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chapter C-8.3

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chapter C-8.3

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

CHAPTER I OBJECT AND MISSION

Purpose of the Act.

1. The purpose of this Act is to facilitate, mainly by means of tax incentives, the establishment, development and maintenance within the urban agglomeration of Montréal of businesses specializing in international financial transactions.

History: 1999, c. 86, s. 1; 2006, c. 13, s. 1.

Mission of the Minister of Finance.

2. The mission of the Minister is to foster and provide support for the development of Montréal as a centre for international financial activities and oversee the development and implementation of strategies to promote and solicit the establishment of new international financial centres and new international financial activities within the urban agglomeration of Montréal.

Power of the Minister.

The Minister may join with CFI Montréal — Centre Financier International or any other body pursuing similar objectives in order to improve the convergence and effectiveness of the promotional and solicitation activities directed at international financial markets.

History: 1999, c. 86, s. 2; 2006, c. 13, s. 2.

Orientations and policies.

3. The Minister shall develop, propose to the Government and supervise the implementation of orientations and policies designed to foster the development of Montréal as an international financial centre.

History: 1999, c. 86, s. 3.

CHAPTER II INTERPRETATION

Definitions:

4. In this Act, unless the context indicates otherwise,

“administration”;

“administration” in relation to the shares of a qualified investment fund means the administration of the shareholders’ accounts;

“adviser”;

“adviser” means, except for the purposes of the definition of “foreign financial entity”, an adviser within the meaning of section 3 of the Derivatives Act (chapter I-14.01) or section 5 of the Securities Act (chapter V-1.1), authorized to act in that capacity under that Act;

“agreed proportion”;

“agreed proportion” has the meaning assigned by section 1.8 of the Taxation Act (chapter I-3);

“back office activities”;

“back office activities” means the behind-the-scenes administrative tasks associated with front-line financial activities;

“business”;

“business” means a business within the meaning of section 1 of the Taxation Act or part of such a business;

“Canadian corporation”;

“Canadian corporation” has the meaning assigned by section 1 of the Taxation Act;

“Canadian debt security” means any of the following securities:

- (1) a bond or debenture, other than a convertible bond or debenture, issued by a Canadian corporation;
- (2) a bond or Treasury bond issued by the Government of Canada or the government of a province, including a bond or Treasury bond issued by any of their respective state-owned corporations; or
- (3) a coupon detached from a security described in paragraph 1 or 2;

“cash management”;

“cash management” includes the management and planning of cash flow operations, in particular the management of market, foreign exchange and interest rate risks and the management of financing operations;

“dealer”;

“dealer” means, except for the purposes of the definition of “foreign financial entity”, a dealer within the meaning of section 3 of the Derivatives Act or section 5 of the Securities Act, authorized to act in that capacity under that Act;

“designated financial corporation”;

“designated financial corporation”, at a particular time, means a corporation or partnership that is operating an international financial centre as an adviser at that time and in respect of which

- (1) each ultimate beneficiary in respect of the corporation or partnership, at any given time in the taxation year or fiscal period of the corporation or partnership that includes the particular time, is dealing at arm’s length with the corporation or partnership at that given time; or

- (2) the following conditions are satisfied:

- (a) no ultimate beneficiary in respect of the corporation or partnership, at any given time in the taxation year or fiscal

period of the corporation or partnership that includes the particular time, is an individual who is an employee of the corporation or partnership in respect of whom a certificate referred to in section 19, as it read before being repealed, section 20 or any of sections 2.10 and 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) has been issued, for a period including that given time, to the corporation or partnership in relation to the international financial centre or in respect of whom it may reasonably be expected that such a certificate will be issued for such a period;

(b) in the case of the corporation, no ultimate beneficiary in respect of the corporation, at any given time in the taxation year of the corporation that includes the particular time, and no group of persons referred to in the definition of “ultimate beneficiary” and of which such an ultimate beneficiary is a member at that given time, has, directly or indirectly, in any manner whatsoever, an interest as a specified shareholder of the corporation at that given time,

(c) in the case of the partnership, no ultimate beneficiary in respect of the partnership, at any given time in the fiscal period of the partnership that includes the particular time, and no group of persons referred to in the definition of “ultimate beneficiary” and of which such an ultimate beneficiary is a member at that given time, has, directly or indirectly, in any manner whatsoever, an interest as a member of the partnership having, alone or with any other member of the partnership with whom the member is not dealing at arm’s length, an interest of at least 10% in the income or loss of the partnership for that fiscal period, and

(d) each ultimate beneficiary in respect of the corporation or partnership, at any given time in the taxation year or fiscal period of the corporation or partnership that includes the particular time, is, at that given time, dealing at arm’s length with an individual described in subparagraph a in relation to that given time or with a person having an interest as a specified shareholder, that is referred to in subparagraph b, or with a person, or each of the members of a group of members of the partnership, having an interest as a member of the partnership, that is referred to in subparagraph c, as the case may be;

“distribution”;

“distribution” of the shares of a qualified investment fund means the operations connected with the sale of the shares;

“employee”;

“employee” has the meaning assigned by section 1 of the Taxation Act;

“excluded corporation”;

“excluded corporation” means

(1) a corporation that is exempt from tax for a taxation year under Book VIII of Part I of the Taxation Act; or

(2) a corporation that would be exempt from tax for a taxation year under section 985 of the Taxation Act but for section 192 of that Act;

“financial corporation”;

“financial corporation” means

(1) a bank within the meaning of section 1 of the Taxation Act;

(2) a savings and credit union within the meaning of section 797 of the Taxation Act;

(3) a trust company authorized under the legislation of Canada or of a province to provide trustee services;

(4) a corporation that is a registered securities dealer within the meaning of section 1 of the Taxation Act;

(5) an insurance corporation, within the meaning of the first paragraph of section 1166 of the Taxation Act, that is subject to tax under Part VI of that Act or that would be subject to such tax if it carried on a business in Québec;

(6) any other financial or insurance institution similar to an entity described in any of paragraphs 1 to 5; or

(7) a corporation all the issued capital stock of which, except directors’ qualifying shares, belongs to one or more entities referred to in any of paragraphs 1 to 6;

“financial derivative”;

“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 certain underlying interests;

“financial packaging services”;

“financial packaging services” means providing advice or other technical assistance for project financing, including the services relating to strategic planning, term financing through private placement, the financial aspect of privatization of operations, the submission of financial information to lenders, the negotiation of short-term credit contracts, the implementation of an international cash management organization and the financial aspect of business acquisitions and mergers;

“fiscal period”;

“fiscal period” has the meaning assigned by Part I of the Taxation Act;

“foreign entity”;

“foreign entity” means the government of a foreign country or of a political subdivision of a foreign country or a corporation other than a Canadian corporation;

“foreign exposure”;

“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;

“foreign financial derivative”;

“foreign financial derivative” means a financial derivative the underlying interest of which is foreign;

“foreign financial entity”;

“foreign financial entity” means a person or a partnership, or a group of persons or partnerships, that carries on a business all or substantially all of whose activities are carried out outside Canada and that is any of the following entities, or is composed of such entities:

- (1) a bank;
- (2) a savings and credit union;
- (3) a trust company;
- (4) a securities dealer;
- (5) an insurance corporation;
- (6) any other financial or insurance institution similar to an entity referred to in any of paragraphs 1 to 5;
- (7) a securities adviser or a securities portfolio manager;
- (8) a damage or personal insurance broker; or
- (9) a corporation all the issued capital stock of which, except directors’ qualifying shares, belongs to one or more entities referred to in any of paragraphs 1 to 8;

“individual”;

“individual” has the meaning assigned by Part I of the Taxation Act;

“international financial transaction”;

“international financial transaction” includes an international insurance activity;

“management”;

“management” of a qualified investment fund means the management of a part or all of the assets of the investment fund;

“organization”;

“organization” of a qualified investment fund means the design and creation of the fund, including research, the preparation and distribution of a prospectus for the fund, the registration of the fund with the Autorité des marchés financiers or any other securities supervisory agency, the marketing of the fund and the organization of the distribution of the shares of the fund;

“person”;

“person” has the meaning assigned by Part I of the Taxation Act;

“physical security”;

“physical security” means any security other than a financial derivative;

“province”;

“province” has the meaning assigned by section 1 of the Taxation Act;

“qualified international financial operation”;

“qualified international financial operation” includes activities that relate to services respecting conformity, due diligence, knowledge of the client, corporate finance and taxation, financial disclosure, risk management and data control and quality, but does not include activities relating to

- (1) promotion or marketing;
- (2) human and physical resource management; or
- (3) information technologies, including the development of computer systems, the migration and modernization of technological platforms, computer support, business process automation and cybersecurity;

“qualified investment fund”;

“qualified investment fund” means an investment fund that is a mutual fund within the meaning of section 5 of the Securities Act or a segregated account of a life insurance corporation established by a by-law of the insurance corporation or a resolution of the board of directors of the corporation;

“qualified security”;

“qualified security” means

- (1) *(paragraph repealed)*;
- (2) a security issued by a Canadian corporation, if the transaction relating to the acquisition of the security was executed on an organized securities market situated outside Canada;
- (3) a security issued by the Government of Canada or the government of a province, including a security issued by any of their respective state-owned corporations, other than a security governed by Canadian law; or
- (4) a security relating to a foreign entity;
- (5) a foreign financial derivative.

“qualified services in relation to a financial product”;

“qualified services in relation to a financial product” means the development of a new financial product or the designing of a customized financial product for a particular customer or situation;

“security”;

“security” means, except for the purposes of the definition of “foreign financial entity”, a derivative within the meaning of section 3 of the Derivatives Act or any of the forms of investment listed in section 1 of the Securities Act, except a share in an investment club;

“specified shareholder”;

“specified shareholder” has the meaning assigned by sections 21.17 and 21.18 of the Taxation Act;

“strategic personnel”;

“strategic personnel” of a business of a corporation or partnership means the personnel of the corporation or partnership who is assigned to the direction and design of the back office activities carried on by the corporation or partnership in the course of the operations of the business or who has specific expertise in the field of back office activities and is assigned to client solicitation activities in relation to the back office activities carried on by the corporation or partnership in the course of those operations;

“taxation year”;

“taxation year” has the meaning assigned by Part I of the Taxation Act;

“ultimate beneficiary”;

“ultimate beneficiary”, at any time, in respect of a corporation or partnership operating an international financial centre as an adviser, means a person or any member of a group of persons, if, directly or indirectly, in any manner whatsoever, the person or group of persons has, at that time, an interest of more than 10% in the securities the corporation or partnership manages in the course of the operations of the international financial centre or in respect of which the corporation or partnership provides advice in the course of those operations;

“underlying interest”;

“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.

“urban agglomeration of Montréal”.

“urban agglomeration of Montréal” means the urban agglomeration described in section 4 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (chapter E-20.001).

History: 1999, c. 86, s. 4; 2001, c. 51, s. 316; 2002, c. 9, s. 1; 2002, c. 45, s. 251; O.C. 45-2004; 2003, c. 9, s. 3; 2004, c. 21, s. 5; 2004, c. 37, s. 90; 2005, c. 23, s. 1; 2006, c. 13, s. 3; 2006, c. 50, s. 121; 2007, c. 12, s. 3; 2009, c. 15, s. 1; 2009, c. 25, s. 52; O.C. 961-2009; 2009, c. 58, s. 46; 2011, c. 1, s. 1; 2012, c. 1, s. 39; 2019, c. 14, s. 31.

Interpretation.**5.** In this Act,

- (1) a legal person, whether or not established for pecuniary gain, is designated by the word “corporation”;
- (2) a person is considered to be a person resident in Canada where the person is so considered for the purposes of the Taxation Act (chapter I-3), and a person is considered to be a person not resident in Canada in all other cases;
- (3) a person or partnership is considered not to be dealing at arm’s length with another person or partnership where the person or partnership is considered as such for the purposes of Part I of the Taxation Act, and a person or partnership is

considered to be a person or partnership dealing at arm’s length with the other person or partnership in all other cases;

- (4) a partnership is considered to be not resident in Canada at any time if the following conditions are met and to be resident in Canada at that time in all other cases:

(a) the partnership’s management and control centre is outside Canada at that time; and

(b) the share of the partnership’s members not resident in Canada at that time of the income of the partnership would be equal to more than 50% of the income of the partnership if the partnership’s fiscal period ended at that time and the partnership’s income for that fiscal period were equal to \$1,000,000.

History: 1999, c. 86, s. 5; 2005, c. 23, s. 2; 2010, c. 5, s. 1.

International financial centre.

6. In this Act, except section 49 and subdivisions 1, 2 and 5 of Division II of Chapter V, an international financial centre means a business

(1) that is carried on by a corporation, except an excluded corporation;

(2) all the activities of which pertain to qualified international financial transactions or to one or more eligible contracts of the corporation and such activities require that the corporation employ at least six eligible employees, within the meaning of section 776.1.27 or 1029.8.36.166.61 of the Taxation Act (chapter I-3);

(2.1) the activities of which pertaining to qualified international financial transactions consist in new activities or an expansion of existing activities and those activities did not begin more than 12 months before the date on which a qualification certificate in respect of the business was applied for under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), or are to begin no later than 24 months after that date and require that the corporation use additional financial, human and physical resources;

(3) the management of the activities of which that lead to the completion of qualified international financial transactions or of one or more eligible contracts and that are carried out in the course of the operations of the business is conducted within the urban agglomeration of Montréal;

(4) the activities of which are grouped together in one place within the urban agglomeration of Montréal; and

(5) (*subparagraph repealed*);

(6) in respect of which the corporation holds a valid certificate, issued under this Act or the Act respecting the

sectoral parameters of certain fiscal measures, for a period that includes the time during which this definition applies.

Eligible employee.

For the purposes of subparagraph 2 of the first paragraph, an employee of a corporation in respect of whom a certificate recognizing the employee as a specialist is issued to the corporation, for all or part of a calendar year, is deemed to be an eligible employee of the corporation for all or part of the taxation year that includes all or part of the calendar year.

Transactions not initiated at the international financial centre.

The conditions set out in subparagraphs 3 and 4 of the first paragraph shall not be considered not satisfied merely because a qualified international financial transaction was initiated by a client who, for that purpose, went to an office or branch of the corporation other than the place referred to in that subparagraph 4.

Transitional provision.

If, in respect of a business that is an international financial centre on 30 March 2010, this section applies, in the case where the business is carried on by a corporation, before 1 January 2013 or, if it is earlier, the date on which an election made by the corporation under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act becomes effective, or, in the case where the business is carried on by a partnership, before 1 January 2014, it is to be read as it read on 30 March 2010.

Special provisions.

For the purposes of section 49 and subdivisions 1, 2 and 5 of Division II of Chapter V, the following rules apply:

(1) a business carried on by a corporation after 31 December 2012 or, if it is earlier, the date preceding the date on which an election made by the corporation under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act becomes effective, or by a partnership after 31 December 2013 may not be an international financial centre operated by the corporation or partnership; and

(2) if, in a taxation year, a corporation is a member of a partnership that operates an international financial centre in a fiscal period of the partnership that ends in that year and the corporation begins to benefit from the provisions of Division II.6.14.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act from a given time in the year, the partnership is deemed, in respect of the corporation, to have ceased to operate the international financial centre on the day preceding the given time in the year.

History: 1999, c. 86, s. 6; 2004, c. 21, s. 6; 2005, c. 38, s. 6; 2006, c. 13, s. 4; 2006, c. 36, s. 8; 2011, c. 1, s. 2; 2012, c. 1, s. 40; 2017, c. 1, s. 23; 2019, c. 14, s. 32.

Meaning of “qualified international transaction”.

7. In this Act, subject to sections 7.1 and 7.2, “qualified international financial transaction” means

(1) trading in outstanding securities or a securities distribution, carried out by a dealer, except an operation referred to in paragraph 9;

(2) operating a clearing house in relation to a transaction to which not more than one party is or includes a person or partnership resident in Canada;

(3) securities advising and portfolio management carried on by an adviser for a person or partnership not resident in Canada, or for a person or partnership 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 paragraph 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;

(4) making or accepting deposits of money on behalf of a person or partnership not resident in Canada;

(5) making loans of money to a person or partnership not resident in Canada if the funds are used outside Canada;

(6) lending or borrowing money by corporations or partnerships each operating an international financial centre, if the money is lent in the course of the operations of the lender's international financial centre, and borrowed in the course of the operations of the borrower's international financial centre, and, for the purposes of this paragraph, a corporation registered under the International Business Activity Act (S.B.C. 2004, c. 49) is deemed to be a corporation that operates an international financial centre whose operations pertain to the activities for which it is so registered;

(7) accepting or issuing letters of credit in respect of any of the following operations or transactions to which not more than one party is or includes a person or partnership resident in Canada :

(a) an operation or transaction relating to property or goods, and

(b) an operation or transaction relating to the provision of services;

(8) financing or refinancing, by means of a bill of exchange between corporations that are financial institutions having no establishment in Canada, within the meaning of sections 12 to 16.2 of the Taxation Act (chapter I-3), or between international financial centres, an operation or transaction in which neither the purchaser nor the vendor is resident in Canada and in which the property or goods involved are neither located in nor in any way connected with Canada and

do not, by reason of the operation or transaction, constitute Canadian exports or imports;

(9) executing foreign exchange transactions, including the purchase, sale or exercise of a currency option or currency futures contract, except the purchase or sale of bank notes or traveller's cheques;

(10) providing financial packaging services in respect of a project to be carried out exclusively or almost exclusively outside Canada;

(11) providing qualified services in relation to a financial product for or on behalf of a person or partnership not resident in Canada, or for or on behalf of a person or partnership 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;

(12) providing services as a damage insurance broker within the meaning of section 6 of the Act respecting the distribution of financial products and services (chapter D-9.2), where the services provided permit the conclusion of a damage insurance contract under which the premium is entirely attributable to the occurrence of a risk outside Canada and arising from the carrying on of a business of the insured;

(13) reinsuring a risk under a damage insurance contract under which the premium is entirely attributable to the occurrence of a risk outside Canada;

(14) providing fiduciary services for a person or partnership not resident in Canada, or for a person or partnership resident in Canada if the securities to which the services relate are qualified securities;

(15) providing factoring services, where the receivables are payable by a person or partnership not resident in Canada;

(16) providing leasing services to a lessee not resident in Canada, for the use of property outside Canada;

(17) organizing a qualified investment fund the shares of which are to be sold to persons or partnerships not resident in Canada, or to persons or partnerships 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 or partnerships not resident in Canada, or of persons or partnerships 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 or partnerships

not resident in Canada, or to persons or partnerships 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 or partnerships not resident in Canada, or to persons or partnerships 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 urban agglomeration of Montréal;

(21) providing cash management in respect of activities carried on exclusively or almost exclusively outside Canada;

(22) carrying on back office activities, other than those that arise from back office activities referred to in this paragraph, for or on behalf of

(a) a corporation or partnership that operates an international financial centre, in relation to a qualified international financial transaction carried out by the corporation or partnership, except back office activities referred to in subparagraph *b* or *c*,

(b) a financial corporation or another corporation or partnership, in relation to a financial transaction carried out by a financial corporation and to which not more than one party is or includes a person or partnership resident in Canada,

(c) a financial corporation or another person or partnership, in relation to an insurance contract arising from the carrying on of a business of the insured and under which the premium is attributable exclusively or almost exclusively,

i. in the case of a damage insurance contract, to the occurrence of a risk outside Canada, and

ii. in the case of a contract of insurance of persons, to the coverage of a person not resident in Canada or of a person resident in Canada who is an expatriate because of employment outside Canada, or

(d) a person or partnership that is neither a corporation or partnership that operates an international financial centre nor a financial corporation, in relation to a qualified international financial transaction carried out by or on behalf of that person or partnership;

(23) handling documentary collections in respect of any of the following operations or transactions to which not more than one party is or includes a person or partnership resident in Canada:

(a) an operation or transaction relating to property or goods, and

(b) an operation or transaction relating to the provision of services;

(24) engaging in activities relating to the deposit of money or fiduciary services, or in dealer or adviser activities, that are carried on with investor immigrants in the course of their participation in the Programme des immigrants investisseurs pour l'aide aux entreprises (chapter I-16.0.1, r. 3), and that are directly related to the requirements of the program; and

(25) performing a discounting operation by a corporation or partnership in respect of a letter of credit or a bill, if the operation is performed

(a) in the course of a transaction in which the corporation or partnership is dealing at arm's length with the debtor or transferor of the letter of credit or of the bill, and has no right of recourse against them, and

(b) consecutively or incidentally, in the case of a letter of credit, to a qualified international financial transaction described in paragraph 7 and, in the case of a bill, to the participation of a corporation or partnership operating an international financial centre in a qualified international financial transaction described in paragraph 23.

History: 1999, c. 86, s. 7; 2001, c. 51, s. 317; 2002, c. 40, s. 1; 2004, c. 21, s. 7; 2005, c. 23, s. 3; 2006, c. 13, s. 5; 2007, c. 12, s. 4; 2010, c. 5, s. 2; 2015, c. 21, s. 32.

Excluded transactions.

7.1. A qualified international financial transaction does not include such a transaction carried out between a corporation or partnership operating an international financial centre and a person or partnership with which it is not dealing at arm's length.

Exceptions.

The first paragraph does not apply in respect of a qualified international financial transaction if any of the parties to the transaction is a financial corporation or a designated financial corporation or if the transaction is described in paragraph 22 or 25 of section 7.

Rules for determining non-arm's length.

For the purposes of the first paragraph and subparagraph *a* of paragraph 25 of section 7, if any of the parties to a qualified international financial transaction is a partnership, the partnership must be considered, for the purpose of determining whether the parties are not dealing at arm's length, to be a corporation all the voting shares in the capital stock of which are owned by each member of the partnership at the end of the fiscal period of the partnership in which the qualified international financial transaction is carried out, in

a proportion equal to the agreed proportion in respect of the member for that fiscal period of the partnership.

History: 2005, c. 23, s. 4; 2007, c. 12, s. 5; 2009, c. 15, s. 2.

Other excluded transactions.

7.2. A qualified international financial transaction does not include such a transaction carried out by a corporation under a contract in respect of which a qualification certificate, certifying that the contract is an eligible contract for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3), has been issued to the corporation.

History: 2006, c. 13, s. 6.

Restrictions applicable to dealers.

8. For the purposes of paragraph 1 of section 7,

(1) trading in outstanding securities as an intermediary in the negotiation shall be carried out only for or on behalf of

(a) a person or partnership not resident in Canada, or

(b) a person or partnership resident in Canada, if the trading relates to securities that would be qualified securities if the definition of that expression, in section 4, were read without reference to the words "the acquisition of" in paragraph 2;

(2) trading in outstanding securities as a principal shall be carried out only if the trading relates to

(a) a security that would be a qualified security if the definition of that expression, in section 4, were read without reference to the words "the acquisition of" in paragraph 2, or

(b) a Canadian debt security, where

i. the transaction is made in order to build up an inventory in the expectation of orders from persons or partnerships not resident in Canada or in connection with a hedge on a short sale to a person or partnership not resident in Canada, and

ii. the corporation or partnership held, on 31 March 1998, a valid qualification certificate issued by the Minister of Finance in respect of its business and its trading in securities as a principal, for any of the taxation years or fiscal periods, as the case may be, that ended in the year 1998 or 1999, accounted for more than 90% of all its activities carried out in that taxation year or fiscal period in the course of the operations of that business; and

(3) the securities distribution shall be carried out only for or on behalf of

(a) a foreign entity; or

(b) the Government of Canada or the government of a province or a Canadian corporation, and directed at persons or partnerships not resident in Canada.

History: 1999, c. 86, s. 8; 2002, c. 9, s. 2; 2007, c. 12, s. 6; 2010, c. 5, s. 3.

Presumption.

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

History: 2015, c. 24, s. 8.

Eligible contract.

8.2. In this Act, an eligible contract of a corporation means a contract entered into between the corporation and a foreign financial entity where

(1) under the contract, the corporation undertakes to render services, including support, analysis, control and management, to the foreign financial entity that consist mainly in carrying out qualified international financial operations on behalf of the entity and the completion of those operations pertains to a business all or substantially all of which the foreign financial entity carries on outside Canada and that has not previously been carried on in Canada;

(2) the activities carried out by the corporation under the contract consist in new activities of the corporation that did not begin more than 12 months before the date on which a qualification certificate in respect of the contract was applied for, in accordance with the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), or are to begin no more than 24 months after that date and require that the corporation use additional financial, human and physical resources; and

(3) the services referred to in subparagraph 1 are directly related to the business carried on by the foreign financial entity outside Canada and consist in services that have not been previously rendered in Québec by the corporation on behalf of the entity or a person not dealing at arm's length with it.

Application.

For the purposes of subparagraph 3 of the first paragraph, the services rendered by the corporation under the contract that relate to the management and day-to-day administration of the international financial centre it operates are not services

directly related to the business carried on by the international financial entity.

History: 2019, c. 14, s. 33.

CHAPTER III

QUALIFICATION CERTIFICATES AND CERTIFICATES

DIVISION I

CORPORATIONS AND PARTNERSHIPS

§1. — Qualification certificates

Application for qualification certificate.

9. A corporation or partnership that intends to operate an international financial centre within the urban agglomeration of Montréal must obtain from the Minister a qualification certificate qualifying its business as an international financial centre, subject to the other provisions of this Act.

Application after 30 March 2010.

After 30 March 2010, an application for such a qualification certificate must be filed under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1).

History: 1999, c. 86, s. 9; 2006, c. 13, s. 7; 2012, c. 1, s. 41; 2017, c. 1, s. 24.

Issuance of qualification certificate.

10. The Minister shall issue a qualification certificate to a corporation or partnership upon being satisfied that the activities engaged in or to be engaged in in the course of the business are in compliance with the provisions and objectives of this Act.

Content of qualification certificate.

The qualification certificate shall indicate the categories of qualified international financial transactions engaged in or to be engaged in in the course of the business.

Validity.

The qualification certificate is valid only from the date indicated thereon.

History: 1999, c. 86, s. 10.

§2. — Certificates

Application for certificate.

11. A corporation or a partnership holding, in a taxation year or fiscal period, a valid qualification certificate issued in respect of a business may file an application with the Minister for the issue of a certificate in respect of that business for that taxation year or fiscal period.

Certificates covered by the Act respecting the sectoral parameters of certain fiscal measures.

However, if the qualification certificate was issued under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), the application for the issue of a certificate must be filed under that Act.

History: 1999, c. 86, s. 11; 2012, c. 1, s. 42; 2017, c. 1, s. 25.

Issuance of certificate.

12. The Minister shall issue a certificate to a corporation or partnership where, for the taxation year or fiscal period,

(1) the qualification certificate issued in respect of the business was valid ; and

(2) the Minister is satisfied that the activities of the business were related to qualified international financial transactions.

Period of validity.

The Minister may issue the certificate for a shorter period than the period indicated in the application.

History: 1999, c. 86, s. 12.

DIVISION II**EMPLOYEES ASSIGNED TO THE OPERATIONS OF AN INTERNATIONAL FINANCIAL CENTRE****§1. — *Qualification certificates*****Application for qualification certificate.**

13. A corporation or a partnership may file a written application with the Minister for the issue, in respect of one of its employees, of a qualification certificate required for the purpose of obtaining a tax benefit under Chapter V.

Applications after 30 March 2010 – Foreign specialists.

If the tax benefit is under subdivision 1 of Division III of that Chapter V, the application must, after 30 March 2010, be filed under section 3.2 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1).

History: 1999, c. 86, s. 13; 2012, c. 1, s. 43.

14. (Repealed).

History: 1999, c. 86, s. 14; 2006, c. 13, s. 8; 2012, c. 1, s. 44.

Other employees.

15. The Minister shall issue to a corporation or a partnership a qualification certificate recognizing an employee described in the second paragraph as an employee other than a foreign specialist, upon being satisfied that it may reasonably be expected that from the date or for the period specified in the qualification certificate, the

employee's duties with the corporation or partnership are devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation or partnership which constitutes or shall constitute an international financial centre.

Employees referred to.

The employee to whom the first paragraph refers is

(1) an employee who, before 31 March 2010, entered into an employment contract with the corporation or partnership with a view to performing the duties referred to in the first paragraph and who begins to hold the employment before 1 July 2010; or

(2) an employee who, on 30 March 2010, is an individual described in section 66 who holds employment with the corporation or partnership and whose reference period determined under section 69 ends after that date but before 1 January 2013, if the corporation did not make an election under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act (chapter I-3), or 1 January 2014 in any other case.

Validity of qualification certificate.

The qualification certificate is valid only from the date or, as the case may be, for the period indicated thereon.

History: 1999, c. 86, s. 15; 2002, c. 40, s. 2; 2005, c. 23, s. 5; 2011, c. 1, s. 3.

Duties devoted to carrying out a qualified international financial transaction.

15.1. For the purposes of section 15, the employee's duties with the corporation or partnership that are devoted to carrying out a qualified international financial transaction mean the duties that are directly attributable to the transactional process that is specific to the qualified international financial transaction.

Exceptions.

However, unless they constitute in themselves a qualified international financial transaction, the duties of the employee that relate to corporate management, finance, accounting, taxation, legal affairs, marketing, communications, reception work, secretarial work, messenger services, office computing or human and physical resource management do not constitute duties that are directly attributable to the transactional process that is specific to a qualified international financial transaction.

History: 2005, c. 23, s. 6.

16. (Repealed).

History: 1999, c. 86, s. 16; 2002, c. 40, s. 3; 2011, c. 1, s. 4.

§2. — *Certificates***Application for certificate.**

17. A corporation or a partnership may file a written application with the Minister for the issue, in respect of one of its employees for a calendar year, of a certificate required for the purpose of obtaining a tax benefit under Chapter V.

Applications after 30 March 2010 – Foreign specialists.

If the tax benefit is under subdivision 1 of Division III of that Chapter V, the application must, after 30 March 2010, be filed under section 3.2 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1).

History: 1999, c. 86, s. 17; 2012, c. 1, s. 45.

Time limit for filing application.

18. An application must, where it relates to a tax benefit granted to an employee, be received by the Minister on or before the last day of February of the following calendar year.

Late filing.

However, the Minister may, where the Minister considers that the circumstances so warrant, allow that such an application be filed after the expiry of the prescribed time.

History: 1999, c. 86, s. 18.

19. (Repealed).

History: 1999, c. 86, s. 19; 2004, c. 21, s. 8; 2012, c. 1, s. 46.

Other employees.

20. The Minister shall issue to a corporation or partnership a certificate recognizing one of its employees as an employee other than a foreign specialist if, for the calendar year,

(1) the qualification certificate issued to the corporation or partnership in accordance with section 15 in respect of the employee is valid; and

(2) the employee's duties with the corporation or partnership were devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation or partnership in respect of which a qualification certificate issued in accordance with section 10 was valid.

Copy of certificate.

The Minister shall forward a copy of the certificate to the employee.

History: 1999, c. 86, s. 20; 2002, c. 40, s. 4; 2005, c. 23, s. 7.

Duties devoted to carrying out a qualified international financial transaction.

20.1. For the purposes of section 20, the employee's duties with the corporation or partnership that are devoted to carrying out a qualified international financial transaction mean the duties that are directly attributable to the transactional process that is specific to the qualified international financial transaction.

Exceptions.

However, unless they constitute in themselves a qualified international financial transaction, the duties of the employee that relate to corporate management, finance, accounting, taxation, legal affairs, marketing, communications, reception work, secretarial work, messenger services, office computing or human and physical resource management do not constitute duties that are directly attributable to the transactional process that is specific to a qualified international financial transaction.

History: 2005, c. 23, s. 8.

21. (Repealed).

History: 1999, c. 86, s. 21; 2005, c. 23, s. 9.

22. (Repealed).

History: 1999, c. 86, s. 22; 2011, c. 1, s. 5.

Period of validity.

23. The Minister may issue any certificate under this subdivision for a shorter period than the period indicated in the application.

History: 1999, c. 86, s. 23.

**DIVISION III
AMENDMENTS AND REVOCATIONS****24. (Repealed).**

History: 1999, c. 86, s. 24; 2012, c. 1, s. 47.

25. (Repealed).

History: 1999, c. 86, s. 25; 2012, c. 1, s. 47.

26. (Repealed).

History: 1999, c. 86, s. 26; 2005, c. 38, s. 7; 2012, c. 1, s. 47.

27. (Repealed).

History: 1999, c. 86, s. 27; 2005, c. 23, s. 10; 2012, c. 1, s. 47.

28. (Repealed).

History: 1999, c. 86, s. 28; 2012, c. 1, s. 47.

29. (Repealed).

History: 1999, c. 86, s. 29; 2005, c. 38, s. 8; 2012, c. 1, s. 47.

30. (Repealed).

History: 1999, c. 86, s. 30; 2012, c. 1, s. 47.

Amendment or revocation – provisions applicable.

30.1. For the purpose of amending or revoking, after 4 March 2012, a qualification certificate or a certificate issued under this Act, Chapter IV of the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) as well as sections 2.14 to 2.16, 3.9 and 3.10 of Schedule E to that Act apply, with the necessary modifications.

History: 2012, c. 1, s. 48.

DIVISION IV

INFORMATION AND VERIFICATION

Information and documents.

31. The Minister may, before issuing a qualification certificate or certificate under this chapter, require any relevant information or document and make any necessary verification.

Advice of CFI Montréal — Centre Financier International or of other body.

The Minister may, for the same purposes, obtain the advice of CFI Montréal — Centre Financier International or of any other body pursuing similar objectives.

History: 1999, c. 86, s. 31; 2012, c. 1, s. 49.

Inspection.

32. A person authorized by the Minister may, for the purposes of this chapter,

(1) have access, at any reasonable time, to any place of business of a corporation or partnership;

(2) require and examine any relevant information or document and make copies thereof;

(3) require, where applicable, that relevant information or a copy of any relevant document be transmitted, in particular, by fax machine, electronic mail or on a computer-generated medium.

History: 1999, c. 86, s. 32.

Proof of identity.

33. The person referred to in section 32 must, on request, produce identification and show the document attesting the person's capacity, signed by the Minister.

History: 1999, c. 86, s. 33.

No liability for official acts.

34. No proceedings may be brought against a person referred to in section 32 for acts performed in good faith in conducting an inspection.

History: 1999, c. 86, s. 34.

CHAPTER IV

FINANCING

DIVISION I

AMOUNTS PAYABLE

Tariff of fees.

35. The Government may, by regulation, establish a tariff of the fees payable for the examination of an application for a qualification certificate or certificate under this Act or for the issue or amendment of such qualification certificate or certificate, and determine the terms and conditions of payment of the fees.

Payment.

Fees must be paid to the Minister by the applicant or the holder on the date or dates fixed by the regulation.

History: 1999, c. 86, s. 35.

Annual contribution.

36. The Minister may require that every holder of a qualification certificate or certificate issued under this Act, or of a similar qualification certificate or certificate issued under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), pay an annual contribution to be applied to the financing of activities designed to promote Montréal as a centre for international financial activities and foster the development of Montréal as an international financial centre. The rate and terms and conditions of payment of the contribution shall be determined by regulation of the Government.

History: 1999, c. 86, s. 36; 2012, c. 1, s. 50.

DIVISION II

IFC MONTRÉAL FUND

Special fund.

37. A fund to be known as the IFC Montréal Fund is hereby established to finance activities designed to promote Montréal as a centre for international financial activities and foster the development of Montréal as an international financial centre.

History: 1999, c. 86, s. 37; 2011, c. 18, s. 107.

38. (Repealed).

History: 1999, c. 86, s. 38; 2011, c. 18, s. 108.

Manner in which Fund is to be constituted.

39. The following are credited to the Fund, exclusive of the interest earned:

(1) the sums collected under sections 35 and 36 and section 30 of the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) where it applies in respect of a qualification certificate or a certificate referred to in Chapter II or III of Schedule E to that Act;

(2) the sums transferred to it by a minister out of the appropriations granted for that purpose by Parliament;

(3) the sums transferred to it by the Minister of Finance under sections 53 and 54 of the Financial Administration Act (chapter A-6.001);

(4) the gifts, legacies and other contributions paid into it to further the achievement of the objects of this division.

History: 1999, c. 86, s. 39; 2011, c. 18, s. 109; 2012, c. 1, s. 51.

40. *(Repealed).*

History: 1999, c. 86, s. 40; 2000, c. 15, s. 158; 2011, c. 18, s. 110.

41. *(Repealed).*

History: 1999, c. 86, s. 41; 2000, c. 15, s. 159; 2011, c. 18, s. 110.

42. *(Repealed).*

History: 1999, c. 86, s. 42; 2011, c. 18, s. 110.

Financial contributions.

43. The Minister may, as the manager of the fund, grant a financial contribution directly to a government department or to a public or private body or pay such a contribution on behalf of a department to finance activities designed to promote Montréal as a centre for international financial activities or foster the development of Montréal as an international financial centre.

Terms of payment.

The Minister shall determine the date and the terms and conditions on which financial contributions are to be paid.

History: 1999, c. 86, s. 43.

Sums debited from Fund.

44. The sums required for the following purposes shall be debited from the Fund:

(1) the payments of the sums referred to in section 43;

(2) the payment of any expense necessary for the carrying out of the functions entrusted to the Minister by this division.

History: 1999, c. 86, s. 44; 2011, c. 18, s. 111.

Accumulated surplus.

45. The accumulated surplus of the fund shall be transferred to the general fund on the dates and to the extent determined by the Government.

History: 1999, c. 86, s. 45; 2011, c. 18, s. 112.

46. *(Repealed).*

History: 1999, c. 86, s. 46; 2000, c. 8, s. 238; 2000, c. 15, s. 160; 2011, c. 18, s. 113.

47. *(Repealed).*

History: 1999, c. 86, s. 47; 2011, c. 18, s. 113.

48. *(Repealed).*

History: 1999, c. 86, s. 48; 2011, c. 18, s. 113.

CHAPTER V TAX INCENTIVES

DIVISION I

DEFINITIONS AND GENERAL PROVISIONS

Definitions:

49. In this chapter, unless the context indicates otherwise,

“**gross revenue**”;

“gross revenue” of a corporation for a taxation year or of a partnership for a fiscal period means the gross revenue, within the meaning of section 1 of the Taxation Act (chapter I-3), of the corporation for the year or of the partnership for the fiscal period, determined without reference to

(1) any amount of interest that is not included in computing the income or loss of the corporation from an eligible business carried on by it, within the meaning of section 771.1.1 of that Act, or that would not be included in computing such an income or loss of the partnership if the partnership were a corporation; and

(2) any dividend;

“**income**”;

“income” from a source means the income from that source, computed under Part I of the Taxation Act;

“**loss**”;

“loss” from a source means the loss from that source, computed under Part I of the Taxation Act;

“**specified income**”;

“specified income” of a corporation for a taxation year or of a partnership for a fiscal period from the operations of an international financial centre operated by the corporation or partnership means the amount, greater than zero, determined by the formula

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

“specified loss”;

“specified loss” of a corporation for a taxation year or of a partnership for a fiscal period from the operations of an international financial centre operated by the corporation or partnership means the amount, greater than zero, determined by the formula

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

“taxable income”;

“taxable income” has the meaning assigned by Part I of the Taxation Act;

“trust”;

“trust” has the meaning assigned by section 646 of the Taxation Act;

“wages”.

“wages” means base wages, within the meaning of section 1159.1 of the Taxation Act, except wages paid by a corporation or partnership to a person who is, within the meaning of an agreement on social security that provides for the reciprocal coverage of health insurance plans, entered into between the Gouvernement du Québec and the government of a foreign country, a worker on secondment, for the period in which the person is such a seconded worker, if under the agreement the person is subject only to the legislation of the foreign country to which the reciprocal coverage applies.

Specified income and Specified loss – formula elements.

In the formula in the definition of “specified income” and in the formula in the definition of “specified loss”, in the first paragraph,

(1) A is the aggregate of the amounts that would be determined in respect of the corporation for the year or of the partnership for the fiscal period under subparagraphs i and ii of paragraph c of section 28 of the Taxation Act if that subparagraph i were read without reference to “and, if there is any remainder” and if no reference were made to the amounts provided for in the third paragraph;

(2) B is the aggregate of all amounts each of which is the fair market value of a gift, referred to in section 710 of the Taxation Act or in any of the definitions of “total charitable gifts”, “total Crown gifts”, “total cultural gifts”, “total gifts of qualified property” and “total musical instrument gifts” in the first paragraph of section 752.0.10.1 of that Act, made in the year by the corporation or in the fiscal period on behalf of the partnership;

(3) C is the amount that would be determined in respect of the corporation for the year or of the partnership for the fiscal period under paragraph a of section 28 of the Taxation Act if no reference were made to the amounts provided for in the third paragraph;

(4) D is the portion of the gross revenue of the corporation for the year or of the partnership for the fiscal period from the operations of an international financial centre operated by the corporation or partnership;

(5) E is the gross revenue of the corporation for the year or of the partnership for the fiscal period;

(6) F is the aggregate of all amounts each of which is wages paid by the corporation in the year or by the partnership in the fiscal period that, in a proportion of 100% or 75%, as the case may be, and in accordance with section 64, do not constitute wages subject to the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);

(7) G is the aggregate of the wages paid by the corporation in the year or by the partnership in the fiscal period; and

(8) if E or G is an amount equal to zero, the fraction of which it is the denominator is deemed to be equal to zero.

Specified income and specified loss – re formula elements A and C.

The amounts to which subparagraphs 1 and 3 of the second paragraph refer are

(1) any share of the corporation or partnership in the partnership's income or loss;

(2) any amount of interest that is not included in computing the income or loss of the corporation from an eligible business, within the meaning of section 771.1.1 of the Taxation Act, or that would not be included in computing such income or loss of the partnership if the partnership were a corporation, and any interest expense directly attributable to that amount;

(3) any amount included in respect of a dividend in computing the income of the corporation or partnership; and

(4) any other amount included in computing the income of the corporation or partnership in respect of which the corporation or a member of the partnership is entitled to a deduction, other than the deduction provided for in section 52, in computing its taxable income.

History: 1999, c. 86, s. 49; 2004, c. 21, s. 9; 2005, c. 38, s. 9; 2006, c. 36, s. 9.

50. (Repealed).

History: 1999, c. 86, s. 50; 2005, c. 1, s. 3.

Filing of certificate.

51. A person who is a corporation operating an international financial centre in a taxation year, a member of a partnership at the end of a fiscal period of the partnership that ends in a taxation year and during which the partnership

operates such a centre, or an individual entitled, for a taxation year, to a deduction in computing the individual's taxable income under section 65 or 71, shall enclose with the fiscal return required to be filed by the person for the year under section 1000 of the Taxation Act (chapter I-3) a copy of the certificate that, if the person is that corporation or that member, is referred to in section 12 and was issued for the year in respect of the person or for the fiscal period in respect of the partnership or, if the person is that individual, is referred to in section 19, as it read before being repealed, section 20 or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) and was issued for the year in respect of the individual.

History: 1999, c. 86, s. 51; 2005, c. 23, s. 11; 2012, c. 1, s. 52.

Share of an amount.

51.1. For the purposes of this chapter, the share of a member of a partnership in an amount, in relation to a fiscal period of the partnership, is equal to the agreed proportion of the amount in respect of that member for that fiscal period.

History: 2005, c. 38, s. 10; 2009, c. 15, s. 3.

Reference to a fiscal period.

51.2. In this chapter, a reference to a fiscal period ending in a taxation year includes a reference to a fiscal period ending coincidentally with that taxation year.

History: 2005, c. 38, s. 10.

Reference to wages paid.

51.3. In this chapter, a reference to wages paid by a corporation or partnership is a reference to wages paid, allocated, granted or awarded by the corporation or partnership.

History: 2005, c. 38, s. 10.

Member of an interposed partnership.

51.4. In this chapter, the following rules apply in respect of a person if one or more partnerships (each of which is in this section referred to as an “interposed partnership”) are interposed between the person and a given partnership that operates an international financial centre in a given fiscal period of the given partnership:

(1) the person is deemed to be a member of a particular partnership at the end of a particular fiscal period of the particular partnership and that particular fiscal period is deemed to end in the person's particular taxation year in which ends the fiscal period of the interposed partnership of which the person is directly a member, if

(a) the particular fiscal period is that which ends in the fiscal period (in this section referred to as the “interposed fiscal period”) of the interposed partnership that is a member of the

particular partnership at the end of that particular fiscal period, and

(b) the person is a member, or deemed to be a member under this paragraph, of the interposed partnership described in subparagraph *a* at the end of the interposed partnership's fiscal period in which the particular fiscal period ends; and

(2) for the purpose of determining the person's share in an amount in respect of the given partnership for the given fiscal period, the agreed proportion in respect of the person for that fiscal period of the given partnership is deemed to be equal to the product obtained by multiplying the agreed proportion in respect of the person for the interposed fiscal period of the interposed partnership of which the person is directly a member, by

(a) if there is only one interposed partnership, the agreed proportion in respect of the interposed partnership for the given partnership's given fiscal period, or

(b) if there is more than one interposed partnership, the result obtained by multiplying together all proportions each of which is the agreed proportion in respect of an interposed partnership for the particular fiscal period of the particular partnership referred to in paragraph 1 of which the interposed partnership is a member at the end of that particular fiscal period.

History: 2009, c. 15, s. 4.

Non-application of section 51.4.

51.5. Section 51.4 does not apply in respect of a person, in relation to a given partnership, if the Minister is of the opinion that the interposition, between the person and the given partnership, of one or more other partnerships is part of an operation or transaction or of a series of operations or transactions, one of the purposes of which is to cause the person to be able to deduct, under this chapter, in computing the person's taxable income for a taxation year or in computing the person's paid-up capital otherwise determined for a taxation year, an amount greater than the amount that the person could have so deducted for that taxation year, but for that interposition.

History: 2009, c. 15, s. 4.

DIVISION II

CORPORATIONS AND PARTNERSHIPS OPERATING AN INTERNATIONAL FINANCIAL CENTRE

§1.— *Taxable income*

Deduction relating to the operations of an international financial centre.

52. A person who, in a taxation year, is a corporation operating 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 may deduct, in computing the person's taxable income for the year, an amount not greater than the amount by which the aggregate of all amounts each of which is 75% of the person's specified income for that year from the operations of an international financial centre operated by the person or of the person's share of the partnership's specified income for that fiscal period from the operations of an international financial centre operated by the partnership, exceeds the aggregate of all amounts each of which is 75% of the person's specified loss for that year from the operations of an international financial centre operated by the person or of the person's share of the partnership's specified loss for that fiscal period from the operations of an international financial centre operated by the partnership.

Deduction.

Where the corporation referred to in the first paragraph is a bank, within the meaning assigned by section 1 of the Taxation Act (chapter I-3), the amount that it may deduct for the year under the first paragraph is deemed to be equal to the proportion of the amount that, but for this paragraph, would be determined for the year in its respect under the first paragraph, that the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the year is of its business carried on in Québec in the year.

Proportion of business carried on in Québec and elsewhere.

For the purposes of the second paragraph, the proportion of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is computed in the manner prescribed in the regulations made under subsection 2 of section 771 of the Taxation Act, with the necessary modifications.

History: 1999, c. 86, s. 52; 2002, c. 40, s. 5; 2004, c. 21, s. 10; 2005, c. 38, s. 11.

Corporation operating an international banking centre.

53. If the person referred to in the first paragraph of section 52 has designated for a taxation year an office or branch located within the urban agglomeration of Montréal as the place where an international banking centre business is to be carried on, in accordance with subsection 3 of section 33.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), as it read before being repealed, and the office or branch is, except as regards the conduct of transactions other than qualified international financial transactions, located at the place referred to in subparagraph 4 of the first paragraph of section 6, in respect of an international financial centre operated by the person, the aggregates referred to in the first paragraph of section 52 must be determined

(1) as if the person's specified income for the year from the operations of the international financial centre were equal to the greater of the person's specified income otherwise determined for the year from such operations and the amount

of income that, in respect of that international banking centre business and in accordance with that section 33.1, is not required to be included in computing the person's income for the year for the purposes of the Income Tax Act; and

(2) where the amount determined in paragraph 1 is positive, as if any specified loss for the year from the operations of the international financial centre were nil.

History: 1999, c. 86, s. 53; 2002, c. 40, s. 6; 2005, c. 38, s. 12; 2006, c. 13, s. 9; 2015, c. 21, s. 33.

Foreign specialist who is a member of a partnership operating an international financial centre.

54. For the purposes of the first paragraph of section 52, where a person referred to therein for a taxation year is an individual to whom section 65 applies for the year and the fiscal period of the partnership that operates an international financial centre and of which the individual is a member at the end of that fiscal period ends in the part of the individual's reference period, established under section 69, in relation to an employment that is included in that year, the person's share of the partnership's specified income or specified loss for that fiscal period is deemed to be nil.

History: 1999, c. 86, s. 54; 2002, c. 40, s. 7; 2004, c. 21, s. 11; 2005, c. 38, s. 13.

Amount to be included in relation to the operations of an international financial centre.

55. A person who, in a taxation year, is a corporation operating 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 shall include, in computing the person's taxable income for the year, an amount equal to the amount by which the second aggregate that is mentioned in the first paragraph of section 52 and determined in respect of the person for the year under that paragraph, exceeds the first aggregate that is mentioned in that paragraph and determined in respect of the person for the year under that paragraph.

Maximum amount.

However, the amount determined under the first paragraph for a taxation year in respect of a person shall in no case exceed the amount that would be the person's income for the year, computed in accordance with section 28 of the Taxation Act (chapter I-3), if the person had, for the year,

(1) realized an additional income from a business equal to the second aggregate that is mentioned in the first paragraph of section 52 and determined in respect of the person for the year under that paragraph; and

(2) sustained an additional loss from a business equal to the first aggregate that is mentioned in the first paragraph of

section 52 and determined in respect of the person for the year under that paragraph.

History: 1999, c. 86, s. 55; 2002, c. 40, s. 8; 2004, c. 21, s. 12; 2005, c. 38, s. 14.

Computation of a carry-forward of losses.

56. For the purposes of Title VII of Book IV of Part I of the Taxation Act (chapter I-3), if, in a taxation year, a person 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, the following rules apply:

(1) the person's non-capital loss for the year shall be determined as if the person had, for the year,

(a) realized an additional income from a business equal to the second aggregate that is mentioned in the first paragraph of section 52 and determined in respect of the person for the year under that paragraph, and

(b) sustained an additional loss from a business equal to the first aggregate that is mentioned in the first paragraph of section 52 and determined in respect of the person for the year under that paragraph; and

(2) the person's limited partnership loss in respect of the partnership for the year shall be determined as if the aggregate referred to in the first paragraph of section 613.1 of the Taxation Act were reduced by the amount, relating to the international financial centre operated by the partnership, included in the second aggregate that is mentioned in the first paragraph of section 52 and determined in respect of the person for the year under the latter paragraph.

History: 1999, c. 86, s. 56; 2004, c. 21, s. 13; 2005, c. 38, s. 14.

Individual resident in Canada or trust.

56.1. If the first paragraph of section 52 applies to a person who is an individual, other than a trust, who was resident in Canada at any time in the taxation year, or is a trust, the reference therein to "the person's share" shall be read, wherever it appears, as a reference to "30% of the person's share".

History: 2004, c. 21, s. 14; 2005, c. 38, s. 15.

Immigrant investors program.

56.2. If a corporation or partnership operates an international financial centre and, in the course of operating the international financial centre, the corporation or partnership carries out a qualified international financial transaction described in paragraph 24 of section 7, the amount determined under subparagraph 4 of the second paragraph of section 49 in respect of the operations of the international financial centre must be determined as if only the fees that are paid or required to be paid to the corporation or partnership by IQ Immigrants Investisseurs Inc. pursuant

to an agreement referred to in section 34.1 of the Regulation respecting the selection of foreign nationals (chapter I-0.2, r. 4) that the corporation or partnership entered into with IQ Immigrants Investisseurs Inc. were the fees or any other consideration that the corporation or partnership receives or is to receive in relation to the qualified international financial transaction.

History: 2004, c. 21, s. 14; 2005, c. 38, s. 16.

§2. — *Tax on capital*

Deductions in computing paid-up capital.

57. A corporation, other than an authorized foreign bank, within the meaning of section 1 of the Taxation Act (chapter I-3), that, in a taxation year, operates an international financial centre or is a member of a partnership that, in a fiscal period of the partnership that ends in that year, operates such a centre may deduct from its paid-up capital for the year, for the purposes of Part IV of that Act, computed before the application of this section and section 60.1 and of sections 1138.2.5, 1141.9 and 1141.11 of that Act, 75% of the amount determined by the formula

$$A \times [(B / C) + (D / E)] / 2.$$

Formula elements.

In the formula in the first paragraph,

(1) A is the paid-up capital of the corporation for the year, for the purposes of Part IV of the Taxation Act, computed after the application of section 1138 of that Act or before the application of sections 1141.3 to 1141.11 of that Act;

(2) B is the aggregate of all amounts each of which is the portion of the gross revenue of the corporation for the year from the operations of an international financial centre operated by the corporation or the corporation's share of the portion of the gross revenue of a partnership for a fiscal period of the partnership that ends in the year from the operations of an international financial centre operated by the partnership;

(3) C is the aggregate of all amounts each of which is the gross revenue of the corporation for the year or the corporation's share of the gross revenue of a partnership for a fiscal period of the partnership that ends in the year;

(4) D is the aggregate of all amounts each of which is wages paid by the corporation in the year that, in a proportion of 100% or 75%, as the case may be, and in accordance with section 64, do not constitute wages subject to the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), or the corporation's share of wages paid by a partnership in a fiscal period of the partnership that ends in the year that, in a proportion of 100% or 75%, as the case may be, and in

accordance with section 64, do not constitute wages subject to the contribution provided for in that section 34;

(5) E is the aggregate of all amounts each of which is wages paid by the corporation in the year or the corporation's share of wages paid by a partnership in a fiscal period of the partnership that ends in the year; and

(6) if C or E is an amount equal to zero, the fraction of which it is the denominator is deemed to be equal to zero.

History: 1999, c. 86, s. 57; 2004, c. 8, s. 1; 2004, c. 21, s. 15; 2005, c. 38, s. 17.

Deductions in computing paid-up capital.

57.1. An authorized foreign bank, within the meaning of section 1 of the Taxation Act (chapter I-3), that, in a taxation year, operates an international financial centre, may deduct from its paid-up capital for the year, for the purposes of Part IV of that Act, computed before the application of this section and section 1141.10 of that Act, 75% of the product obtained by multiplying, by the proportion that the aggregate of its business carried on in Canada or in Québec and elsewhere in the year is of its business carried on in Québec in the year, the amount determined by the formula

$$A \times [(B / C) + (D / E)] / 2.$$

Formula elements.

In the formula in the first paragraph,

(1) A is the paid-up capital of the authorized foreign bank for the year, for the purposes of Part IV of the Taxation Act, computed before the application of sections 1141.3 to 1141.10 of that Act;

(2) B is the portion of the gross revenue of the authorized foreign bank for the year from the operations of an international financial centre operated by the authorized foreign bank;

(3) C is the gross revenue of the authorized foreign bank for the year;

(4) D is the aggregate of all amounts each of which is wages paid by the authorized foreign bank in the year that, in a proportion of 100% or 75%, as the case may be, and in accordance with section 64, do not constitute wages subject to the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);

(5) E is the aggregate of the wages paid by the authorized foreign bank in the year; and

(6) if C or E is an amount equal to zero, the fraction of which it is the denominator is deemed to be equal to zero.

Proportion of business carried on in Canada, in Québec and elsewhere.

For the purposes of the first paragraph, the computation of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is computed in the manner prescribed in the regulations made under subsection 2 of section 771 of the Taxation Act, with the necessary modifications.

History: 2004, c. 8, s. 2; 2005, c. 38, s. 18.

Immigrant investors program.

57.2. If a corporation or partnership operates an international financial centre and, in the course of operating the international financial centre, the corporation or partnership carries out a qualified international financial transaction described in paragraph 24 of section 7, the amount determined under subparagraph 2 of the second paragraph of section 57 or 57.1 in respect of the operations of the international financial centre must be determined as if only the fees that are paid or required to be paid to the corporation or partnership by IQ Immigrants Investisseurs Inc. pursuant to an agreement referred to in section 34.1 of the Regulation respecting the selection of foreign nationals (chapter I-0.2, r. 4) that the corporation or partnership entered into with IQ Immigrants Investisseurs Inc. were the fees or any other consideration that the corporation or partnership receives or is to receive in relation to the qualified international financial transaction.

History: 2005, c. 38, s. 19.

58. (Repealed).

History: 1999, c. 86, s. 58; 2004, c. 21, s. 16; 2005, c. 38, s. 20.

59. (Repealed).

History: 1999, c. 86, s. 59; 2004, c. 21, s. 17; 2005, c. 38, s. 20.

60. (Repealed).

History: 1999, c. 86, s. 60; 2004, c. 21, s. 18; 2005, c. 38, s. 20.

60.0.1. (Repealed).

History: 2004, c. 8, s. 3; 2005, c. 38, s. 20.

Deduction.

60.1. If a corporation is a bank, within the meaning of section 1 of the Taxation Act (chapter I-3), and operates in a taxation year an international financial centre, the corporation may deduct from its paid-up capital for the year, for the purposes of Part IV of that Act, computed before the application of this section and section 57 and of section 1141.9 of that Act, the amount by which the product obtained by multiplying the amount it deducted from the paid-up capital for the year under section 57 by the proportion that the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the

year is of its business carried on in Québec in the year, exceeds the amount it deducted from the paid-up capital for the year under section 57.

Proportion of business carried on in Canada, in Québec and elsewhere.

For the purposes of the first paragraph, the proportion of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is computed in the manner prescribed in the regulations made under subsection 2 of section 771 of the Taxation Act, with the necessary modifications.

History: 2002, c. 40, s. 9; 2005, c. 38, s. 21.

Minimum tax not applicable.

61. A corporation is not required to pay the minimum amount of tax determined under section 1135, the second paragraph of section 1167 or the third paragraph of section 1173.1, as the case may be, of the Taxation Act (chapter I-3) where its operations consist solely in the operation, directly or through a partnership, of an international financial centre.

History: 1999, c. 86, s. 61; 2002, c. 40, s. 10.

61.1. (Repealed).

History: 2005, c. 1, s. 4; 2006, c. 36, s. 10.

§3. — (Repealed)

62. (Repealed).

History: 1999, c. 86, s. 62; 2001, c. 51, s. 318; 2010, c. 5, s. 4.

§4. — Source deductions

Deductions and withholdings not required.

63. No amount shall be deducted or withheld under section 1015 of the Taxation Act (chapter I-3) in respect of the part of the remuneration referred to in the second paragraph, for a period or part of a period of a taxation year, of an employee of a corporation or partnership operating an international financial centre, from the employee's employment with the corporation or partnership, where the following conditions are satisfied:

(1) except where section 104 applies for the period or part of the period in respect of the employee in relation to that employment, a qualification certificate referred to in section 14, as it read before being repealed, section 15 or section 3.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) was issued in respect of the employee in relation to that employment and is valid for that period or part of the period;

(2) where section 104 applies for the period or part of the period in respect of the employee in relation to that

employment, a certificate referred to in section 20 was issued for the preceding taxation year in respect of the employee in relation to that employment and has not been revoked; and

(3) it may reasonably be considered that the conditions relating to that employment on which was based the decision of the Minister of Finance to issue the qualification certificate referred to in paragraph 1 or the certificate referred to in paragraph 2, or, if they are not the same, the conditions on which would have been based the decision of the Minister of Finance to issue the qualification certificate or the certificate in relation to the period or part of the period, remain essentially the same for the period or part of the period.

Employee other than a foreign specialist.

The part of the remuneration to which the first paragraph refers is

(1) in the case of an employee in respect of whom subparagraph 1 of the first paragraph applies by reason of a qualification certificate issued in respect of the employee in accordance with section 15 in relation to that employment or in respect of whom subparagraph 2 of that paragraph applies, the lesser of

(a) the percentage, specified in the fourth paragraph, of the part of the employee's wages, within the meaning of section 72, from that employment for the period or part of the period concerned, and

(b) the product obtained by multiplying the amount specified in the fifth paragraph by the proportion that the number of days in the period or part of the period concerned is of 365; or

(2) in the case of another employee, the product obtained by multiplying the employee's remuneration for the period or the part of the period concerned by the percentage determined in subparagraph 1 of the second paragraph of section 65 in respect of that employment.

Percentage applicable in respect of an employment.

For the purposes of subparagraph 2 of the second paragraph, for the purpose of determining the percentage applicable in respect of an employment, the employment referred to in that subparagraph held by the employee under a particular employment contract, is deemed, where the third paragraph of section 69.3 applies to the employee, to be an employment held by the employee under a deemed employment contract, within the meaning of subparagraph 1 of that third paragraph, continuing the particular contract.

Specified percentage.

The percentage to which subparagraph *a* of subparagraph 1 of the second paragraph refers is

- (1) 37.5% for the taxation year 2010;
- (2) 30% for the taxation year 2011;
- (3) 20% for the taxation year 2012; or
- (4) 10% for the taxation year 2013.

Specified amount.

The amount to which subparagraph *b* of subparagraph 1 of the second paragraph refers is

- (1) \$50,000 for the taxation year 2010;
- (2) \$40,000 for the taxation year 2011;
- (3) \$26,667 for the taxation year 2012; or
- (4) \$13,333 for the taxation year 2013.

History: 1999, c. 86, s. 63; 2004, c. 21, s. 19; 2005, c. 23, s. 12; 2011, c. 1, s. 6; 2012, c. 1, s. 53.

§5. — Québec health services fund**Contribution holiday.**

64. Seventy-five percent of the wages paid by a corporation or partnership operating an international financial centre to one of the employees of the business of the corporation or partnership that constitutes the international financial centre do not constitute wages subject to the contribution provided for in section 34 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) if the wages are attributable to

- (1) a period covered by a valid certificate referred to in section 19, as it read before being repealed, section 20 or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) that was issued in respect of the employee in relation to that employment; or
- (2) for any other period and subject to section 64.2, the employee's duties with the corporation or partnership that are devoted to the operations of the international financial centre.

Contribution holiday.

However, for the part of the wages paid that is attributable to a period, or part of a period, preceding 13 June 2003, the first paragraph shall be read with "Seventy-five percent" in the portion before subparagraph 1 replaced by "One hundred percent".

History: 1999, c. 86, s. 64; 1999, c. 89, s. 53; 2004, c. 21, s. 20; 2005, c. 23, s. 13; 2012, c. 1, s. 54.

64.1. (Repealed).

History: 2005, c. 1, s. 5; 2006, c. 36, s. 11.

Register.

64.2. For the purposes of subparagraph 2 of the first paragraph of section 64, an employee's duties with a corporation or partnership operating an international financial centre that are devoted to the operations of that centre include only those in respect of which the corporation or partnership keeps a register containing the information the Minister of Revenue considers necessary in order to determine the portion of the employee's wages that is attributable to those duties.

History: 2005, c. 23, s. 14.

DIVISION III**EMPLOYEES ASSIGNED TO THE OPERATIONS OF AN INTERNATIONAL FINANCIAL CENTRE****§1. — Foreign specialists****Deduction.**

65. An individual described in section 66 who holds employment with a particular corporation or partnership that is referred to in that section may deduct, in computing the individual's taxable income for a taxation year, an amount not greater than the aggregate of all amounts each of which is determined, in respect of a specified period of the individual in relation to that employment, by the formula

$$A \times B.$$

Formula elements.

In the formula provided for in the first paragraph,

- (1) *A* is

(a) where the individual entered into the individual's employment contract with the particular corporation or partnership between 12 June 2003 and 31 March 2004, or entered into that contract before 13 June 2003 but began to perform the duties of that employment after 1 September 2003, 75%,

(a.1) where the individual entered into the individual's employment contract with the particular corporation or partnership after 30 March 2004,

i. 100%, if that specified period of the individual is included in the first or second year of the period described in paragraph 4 of section 69,

ii. 75%, if that specified period of the individual is included in the third year of the period described in that paragraph 4,

iii. 50%, if that specified period of the individual is included in the fourth year of the period described in that paragraph 4, or

iv. 37.5%, if that specified period of the individual is included in the fifth year of the period described in that paragraph 4, and

(b) in any other case, 100%; and

(2) B is the part of the individual's income for the year, determined in accordance with section 28 of the Taxation Act (chapter I-3), that may reasonably be considered to be realized in the part of that specified period of the individual that is included in the year.

Income realized.

For the purposes of subparagraph 2 of the second paragraph, the following rules apply:

(1) if the individual is a member of a partnership in a taxation year, the individual's share of the income or loss of the partnership for a fiscal period that ended in the year must be considered to be earned or sustained during the part of the year referred to in that subparagraph 2 if the partnership's fiscal period ends in that part of the year, and to be earned or sustained during another part of the year if the partnership's fiscal period ends in that other part of the year; and

(2) if the individual includes an amount in computing the individual's income for a taxation year under section 313.11 of the Taxation Act, the amount must be considered to be income earned by the individual on the last day of that year.

Specified period.

The specified period of an individual in relation to an employment held by the individual with a particular corporation or partnership is,

(1) if the employment contract was entered into with the particular corporation or partnership after 30 March 2004, any part of the individual's reference period, in relation to that employment, established under section 69, that is included in any of the five years of the period described in paragraph 4 of that section; and

(2) in any other case, the individual's reference period, in relation to that employment, established under section 69.

History: 1999, c. 86, s. 65; 2004, c. 21, s. 21; 2005, c. 38, s. 22; 2009, c. 5, s. 4.

Initial specified period.

65.1. If, at a particular time included in a specified period of an individual described in section 66, established under the fourth paragraph of section 65, in relation to an employment held by the individual with a corporation operating an international financial centre, in this section referred to as the "initial specified period", the individual acquired a right to a security under an agreement referred to in section 48 of the Taxation Act (chapter I-3) and, at a later time after the end of the initial specified period, the

individual is deemed to receive a benefit in a particular taxation year because of the application of any of sections 49 and 50 to 52.1 of that Act in respect of the security, or the transfer or any other disposition of the rights under the agreement, the following rules apply:

(1) for the purposes of the first paragraph of section 65, the individual is deemed, for a part of the particular taxation year that includes the later time, to be an individual described in section 66 who holds that employment with the corporation;

(2) for the purpose of applying the first and second paragraphs of section 65 in respect of the amount of the benefit included by the individual in computing the individual's income for the particular taxation year, the later time is deemed to be a specified period of the individual in relation to that employment and that specified period is deemed to be included in the year of the period described in paragraph 4 of section 69 in which the initial specified period is itself included;

(2.1) for the purpose of applying section 71 and paragraphs *a* and *b* of section 737.18 of the Taxation Act in respect of the amount of the benefit included by the individual in computing the individual's income for the particular taxation year, the later time is deemed to be a reference period of the individual, established under section 69, in relation to that employment; and

(3) section 51 is to be read as if "as referred to in section 19, as it read before being repealed, section 20 or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) and was issued for the year in respect of the individual" was replaced by "is referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) and was issued in respect of the individual for the taxation year that includes the particular time referred to in the portion of section 65.1 before paragraph 1".

History: 2002, c. 40, s. 11; 2004, c. 21, s. 21; 2005, c. 38, s. 23; 2012, c. 1, s. 55.

Foreign specialist.

66. Only an individual who satisfies the following requirements, for all or part of a particular taxation year, is entitled to a deduction under section 65 for that year:

(1) at a particular time, the individual took up employment, as an employee, with a particular corporation or partnership operating an international financial centre under an employment contract entered into with the corporation or partnership;

(2) the individual was not resident in Canada immediately before entering into the employment contract or immediately before taking up employment, as an employee, with the particular corporation or partnership, or, where the individual

was resident in Canada at that time, the individual became resident in Canada at any given time in the particular year or a preceding taxation year to establish an international financial centre in Canada and the following conditions are satisfied:

- (a) the individual worked exclusively or almost exclusively for a person or partnership from that given time to the time at which the condition set out in subparagraph *c* is satisfied,
- (b) for any part of the period referred to in subparagraph *a*, the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) that was issued in respect of the individual in relation to the establishment of the international financial centre and the certificate recognizes the individual as a specialist for that part of the period, and
- (c) the individual took up employment, within 12 months after that given time, as an employee, with the particular corporation or partnership that operates the international financial centre established by the individual,
- (3) the individual works exclusively or almost exclusively for the particular corporation or partnership from the particular time to the end of the particular year or the part of the particular year, and
- (4) for any part of the period beginning at the particular time and ending at the end of the particular year or the part of the particular year, the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures that was issued in respect of the individual in relation to that employment and the certificate recognizes the individual as a specialist for that part of the period.

Condition.

For the purposes of subparagraph 4 of the first paragraph, the business to which a certificate referred to therein relates must be an international financial centre of the particular corporation or partnership.

Interpretation.

Notwithstanding paragraph 2 of section 5, an individual shall not, for the purposes of the first paragraph, be considered to be a person resident in Canada if the individual is considered to be resident in Canada for the purposes of the Taxation Act (chapter I-3) by reason of the application of paragraph *a* of section 8 of that Act.

History: 1999, c. 86, s. 66; 2004, c. 21, s. 21; 2012, c. 1, s. 56.

New contract of employment.

67. For the application of section 66 to an individual who is resident in Canada immediately before entering into a contract of employment with a corporation or partnership operating an international financial centre and immediately before taking up employment, as an employee, with the corporation or partnership, and who, if the individual worked to establish the international financial centre in Canada immediately before taking up employment, as an employee, with the corporation or partnership, is resident in Canada immediately before so beginning to work, the rule set out in the second paragraph applies if any of the following conditions is satisfied:

- (1) the individual may deduct an amount in computing the individual's taxable income for the taxation year in which the individual so took up employment or began working in Canada to establish the international financial centre, or for a preceding taxation year, in relation to a preceding employment, under any of the sections mentioned in the third paragraph of section 737.19.2 of the Taxation Act (chapter I-3); or
- (2) the individual would meet the condition set out in subparagraph 1 if an employer had not failed to apply, in respect of the individual, for a qualification certificate or a certificate referred to in any of the sections mentioned in subparagraph ii of paragraph *a* of section 737.20 of the Taxation Act.

Rule.

The rule to which the first paragraph refers is any of the following rules:

- (1) the individual is deemed to become resident in Canada to establish the international financial centre at the time when the individual begins working to establish the centre, where
 - (a) the individual was working to establish the centre immediately before taking up employment, as an employee, with the corporation or partnership,
 - (b) the period between the date on which the individual took up employment and the time when the individual began working to establish the international financial centre does not exceed 12 months, and
 - (c) the individual satisfies the conditions set out in subparagraphs 3 and 4 of the first paragraph of section 66 on the very day on which the individual takes up employment; and
- (2) in any other case, the individual is deemed not to be resident in Canada immediately before taking up employment, as an employee, with the corporation or partnership.

Effect.

Where the rule set out in subparagraph 1 of the second paragraph applies, it also has effect for the purposes of subparagraph *b* of paragraph 1 of section 69.

History: 1999, c. 86, s. 67; 2004, c. 21, s. 21.

Individual working in two or more international financial centres.

68. For the purposes of subparagraph 3 of the first paragraph of section 66, an individual who, at any time, works exclusively or almost exclusively for a group of corporations or partnerships each of which is operating an international financial centre, including the particular corporation or partnership referred to in that section, is deemed to be working at that time exclusively or almost exclusively for the particular corporation or partnership if, at that time,

(1) all the activities of those international financial centres are conducted in one place within the urban agglomeration of Montréal; and

(2) the requirement set out in subparagraph 4 of the first paragraph of section 66 is satisfied as regards each of those corporations or partnerships in relation to its international financial centre.

History: 1999, c. 86, s. 68; 2004, c. 21, s. 21; 2006, c. 13, s. 10.

Reference period.

69. The reference period of an individual described in section 66, in relation to an employment the individual holds with a particular corporation or partnership, referred to in that section is the period

(1) that begins on the earlier of

(a) the day on which the individual begins to perform the duties of that employment, and

(b) where applicable, the day on which the individual became resident in Canada to establish an international financial centre in Canada;

(2) throughout which

(a) the individual is working to establish an international financial centre or holds an employment with a corporation or partnership operating such a centre, and

(b) the following conditions are satisfied:

i. the conditions set out in subparagraphs *a* and *b* of subparagraph 2 of the first paragraph of section 66, while the individual is working to establish an international financial centre, and

ii. the conditions set out in subparagraphs 3 and 4 of the first paragraph of section 66, where the individual holds an employment with a corporation or partnership operating an international financial centre;

(3) that does not exceed five years, with reference to,

(a) where the individual began to stay or became resident in Canada after 19 December 2002 because of a contract of employment entered into after that date, the aggregate of all periods each of which is a preceding period within the meaning of section 69.1 that is established in respect of the individual, and

(b) in any other case, the aggregate of all the preceding periods each of which is any of the following periods:

i. a preceding period, in relation to a preceding employment, established in respect of the individual under this section or the regulations under the first paragraph of section 737.16 of the Taxation Act (chapter I-3), as they read for a taxation year beginning on or before 20 December 1999, or

ii. a preceding period within the meaning of section 69.1 that is established in respect of the individual since the last time the individual became resident in Canada, other than a preceding period referred to in subparagraph i; and

(4) that, if the individual entered into the individual's employment contract with the particular corporation or partnership after 30 March 2004, ends on or before the last day of the five-year period that begins,

(a) unless subparagraph *b* applies, on the day on which the individual first begins to perform the duties of an employment for which the individual may deduct an amount in computing the individual's taxable income for a taxation year under any of the sections mentioned in the third paragraph of section 737.19.2 of the Taxation Act, or could so deduct such an amount if an employer had not failed to apply, in respect of the individual, for a qualification certificate or a certificate referred to in any of the sections mentioned in subparagraph ii of paragraph *a* of section 737.20 of that Act; or

(b) if the individual began to perform the duties of the employment referred to in subparagraph *a* under a contract of employment entered into with a particular corporation or partnership operating an international financial centre established by the individual and if the individual was resident in Canada immediately before the contract of employment was entered into and immediately before the individual took up that employment, on the day, determined without reference to paragraph *a* of section 8 of the Taxation Act, on which the individual becomes resident in Canada to work on the establishment of that centre.

History: 1999, c. 86, s. 69; 2004, c. 21, s. 22; 2005, c. 38, s. 24.

Reference period.

69.1. For the purpose of establishing the reference period of an individual in relation to an employment, a preceding period to which subparagraph *a* of paragraph 3 of section 69 and subparagraph ii of subparagraph *b* of that paragraph refer means all or part of a preceding period, established in respect of the individual under any of the sections mentioned in the second paragraph of section 737.19.2 of the Taxation Act (chapter I-3) or under the regulations mentioned in that paragraph, to which an amount that the individual may deduct in computing the individual's taxable income for a taxation year, in relation to a preceding employment, under any of the sections mentioned in the third paragraph of section 737.19.2, may reasonably be attributed.

History: 2004, c. 21, s. 23.

Power of the Minister.

69.1.1. If, in a taxation year, an individual is absent from an employment the individual holds with a particular corporation or partnership operating an international financial centre and, were it not for that absence, would be an individual described in section 66 for the part of the year that is included in the individual's period of absence, the Minister may, for the purposes of this subdivision, consider that part of the year to be included in the individual's reference period, established under section 69, in relation to the employment if the Minister is of the opinion that the individual is temporarily absent from the employment for reasons the Minister considers reasonable.

Conditions deemed satisfied.

The conditions set out in section 66 that were satisfied by the individual before the beginning of the individual's period of absence are deemed to be satisfied for the part of the year in respect of which the Minister exercises discretion in the individual's favour in accordance with the first paragraph.

History: 2005, c. 23, s. 15.

Reference period – exclusion.

69.1.2. Despite section 69, the reference period of an individual in relation to an employment the individual holds with a corporation does not include any part of the period described in that section that is covered by a qualification certificate issued to the corporation in respect of the individual, certifying that the individual qualifies as an eligible employee for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3).

History: 2006, c. 13, s. 11.

Employment as an employee.

69.2. For the purposes of this subdivision, an individual referred to in the fifth paragraph is deemed to take up employment, as an employee, with a corporation or

partnership operating an international financial centre at the particular time referred to in subparagraph 2 where

(1) the individual holds employment with the corporation or partnership on 1 January 2001; and

(2) at a particular time when the individual works for the corporation or partnership, the individual would begin, for the first time since 1 January 2001, to satisfy the requirements set out in subparagraphs 3 and 4 of the first paragraph of section 66 if

(a) that subparagraph 3 were read with “from the particular time to the end of the particular year or the part of the particular year” replaced by “throughout the particular year or the part of the particular year”, and

(b) that subparagraph 4 were replaced by the following subparagraph:

“(4) the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures that was issued in respect of the individual in relation to that employment and the certificate recognizes the individual as a specialist for the particular year or the part of the particular year.”

Presumption.

An individual referred to in the sixth paragraph who, on 1 January 2001, works to establish an international financial centre in Canada is deemed to begin working to establish that centre on that date.

Employment contract.

In addition, an individual referred to in the seventh paragraph is deemed to take up employment, as an employee, with a corporation or partnership operating an international financial centre at the particular time referred to in subparagraph 2 where

(1) the individual enters into an employment contract with the corporation or partnership after 31 December 2000; and

(2) at a particular time when the individual works for the corporation or partnership, the individual would begin, for the first time since the entering into the contract referred to in subparagraph 1, to satisfy the requirements set out in subparagraphs 3 and 4 of the first paragraph of section 66 if

(a) that subparagraph 3 were read with “from the particular time to the end of the particular year or the part of the particular year” replaced by “throughout the particular year or the part of the particular year”, and

(b) that subparagraph 4 were replaced by the following subparagraph:

“(4) the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures that was issued in respect of the individual in relation to that employment and the certificate recognizes the individual as a specialist for the particular year or the part of the particular year.”

Presumption.

The individual to whom the first or third paragraph applies is also deemed to begin performing the duties of the employment the individual holds with the corporation or partnership at the particular time referred to in subparagraph 2 of that paragraph.

Individual to whom the first paragraph refers.

The individual to whom the first paragraph refers is the individual who

(1) has no reference period that is running on 1 January 2001 in relation to that employment; and

(2) may deduct, in computing the individual's taxable income for a taxation year preceding the year 2001, in relation to a preceding employment, an amount under any of the sections mentioned in the third paragraph of section 737.19.2 of the Taxation Act (chapter I-3), or could so deduct such an amount if an employer had not failed to apply, in respect of the individual, for a qualification certificate or a certificate referred to in any of the sections mentioned in subparagraph ii of paragraph *a* of section 737.20 of that Act.

Individual to whom the second paragraph refers.

The individual to whom the second paragraph refers is the individual who

(1) is resident in Canada immediately before entering into an employment contract with a corporation or partnership operating the international financial centre, immediately before taking up employment, as an employee, with the corporation or partnership and immediately before beginning to work in Canada to establish that centre in Canada ;

(2) has no reference period that is running on 1 January 2001 in relation to the employment the individual holds with the corporation or partnership referred to in subparagraph 1;

(3) takes up employment, as an employee, with the corporation or partnership referred to in subparagraph 1 within 12 months after the time when the individual began working to establish the international financial centre; and

(4) may deduct, in computing the individual's taxable income for a taxation year preceding the year 2001, in relation to a preceding employment, an amount under any of

the sections mentioned in the third paragraph of section 737.19.2 of the Taxation Act, or could so deduct such an amount if an employer had not failed to apply, in respect of the individual, for a qualification certificate or a certificate referred to in any of the sections mentioned in subparagraph ii of paragraph *a* of section 737.20 of that Act.

Individual to whom the third paragraph refers.

The individual to whom the third paragraph refers is the individual who

(1) has not worked to establish the international financial centre immediately before taking up employment, as an employee, with the corporation or partnership or, if such is not the case, took up employment more than 12 months after becoming resident in Canada in order to establish that center in Canada or does not satisfy the requirements set out in subparagraphs 3 and 4 of the first paragraph of section 66 on the day of taking up employment; and

(2) may deduct, in computing the individual's taxable income for the taxation year in which the individual entered into the individual's employment contract or for a preceding taxation year, in relation to a preceding employment, an amount under any of the sections mentioned in the third paragraph of section 737.19.2 of the Taxation Act, or could so deduct such an amount if an employer had not failed to apply, in respect of the individual, for a qualification certificate or a certificate referred to in any of the sections mentioned in subparagraph ii of paragraph *a* of section 737.20 of that Act.

History: 2004, c. 21, s. 23; 2012, c. 1, s. 57.

End of original contract or deemed contract.

69.3. For the purposes of this subdivision, the employment contract that an individual entered into with a corporation or a partnership operating an international financial centre, in this section referred to as the “original contract”, or a deemed contract within the meaning of subparagraph 1 of the third paragraph, is deemed to end at the time when the individual ceases to satisfy the requirements set out in subparagraphs 3 and 4 of the first paragraph of section 66.

Presumption.

Where on 1 January 2001, an individual referred to in the fourth paragraph holds employment with a corporation or partnership operating an international financial centre, the employment contract entered into with the corporation or partnership, in this section referred to as the “original contract”, is deemed to have ended before that date.

New employment contract.

In addition, where at a particular time an individual would again satisfy the requirements set out in subparagraphs 3 and 4 of the first paragraph of section 66 if that subparagraph 3

were read with “from the particular time to the end of the particular year or the part of the particular year” replaced by “throughout the particular year or the part of the particular year”, and if that subparagraph 4 were read without reference to “for any part of the period beginning at the particular time and ending at the end of the particular year or the part of the particular year,” and with “for that part of the period” replaced by “for the particular year or the part of the particular year”, the following rules apply:

(1) the individual is deemed to enter into, with the corporation or partnership, a new employment contract, in this section referred to as the “deemed contract”, and that contract is deemed to be entered into at the particular time; and

(2) the individual is deemed to take up employment, as an employee, with the corporation or partnership at the particular time and is also deemed to begin at that time to perform the duties of that new employment.

Individual to whom the second paragraph refers.

The individual to whom the second paragraph refers is the individual who

(1) is not resident in Canada immediately before entering into the original contract or immediately before taking up employment, as an employee, with the qualified corporation, or became resident in Canada at any time to establish the international financial centre in Canada;

(2) has no reference period that is running on 1 January 2001 in relation to that employment; and

(3) may deduct, in computing the individual’s taxable income for a taxation year preceding the year 2001, in relation to that employment, an amount under section 737.16 of the Taxation Act (chapter I-3), or could so deduct such an amount if the corporation or partnership had not failed to apply, in respect of the individual, for a certificate referred to in section 19 or in section 737.15 of the Taxation Act, as they read before being repealed, or the qualification certificate referred to in section 14, as it read before being repealed.

Effect of expiry, termination or cancellation of original contract.

The expiry, termination or cancellation of the original contract or any other event having the effect of terminating the original contract also entails the expiry, termination or cancellation, as the case may be, of a deemed contract continuing the original contract, or otherwise terminates such a contract.

Effect of renewal of original contract.

The renewal of the original contract also entails the renewal of a deemed contract continuing the original contract, except

if the deemed contract is deemed to have ended under the first paragraph.

History: 2004, c. 21, s. 23; 2005, c. 38, s. 25; 2012, c. 1, s. 58.

Renewal after 12 June 2003.

69.4. For the purposes of this subdivision, the contract resulting from the renewal, after 12 June 2003, of an employment contract referred to in section 66 is deemed not to be an employment contract separate from the employment contract referred to in that section.

Non-application of the first paragraph.

The first paragraph does not apply in respect of a contract that is deemed to have ended under the first or second paragraph of section 69.3.

History: 2004, c. 21, s. 23.

Computation of a carry-forward of losses.

70. For the purposes of Title VII of Book IV of Part I of the Taxation Act (chapter I-3), the non-capital loss, farm loss, net capital loss, restricted farm loss and limited partnership loss, for a taxation year, of an individual who, for that year, benefits from a deduction under section 65, shall be determined as if

(1) any income earned by the individual in any of the individual’s specified periods, established under the fourth paragraph of section 65, in relation to an employment, were equal to the product obtained by multiplying that income by the amount by which 100% exceeds the percentage determined under subparagraph 1 of the second paragraph of that section in respect of that period; and

(2) any loss sustained by the individual in any of the individual’s specified periods, established under the fourth paragraph of section 65, in relation to an employment, were equal to the product obtained by multiplying that loss by the amount by which 100% exceeds the percentage determined under subparagraph 1 of the second paragraph of that section in respect of that period.

History: 1999, c. 86, s. 70; 2004, c. 21, s. 24; 2005, c. 38, s. 26.

§2. — Other employees

Deduction.

71. An individual who holds employment with a corporation or partnership operating an international financial centre may deduct, in computing the individual’s taxable income for a taxation year, an amount not exceeding the lesser of

(1) the total of

(a) the percentage, specified in the second paragraph, of the aggregate of all amounts each of which is the part of the

individual's wages for the year from an employment with a particular corporation or partnership operating an international financial centre, that may reasonably be attributed to the qualifying period established in respect of the individual under subparagraph 1 of the first paragraph of section 73 in relation to the particular corporation or partnership, except, if applicable, the part of that period that is included in the individual's reference period, established under section 69, in relation to an employment, and

(b) the aggregate of all amounts each of which is the product obtained by multiplying 37.5% by the part of the individual's wages for the year from an employment with a particular corporation or partnership operating an international financial centre, that may reasonably be attributed to a qualifying period established in respect of the individual under subparagraph 2 of the first paragraph of section 73 in relation to the particular corporation or partnership, except, if applicable, the part of that period that is included in the individual's reference period, established under section 69, in relation to an employment; and

(2) the product obtained by multiplying the amount specified in the third paragraph by the proportion, not exceeding 1, that the number of days in all the qualifying periods established in respect of the individual under section 73 and to which the aggregate of all the amounts determined in subparagraph 1 relates is of 365.

Specified percentage.

The percentage to which subparagraph *a* of subparagraph 1 of the first paragraph refers is

- (1) 37.5% for the taxation year 2010;
- (2) 30% for the taxation year 2011;
- (3) 20% for the taxation year 2012; or
- (4) 10% for the taxation year 2013.

Specified amount.

The amount to which subparagraph 2 of the first paragraph refers is

- (1) \$50,000 for the taxation year 2010;
- (2) \$40,000 for the taxation year 2011;
- (3) \$26,667 for the taxation year 2012; or
- (4) \$13,333 for the taxation year 2013.

History: 1999, c. 86, s. 71; 2002, c. 40, s. 12; 2004, c. 21, s. 25; 2005, c. 23, s. 16; 2011, c. 1, s. 7.

Individual's wages.

72. In section 71, an individual's wages for a taxation year from an employment means the individual's income for the year from that employment, computed under Chapters I and II of Title II of Book III of Part I of the Taxation Act (chapter I-3) with every deduction under Division III of Chapter III of that Title II being taken into account.

History: 1999, c. 86, s. 72.

Absence from employment.

72.1. If, in a taxation year, an individual is absent from an employment the individual holds with a particular corporation or partnership operating an international financial centre and the remuneration that the particular corporation or partnership paid to the individual for the part of that year that is included in the individual's period of absence would not otherwise be included in the part of the individual's wages for the year from that employment, that may reasonably be attributed to a qualifying period established in respect of the individual under section 73 in relation to the particular corporation or partnership, the Minister may consider the remuneration to be included in the part of the wages if the Minister is of the opinion that the individual is temporarily absent from the employment for reasons the Minister considers reasonable.

History: 2005, c. 23, s. 17.

Qualifying period.

73. For the purposes of section 71, any of the following particular periods, except any part of the particular period that is covered by a qualification certificate issued to a particular corporation, in respect of an individual, certifying that the individual qualifies as an eligible employee for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3), is a qualifying period in respect of the individual in relation to the particular corporation or a particular partnership:

(1) the particular period, for which the conditions of the second paragraph are met, that begins on the day provided for in the third paragraph and that ends on the earliest of

(a) the day preceding the day on which any of the conditions of the second paragraph ceases to be met,

(b) 31 December 2012, if the particular corporation did not make an election under the fourth paragraph of section 1029.8.36.166.62 of the Taxation Act, and

(c) 31 December 2013; or

(2) a particular period that ends before 30 March 2010 and for which the conditions of the second paragraph are met.

Conditions.

The conditions to which subparagraphs 1 and 2 of the first paragraph refer are as follows:

(1) the individual worked throughout the particular period exclusively or almost exclusively

(a) for the particular corporation or partnership, or

(b) for a group of corporations or partnerships each of which was operating an international financial centre, including the particular corporation or partnership, if all the activities of those international financial centres are conducted in one place within the urban agglomeration of Montréal;

(2) the whole of the particular period is covered by a valid certificate which was issued in respect of the individual in accordance with section 20 to each corporation or partnership that is the particular corporation or the particular partnership or, if applicable, any of the other corporations or partnerships referred to in subparagraph *b* of subparagraph 1, in relation to the individual's employment with the corporation or partnership; and

(3) the business to which the certificate referred to in subparagraph 2 relates is, throughout the particular period, an international financial centre of the corporation or partnership referred to in that subparagraph.

Beginning of the particular period.

The day to which subparagraph 1 of the first paragraph refers is

(1) if the individual is an employee described in subparagraph 1 of the second paragraph of section 15, the day on which the individual begins to hold the employment referred to in that subparagraph 1;

(2) if the individual is an employee described in subparagraph 2 of the second paragraph of section 15, the day that follows the day on which the individual's reference period established under section 69 ends; and

(3) in any other case, 30 March 2010.

History: 1999, c. 86, s. 73; 2004, c. 21, s. 26; 2005, c. 23, s. 18; 2006, c. 13, s. 12; 2011, c. 1, s. 8.

Absence from employment.

73.1. If an individual is absent from an employment the individual holds with a corporation or partnership operating an international financial centre and, but for that absence, the conditions of subparagraphs 1 and 2 of the second paragraph of section 73 would have been met for the individual's period of absence in relation to the employment, the Minister may, if the Minister is of the opinion that the individual is temporarily absent from the employment for reasons the Minister deems reasonable, consider that those conditions are

met for the period of absence for the purpose of establishing the particular period described in subparagraph 1 of the first paragraph of section 73 in relation to the employment.

History: 2011, c. 1, s. 9.

DIVISION IV OTHER PROVISION

Fiscal law.

74. This chapter is a fiscal law within the meaning of the Tax Administration Act (chapter A-6.002).

History: 1999, c. 86, s. 74; 2010, c. 31, s. 175.

CHAPTER VI AMENDING PROVISIONS

75.–102. (*Amendment integrated into c. I-3, s. 1*).

History: 1999, c. 86, s. 75-102.

CHAPTER VII MISCELLANEOUS PROVISIONS

Qualification certificates and certificates continued.

103. Every qualification certificate or certificate provided for in Title VII.2 of Book IV of Part I of the Taxation Act (chapter I-3) or in Division II.6.11 of Chapter III.1 of Title III of Book IX of Part I of that Act and issued by the Minister to a corporation or partnership for the purposes of the application of that Title VII.2 or of that Division II.6.11 to a taxation year or fiscal period beginning on or before 20 December 1999 is deemed to be provided for in this Act and to have been issued in accordance with the section of this Act pursuant to which the qualification certificate or certificate would have been issued if that section had been in force.

History: 1999, c. 86, s. 103.

Employees on 31 December 1999.

104. The Minister is deemed to have issued, pursuant to section 15, a qualification certificate, valid at any particular time, to a corporation or a partnership in respect of one of its employees where the employee

(1) was an employee of the corporation or partnership on 31 December 1999; and

(2) held a valid certificate issued to the corporation or partnership in respect of the employee for the taxation year 1999 and each subsequent taxation year ending before the particular time, pursuant to section 20 or 21, as it read before being repealed.

History: 1999, c. 86, s. 104; 2004, c. 21, s. 27; 2005, c. 23, s. 19; 2012, c. 1, s. 59.

Taxation year, fiscal period or calendar year beginning on or before 20 December 1999.

105. Section 6 shall, for a taxation year, a fiscal period or a calendar year that begins on or before 20 December 1999, be read as follows:

“6. In this Act, “international financial centre” has the meaning assigned by sections 737.13 and 737.13.1 of the Taxation Act (chapter I-3).”

History: 1999, c. 86, s. 105.

Foreign specialist – period preceding 1 January 2000.

106. For the purpose of determining after 31 December 1999 whether an individual satisfies the condition set out in subparagraph *b* of subparagraph 2 of the first paragraph of section 66, or the requirement set out in subparagraph 4 of that paragraph, in respect of the part of a particular period preceding 1 January 2000, the obligation to hold, for that part of the particular period, a valid certificate, issued in respect of the individual pursuant to section 19 in relation to the establishment of an international financial centre or in relation to the individual's employment, that recognizes the individual as a foreign specialist for that part of the period, must be replaced by the following obligation:

(1) as regards the condition set out in subparagraph *b* of subparagraph 2 of the first paragraph of section 66, the individual's duties with the person or partnership referred to in subparagraph *a* of that subparagraph 2 were devoted

(a) for the part of the particular period prior to 1 January 1998, exclusively or almost exclusively to the establishment of an international financial centre,

(b) for the part of the particular period subsequent to 31 December 1997 but prior to 1 January 1999, in a proportion of at least 75%, to the establishment of an international financial centre, or

(c) for the part of the particular period subsequent to 31 December 1998, in a proportion of at least 75%, to the establishment of an international financial centre, as confirmed by the Minister in the certificate provided for in subparagraph *f* of the second paragraph of section 737.15 of the Taxation Act (chapter I-3), as it read for a taxation year beginning on or before 20 December 1999; and

(2) as regards the condition set out in subparagraph 4 of the first paragraph of section 66, the individual's duties with the particular corporation or partnership referred to in that section were devoted

(a) for the part of the particular period prior to 1 January 1998, exclusively or almost exclusively to the operations of the international financial centre of that corporation or partnership,

(b) for the part of the particular period subsequent to 31 December 1997 but prior to 1 January 1999,

i. in a proportion of at least 75%, to the operations of the international financial centre of that corporation or partnership other than, after 31 March 1998, back office activities, or

ii. in a proportion of at least 75%, to the operations of the international financial centre of that corporation or partnership, where the individual was a member of the strategic personnel of the international financial centre, or

(c) for the part of the particular period subsequent to 31 December 1998, as confirmed by the Minister in the certificate described in subparagraph *c* of paragraph 1,

i. in a proportion of at least 75%, to the operations of a business of that corporation or partnership, in respect of which a qualification certificate provided for in paragraph *f* of the definition of “international financial centre” in section 737.13 of the Taxation Act, as it read before being repealed was valid, other than back office activities, or

ii. in a proportion of at least 75%, to the operations of the business described in subparagraph *i*, where the individual was a member of the strategic personnel of the business.

Clarification.

For the purposes of subparagraph *c* of subparagraph 2 of the first paragraph, the business to which a certificate referred to therein is related must constitute an international financial centre of the particular corporation or partnership.

History: 1999, c. 86, s. 106; 2004, c. 21, s. 28.

Individual working in two or more international financial centres.

107. Paragraph 3 of section 67 and section 68 do not apply in respect of a period or time prior to 1 January 1998.

History: 1999, c. 86, s. 107.

Reference period – transitional rules.

108. Where the day, referred to in this section as the “particular day”, which corresponds to the earlier of the day on which an individual first took up employment, as an employee, with a corporation operating an international financial centre and, where applicable, of the day on which the individual first became resident in Canada to establish an international financial centre in Canada, is prior to 1 April 1996, the individual's reference period, established under section 69, in relation to an employment,

(1) shall be established, where the particular day is prior to 1 April 1994, as if that section were read with “five years” in the portion of paragraph 3 before subparagraph *a* replaced by “24 months”;

(2) is deemed to correspond, where the particular day is subsequent to 31 March 1994, to the aggregate of

113. *(Omitted).*

History: 1999, c. 86, s. 113.

(a) the period that would be established in respect of the individual under section 69, in relation to that employment, but for this section and if section 69 were read with “five years” in the portion of paragraph 3 before subparagraph *a* replaced by “24 months”, and

(b) the part of the period that would be established in respect of the individual under section 69, in relation to that employment, but for this section, that is not already 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) *(paragraph repealed).*

History: 1999, c. 86, s. 108; 2001, c. 51, s. 319; 2004, c. 21, s. 29.

Administration of the Act.

109. The Minister of Finance is responsible for the administration of this Act, except Chapter V which comes under the administration of the Minister of Revenue.

History: 1999, c. 86, s. 109.

Application of Chaps. III and V.

110. Chapters III and V apply to taxation years, fiscal periods or calendar years that begin after 20 December 1999.

History: 1999, c. 86, s. 110.

First regulation not subject to publication requirement.

111. The first regulation made under sections 35 and 36 is not subject to the publication requirement or the time limits fixed for its coming into force that are provided for in sections 8 and 17 of the Regulations Act (chapter R-18.1). If the regulation is made after 1 January 2000, it will come into force on the date of its publication in the *Gazette officielle du Québec* and may apply to a period prior to its publication but not prior to 1 January 2000.

Other regulations.

Any other regulation made under sections 35 and 36 comes into force on the date of its publication in the *Gazette officielle du Québec*, or on any later date set in the regulation. However, if it so provides, it may take effect on a date prior to its publication but not prior to 1 January 2000.

History: 1999, c. 86, s. 111; 2010, c. 5, s. 5.

IFC Montréal Fund.

112. Division II of Chapter IV has effect from 1 April 1999. The order made before 31 March 2000 pursuant to section 38 may have effect from that same date.

History: 1999, c. 86, s. 112.

REPEAL SCHEDULE

In accordance with section 9 of the Act respecting the consolidation of the statutes and regulations (chapter R-3), chapter 86 of the statutes of 1999, in force on 1 April 2000, is repealed, except subsection 2 of section 75, subsections 2 and 3 of section 76, subsections 2 to 6 of section 77, subsections 2 to 4 of sections 78 to 80, subsections 2 and 3 of section 81, subsection 2 of section 82, subsections 2 and 3 of sections 83 and 84, subsection 2 of section 85, subsections 2 and 3 of sections 86 and 87, subsection 2 of sections 88 and 89, subsections 2 and 3 of section 90, subsection 2 of sections 91 to 96, subsections 2 and 3 of sections 97 to 99, subsection 2 of section 100, subsections 2 and 3 of section 101 as well as sections 102 and 113, effective from the coming into force of chapter C-8.3 of the Revised Statutes.

UPDATES

Bill 77 - 1999, c. 86.

Bill 13 - 2019, c. 14.

Bill 94 - 2000, c. 15; O.C. 1303-2000.

Bill 175 - 2001, c. 51.

Bill 65 - 2002, c. 9;

Bill 78 - 2002, c. 40;

Bill 107 - 2002, c. 45; O.C. 45-2004.

Bill 10 - 2003, c. 9.

Bill 36 - 2004, c. 8;

Bill 45 - 2004, c. 21;

Bill 72 - 2004, c. 37.

Bill 70 - 2005, c. 1;

Bill 100 - 2005, c. 23;

Bill 126 - 2005, c. 38.

Bill 15 - 2006, c. 13;

Bill 41 - 2006, c. 36;

Bill 29 - 2006, c. 50.

Bill 2 - 2007, c. 12.

Bill 2 - 2009, c. 5;

Bill 37 - 2009, c. 15;

Bill 8 - 2009, c. 25; O.C. 961-2009;

Bill 74 - 2009, c. 58.

Bill 64 - 2010, c. 5;

Bill 107 - 2010, c. 31.

Bill 117 - 2011, c. 1;

Bill 10 - 2011, c. 18.

Bill 54 - 2012, c. 1.

Bill 13- 2015, c. 21;

Bill 39 - 2015, c. 24.

Bill 112 - 2017, c. 1.