** Where a person has adjusted, refunded or credited an amount in favour of, or to, another person in accordance with section 447, 447.1 or 448, the following rules apply :”.

(2) Subsection 1 has effect from 1 May 1999.

304. (1) Section 455 of the said Act is replaced by the following :

“**455.** Where, in the circumstances described in section 357.5.2, 366, 370.1 or 402.9, a registrant pays to, or credits in favour of, a person an amount on account of a rebate and transmits the application of the person for the rebate to the Minister in accordance with section 357.5.2, 367 or 370.2, as the case may be, or keeps it, in accordance with section 402.10, the registrant may deduct the amount in determining the net tax of the registrant for the reporting period of the registrant in which the amount is paid or credited to the person.”

(2) Subsection 1 has effect from 21 February 2000.

305. (1) Section 473.1 of the said Act is amended by replacing the first paragraph by the following :

“473.1. Every person who is liable to pay tax under section 16 (in this section referred to as the “taxpayer”) in respect of a supply under section 20.1 or of a supply made by a small supplier who is not a registrant, in the course of a commercial activity, of a road vehicle, other than a motor vehicle acquired by a supply by way of retail sale, that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person shall, at the time of the supply, remit to the Minister or a prescribed person the tax payable in respect of the supply.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or is paid before 21 February 2000.

306. (1) The said Act is amended by inserting, after section 473.1, the following section:

“473.1.1. Every person who is liable to pay tax under section 16 (in this section referred to as the “taxpayer”) in respect of a supply of a motor vehicle by way of retail sale shall, at the time the tax becomes payable under section 82.2, remit the tax payable in respect of the supply

(a) where the time is the time of registration of the vehicle under the Highway Safety Code (chapter C-24.2) following an application by its recipient, to a prescribed person;

(b) where the time is the time the vehicle is delivered to the recipient, to the Minister or to a prescribed person.

The prescribed person shall, as a mandatary of the Minister, collect the tax payable by the taxpayer in respect of the supply and give the taxpayer the document required for the purposes of this Title to substantiate a claim by the taxpayer for a rebate in respect of the supply, certifying that tax under section 16 has been paid.

This section does not apply where

(1) the supply is a supply under section 20.1;

(2) the supply is a supply made by a small supplier who is not a registrant, in the course of a commercial activity, of a road vehicle, other than a motor vehicle acquired by a supply by way of retail sale, that must be registered under the Highway Safety Code following an application by the person;

(3) the supply is made following the exercise by the recipient of a right to acquire the motor vehicle, conferred on the recipient under an agreement in writing for the lease of the vehicle entered into with the supplier;

(4) the person would be entitled to a rebate of the tax payable in respect of the supply of the motor vehicle under section 351 or 352 if the person had paid tax under the first paragraph; or

(5) the person received the supply of a new motor vehicle so as to again make a supply of it by way of sale, otherwise than by way of gift, acquired by the person through a mandatary for the purpose of shipping it outside Québec and the vehicle was shipped outside Québec.”

(2) Subsection 1 applies in respect of supplies for which consideration, or a part thereof, becomes due after 20 February 2000 and is not paid before 21 February 2000. However, it does not apply in respect of any part of the consideration that becomes due or has been paid before 21 February 2000.

307. (1) The said Act is amended by inserting, after section 505, the following sections:

“505.1. A collection officer holding a registration certificate who makes a sale of an alcoholic beverage, other than a retail sale, to a person with whom the collection officer is dealing at arm’s length, may, provided it is established that the sale price and the amount provided for in section 497 in respect of the sale of the alcoholic beverage have become in whole or in part a bad debt, obtain a rebate of an amount corresponding to the amount provided for in that section that the collection officer was unable to recover.

To obtain a rebate under the first paragraph, the collection officer must

(1) if required under section 498, have rendered an account to the Minister, in prescribed form, of the amount the collection officer should have collected under section 497 in respect of the sale of the alcoholic beverage for the reporting period in which that amount should have been collected;

(2) as the case may be, have paid under section 497 to a collection officer holding a registration certificate the amount provided for in that section in respect of the alcoholic beverage relating to the bad debt or have paid that amount to the Minister under section 498;

(3) have written off the bad debt in the collection officer’s books of account and produce to the Minister an application in prescribed form within four years after the day on which the bad debt was written off; and

(4) have satisfied all prescribed terms and conditions.

For the purposes of the first paragraph, the collection officer may, in accordance with the prescribed terms and conditions of use, determine the amount of the rebate in the manner prescribed.

“505.2. For the purposes of the first paragraph of section 505.1, persons are not dealing at arm’s length with each other if the persons are described in any of sections 3 to 9.

“505.3. A collection officer holding a registration certificate who recovers all or part of a bad debt in respect of which the collection officer obtained a rebate under section 505.1 shall, on or before the last day of the month following the month in which all or part of the bad debt was recovered, make a report to the Minister in prescribed form on the amount equal to the specific tax determined in the prescribed manner and remit that amount to the Minister at the same time.”

(2) Subsection 1 applies in respect of sales of alcoholic beverages made after 14 March 2000.

308. (1) Section 538 of the said Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following:

“(1) 4% where the bet includes the choice of a single winning horse;

“(2) 10% where the bet includes the choice of two or more winning horses.”;

(2) by striking out subparagraph 3 of the first paragraph;

(3) by striking out the second paragraph.

(2) Subsection 1 has effect in respect of bets placed by a person from 1 April 2000.

309. (1) Section 541.36 of the said Act is replaced by the following:

“541.36. Every person who brings or causes to be brought into Québec any perchloroethylene for consumption or use in the course of a dry-cleaning business operated in Québec by the person or at the person’s expense by another person shall, immediately after the bringing into Québec of the perchloroethylene, make a report to the Minister in prescribed form containing prescribed information and pay to the Minister a specific duty equal to \$1.25 per litre of perchloroethylene so brought in.”

(2) Subsection 1 has effect in respect of the bringing into Québec of perchloroethylene from 1 January 1998.

310. (1) Section 541.53 of the said Act, enacted by section 289 of chapter 39 of the statutes of 2000, is amended by adding the following paragraph:

“For the purposes of this section, any new tire purchased or manufactured by a person is deemed to be purchased or manufactured for sale or leasing or for installation on a road vehicle intended for sale or long term leasing and any road vehicle equipped with new tires purchased or manufactured by a person is deemed to be intended for sale or long term leasing.”

(2) Subsection 1 has effect from 1 October 1999.

311. (1) Section 677 of the said Act, amended by section 290 of chapter 39 of the statutes of 2000, is again amended in the first paragraph

(1) by inserting, after subparagraph 31, the following subparagraph :

“(31.0.1) determine, for the purposes of section 287.3, a prescribed registrant and the prescribed value;”;

(2) by inserting, after subparagraph 41, the following subparagraph :

“(41.1) determine, for the purposes of section 402.12, the prescribed terms and the prescribed conditions;”;

(3) by inserting, after subparagraph 44, the following subparagraph :

“(44.0.1) determine, for the purposes of section 425.1, the prescribed information for the purposes of the first paragraph of that section and a prescribed registrant, the prescribed information, the prescribed manner and the prescribed document for the purposes of the second paragraph of that section;”;

(4) by inserting, after subparagraph 46, the following subparagraph :

“(46.1) determine, for the purposes of section 438.1, the prescribed manner;”;

(5) by inserting, after subparagraph 50.1, the following subparagraph :

“(50.1.1) determine, for the purposes of section 473.1.1, a prescribed person;”;

(6) by inserting, after subparagraph 52, the following subparagraphs :

“(52.1) determine, for the purposes of section 505.1, the prescribed terms and conditions for the purposes of subparagraph 4 of the second paragraph of that section and the prescribed terms and conditions of use and a prescribed manner for the purposes of the third paragraph of that section ;

“(52.2) determine, for the purposes of section 505.3, a prescribed manner;”.

(2) Paragraphs 1 and 4 of subsection 1 have effect from 1 May 1999.

(3) Paragraph 2 of subsection 1 applies in respect of tax that becomes payable after 30 June 1999 and is not paid before 1 July 1999 in relation to a supply of a new motor vehicle.

(4) Paragraphs 3 and 5 of subsection 1 have effect from 21 February 2000.

(5) Paragraph 6 of subsection 1 applies in respect of sales of alcoholic beverages made after 14 March 2000.

FUEL TAX ACT

312. (1) The Fuel Tax Act (R.S.Q., chapter T-1) is amended by inserting, after section 10.7, enacted by section 293 of chapter 39 of the statutes of 2000, the following sections :

“10.8. Every holder of a collection officer’s permit who makes a sale of fuel, other than a retail sale, to a person with whom the collection officer is dealing at arm’s length may, provided it is established that the sale price and the amount provided for in section 51.1 in respect of the sale of fuel have become in whole or in part a bad debt, obtain a refund of an amount corresponding to the amount provided for in that section that the collection officer was unable to recover.

To obtain a refund under the first paragraph, a collection officer must

(a) have made a report to the Minister in accordance with the first or third paragraph of section 51.2, as the case may be, on the amount provided for in section 51.1 that the collection officer should have collected in respect of the sale of fuel;

(b) as the case may be, have paid under section 51.1 to a holder of a collection officer’s permit the amount provided for in that section in respect of fuel that relates to the bad debt or have remitted that amount to the Minister under section 51.2;

(c) have written off the bad debt in the collection officer’s books of account and produce to the Minister an application using the form prescribed within four years after the day on which the bad debt was written off; and

(d) fulfil such other terms and conditions as may be determined by regulation.

A collection officer who has obtained an allowance pursuant to section 52.1 for the collection and remittance of the amount provided for in section 51.1 for which the collection officer has applied for a refund under the first paragraph must deduct the amount of the allowance from the amount of the refund applied for.

The Government may, by regulation, determine a method for establishing the amount of the refund to which the collection officer is entitled under the first paragraph or the amount of the allowance to be deducted under the third paragraph as well as the conditions and manner of use of each method.

“10.9. For the purposes of the first paragraph of section 10.8, persons are not dealing at arm’s length with each other if the persons are described in any of sections 3 to 9 of the Act respecting the Québec sales tax (chapter T-0.1).

“10.10. Every holder of a collection officer’s permit who recovers all or part of a bad debt in respect of which the collection officer obtained a refund under section 10.8 shall, on or before the last day of the month following the month in which all or part of the bad debt was recovered, make a report to the Minister, using the form prescribed by the Minister, on the amount equal to the fuel tax computed using the method determined by regulation and shall remit that amount to the Minister at the same time.”

(2) Subsection 1 applies in respect of sales of fuel made after 14 March 2000.

313. Section 26 of the said Act is amended by inserting, in the second paragraph, after the word “Minister”, “, by registered or certified mail,”.

314. (1) Section 52.1 of the said Act is replaced by the following :

“52.1. The Minister may pay an allowance determined by regulation to any holder of a permit provided for in section 27 or to a retail dealer who holds the registration certificate provided for in section 23, with whom the Minister has made an agreement under section 51 for the collection and remittance of the tax or the amount equal to the tax provided for by this Act or for colouring fuel oil.”

(2) Subsection 1 has effect from 2 February 2000.

315. Section 56 of the said Act, amended by section 296 of chapter 39 of the statutes of 2000, is again amended by adding the following paragraphs :

“Notwithstanding the first paragraph, the regulations made in the year 2002 under this Act in respect of the reimbursement of the tax that an Indian or a band on an Indian settlement within the meaning of section 1 of the Indians and Bands on certain Indian Settlements Remission Order (1997), made by Order in Council P.C. 1997-1529 dated 23 October 1997, under the Financial Administration Act (Revised Statutes of Canada, 1985, chapter F-11) may receive in accordance with section 10.2 may, once published and if they so provide, apply to a date prior to their publication but not prior to 1 January 1996.

“Notwithstanding the first paragraph, the regulations made in the year 2002 under this Act in respect of the terms and conditions applying to refunds under section 10.8, a method for establishing the amount of the refund or the amount of the allowance to deduct under that section and the conditions and manner of use of the methods or in respect of the method enabling the amount to be remitted under section 10.10 to be determined, may, once published and if they so provide, apply to a date prior to their publication but not prior to 15 March 2000.”

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

316. (1) Section 4 of the Act respecting international financial centres (1999, chapter 86) is amended

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

““underlying interest” means any security, commodity, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, contract, benchmark or other reference, interest or variable.”;

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

““foreign exposure” means, in relation to a fund, portfolio or financial product, the result of either or, as the case may be, of the total, of the following aggregates:

(a) the aggregate of one or more physical securities that are qualified securities and that are not combined with a financial derivative position; and

(b) the aggregate of one or more financial derivative positions, combined or not with physical securities, the underlying interest of which, resulting from the net position, is foreign;”;

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

““financial derivative” means a contract, instrument or security, the market price, value or payment obligations of which is derived from an underlying interest or from the relationship between any of those underlying interests;

““foreign financial derivative” means a financial derivative the underlying interest of which is foreign;”;

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

““physical security” means any security other than a financial derivative;”;

(5) by adding the following paragraph after paragraph 4 of the definition of “qualified security”:

“(5) a foreign financial derivative.”

(2) Paragraph 1 applies from 20 December 1999.

317. (1) Section 7 of the said Act is amended

(1) by replacing paragraph 3 by the following:

“(3) securities advising and portfolio management carried on by an adviser for a person not resident in Canada, or for a person resident in Canada if the advising or management, as the case may be, pertains to a security that would be a qualified security if the definition of that expression in section 4 were read without reference in paragraphs 1 and 2 to “the acquisition of”, or if the securities portfolio were established for the purpose of being subject, exclusively or almost exclusively, to foreign exposure;”;

(2) by replacing paragraph 11 by the following :

“(11) providing qualified services in relation to a financial product for or on behalf of a person not resident in Canada, or for or on behalf of a person resident in Canada if the financial product to which the services relate is established for the purpose of being subject, exclusively or almost exclusively, to foreign exposure;”;

(3) by replacing paragraphs 17 to 20 by the following :

“(17) organizing a qualified investment fund the shares of which are to be sold to persons not resident in Canada, or to persons resident in Canada if the fund is established for the purpose of being subject, exclusively or almost exclusively, to foreign exposure ;

“(18) providing administration, in relation to the shares of a qualified investment fund in respect of persons not resident in Canada, or of persons resident in Canada if the fund is established for the purpose of being subject, exclusively or almost exclusively, to foreign exposure ;

“(19) providing the management of a qualified investment fund the shares of which are sold to persons not resident in Canada, or to persons resident in Canada if the fund is established for the purpose of being subject, exclusively or almost exclusively, to foreign exposure ;

“(20) engaging in the distribution of the shares of a qualified investment fund to persons not resident in Canada, or to persons resident in Canada if the fund is established for the purpose of being subject, exclusively or almost exclusively, to foreign exposure, provided the organization and management of the fund and the administration, where related to the shares of the fund, are carried out exclusively or almost exclusively within the territory of Ville de Montréal;”.

(2) Paragraph 1 applies from 20 December 1999.

318. (1) Section 62 of the said Act is replaced by the following :

“**62.** A person who, in a taxation year, is a corporation that operates an international financial centre or a member of a partnership that, in a fiscal period of the partnership ending in that year, operates such a centre, is deemed, as provided in any of Divisions II. 6.10 to II. 6.12 of Chapter III. 1 of Title III of Book IX of Part I of the Taxation Act (R.S.Q. chapter I-3) where

the conditions set out therein are satisfied for the year, to have paid to the Minister of Revenue on the person's balance-due day, within the meaning of section 1 of that Act, for the year, on account of the person's tax payable for that year under Part I of that Act, the amount determined in respect of the person for that year under that division."

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

319. (1) Section 108 of the said Act is amended

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

"(2) is deemed to correspond, where the particular day is subsequent to 31 March 1994, to the aggregate of";

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

"(b) the part of the period that would be established in respect of the individual under that section 69 but for this section, that is not included in the period referred to in subparagraph *a* and is neither prior to 1 April 1998 nor later than the day preceding the day that is five years after the particular day.";

(3) by striking out paragraph 3.

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

320. Notwithstanding section 1010 of the Taxation Act (R.S.Q., chapter I-3), a corporation may, in respect of a taxation year that is subsequent to the year 1992 but prior to the year 1999, apply to the Minister of Revenue, on or before its filing-due date for its taxation year that includes 20 December 2001, for the purpose of deducting, in computing its paid-up capital, an amount in respect of a mineral resource owned or exploited by it in that year, to avail itself of paragraph *c* of section 1137 of the Taxation Act, as it read in respect of a taxation year that ended before 31 March 1998, and the Minister of Revenue shall, in order to give effect to the application, make such assessment of tax, interest and penalties as is necessary for that year.

Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with the necessary modifications, to such an assessment.

321. This Act comes into force on 20 December 2001.