chapter I-3, r. 1

Regulation respecting the Taxation Act

Taxation Act
(chapter I-3, s. 1086)

R.R.Q., 1981, c. I-3, r. 1.

TITLE I

INTERPRETATION AND RULES OF GENERAL APPLICATION

title I; O.C. 1981-80, title 1; R.R.Q., 1981, c. I-3, r. 1, title 1; O.C. 134-2009, s. 1.

0R1. In this Regulation, "Act" means the Taxation Act (chapter I-3).

s. 0R1; O.C. 1981-80, s. 0R1; R.R.Q., 1981, c. I-3, r. 1, s. 0R1; O.C. 134-2009, s. 1.

0R2. For the purpose of facilitating the finding of the provisions of the Act giving rise to a regulatory provision, the figures that precede the letter R in the numbering of this Regulation refer, for the purpose of guidance only, to the section of the Act providing for such regulatory provision.

s. 0R2; O.C. 1981-80, s. 0R2; R.R.Q., 1981, c. I-3, r. 1, s. 0R2; O.C. 134-2009, s. 1.

1R1. For the purposes of the definition of "share" in section 1 of the Act, a prescribed cooperative means a cooperative described in section 119.2R2.

s. 1R1.1; O.C. 67-96, s. 1; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 248(1) "share" ITA.

1R2. *(Revoked).*

s. 1R6; O.C. 1149-2006, s. 1; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 1.

1R3. *(Revoked).*

s. 1R7; O.C. 1149-2006, s. 1; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 1.

1R4. For the purposes of the definition of "foreign retirement arrangement" in section 1 of the Act, a prescribed plan or arrangement is a plan or arrangement to which any of subsections 408*a*, *b* and *h* of the United States' Internal Revenue Code of 1986, as amended from time to time, applies.

s. 1R4; O.C. 1660-94, s. 1; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 6803.

1R4.1. For the purposes of the definition of "specified pension plan" in section 1 of the Act, a prescribed arrangement is the Saskatchewan Pension Plan established under the Saskatchewan Pension Plan Act (S.S. 1986, c. S-32.2) as amended from time to time.

O.C. 229-2014, s. 1.
Corresponding Federal Provision: 7800.

1R5. For the purposes of the definition of "bituminous sands" in section 1 of the Act, viscosity or density of hydrocarbons is determined using a number of individual samples tested

(*a*) at atmospheric pressure;

(*b*) at a temperature of 15.6 degrees Celsius; and

(*c*) free of solution gas.

For the purposes of the first paragraph, the samples collected must constitute a representative sampling of that deposit from which the taxpayer is committed to produce by means of one mine.

s. 1R5; O.C. 1454-99, s. 1; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1107.

1R6. For the purposes of the definition of "small business corporation" in section 1 of the Act, a corporation is connected with another corporation at a particular time where, at that time,

(*a*) it is controlled, within the meaning of subparagraph *b* of the first paragraph of section 739 of the Act, but otherwise than by reason of a right referred to in paragraph *b* of section 20 of the Act, by the other corporation; or

(*b*) it is a corporation, shares of the capital stock of which, representing more than 10% of the issued shares of its capital stock having full voting rights and more than 10% of the fair market value of the aggregate of the issued shares of its capital stock, are the property of the other corporation.

s. 1R2; O.C. 1549-88, s. 1; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 701-2013, s. 1.
Corresponding Federal Provision: 186(4) ITA.

1R7. For the purposes of the definition of "lending assets" in section 1 of the Act,

(*a*) a share owned by a bank is a prescribed share for a taxation year where it is a preferred share of the capital stock of a corporation that is dealing at arm's length with the bank that may reasonably be considered to be, and is reported as, a substitute or alternative for a loan to the corporation, or another corporation with whom the corporation does not deal at arm's length, in the bank's annual report for the year to the Superintendent of Financial Institutions of Canada or, where the bank was throughout the year subject to the supervision of the Superintendent of Financial Institutions of Canada but was not required to file an annual report for the year with the

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Superintendent of Financial Institutions of Canada, in its financial statements for the year; and

(*b*) a property is a prescribed property for a taxation year where

i. the security is a mark-to-market property, within the meaning of section 851.22.1 of the Act, for the year of a financial institution within the meaning of that section,

ii. the security is at any time in the year a property described in an inventory of a taxpayer, or

iii. the property is a direct financing lease, or any other financing agreement, of a taxpayer that is reported as a loan in the taxpayer's financial statements for the year, prepared in accordance with generally accepted accounting principles, provided that an amount is deductible in computing the taxpayer's income for the year, in respect of the property that is the subject of the lease or agreement, under paragraph *a* of section 130 or the second paragraph of section 130.1 of the Act.

s. 1R3; O.C. 366-94, s. 1; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 1; O.C. 1470-2002, s. 1; O.C. 134-2009, s. 1; O.C. 390-2012, s. 1.

Corresponding Federal Provision: 6209.

7R1. For the purposes of subparagraph *b* of the second paragraph of section 7 of the Act, Gaz Métro Limited Partnership is a prescribed partnership.

s. 7R1; O.C. 1155-2004, s. 1; O.C. 134-2009, s. 1.

8R1. Every international development assistance program set forth in Part XXXIV of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is a prescribed program for the purposes of paragraph *d* of section 8 of the Act.

s. 8R1; O.C. 1981-80, s. 8R1; R.R.Q., 1981, c. I-3, r. 1, s. 8R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 3400.

11R1. For the purposes of section 11 of the Act, a foreign business corporation means a foreign business corporation referred to in subsection 4 of section 250 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 11R1; O.C. 1981-80, s. 11R1; R.R.Q., 1981, c. I-3, r. 1, s. 11R1; O.C. 35-96, s. 1; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 250(4)(b)(ii) ITA.

21.6R1. For the purposes of paragraph *e* of section 21.6 of the Act,

(*a*) a share last acquired before 29 June 1982 and of a class of the capital stock of a corporation that is listed on a designated stock exchange in Canada is a prescribed share where less than 10% of the issued and outstanding shares of that class are owned by the owner of that share or by the owner of that share and persons related to that owner;

(*b*) a share acquired after 28 June 1982 and of a class of the capital stock of a corporation that is listed on a designated stock exchange in Canada is a prescribed share at any particular time in respect of another corporation that receives a dividend at the particular time in respect of the share unless

i. where the other corporation is a restricted financial institution,

(1) the share is not a taxable preferred share,

(2) dividends, other than dividends received on shares prescribed under section 21.6R3, are received at the particular time by the other corporation or by the other corporation and restricted financial institutions with which the other corporation does not deal at arm's length, in respect of more than 5% of the issued and outstanding shares of that class, and

(3) a dividend is received at the particular time by the other corporation or a restricted financial institution with which the other corporation does not deal at arm's length, in respect of a share, other than a share prescribed under section 21.6R3, of that class acquired after 15 December 1987 and before the particular time,

ii. where the other corporation is a restricted financial institution, the share

(1) is not a taxable preferred share,

(2) was acquired after 15 December 1987 and before the particular time, and

(3) was, by reason of section 21.9 of the Act or paragraph *a* or *b* of section 21.9.1 of the Act, deemed to have been issued after 15 December 1987 and before the particular time, or

iii. in any case, dividends, other than dividends received on shares prescribed under section 21.6R3, are received at the particular time by the other corporation or by the other corporation and persons with whom the other corporation does not deal at arm's length, in respect of more than 10% of the issued and outstanding shares of that class;

(*c*) a share of any of the following series of preferred shares of the capital stock of Massey-Ferguson Limited issued after 15 July 1981 and before 23 March 1982 is a prescribed share:

i. $25 Cumulative Redeemable Retractable Convertible Preferred Shares, Series C,

ii. $25 Cumulative Redeemable Retractable Preferred Shares, Series D, or

iii. $25 Cumulative Redeemable Retractable Convertible Preferred Shares, Series E.

s. 21.6R2; O.C. 2456-80, s. 1; R.R.Q., 1981, c. I-3, r. 1, s. 21.6R2; O.C. 1472-87, s. 1; O.C. 1076-88, s. 1; O.C. 1114-92, s. 1; O.C. 1114-93, s. 2; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 66; O.C. 1463-2001, s. 3; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 2.
Corresponding Federal Provision: 6201(1) to (3).

21.6R2. For the purposes of paragraph *b* of section 21.6R1, of section 21.6R3 and of this section, the following rules apply:

(*a*) where a taxpayer is a beneficiary of a trust and an amount has been designated to the beneficiary by the trust in a taxation year in accordance with section 666 of the Act, the taxpayer is deemed to have received the amount so designated at the time it was received by the trust;

(*b*) where a taxpayer is a member of a partnership and a dividend has been received by the partnership, the taxpayer's share of the dividend is deemed to have been received by the taxpayer at the time the dividend was received by the partnership.

s. 21.6R3; O.C. 1472-87, s. 1; O.C. 1076-88, s. 2; O.C. 1114-92, s. 2; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 6201(10).

21.6R3. For the purposes of paragraph *e* of section 21.6 of the Act, a share of a class of the capital stock of a corporation listed on a designated stock exchange in Canada is a prescribed share at any particular time in respect of another corporation that is registered or licensed under the laws of a province to trade in securities and that holds the share for the purpose of sale in the course of the business ordinarily carried on by it, unless

(*a*) it may reasonably be considered that the share was acquired as part of a series of transactions or events one of the main purposes of which was to avoid or limit the application of section 740.1 of the Act; or

(*b*) the share was not acquired by the other corporation in the course of an underwriting of shares of that class to be distributed to the public and

i. dividends are received at the particular time by the other corporation or by the other corporation and corporations controlled by the other corporation in respect of more than 10% of the issued and outstanding shares of that class,

ii. the other corporation is a restricted financial institution and

(1) the share is not a taxable preferred share,

(2) dividends are received at the particular time by the other corporation or by the other corporation and corporations controlled by the other corporation in respect of more than 5% of the issued and outstanding shares of that class, and

(3) a dividend is received at the particular time by the other corporation or a corporation controlled by the other corporation in respect of a share of that class acquired after 15 December 1987 and before that particular time, or

iii. the other corporation is a restricted financial institution and the share:

(1) is not a taxable preferred share,

(2) was acquired after 15 December 1987 and before the particular time, and

(3) was deemed to have been issued after 15 December 1987 and before the particular time by reason of section 21.9 of the Act or paragraph *a* or *b* of section 21.9.1 of the Act.

s. 21.6R4; O.C. 1114-92, s. 3; O.C. 1114-93, s. 3; O.C. 1707-97, s. 2; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 3.
Corresponding Federal Provision: 6201(5).

21.6R4. For the purposes of paragraph *e* of section 21.6 of the Act,

(*a*) a share of the capital stock of a corporation that is a member institution of a deposit insurance corporation within the meaning of section 804 of the Act is a prescribed share with respect to the deposit insurance corporation and any subsidiary wholly-owned corporation of the deposit insurance corporation that is deemed to be a deposit insurance corporation under section 806.1 of the Act; and

(*b*) the Exchangeable Preference Shares of Canada Cement Lafarge Ltd., referred to as "subject shares" in this paragraph, the Exchangeable Preference Shares of Lafarge Canada Inc. and the shares of any corporation formed as a result of an amalgamation or merger of Lafarge Canada Inc. with one or more other corporations are prescribed shares at any particular time where the terms and conditions of such shares at the particular time are the same as, or substantially the same as, the terms and conditions of the subject shares as of 18 June 1987, and, for the purposes of this paragraph, the amalgamation or merger of one or more corporations with another corporation formed as a result of the amalgamation or merger of Lafarge Canada Inc. with one or more other corporations is deemed to be an amalgamation of Lafarge Canada Inc. with another corporation.

s. 21.6R5; O.C. 1114-92, s. 3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 6201(6) and (8).

21.6R5. For the purpose of determining, under paragraph *b* of section 21.6R1 and of section 21.6R3, the time at which a share of a class of the capital stock of a corporation was acquired by any taxpayer, shares of that

class acquired by the taxpayer at any particular time before a disposition by the taxpayer of shares of that class are deemed to have been disposed of before shares of that class acquired by the taxpayer before that particular time.

s. 21.6R6; O.C. 1114-92, s. 3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6201(9).

21.6R6. For the purposes of paragraph *b* of section 21.6R1 and of section 21.6R3, the following rules apply:

(*a*) a share of the capital stock of a corporation acquired by a person after 15 December 1987 pursuant to an agreement in writing entered into before 16 December 1987 is deemed to have been acquired by that person before 16 December 1987;

(*b*) a share of the capital stock of a corporation acquired by a person after 15 December 1987 and before 1 July 1988 as part of a distribution to the public made in accordance with the terms of a prospectus, preliminary prospectus, registration statement, offering memorandum or notice filed before 16 December 1987 with a public authority in accordance with the securities legislation of the jurisdiction in which the shares were distributed, is deemed to have been acquired by that person before 16 December 1987;

(*c*) where a share that was owned by a particular restricted financial institution on 15 December 1987 has, by one or more transactions between related restricted financial institutions, been transferred to another restricted financial institution, the share is deemed to have been acquired by the other restricted financial institution before that date and after 28 June 1982, unless at any particular time after 15 December 1987 and before the share was transferred to the other restricted financial institution, the share was owned by a shareholder who, at that particular time, was a person other than a restricted financial institution related to the other restricted financial institution; and

(*d*) where, at any particular time there has been an amalgamation, within the meaning of section 544 of the Act, and each of the predecessor corporations, within the meaning of that section, was a restricted financial institution throughout the period beginning 16 December 1987 and ending at the particular time and the predecessor corporations were related to each other throughout that period, or each of the predecessor corporations and the new corporation, within the meaning of that section, is a corporation described in any of paragraphs *a* to *d* of the definition "restricted financial institution" in section 1 of the Act, a share acquired by the new corporation from a predecessor corporation is deemed to have been acquired by the new corporation at the time it was acquired by the predecessor corporation.

s. 21.6R7; O.C. 1114-92, s. 3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6201(11).

21.11.12R1. For the purposes of paragraph *h* of section 21.11.12 of the Act, a prescribed share is a share referred to in paragraph *b* of section 21.6R4.

s. 21.11.12R1; O.C. 1114-92, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6201(8).

21.11.15R1. For the purposes of section 21.11.15 of the Act, the following shares are prescribed shares at any particular time:

(*a*) the 8.5% Cumulative Redeemable Convertible Class A Preferred Shares of St. Marys Paper Inc. issued on 7 July 1987, where such shares are not deemed, by reason of paragraph *c* of section 21.11.16 of the Act, to have been issued after that date and before the particular time;

(*b*) the Cumulative Redeemable Preferred Shares of CanUtilities Holdings Ltd. issued before 1 July 1991, unless the amount of the consideration for which all such shares were issued exceeds $300,000,000 or the particular time is after 1 July 2001; and

(*c*) the shares referred to in paragraph *b* of section 21.6R4.

s. 21.11.15R1; O.C. 1114-92, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6201(7) and (8).

21.11.16R1. For the purposes of paragraphs *a*, *b* and *e* of section 21.11.16 of the Act, a prescribed share is a share referred to in section 21.11.15R1.

s. 21.11.16R1; O.C. 1114-92, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6201(7) and (8).

21.19R1. For the purposes of section 21.19 of the Act, a prescribed corporation is a corporation that is registered under the provisions of

(*a*) The Small Business Development Corporations Act, 1979, of Ontario (S.O. 1979, c. 22);

(*b*) Manitoba Regulation 194/84, made under The Loans Act, 1983 (2) of Manitoba (S.M. 1982-83-84, c. 36);

(*c*) The Venture Capital Tax Credit Act of Saskatchewan (S.S. 1983-84, c. V-4.1);

(*d*) the Small Business Equity Corporations Act of Alberta (S.A. 1984, c. S-13.5);

(*e*) the Small Business Venture Capital Act of British Columbia (S.B.C. 1985, c. 56);

(*f*) The Venture Capital Act of Newfoundland and Labrador (R.S.N.L., 1990, c. V-3);

(*g*) The Labour-sponsored Venture Capital Corporations Act of Saskatchewan (S.S. 1986, c. L-0.2);

(*h*) Part 2 of the Employee Investment Act of British Columbia (R.S.B.C. 1996, c. 112);

(*i*) Part III of The Community Small Business Investment Funds Act (S.O. 1992, c. 18);

(*j*) The Labour-Sponsored Venture Capital Corporations Act (Continuing Consolidation of the Statutes of Manitoba, c. L12);

(*k*) Part II of the Risk Capital Investment Tax Credits Act of the Northwest Territories, (S.N.W.T. 1998, c. 22); or

(*l*) section 11 or Part II of the Equity Tax Credit Act of Nova Scotia (S.N.S. 1993, c. 3).

The following are also prescribed corporations for the purposes of section 21.19 of the Act:

(*a*) the corporation governed by The Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1);

(*b*) a corporation that is registered with the Department of Economic Development and Tourism of the Government of the Northwest Territories pursuant to the Venture Capital Policy and Directive issued by the Government of the Northwest Territories on 27 June 1985;

(*c*) a registered labour-sponsored venture capital corporation within the meaning of subsection 1 of section 248 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(*d*) the corporation governed by The Manitoba Employee Ownership Fund Corporation Act (Continuing Consolidation of the Statutes of Manitoba, c. E95);

(*e*) the corporation governed by the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2); and

(*f*) the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

s. 21.19R1; Erratum, 1988, G.O. 2, 4642; O.C. 615-88, s. 2; O.C. 1114-92, s. 6; O.C. 1660-94, s. 3; O.C. 35-96, s. 2; O.C. 67-96, s. 3; O.C. 1633-96, s. 1; O.C. 1707-97, s. 98; O.C. 1454-99, s. 2; O.C. 1463-2001, s. 6; O.C. 1470-2002, s. 2; O.C. 1282-2003, s. 1; O.C. 134-2009, s. 1; I.N. 2016-10-01.

Corresponding Federal Provision: 6700.

21.20.1R1. For the purposes of paragraph *d* of section 21.20.1 of the Act, the prescribed rate of interest in effect during a particular period is equal

(*a*) where the shares referred to in that paragraph *d* were issued before 1 January 1984, to the rate determined in respect of that period for the purposes of subsection 1 of section 161 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(*b*) where the shares referred to in that paragraph *d* were issued after 31 December 1983, to the rate determined in respect of that period in accordance with subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act.

s. 21.20.1R1; O.C. 67-96, s. 4; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 4301(c); 256(1.1)(d) ITA.

TITLE II

INCOME EARNED IN QUÉBEC AND INCOME EARNED IN QUÉBEC AND ELSEWHERE BY AN INDIVIDUAL RESIDENT IN QUÉBEC

title II; O.C. 1981-80, title II; 1981, chapter I-3, r.1, title II; O.C. 134-2009, s. 1.

CHAPTER I

GENERAL RULES

chap. I; O.C. 1981-80, title II, chapter I; 1981, chapter I-3, r.1, title II, chapter I; O.C. 134-2009, s. 1.

22R1. For the purposes of this Title and the second paragraph of section 22 of the Act, the income earned in Québec by an individual for a taxation year is the individual's income as determined under section 28 of the Act, without reference to section 1029.8.50 of the Act, less that part of the individual's income from carrying on a business that is attributable to an establishment situated outside Québec in Canada, and the individual's income earned in Québec and elsewhere is the individual's income as determined under section 28 of the Act, without reference to section 1029.8.50.

s. 22R1; O.C. 1981-80, s. 22R1; R.R.Q., 1981, c. I-3, r. 1, s. 22R1; O.C. 1544-82, s. 1; O.C. 523-96, s. 1; O.C. 1707-97, s. 3; O.C. 1466-98, s. 2; O.C. 1463-2001, s. 9; O.C. 134-2009, s. 1.

22R2. For the purposes of section 22R1, where the individual is an individual referred to in any of sections 726.33, 726.35, 726.42, 726.43, 737.16 and 737.18.10 of the Act, the individual's income earned in Québec, computed for a taxation year under that section 22R1, must be increased by the amount that is included in computing the individual's taxable income for the year under section 726.35 or 726.43 of the Act and reduced by the part, not otherwise deducted in computing the individual's income earned in Québec, of the amount that is deducted in computing the individual's taxable income for the year under any of sections 726.33, 726.42, 737.14, 737.16 and 737.18.10 of the Act, and the individual's income earned in Québec and elsewhere, determined for the year under that section 22R1, must be increased by the amount

that is included in computing the individual's taxable income for the year and reduced by the amount that is deducted in computing the individual's taxable income for the year.

s. 22R1.1; O.C. 1811-86, s. 1; O.C. 1451-2000, s. 1; O.C. 1463-2001, s. 10; O.C. 1155-2004, s. 2; O.C. 1116-2007, s. 1; O.C. 134-2009, s. 1; O.C. 390-2012, s. 2; O.C. 117-2019, s. 1.

22R3. For the purposes of section 22R1, where the individual is a person described in the second paragraph, the individual's income earned in Québec and the individual's income earned in Québec and elsewhere, computed for a taxation year under that section 22R1, is reduced by the amount deducted by the individual in computing taxable income for the year under any of sections 737.14, 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.4.7, 737.22.0.7, 737.25 and 737.28 of the Act.

The person referred to in the first paragraph is a foreign researcher within the meaning assigned by paragraph *a* of section 737.19 of the Act, a foreign researcher on a post-doctoral internship within the meaning assigned by section 737.22.0.0.1 of the Act, a foreign expert within the meaning assigned by section 737.22.0.0.5 of the Act, a foreign specialist within the meaning assigned by section 737.22.0.1 or 737.22.0.4.1 of the Act, a foreign professor, within the meaning assigned by section 737.22.0.5 of the Act, or an individual referred to in any of sections 737.14, 737.16.1, 737.25 and 737.28 of the Act.

s. 22R1.2; O.C. 1666-90, s. 1; O.C. 523-96, s. 1; O.C. 1707-97, s. 4; O.C. 1466-98, s. 3; O.C. 1451-2000, s. 2; O.C. 1463-2001, s. 11; O.C. 1282-2003, s. 2; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 1.

22R4. For the purposes of section 22R1, an individual's income earned in Québec and an individual's income earned in Québec and elsewhere, computed for a taxation year under that section 22R1, must be reduced by the amount deducted by the individual in computing the individual's taxable income for the year under section 726.20.2 of the Act.

s. 22R1.3; O.C. 1707-97, s. 5; O.C. 1463-2001, s. 12; O.C. 134-2009, s. 1.

22R5. The income derived from carrying on a business by an individual referred to in the second paragraph of section 22 of the Act is deemed to have been wholly earned in Québec for a taxation year if the individual has no establishment outside Québec in Canada during the year.

s. 22R2; O.C. 1981-80, s. 22R2; R.R.Q., 1981, c. I-3, r. 1, s. 22R2; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 2603(1).

22R6. The income derived from carrying on a business by an individual referred to in the second paragraph of section 22 of the Act is deemed to have been wholly earned outside Québec for a taxation year if the individual has no establishment in Québec or outside Canada during the year.

s. 22R3; O.C. 1981-80, s. 22R3; R.R.Q., 1981, c. I-3, r. 1, s. 22R3; O.C. 2583-85, s. 1; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 2603(2).

22R7. An individual resident in Québec on the last day of a taxation year and carrying on a business outside Québec in Canada who is resident in more than one province on that day is deemed, for the purposes of this Title, to have resided only in the province that may reasonably be considered to be the individual's principal place of residence.

However, the first paragraph does not apply in respect of an individual referred to in section 8 of the Act.

s. 22R4; O.C. 1981-80, s. 22R4; R.R.Q., 1981, c. I-3, r. 1, s. 22R4; O.C. 1544-82, s. 2; O.C. 1463-2001, s. 13; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 2607.

CHAPTER II

ESTABLISHMENTS IN SEVERAL JURISDICTIONS

chap. II; O.C. 1981-80, title II, chapter II; R.R.Q., 1981, c. I-3, r. 1, title II, chapter II; O.C. 134-2009, s. 1.

DIVISION I

GENERALITIES

div. I; O.C. 1981-80, title II, chapter II, division I; R.R.Q., 1981, c. I-3, r. 1, title II, chapter II, division I; O.C. 134-2009, s. 1.

22R8. Subject to the special provisions of Chapter III, where, in a taxation year, an individual referred to in the second paragraph of section 22 of the Act carries on a business and owns an establishment outside Québec in Canada and an establishment in Québec or outside Canada, the part of the individual's income from the business that is attributable to the individual's establishment outside Québec in Canada is one-half the aggregate of

(*a*) that proportion of the individual's income from the business that the gross revenue of the business for the fiscal period ending in the year reasonably attributable to an establishment outside Québec in Canada is of the total gross revenue of the business for that period; and

(*b*) that proportion of the individual's income from the business that the aggregate of the salaries and wages paid by the individual in the fiscal period of the business ending in the year to employees of the establishments outside Québec in Canada is of the aggregate of all salaries and wages paid by the individual in that period in the course of the individual's business.

s. 22R5; O.C. 1981-80, s. 22R5; R.R.Q., 1981, c. I-3, r. 1, s. 22R5; O.C. 1463-2001, s. 14; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 2603(3).

22R9. For the purposes of section 22R8, "gross revenue" does not include interest on a bond, debenture or obligation secured by hypothecary claim, mortgage, or dividends,

rentals or royalties from property that is not used in connection with the business of the individual.

s. 22R6; O.C. 1981-80, s. 22R6; R.R.Q., 1981, c. I-3, r. 1, s. 22R6; O.C. 1466-98, s. 4; O.C. 134-2009, s. 1.

22R10. Except where a commission is paid to a person who is not an employee of the individual, where an amount is paid under an agreement by the individual to a person in respect of services that would normally be rendered by employees of the individual, the amount so paid is, for the purposes of paragraph *b* of section 22R8, deemed to be salary or wages paid to an employee of the individual's establishment to which the services are reasonably attributable and to the extent that they are so attributable.

s. 22R7; O.C. 1981-80, s. 22R7; R.R.Q., 1981, c. I-3, r. 1, s. 22R7; O.C. 1463-2001, s. 15; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(5) and (6).

DIVISION II

COMPUTATION OF GROSS REVENUE

div. II; O.C. 1981-80, title II, chapter II, division II; R.R.Q., 1981, c. I-3, r. 1, title II, chapter II, division II; O.C. 134-2009, s. 1.

22R11. The rules in this division apply to the computation of the gross revenue reasonably attributable to an establishment of an individual referred to in the second paragraph of section 22 of the Act for a taxation year.

s. 22R8; O.C. 1981-80, s. 22R8; R.R.Q., 1981, c. I-3, r. 1, s. 22R8; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(4) before (a).

22R12. Where the merchandise sold is shipped to a jurisdiction in which the individual has an establishment, the gross revenue derived from the sale is attributable to that establishment and, if there is no such establishment, it is attributable to the establishment to which the person who has negotiated the sale is attached.

Where the buyer instructs that the merchandise be shipped to some other person, the gross revenue derived from the sale is attributable to the establishment situated in the jurisdiction of the buyer's establishment, if the individual has an establishment in that jurisdiction, otherwise, it is attributable to the establishment to which the person who has negotiated the sale is attached.

s. 22R9; O.C. 1981-80, s. 22R9; R.R.Q., 1981, c. I-3, r. 1, s. 22R9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(4)(a), (b), (d) and (e).

22R13. Despite section 22R12, where the merchandise sold is shipped to another country where the individual has no establishment and if the merchandise was entirely produced or manufactured by the individual in one jurisdiction in Canada, the gross revenue derived from the sale is attributable to the establishment situated in that jurisdiction.

However, if the merchandise sold was produced or manufactured by the individual partly outside Québec in Canada and partly in Québec or outside Canada, the gross revenue derived from the sale attributable to the establishment situated outside Québec in Canada is that proportion of the gross revenue that the salaries and wages paid in the year to employees of that establishment is of the aggregate of the salaries and wages paid in the year to employees of all the establishments where the merchandise sold was produced or manufactured.

The same rules apply where the establishment of the buyer is situated in a jurisdiction outside Canada in which the individual has no establishment and the buyer instructs that the merchandise be shipped to another person.

s. 22R10; O.C. 1981-80, s. 22R10; R.R.Q., 1981, c. I-3, r. 1, s. 22R10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(4)(c) and (f).

22R14. The gross revenue derived from services rendered in a jurisdiction is attributable to the establishment situated in that jurisdiction and, if there is no such establishment, it is attributable to the establishment to which the person who has negotiated the contract is attached.

s. 22R11; O.C. 1981-80, s. 22R11; R.R.Q., 1981, c. I-3, r. 1, s. 22R11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(4)(g) and (h).

22R15. Where standing timber or a cutting right thereto is sold, the gross revenue from such sale is attributable to the establishment of the individual in the jurisdiction in which the timber limit containing the standing timber or to which the cutting right refers is located.

s. 22R12; O.C. 1981-80, s. 22R12; R.R.Q., 1981, c. I-3, r. 1, s. 22R12; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(4)(i).

22R16. Where land is an establishment, the gross revenue derived therefrom is attributable to that establishment.

s. 22R13; O.C. 1981-80, s. 22R13; R.R.Q., 1981, c. I-3, r. 1, s. 22R13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2603(4)(j).

CHAPTER III

BUS AND TRUCK TRANSPORTATION BUSINESSES

chap. III; O.C. 1981-80, title II, chapter III; R.R.Q., 1981, c. I-3, r. 1, title II, chapter III; O.C. 134-2009, s. 1.

22R17. The part of an individual's income for a taxation year from carrying on a bus and truck transportation business

that is attributable to the individual's establishment outside Québec in Canada is one-half the aggregate of

(*a*) that proportion of the individual's income therefrom that the number of kilometres travelled by the individual's vehicles outside Québec in Canada in the fiscal period ending in the year is of the total number of kilometres travelled by the individual's vehicles in that period; and

(*b*) that proportion of the individual's income therefrom that the aggregate of salaries and wages paid by the individual in the fiscal period ending in the year to employees of the individual's establishment outside Québec in Canada is of the aggregate of all salaries and wages paid by the individual in that period.

s. 22R14; O.C. 1981-80, s. 22R14; R.R.Q., 1981, c. I-3, r. 1, s. 22R14; O.C. 1463-2001, s. 16; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2604.

CHAPTER IV

SPECIAL CASES

chap. IV; O.C. 1981-80, title II, chapter IV; R.R.Q., 1981, c. I-3, r. 1, title II, chapter IV; O.C. 134-2009, s. 1.

22R18. If the aggregate of the amounts determined as the income for a taxation year from a business carried on in Québec and elsewhere by an individual referred to in the second paragraph of section 22 of the Act is greater than the individual's income for the year, the part of the individual's income from a business that is attributable to an establishment outside Québec in Canada is deemed to be equal to that proportion of the individual's income for the year that the part of the individual's income from carrying on that business outside Québec in Canada, as otherwise determined, is of that aggregate.

For the purposes of the first paragraph, the income for a taxation year of an individual is the amount by which the aggregate of the individual's income for the year, as determined under section 28 of the Act without reference to section 1029.8.50 of the Act, and the amount that is included in computing the individual's taxable income for the year under section 726.35 or 726.43 of the Act, exceeds the aggregate of,

(*a*) where the individual is referred to in any of sections 726.33, 726.42, 737.16 and 737.18.10 of the Act, the amount that is deducted in computing the individual's taxable income for the year under any of sections 726.33, 726.42, 737.14, 737.16 and 737.18.10 of the Act;

(*b*) where the individual is a foreign researcher within the meaning assigned by paragraph *a* of section 737.19 of the Act, a foreign researcher on a post-doctoral internship within the meaning assigned by section 737.22.0.0.1 of the Act, a foreign expert within the meaning assigned by section 737.22.0.0.5 of the Act, a foreign specialist within the meaning assigned by section 737.22.0.1 of the Act, a foreign professor within the meaning assigned by section 737.22.0.5 of the Act or an individual referred to in any of sections 737.14, 737.16.1, 737.25 and 737.28 of the Act, the amount deducted by the individual in computing taxable income for the year under any of sections 737.14, 737.16.1, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.7, 737.25 and 737.28 of the Act; and

(*c*) the amount deducted by the individual in computing taxable income for the year under section 726.20.2 of the Act.

s. 22R15; O.C. 1981-80, s. 22R15; R.R.Q., 1981, c. I-3, r. 1, s. 22R15; O.C. 1633- 96, s. 2; O.C. 1707-97, s. 6; O.C. 1466-98, s. 5; O.C. 1451-2000, s. 4; O.C. 1463-2001, s. 17; O.C. 1282-2003, s. 3; O.C. 1155-2004, s. 3; O.C. 1116-2007, s. 2; O.C. 134-2009, s. 1; O.C. 390-2012, s. 3; O.C. 117-2019, s. 2.

Corresponding Federal Provision: 2606(1).

22R19. Where an individual carries on more than one business in a taxation year, this Title applies in respect of each business, and the part of the business income that is attributable for the year to the individual's establishments outside Québec in Canada is the aggregate of the amounts so determined in respect of each business.

s. 22R16; O.C. 1981-80, s. 22R16; R.R.Q., 1981, c. I-3, r. 1, s. 22R16; O.C. 1463-2001, s. 18; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2605.

22R20. Where an individual referred to in the second paragraph of section 22 of the Act became or ceased to be resident in Canada in the taxation year, the part of the individual's income for the year from carrying on a business that is attributable to an establishment outside Québec in Canada is computed by reference solely to a business the income from which is included in computing the individual's taxable income under sections 23 and 24 of the Act.

s. 22R17; O.C. 1981-80, s. 22R17; R.R.Q., 1981, c. I-3, r. 1, s. 22R17; O.C. 1463-2001, s. 19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2606(2).

CHAPTER V

LOSSES ATTRIBUTABLE TO AN ESTABLISHMENT OUTSIDE QUÉBEC IN CANADA

chap. V; O.C. 1981-80, title II, chapter V; R.R.Q., 1981, c. I-3, r. 1, title II, chapter V; O.C. 134-2009, s. 1.

22R21. Sections 22R1 to 22R20 apply with the necessary modifications in determining the part of the losses of an individual referred to in the second paragraph of section 22 of the Act that is attributable to an establishment outside Québec in Canada.

s. 22R18; O.C. 1981-80, s. 22R18; R.R.Q., 1981, c. I-3, r. 1, s. 22R18; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1.

TITLE III

PLAN FOR THE INSURANCE OF PERSONS

title III.0.1; O.C. 473-95, s. 1; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1.

37.0.1.2R1. For the purposes of the second paragraph of section 37.0.1.2 of the Act, the amount prescribed for a particular period in respect of an individual in relation to a particular coverage is the product obtained by multiplying the number of days, after 20 May 1993, included in the particular period by $2.74 where the particular coverage is coverage solely for the individual, or by $10.96 in any other case.

s. 37.0.1.2R1; O.C. 473-95, s. 1; O.C. 1463-2001, s. 20; O.C. 134-2009, s. 1.

37.0.1.5R1. For the purposes of subparagraph *a* of the second paragraph of section 37.0.1.4 of the Act, enacted by paragraph *c* of section 37.0.1.5 of the Act, the amount prescribed in respect of particular coverage and benefits enjoyed by an individual during a taxation year under a plan for the insurance of persons is the total of all amounts each of which corresponds to the product obtained by multiplying, in respect of a particular person described in the second paragraph in relation to the particular coverage and benefits, the number of days, after 20 May 1993, included in the particular period referred to in subparagraph *b* of the second paragraph in respect of the particular person by $2.74 where the particular coverage is coverage solely for the particular person, or by $10.96 in any other case.

A particular person referred to in the first paragraph in respect of particular coverage and benefits enjoyed by an individual during a taxation year under a plan for the insurance of persons means a person who

(*a*) is an employee of the individual's employer; and

(*b*) has enjoyed the particular coverage and benefits under the plan for a particular period, included in the year, throughout which the person was not entitled to benefit from the provisions of the Health Insurance Act (chapter A-29) and the particular benefits enjoyed by the person in relation to the particular coverage under the plan covered at least all of the services that would have been insured in the person's respect under that Act for the particular period had the person then been entitled to benefit from the provisions of that Act.

s. 37.0.1.5R1; O.C. 473-95, s. 1; O.C. 1633-96, s. 44; 1999, c. 89, s. 53; O.C. 149-2000; O.C. 1463-2001, s. 21; O.C. 134-2009, s. 1.

TITLE IV

AMOUNTS NOT INCLUDED IN COMPUTING INCOME

title III.1; O.C. 1981-80, title III.1; R.R.Q., 1981, c. I-3, r. 1, title III.1; O.C. 134-2009, s. 1.

39R1. The amounts that an individual is not required, pursuant to paragraph *g* of section 39 of the Act, to include in computing the individual's income are

(*a*) the special allowance granted by the Gouvernement du Québec to one of its officers pursuing studies at an educational institution outside Canada;

(*b*) an allocation received pursuant to the Canadian Forces Overseas School Regulations, made under subsection 1 of section 12 of the National Defence Act (Revised Statutes of Canada, 1985, chapter N-5), by personnel employed outside Canada whose services are acquired by the Minister of National Defence pursuant to those Regulations;

(*c*) travel, personal, living or representation expense allowances fixed by Order of the Government or by a Decision of the Conseil du trésor;

(*d*) a refund to the individual in respect of travel, personal, living or representation expenses, or a payment of such expenses on the individual's behalf, made under an Order of the Government or a Decision of the Conseil du trésor or authorized pursuant to such an Order or Decision; and

(*e*) travel, personal, living or representation expense allowances fixed by a collective agreement entered into pursuant to the Act respecting labour relations, vocational training and workforce management in the construction industry (chapter R-20).

s. 39R1; O.C. 2456-80, s. 2; O.C. 1535-81, s. 1; R.R.Q., 1981, c. I-3, r. 1, s. 39R1; O.C. 1544-82, s. 3; O.C. 2962-82, s. 2; O.C. 500-83, s. 2; O.C. 544-86, s. 2; O.C. 1471-91, s. 2; O.C. 1454-99, s. 4; O.C. 1463-2001, s. 22; O.C. 1155-2004, s. 4; 2007, c. 3, s. 72; O.C. 134-2009, s. 1; O.C. 229-2014, s. 2.

TITLE V

BENEFIT RELATED TO THE OPERATION OF AN AUTOMOBILE

title III.1.1; O.C. 1707-97, s. 7; O.C. 134-2009, s. 1.

41.1.1R1. The amount prescribed to which subparagraph ii of subparagraph *a* of the second paragraph of section 41.1.1 of the Act refers is

(*a*) 28 cents, except where paragraph *b* applies; and

(*b*) 25 cents, if the individual referred to in that section 41.1.1 is engaged principally in selling or leasing automobiles and an automobile is made available in the year

to the individual or a person related to the individual by the individual's employer or a person related to the employer.

s. 41.1.1R1; O.C. 1707-97, s. 7; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 23; O.C. 1470-2002, s. 3; O.C. 1155-2004, s. 5; O.C. 1149-2006, s. 2; O.C. 1116-2007, s. 3; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 1; O.C. 701-2013, s. 2; O.C. 321-2017, s. 1; O.C. 1182-2017, s. 1; O.C. 117-2019, s. 3; O.C. 204-2020, s. 1.
Corresponding Federal Provision: 7305.1.

TITLE VI

EMPLOYEE BENEFIT PLANS

title III.2; O.C. 2962-82, s. 3; O.C. 500-83, s. 3; O.C. 1466-98, s. 6; O.C. 134-2009, s. 1.

47.6R1. For the purposes of the second paragraph of section 47.6 of the Act, each of the following is a prescribed arrangement:

(*a*) the "Major League Baseball Players Benefit Plan" of the United States;

(*b*) an arrangement under which all contributions are made pursuant to a law of Canada or a province, where one of the main purposes of the law is to enforce minimum standards with respect to wages, vacation entitlement or severance pay; and

(*c*) an arrangement under which all contributions are made in connection with a dispute regarding the entitlement of one or more persons to receive benefits.

s. 47.6R1; O.C. 2962-82, s. 3; O.C. 500-83, s. 3; O.C. 1466-98, s. 7; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 6800.

TITLE VII

SALARY DEFERRAL ARRANGEMENTS

title III.3; O.C. 1471-91, s. 4; O.C. 134-2009, s. 1.

47.16R1. A plan or arrangement referred to in paragraph *l* of section 47.16 of the Act is an arrangement in writing

(*a*) between an employer and an employee that is established after 27 July 1986 where

i. it is reasonable to conclude, having regard to the circumstances, including the terms and conditions of the arrangement and any agreement relating thereto, that the arrangement is not established to provide benefits to the employee on or after retirement but is established for the main purpose of permitting the employee to fund, through salary or wage deferrals, a leave of absence from the employee's employment of not less than three consecutive months if the leave is to be taken by the employee for the purpose of permitting the full-time attendance of the employee at a designated educational institution within the meaning assigned by subsection 1 of section 118.6 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or of six consecutive months in any other case, that is to commence immediately after a period, in this section referred to as the "deferral period", not exceeding six years after the date on which the deferrals for the leave of absence commence,

ii. the part of the salary or wages deferred by the employee under the arrangement or any other similar arrangement for the services rendered by the employee to the employer in a taxation year does not exceed one-third of the amount of the salary or wages that the employee would, but for the arrangements, have reasonably expected to receive in the year in respect of the services,

iii. the arrangement provides that throughout the period of the leave of absence referred to in subparagraph i the employee will not receive any salary or wages from the employer, or from any other person or partnership with whom the employer does not deal at arm's length, other than

(1) the amount by which the employee's salary or wages under the arrangement was deferred or is to be reduced, or amounts that are based on a percentage of the salary or wage scale of employees of the employer, which percentage is fixed in respect of the employee for the deferral period and the leave of absence referred to in subparagraph i, or

(2) the reasonable fringe benefits that the employer usually pays to or on behalf of employees,

iv. the arrangement provides

(1) that the amounts deferred in respect of the employee under the arrangement are held by or for the account of a trust governed by a plan or arrangement that is an employee benefit plan and that the amount that may reasonably be considered to be the income of the trust for a taxation year that has been earned by it for the benefit of the employee is to be paid in the year to the employee, or

(2) that the amounts deferred in respect of the employee under the arrangement are held by or for the account of any person other than a trust referred to in subparagraph 1 and that the amount in respect of interest or other additional amounts that may reasonably be considered to have accrued to or for the benefit of the employee to the end of a taxation year is to be paid in the year to the employee;

v. the arrangement provides that the employee is to return to the employee's regular employment with the employer or an employer that participates in the same or a similar arrangement after the leave of absence referred to in subparagraph i for a period that is not less than the period of leave of absence, and

vi. subject to subparagraph iv, the arrangement provides that all amounts held for the employee's benefit under the arrangement are to be paid to the employee not later than the end of the first taxation year that begins after the end of the deferral period;

(*b*) between an employer and an employee that is established before 28 July 1986 where it is reasonable to conclude, having regard to the circumstances, including the terms and conditions of the arrangement and any agreement relating thereto, that the arrangement is not established to provide benefits to the employee on or after retirement but is established for the main purpose of permitting the employee to fund, through salary or wage deferrals, a leave of absence from the employee's employment and under which the deferrals for the leave of absence commenced before 1 January 1987;

(*c*) that is established for the purpose of deferring the salary or wages of a professional referee or linesman for the referee's or linesman's services as such with the National Hockey League if, in the case of a professional referee or linesman resident in Canada, the trust or any other person having custody and control of any funds, investments or other property under the arrangement is resident in Canada; or

(*d*) subject to section 47.16R2, between a corporation and an employee of the corporation or a corporation related thereto under which the employee, or, after the employee's death, a dependant, the legal representative or a relation of the employee, may or is to receive an amount that may reasonably be attributed to duties of an office or employment performed by the employee on behalf of the corporation or a corporation related thereto where

i. all amounts that may be received under the arrangement will be received after the time of the employee's death or retirement from, or loss of, the office or employment, but not later than the end of the first calendar year commencing thereafter, and

ii. the total of all amounts each of which may be received under the arrangement depends on the fair market value of shares of the capital stock of the corporation or a corporation related thereto at a time within the period that commences one year before the time of the employee's death or retirement from, or loss of, the office or employment and that ends at the time the amount is received.

s. 47.16R1; O.C. 1471-91 s. 4; O.C. 35-96, s. 86; O.C. 67-96, s. 5; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 24; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6801.

47.16R2. An arrangement referred to in paragraph *d* of section 47.16R1 does not include an arrangement between a corporation and an employee of that corporation or a corporation related thereto where, by reason of the arrangement or a series of transactions that includes the arrangement, the employee or a person with whom the employee does not deal at arm's length is entitled, either immediately or in the future and either absolutely or contingently, to receive or obtain any amount or benefit granted or to be granted for the purpose of reducing the impact, in whole or in part, of any reduction in the fair market value of the shares of the capital stock of the corporation or a corporation related thereto.

s. 47.16R2; O.C. 1471-91 s. 4; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 25; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6801 after (d)(ii).

TITLE VIII

CAPITAL COST OF AN EMPLOYEE'S MOTOR VEHICLE OR AIRCRAFT

title IV; O.C. 1981-80, title IV; R.R.Q., 1981, c. I-3, r. 1, title IV; O.C. 2962-82, s. 4; O.C. 500-83, s. 4; O.C. 1697-92, s. 1; O.C. 1282-2003, s. 4; O.C. 134-2009, s. 1.

64R1. In computing the income from an office or employment for a taxation year, an individual referred to in section 64 of the Act may deduct, in respect of an aircraft or a motor vehicle, such part of the capital cost thereof as is determined for the year under section 130R1.

s. 64R1; O.C. 1981-80, s. 64R1; R.R.Q., 1981, c. I-3, r. 1, s. 64R1; O.C. 2962-82, s. 4; O.C. 500-83, s. 4; O.C. 1697-92, s. 2; O.C. 1463-2001, s. 26; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1) before (a); 8(1)(j)(ii) ITA.

TITLE IX

PENSION PLANS

title IV.0.1; O.C. 1282-2003, s. 5; O.C. 134-2009, s. 1.

70.2R1. For the purposes of section 70.2 of the Act, a prescribed plan means

(*a*) the pension plan established as a consequence of the establishment, pursuant to section 27 of the Members of Parliament Retiring Allowances Act (Revised Statutes of Canada, 1985, chapter M-5), of the Members of Parliament Retirement Compensation Arrangements Account; or

(*b*) the pension plan established by the Retirement Compensation Arrangements Regulations, No. 1, made under the Special Retirement Arrangements Act (S.C. 1992, chapter 46, Schedule 1).

s. 70.2R1; O.C. 1282-2003, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6802.1(1).

TITLE X

CAPITAL COST OF AN EMPLOYEE'S MUSICAL INSTRUMENT

title IV.0.2; O.C. 1282-2003, s. 5; O.C. 134-2009, s. 1.

78.4R1. In computing the income from an office or employment for a taxation year, an individual referred to in section 78.4 of the Act may deduct, under paragraph *b* of that section, in respect of a musical instrument, such part of the capital cost thereof as is determined for the year under section 130R1.

s. 78.4R1; O.C. 1697-92, s. 3; O.C. 1463-2001, s. 27; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1101(1) before (a); 8(1)(p)(ii) ITA.

TITLE XI

AMOUNTS TO BE INCLUDED

title V; O.C. 1981-80, title V; R.R.Q., 1981, c. I-3, r. 1, title V; O.C. 134-2009, s. 1.

CHAPTER I

GENERAL RULES AND SPECIFIC AMOUNTS

chap. I; O.C. 1981-80, title V, chapter I; R.R.Q., 1981, c. I-3, r. 1, title V, chapter I; O.C. 134-2009, s. 1.

83R1. A taxpayer may, in computing the income of the taxpayer from a business for a taxation year, value all the property included in all the inventories of the business at its fair market value.

s. 83R2; O.C. 1981-80, s. 83R2; R.R.Q., 1981, c. I-3, r. 1, s. 83R2; O.C. 1114-92, s. 7; O.C. 1463-2001, s. 28; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1801.

83R2. Despite section 83R1, a taxpayer whose business includes the breeding and raising of animals may elect in prescribed form for the taxation year and subsequent taxation years to value each animal of a particular species in the manner described in section 83R5.

However, where the aggregate value of all the animals of a particular species exceeds the fair market value of those animals, the latter may nevertheless be valued at their fair market value.

s. 83R3; O.C. 1981-80, s. 83R3; R.R.Q., 1981, c. I-3, r. 1, s. 83R3; O.C. 1463-2001, s. 29; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1802(1) and (4).

83R3. The election provided by section 83R2 may not be made in respect of a registered animal, an animal purchased for feedlot or similar operations, or an animal purchased by a trader for resale.

s. 83R4; O.C. 1981-80, s. 83R4; R.R.Q., 1981, c. I-3, r. 1, s. 83R4; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1802(1).

83R4. An election under section 83R2 may be revoked in writing by the taxpayer and, in such case, a further election may not be made.

s. 83R5; O.C. 1981-80, s. 83R5; R.R.Q., 1981, c. I-3, r. 1, s. 83R5; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1802(2).

83R5. Where animals of a particular species are included in the inventory of a taxpayer at the end of the taxation year immediately preceding the first year in respect of which the taxpayer elects under section 83R2, the unit price of each animal of that species is computed by dividing the total value of all animals of that species in the inventory of the preceding year by the number of animals of that species described in that inventory and, in any other case, the unit price of an animal of a species is determined by the Minister, having regard, among other things, to the unit prices of animals of a comparable species of animals used in valuing the inventories of other taxpayers in the district.

s. 83R6; O.C. 1981-80, s. 83R6; R.R.Q., 1981, c. I-3, r. 1, s. 83R6; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1802(3).

87R1. The amount referred to in paragraph *e*.1 of section 87 of the Act in respect of an insurer for a taxation year is

(*a*) where the amount determined under section 152R5 in respect of the insurer for the year is less than nil, that amount expressed as a positive number; and

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

s. 87R0.1; O.C. 1463-2001, s. 30; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1400(2).

87R2. For the purposes of paragraph *p* of section 87 of the Act, the prescribed amount is the amount deducted by the taxpayer pursuant to subsection 13 or 14 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1952, chapter 148) in computing the tax otherwise payable by the taxpayer for the year under Part I of that Income Tax Act.

s. 87R1; O.C. 1981-80, s. 87R1; O.C. 2456-80, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 87R1; O.C. 35-96, s. 86; O.C. 1463-2001, s. 31; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 12(1)(q) ITA.

87R3. For the purposes of paragraph *s* of section 87 of the Act, the Canadian Home Insulation Program and the Canada Oil Substitution Program provided for under Part LV of the Income Tax Regulations made under the Income Tax

Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) are prescribed programs.

s. 87R2; O.C. 2962-82, s. 5; O.C. 500-83, s. 5; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

87R4. For the purposes of paragraph *u* of section 87 of the Act, a prescribed amount is any amount deducted under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), other than the part of that amount that may reasonably be considered to be related to

(*a*) an amount that is a qualified expenditure, within the meaning of subsection 9 of that section 127, and that is, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996 or a proxy amount computed by reference to an expenditure incurred as salary or wages before 10 May 1996; or

(*b*) an amount that is a flow-through mining expenditure within the meaning of subsection 9 of that section 127.

s. 87R3; O.C. 2962-82, s. 5; O.C. 500-83, s. 5; O.C. 140-90, s. 1; O.C. 35-96, s. 86; O.C. 523-96, s. 3; O.C. 1707-97, s. 8; O.C. 1155-2004, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 12(1)(t) ITA.

87R5. For the purposes of paragraph *w* of section 87 of the Act, the following are prescribed amounts:

(*a*) an amount described in paragraph *g* or *i* of section 488R1;

(*b*) an amount of any assistance granted to a taxpayer and that is prescribed assistance under section 241.0.1R2, or would be prescribed assistance under that section if that section applied in respect of, or for the acquisition of, a share of the capital stock of a corporation registered under the Act respecting Québec business investment companies (chapter S-29.1);

(*c*) an amount deducted under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) that may reasonably be considered to be related to

i. an amount that is a qualified expenditure within the meaning of subsection 9 of that section 127, and that is, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996 or a proxy amount computed by reference to an expenditure incurred as salary or wages before 10 May 1996 or

ii. an amount that is a flow-through mining expenditure, within the meaning of subsection 9 of that section 127;

(*d*) an amount paid by the National Aboriginal Economic Development Board created by Order in Council P.C. 1983-3394 of 31 October 1983 pursuant to the Native Economic Development Program, or paid under the Aboriginal Capital Corporation Program of the Canadian Aboriginal Economic Development Strategy, to a corporation whose purpose is to provide loans, loan guarantees, bridge financing, venture capital, lease financing, surety bonding or other similar financing services to aboriginal enterprises and where all of the shares of the capital stock of the corporation are

i. owned by aboriginal individuals,

ii. held in trust for the exclusive benefit of aboriginal individuals,

iii. owned by a corporation, all the shares of which are owned by aboriginal individuals or held in trust for the exclusive benefit of aboriginal individuals, or

iv. owned or held in a combination of ownership or holding structures described in any of subparagraphs i to iii;

(*e*) the amount that the taxpayer is required to include, for the purposes of the Income Tax Act, in computing the taxpayer's income for the year under paragraph *x*.1 of subsection 1 of section 12 of that Act;

(*f*) an amount paid pursuant to subparagraph *a* of the first paragraph of section 94.0.3.2 of the Tax Administration Act (chapter A-6.002);

(*g*) an amount that is the portion of a student loan forgiven under section 11.1 of the Canada Student Loans Act (Revised Statutes of Canada, 1985, chapter S-23) or section 9.2 of the Canada Student Financial Assistance Act (Statutes of Canada, 1994, chapter 28);

(*h*) an amount that is the portion of a student loan forgiven under a provincial program that would be an amount referred to in paragraph *g* if section 11.1 of the Canada Student Loans Act or section 9.2 of the Canada Student Financial Assistance Act applied to loans made under the program; and

(*i*) an emissions allowance issued to the taxpayer under a law of Québec, of Canada or of another province.

s. 87R4; O.C. 140-90, s. 2; O.C. 1232-91, s. 1; O.C. 1114-92, s. 8; O.C. 1539-93, s. 1; O.C. 91-94, s. 1; O.C. 35-96, s. 86; O.C. 523-96, s. 4; O.C. 1707-97, s. 9; O.C. 1466-98, s. 8; O.C. 1282-2003, s. 6; O.C. 1155-2004, s. 7; O.C. 1116-2007, s. 4; O.C. 134-2009, s. 1; 2010, c. 31, s. 175; O.C. 701-2013, s. 3; O.C. 117-2019, s. 4; O.C. 204-2020, s. 2.

Corresponding Federal Provision: 7300.

87R6. For the purposes of paragraph *z*.4 of section 87 of the Act, a taxpayer's resource loss for a taxation year is equal to the amount determined by the formula

A − B.

In the formula referred to in the first paragraph,

(*a*) A is the aggregate of all amounts each of which is a Canadian exploration and development overhead expense, within the meaning given to that expression by section 360R2, made or incurred by the taxpayer in the year, other than an amount included therein because of section 181 or 182 of the Act; and

(*b*) B is the taxpayer's adjusted resource profits for the year within the meaning of section 145R2.

s. 87R5; O.C. 1470-2002, s. 4; O.C. 134-2009, s. 1.

91R1. For the purposes of section 91 of the Act, a prescribed amount is

(*a*) an amount receivable by Her Majesty in right of Canada for the use and benefit of a band, within the meaning of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5), or by Petro-Canada;

(*b*) an amount receivable after 11 December 1979, in respect of a period after that date, by a person described in section 90 of the Act,

i. if that amount may be considered related to the leasing of property described in paragraph *b* or *e* of section 370 of the Act and if it becomes receivable before the beginning of production, in reasonable commercial quantities, of minerals obtained from that property, or

ii. if that amount may be considered related to the leasing of a right, permit or privilege for underground storage in Canada of petroleum, natural gas or related hydrocarbons;

(*c*) an amount paid under section 49 of the Canada Oil and Gas Act (Revised Statutes of Canada, 1985, chapter O-6); or

(*d*) an amount equal to the lesser of the following amounts:

i. an amount that became receivable by a person referred to in section 90 of the Act as rental for property referred to in paragraph *a* of section 370 of the Act or for a portion of such property and that became receivable either in a taxation year in which there was no taking of petroleum, natural gas or related hydrocarbons in relation to the property or portion thereof, as the case may be, to which the rental relates, if the amount became receivable after 31 December 1984, or prior to the taking of petroleum, natural gas or related hydrocarbons in relation to the property or portion thereof, as the case may be, to which the rental relates, if the amount became payable after 31 October 1982 and before 1 January 1985, and

ii. an amount obtained by multiplying $2.50 per year per hectare by the number of hectares to which the amount referred to in subparagraph i relates.

s. 91R1; O.C. 1981-80, s. 91R1; O.C. 1535-81, s. 2; R.R.Q., 1981, c. I-3, r. 1, s. 91R1; O.C. 2509-85, s. 1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

CHAPTER II

ACCRUED INTEREST ON A PRESCRIBED DEBT OBLIGATION

chap. I.1; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

DIVISION I

GENERAL

div. I; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

92.5R1. For the purposes of this chapter, a bonus or premium payable on a debt obligation is an amount of interest payable under the debt obligation.

s. 92.5R1; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(3).

92.5R2. For the purposes of this chapter, where a taxpayer has an interest in a debt obligation, in this section referred to as the "first interest", under which there is a conversion privilege or an option to extend its term upon maturity, and, at the time the obligation was issued or, if later, at the time the conversion privilege or option was added or modified, circumstances could reasonably be foreseen under which the holder of the obligation would, by exercising the conversion privilege or option, acquire an interest in a debt obligation with a principal amount less than its fair market value at the time of acquisition, the subsequent interest in any debt obligation acquired by the taxpayer by exercising the conversion privilege or option is a continuation of the first interest.

s. 92.5R2; O.C. 7-87, s. 2; O.C. 1466-98, s. 9; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(4).

DIVISION II

PRESCRIBED DEBT OBLIGATION

div. II; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

92.5R3. For the purposes of section 92.5 of the Act, each of the following debt obligations, other than a debt obligation that is an indexed debt obligation, in respect of which a taxpayer has acquired an interest is a prescribed debt obligation:

(*a*) a debt obligation in respect of which no interest is stipulated to be payable in respect of its principal amount;

(*b*) a debt obligation in respect of which the proportion of the payments of principal to which the taxpayer is entitled is not equal to the proportion of the payments of interest to which the taxpayer is entitled;

(*c*) a debt obligation, other than one described in subparagraph *a* or *b*, in respect of which it can be determined, at the time the taxpayer acquired the interest therein, that the maximum amount of interest payable thereon in a year ending after that time is less than the maximum amount of interest payable thereon in a subsequent year; and

(*d*) a debt obligation, other than one described in any of subparagraphs *a* to *c*, in respect of which the amount of interest to be paid in respect of any taxation year is, under the terms and conditions of the obligation, dependent on a contingency existing after the year.

In the first paragraph, a debt obligation includes all of the issuer's obligations to pay principal and interest under that obligation.

s. 92.5R3; O.C. 7-87, s. 2; O.C. 1076-88, s. 3; O.C. 1466-98, s. 10; O.C. 1454-99, s. 6; O.C. 134-2009, s. 1; O.C. 701-2013, s. 4.
Corresponding Federal Provision: 7000(1).

DIVISION III

CALCULATION OF ACCRUED INTEREST

div. III; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

92.5R4. The amount determined as interest on a debt obligation referred to in section 92.5 of the Act is

(*a*) in the case of a debt obligation referred to in subparagraph *a* of the first paragraph of section 92.5R3, the amount of interest determined under section 92.5R5;

(*b*) in the case of a debt obligation referred to in subparagraph *b* of the first paragraph of section 92.5R3, the amount of interest determined under section 92.5R6;

(*c*) in the case of a debt obligation referred to in subparagraph *c* of the first paragraph of section 92.5R3, other than an obligation in respect of which paragraph *d* applies, the amount of interest determined under section 92.5R8;

(*d*) in the case of a debt obligation referred to in subparagraph *c* of the first paragraph of section 92.5R3 for which the rate of interest stipulated to be payable in respect of each period throughout which the obligation is outstanding is fixed at the date of issue of the obligation and the stipulated rate of interest applicable at each time is not less than each stipulated rate of interest applicable before that time, the amount of interest determined under section 92.5R9; and

(*e*) in the case of a debt obligation referred to in subparagraph *d* of the first paragraph of section 92.5R3, the amount of interest determined under section 92.5R11.

s. 92.5R4; O.C. 7-87, s. 2; O.C. 1466-98, s. 11; O.C. 1463-2001, s. 32; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(2).

92.5R5. The amount referred to in paragraph *a* of section 92.5R4 for a taxation year is the amount of interest that would be determined in respect of the debt obligation if the interest thereon for that year were computed on a compound interest basis using the maximum of all rates each of which is a rate computed in respect of each possible circumstance under which an interest of the taxpayer in the debt obligation could mature or be surrendered or retracted, and using assumptions concerning the interest rate and compounding period that would result in a present value, at the date of purchase of the interest, of all the maximum payments thereunder, equal to the cost thereof to the taxpayer.

s. 92.5R5; O.C. 7-87, s. 2; O.C. 1466-98, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(2)(a).

92.5R6. The amount referred to in paragraph *b* of section 92.5R4 for a taxation year is the aggregate of all amounts each of which is the amount of interest that would be determined in respect of the taxpayer's interest in a payment under the debt obligation if interest thereon for that year were computed on a compound interest basis using the specified cost of the taxpayer's interest in the payment and the specified interest rate in respect of the taxpayer's total interest in the debt obligation.

s. 92.5R6; O.C. 7-87, s. 2; O.C. 1466-98, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(2)(b) before (i).

92.5R7. In this section and section 92.5R6,

"specified cost" of a taxpayer's interest in a payment under a debt obligation is its present value at the date of purchase computed using the specified interest rate; and

"specified interest rate" is the maximum of all rates each of which is a rate computed in respect of each possible circumstance under which an interest of the taxpayer in the debt obligation could mature or be surrendered or retracted, and using assumptions concerning the interest rate and compounding period that would result in a present value, at the date of purchase of the interest, of all the maximum payments to the taxpayer in respect of the taxpayer's total interest in the debt obligation, equal to the cost of that interest to the taxpayer.

s. 92.5R7; O.C. 7-87, s. 2; Erratum, 1988, G.O. 2, 2689; O.C. 1466-98, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(2)(b).

92.5R8. The amount referred to in paragraph *c* of section 92.5R4 for a taxation year is the greater of

(*a*) the maximum amount of interest on the debt obligation in respect of the year; and

(*b*) the maximum amount of interest that would be determined in respect of the debt obligation if interest thereon for that year were computed on a compound interest basis using the maximum of all rates each of which is a rate computed in respect of each possible circumstance under which an interest of the taxpayer in the debt obligation could mature or be surrendered or retracted, and using assumptions concerning the interest rate and compounding period that would result in a present value, at the date of issue of the debt obligation, of all the maximum payments thereunder, equal to its principal amount.

s. 92.5R8; O.C. 7-87, s. 2; O.C. 1466-98, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(2)(c).

92.5R9. The amount referred to in paragraph *d* of section 92.5R4 for a taxation year is the amount of interest that would be determined in respect of the year if interest on the debt obligation for that year were computed on a compound interest basis using the maximum of all rates each of which is the compound interest rate that, for a particular assumption with respect to when the taxpayer's interest in the obligation will mature or be surrendered or retracted, results in a present value, at the date the taxpayer acquires the interest in the obligation, of all payments under the obligation after the acquisition by the taxpayer of the taxpayer's interest in the obligation equal to the principal amount of the obligation at the date of acquisition.

s. 92.5R8.1; O.C. 1466-98, s. 13; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(2)(c.1).

92.5R10. For the purpose of making the computations referred to in sections 92.5R5 to 92.5R9, the compounding period is not to exceed one year and any interest rate used must be constant from the time of acquisition or issue, as the case may be, until the time of maturity, surrender or retraction.

s. 92.5R9; O.C. 7-87, s. 2; O.C. 1466-98, s. 14; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(5).

92.5R11. The amount referred to in paragraph *e* of section 92.5R4 for a taxation year is the maximum amount of interest payable under the debt obligation for that year.

s. 92.5R10; O.C. 7-87, s. 2; O.C. 1466-98, s. 15; O.C. 134-2009, s. 1; O.C. 117-2019, s. 5.
Corresponding Federal Provision: 7000(2)(d).

CHAPTER III

PRESCRIBED CONTRACT

chap. I.1.1; O.C. 421-88, s. 1; O.C. 134-2009, s. 1.

92.7R1. For the purposes of subparagraph ix of paragraph *a* of section 92.7 of the Act, a prescribed contract throughout a calendar year is a registered retirement savings plan or a registered retirement income fund, other than such a plan or fund to which a trust is a party, where the annuitant under the plan or fund is alive at any time in the year or was alive at any time in the preceding calendar year.

s. 92.7R1; O.C. 421-88, s. 1; O.C. 67-96, s. 6; O.C. 1707-97, s. 11; O.C. 1466-98, s. 16; O.C. 1149-2006, s. 3; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(6).

92.7R2. In section 92.7R1, "annuitant" means

(*a*) in respect of a registered retirement income fund at any time, the annuitant of such a fund within the meaning of paragraph *d* of section 961.1.5 of the Act; and

(*b*) in respect of a registered retirement income plan, the annuitant under such plan within the meaning of paragraph *b* of section 905.1 of the Act.

s. 92.7R2; O.C. 421-88, s. 1; O.C. 1114-93, s. 6; O.C. 1707-97, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7000(6); 143.3(1) "annuitant" ITA.

CHAPTER IV

AMOUNTS TO BE INCLUDED IN RESPECT OF A LIFE INSURANCE POLICY OR AN ANNUITY CONTRACT

chap. I.2; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

DIVISION I

INTERPRETATION

div. III.1; O.C. 67-96, s. 8; O.C. 134-2009, s. 1.

92.11R1. For the purposes of this chapter,

"accumulating fund" at a particular time, in respect of an interest in an annuity contract or a life insurance policy means the amount determined at that time in respect of the interest in accordance with sections 92.11R2 to 92.11R13;

"adjusted purchase price";
"adjusted purchase price" of a taxpayer's interest in an annuity contract at a particular time means, subject to sections 336R8 to 336R11, the amount that would be determined at that time in respect of the interest as the adjusted cost basis under sections 976 and 976.1 of the Act if that section 976.1 were read without reference to its paragraph *c*;

"amount payable" has the meaning assigned by subparagraph *j* of the first paragraph of section 835 of the Act;

"cash surrender value";
"cash surrender value" has the meaning assigned to it by paragraph *d* of section 966 of the Act;

"coverage";
"coverage" under a life insurance policy means

(*a*) for the purposes of Division IV, each life insurance (other than a fund value benefit) under the policy in respect of a life, or two or more lives jointly insured; and

(*b*) for the purposes of this chapter (except Division IV) and section 976.1R1, each life insurance (other than a fund value benefit) under the policy in respect of a life, or two or more lives jointly insured, and in respect of which a particular schedule of premium or cost of insurance rates applies, each such insurance being a separate coverage;

"death benefit";
"death benefit" includes the amount of an endowment benefit but does not include

(*a*) an additional amount payable following an accidental death; and

(*b*) where interest on an amount held on deposit by an insurer is included in computing the income of a policyholder for a taxation year, that interest and the amount held on deposit;

"endowment date";
"endowment date" of an exemption test policy means

(*a*) where the exemption test policy is issued in respect of a life insurance policy issued before 1 January 2017, the later of the tenth anniversary of the date of issue of the life insurance policy and the first policy anniversary that is after the day preceding the day on which the individual whose life is insured under the policy would, if the individual survived, attain the age of 85 years, within the meaning of the policy; or

(*b*) where the exemption test policy is issued in respect of a coverage under a life insurance policy issued after 31 December 2016,

i. if two or more lives are jointly insured under the coverage, the date that would be determined under subparagraph ii using the equivalent single age, determined on the coverage's date of issue and in accordance with accepted actuarial principles and practices, that reasonably approximates the mortality rates of those lives, and

ii. in any other case, the later of the first policy anniversary that is after the day preceding the day on which the individual whose life is insured under the coverage would, if the individual survived, attain the age of 90 years, within the meaning of the policy, and

(1) the fifteenth anniversary of the date of issue of the exemption test policy, or

(2) if it is earlier than that fifteenth anniversary, the first policy anniversary that is after the day preceding the day on which the individual whose life is insured under the coverage would, if the individual survived, attain the age of 105 years, within the meaning of the policy;

"exempt policy" has the meaning assigned to it by Division IV;

"fund value benefit";
"fund value benefit" under a life insurance policy at a particular time means the amount by which the fund value of the policy at that time exceeds the aggregate of all amounts each of which is a fund value of a coverage under the policy at that time;

"fund value of a coverage";
"fund value of a coverage" under a life insurance policy at a particular time means the aggregate of all amounts each of which is the balance at that time of an investment account in respect of the policy that reduces the net amount at risk as determined for the purpose of calculating the cost of insurance charges for the coverage for the period during which those charges are incurred or would be incurred if they were to apply until the termination of the coverage;

"fund value of a policy";
"fund value of a policy" at a particular time means the aggregate of all amounts each of which is the balance at that time of an investment account in respect of the policy and, for that purpose, any amount held on deposit by an insurer and any interest on the deposit are included in that aggregate if the interest is not included in computing the income of a policyholder for a taxation year and are excluded from that aggregate if the interest is included in computing the income of a policyholder for a taxation year;

"future benefits to be provided";
"future benefits to be provided" in respect of a coverage under a life insurance policy at a particular time means

(*a*) if there is a fund value of the coverage at the particular time, each death benefit that would be payable under the coverage at any time after the particular time if the amount of the benefit were equal to the amount by which the death benefit at the particular time exceeds the fund value of the coverage at the particular time; and

(*b*) in any other case, each death benefit payable under the coverage at any time after the particular time;

"future net premiums or cost of insurance charges";
"future net premiums or cost of insurance charges" in respect of a coverage at a particular time means each amount determined by the formula in the first paragraph of section 92.11R1.1;

"future premiums or cost of insurance charges";
"future premiums or cost of insurance charges" in respect of a coverage at a particular time means

(*a*) if there is a fund value of the coverage at the particular time, each cost of insurance charge in respect of the coverage that would be incurred at a time after the particular time if the net amount at risk under the coverage after the particular time were equal to the amount by which the death benefit under the coverage at the particular time exceeds the fund value of the coverage at the particular time; and

(*b*) in any other case, each premium that is fixed and determined on the date of issue of the coverage that will become payable, or each cost of insurance charge in respect of the coverage that will be incurred at a time after the particular time;

"interpolation time";
"interpolation time" of a coverage means the time that is the earlier of the eighth anniversary of the date of issue of the coverage and the first time at which no premiums are payable or cost of insurance charges are incurred in respect of the coverage;

"life annuity contract" has the meaning assigned to it by sections 966R2 to 966R4;

"net premium reserve";
"net premium reserve" of a life insurance policy at a particular time means the amount determined by the formula in the third paragraph of section 92.11R1.1;

"pay period";
"pay period" of an exemption test policy means

(*a*) where the exemption test policy is issued in respect of a life insurance policy issued before 1 January 2017,

i. if, on the date of issue of the exemption test policy, the individual whose life is insured has attained the age of 66 years, within the meaning of the policy, but not the age of 75 years, within the meaning of the policy, the period that starts on that date and that ends after the number of years obtained when the number of years by which the age of the individual exceeds 65 years, within the meaning of the policy, is subtracted from 20,

ii. if, on the date of issue of the exemption test policy, the individual whose life is insured has attained the age of 75 years, within the meaning of the policy, the 10-year period that starts on that date, and

iii. in any other case, the 20-year period that starts on the date of issue of the exemption test policy; and

(*b*) where the exemption test policy is issued in respect of a life insurance policy issued after 31 December 2016,

i. subject to subparagraph ii, where the individual whose life is insured under the coverage would, if the individual survived, attain the age of 105 years, within the meaning of the policy, within the eight-year period that starts on the date of issue of the exemption test policy, the period that starts on that date and that ends on the first policy anniversary that is after the day preceding the day on which the individual would, if the individual survived, attain the age of 105 years, within the meaning of the policy,

ii. where two or more lives are jointly insured under the coverage and an individual of an age equal to the equivalent single age on the date of the issue of the coverage would, if the individual survived, attain the age of 105 years, within the meaning of the policy, within the eight-year period that starts on the date of issue of the exemption test policy, the period that starts on that date and that ends on the first policy anniversary that is after the day preceding the day on which the individual would, if the individual survived, attain the age of 105 years, within the meaning of the policy, and

iii. in any other case, the eight-year period that starts on the date of issue of the exemption test policy;

"policy anniversary" includes, in the case of a life insurance policy that exists for a full calendar year and in respect of which there would not otherwise be a policy anniversary during the year, the end of the calendar year;

"policy loan" has the meaning assigned to it by paragraph *a*.1.1 of section 966 of the Act; and

"prescribed annuity contract" has the meaning assigned to it by Division III.

The definitions and rules provided for in Division I of Chapter XV of Title XXXII apply to this chapter.

s. 92.11R0.1; O.C. 67-96, s. 8; O.C. 1470-2002, s. 5; O.C. 1155-2004, s. 8; O.C. 134-2009, s. 1; O.C. 390-2012, s. 4; O.C. 701-2013, s. 5; 2019, c. 14, s. 619.

Corresponding Federal Provision: 301(1); 304(1); 306; 310.

92.11R1.1. The formula to which the definition of "future net premiums or cost of insurance charges" in the first paragraph of section 92.11R1 refers at a particular time is the following:

A × (B/C).

In the formula in the first paragraph,

(*a*) A is future premiums or cost of insurance charges in respect of the coverage at that time;

(*b*) B is the present value at the date of issue of the coverage of future benefits to be provided in respect of the coverage on that date;

(*c*) C is the present value at the date of issue of the coverage of future premiums or cost of insurance charges in respect of the coverage on that date.

The formula to which the definition of "net premium reserve" in the first paragraph of section 92.11R1 refers at a particular time is the following:

D + E + F.

(*a*) D is the aggregate of all amounts each of which is the present value at that time of the fund value of a coverage under the policy at that time;

(*b*) E is the amount of the fund value benefit under the policy at that time; and

(*c*) F is the aggregate of all amounts each of which is, in respect of a coverage under the policy,

i. if the particular time is at or after the interpolation time of the coverage, the amount by which the present value at the particular time of future benefits to be provided in respect of the coverage at the particular time exceeds the present value at the particular time of future net premiums or cost of insurance charges in respect of the coverage at the particular time, or

ii. if the particular time is before the interpolation time of the coverage, the amount determined by the formula

G/H × (I – J).

For the purposes of the formula in subparagraph ii of subparagraph *f* of the fourth paragraph,

(*a*) G is the number of years that the coverage has been in effect as of the particular time;

(*b*) H is the number of years that the coverage would have been in effect if the particular time were the interpolation time;

(*c*) I is the present value at the interpolation time of future benefits to be provided in respect of the coverage at the interpolation time and, if the coverage has a fund value at the particular time, determined as if the amount of the death benefit under the coverage at the interpolation time were equal to the amount by which the death benefit at the particular time exceeds the fund value of the coverage at the particular time; and

(*d*) J is the present value at the interpolation time of future net premiums or cost of insurance charges in respect of the coverage at the interpolation time and, if the coverage has a fund value at the particular time, determined as if the net amount at risk under the coverage after the interpolation time were equal to the amount by which the death benefit at the particular time exceeds the fund value of the coverage at the particular time.

2019, c. 14, s. 620.

DIVISION II

ACCUMULATING FUNDS

div. III.2; O.C. 67-96, s. 8; O.C. 134-2009, s. 1.

92.11R2. For the purposes of section 92.11 of the Act, an accumulating fund at a particular time is,

(*a*) in respect of a taxpayer's interest in an annuity contract that is not a contract issued by a life insurer, the amount determined under sections 92.11R4 and 92.11R5;

(*b*) in respect of a taxpayer's interest in a life insurance policy that is not an exemption test policy or an annuity contract described in paragraph *a*, the amount determined under sections 92.11R6 and 92.11R7; and

(*c*) in respect of an exemption test policy, the amount determined under sections 92.11R8 to 92.11R12.

s. 92.11R1; O.C. 7-87, s. 2; O.C. 1114-93, s. 9; O.C. 67-96, s. 9; O.C. 134-2009, s. 1; 2019, c. 14, s. 621.
Corresponding Federal Provision: 307(1).

92.11R3. *(Revoked).*

s. 92.11R1.0.1; O.C. 67-96, s. 10; O.C. 1470-2002, s. 6; O.C. 1155-2004, s. 9; O.C. 134-2009, s. 1; O.C. 390-2012, s. 5; O.C. 701-2013, s. 6; 2019, c. 14, s. 622.
Corresponding Federal Provision: 307(5).

92.11R4. An accumulating fund at a particular time in respect of a taxpayer's interest in an annuity contract described in paragraph *a* of section 92.11R2 is an amount equal to the greater of

(*a*) the amount by which the cash surrender value of the taxpayer's interest at that time exceeds the amount payable in respect of a loan unpaid at that time and made under the contract in respect of the interest; and

(*b*) the amount by which the actualized value at that time of the future payments to be made under the contract in respect of the taxpayer's interest exceeds the aggregate of the actualized value at that time of future premiums to be paid under the contract in respect of the taxpayer's interest and the amount payable in respect of a loan unpaid at that time and made under the contract in respect of the taxpayer's interest.

s. 92.11R1.0.2; O.C. 67-96, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 307(1)(a).

92.11R5. For the purposes of paragraph *b* of section 92.11R4, the actualized value of future payments and that of future premiums is computed using,

(*a*) in the case where the interest rate used by the issuer for a period in order to fix the terms of the contract at the time of issue is lower than the rate used for that purpose for a subsequent period, the simple rate that, if it applied to each period, would yield the same terms; or

(*b*) in all other cases, the rates that the issuer used in order to fix the terms of the contract at the time of issue.

s. 92.11R1.0.3; O.C. 67-96, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 307(2)(a).

92.11R6. An accumulating fund at a particular time in respect of a taxpayer's interest in a life insurance policy described in paragraph *b* of section 92.11R2 is an amount equal to the amount obtained by multiplying the proportional interest of the taxpayer in the policy by,

(*a*) in the case where the policy is not a deposit administration fund policy and the particular time immediately follows the death of a person whose life was insured under the policy, the aggregate of the maximum amounts that, immediately before the death and in respect of the policy, could be determined by the life insurer under subparagraph *c* of the first paragraph of section 92.11R12.2 and, in respect of a benefit in the case of accidental death, under subparagraph *e* of the first paragraph of that section, if the mortality rates used were adjusted to take into account the assumption that the death would occur at the time at which and in the manner in which it did occur; or

(*b*) in all other cases, the maximum amount that, at the particular time and in respect of the policy, would be determined by the life insurer under subparagraph *a* of the first paragraph of section 92.11R12.2, computed as if there were only one deposit administration fund policy, or under subparagraph *c* of the first paragraph of section 92.11R12.2, whichever applies.

s. 92.11R1.0.4; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 623.

Corresponding Federal Provision: 307(1)(b).

92.11R7. For the purposes of section 92.11R6, in respect of a life insurance policy issued before 1 January 2017 or an annuity contract, where the interest rate that a life insurer used for a period, when computing the amounts referred to in subparagraph *a* or *b* of the first paragraph of section 92.11R12.3, is determined in accordance with any of subparagraphs *a* to *c* of the second paragraph of that section and that rate is lower than the interest rate so determined for a subsequent period, the rate that is required to be used is the simple rate that, if it applied to each period, could be used in determining the premiums in respect of the policy.

s. 92.11R1.0.5; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 624.

Corresponding Federal Provision: 307(2)(b).

92.11R8. An accumulating fund, at a particular time, in respect of an exemption test policy referred to in paragraph c of section 92.11R2 means

(*a*) if the particular time is during the exemption test policy's pay period, the amount determined by the formula

A × B/C;

(*b*) if the particular time is after the exemption test policy's pay period and before its endowment date, the amount that is the present value at the particular time of the future death benefit under the exemption test policy; and

(*c*) if the particular time is on or after the exemption test policy's endowment date and the relevant life insurance policy is issued after 31 December 2016, the amount that is the death benefit under the exemption test policy at the particular time.

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

(*a*) A is the amount that would be determined under subparagraph *b* of the first paragraph in respect of the exemption test policy

i. if the exemption test policy's pay period is determined under subparagraph i or ii of paragraph *b* of the definition of "pay period" in the first paragraph of section 92.11R1, on the first policy anniversary that is after the day preceding the day on which the individual whose life is insured would, if the individual survived, attain the age of 105 years, within the meaning of the policy, and

ii. in any other case, on the exemption test policy's policy anniversary represented by the adjectival form of the number of years in its pay period;

(*b*) B is the number of years since the exemption test policy was issued; and

(*c*) C is the number of years in the exemption test policy's pay period.

s. 92.11R1.0.6; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 624.

Corresponding Federal Provision: 307(1)(c).

92.11R9. For the purpose of applying section 92.11R8 in respect of an exemption test policy issued in respect of a coverage under a life insurance policy issued after 31 December 2016, the following rules apply:

(*a*) the rates of interest and mortality used and the age of the individual whose life is insured under the coverage are to be the same as those used in computing the amounts referred to in subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of the policy; and

(*b*) each amount of a death benefit is to be determined net of any portion of the death benefit in respect of the exemption test policy that is related to a segregated fund.

s. 92.11R1.0.7; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 624.

Corresponding Federal Provision: 307(4).

92.11R10. For the purpose of applying section 92.11R8 in respect of an exemption test policy in respect of a life insurance policy issued before 1 January 2017, the rates of interest and mortality used and the age of the person whose life is insured must be the same as those used in computing an amount referred to in subparagraph *a* or *b* of the first paragraph of section 92.11R12.3 in respect of the life insurance policy in respect of which the exemption test policy is issued, except that

(*a*) if the life insurance policy is one in respect of which subparagraph *c* of the second paragraph of section 92.11R12.3 applies and if the amount determined under

subparagraph i of subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of that policy exceeds the amount determined in its respect under subparagraph ii of that subparagraph *c*, the rates of interest and mortality used may be those used in computing the cash surrender values of that policy;

(*b*) if the interest rate for a period, otherwise determined under this section in respect of that interest, is lower than the interest rate so determined for a subsequent period, the rate that is required to be used is the simple rate that, if it applied to each period, could be used in determining premiums in respect of the life insurance policy;

(*c*) each amount of a death benefit is to be determined net of any portion of the death benefit in respect of the exemption test policy that is related to a segregated fund.

s. 92.11R1.0.8; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 625.

Corresponding Federal Provision: 307(2)(c)(i).

92.11R11. For the purpose of applying section 92.11R8 in respect of an exemption test policy in respect of a life insurance policy issued before 1 January 2017 and despite section 92.11R10, the following rules apply:

(*a*) where the rates referred to in section 92.11R10 do not exist, the rates that are required to be used are the minimum guaranteed interest rates that were used under the life insurance policy in order to determine the cash surrender values, and the mortality rates set forth in the table entitled "Commissioners 1958 Standard Ordinary Mortality Table", published in Volume X of the "Transactions of the Society of Actuaries", that apply to the person whose life is insured under the life insurance policy; and

(*b*) where, in respect of the life insurance policy, the particular period for which an amount is determined under subparagraph ii of subparagraph *c* of the second paragraph of section 92.11R12.2 does not extend to the exemption test policy's endowment date, the rate that is required to be used for the period following the particular period, but preceding that date, is the weighted arithmetic mean of the interest rates used to determine that amount.

s. 92.11R1.0.9; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 626.

Corresponding Federal Provision: 307(2)(c)(ii).

92.11R12. Despite sections 92.11R10 and 92.11R11, none of the annual interest rates used in computing the accumulating fund in relation to an exemption test policy in respect of a life insurance policy issued before 1 January 2017 may be less than

(*a*) 4%, where the life insurance policy was issued after 30 April 1985; or

(*b*) 3%, where the life insurance policy was issued before 1 May 1985.

s. 92.11R1.0.10; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 627.

Corresponding Federal Provision: 307(3).

92.11R12.1. For the purpose of applying subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of a life insurance policy (other than an annuity contract) issued after 31 December 2016, the following rules apply:

(*a*) the following rates are used in computing present values:

i. an annual interest rate of 3.5%, and

ii. mortality rates;

(*b*) in determining the mortality rates that apply in respect of a life insured under a coverage under the policy,

i. if a single life is insured under the coverage,

(1) the age that is to be used is the age of the life insured on the date on which the coverage was issued, or that which is attained on the birthday of the life insured nearest to the date on which the coverage was issued, depending on the method used by the insurer that issued the policy in determining the premium or cost of insurance rates in respect of the life insured,

(2) if the life insured was determined by the insurer that issued the policy to be a standard life on the date on which the coverage was issued, the *Proposed CIA Mortality Tables, 1986–1992* included in the *May 17, 1995 Canadian Institute of Actuaries Memorandum*, extended to include select mortality rates from age 81 to age 90 developed using the methodology used by the Canadian Institute of Actuaries to derive select mortality rates from age 71 to age 80, applicable for an individual who has the same relevant characteristics as the life insured, are to be used, and

(3) if the life insured was determined by the insurer that issued the policy to be a substandard life on the date on which the coverage was issued, the mortality rates that are to be applied are equal to the value determined in accordance with the second paragraph,

ii. if two or more lives are jointly insured under the coverage, the mortality rates to be used are those determined by applying the methodology used by the insurer that issued the policy to estimate the mortality rates of the lives jointly insured for the purpose of determining the premium or cost of insurance rates in respect of the coverage to the *Proposed CIA Mortality Tables, 1986–1992* included in the *May 17, 1995 Canadian Institute of Actuaries Memorandum*, extended to include select mortality rates from age 81 to age 90 developed using the methodology used by the Canadian Institute of Actuaries to derive select mortality rates from age 71 to age 80; and

(*c*) in determining the net premium reserve of the policy, the present value of future net premiums or cost of insurance charges is to be calculated as if a premium or cost of insurance charge payable or incurred on a policy anniversary were payable or incurred, as the case may be, one day after the policy anniversary.

The value to which subparagraph 3 of subparagraph i of subparagraph *b* of the first paragraph refers is either of the following values, depending on the method used by the insurer for the purpose of determining the premium or cost of insurance rates in respect of the coverage:

(*a*) the lesser of 1 and the product obtained by multiplying the rating attributed to the life by the insurer and the mortality rates that would be determined under subparagraph 2 of subparagraph i of subparagraph *b* of the first paragraph if the life insured were not a substandard life, or

(*b*) the mortality rates that would be determined under subparagraph 2 of subparagraph i of subparagraph *b* of the first paragraph if the life insured were a standard life and the age of the life insured were the age used by the life insurer for the purpose of determining the premium or cost of insurance rates in respect of the coverage.

2019, c. 14, s. 628.

92.11R12.2. For the purpose of applying this division at a particular time, the amounts determined under this section are,

(*a*) in respect of a deposit administration fund policy, the total of the insurer's liabilities under the policy calculated in the manner that

i. if the insurer is required to file an annual report with the relevant authority for a period that includes the particular time, is required to be used in preparing that report, and

ii. in any other case, is required to be used in preparing its annual financial statements for the period that includes the particular time;

(*b*) in respect of a group term life insurance policy that provides insurance for a period not exceeding 12 months, the unearned portion of the premium paid by the policyholder in respect of the policy at the particular time determined by apportioning the premium paid by the policyholder equally over the period to which that premium pertains;

(*c*) in respect of a life insurance policy, other than a policy referred to in subparagraph *a* or *b*, the greater of

i. the amount determined by the formula

A – B, and

ii. the amount determined by the formula

C – (D + E);

(*d*) in respect of a group life insurance policy, the amount (other than an amount the insurer may deduct under section 832 of the Act because of paragraph *b* of section 841 of the Act in computing the insurer's income for its taxation year that includes the particular time) in respect of a dividend, refund of premiums or refund of premium deposits provided for by the policy that will be used by the insurer to reduce or eliminate a future adverse claims experience under the policy or that will be paid or unconditionally credited to the policyholder by the insurer or applied in discharge, in whole or in part, of a liability of the policyholder to pay premiums to the insurer, which is the least of

i. a reasonable amount in respect of such a dividend, refund of premiums or refund of premium deposits,

ii. 25% of the amount of the premium payable under the policy for the 12-month period ending at the particular time, and

iii. the amount of the reserve or liability in respect of such a dividend, refund of premiums or refund of premium deposits that, if the insurer is required to file an annual report with the Superintendent of Financial Institutions for a period that includes the particular time, is used in preparing that report, and, in any other case, is used in preparing its annual financial statements for the period that includes the particular time; and

(*e*) in respect of a policy, other than a policy referred to in subparagraph *a*, the amount of a benefit, risk or guarantee described in the third paragraph that is equal to the lesser of

i. a reasonable amount in respect of the benefit, risk or guarantee, and

ii. the reserve in respect of the benefit, risk or guarantee that, if the insurer is required to file an annual report with the Superintendent of Financial Institutions for a period that includes the particular time, is used in preparing that report, and, in any other case, is used in preparing its annual financial statements for the period that includes the particular time.

In the formulas in the first paragraph,

(*a*) A is

i. if the policy is issued after 31 December 2016 and is not an annuity contract, the cash surrender value of the policy at the particular time determined without reference to surrender charges, and

ii. in any other case, the cash surrender value of the policy at the particular time;

(*b*) B is the aggregate of all amounts each of which is an amount payable at the particular time in respect of a policy loan in respect of the policy;

(*c*) C is

i. if the policy is issued after 31 December 2016 and is not an annuity contract, the net premium reserve in respect of the policy at the particular time, and

ii. in any other case, the present value at the particular time of the future benefits provided by the policy;

(*d*) D is

i. if the policy is issued after 31 December 2016 and is not an annuity contract, zero, and

ii. in any other case, the present value at the particular time of any future modified net premiums in respect of the policy; and

(*e*) E is the aggregate of all amounts each of which is an amount payable at the particular time in respect of a policy loan in respect of the policy.

The amount of a benefit, risk or guarantee to which subparagraph *e* of the first paragraph refers is

(*a*) an accidental death benefit;

(*b*) a disability benefit;

(*c*) an additional risk in respect of

i. a substandard life insurance,

ii. the conversion of a term insurance policy or the conversion of the benefits under a group insurance policy into another insurance policy after the particular time,

iii. a settlement option, or

iv. a guaranteed insurability benefit;

(*d*) a guarantee in respect of a segregated fund policy; or

(*e*) subject to the prior approval of the Minister on the advice of the Superintendent of Financial Institutions, any other benefit that is ancillary to the policy.

For the purposes of the third paragraph, the amount of a benefit, risk or guarantee to which subparagraph *e* of the first paragraph refers is not such an amount in respect of which an insurer has deducted an amount in computing its income for its taxation year that includes the particular time.

For the purposes of this section (except subparagraph *d* of the third paragraph), any amount claimed by an insurer for a taxation year must not include an amount in respect of a liability of a segregated fund.

2019, c. 14, s. 628.

92.11R12.3. Subject to sections 92.11R12.4 to 92.11R12.6, for the purpose of applying subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of a life insurance policy issued before 1 January 2017 or an annuity contract, a modified net premium and an amount determined in accordance with that subparagraph *c* are to be computed using the rates described in the second paragraph and taking into account only

(*a*) in the case of a lapse-supported policy effected after 31 December 1990, rates of interest, mortality and policy lapse; and

(*b*) in any other case, rates of interest and mortality.

The rates to which the first paragraph refers are as follows:

(*a*) in the case of a modified net premium and a benefit (other than a benefit described in subparagraph *b*) of a participating life insurance policy (other than an annuity contract) under the terms of which the policyholder is entitled to receive a specified amount in respect of the policy's cash surrender value, the rates used by the insurer when the policy was issued in computing the cash surrender values of the policy;

(*b*) in the case of a benefit provided in lieu of a cash settlement on the termination or maturity of a policy, or in satisfaction of a dividend on a policy, the rates used by the insurer in computing the amount of such benefit; and

(*c*) in the case of the whole or part of any other policy, the rates used by the insurer in computing the amount of the premiums in respect of the policy.

2019, c. 14, s. 628.

92.11R12.4. For the purposes of section 92.11R12.3, where the present value of the premiums in respect of a policy on the date of its issue is less than the aggregate of the present value on that date of the benefits provided for by the policy and outlays and expenses referred to in section 92.11R12.5, an increased rate of interest must be determined by multiplying the rate of interest used by the insurer in computing the amount of such premiums by a constant factor so that, when the increased rate of interest is used, the present value of those premiums on that date is equal to the aggregate of the present value on that date of those benefits, outlays and expenses and, in such case, that increased rate of interest is deemed to have been used by the insurer in computing the amount of such premiums.

2019, c. 14, s. 628.

92.11R12.5. The outlays and expenses referred to in section 92.11R12.4 are those made or incurred by the insurer

in respect of the policy or those that it reasonably estimates to make or incur in respect of the policy, except for the maintenance in force of the policy after the payment of all premiums if an express provision in that respect has not been made in calculating the premiums, and such part of any other outlays or expenses incurred by the insurer that is reasonably applicable to the policy.

2019, c. 14, s. 628.

92.11R12.6. For the purposes of section 92.11R12.3, where a rate of mortality or other probability used by an insurer in computing a premium in respect of a policy is not reasonable in the circumstances, the Minister may, on the advice of the Superintendent of Financial Institutions, modify that rate in a manner that is reasonable in the circumstances and the insurer is deemed to have used that modified rate in computing that premium.

Likewise, for the purposes of section 92.11R12.4, a present value referred to in that section must be computed using the rates of mortality and other probabilities used by the insurer in computing its premiums after any modification required under the first paragraph.

2019, c. 14, s. 628.

92.11R12.7. For the purposes of section 92.11R12.3, where no document related to the rate of interest or mortality used by an insurer in computing the amount of the premiums in respect of a policy is available, the insurer may, if the policy was issued before 1978, make a reasonable estimate of that rate and the Minister, on the advice of the Superintendent of Financial Institutions, may do likewise if the policy was issued after 1977 or, where it was issued before 1978, if the insurer has not made such an estimate.

2019, c. 14, s. 628.

92.11R12.8. Despite subparagraph *c* of the first paragraph of section 92.11R12.2, a life insurer may use a method of approximation in computing its income for a taxation year, in respect of any class of life insurance policies issued before its 1988 taxation year, other than policies referred to in subparagraph *a* or *b* of that first paragraph, in order to convert the amount that it reported as a reserve in respect of those policies in its annual report for the year filed with the Superintendent of Financial Institutions into an amount that is a reasonable estimate of the amount that, but for this section, would have been computed under subparagraph *c* of that first paragraph in respect of those policies, provided that that method of approximation is acceptable to the Minister on the advice of the Superintendent of Financial Institutions.

2019, c. 14, s. 628.

92.11R12.9. For the purposes of section 92.11R12.3 and despite sections 92.11R12.4 to 92.11R12.8 and 92.11R12.10, where an individual annuity contract was issued before 1969 by a life insurer or a benefit was purchased before 1969 under a group annuity contract issued by a life insurer, and the contract is a policy in respect of which section 628.8 of the former Regulation, within the meaning of section 2000R2, applied as that section 628.8 read for the purposes of its application to the insurer's 1977 taxation year, the insurer must use the same rates of interest and mortality as those used in computing its reserve provided for by such section 628.8 in respect of the policy for its 1977 taxation year.

2019, c. 14, s. 628.

92.11R12.10. For the purposes of section 92.11R12.3 for a taxation year and subject to the fourth paragraph, an insurer may revise the rates of interest, mortality or policy lapse used by the issuer of the policies referred to in subparagraph *b* to eliminate all or any part of the reserve deficiency determined in subparagraph *c*, where

(*a*) a disposition to which section 832.7 of the Act applies has been made to the insurer during the year by a person with whom it was dealing at arm's length;

(*b*) the insurer assumes, as a result of the disposition referred to in subparagraph *a*, obligations under life insurance policies in respect of which it may claim an amount as a reserve for the year under subparagraph *c* of the first paragraph of section 92.11R12.2;

(*c*) the reserve deficiency determined by the following formula is a positive amount:

A − B − C; and

(*d*) the reserve deficiency determined in subparagraph *c* may reasonably be attributed to the fact that the rates of interest, mortality and policy lapse used by the issuer of the policies referred to in subparagraph *b* to determine the cash surrender value of the policies or the premiums in respect of those policies are no longer reasonable in the circumstances.

In the formula in subparagraph *c* of the first paragraph,

(*a*) A is the aggregate of all amounts received or receivable by the insurer from the person referred to in subparagraph *a* of the first paragraph in respect of the policies referred to in subparagraph *b* of the first paragraph;

(*b*) B is the aggregate of all amounts paid or payable by the insurer to the person referred to in subparagraph *a* of the first paragraph in respect of commissions in respect of the amounts referred to in subparagraph *a*; and

(*c*) C is the aggregate of the maximum amounts that may be claimed by the insurer for the year as a reserve under subparagraph *c* of the first paragraph of section 92.11R12.2, determined without reference to this section, in respect of the policies referred to in subparagraph *b* of the first paragraph.

The rates revised under the first paragraph are deemed to have been used by the issuer of the policies referred to in subparagraph *b* of the first paragraph for the purpose of determining the cash surrender value of the policies or the premiums in respect of those policies.

If in accordance with this section an insurer has revised the rates of interest, mortality or policy lapse used by the issuer of the policies referred to in subparagraph *b* of the first paragraph, the Minister may, for the purposes of section 92.11R12.3 and the third paragraph, make further revisions to the revised rates to the extent that the insurer's revisions to those rates are not reasonable in the circumstances.

2019, c. 14, s. 628.

92.11R13. Section 92.19R3 applies to this division.

s. 92.11R1.0.11; O.C. 67-96, s. 10; O.C. 134-2009, s. 1; 2019, c. 14, s. 629.
Corresponding Federal Provision: 306(3) before (a).

DIVISION III

PRESCRIBED ANNUITY CONTRACT

div. IV; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

92.11R14. In this division,

"annuitant" under an annuity contract, at any time, means a person who, at that time, is entitled to receive annuity payments under that contract;

"spouse" of a particular individual includes another individual who is a party to a void or voidable marriage with the particular individual.

s. 92.11R1.1; O.C. 1471-91, s. 6; O.C. 1282-2003, s. 8; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 304(4) and (5).

92.11R15. For the purposes of this division, an annuitant under an annuity contract is deemed to be the holder of the contract where

(*a*) another person holds the contract in trust for the annuitant; or

(*b*) the annuitant acquired the contract under a group term life insurance policy under which life insurance on another person was effected by reason of or on the occasion of the office or employment, current or former, of that other person.

s. 92.11R1.2; O.C. 1471-91, s. 6; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 304(3).

92.11R16. For the purposes of subparagraph *b* of the second paragraph of section 92.11 of the Act, a prescribed annuity contract for a taxation year means

(*a*) an annuity contract purchased pursuant to a tax-free savings account, a registered pension plan, a pooled registered pension plan, a registered retirement savings plan, a registered retirement income fund or a deferred profit sharing plan;

(*b*) an income-averaging annuity contract;

(*c*) an income-averaging annuity respecting income from artistic activities;

(*d*) an annuity contract the cost of which may be deducted by the holder under paragraph *f* of section 339 of the Act in computing the holder's income;

(*d.*1) an annuity contract that is a qualifying trust annuity in relation to a taxpayer the cost of which is deductible under paragraph *f* of section 339 of the Act in computing the taxpayer's income;

(*d.*2) an annuity contract that the holder acquired in circumstances to which subsection 21 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applied; and

(*e*) an annuity contract described in section 92.11R17.

s. 92.11R2; O.C. 7-87, s. 2; O.C. 1471-91, s. 7; O.C. 35-96, s. 86; O.C. 1466-98, s. 17; O.C. 1155-2004, s. 10; O.C. 1149-2006, s. 4; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 4; O.C. 321-2017, s. 2.
Corresponding Federal Provision: 304(1); 148(1) ITA.

92.11R17. An annuity contract referred to in paragraph *e* of section 92.11R16 is, for a taxation year, a contract

(*a*) under which annuity payments commenced in that year or in a preceding taxation year;

(*b*) the issuer of which is a corporation described in subparagraph ii of paragraph *b* of the definition of "retirement savings plan" in subsection 1 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), a life insurance corporation, a registered charity a corporation described in any of paragraphs *a* to *c* of the definition of "specified financial institution" in section 1 of the Act, or a corporation that is neither a mutual fund corporation nor a mortgage investment corporation, but whose principal activity consists in making loans;

(*c*) a holder of which

i. where the annuity payments commenced before 1 January 1987, notified the issuer of the contract in writing, before the end of the year, that the contract is to be treated as a prescribed annuity contract,

ii. where the annuity payments commenced after 31 December 1986, did not notify the issuer of the contract in writing, before the end of the taxation year in which the annuity payments commenced, that the contract is not to be treated as a prescribed annuity contract, or

iii. where the annuity payments commenced after 31 December 1986, notified the issuer of the contract in writing, before the end of the taxation year in which the annuity payments commenced, that the contract is not to be treated as a prescribed annuity contract, which notification was cancelled by a holder of the contract by means of a notice in writing addressed to the issuer of the contract before the end of the year;

(*d*) each holder of which is an annuitant under the contract who, throughout the year, dealt at arm's length with the issuer of the contract and who is, as the case may be,

i. an individual other than a trust,

ii. a trust described in subparagraph *a* of the first paragraph of section 653 of the Act and in the second paragraph of that section,

iii. a qualified disability trust, within the meaning of the first paragraph of section 768.2 of the Act, for the taxation year in which the annuity is issued, or

iv. in the case where the annuity is issued before 1 January 2016, a testamentary trust at the time the annuity is issued;

(*e*) the terms of which require that from the time when the contract fulfils the requirements of this section, the conditions mentioned in the first paragraph of section 92.11R18 are satisfied; and

(*f*) for which none of the terms provide a remedy against the issuer in case of failure to make a payment prescribed by the contract.

s. 92.11R3; O.C. 7-87, s. 2; O.C. 1471-91, s. 8; O.C. 35-96, s. 3; O.C. 1707-97, s. 13; O.C. 134-2009, s. 1; O.C. 390-2012, s. 6; O.C. 117-2019, s. 6; O.C. 204-2020, s. 3.

Corresponding Federal Provision: 304(1)(c).

92.11R18. For the purposes of paragraph *e* of section 92.11R17, the conditions that must be satisfied are:

(*a*) subject to the holder's right to change the frequency and the quantum of the payments to be made in a taxation year under the contract without changing the present value, at the beginning of the year, of those payments, all the payments made under the contract must be equal annuity payments made at regular intervals at least once a year;

(*b*) the annuity payments under the contract must continue either for a fixed period, or

i. where the holder is an individual other than a trust, for the life of the first holder or until the day of the later of the death of the first holder and the death of any of the spouse, brothers and sisters, referred to as "the survivor" in subparagraph *c*, of the first holder, or

ii. where the holder is

(1) a trust described in subparagraph *a* of the first paragraph of section 653 of the Act and in the second paragraph of that section, called "spouse trust" in this section, for the life of an individual to whom that subparagraph *a* refers if the individual is entitled to receive all of the income of the trust that arose before the individual's death,

(2) a joint spousal trust, until the day of the later of the death of the individual and the death of the beneficiary under the trust who is the individual's spouse,

(3) a qualified disability trust, for the life of an individual who is an electing beneficiary of the trust for the taxation year in which the annuity is issued,

(4) a trust, other than a qualified disability trust or a spouse trust, where the annuity is issued before 24 October 2012, for the life of an individual who is entitled to receive income from the trust, or

(5) a trust, other than a qualified disability trust or a spouse trust, where the annuity is issued after 23 October 2012, for the life of an individual who is entitled when the contract was first held to receive all of the income of the trust that is an amount received by the trust on or before the death of the individual as an annuity payment;

(*c*) where the period during which the annuity payments are to be made is of a guaranteed or fixed duration, the period so guaranteed or fixed cannot exceed 91 years minus the age, when the contract was first held, in whole years of the following individual:

i. where the holder is not a trust, the individual who is,

(1) in the case of a joint and last survivor annuity, the younger of the first holder and the survivor,

(2) in the case of a contract that is held jointly, the younger of the first holders, and

(3) in any other case, the first holder,

ii. where the holder is a spouse trust, the individual who is,

(1) in the case of a joint and last survivor annuity held by a joint spousal trust, the younger of the beneficiaries under the trust who are in combination entitled to receive all of the income of the trust that arose before the later of their deaths, and

(2) in the case of an annuity that is not a joint and last survivor annuity, the individual who is entitled to receive all of the income of the trust that arose before the individual's death,

iii. where the holder is a qualified disability trust, an individual who is an electing beneficiary of the trust for the taxation year in which the annuity is issued, and

iv. where the holder is a trust, other than a qualified disability trust or a spouse trust, and the annuity is issued before 1 January 2016, the individual who was the youngest of the beneficiaries under the trust when the contract was first held;

(*d*) no loan exists under the contract and the holder's rights under the contract may be disposed of only,

i. where the holder is an individual, on the holder's death,

ii. where the holder is a spouse trust, other than a joint spousal trust, on the death of the spouse who is entitled to receive all of the income of the trust that arose before the spouse's death,

iii. where the holder is a spouse trust that is a joint spousal trust, on the later of the deaths of the beneficiaries under the trust who are in combination entitled to receive all of the income of the trust that arose before the later of their deaths, and

iv. where the holder is a testamentary trust other than a spouse trust, and the contract was first held after 31 October 2011, on the earlier of the time at which the trust ceases to be a testamentary trust and the death of the individual referred to in subparagraph ii of subparagraph *b* or, as the case may be, subparagraph iii or iv of subparagraph *c*, in respect of the trust; and

(*e*) no payment may be made under the contract unless it is permitted by this division.

For the purposes of the first paragraph, "electing beneficiary" and "qualified disability trust" have the meaning assigned by the first paragraph of section 768.2 of the Act.

s. 92.11R4; O.C. 7-87, s. 2; O.C. 1471-91, s. 9; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 2; O.C. 117-2019, s. 7.

Corresponding Federal Provision: 304(1)(c)(iv)(A) to (E).

92.11R19. Despite sections 92.11R16 to 92.11R18, an annuity contract may qualify as a prescribed annuity contract even if,

(*a*) in a case where the contract provides a joint and last survivor annuity or is held jointly, the terms of the contract provide that there will be a reduction in the amount of the annuity payments to be made under the contract from the time of the death of one of the annuitants;

(*b*) the terms of the contract provide that if the holder of the contract dies upon reaching the age of 91 or before reaching that age, the contract is terminated and the holder will be paid under the contract an amount not greater than the excess of the total amount of premiums paid under it over the total amount of the annuity payments made under the contract;

(*c*) where the period during which the annuity payments are to be made is of a guaranteed or fixed duration, the terms of the contract provide that, following the death of the holder of the contract during that period, the payments which would have been made during that period, were it not for that death, may be replaced by a single payment; or

(*d*) the terms of the contract as they read on 1 December 1982 and at any time after that date provide that the holder share in the investment earnings of the issuer and that the amount of such share must be paid in the 60 days following the end of the year in respect of which it is computed.

s. 92.11R5; O.C. 7-87, s. 2; O.C. 1471-91, s. 10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 304(2).

DIVISION IV

EXEMPT POLICY

div. VII; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

92.19R1. For the purposes of paragraph *a* of section 92.19 of the Act, an exempt policy at a particular time means a life insurance policy in respect of which the following conditions are met:

(*a*) if the particular time corresponds to a policy anniversary of the policy, the accumulating fund of the policy at that time, determined without considering any policy loan, does not exceed the aggregate of the accumulating funds, at that time, of the accumulating funds of the exemption test policies issued in respect of the policy not later than that time;

(*b*) assuming that the terms of the policy do not differ from those that were in force on the last policy anniversary of the policy occurring not later than the particular time and, where necessary, making reasonable assumptions about all the other factors, including, in the case of a participating life insurance policy within the meaning of subparagraph *f* of the first paragraph of section 835 of the Act, the assumption that the amounts of dividends paid will be as shown in the dividend scale, it is reasonable to expect that

i. if the policy is issued before 1 January 2017, the condition provided for in subparagraph *a* will be met on each policy anniversary of the policy on which the policy could remain in force after the particular time but before the endowment date of the exemption test policies issued in respect of the policy, and

ii. if the policy is issued after 31 December 2016, the condition in subparagraph *a* will be met on the policy's next policy anniversary, without reference to any automatic

adjustments under the policy that may be made after the particular time to ensure that the policy is an exempt policy and, where applicable, making projections using the most recent values that are used to calculate the accumulating fund in respect of the policy or in respect of each exemption test policy issued in respect of a coverage under the policy;

(*c*) the condition in paragraph *a* was met on all policy anniversaries of the policy prior to the particular time; and

(*d*) the condition in paragraph *b* was met at all times from the first policy anniversary of the policy and before the particular time.

In the first paragraph, a life insurance policy does not include an annuity contract, a deposit administration fund policy or a leveraged insured annuity policy.

s. 92.19R1; O.C. 7-87, s. 2; O.C. 67-96, s. 11; O.C. 1470-2002, s. 7; O.C. 134-2009, s. 1; O.C. 390-2012, s. 7; O.C. 1182-2017, s. 2; 2019, c. 14, s. 630.

Corresponding Federal Provision: 306(1).

92.19R2. For the purposes of section 92.19R1, a life insurance policy that is an exempt policy at the time of its first policy anniversary is deemed to have been an exempt policy from the time of its issue up to that anniversary.

s. 92.19R3; O.C. 7-87, s. 2; O.C. 67-96, s. 13; O.C. 134-2009, s. 1; 2019, c. 14, s. 631.

Corresponding Federal Provision: 306(2).

92.19R3. For the purposes of this division, the following rules apply:

(*a*) in the case of a life insurance policy issued before 1 January 2017 or at a particular time determined under section 967.1 of the Act, a separate exemption test policy is deemed, subject to section 92.19R6.1, to have been issued in respect of the life insurance policy

i. on the date of issue of the life insurance policy, and

ii. on each policy anniversary (that ends before the particular time determined, if applicable, under section 967.1 of the Act in respect of the policy) of the life insurance policy on which the amount of the death benefit under the life insurance policy exceeds 108% of the amount of the death benefit under the life insurance policy on the later of the life insurance policy's date of issue and the date of the life insurance policy's preceding policy anniversary, if any; and

(*b*) in the case of a life insurance policy issued after 31 December 2016 (including at a particular time determined under section 967.1 of the Act in respect of the policy), a separate exemption test policy is deemed, subject to section 92.19R6.1, to be issued in respect of each coverage under the life insurance policy

i. unless the particular time when the policy is issued is determined under section 967.1 of the Act and the coverage was issued before the particular time, on

(1) the date of issue of the life insurance policy, if the coverage is issued before the first policy anniversary of the life insurance policy,

(2) the date of issue of the coverage, if the coverage is issued on a policy anniversary of the life insurance policy, or

(3) the life insurance policy's preceding policy anniversary, if the coverage is issued on any date that is after the policy's first policy anniversary and that is not a policy anniversary,

ii. on each policy anniversary of the life insurance policy (except that, if a particular time when the policy is issued has been determined under section 967.1 of the Act, only on a policy anniversary that ends at or after the particular time) on which the amount of the death benefit under the coverage on that policy anniversary exceeds 108% of the amount of the death benefit under the coverage, on the later of the coverage's date of issue and the date of the life insurance policy's preceding policy anniversary (or, if there is no preceding policy anniversary, the coverage's date of issue), and

iii. on each policy anniversary of the life insurance policy (except that, if a particular time when the policy is issued has been determined under section 967.1 of the Act, only on a policy anniversary that ends at or after the particular time)—except to the extent that another exemption test policy has been issued on that date under this subparagraph in respect of a coverage under the life insurance policy—on which an excess amount is determined by the formula

A – B.

In the formula in the first paragraph,

(*a*) A is the amount by which the fund value benefit under the life insurance policy on the policy anniversary referred to in subparagraph iii of subparagraph *b* of the first paragraph exceeds the fund value benefit under the life insurance policy on the life insurance policy's preceding policy anniversary (or, if there is no preceding policy anniversary, the date of issue of the policy); and

(*b*) B is the amount by which 8% of the amount of the death benefit under the life insurance policy on the policy anniversary preceding the policy anniversary referred to in subparagraph iii of subparagraph *b* of the first paragraph (or, if there is no preceding policy anniversary, the date of issue of the policy) exceeds the aggregate of all amounts each of which is, in respect of a coverage under the policy, the lesser of

i. the amount by which the amount of the death benefit under the coverage on the date of the policy anniversary

referred to in that subparagraph iii exceeds the amount of the death benefit under the coverage on the later of the coverage's date of issue and the date of the life insurance policy's preceding policy anniversary (or, if there is no preceding policy anniversary, the coverage's date of issue), and

ii. 8% of the amount of the death benefit under the coverage on the later of the coverage's date of issue and the date of the policy anniversary preceding the policy anniversary referred to in that subparagraph iii (or, if there is no preceding policy anniversary, the coverage's date of issue).

s. 92.19R4; O.C. 7-87, s. 2; Erratum, 1988, G.O. 2, 2689; O.C. 67-96, s. 14; O.C. 134-2009, s. 1; 2019, c. 14, s. 632.

Corresponding Federal Provision: 306(3).

92.19R4. Subject to section 92.19R6.4, for the purpose of determining whether the condition in subparagraph *a* of the first paragraph of section 92.19R1 is met on a policy anniversary of a life insurance policy, each exemption test policy issued in respect of the life insurance policy, or in respect of a coverage under the life insurance policy, is deemed

(*a*) to have a death benefit that is uniform throughout the term of the exemption test policy and that, subject to section 92.19R5, is equal to

i. if the date on which the exemption test policy is issued is determined under subparagraph i of subparagraph *a* of the first paragraph of section 92.19R3, the amount by which the amount on that policy anniversary of the death benefit under the life insurance policy exceeds the aggregate of all amounts each of which is the amount on that policy anniversary of the death benefit under another exemption test policy issued on or before that policy anniversary in respect of the life insurance policy,

ii. if the date on which the exemption test policy is issued is determined under subparagraph ii of subparagraph *a* of the first paragraph of section 92.19R3, the amount of the excess referred to in that subparagraph on that date in respect of the life insurance policy,

iii. if the date on which the exemption test policy is issued is determined under subparagraph i of subparagraph *b* of the first paragraph of section 92.19R3, the amount determined by the formula

A + B – C,

iv. if the date on which the exemption test policy is issued is determined under subparagraph ii of subparagraph *b* of the first paragraph of section 92.19R3, the amount of the excess referred to in that subparagraph on that date in respect of the coverage, or

v. if the date on which the exemption test policy is issued is determined under subparagraph iii of subparagraph *b* of the first paragraph of section 92.19R3, the lesser of

(1) the amount by which the amount determined under subparagraph *a* of the second paragraph of section 92.19R3 exceeds the amount determined under subparagraph *b* of that paragraph in respect of the coverage on that date, and

(2) the amount determined under subparagraph 1 of subparagraph i of subparagraph *b* of the second paragraph in respect of the coverage on that date; and

(*b*) to pay the amount of its death benefit on the earlier of the exemption test policy's endowment date and

i. if the life insurance policy is issued before 1 January 2017, the date of death of the individual whose life is insured under the life insurance policy, or

ii. if the life insurance policy is issued after 31 December 2016,

(1) if two or more lives are jointly insured under the coverage, the date at which the benefit would be payable as a result of the death of any of the lives, and

(2) in any other case, the date of death of the individual whose life is insured under the coverage.

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

(*a*) A is the amount, on the policy anniversary referred to in the first paragraph, of the death benefit under the coverage;

(*b*) B is

i. if the death benefit under the life insurance policy includes a fund value benefit on the policy anniversary referred to in the first paragraph, the portion of the fund value benefit on that policy anniversary that is equal to the lesser of

(1) the maximum amount of the fund value benefit that could be payable on that policy anniversary if no other coverage were offered under the life insurance policy and the life insurance policy were an exempt policy, and

(2) the amount by which the fund value benefit on that policy anniversary exceeds the aggregate of all amounts each of which is the portion of the fund value benefit allocated to other coverages under the life insurance policy, and

ii. in any other case, nil; and

(*c*) C is the aggregate of all amounts each of which is the amount, on the policy anniversary referred to in the first paragraph, of the death benefit under another exemption test

policy issued on or before that policy anniversary in respect of the coverage.

s. 92.19R5; O.C. 7-87, s. 2; O.C. 67-96, s. 15; O.C. 134-2009, s. 1; 2019, c. 14, s. 632.

Corresponding Federal Provision: 306(3)(c)(i) and (ii).

92.19R5. Subject to section 92.19R6.4, the following rules apply for the purpose of determining the amount of a death benefit under an exemption test policy issued in respect of

(*a*) a life insurance policy issued before 1 January 2017 if, at a particular time, the amount of a death benefit under the life insurance policy is reduced, a particular amount that is equal to the reduction is to be applied at that time to reduce the amount of the death benefit under each exemption test policy issued before that time in respect of the life insurance policy (other than the exemption test policy the date of issue of which is determined under subparagraph i of subparagraph *a* of the first paragraph of section 92.19R3) in the order in which the dates of their issuance are proximate to that time, by an amount equal to the lesser of

i. the portion of the particular amount that did not reduce the death benefit under one or more other such exemption test policies, and

ii. the amount, immediately before that time, of the death benefit under the relevant exemption test policy; and

(*b*) a coverage under a life insurance policy issued after 31 December 2016 if, at a particular time, there is a particular reduction in the amount of a death benefit under the coverage, or the portion of the fund value benefit referred to in subparagraph i of subparagraph *b* of the second paragraph of section 92.19R4 in respect of the coverage, the amount of the death benefit under each exemption test policy issued before that time in respect of the coverage (other than the exemption test policy the date of issue of which is determined under subparagraph i of subparagraph *b* of the first paragraph of section 92.19R3) is to be reduced at that time by an amount equal to the least of

i. the particular reduction,

ii. the amount, immediately before that time, of the death benefit under the relevant exemption test policy, and

iii. the portion of the particular reduction that did not reduce the death benefit under one or more other such exemption test policies issued on or after the date of issue of the relevant exemption test policy.

s. 92.19R6; O.C. 7-87, s. 2; O.C. 134-2009, s. 1; 2019, c. 14, s. 632.

Corresponding Federal Provision: 306(3)(d).

92.19R6. Section 92.19R6.1 applies at a particular time in respect of a life insurance policy if

(*a*) that time is on its tenth or a later policy anniversary;

(*b*) the accumulating fund (computed without regard to any amount payable in respect of a policy loan) in respect of the policy at that time exceeds 250% of the accumulating fund (computed without regard to any amount payable in respect of a policy loan) in respect of the policy on its third preceding policy anniversary; and

(*c*) where that time is after 31 December 2016,

i. the accumulating fund (computed without regard to any amount payable in respect of a policy loan) in respect of the policy at that time exceeds the aggregate of all amounts each of which is

(1) if the policy is issued before 1 January 2017, 3/20 of the accumulating fund, at that time, in respect of an exemption test policy issued in respect of the policy, and

(2) if the policy is issued after 31 December 2016, 3/8 of the accumulating fund, at that time, in respect of an exemption test policy issued in respect of a coverage under the policy, and

ii. section 92.19R6.1 did not apply on any of the policy's six preceding policy anniversaries.

s. 92.19R7; O.C. 7-87, s. 2; O.C. 1470-2002, s. 8; O.C. 1282-2003, s. 9; O.C. 134-2009, s. 1; 2019, c. 14, s. 632.

Corresponding Federal Provision: 306(4).

92.19R6.1. Where the conditions set out in section 92.19R6 are met at a particular time in respect of a life insurance policy, each exemption test policy issued before that time in respect of the life insurance policy is at and after that time deemed to be issued (except for the purposes of this section, subparagraph *a* of the first paragraph of section 92.19R4 and section 92.19R5) on the later of the following dates and not at any other time:

(*a*) the date of the third preceding policy anniversary described in paragraph *b* of section 92.19R6; and

(*b*) the date on which it was deemed under section 92.19R3 to be issued (determined immediately before the particular time).

2019, c. 14, s. 633.

92.19R6.2. A life insurance policy that would, in the absence of this section, cease (other than by reason of its conversion into an annuity contract) on a policy anniversary of the policy to be an exempt policy is deemed to be an exempt policy on that policy anniversary if

(*a*) had that policy anniversary occurred on the particular day that is 60 days after that policy anniversary, the policy would have been an exempt policy on the particular day; or

(*b*) the person whose life is insured under the policy dies on that policy anniversary or within 60 days after that policy anniversary.

2019, c. 14, s. 633.

92.19R6.3. A life insurance policy (other than an annuity contract or deposit administration fund policy) issued before 2 December 1982 is deemed to be an exempt policy at all times from the date of its issue until the first time after 1 December 1982 at which

(*a*) a premium referred to in section 92.19R7 is paid by a taxpayer in respect of an interest, last acquired before 2 December 1982, in the policy; or

(*b*) an interest in the policy is acquired by a taxpayer from the person who held the interest continuously since 1 December 1982.

2019, c. 14, s. 633.

92.19R6.4. Where, under section 967.1 of the Act, a particular time when a life insurance policy is issued is determined, the following rules apply, for the purposes of sections 92.19R4 and 92.19R5, at or after the particular time in respect of an exemption test policy issued before the particular time in respect of the policy:

(*a*) subparagraphs iii and iv of subparagraph *a* of the first paragraph of section 92.19R4, and not subparagraphs i and ii of that subparagraph *a*, apply in respect of the exemption test policy; and

(*b*) paragraph *b* of section 92.19R5, and not paragraph a of that section, applies in respect of the exemption test policy.

2019, c. 14, s. 633.

92.19R7. A premium paid at a particular time under a life insurance policy is a premium to which paragraph *a* of section 92.19R6.3 refers where the total amount of one or more premiums paid at that time under the policy exceeds the amount of the premium that was to be paid under the policy at that time, as determined not later than 1 December 1982 and as adjusted to take into account those events among the following events occurring after that date in respect of the policy:

(*a*) a change in the underwriting class;

(*b*) a change in the premium following a change in the frequency of premium payments during a year having no effect on the actualized value at the beginning of the year of the aggregate of the premiums to be paid in that year under the policy;

(*c*) the addition or deletion of an accidental death benefit or a guaranteed purchase option or of a disability benefit providing for annuity payments or a waiver of premium payments;

(*d*) an adjustment of the premium attributable to interest, death or expenses or a change in the death benefit under the policy following an increase in the Consumer Price Index published by Statistics Canada under the Statistics Act (Revised Statutes of Canada, 1985, chapter S-19), the adjustment being made by the life insurer for each class in accordance with the terms of the policy as they read on 1 December 1982 and not resulting from the exercise of a conversion privilege under the policy;

(*e*) a change resulting from the provision of an additional death benefit under a participating life insurance policy within the meaning of subparagraph *f* of the first paragraph of section 835 of the Act, either as policy dividends or other amounts distributed out of the life insurer's income from the carrying on of the participating life insurance business as determined under sections 92.19R9 to 92.19R13, or as interest earned on policy dividends left on deposit with the life insurer;

(*f*) the reinstatement, within the time prescribed in subparagraph iii of paragraph *a* of section 966 of the Act, of lapsed policies or reinstatement owing to an amount outstanding under a policy loan;

(*g*) a change in premium following correction of erroneous information contained in the policy application;

(*h*) payment of a premium after the due date or payment of a premium within 30 days preceding the due date, as determined not later that 1 December 1982; or

(*i*) payment of the interest referred to in paragraph *b*.3 of section 966 of the Act.

s. 92.19R8; O.C. 7-87, s. 2; O.C. 1114-93, s. 12; O.C. 35-96, s. 86; O.C. 1470-2002, s. 9; O.C. 1282-2003, s. 10; O.C. 134-2009, s. 1; O.C. 390-2012, s. 8; O.C. 321-2017, s. 3; 2019, c. 14, s. 634.

Corresponding Federal Provision: 309(1).

92.19R8. For the purposes of section 92.19R7, a life insurance policy issued following exercise of a renewal privilege provided for in the terms of another policy as they read on 1 December 1982 is the continuation of that other policy.

s. 92.19R9; O.C. 1114-93, s. 13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 309(3).

92.19R9. For the purposes of paragraph *e* of section 92.19R7, the income of an insurer derived from the operation of its participating life insurance business carried on in Canada for a taxation year is computed in accordance with the provisions of the Act concerning the computation of the income derived from a source, subject to sections 92.19R10 to 92.19R13.

O.C. 321-2017, s. 4.

Corresponding Federal Provision: 309.1 before (a) and (h).

92.19R10. In the computation under section 92.19R9, the insurer must include the aggregate of

(*a*) the amount determined by the formula

A × B / C;

(*b*) the insurer's maximum tax actuarial reserve for the immediately preceding taxation year in respect of participating life insurance policies in Canada; and

(*c*) the maximum amount deductible by the insurer under paragraph *a*.1 of section 840 of the Act in computing its income for the immediately preceding taxation year in respect of participating life insurance policies in Canada.

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

(*a*) A is the insurer's gross Canadian life investment income, within the meaning of section 818R53, for the year;

(*b*) B is the aggregate of

i. the insurer's mean maximum tax actuarial reserve, within the meaning of section 818R53, for the year in respect of participating life insurance policies in Canada, and

ii. one-half of the aggregate of

(1) all amounts on deposit with the insurer as at the end of the year in respect of policies described in subparagraph i; and

(2) all amounts on deposit with the insurer as at the end of the immediately preceding taxation year in respect of policies described in subparagraph i; and

(*c*) C is the aggregate of all amounts each of which is

i. the insurer's mean maximum tax actuarial reserve for the year in respect of a class of life insurance policies in Canada, or

ii. one-half of the aggregate of

(1) all amounts on deposit with the insurer as at the end of the year in respect of a class of policies described in subparagraph i; and

(2) all amounts on deposit with the insurer as at the end of the immediately preceding taxation year in respect of a class of policies described in subparagraph i.

O.C. 321-2017, s. 4.

Corresponding Federal Provision: 309.1(a) and (b).

92.19R11. In the computation under section 92.19R9, the insurer must deduct the aggregate of

(*a*) the insurer's maximum tax actuarial reserve for the year in respect of participating life insurance policies in Canada; and

(*b*) the maximum amount deductible by the insurer under paragraph *a*.1 of section 840 of the Act in computing its income for the year in respect of participating life insurance policies in Canada.

O.C. 321-2017, s. 4.

Corresponding Federal Provision: 309.1(e).

92.19R12. In the computation under section 92.19R9, the insurer may not include

(*a*) any amount in respect of the insurer's participating life insurance policies in Canada that was deducted under paragraphs *a* and *a*.1 of section 840 of the Act in computing its income for the immediately preceding taxation year; or

(*b*) subject to subparagraph *a* of the first paragraph of section 92.19R10,

i. any amount as a reserve that was deducted under section 140 of the Act in computing the insurer's income for the immediately preceding taxation year; or

ii. any amount that was included in determining the insurer's gross Canadian life investment income for the year.

O.C. 321-2017, s. 4.

Corresponding Federal Provision: 309.1(c) and (d)(i).

92.19R13. In the computation under section 92.19R9, the insurer may not deduct,

(*a*) subject to subparagraph *a* of the first paragraph of section 92.19R10, any amount taken into account in determining the insurer's gross Canadian life investment income for the year;

(*b*) subject to subparagraph *a* of the first paragraph of section 92.19R10, any amount deductible under section 140 of the Act in computing the insurer's income for the year;

(*c*) any amount deductible under paragraph *a* of section 841 of the Act in computing the insurer's income for the year; or

(*d*) subject to section 92.19R11, any amount deductible as a reserve under paragraph *a* or *a*.1 of section 840 of the Act in computing the insurer's income for the year.

O.C. 321-2017, s. 4.

Corresponding Federal Provision: 309.1(d)(ii), (f) and (g).

CHAPTER V

(Revoked).

chap. I.2.2; O.C. 1454-99, s. 8; O.C. 134-2009, s. 1; O.C. 321-2017, s. 5.

92.21R1. *(Revoked).*

s. 92.21R9; O.C. 1454-99, s. 8; O.C. 134-2009, s. 1; O.C. 321-2017, s. 5.

92.21R2. *(Revoked).*

s. 92.21R10; O.C. 1454-99, s. 8; O.C. 134-2009, s. 1; O.C. 321-2017, s. 5.

92.21R3. *(Revoked).*

s. 92.21R11; O.C. 1454-99, s. 8; O.C. 134-2009, s. 1; O.C. 321-2017, s. 5.

92.21R4. *(Revoked).*

s. 92.21R12; O.C. 1454-99, s. 8; O.C. 134-2009, s. 1; O.C. 321-2017, s. 5.

92.21R5. *(Revoked).*

s. 92.21R13; O.C. 1454-99, s. 8; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 5; O.C. 321-2017, s. 5.

CHAPTER VI

DISPOSITION OF DEPRECIABLE PROPERTY

chap. I.3; O.C. 7-87, s. 2; O.C. 134-2009, s. 1.

93R1. For the purposes of subparagraph *e* of the second paragraph of section 93 of the Act, the prescribed manner and the prescribed delay are those prescribed by section 130R70.

s. 93R1; O.C. 1981-80, s. 93R1; R.R.Q., 1981, c. I-3, r. 1, s. 93R1; O.C. 1282-2003, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100A(2).

93R2. For the purposes of subparagraph *f* of the second paragraph of section 93 of the Act, a prescribed amount is an amount referred to in paragraph *c* of section 87R5.

s. 93R2; O.C. 1539-93, s. 2; O.C. 1282-2003, s. 12; O.C. 134-2009, s. 1.

93.6R1. Property referred to in subparagraph *t* of the first paragraph, or the second or fourth paragraph, of Class 12 in Schedule B is prescribed property for the purposes of section 93.6 of the Act.

s. 93.6R1; O.C. 67-96, s. 16; O.C. 1463-2001, s. 33; O.C. 134-2009, s. 1.

93.7R1. An offshore region referred to in section 4609 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is a prescribed offshore region for the purposes of subparagraph *j* of the first paragraph of section 93.7 of the Act.

s. 93.7R2; O.C. 67-96, s. 16; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(27)(j) ITA.

96.2R1. For the purposes of section 96.2 of the Act, prescribed energy conservation property means property included in Class 43.1 or 43.2 in Schedule B.

s. 96.2R1; O.C. 1454-99, s. 9; O.C. 1116-2007, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 8200.1.

99R1. For the purposes of paragraph *d*.3 of section 99 of the Act, the prescribed amount is,

(*a*) in respect of a passenger vehicle acquired between 31 August 1989 and 1 January 1991, $24,000; and

(*b*) in respect of a passenger vehicle acquired after 31 December 1990, the amount determined by the formula

A + B.

In the formula in subparagraph *b* of the first paragraph,

(*a*) A is

i. $24,000, if the passenger vehicle was acquired before 1 January 1997,

ii. $25,000, if the passenger vehicle was acquired after 31 December 1996 and before 1 January 1998,

iii. $26,000, if the passenger vehicle was acquired after 31 December 1997 and before 1 January 2000,

iv. $27,000, if the passenger vehicle was acquired after 31 December 1999 and before 1 January 2001, and

v. $30,000, if the passenger vehicle was acquired after 31 December 2000; and

(*b*) B is the sum that would have been payable in respect of federal and provincial sales taxes on the acquisition of the passenger vehicle if it had been acquired, at a cost equal to the amount determined in subparagraph *a* before the application of the federal and provincial sales taxes, at the time of the acquisition.

s. 99R2; O.C. 1697-92, s. 4; O.C. 1463-2001, s. 35; O.C. 1470-2002, s. 10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 7307(1).

99R2. For the purposes of paragraph *e* of section 99 of the Act,

(*a*) a prescribed property is a property referred to in section 130R152; and

(*b*) a prescribed business is a business referred to in section 130R153.

s. 99R1; O.C. 1981-80, s. 99R1; R.R.Q., 1981, c. I-3, r. 1, s. 99R1; O.C. 1282-2003, s. 13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(15).

101R1. For the purposes of section 101 of the Act, an amount referred to in paragraph *c* of section 87R5 is a prescribed amount.

s. 101R0.1; O.C. 1539-93, s. 3; O.C. 134-2009, s. 1.

101R2. For the purposes of section 101 of the Act, the assistance referred to therein does not include

(*a*) a deduction granted under the Act to promote industrial development by means of fiscal advantages (chapter D-9) or under the Act respecting fiscal incentives to industrial development (chapter S-34), as those Acts read before they were repealed;

(*b*) an amount deducted under sections 360 and 361 of the Act;

(*c*) an amount paid under the Act to promote scientific research and development (Revised Statutes of Canada, 1970, chapter I-10), or an amount paid before 20 December 1984 under the Act respecting assistance for regional industrial development (S.Q. 1968, c. 27) or a plan equivalent to that instituted by that Act and considered to be equivalent under it;

(*d*) an amount received as a grant under a program referred to in section 313.1R1;

(*e*) an amount described in paragraph *b* of section 225 of the Act; or

(*f*) an amount referred to in paragraph *g* or *i* of section 488R1.

s. 101R1; O.C. 1981-80, s. 101R1; R.R.Q., 1981, c. I-3, r. 1, s. 101R1; O.C. 544-86, s. 4; O.C. 140-90, s. 3; O.C. 1232-91, s. 2; O.C. 1539-93, s. 4; O.C. 523-96, s. 5; O.C. 1707-97, s. 14; O.C. 1466-98, s. 18; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(7.1)(a) to (b.1) ITA.

101.1R1. For the purposes of section 101.1 of the Act, the amount that an insurer is deemed to have deducted in respect of depreciable property of a prescribed class for taxation years prior to its 1977 taxation year is the amount deemed to have been so deducted under subsection 22 of section 13 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 101.1R1; O.C. 1981-80, s. 101.1R1; R.R.Q., 1981, c. I-3, r. 1, s. 101.1R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(22) ITA.

101.2R1. For the purposes of section 101.2 of the Act, the amount that a life insurer is deemed to have deducted in computing its income for taxation years prior to its 1978 taxation year in respect of depreciable property of a prescribed class is equal to the aggregate of the total depreciation, determined immediately after the 1977 taxation year of the insurer and without reference to that section, that was granted to the insurer in respect of property of that class, and the amount that the maximum depreciation which the insurer was entitled to claim in respect of that property for its taxation years ending after 1968 and before 1978 exceeds that aggregate depreciation.

s. 101.2R1; O.C. 1981-80, s. 101.2R1; R.R.Q., 1981, c. I-3, r. 1, s. 101.2R1; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(23) ITA.

101.3R1. For the purposes of section 101.3 of the Act, a prescribed amount is

(*a*) an amount determined under subsection 7 or 8 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), other than the part of that amount that may reasonably be considered to be related to an amount that is a qualified expenditure, within the meaning of subsection 9 of that section 127, and that constitutes, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996; and

(*b*) a tax deduction provided for in subsection 5 or 6 of section 127 of the Income Tax Act.

s. 101.3R1; O.C. 2962-82, s. 7; O.C. 500-83, s. 7; O.C. 35-96, s. 86; O.C. 1707-97, s. 15; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 127(12) ITA.

101.8R1. For the purposes of paragraph *a* of section 101.8 of the Act, a prescribed property in respect of a taxpayer is a property that, if it were acquired by the taxpayer, would be included in Class 10 in Schedule B under subparagraph *f* of the second paragraph of that class.

s. 101.8R1; O.C. 1470-2002, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(14.2).

101.8R2. For the purposes of paragraph *b* of section 101.8 of the Act, the following properties are prescribed:

(*a*) a road, other than a specified temporary access road, sidewalk, runway, parking area, storage area or similar surface construction;

(*b*) a bridge; and

(*c*) a property ancillary to any property referred to in paragraph *a* or *b*.

s. 101.8R2; O.C. 1470-2002, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(14.3).

CHAPTER VII

DISPOSITION OF VESSELS

chap. II; O.C. 1981-80, title IV, chap. II; R.R.Q., 1981, c. I-3, r. 1, title IV, chap. II; O.C. 134-2009, s. 1.

104R1. In this chapter,

"conversion" has the meaning assigned by subsection 21 of section 13 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

"conversion cost" has the meaning assigned by subsection 21 of section 13 of the Income Tax Act;

"vessel" means a vessel as defined in the Canada Shipping Act, 2001 (Statutes of Canada, 2001, chapter 26).

s. 104R1; O.C. 1981-80, s. 104R1; R.R.Q., 1981, c. I-3, r. 1, s. 104R1; O.C. 35-96, s. 4; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 13(21) ITA.

104R2. Where a deduction has been made for a year under the Act, the Provincial Income Tax Act (R.S.Q. 1964, c. 69) or the Corporation Tax Act (R.S.Q. 1964, c. 67) in respect of capital cost allowance of a vessel, section 94 of the Act is applicable to the prescribed class, as well as to any other class prescribed by either of those Acts, to which the vessel may have been transferred.

s. 104R2; O.C. 1981-80, s. 104R2; R.R.Q., 1981, c. I-3, r. 1, s. 104R2; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 13(13) ITA.

104R3. Where a vessel owned by a taxpayer on 1 January 1966, or constructed pursuant to a construction contract entered into by the taxpayer prior to that date without the vessel being completed by such date, is disposed of by the taxpayer prior to 1974, section 94 of the Act and Title IV of Book III of Part I of the Act does not apply to the proceeds of disposition

(*a*) if an amount at least equal to the proceeds of disposition is used by the taxpayer, before the month of May 1974 and during the taxation year in which the taxpayer disposed of the vessel or within 4 months following the end of that taxation year, under the conditions provided for in subparagraph i of paragraph *a* of subsection 15 of section 13 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), either for replacement of the vessel or to incur any conversion cost with respect to another vessel owned by the taxpayer; or

(*b*) if, under the conditions provided for in subparagraph ii of paragraph *a* of subsection 15 of section 13 of the Income Tax Act, the taxpayer deposits on or before the day on which the taxpayer's fiscal return is to be filed for the taxation year of disposal of the vessel, either an amount at least equal to the tax that would, but for this paragraph, be payable by the taxpayer under Part I of the Act in respect of the proceeds of disposition, or satisfactory security therefor to guarantee that the proceeds of disposition will be used before 1975 for replacement of the vessel.

s. 104R3; O.C. 1981-80, s. 104R3; R.R.Q., 1981, c. I-3, r. 1, s. 104R3; O.C. 35-96, s. 5; O.C. 1707-97, s. 16; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 13(15) before (b) ITA.

104R4. In the case of a disposition referred to in section 104R3, the taxpayer may, within the time prescribed under the Act for the filing of the taxpayer's fiscal return for the taxation year in which the taxpayer disposed of the vessel, elect to have the vessel considered as a prescribed class or, if any conversion cost in respect of the vessel has been included in a separate prescribed class, have the vessel transferred to that class and, if the taxpayer so elects, the vessel is deemed to have been so transferred immediately before the disposition by the taxpayer.

However, this section does not apply unless the proceeds of disposition of the vessel exceed the amount that would be the undepreciated capital cost of property of the class to which the vessel would be so transferred.

s. 104R4; O.C. 1981-80, s. 104R4; R.R.Q., 1981, c. I-3, r. 1, s. 104R4; O.C. 1282-2003, s. 14; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 13(15)(b) ITA.

104R5. If section 104R3 does not apply to the proceeds of disposition of a vessel or if the taxpayer does not make an election under section 104R4 within the time prescribed therein, the taxpayer may, on disposal of a vessel owned by the taxpayer, elect to have the proceeds that would be included in computing the taxpayer's income for the year under Part I of the Act, treated as proceeds of disposition of property of another prescribed class that includes a vessel owned by the taxpayer.

s. 104R5; O.C. 1981-80, s. 104R5; R.R.Q., 1981, c. I-3, r. 1, s. 104R5; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 13(16) ITA.

104R6. Where a separate prescribed class has been constituted under the Act, the Provincial Income Tax Act (R.S.Q. 1964, c. 69) or the Corporation Tax Act (R.S.Q. 1964, c. 67), by virtue of the conversion of a vessel, owned by a taxpayer and the vessel is disposed of by the taxpayer without making an election under section 104R4, such separate prescribed class is deemed to have been transferred to the class in which the vessel was included immediately before the disposition thereof.

s. 104R6; O.C. 1981-80, s. 104R6; R.R.Q., 1981, c. I-3, r. 1, s. 104R6; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 13(17) ITA.

104R7. All or any part of a deposit made under paragraph *b* of section 104R3, under the Provincial Income Tax Act (R.S.Q. 1964, c. 69) or under the Corporation Tax Act (R.S.Q. 1964, c. 67) may be paid out to or on behalf of any person who, before 1975 and under the conditions in

paragraph *a* of section 104R3, replaces the vessel disposed of by another vessel

(*a*) that was constructed in Canada;

(*b*) that is registered in Canada or in any place to which the *British Commonwealth Merchant Shipping Agreement* signed at London on 10 December 1931 applies; and

(*c*) in respect of the capital cost of which no allowance has been made to any other taxpayer under this Act, the Provincial Income Tax Act, or the Corporation Tax Act.

Similarly, such amount may be paid out to or on behalf of any person who incurs any conversion cost with respect to a vessel the person owns and that is described in subparagraph *b* of the first paragraph.

However, the ratio of the amount paid out to the amount of the deposit may not exceed the ratio of the capital cost of the vessel or the conversion cost of the vessel, as the case may be, to the proceeds of disposition of the vessel disposed of and any deposit or part of a deposit not so paid out before the month of July 1975 or not paid out pursuant to section 104R8 is assigned to the Consolidated Revenue Fund.

s. 104R7; O.C. 1981-80, s. 104R7; R.R.Q., 1981, c. I-3, r. 1, s. 104R7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(19) ITA.

104R8. Despite any other provision of this chapter, where a deposit was made by a taxpayer under paragraph *b* of section 104R3 and the proceeds of disposition in respect of which the deposit was made are not used by any person before 1975, in accordance with the conditions in paragraph *a* of that section, to acquire a vessel described in subparagraphs *a* to *c* of the first paragraph of section 104R7 or to incur any conversion cost with respect to a vessel owned by that person and described in subparagraph *b* of the first paragraph of that section, the Minister may refund to the taxpayer the deposit, or the part thereof not paid out to the taxpayer under that section.

Where a refund is so made, the taxpayer is required, in computing the income of the taxpayer for the taxation year in which the vessel was disposed of, to add that proportion of the amount that would have been included in computing the taxpayer's income for the year under Part I of the Act, had the deposit not been made under paragraph *b* of section 104R3, that the portion of the proceeds of disposition not so used before 1975 as replacement of a vessel is of the total proceeds of disposition.

s. 104R8; O.C. 1981-80, s. 104R8; R.R.Q., 1981, c. I-3, r. 1, s. 104R8; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(20) ITA.

104R9. Where a taxpayer has made an election under section 104R4 with respect to a vessel and the proceeds of disposition of that vessel have been used before 1975 for replacement thereof, under conditions mentioned in paragraph *a* of section 104R3, or where a refund is made under section 104R8, the Minister is to issue such reassessments of tax, interest or penalties as are necessary to give effect to sections 104R3, 104R4 and 104R8.

This section also applies with respect to an election under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 104R9; O.C. 1981-80, s. 104R9; R.R.Q., 1981, c. I-3, r. 1, s. 104R9; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(18) ITA.

104R10. For the purposes of this Title, of sections 130.1, 142 and 149 of the Act, and of the regulatory provisions made under paragraph *a* of section 130 of the Act, a vessel in respect of which any conversion cost is incurred after 23 March 1967 is, to the extent of the conversion cost, deemed to be included in a separate prescribed class.

s. 104R10; O.C. 1981-80, s. 104R10; R.R.Q., 1981, c. I-3, r. 1, s. 104R10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 13(14) ITA.

CHAPTER VIII

DEVELOPMENT BONDS

chap. II.1; O.C. 2962-82, s. 8; O.C. 500-83, s. 8; O.C. 134-2009, s. 1.

119.2R1. The expression "qualified corporation" in section 119.2 of the Act means a taxable Canadian corporation that is a cooperative, within the meaning of section 119.2R2, all or substantially all of the assets of which are used in a qualified business carried on by it in Canada, or a small business corporation.

s. 119.2R1; O.C. 2962-82, s. 8; O.C. 500-83, s. 8; O.C. 615-88, s. 4; O.C. 1232-91, s. 3; O.C. 1633-96, s. 3; O.C. 1707-97, s. 98; O.C. 1466-98, s. 19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 15.1(3) "eligible small business corporation" ITA.

119.2R2. For the purposes of section 119.2R1, a cooperative is a cooperative incorporated under a statute of Québec, of another province or of Canada for the purposes of marketing natural products belonging to its members or customers or acquired from those persons, carrying out any processing operation necessary or related to that marketing, purchasing supplies, materials or necessary household articles for its members or customers, or for resale to its members or customers, or for furnishing services to them and for which

(*a*) the Act under which it was incorporated, its charter, articles of association, by-laws or contracts with its members or customers, give reason to believe that payments will be made to them in proportion to their purchases;

(*b*) none of the members, except other cooperatives, has more than one vote in the conduct of the corporation's business;

(*c*) at least 90% of the members are individuals, other cooperatives, or corporations or partnerships that carry on the business of farming; and

(*d*) at least 90% of its shares are held by members described in paragraph *c* or by trusts governed by TSFAs, registered retirement income funds, registered education savings plans or registered retirement savings plans, the annuitants, holders or subscribers under which are members described in that paragraph.

s. 119.2R3; O.C. 2962-82, s. 8; O.C. 500-83, s. 8; O.C. 67-96, s. 17; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 1.
Corresponding Federal Provision: 136(2) ITA.

CHAPTER IX

INDEXED DEBT OBLIGATIONS

chap. III.0.1; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.

125.0.1R1. In this chapter,

"excluded payment" with respect to a taxpayer for a taxation year means, subject to the second paragraph, an indexed payment under an indexed debt obligation where

(*a*) the non-indexed debt obligation associated with the indexed debt obligation provides for the payment, at least annually, of interest at a single fixed rate; and

(*b*) the indexed payment corresponds to one of the interest payments referred to in paragraph *a*;

"indexed payment" means, in relation to an indexed debt obligation, an amount payable under the obligation that is determined by reference to the purchasing power of money;

"inflation adjustment period" of an indexed debt obligation means, in relation to a taxpayer,

(*a*) where the taxpayer acquires and disposes of the taxpayer's interest in the obligation in the same regular adjustment period of the obligation, the period that begins when the taxpayer acquires the interest in the obligation and ends when the taxpayer disposes of the interest; and

(*b*) in any other case, each of the following consecutive periods:

i. the period that begins when the taxpayer acquires the taxpayer's interest in the obligation and ends at the end of the regular adjustment period of the obligation in which the taxpayer acquires the interest in the obligation,

ii. each succeeding regular adjustment period of the obligation throughout which the taxpayer holds the interest in the obligation, and

iii. where the taxpayer does not dispose of the interest in the obligation at the end of a regular adjustment period of the obligation, the period that begins immediately after the last period referred to in subparagraph i or ii and that ends when the taxpayer disposes of the interest in the obligation;

"regular adjustment period" of an indexed debt obligation means

(*a*) where the terms or conditions of the obligation provide that, while the obligation is outstanding, indexed payments are to be made at regular intervals not exceeding 12 months in length, each of the following periods:

i. the period that begins when the obligation is issued and ends when the first indexed payment is required to be made, and

ii. each succeeding period beginning when an indexed payment is required to be made and ending when the next indexed payment is required to be made;

(*b*) where paragraph *a* does not apply and the obligation is outstanding for less than 12 months, the period that begins when the obligation is issued and ends when the obligation ceases to be outstanding; and

(*c*) in any other case, each of the following periods:

i. the 12-month period that begins when the obligation is issued,

ii. each succeeding 12-month period throughout which the obligation is outstanding, and

iii. where the obligation ceases to be outstanding at a time other than the end of a 12-month period referred to in subparagraph i or ii, the period that commences immediately after the last period referred to in those subparagraphs and that ends when the obligation ceases to be outstanding.

For the purposes of the definition of "excluded payment" in the first paragraph, an excluded payment does not include payments under an indexed debt obligation where, at any time in the taxation year, the taxpayer's proportionate interest in a payment to be made under the obligation after that time differs from the taxpayer's proportionate interest in any other payment to be made under the obligation after that time.

s. 125.0.1R1; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7001(7).

125.0.1R2. For the purposes of this chapter, the non-indexed debt obligation associated with an indexed debt obligation is the debt obligation that would result if the indexed debt obligation were amended to eliminate all adjustments determined by reference to changes in the purchasing power of money.

s. 125.0.1R2; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7001(6).

125.0.1R3. For the purposes of paragraph *a* of section 125.0.1 of the Act, where, at any time in a taxation year of a taxpayer, the taxpayer holds an interest in an indexed debt obligation, the amount determined in accordance with the second paragraph is deemed to be interest received or receivable by the taxpayer in the year in respect of the obligation.

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

(*a*) the amount determined by the formula

A − B;

(*b*) where the non-indexed debt obligation associated with the indexed debt obligation is an obligation that is described in any of subparagraphs *a* to *d* of the first paragraph of section 92.5R3, the amount of interest that would be determined in accordance with section 92.5R4 to accrue to the taxpayer in respect of the non-indexed debt obligation in the particular period described in the fifth paragraph if, for the purposes of that section 92.5R4, the particular period were a taxation year of the taxpayer and the taxpayer's interest in the indexed debt obligation were an interest in the non-indexed debt obligation.

In the formula in subparagraph *a* of the second paragraph,

(*a*) A is the aggregate of all amounts each of which is the amount by which the amount payable in respect of the taxpayer's interest in an indexed payment under the indexed debt obligation, other than a payment that is an excluded payment with respect to the taxpayer for the year, has, because of a change in the purchasing power of money, increased over an inflation adjustment period of the indexed debt obligation that ends in the year, exceeds

(*b*) B is the aggregate of

i. the aggregate of all amounts each of which is that portion of the aggregate determined in accordance with subparagraph *a* that is required, otherwise than because of section 125.0.1 of the Act, to be included in computing the taxpayer's income for the year or a preceding taxation year;

ii. the aggregate of all amounts each of which is the amount by which the amount payable in respect of the taxpayer's interest in an indexed payment under the indexed debt obligation, other than a payment that is an excluded payment with respect to the taxpayer for the year, has, because of a change in the purchasing power of money, decreased over an inflation adjustment period of the obligation that ends in the year.

For the purpose of determining the amount by which an indexed payment under an indexed debt obligation has increased or decreased over a period because of a change in the purchasing power of money, the amount of the indexed payment is determined using the method for computing the amount of the payment at the time it is to be made, adjusted in a reasonable manner to take into account the earlier date of computation.

The particular period to which subparagraph *b* of the second paragraph refers is the period that begins at the beginning of the first inflation adjustment period of the indexed debt obligation in respect of the taxpayer that ends in the year, and ends at the end of the last inflation adjustment period of the indexed debt obligation in respect of the taxpayer that ends in the year.

s. 125.0.1R3; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7001(1) and (5).

125.0.1R4. For the purposes of paragraph *b* of section 125.0.1 of the Act, where, at any time in a taxation year of a taxpayer, the taxpayer holds an interest in an indexed debt obligation, the amount by which the amount determined in accordance with subparagraph *b* of the third paragraph of section 125.0.1R3 in respect of the taxpayer's interest in the obligation exceeds the amount determined in accordance with subparagraph *a* of that paragraph in respect of the taxpayer's interest in the obligation, is deemed to be interest paid or payable in respect of the year by the taxpayer in respect of the obligation.

s. 125.0.1R4; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7001(2).

125.0.2R1. For the purposes of subparagraph *a* of the first paragraph of section 125.0.2 of the Act, where at any time in a taxation year of a taxpayer an indexed debt obligation is an obligation of the taxpayer, the amount that would be determined in accordance with subparagraph *a* of the second paragraph of section 125.0.1R3 in respect of the taxpayer for the year if, at each time at which the obligation is an obligation of the taxpayer, the taxpayer were the holder of the obligation and not the debtor under the obligation, is deemed to be interest payable in respect of the year by the taxpayer in respect of the obligation.

s. 125.0.2R1; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7001(3).

125.0.2R2. For the purposes of subparagraph *b* of the first paragraph of section 125.0.2 of the Act, where at any time in a taxation year of a taxpayer an indexed debt obligation is an obligation of the taxpayer, the amount that would be determined in accordance with section 125.0.1R4 in respect of the taxpayer for the year if, at each time at which the obligation is an obligation of the taxpayer, the taxpayer were the holder of the obligation and not the debtor under the obligation, is deemed to be interest received or receivable by the taxpayer in the year in respect of the obligation.

s. 125.0.2R2; O.C. 1454-99, s. 10; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7001(4).

CHAPTER X

LEASING PROPERTIES

chap. III.1; O.C. 366-94, s. 3; O.C. 134-2009, s. 1.

125.1R1. For the purposes of section 125.1 of the Act, the following properties are prescribed:

(*a*) an exempt property, within the meaning assigned to that expression by the first paragraph of section 130R71, other than a property leased before 3 February 1990 that is

i. a truck or a tractor that is designed to be used on public highways and has a "gross vehicle weight rating" within the meaning of the Motor Vehicle Safety Regulations made under the Motor Vehicle Safety Act (Statutes of Canada, 1993, chapter 16) of at least 11,778 kilograms,

ii. a trailer that is designed to be used on public highways and to be hauled, under normal operating conditions, by a truck or tractor described in subparagraph i, or

iii. a railway car; and

(*b*) a property that is the subject of a lease, where the fair market value of the tangible property that is the subject of that lease, other than exempt property within the meaning assigned to that expression by the first paragraph of section 130R71, did not exceed, at the time the lease was entered into, $25,000.

s. 125.1R1; O.C. 366-94, s. 3; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 8200(a) and (b).

125.1R2. For the purposes of paragraph *d* of section 125.1 of the Act, the rate of interest that is prescribed at any time is the rate equal to the rate that is determined for the month including that time pursuant to section 4302 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 125.1R2; O.C. 366-94, s. 3; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4302.

CHAPTER XI

AMOUNT OWING BY A PERSON NOT RESIDENT IN CANADA

chap. IV; O.C. 1981-80, title V, chap. IV; O.C. 2456-80, s. 4; R.R.Q., 1981, c. I-3, r. 1, title V, chap. IV; O.C. 1155-2004, s. 11; O.C. 134-2009, s. 1.

127.6R1. For the purposes of section 127.6 of the Act, the rate of interest prescribed, for any particular period, is the rate that corresponds to the rate determined, for that period, under subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 127.6R1; O.C. 1155-2004, s. 13; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4301(a)(i).

127.12R1. For the purposes of section 127.12 of the Act, the prescribed tax is that referred to in Part XIII of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 127.12R1; O.C. 1155-2004, s. 13; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 17(7) ITA.

127.17R1. For the purposes of section 127.17 of the Act, the rate of interest prescribed, for any particular period, is the rate that corresponds to the rate that would be determined, for that period, under paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) if the reference in subparagraph i of that paragraph to "the next higher whole percentage where the mean is not a whole percentage" were read as "two decimal points".

O.C. 117-2019, s. 8.

TITLE XII

ALLOWANCES IN RESPECT OF CAPITAL COST

title VI; O.C. 1981-80, title VI; R.R.Q., 1981, c. I-3, r. 1, title VI; O.C. 134-2009, s. 1.

CHAPTER I

APPLICATION

chap. I; O.C. 1981-80, title VI, chap. I; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. I; O.C. 134-2009, s. 1.

130R1. The amounts that a taxpayer may deduct in computing the taxpayer's income for a taxation year as allowances in respect of capital cost of property are those provided for by this Title and by the following provisions of Part XI of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement):

(*a*) paragraphs *d* and *n* to *q* of subsection 1 of section 1100; and

(*b*) subsection 11 of section 1100 and subsections 12 and 13 of section 1102.

The amounts described in first paragraph are the prescribed amounts of the capital cost of property that a taxpayer may deduct in computing the taxpayer's income under

paragraph *a* of section 130 of the Act and under other special provisions of that Act.

s. 130R1; O.C. 1981-80, s. 130R1; R.R.Q., 1981, c. I-3, r. 1, s. 130R1; O.C. 1697-92, s. 5; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1) before (a); 20(1)(a) ITA.

CHAPTER II

INTERPRETATION

chap. II; O.C. 1981-80, title VI, chap. II; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. II; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 134-2009, s. 1.

130R2. Where the taxpayer is an individual and the taxpayer's income for the taxation year includes income from a business, the fiscal period of which does not coincide with the calendar year, in respect of the depreciable properties acquired for the purpose of gaining or producing income from the business, a reference in this Title to "the taxation year" is deemed to be a reference to the fiscal period of the business and a reference to "the end of the taxation year" is deemed to be a reference to the end of the fiscal period of the business.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1104(1).

130R3. In this Title and Schedule B referred to therein, unless the context indicates otherwise,

"bitumen development phase" of a taxpayer's oil sands project means a development phase that expands the oil sands project's capacity to extract and initially process tar sands to produce bitumen or a similar product;

"Canadian field processing" means

(*a*) the processing in Canada of raw natural gas at a field separation and dehydration facility;

(*b*) the processing in Canada of raw natural gas at a natural gas processing plant, to any stage that is not beyond the stage of natural gas that is acceptable to a common carrier of natural gas;

(*c*) the processing in Canada of hydrogen sulphide derived from raw natural gas to any stage that is not beyond the marketable sulphur stage;

(*d*) the processing in Canada of natural gas liquids, at a natural gas processing plant where the input is raw natural gas derived from a natural accumulation of natural gas, to any stage that is not beyond the marketable liquefied petroleum stage or its equivalent; or

(*e*) the processing in Canada of crude oil, other than heavy crude oil recovered from an oil or gas well or a tar sands deposit, recovered from a natural accumulation of petroleum to any stage that is not beyond the crude oil stage or its equivalent;

"Canadian film or video production" means a film or video production of a corporation, other than a Québec film production, in respect of which the Minister of Canadian Heritage has issued to the corporation, for the purposes of section 125.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), a certificate that has not been revoked;

"certified feature film" has the meaning assigned by subsection 2 of section 1104 of the Income Tax Regulations made under the Income Tax Act;

"certified production" has the meaning assigned by subsection 2 of section 1104 of the Income Tax Regulations made under the Income Tax Act, but does not include a motion picture film or a video tape that is a certified Québec film or a Québec film production;

"certified Québec film" for a taxation year means a motion picture film or a video tape recognized as a Québec film by the Institut québécois du cinéma or the Société de développement des entreprises culturelles and in respect of which

(*a*) the Institut québécois du cinéma or the Société de développement des entreprises culturelles has issued a certificate that has not been revoked, certifying that it is a Québec film for which the work of scenery, filming or taping and editing began after 31 December 1982 and for which the principal taping or filming work began before the end of the taxation year but not later than 18 December 1990, unless it is a film or a tape described in subparagraph *b* or *c* of the fourth paragraph in this section, or was completed not later than 60 days after the end of the taxation year; and

(*b*) unless it is a film or a tape that would be described in section 726.4.7.2 of the Act if the references made therein to an individual read as references to a taxpayer, the ministère du Revenu made, not later than at the end of the taxation year during which the film or tape was acquired, an advance ruling confirming the rate of depreciation applicable in respect of the film or tape and, where applicable, the percentage indicated, applicable for an individual referred to in section 726.4.6 or 726.4.7 of the Act, in respect of the film or tape;

"completion" of a specified development phase of a taxpayer's oil sands project means the first attainment of a level of average output, attributable to the specified development phase and measured over a 60-day period, equal to at least 60% of the planned level of average daily

output, as determined in paragraph *b* of the definition of "specified development phase", in respect of that phase;

"computer software" includes system software and a right or licence to use computer software;

"data network infrastructure equipment" means network infrastructure equipment that controls, transfers, modulates or directs data, and that operates in support of telecommunications applications such as e-mail, instant messaging, audio- and video-over-Internet Protocol or Web browsing, Web searching and Web hosting, including data switches, multiplexers, routers, remote access servers, hubs, domain name servers and modems, but does not include

(*a*) network equipment, other than radio network equipment, that operates in support of telecommunications applications, if the bandwidth made available by that equipment to a single end-user of the network is 64 kilobits per second or less in either direction;

(*b*) radio network equipment that operates in support of wireless telecommunications applications unless the equipment supports digital transmission on a radio channel;

(*c*) network equipment that operates in support of broadcast telecommunications applications and that is unidirectional;

(*d*) network equipment that is end-user equipment, including telephone sets, personal digital assistants and facsimile transmission devices;

(*e*) equipment that is described in subparagraph *i* of the first paragraph of Class 10 in Schedule B, subparagraph *p* of the second paragraph of that class or any of Classes 45, 50 and 52 in that schedule;

(*f*) wires or cables, or similar property; and

(*g*) structures;

"designated asset" in respect of a development phase of a taxpayer's oil sands project, means a property that is a building, a structure, machinery or equipment and is, or is an integral and substantial part of,

(*a*) in the case of a bitumen development phase,

i. a crusher,

ii. a froth treatment plant,

iii. a primary separation unit,

iv. a steam generation plant,

v. a cogeneration plant, or

vi. a water treatment plant; or

(*b*) in the case of an upgrading development phase,

i. a gasifier unit,

ii. a vacuum distillation unit,

iii. a hydrocracker unit,

iv. a hydrotreater unit,

v. a hydroprocessor unit, or

vi. a coker;

"designated costs of underground storage" for a designated taxpayer means the costs incurred by the taxpayer, after 11 December 1979, for development of a well, mine or other similar underground property for the purposes of storing petroleum, natural gas related hydrocarbons in Canada;

"development phase" of a taxpayer's oil sands project means the acquisition, construction, fabrication or installation of a group of assets, by or on behalf of the taxpayer, that may reasonably be considered to constitute a discrete expansion in the capacity of the oil sands project when complete, including the initiation of a new oil sands project;

"eligible liquefaction building" of a taxpayer, in respect of an eligible liquefaction facility of the taxpayer, means property, other than property that has been used or acquired for use for any purpose before it was acquired by the taxpayer or a residential building, acquired by the taxpayer after 19 February 2015 and before 1 January 2025 that is included in Class 1 in Schedule B because of paragraph *q* of that class and that is used as part of the eligible liquefaction facility;

"eligible liquefaction equipment" in respect of an eligible liquefaction facility of a taxpayer, means property of the taxpayer that is used in connection with the liquefaction of natural gas and that

(*a*) is acquired by the taxpayer after 19 February 2015 and before 1 January 2025;

(*b*) is included in Class 47 in Schedule B because of paragraph *b* of that class;

(*c*) has not been used or acquired for use for any purpose before it was acquired by the taxpayer;

(*d*) is not excluded equipment; and

(*e*) is used as part of the eligible liquefaction facility;

"eligible liquefaction facility" of a taxpayer means a self-contained system located in Canada, including buildings, structures and equipment, that is used or intended to be used by the taxpayer for the purpose of liquefying natural gas;

"eligible non-residential building" means a taxpayer's building, other than a building that was used, or acquired for use, by any person or partnership before 19 March 2007, that is located in Canada, is included in Class 1 in Schedule B and is acquired by the taxpayer after 18 March 2007 to be used by the taxpayer, or a lessee of the taxpayer, for a non-residential use;

"excluded equipment" means

(*a*) pipelines, other than pipelines used to move natural gas, or its components that are extracted, within an eligible

liquefaction facility during the liquefaction process or used to move liquefied natural gas;

(*b*) equipment used exclusively to regasify liquefied natural gas; and

(*c*) electrical generation equipment;

"gas or oil well equipment" includes equipment, structures and pipelines acquired to be used in a gas or oil field in the production therefrom of natural gas or crude oil, other than a well casing, and a pipeline acquired to be used solely for transmitting gas to a natural gas processing plant, but does not include

(*a*) equipment or structures acquired for the refining of oil or the processing of natural gas, including the separation therefrom of liquid hydrocarbons, sulphur or other joint products or by-products; or

(*b*) a pipeline for removal or for collection for immediate removal of natural gas or crude oil from a gas or oil field, except a pipeline acquired to be used solely for transmitting gas to a natural gas processing plant;

"general-purpose electronic data processing equipment" means electronic equipment that, in its operation, requires an internally stored computer program that

(*a*) is executed by the equipment;

(*b*) can be altered by the user of the equipment;

(*c*) instructs the equipment to read and select, alter or store data from an external medium such as a card, disk or tape; and

(*d*) depends upon the characteristics of the data being processed to determine the sequence of its execution;

"oil sands project" of a taxpayer means an undertaking by the taxpayer for the extraction of tar sands from a mineral resource owned by the taxpayer, which undertaking may include the processing of the tar sands to a stage that is not beyond the crude oil stage or its equivalent;

"oil sands property" of a taxpayer means property acquired by the taxpayer for the purpose of earning income from an oil sands project of the taxpayer;

"ore" includes any ore from a mineral resource that has been processed to any stage that is prior to the prime metal stage or its equivalent;

"overburden removal cost" of a taxpayer means any expense incurred by the taxpayer in clearing or removing overburden from a mine in Canada that the taxpayer operates or owns, to the extent that the expense

(*a*) is incurred between 16 November 1978 and 1 January 1988 and after the mine has come into production in reasonable commercial quantities;

(*b*) has not been deducted by the taxpayer in computing the taxpayer's income at the end of the taxation year during which it was incurred; and

(*c*) is not, in whole or in part, deductible otherwise than pursuant to paragraph *a* of section 130 of the Act in computing the income of the taxpayer for a taxation year subsequent to that in which it was incurred;

"preliminary work activity" means activity that is preliminary to the acquisition, construction, fabrication or installation, by or on behalf of a taxpayer, of designated assets in respect of the taxpayer's oil sands project including, without limiting the generality of the foregoing, the following activities:

(*a*) obtaining permits or regulatory approvals;

(*b*) performing design or engineering work;

(*c*) conducting feasibility studies;

(*d*) conducting environmental assessments;

(*e*) clearing or excavating land;

(*f*) building roads; and

(*g*) entering into contracts;

"Québec film production" means a motion picture film or a video tape recognized as a Québec film by the Société de développement des entreprises culturelles and in respect of which the Société has made a favourable advance ruling that is in force or has issued a certificate that has not been revoked, certifying that it is a Québec film for which the principal taping or filming work began after 18 December 1990 and before the end of the taxation year, or was completed not later than 60 days after the end of the taxation year;

"railway system" includes a railroad owned or operated by a common carrier, together with all buildings, rolling stock, equipment and other properties pertaining thereto, but does not include a tramway;

"specified development phase" of a taxpayer's oil sands project means a bitumen development phase or an upgrading development phase of the oil sands project which can reasonably be expected to result in a planned level of average daily output, where that output is bitumen or a similar product in the case of a bitumen development phase, or synthetic crude oil or a similar product in the case of an upgrading development phase, and in respect of which phase,

(*a*) not including any preliminary work activity, one or more designated assets was, before 19 March 2007, acquired by the taxpayer, or in the process of being constructed, fabricated or installed, by or on behalf of the taxpayer; and

(*b*) the planned level of average daily output is the lesser of,

i. the level that was the demonstrated intention of the taxpayer as of 19 March 2007 to produce from the specified development phase, and

ii. the maximum level of output associated with the design capacity, as of 19 March 2007, of the designated assets referred to in paragraph *a*;

"specified oil sands property" of a taxpayer means oil sands property, acquired by the taxpayer before 1 January 2012, the taxpayer's use of which is reasonably required

(*a*) for a specified development phase of an oil sands project of the taxpayer to reach completion; or

(*b*) as part of a bitumen development phase of an oil sands project of the taxpayer, to the extent that the output from the bitumen development phase is required for an upgrading development phase that is a specified development phase of the oil sands project to reach completion, and it is reasonable to conclude that all or substantially all of the output from the bitumen development phase will be so used, and where it was the demonstrated intention of the taxpayer as of 19 March 2007 to produce, from a mineral resource owned by the taxpayer, the bitumen feedstock required for the upgrading development phase to reach completion;

"specified temporary access road" means

(*a*) a temporary access road to an oil or gas well in Canada; or

(*b*) a temporary access road in Canada, the cost of which would be a Canadian exploration expense under paragraph *c* or *c*.1 of section 395 of the Act if section 396 of the Act were read without reference to its paragraphs *c* and *c*.1;

"system software" means a combination of computer programs and associated procedures, related technical documentation and data or a right or licence to use such a combination, where the combination

(*a*) performs compilation, assembly, mapping, management or processing of other programs;

(*b*) facilitates the functioning of a computer system by other programs;

(*c*) provides service or utility functions such as media conversion, sorting, merging, system accounting, performance measurement, system diagnostics or programming aids;

(*d*) provides general support functions such as data management, report generation or security control; or

(*e*) provides general capability to meet widespread categories of problem solving or processing requirements where the attributes of the work to be performed are introduced mainly in the form of parameters, constants or descriptors rather than in program logic;

"tar sands ore" means ore extracted from a deposit of bituminous sands or oil shales;

"telegraph system" includes the buildings, structures, general plant and communication and other equipment pertaining thereto;

"telephone system" includes the buildings, structure, general plant and communication and other equipment pertaining thereto;

"television commercial message" has the meaning assigned by subsection 2 of section 1104 of the Income Tax Regulations made under the Income Tax Act;

"tramway or trolley bus system" includes the buildings, structures, rolling stock and general plan and equipment pertaining thereto and, where omnibuses other than trolley buses are operated in connection therewith, includes the properties pertaining to those operations;

"upgrading development phase" of a taxpayer's oil sands project means a development phase that expands the oil sands project's capacity to process bitumen or a similar feedstock, all or substantially all of which is from a mineral resource owned by the taxpayer, to the crude oil stage or its equivalent.

In the definition of "certified Québec film" in the first paragraph, for the taxation year concerned, "certified Québec film" does not include a motion picture film or a video tape for which, unless it is a film or a tape described in subparagraph *b* or *c* of the fourth paragraph, the principal taping or filming work began after 18 December 1990, or that is acquired

(*a*) after the first day of its use for commercial purposes or the first anniversary of the day on which the principal filming or taping work was completed, whichever is earlier;

(*b*) from a person to whom the purchaser did not pay cash before the end of the year in an amount at least equal to 5% of the capital cost to the purchaser of the film or the video tape at that time;

(*c*) from a person to whom the purchaser gave in total or partial payment for the film or the video tape a bond, debenture, bill, note, hypothecary claim, mortgage or any other similar security under which an amount was payable after the fourth year following the taxation year during which the film or the video tape was purchased;

(*d*) from a person not resident in Canada; or

(*e*) unless it is a film or a tape that would be described in section 726.4.7.2 of the Act if the references made therein to an individual read as references made to a taxpayer, by a taxpayer or partnership whose financial commitment in the film or tape represents not more than 30% of the capital cost of the film or tape for the taxpayer or partnership, whichever applies.

In subparagraph *e* of the second paragraph, the expression "financial commitment" of a taxpayer or partnership in a motion picture film or video tape means the amount that would be determined for the taxpayer or partnership in respect of the film or tape under section 726.4.7.4 of the Act if the references made in that section to a certified Québec film were read as references made to the motion picture film or video tape and if the references made therein to an investor who is an individual likewise included an investor that is a corporation.

In the definition of "Québec film production" in the first paragraph, for the taxation year referred to in that definition, "Québec film production" does not include a motion picture or a video tape

(*a*) for which the principal taping or filming work began before 19 December 1990;

(*b*) for which the principal taping or filming work began after 18 December 1990 and was completed not later than 31 December 1991 and in respect of which the funds for its production were obtained from an individual or a partnership, as the case may be, not later than 28 February 1991;

(*c*) that is referred to in paragraph *b* of section 726.4.7.2 of the Act; or

(*d*) that is acquired

i. after the first day it is used for commercial purposes or the first anniversary of the day on which the principal taping or filming work is completed, whichever is earlier,

ii. from a person to whom the purchaser does not pay in cash before the end of the year at least 5% of the capital cost to the purchaser of the film or the video tape at that time,

iii. from a person to whom the purchaser issues in payment or part payment of the film or the video tape, a bond, debenture, bill, note, hypothecary claim, mortgage or similar security under which an amount is payable after the fourth year following the taxation year during which the film or the video tape is acquired, or

iv. from a person not resident in Canada.

For the purposes of paragraphs *b* to *d* of the definition of "Canadian field processing" in the first paragraph,

(*a*) gas is not considered to cease to be raw natural gas solely because of its processing in a field separation and dehydration facility until it is received by a common carrier of natural gas; and

(*b*) where all or part of a natural gas processing plant is devoted primarily to the recovery of ethane, the plant, or the part of the plant, as the case may be, is considered not to be a natural gas processing plant.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 6; O.C. 390-2012, s. 9; O.C. 321-2017, s. 6.

Corresponding Federal Provision: 1104(2).

130R4. For the purposes of sections 130R109 and 130R110, "revenue guarantee" means a contract or other arrangement entitling a taxpayer to receive a minimum rental revenue from a certified feature film, a certified production, a certified Québec film or a Québec film production, or other fixed revenue in respect of a right to the use of such property.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1104(10)(c.1).

130R5. In this Title and Schedule B referred to therein, unless the provisions of section 130R6 indicates otherwise,

"industrial mineral mine" includes a peat bog or peat deposit but does not include a mineral resource; and

"mineral" includes peat.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 2; O.C. 117-2019, s. 9.

Corresponding Federal Provision: 1104(3) "industrial mineral mine" and "mineral".

130R6. In Class 10 in Schedule B, "mine" includes a well for the extraction of material from a deposit of

bituminous sands or oil shales or from a deposit of calcium chloride, sylvite or halite.

For the purposes of Class 10 in Schedule B, income from a mine includes income attributable to the processing of

(*a*) ore, other than iron ore or tar sands ore, from a mineral resource not owned by the taxpayer, to any stage that is not beyond the prime metal stage or its equivalent,

(*b*) iron ore from a mineral resource not owned by the taxpayer, to any stage that is not beyond the pellet stage or its equivalent,

(*c*) tar sands ore from a mineral resource not owned by the taxpayer, to any stage that is not beyond the crude oil stage or its equivalent, or

(*d*) material extracted by a well from a mineral resource not owned by the taxpayer that is a deposit of bituminous sands or oil shales to any stage that is not beyond the crude oil stage or its equivalent.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1104(6).

130R7. For the purposes of sections 1R5, 130R66 to 130R69.2, 130R143, 130R144, 130R169 to 130R172.2 and Classes 12, 28, 41 and 41.1 in Schedule B,

"mine".

(*a*) "mine" includes a well for the extraction of material from a deposit of bituminous sands or oil shales or from a deposit of calcium chloride, sylvite or halite, and a pit for the extraction of kaolin or tar sands ore, but does not include

i. an oil or gas well, or

ii. a sand pit, gravel pit, clay pit, shale pit, peat bog, deposit of peat or a stone quarry, other than a deposit of bituminous sands or oil shales or a kaolin pit;

(*b*) all wells of a taxpayer for the extraction of material from one or more deposits of calcium chloride, sylvite or halite, the material produced from which is sent to the same plant for processing, are deemed to be one mine of the taxpayer;

(*c*) all wells of a taxpayer for the extraction of material from a deposit of bituminous sands or oil shales that may reasonably be considered to constitute one project, are deemed to be one mine of the taxpayer.

For the purposes of subparagraph *a* of the first paragraph, "stone quarry" includes a mine producing dimension stone or crushed rock for use as aggregates or for other construction purposes.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 390-2012, s. 10.

Corresponding Federal Provision: 1104(7) and (8).

130R8. For the purposes of sections 130R66 to 130R69.2, 130R169 to 130R172.2 and Classes 10, 28, 41 and 41.1 in Schedule B, a taxpayer's income from a mine includes income that may reasonably be attributed to

(*a*) the processing by the taxpayer of

i. ore, other than iron ore or tar sands ore, all or substantially all of which is from a mineral resource owned by the taxpayer to any stage that is not beyond the prime metal stage or its equivalent,

ii. iron ore all or substantially all of which is from a mineral resource owned by the taxpayer to any stage that is not beyond the pellet stage or its equivalent,

iii. tar sands ore all or substantially all of which is from a mineral resource owned by the taxpayer to any stage that is not beyond the crude oil stage or its equivalent, or

iv. material extracted by a well, all or substantially all of which is from a deposit of bituminous sands or oil shales owned by the taxpayer, to any stage that is not beyond the crude oil stage or its equivalent;

(*b*) the production by the taxpayer of material from a deposit of bituminous sands or oil shales; and

(*c*) the transportation by the taxpayer of ore that would be referred to in any of subparagraphs i to iii of paragraph *a* if that subparagraph were read without reference to "all or substantially all of which is" and that has been processed by the taxpayer to any stage that is not beyond the stage mentioned in any of those subparagraphs i to iii, as the case may be, to the extent that such transportation is effected through the use of property of the taxpayer that is included in Class 10 in Schedule B because of subparagraph *m* of the second paragraph of that class or that would be so included if that subparagraph *m* were read without reference to "property included in Class 28 or" and if subparagraph i of subparagraph *e* of the first paragraph of Class 41 in that

schedule were read without the reference therein to that subparagraph *m*.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 390-2012, s. 11.

Corresponding Federal Provision: 1104(5).

130R9. For the purposes of Classes 41 and 41.1 in Schedule B, gross revenue from a mine includes

(*a*) revenue that may reasonably be attributed to the processing by the taxpayer of

i. ore, other than iron ore or tar sands ore, from a mineral resource owned by the taxpayer to any stage that is not beyond the prime metal stage or its equivalent,

ii. iron ore from a mineral resource owned by the taxpayer to any stage that is not beyond the pellet stage or its equivalent,

iii. tar sands ore from a mineral resource owned by the taxpayer to any stage that is not beyond the crude oil stage or its equivalent, or

iv. material extracted by a well from a mineral resource owned by the taxpayer that is a deposit of bituminous sands or oil shales to any stage that is not beyond the crude oil stage or its equivalent;

(*b*) the amount by which any revenue that may reasonably be attributed to the processing by the taxpayer of the following ore or material exceeds the cost to the taxpayer of the ore or material processed:

i. ore, other than iron ore or tar sands ore, from a mineral resource not owned by the taxpayer, to any stage that is not beyond the prime metal stage or its equivalent,

ii. iron ore from a mineral resource not owned by the taxpayer to any stage that is not beyond the pellet stage or its equivalent,

iii. tar sands ore from a mineral resource not owned by the taxpayer to any stage that is not beyond the crude oil stage or its equivalent, and

iv. material extracted by a well from a mineral resource not owned by the taxpayer that is a deposit of bituminous sands or oil shales to any stage that is not beyond the crude oil stage or its equivalent; and

(*c*) revenue that may reasonably be attributed to the production by the taxpayer of material from a deposit of bituminous sands or oil shales.

For the purposes of the first paragraph, gross revenue from a mine does not include revenue that may reasonably be attributed to the addition of diluent, for the purpose of transportation, to material extracted from a deposit of bituminous sands or oil shales.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 390-2012, s. 12.

Corresponding Federal Provision: 1104(5.1) and (5.2).

130R10. In subparagraph *t* of the first paragraph of Class 12 in Schedule B,

"incorporeal property" means a patent, a licence, a permit, know-how, a commercial secret or other similar property constituting knowledge, but does not include a trade mark, in industrial design, a copyright or other similar property constituting the expression of knowledge;

"technology transfer" means the transmission to a taxpayer of knowledge in the form of know-how, techniques, processes or formulas, with a view to enabling the taxpayer to implement an innovation or invention concerning the taxpayer's business.

For the purposes of subparagraph *t* of the first paragraph of Class 12 in Schedule B, an incorporeal property is deemed to be used only in Québec where it is used as part of the process of implementing an innovation or invention and where the efforts to implement that innovation or invention are made only in Québec.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

130R11. For the purposes of section 130R98 and of paragraphs *b* of section 130R123, *b* of section 130R149 and *a* of section 130R160, where, but for this section, a taxpayer

would be considered to be dealing not at arm's length with another person as a result of a transaction or series of transactions the principal purpose of which may reasonably be considered to have been to cause one or more of sections 130R98, 130R124, 130R148 and 130R160 to apply in respect of the acquisition of a property, the taxpayer is deemed to be dealing at arm's length with the other person in respect of the acquisition of that property.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(20).

130R12. For the purposes of sections 130R23.1 and 130R52 and Class 29 in Schedule B, "manufacturing or processing" does not include

(*a*) farming or fishing;

(*b*) logging;

(*c*) construction;

(*d*) operating an oil or gas well or extracting petroleum or natural gas from a natural accumulation of petroleum or natural gas;

(*e*) extracting minerals from a mineral resource;

(*f*) processing of

i. ore, other than iron ore or tar sands ore, from a mineral resource to any stage that is not beyond the prime metal stage or its equivalent,

ii. iron ore from a mineral resource to any stage that is not beyond the pellet stage or its equivalent, or

iii. tar sands ore from a mineral resource to any stage that is not beyond the crude oil stage or its equivalent;

(*g*) producing industrial minerals;

(*h*) producing or processing electrical energy or steam for sale;

(*i*) processing natural gas as part of the business of selling or distributing gas in the course of operating a public utility;

(*j*) processing heavy crude oil recovered from a natural reservoir in Canada, to a stage that is not beyond the crude oil stage or its equivalent; or

(*k*) Canadian field processing.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 7.

Corresponding Federal Provision: 1104(9).

130R13. For the purposes of subparagraph *d* of the first paragraph of Class 34 in Schedule B and the second paragraph of that class, the Minister may revoke the certificate granted if inaccurate information was provided or if the taxpayer does not comply with the plan described in subparagraph *d*, and a certificate so revoked is null and void from the date on which it was issued.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1104(11).

130R14. In Class 37 in Schedule B, an "amusement park" means a park open to the public where there are sideshows, rides and permanent audiovisual shows.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1104(12).

130R15. For the purposes of this section, section 130R16 and Classes 43.1 and 43.2 in Schedule B,

"basic oxygen furnace gas" means the gas that is produced intermittently in a basic oxygen furnace of a steel mill by the chemical reaction of carbon in molten steel and pure oxygen;

"biogas" means the gas produced by the anaerobic digestion of organic waste that is food and animal waste, manure, plant residue, pulp and paper by-product, separated organics, sludge from an eligible sewage treatment facility or wood waste;

"bio-oil" means liquid fuel that is created from wood waste or plant residues using a thermo-chemical conversion process that takes place in the absence of oxygen;

"blast furnace gas" means the gas produced in a blast furnace of a steel mill, by the chemical reaction of carbon in the form of coke, coal or natural gas, the oxygen in air and iron ore;

"digester gas" means a mixture of gases that are produced from the decomposition of organic waste in a digester and that are extracted from an eligible sewage treatment facility;

"distribution equipment" means equipment, other than transmission equipment, used to distribute electrical energy generated by electrical generating equipment;

"district energy equipment" means property that is part of a district energy system and that consists of pipes or pumps used to collect and distribute an energy transfer medium, meters, control equipment, chillers and heat exchangers that are attached to the main distribution line of a district energy system, but does not include

(*a*) property used to distribute water that is for consumption, disposal or treatment; or

(*b*) property that is part of the internal heating or cooling system of a building;

"district energy system" means a system that is used primarily to provide heating or cooling by continuously circulating, from a central generation unit to one or more buildings through a system of interconnected pipes, an energy transfer medium that is heated or cooled using thermal energy;

"eligible landfill site" means a landfill site that is situated in Canada, or a former landfill site that is situated in Canada, and, if a permit or licence in respect of the site is or was required under any law of Canada or of a province, for which the permit or licence has been issued;

"eligible sewage treatment facility" means a sewage treatment facility that is situated in Canada and for which a permit or licence is issued under any law of Canada or of a province;

"eligible waste fuel" means biogas, bio-oil, digester gas, landfill gas, municipal waste, plant residue, pulp and paper waste and wood waste;

"eligible waste management facility" means a waste management facility that is situated in Canada and for which a permit or licence is issued under any law of Canada or of a province;

"enhanced combined cycle system" means an electrical generating system in which thermal waste from one or more natural gas compressor systems is recovered and used to contribute at least 20% of the energy input of a combined cycle process in order to enhance the generation of electricity, but does not include the natural gas compressor systems;

"food and animal waste" means organic waste that is disposed of in accordance with the laws of Canada or a province and that is

(*a*) generated during the preparation or processing of food or beverage for human or animal consumption;

(*b*) food or beverage that is no longer fit for human or animal consumption; or

(*c*) animal remains;

"fossil fuel" means a fuel that is petroleum, natural gas or related hydrocarbons, basic oxygen furnace gas, blast furnace gas, coal, coal gas, coke, coke oven gas, lignite or peat;

"landfill gas" means a mixture of gases that are produced from the decomposition of organic waste and that are extracted from an eligible landfill site;

"municipal waste" means the combustible portion of waste material, other than waste material that is considered to be toxic or hazardous waste pursuant to any law of Canada or of a province, that is generated in Canada and that is accepted at an eligible landfill site or an eligible waste management facility and that, when burned to generate energy, emits only those fluids or other emissions that are in compliance with the laws of Canada or of a province;

"plant residue" means residue of plants, other than wood waste and waste that no longer has the chemical properties of the plants of which it is a residue, that would otherwise be waste material and that is used

(*a*) in a system that converts biomass into bio-oil or biogas; or

(*b*) as an eligible waste fuel;

"producer gas" means fuel the composition of which, excluding its water content, is all or substantially all non-condensable gases that is generated primarily from eligible waste fuel using a thermo-chemical conversion process and that is not generated using any fuels other than eligible waste fuel or fossil fuel;

"pulp and paper by-product" means tall oil soaps and crude tall oil that are produced as by-products of the processing of wood into pulp or paper and the by-product of a pulp or paper plant's effluent treatment or its de-inking processes;

"pulp and paper waste" means

(*a*) tall oil soaps, crude tall oil and turpentine that are produced as by-products of the processing of wood into pulp or paper; and

(*b*) the by-product of a pulp or paper plant's effluent treatment, or its de-inking processes, if that by-product has a solid content of at least 40% before combustion;

"separated organics" means organic waste, other than waste that is considered to be toxic or hazardous waste under any law of Canada or a province, that could, but for its use in a system that converts biomass into biogas, be disposed of in an eligible waste management facility or eligible landfill site;

"solution gas" means a fossil fuel that is gas that would otherwise be flared and has been extracted from a solution of gas and produced oil;

"spent pulping liquor" means the by-product of a chemical process of transforming wood into pulp, consisting of wood residue and pulping agents;

"thermal waste" means waste heat energy extracted from a distinct point of rejection in an industrial process that would otherwise

(*a*) be vented to the atmosphere or transferred to a liquid; and

(*b*) not be used for a useful purpose;

"transmission equipment" means equipment used to transmit more than 75% of the annual electrical energy generated by electrical generating equipment, but does not include a building;

"wood waste" includes scrap wood, sawdust, wood chips, bark, limbs, saw-ends and hog fuel, but does not include spent pulping liquor and any waste that no longer has the physical or chemical properties of wood.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 8; O.C. 390-2012, s. 13; O.C. 701-2013, s. 7; O.C. 229-2014, s. 3; O.C. 1105-2014, s. 3; O.C. 66-2016, s. 2.

Corresponding Federal Provision: 1104(13).

130R16. Where property of a taxpayer is not operating in the manner required by subparagraph *c* of the first paragraph of Class 43.1 in Schedule B, as it reads having regard to, if applicable, paragraph *a* of Class 43.2 in that schedule, solely because of a deficiency, failing or shutdown, that is beyond the control of the taxpayer, of the system of which it is part and that previously operated in the manner required by that subparagraph, that property is deemed, for the purposes of that subparagraph, to be operating in the manner required under that subparagraph during the period of the deficiency, failing or shutdown, if the taxpayer makes all reasonable efforts to rectify the circumstances within a reasonable time.

For the purposes of the first paragraph, a taxpayer's system referred to in that paragraph that has at any particular time operated in the manner required by subparagraph *c* of the first paragraph of Class 43.1 in Schedule B, as it reads having regard to, if applicable, paragraph *a* of Class 43.2 in that schedule, includes at any time after the particular time a property of another person or partnership if

(*a*) the property would reasonably be considered to be part of the taxpayer's system were the property owned by the taxpayer;

(*b*) the property utilizes steam obtained from the taxpayer's system primarily in an industrial process, other than the generation of electrical energy;

(*c*) the operation of the property is necessary for the taxpayer's system to operate in the manner required by subparagraph *c* of the first paragraph of Class 43.1 in Schedule B, as it reads having regard to, if applicable, paragraph *a* of Class 43.2 in that schedule; and

(*d*) at the time that the taxpayer's system first became operational, the deficiency, failing or shutdown in the operation of the property could not reasonably have been anticipated by the taxpayer to occur within five years after that time.

For the purposes of the first paragraph, a district energy system is deemed to meet the requirements of subparagraph *c* of the first paragraph of Class 43.1 in Schedule B, as it reads having regard to, if applicable, paragraph *a* of Class 43.2 in that schedule, if the electrical cogeneration equipment that produces the thermal energy used by the system is deemed by the first paragraph to meet the requirements of that subparagraph *c*, as it reads having regard to, if applicable, paragraph *a* of Class 43.2 in that schedule.

A property that would otherwise be eligible for inclusion in Class 43.1 or Class 43.2 in Schedule B by a taxpayer is deemed not to be eligible for inclusion in either of those classes if

(*a*) the property is included in Class 43.1 in that Schedule because of subparagraph i of subparagraph *c* of the first paragraph of that class or is described in any of subparagraphs viii to x, xii, xiv, xv and xvii of subparagraph *a* of the second paragraph of Class 43.1 in that Schedule or in paragraph *a* of Class 43.2 in that Schedule; and

(*b*) at the time the property becomes available for use by the taxpayer, the taxpayer has not satisfied the requirements, applicable in respect of the property, of all environmental laws, by-laws and regulations of Canada, a province or a

municipality in Canada, or of a public or municipal body performing a function of government in Canada.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1; O.C. 229-2014, s. 4; O.C. 66-2016, s. 3; O.C. 204-2020, s. 4.

Corresponding Federal Provision: 1104(14) to (17).

130R17. Where a taxpayer acquired a property that is described in Class 43.1 in Schedule B in circumstances in which the fourth paragraph of that class applied,

(*a*) the portion of the property, determined by reference to capital cost, that does not exceed the capital cost of the property to the person from whom the property was acquired is included in that class; and

(*b*) the portion of the property, determined by reference to capital cost, that exceeds the capital cost of the property to the person from whom the property was acquired is not included in that class.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(21).

130R18. Where a taxpayer acquired a property that is described in Class 43.2 in Schedule B in circumstances in which the fourth paragraph of Class 43.1 in that schedule applied and the property was included in Class 43.2 of the person from whom the taxpayer acquired the property,

(*a*) the portion of the property, determined by reference to capital cost, that does not exceed the capital cost of the property to the person from whom the property was acquired is included in Class 43.2 in Schedule B; and

(*b*) the portion of the property, determined by reference to capital cost, that exceeds the capital cost of the property to the person from whom the property was acquired is not included in Class 43.1 or 43.2 in Schedule B.

s. 130R2; O.C. 1981-80, s. 130R2; O.C. 1983-80, s. 1; O.C. 3926-80, s. 1; O.C. 1535-81, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R2; O.C. 2962-82, s. 11; O.C. 500-83, s. 11; O.C. 2727-84, s. 2; 1984, c. 47, s. 216; O.C. 2509-85, s. 2; O.C. 2583-85, s. 3; O.C. 615-88, s. 6; O.C. 1666-90, s. 3; O.C. 1114-92, s. 10; O.C. 1697-92, s. 6; O.C. 1539-93, s. 5; 1994, c. 21, s. 50; O.C. 216-95; O.C. 35-96, s. 6; O.C. 1631-96, s. 1; O.C. 1707-97, s. 18; O.C. 1466-98, s. 20; O.C. 1454-99, s. 11; O.C. 1463-2001, s. 36; O.C. 1470-2002, s. 12; O.C. 1282-2003, s. 15; O.C. 1249-2005, s. 2; O.C. 1149-2006, s. 5; O.C. 1116-2007, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(22).

130R18.1. For the purposes of sections 130R23.3 and 130R70.1, a taxpayer's income for a taxation year from eligible liquefaction activities in respect of an eligible liquefaction facility of the taxpayer is determined as if

(*a*) the taxpayer carried on a separate business

i. the only income of which is any combination of,

(1) in the case of natural gas that is owned by the taxpayer at the time it enters the taxpayer's eligible liquefaction facility, income from the sale by the taxpayer of the natural gas that has been liquefied, whether sold as liquefied natural gas or regasified natural gas; and

(2) in any other case, income reasonably attributable to the liquefaction of natural gas at the taxpayer's eligible liquefaction facility, and

ii. in respect of which the only permitted deductions in computing the separate business income are those deductions that are attributable to income described in subparagraph *i* and, in the case of income described in subparagraph 1 of subparagraph i, that are reasonably attributable to income derived after the natural gas enters the eligible liquefaction facility; and

(*b*) in the case of income described in subparagraph 1 of subparagraph i of paragraph *a*, the taxpayer acquired the natural gas that has been liquefied at a cost equal to the fair market value of the natural gas at the time it entered the eligible liquefaction facility.

O.C. 321-2017, s. 7.

Corresponding Federal Provision: 1104(18).

CHAPTER III

CLASSES OF PROPERTY

chap. III; O.C. 1981-80, title VI, chap. III; O.C. 1983-80, s. 2; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III; O.C. 2847-84, s. 1; O.C. 134-2009, s. 1.

DIVISION I

GENERAL ALLOWANCES

div. I; O.C. 1981-80, title VI, chap. III, div. I; 1983-80, s. 2; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. I; O.C. 2847-84, s. 1; O.C. 134-2009, s. 1.

130R19. Subject to sections 130R21, 130R119 and 130R120, the allowance referred to in section 130R1 may not exceed, for a class of property mentioned in section 130R22, the amount obtained by applying the percentage determined in respect of that class in section 130R22 to the undepreciated capital cost of the property of the same class at the end of the taxation year for which the taxpayer claims such an allowance, before any deduction under this section for the year.

Where the class of property mentioned in section 130R22 includes an automobile acquired by the taxpayer after 18 April 1978 and before 18 June 1987 or after 17 June 1987 pursuant to an obligation in writing entered into before 18 June 1987, and the automobile is used exclusively for earning income, is not intended to be leased by the taxpayer to a person, where the principal business of the taxpayer is the leasing of automobiles to persons dealing with the taxpayer at arm's length, and is not used under a permit for the transport of passengers for remuneration, the allowance under section 130R1 is respect of that class may not exceed the amount that would have been obtained under the first paragraph if the undepreciated capital cost of the property of the class, determined with reference to section 130R119 and before any deduction under this section for the year, had been reduced by the aggregate of

(*a*) the amount by which, in respect of each automobile, its capital cost exceeds $16,000; and

(*b*) 50%, in respect of each automobile acquired during the taxation year, of its capital cost or $16,000, whichever is lesser.

s. 130R3; O.C. 1981-80, s. 130R3; O.C. 1983-80, s. 2; R.R.Q., 1981, c. I-3, r. 1, s. 130R3; O.C. 2847-84, s. 1; O.C. 1697-92, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(a).

130R20. Subparagraph *b* of the second paragraph of section 130R19 does not apply where the taxpayer acquired the automobile in any of the circumstances set forth in paragraph *a* or *b* of section 130R123 if,

(*a*) the automobile was a depreciable property of the person from whom the taxpayer acquired it and belonged to that person without interruption for at least 364 days before the end of the taxation year of the taxpayer during which the taxpayer acquired the automobile, until the day of its acquisition by the taxpayer; or

(*b*) this section was applied in respect of the automobile for the purpose of determining the amount that the person from whom the taxpayer acquired the property was entitled to deduct under section 130R1.

s. 130R3.1; O.C. 2847-84, s. 1; O.C. 1697-92, s. 8; O.C. 134-2009, s. 1.

130R21. The allowance under section 130R1 that a taxpayer may claim for a taxation year in respect of a class of property referred to in section 130R22 that includes an automobile, other than an automobile used under a permit for the transport of passengers for remuneration, that the taxpayer acquired before 18 June 1987, or after 17 June 1987 pursuant to an obligation in writing entered into before 18 June 1987, or an automobile that would have been such an automobile if the taxpayer had acquired it before 18 June 1987 and that is a passenger vehicle acquired during the taxpayer's 1987 taxation year, may not exceed, where the taxpayer is an individual who, during the year, uses the automobile in part for the purpose of earning income and in part for personal use, the amount that would have been obtained under the first paragraph of section 130R19 in respect of the class for the year if

(*a*) the cost of the automobile to the taxpayer, other than an automobile referred to in subparagraph *a* or *c* of the second paragraph of section 130.1R1 or a passenger vehicle, did not exceed $16,000; or

(*b*) where the year is the 1988 taxation year or a taxation year subsequent to the 1988 taxation year and where the taxpayer has, without interruption since the year in question, used the automobile in part for the purpose of earning income and in part for personal use, the aggregate of the amounts each of which is an amount that the taxpayer deducted as an allowance in respect of the automobile in computing the taxpayer's income for a preceding taxation year, referred to as "particular preceding taxation year" in this section, for which section 130R4 of the preceding Regulation, within the meaning of section 2000R1, applied in respect of the automobile and that, where applicable, is not a taxation year that ended before a taxation year prior to the 1988 taxation year, for which that section 130R4 did not apply in respect of the automobile was equal to the aggregate of the amounts each of which is an amount determined in respect of the automobile for a particular preceding taxation year according to the following formula:

$(A - B) \times C$.

In the formula in subparagraph *b* of the first paragraph in respect of an automobile of a taxpayer for a particular taxation year,

(*a*) A is the product obtained by multiplying the cost of the automobile for the taxpayer by the proportion that the number of kilometres travelled by the automobile during the 1988 taxation year for the purpose of enabling the taxpayer to earn income, is of the total number of kilometres travelled by the automobile during that year;

(*b*) B is the aggregate of the amounts each of which is an amount determined using the formula in subparagraph *b* of the first paragraph in respect of the automobile for a taxation year that is prior to the particular year and that is a particular preceding taxation year in respect of the automobile; and

(*c*) C is a rate of 15% where the particular year is the taxation year during which the automobile was acquired by the taxpayer, and 30% in all other cases.

For the purposes of subparagraph *a* of the second paragraph, the cost of an automobile to a taxpayer, other than an automobile referred to in subparagraph *a* or *c* of the second paragraph of section 130.1R1, may not exceed $16,000, where the automobile was acquired by the taxpayer before 18 June 1987 or after 17 June 1987 pursuant to an obligation in writing entered into before 18 June 1987, or $20,000 in all other cases.

s. 130R3.2; O.C. 1697-92, s. 9; O.C. 134-2009, s. 1.

130R22. The percentage mentioned in section 130R19, in respect of the property of classes mentioned in Schedule B, is the following:

(*a*) Class 1: 4%;

(*b*) Class 2: 6%;

(*c*) Class 3: 5%;

(*d*) Class 4: 6%;

(*e*) Class 5: 10%;

(*f*) Class 6: 10%;

(*g*) Class 7: 15%;

(*h*) Class 8: 20%;

(*i*) Class 8.1: 33 1/3%;

(*j*) Class 9: 25%;

(*k*) Class 10: 30%;

(*l*) Class 10.1: 30%;

(*m*) Class 11: 35%;

(*n*) Class 12: 100%;

(*n*.1) Class 14.1: 5%;

(*o*) Class 16: 40%;

(*p*) Class 17: 8%;

(*q*) Class 18: 60%;

(*r*) Class 22: 50%;

(*s*) Class 23: 100%;

(*t*) Class 25: 100%;

(*u*) Class 26: 5%;

(*v*) Class 28: 30%;

(*w*) Class 30: 40%;

(*x*) Class 31: 5%;

(*y*) Class 32: 10%;

(*z*) Class 33: 15%;

(*z*.1) Class 35: 7%;

(*z*.2) Class 37: 15%;

(*z*.3) Class 41: 25%;

(*z*.3.1) Class 41.1: 25%;

(*z*.4) Class 42: 12%;

(*z*.5) Class 43: 30%;

(*z*.6) Class 43.1: 30%;

(*z*.7) Class 43.2: 50%;

(*z*.8) Class 44: 25%;

(*z*.9) Class 45: 45%;

(*z*.10) Class 46: 30%;

(*z*.11) Class 47: 8%;

(*z*.12) Class 48: 15%;

(*z*.13) Class 49: 8%;

(*z*.14) Class 50: 55%;

(*z*.15) Class 51: 6%;

(*z*.16) Class 52: 100%; and

(*z*.17) Class 53: 50%.

s. 130R6; O.C. 1981-80, s. 130R6; O.C. 1983-80, s. 5; R.R.Q., 1981, c. I-3, r. 1, s. 130R6; O.C. 2962-82, s. 12; O.C. 500-83, s. 12; O.C. 1697-92, s. 11; O.C. 1631-96, s. 2; O.C. 1454-99, s. 12; O.C. 1149-2006, s. 6; O.C. 1116-2007, s. 7; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 9; O.C. 390-2012, s. 14; O.C. 321-2017, s. 8; 2019, c. 14, s. 635.

Corresponding Federal Provision: 1100(1)(a)(i) to (xxxiv).

130R23. Where the taxpayer's taxation year is less than 12 months, the amount allowed as a deduction under this Title, otherwise than under sections 130R37, 130R40 to 130R43, 130R66 to 130R69, 130R106, 130R107, 130R113, 130R115 or 130R209 to 130R221, may not exceed the proportion of the maximum amount allowable that the number of days in the taxation year is of 365.

s. 130R7; O.C. 1981-80, s. 130R7; R.R.Q., 1981, c. I-3, r. 1, s. 130R7; O.C. 2847-84, s. 2; O.C. 1631-96, s. 3; O.C. 1282-2003, s. 16; O.C. 1249-2005, s. 3; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(3).

DIVISION I.1

PROPERTY OF CLASS 1

O.C. 1176-2010, s. 10.

130R23.1. A taxpayer may deduct as additional allowance in respect of property that is a building for which section 130R163.1 prescribes a separate class, an amount not exceeding 6% of the undepreciated capital cost to the taxpayer of the property of that class as of the end of the taxation year, computed before any deduction under this section and Division I for the year, if at least 90% of the floor space of the building is used at the end of the year for the manufacturing or processing in Canada of goods for sale or lease.

O.C. 1176-2010, s. 10; O.C. 321-2017, s. 9.

Corresponding Federal Provision: 1100(1)(a.1).

130R23.2. A taxpayer may deduct as additional allowance in respect of property that is a building for which section 130R163.1 prescribes a separate class, an amount not exceeding 2% of the undepreciated capital cost to the taxpayer of the property of that class as of the end of the taxation year, computed before any deduction under this section and Division I for the year, if at least 90% of the floor space of the building is used at the end of the year for a non-residential use in Canada and an additional allowance is not allowed for the year under section 130R23.1 in respect of the property.

O.C. 1176-2010, s. 10; O.C. 321-2017, s. 10.

Corresponding Federal Provision: 1100(1)(a.2).

130R23.3. A taxpayer may deduct as additional allowance in respect of property that is used as part of an eligible liquefaction facility for which a separate class is prescribed by section 130R163.1.1, an amount not exceeding the lesser of

(*a*) the income for the taxation year from the taxpayer's eligible liquefaction activities in respect of the eligible liquefaction facility, computed taking into consideration any deduction under section 130R70.1 and before any deduction under this section, and

(*b*) 6% of the undepreciated capital cost to the taxpayer of property of that separate class as of the end of the year, computed before any deduction under this section and Division I for the year.

O.C. 321-2017, s. 11.

Corresponding Federal Provision: 1100(1)(a.3).

DIVISION II

LEASEHOLD INTERESTS

div. III; O.C. 1981-80, title VI, chap. III, div. III; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. III; O.C. 134-2009, s. 1.

130R24. In respect of property of Class 13 in Schedule B, the taxpayer may deduct an amount not exceeding the lesser of the aggregate of each amount equal to the proportion, described in section 130R27, of that part of the capital cost to the taxpayer, incurred in a taxation year of a particular leasehold interest, and the undepreciated capital cost of property of that class at the end of the taxation year, before any deduction under this section.

s. 130R13; O.C. 1981-80, s. 130R13; R.R.Q., 1981, c. I-3, r. 1, s. 130R13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(b); sch. III, 1.

130R25. For the purposes of this division, the capital cost to a taxpayer of a property is deemed to have been incurred at the time when the property became available for use by the taxpayer for the purposes of the Act.

s. 130R13.1; O.C. 1631-96, s. 4; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(b) after (ii).

130R26. For the purposes of section 130R24, capital cost includes any amount expended by a taxpayer for or in respect of an improvement or alteration to a leased property, other than an amount expended by reason of the fact that the taxpayer or a former lessee

(*a*) erected a building or other structure on leased land;

(*b*) made an addition to a leased building or other structure; or

(*c*) made an alteration to a leased building or other structure that substantially changed its nature.

However, in the case of property not included in Class 31 or 32 in Schedule B and acquired from a former lessee before 1976, the first paragraph is to be read without reference to "or a former lessee".

s. 130R14; O.C. 1981-80, s. 130R14; R.R.Q., 1981, c. I-3, r. 1, s. 130R14; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(4).

130R27. The proportion of the capital cost referred to in section 130R24 is the lesser of:

(*a*) 1/5; and

(*b*) that proportion that the number 1 is of the number of 12 month periods, not exceeding 40, falling between the beginning of the taxation year in which the capital cost was incurred and the day the lease is to terminate.

Despite the foregoing, where the part of the capital cost referred to in section 130R24, other than the part of the capital cost of a property referred to in any of subparagraphs *b* to *d* of the second paragraph of section 130R119, is incurred after 12 November 1981, the proportion of that part is equal, for the taxation year during which it is incurred, to 50% of the amount that would be determined in its respect under the first paragraph.

s. 130R15; O.C. 1981-80, s. 130R15; R.R.Q., 1981, c. I-3, r. 1, s. 130R15; O.C. 2847-84, s. 3; O.C. 366-94, s. 4; O.C. 1631-96, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. III, 2; 1100(1)(b)(i).

130R28. Where an item of the capital cost of a leasehold interest was incurred before the taxation year in which the interest was acquired, it is deemed to have been incurred in the taxation year in which the interest was acquired.

s. 130R16; O.C. 1981-80, s. 130R16; R.R.Q., 1981, c. I-3, r. 1, s. 130R16; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. III, 3(a).

130R29. Where, under a lease, a lessee has a right to renew the lease after the term and such term occurs after the end of the taxation year in which the capital cost was incurred, the lease is deemed to terminate on the day on which the term next succeeding the term in which the capital cost was incurred is to terminate.

s. 130R17; O.C. 1981-80, s. 130R17; R.R.Q., 1981, c. I-3, r. 1, s. 130R17; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. III, 3(b).

130R30. The proportion of the part of the capital cost incurred in a particular taxation year of a particular leasehold interest may not exceed the amount obtained by deducting from that part of the capital cost the aggregate of the amounts deductible and claimed in previous years in respect thereof.

s. 130R18; O.C. 1981-80, s. 130R18; R.R.Q., 1981, c. I-3, r. 1, s. 130R18; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 3.

Corresponding Federal Provision: sch. III, 3(c).

130R31. Where, at the end of a taxation year, the total of the aggregate referred to in section 130R30 and the proceeds of disposition of part or all of a particular leasehold interest equals or exceeds the capital cost of the interest, the proportion in that section is, for all subsequent years, deemed to be nil.

s. 130R19; O.C. 1981-80, s. 130R19; R.R.Q., 1981, c. I-3, r. 1, s. 130R19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. III, 3(d).

130R32. Where, at the end of a taxation year, the undepreciated capital cost of property of Class 13 in Schedule B is nil, the proportion of any part of the capital cost is, for all subsequent years, deemed to be nil.

s. 130R20; O.C. 1981-80, s. 130R20; R.R.Q., 1981, c. I-3, r. 1, s. 130R20; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. III, 3(e).

130R33. Where the taxpayer has a leasehold interest, a reference in Schedule B to a property that is a building or other structure includes that leasehold interest to the extent that the taxpayer acquired it by reason of the fact that the taxpayer has carried out an operation referred to in any of subparagraphs *a* to *c* of the first paragraph of section 130R26, or acquired it after 1975 or, in the case of property of Class 31 or 32 in that schedule, after 18 November 1974, from a former lessee who has acquired it by reason of the fact that the lessee or a preceding lessee had carried out such an operation.

s. 130R21; O.C. 1981-80, s. 130R21; R.R.Q., 1981, c. I-3, r. 1, s. 130R21; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(5).

130R34. Where a taxpayer acquires a property that, if it were acquired by a person with whom the taxpayer does not deal at arm's length at the time of the acquisition, would be a leasehold interest referred to in section 130R33 for that person, a reference in Schedule B to a property that is a building or other structure includes that property.

s. 130R21.1; O.C. 1631-96, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(5.1).

130R35. Where a taxpayer acquires a property that, if it were acquired by a person with whom the taxpayer does not deal at arm's length at the time of the acquisition, would be a leasehold interest of that person, a reference in this division to a leasehold interest includes, in respect of the taxpayer, that property, and the terms and conditions of the leasehold interest in that property for the taxpayer are deemed to be the same as those that would have applied to that person if the person had acquired the property.

s. 130R21.2; O.C. 1631-96, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. III, 4.

130R36. For the purposes of this division, where an item of capital cost has been incurred before the commencement of the taxpayer's 1949 taxation year, there is to be added to

the capital cost of each item the amount that was allowed in respect thereof as depreciation under the Income War Tax Act (R.S.C. 1927, c. 97) and was deducted from the original cost to arrive at the capital cost of the item.

s. 130R22; O.C. 1981-80, s. 130R22; R.R.Q., 1981, c. I-3, r. 1, s. 130R22; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 4.
Corresponding Federal Provision: 1102(6).

DIVISION III

PATENTS, CONCESSIONS AND LICENCES

div. IV; O.C. 1981-80, title VI, chap. III, div. IV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. IV; O.C. 134-2009, s. 1.

130R37. In respect of property of Class 14 in Schedule B, the taxpayer may deduct an amount not exceeding the lesser of

(*a*) the aggregate of the amounts obtained by apportioning the capital cost to the taxpayer of each property over the life of the property remaining at the time the cost was incurred; and

(*b*) the undepreciated capital cost to the taxpayer of property of the class at the end of the taxation year, before any deduction under this section.

s. 130R23; O.C. 1981-80, s. 130R23; R.R.Q., 1981, c. I-3, r. 1, s. 130R23; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(c).

130R38. Where a part or all of the cost of a patent is determined by reference to the use of the patent, a taxpayer may, in computing the taxpayer's income for a taxation year from a business or property, as the case may be, deduct in lieu of the deduction allowed under section 130R37 such amount as the taxpayer may claim in respect of property of Class 14 in Schedule B not exceeding the lesser of

(*a*) the aggregate of that part of the capital cost determined by reference to the use of the patent in the year, and the amount that would be computed under paragraph *a* of that section 130R37 if the capital cost of the patent did not include the amount determined by reference to the use of the patent in that year and previous years; and

(*b*) the undepreciated capital cost to the taxpayer of property of the class as of the end of the taxation year before making any deduction under this section.

s. 130R24; O.C. 1981-80, s. 130R24; R.R.Q., 1981, c. I-3, r. 1, s. 130R24; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(a).

130R39. Where the capital cost to a taxpayer of a property that is a patent or a right to use patented information is determined in whole or in part by reference to the use of the property and that property is included in Class 44 in Schedule B, in lieu of the amount provided for in section 130R19, the taxpayer may deduct for a taxation year in respect of the property of that class an amount not exceeding the lesser of

(*a*) the aggregate of

i. the part of the capital cost that is determined by reference to the use of the property in the year, and

ii. the amount that would be deductible for the year under section 130R19 in respect of property of that class if the capital cost thereof did not include the amounts determined under subparagraph i for the year and preceding taxation years; and

(*b*) the undepreciated capital cost to the taxpayer at the end of the year, before any deduction under this section for the year, of property of that class.

s. 130R24.1; O.C. 1631-96, s. 7; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(9.1).

DIVISION III.1

PROPERTY OF CLASS 14.1

2019, c. 14, s. 636.

130R39.1. A taxpayer may, for a taxation year that ends before 1 January 2027, deduct as additional allowance, in respect of property included in Class 14.1 of Schedule B, an amount not exceeding the greater of

(*a*) 2% of the amount by which the undepreciated capital cost of property of the class at the beginning of 1 January 2017 exceeds the aggregate of all amounts each of which is

i. an amount deducted under paragraph *a* of section 130 of the Act in respect of the class for a preceding taxation year, and

ii. an amount equal to three times the amount of the capital cost of a property deemed under section 93.19 of the Act to be acquired by the taxpayer in the year or a preceding year; and

(*b*) the amount determined by the formula

A – B.

In the formula in subparagraph *b* of the first paragraph,

(*a*) A is the lesser of $500 and the undepreciated capital cost of property of the class to the taxpayer as of the end of the year (before making any deduction under paragraph *a* of section 130 of the Act in respect of the class for the year); and

(*b*) B is the total of all amounts deductible for the year under paragraph *a* of section 130 of the Act in respect of the class because of subparagraph *a* of the first paragraph or paragraph *n*.1 of section 130R22.

2019, c. 14, s. 636.

DIVISION IV

PROPERTY USED IN TIMBER LIMITS

div. V; O.C. 1981-80, title VI, chap. III, div. V; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. V; O.C. 134-2009, s. 1.

130R40. In respect of property of Class 15 in Schedule B, the taxpayer may deduct the lesser of an amount computed on the basis of a rate per cubic metre of timber cut in the taxation year and the undepreciated capital cost to the taxpayer of property of that class at the end of the year, before any deduction under this division.

s. 130R25; O.C. 1981-80, s. 130R25; R.R.Q., 1981, c. I-3, r. 1, s. 130R25; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(f); sch. IV, 1.

130R41. The rate referred to in section 130R40, where all the property of the class is used in connection with a timber limit, is the amount determined by dividing the undepreciated capital cost, to the taxpayer, of the property at the end of the taxation year, before any deduction under this Title, by the number of cubic metres of timber in that limit computed by deducting from the quantity shown by the latest cruise, the quantity cut since that cruise up to the beginning of the year.

s. 130R26; O.C. 1981-80, s. 130R26; R.R.Q., 1981, c. I-3, r. 1, s. 130R26; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. IV, 2.

130R42. Where a part of the property of Class 15 in Schedule B is used in connection with one timber limit and a part is used in connection with another limit, the rate is computed as though each part of the property were a separate class.

s. 130R27; O.C. 1981-80, s. 130R27; R.R.Q., 1981, c. I-3, r. 1, s. 130R27; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. IV, 3.

130R43. In this division, capital cost includes the amount expended by the taxpayer on improvements to a watercourse in order to facilitate the removal of timber from a limit.

s. 130R28; O.C. 1981-80, s. 130R28; R.R.Q., 1981, c. I-3, r. 1, s. 130R28; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(7).

DIVISION V

PROPERTY OF CLASSES 24, 27, 29 AND 34

div. VI; O.C. 1981-80, title VI, chap. III, div. IV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. VI; O.C. 2847-84, s. 4; O.C. 134-2009, s. 1.

130R44. In this division,

"designated property" of a class means a property deemed to be such under section 130R124, a property of the class acquired by the taxpayer before 13 November 1981 or a property described in any of subparagraphs *b* to *d* of the second paragraph of section 130R119;

"specified transaction" means a transaction in respect of which any of sections 527, 544, 556, 617, 620 and 626 of the Act applies.

s. 130R29; O.C. 1981-80, s. 130R29; R.R.Q., 1981, c. I-3, r. 1, s. 130R29; O.C. 2847-84, s. 4; O.C. 366-94, s. 5; O.C. 1631-96, s. 8; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(ta) after (ii)(B)(II) and (iii) to (vi).

130R45. For the purposes of this division, a property is deemed, subject to subparagraph *d* of the first paragraph of section 130R124, to have been acquired by a taxpayer at the time when the property became available for use by the taxpayer according to the Act.

s. 130R29.1; O.C. 1631-96, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(ta)(vii).

130R46. In respect of property of Classes 24, 27, 29 and 34 in Schedule B, a taxpayer may, subject to section 130R49, deduct

(*a*) for the taxation year including 12 November 1981, the amount prescribed by section 130R47; and

(*b*) for a taxation year beginning after 12 November 1981, the amount prescribed by section 130R48.

s. 130R30; O.C. 1981-80, s. 130R30; R.R.Q., 1981, c. I-3, r. 1, s. 130R30; O.C. 2847-84, s. 4; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(t) before (i) and (ta) before (i).

130R47. The taxpayer may deduct under paragraph *a* of section 130R46 an amount not exceeding the aggregate of

(*a*) 50% of the lesser of the capital cost to the taxpayer of the designated property of the class acquired by the taxpayer during the year and the undepreciated capital cost to the taxpayer of the property of that class at the end of the year, computed before any deduction under section 130R46 for the year, and as if no amount had been included in respect of property acquired after 12 November 1981 that was not designated property of the class;

(*b*) the amount by which the undepreciated capital cost referred to in paragraph *a* exceeds the capital cost of the designated property referred to in paragraph *a*; and

(*c*) the lesser of 25% of the capital cost to the taxpayer of all property of the class that is not designated property and acquired by the taxpayer during the year and the undepreciated capital cost to the taxpayer of the property of the class at the end of the year, before any deduction under section 130R46 for the year.

s. 130R30.1; O.C. 2847-84, s. 4; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(t).

130R48. A taxpayer may deduct under paragraph *b* of section 130R46 an amount not exceeding the aggregate of

(*a*) the lesser of 50% of the capital cost to the taxpayer of all the designated properties of the class acquired by the taxpayer during the year and the undepreciated capital cost to the taxpayer of the property of that class at the end of the year, computed before any deduction under section 130R46 for the year and, where one of the designated properties referred to in this paragraph was acquired in a specified transaction, as if no amount had been included in respect of the property that was not designated property of the class acquired by the taxpayer during the year;

(*b*) 25% of the lesser of the undepreciated capital cost to the taxpayer of the property of the class at the end of the year, computed before any deduction under section 130R46 for the year and as if no amount had been included in respect of a designated property of that class acquired by the taxpayer during the year, and the capital cost to the taxpayer of the property in the class acquired by the taxpayer during the year and that was not designated property; and

(*c*) the lesser of

i. the amount by which the undepreciated capital cost to the taxpayer of the property of the class at the end of the year, before any deduction under section 130R46 for the year, exceeds the capital cost to the taxpayer of the property of the class acquired by the taxpayer during the year, and

ii. the aggregate of 50% of the capital cost to the taxpayer of the property of the class acquired by the taxpayer during the preceding taxation year but that is not designated property acquired in a specified transaction and of the amount by which the amount determined under subparagraph i for the year in respect of the class exceeds the aggregate of 75% of the capital cost to the taxpayer of the property of the class that is not designated property acquired by the taxpayer during the preceding taxation year and of 50% of the capital cost to the taxpayer of the designated property of the class acquired by the taxpayer during the preceding taxation year that is not designated property acquired in a specified transaction.

s. 130R30.2; O.C. 2847-84, s. 4; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(ta).

130R49. The amount that a taxpayer may deduct for a taxation year under section 130R46 in respect of property of a class in Schedule B may also not exceed the undepreciated capital cost to the taxpayer of the property of the class at the end of the year, computed before any deduction under section 130R46 for the year.

s. 130R30.3; O.C. 2847-84, s. 4; O.C. 134-2009, s. 1.

DIVISION VI

SPECIFIED ENERGY PROPERTY

div. VI.0.1; O.C. 91-94, s. 2; O.C. 134-2009, s. 1.

130R50. In no case may the aggregate of the deductions that a taxpayer may claim for a taxation year as capital cost allowance in respect of property of any of Classes 34, 43.1, 43.2, 47 and 48 in Schedule B that is specified energy property owned by the taxpayer exceed the amount by which the amount determined under the second paragraph exceeds the aggregate of the amounts each of which is

(*a*) the aggregate of the following amounts:

i. the amount that would be the income of the taxpayer for the year from property described in any of Classes 34, 43.1, 43.2, 47 and 48, other than specified energy property, or from the business of selling the product of the property, if that income were computed after deducting the maximum amount allowable in respect of the property for the year under paragraph *a* of section 130 of the Act, and

ii. the taxpayer's income for the year from specified energy property or from the business of selling the product of such property, computed without reference to paragraph *a* of section 130 of the Act, or

(*b*) the aggregate of the following amounts:

i. the taxpayer's share of the amount that would be the income of a partnership for the year from property described in any of Classes 34, 43.1, 43.2, 47 and 48, other than specified energy property, or from the business of selling the product of the property, if that income were computed after deducting the maximum amount allowable in respect of the property for the year under paragraph *a* of section 130 of the Act, and

ii. the income of a partnership for the year from specified energy property or from the business of selling the product of such property of the partnership, to the extent of the taxpayer's share of such income.

The amount to which the first paragraph refers is the aggregate of the amounts each of which is

(*a*) the taxpayer's loss for the year from specified energy property or from the business of selling the product of such property, computed without reference to paragraph *a* of section 130 of the Act, or

(*b*) the loss of a partnership for the year from specified energy property or from the business of selling the product of such property of the partnership, to the extent of the taxpayer's share of such loss.

s. 130R30.3.1; O.C. 91-94, s. 2; O.C. 1707-97, s. 98; O.C. 1454-99, s. 13; O.C. 1116-2007, s. 8; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(24).

130R51. Subject to sections 130R53 to 130R55, in this division and Chapter V, "specified energy property" of a taxpayer or partnership, in this section referred to as "the owner", for a taxation year means property in Class 34 in Schedule B acquired by the owner after 9 February 1988 or property in any of Classes 43.1, 43.2, 47 and 48 in that schedule, other than, where the owner is a corporation or a partnership described in the second paragraph, a particular property

(*a*) acquired to be used by the owner primarily for the purpose of gaining or producing income from a business carried on in Canada, other than the business of selling the product of the particular property, or from another property situated in Canada; or

(*b*) leased in the year, in the ordinary course of carrying on a business of the owner in Canada, to

i. a person who may reasonably be expected to use the property primarily for the purpose of gaining or producing income from a business carried on in Canada, other than the business of selling the product of the particular property, or from another property situated in Canada, or

ii. a corporation or partnership described in section 130R52.

The corporation or the partnership to which the first paragraph refers in respect of a particular property for a taxation year is

(*a*) a corporation at least 90% of whose gross revenue from all sources for the year is derived from a principal business that is, throughout the year, one of the following:

i. the renting or leasing of leasing property or property that would be leasing property but for sections 130R97 to 130R99,

ii. the renting or leasing of property referred to in subparagraph i combined with the selling and servicing of similar property, or

iii. the manufacturing of property described in any of Classes 34, 43.1, 43.2, 47 and 48 in Schedule B that it sells or leases; or

(*b*) a partnership each member of which is

i. a corporation described in subparagraph *a* or in paragraph a of section 130R52, or

ii. another partnership described in this subparagraph.

s. 130R30.3.2; O.C. 91-94, s. 2; O.C. 1707-97, s. 20; O.C. 1466-98, s. 126; O.C. 1454-99, s. 14; O.C. 1116-2007, s. 9; O.C. 134-2009, s. 1; O.C. 66-2016, s. 4.
Corresponding Federal Provision: 1100(25).

130R52. Section 130R50 does not apply to a taxation year of a taxpayer that is, throughout the year,

(*a*) a corporation whose principal business throughout the year is

i. manufacturing or processing,

ii. mining operations, or

iii. the sale, distribution or production of electricity, natural gas, oil, steam, heat or any other form of energy or potential energy; or

(*b*) a partnership each member of which is

i. a corporation described in paragraph *a*, or

ii. another partnership described in this paragraph.

s. 130R30.3.3; O.C. 91-94, s. 2; O.C. 1707-97, s. 98; O.C. 1454-99, s. 15; O.C. 134-2009, s. 1; O.C. 66-2016, s. 5.
Corresponding Federal Provision: 1100(26).

130R53. Specified energy property of a person or partnership does not include property acquired by the person or partnership after 9 February 1988 but before 1 January 1990,

(*a*) pursuant to an obligation in writing entered into by the person or partnership before 10 February 1988;

(*b*) pursuant to the terms of a final prospectus, preliminary prospectus, registration statement or offering memorandum filed before 10 February 1988 with a public authority in Canada pursuant to the securities legislation of a province;

(*c*) pursuant to the terms of an offering memorandum distributed as part of an offering of securities where the following conditions are fulfilled:

i. the offering memorandum contains a complete or substantially complete description of the securities in the offering as well as the terms and conditions of the offering,

ii. the offering memorandum was distributed before 10 February 1988,

iii. solicitations in respect of the sale of the securities in the offering memorandum were made before 10 February 1988, and

iv. the sale of the securities was substantially in accordance with the offering memorandum; or

(*d*) as part of a project where, before 10 February 1988, the following conditions were fulfilled:

i. some of the machinery or equipment to be used in the project was acquired, or agreements in writing for the acquisition of that machinery or equipment were entered into, by or on behalf of the person or partnership, and

ii. an approval had been received by or on behalf of the person or partnership from a government environmental authority in respect of the location of the project.

s. 130R30.3.4; O.C. 91-94, s. 2; O.C. 1707-97, s. 98; O.C. 1466-98, s. 21; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(27).

130R54. Where a taxpayer acquires a property in the course of a reorganization in respect of which, if a dividend were received by a corporation in the course of the reorganization, section 308.1 of the Act would not be applicable to the dividend by reason of the application of section 308.3 of the Act, or from a person with whom the taxpayer does not deal at arm's length, otherwise than by virtue of a right referred to in paragraph *b* of section 20 of the Act, at the time the property was acquired, and where the property would otherwise be specified energy property of the taxpayer, the property is deemed not to be specified energy property of the taxpayer if, immediately before it was so acquired, it was not, by virtue of this section or section 130R53 or 130R55, specified energy property of the person from whom the property was so acquired.

s. 130R30.3.5; O.C. 91-94, s. 2; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(28).

130R55. Where a taxpayer or a partnership has acquired a property that is a replacement property within the meaning of subsection 3 of section 96 of the Act, and where the property would otherwise be specified energy property of the taxpayer or partnership, the property is deemed not to be specified energy property of the taxpayer or partnership if the former property, referred to in subsection 1 of that section, was not, by virtue of this section or section 130R53 or 130R54, specified energy property of the taxpayer or partnership immediately before it was disposed of by the taxpayer or partnership.

s. 130R30.3.6; O.C. 91-94, s. 2; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(29).

DIVISION VII

PROPERTY OF CLASS 38

div. VI.1; O.C. 1697-92, s. 12; O.C. 134-2009, s. 1.

130R56. A taxpayer may deduct, in respect of property of Class 38 in Schedule B, an amount not exceeding the amount obtained by applying to the undepreciated capital cost to the taxpayer of the property of that class at the end of the taxation year, computed before any deduction under this section for the year, the percentage represented by the aggregate of the following percentages:

(*a*) 40% multiplied by the proportion that the number of days in the year that follow 31 December 1987 but that precede 1 January 1989, is of the number of days in the year that follow 31 December 1987;

(*b*) 35% multiplied by the proportion that the number of days in the year that follow 31 December 1988 but that precede 1 January 1990, is of the number of days in the year; and

(*c*) 30% multiplied by the proportion that the number of days in the year that follow 31 December 1989, is of the number of days in the year.

s. 130R30.4; O.C. 1697-92, s. 12; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(zd).

DIVISION VIII

PROPERTY OF CLASS 39

div. VI.2; O.C. 1697-92, s. 12; O.C. 134-2009, s. 1.

130R57. A taxpayer may deduct, in respect of property of Class 39 in Schedule B, an amount not exceeding the amount obtained by applying to the undepreciated capital cost to the taxpayer of the property of that class at the end of the taxation year, computed before any deduction under this section for the year, the percentage represented by the aggregate of the following percentages:

(*a*) 40% multiplied by the proportion that the number of days in the year that follow 31 December 1987 but that precede 1 January 1989, is of the number of days in the year that follow 31 December 1987;

(*b*) 35% multiplied by the proportion that the number of days in the year that follow 31 December 1988 but that precede 1 January 1990, is of the number of days in the year;

(*c*) 30% multiplied by the proportion that the number of days in the year that follow 31 December 1989 but that precede 1 January 1991, is of the number of days in the year; and

(*d*) 25% multiplied by the proportion that the number of days in the year that follow 31 December 1990, is of the number of days in the year.

s. 130R30.5; O.C. 1697-92, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(ze).

DIVISION IX

PROPERTY OF CLASS 40

div. VI.3; O.C. 1697-92, s. 12; O.C. 134-2009, s. 1.

130R58. A taxpayer may deduct, in respect of property of Class 40 in Schedule B, an amount not exceeding the amount obtained by applying to the undepreciated capital cost to the taxpayer of the property of that class at the end of the taxation year, computed before any deduction under this section for the year, the percentage represented by the aggregate of the following percentages:

(*a*) 40% multiplied by the proportion that the number of days in the year that follow 31 December 1987 but that precede 1 January 1989, is of the number of days in the year that follow 31 December 1987;

(*b*) 35% multiplied by the proportion that the number of days in the year that follow 31 December 1988 but that precede 1 January 1990, is of the number of days in the year; and

(*c*) 30% multiplied by the proportion that the number of days in the year that follow 31 December 1989 but that precede 1 January 1991, is of the number of days in the year.

s. 130R30.6; O.C. 1697-92, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(zf).

DIVISION X

GRAIN STORAGE

div. VII; O.C. 1981-80, title VI, chap. III, div. VII; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. VII; O.C. 134-2009, s. 1.

130R59. A taxpayer may deduct as additional allowance the amount provided by section 130R61 in respect of property that is

(*a*) a grain elevator, situated in that part of Canada that is defined in section 2 of the Canada Grain Act (Revised Statutes of Canada, 1985, chapter G-10) as the "Eastern Division", the principal use of which

i. is the receiving of grain directly from producers for storage or forwarding or both,

ii. is the receiving and storing of grain for direct processing into other products, or

iii. has been certified or authorized by the Minister to be the receiving of grain that has not been officially inspected or weighed;

(*b*) an addition to a grain elevator described in paragraph *a*;

(*c*) fixed machinery installed in a grain elevator in respect of which, or in respect of an addition to which, an additional amount has been or may be claimed under this section;

(*d*) fixed machinery, designed for the purpose of drying grain, installed in a grain elevator described in paragraph *a*;

(*e*) machinery designed for the purpose of drying grain on a farm; or

(*f*) a building or other structure designed for the purpose of storing grain on a farm.

s. 130R31; O.C. 1981-80, s. 130R31; R.R.Q., 1981, c. I-3, r. 1, s. 130R31; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(sb)(i).

130R60. The property referred to in section 130R59 must have been acquired by the taxpayer in the taxation year or in one of the three immediately preceding taxation years, at a time after 1 April 1972 but before 1 August 1974, and must not have been used for any purpose whatever before it was acquired by the taxpayer.

s. 130R32; O.C. 1981-80, s. 130R32; R.R.Q., 1981, c. I-3, r. 1, s. 130R32; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(sb)(ii) and (iii).

130R61. The additional allowance provided by section 130R59 may not exceed the lesser of

(*a*) where the property is included in Class 3 in Schedule B, 22% of the capital cost thereof; where the property is included in Class 6 in that schedule, 20% of the capital cost thereof; or where the property is included in Class 8 in that schedule,

i. 14% of the capital cost thereof in the case of property referred to in any of paragraphs *c*, *d* and *f* of section 130R59, or

ii. 14% of the lesser of $15,000 and the capital cost thereof in the case of property described in paragraph *e* of section 130R59; and

(*b*) the undepreciated capital cost to the taxpayer as of the end of the taxation year of property of the class, before making any deduction under this section for the year.

s. 130R33; O.C. 1981-80, s. 130R33; R.R.Q., 1981, c. I-3, r. 1, s. 130R33; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(sb) after (iii).

DIVISION XI

VESSELS

div. VIII; O.C. 1981-80, titre VI, chap. III, div. VIII; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. VIII; O.C. 2847-84, s. 5; O.C. 134-2009, s. 1.

130R62. A taxpayer may deduct the amount provided for in section 130R63 in respect of a property that is

(*a*) a vessel described in section 130R165;

(*b*) a property included in a separate prescribed class by reason of section 104R10; or

(*c*) a property constituted as a class under subsection 2 of section 24 of Chapter 91 of the Statutes of Canada, 1966-1967.

s. 130R34; O.C. 1981-80, s. 130R34; R.R.Q., 1981, c. I-3, r. 1, s. 130R34; O.C. 2847-84, s. 5; O.C. 1631-96, s. 10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(v)(i) to (iii).

130R63. The deduction under section 130R62 may not exceed the lesser of the following amounts:

(*a*) in the case of a property, other than a property described in any of subparagraphs *b* to *d* of the second paragraph of section 130R119, acquired during the taxation year and after 12 November 1981, 16 2/3% of the capital cost of the property to the taxpayer and, in all other cases, 33 1/3% of that capital cost; and

(*b*) the undepreciated capital cost of the property of the class at the end of the taxation year, before any deduction under this division for the year.

For the purposes of subparagraph *a* of the first paragraph, a property is deemed to have been acquired by a taxpayer at the time when the property became available for use by the taxpayer according to the Act.

s. 130R35; O.C. 1981-80, s. 130R35; R.R.Q., 1981, c. I-3, r. 1, s. 130R35; O.C. 2847-84, s. 6; O.C. 366-94, s. 6; O.C. 1631-96, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(v) after (iii).

DIVISION XII

OFFSHORE DRILLING VESSELS

div. IX; O.C. 1981-80, title VI, chap. III, div. IX; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. IX; O.C. 134-2009, s. 1.

130R64. A taxpayer may deduct, as additional allowance in respect of property for which a separate class is prescribed by section 130R166, an amount not exceeding 15% of the undepreciated capital cost to the taxpayer of property of that class as of the end of the taxation year, before any deduction under section 130R19 and this section for the year.

s. 130R36; O.C. 1981-80, s. 130R36; R.R.Q., 1981, c. I-3, r. 1, s. 130R36; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(va).

DIVISION XIII

FISHING VESSELS

div. X; O.C. 1981-80, title VI, chap. III, div. X; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. X; O.C. 1076-88, s. 5; O.C. 134-2009, s. 1.

130R65. A taxpayer may deduct as additional allowance in respect of property of the class prescribed under section 130R164, an amount not exceeding the lesser of

(*a*) the amount by which the depreciation that could have been taken on the property, if the Orders in Council referred to in that section were applicable to the taxation year, exceeds the amount allowed under section 130R22 in respect of the property; and

(*b*) the undepreciated capital cost to the taxpayer of property of the prescribed class at the end of the taxation year, before any deduction under this section for the year.

s. 130R37; O.C. 1981-80, s. 130R37; R.R.Q., 1981, c. I-3, r. 1, s. 130R37; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(i).

DIVISION XIV

MINES

div. XI; O.C. 1981-80, title VI, chap. III, div. XI; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. XI; O.C. 2509-85, s. 3; O.C. 134-2009, s. 1.

130R66. A taxpayer may deduct as additional allowance in respect of property described in Class 28 in Schedule B acquired for the purpose of gaining or producing income from a mine or in respect of property acquired for the purpose of gaining or producing income from a mine and for which a separate class is prescribed by section 130R169, an amount not exceeding the lesser of

(*a*) the taxpayer's income for the year from the mine, determined without reference to paragraph *z*.4 of section 87 of the Act and before any deduction under this section, sections 130R67 to 130R69.2, section 145 of the Act, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4); and

(*b*) the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under this division for the year.

s. 130R38; O.C. 1981-80, s. 130R38; R.R.Q., 1981, c. I-3, r. 1, s. 130R38; O.C. 2509-85, s. 3; O.C. 1697-92, s. 13; O.C. 1454-99, s. 62; O.C. 1470-2002, s. 13; O.C. 1282-2003, s. 17; O.C. 134-2009, s. 1; O.C. 390-2012, s. 15.

Corresponding Federal Provision: 1100(1)(w).

130R67. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from more than one mine and for which a separate class is prescribed under section 130R170, an amount not exceeding the lesser of

(*a*) the taxpayer's income for the year from the mine, determined without reference to paragraph *z*.4 of section 87 of the Act and before any deduction under this section, section 130R69 or 130R69.2, section 145 of the Act, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4); and

(*b*) the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under this division for the year.

s. 130R39; O.C. 1981-80, s. 130R39; R.R.Q., 1981, c. I-3, r. 1, s. 130R39; O.C. 1697-92, s. 14; O.C. 1454-99, s. 62; O.C. 1470-2002, s. 14; O.C. 1282-2003, s. 18; O.C. 134-2009, s. 1; O.C. 390-2012, s. 16.

Corresponding Federal Provision: 1100(1)(x).

130R68. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from a mine and for which a separate class is prescribed under section 130R171, an amount not exceeding the lesser of

(*a*) the taxpayer's income for the year from the mine, determined without reference to paragraph *z*.4 of section 87 of the Act and before any deduction under this section, any of sections 130R67, 130R69 and 130R69.2, section 145 of the Act, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4); and

(*b*) the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, determined without reference to section 130R119 and before any deduction under this division for the year.

s. 130R39.1; O.C. 1697-92, s. 15; O.C. 1454-99, s. 62; O.C. 1470-2002, s. 15; O.C. 1282-2003, s. 19; O.C. 134-2009, s. 1; O.C. 390-2012, s. 17.

Corresponding Federal Provision: 1100(1)(y).

130R69. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from more than one mine and for which a separate class is prescribed under section 130R172, an amount not exceeding the lesser of

(*a*) the taxpayer's income for the year from the mines, determined without reference to paragraph *z*.4 of section 87 of the Act and before any deduction under this section, section 145 of the Act, Division II, III, IV or IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4); and

(*b*) the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, determined without reference to section 130R119 and before any deduction under this division for the year.

s. 130R39.2; O.C. 1697-92, s. 15; O.C. 1454-99, s. 62; O.C. 1470-2002, s. 16; O.C. 1282-2003, s. 20; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(ya).

130R69.1. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from a mine and for which a separate class is prescribed under section 130R172.1, an amount not exceeding the amount determined by the formula

A × B.

In the formula in the first paragraph,

(*a*) A is the lesser of

i. the taxpayer's income for the year from the mine, before making any deduction under this section, any of sections 130R67 to 130R69, section 130R69.2, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4), and

ii. the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, computed without reference to section 130R119, after any deduction under section 130R22 for the taxation year and before any deduction under this section for the year; and

(*b*) B is the percentage that is the total of

i. that proportion of 100% that the number of days in the taxation year that are before 1 January 2011 is of the number of days in the taxation year,

ii. that proportion of 90% that the number of days in the taxation year that are after 31 December 2010 and before 1 January 2012 is of the number of days in the taxation year,

iii. that proportion of 80% that the number of days in the taxation year that are after 31 December 2011 and before 1 January 2013 is of the number of days in the taxation year,

iv. that proportion of 60% that the number of days in the taxation year that are after 31 December 2012 and before 1 January 2014 is of the number of days in the taxation year, and

v. that proportion of 30% that the number of days in the taxation year that are after 31 December 2013 and before 1 January 2015 is of the number of days in the taxation year.

O.C. 390-2012, s. 18.

Corresponding Federal Provision: 1100(1)(y.1).

130R69.2. A taxpayer may deduct as additional allowance in respect of property acquired for the purpose of gaining or producing income from more than one mine and for which a separate class is prescribed under section 130R172.2, an amount not exceeding the amount determined by the formula

A × B.

In the formula in the first paragraph,

(*a*) A is the lesser of

i. the taxpayer's income for the year from the mine, before any deduction under this section, section 130R69, any of Divisions II, III, IV and IV.2 of Chapter X of Title VI of Book III of Part I of the Act or section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4), and

ii. the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, computed without reference to section 130R119, after any deduction under section 130R22 for the taxation year and before any deduction under this section for the year; and

(*b*) B is the percentage that is the total of

i. that proportion of 100% that the number of days in the taxation year that are before 1 January 2011 is of the number of days in the taxation year,

ii. that proportion of 90% that the number of days in the taxation year that are after 31 December 2010 and before 1 January 2012 is of the number of days in the taxation year,

iii. that proportion of 80% that the number of days in the taxation year that are after 31 December 2011 and before 1 January 2013 is of the number of days in the taxation year,

iv. that proportion of 60% that the number of days in the taxation year that are after 31 December 2012 and before 1 January 2014 is of the number of days in the taxation year, and

v. that proportion of 30% that the number of days in the taxation year that are after 31 December 2013 and before 1 January 2015 is of the number of days in the taxation year.

O.C. 390-2012, s. 18.

Corresponding Federal Provision: 1100(1)(ya.1).

130R70. Any election under subparagraph *e* of the second paragraph of section 93 of the Act in respect of property of a prescribed class acquired by a corporation for the purpose of gaining or producing income from a mine must be made by filing with the Minister, on or before the corporation's filing-due date for the corporation's taxation year in which the exempt period in respect of the mine ended, one of the following documents in duplicate:

(*a*) where the directors of the corporation are legally entitled to administer the affairs of the corporation, a certified copy of the resolution authorizing the election to be made in respect of that class; and

(*b*) where the directors of the corporation are not legally entitled to administer the affairs of the corporation, a certified copy of the authorization to make the election in respect of that class, by the person or persons legally entitled to administer the affairs of the corporation.

s. 130R41; O.C. 1981-80, s. 130R41; R.R.Q., 1981, c. I-3, r. 1, s. 130R41; O.C. 1797-97, s. 98; O.C. 1466-98, s. 22; O.C. 1282-2003, s. 21; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100A(z).

DIVISION XIV.1

CLASS 47 PROPERTY

O.C. 321-2017, s. 12.

130R70.1. A taxpayer may deduct as additional allowance in respect of property that is used as part of an eligible liquefaction facility for which a separate class is prescribed by section 130R172.3, an amount not exceeding the lesser of

(*a*) the income for the taxation year from the taxpayer's eligible liquefaction activities in respect of the eligible liquefaction facility, computed taking into consideration any deduction under section 130R23.3 and before any deduction under this section; and

(*b*) 22% of the undepreciated capital cost to the taxpayer of property of that separate class as of the end of the year, computed before any deduction under this section and Division I for the year.

O.C. 321-2017, s. 12.

Corresponding Federal Provision: 1100(1)(yb).

DIVISION XV

LEASING PROPERTIES

div. XI.1; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.

130R71. In this division,

"exempt property" means

(*a*) a property whose capital cost to the taxpayer does not exceed $1,000,000 and that is general-purpose office furniture or office equipment included in Class 8 in Schedule B, including mobile office equipment such as cellular telephones and pagers, or general-purpose electronic data processing equipment and ancillary data processing equipment described in subparagraph *g* of the first paragraph of Class 10 in that schedule;

(*b*) a property whose capital cost to the taxpayer does not exceed $1,000,000 and that is general-purpose electronic data processing equipment and ancillary data processing equipment included in any of Classes 45, 50 and 52 in Schedule B;

(*c*) furniture, appliances, television receivers, radio receivers, telephones, furnaces, hot-water heaters and other similar property designed for residential use;

(*d*) a motor vehicle that is designed or adapted primarily to carry individuals on public highways and streets and that has a seating capacity for not more than the driver and eight passengers, or a motor vehicle of a type commonly called a van or pick-up truck, or a similar vehicle;

(*e*) a truck or tractor designed to haul freight on public highways;

(*f*) a trailer designed to haul freight and to be hauled, under normal operating conditions, by a truck or tractor referred to in subparagraph *e*;

(*g*) a building or part thereof included in any of Classes 1, 3, 6, 20, 31 and 32 in Schedule B, including its component parts such as electric wiring, plumbing, sprinkler systems, air-conditioning equipment, heating equipment, lighting fixtures, elevators and escalators, other than a building or part thereof leased primarily to a lessee referred to in the third paragraph who owned the building or part thereof at any time before the commencement of the lease, but not during a period ending not later than one year after the later of the date on which the construction of the building or part thereof was completed and the date of acquisition by the lessee of that building or part thereof;

(*h*) vessel mooring space; and

(*i*) a property that is included in Class 35 in Schedule B;

"specified leasing property" of a taxpayer at any time means tangible depreciable property other than exempt property, that is

(*a*) used at that time by the taxpayer or a person with whom the taxpayer does not deal at arm's length primarily for the purpose of gaining or producing gross revenue that is rent or leasing revenue;

(*b*) the subject of a lease at that time to a person with whom the taxpayer deals at arm's length, the expected term of which at the time it was entered into was more than one year; and

(*c*) the subject of a lease where the fair market value of the tangible property that is the subject of the lease, other than the exempt property, exceeded $25,000 at the time the lease was entered into.

For the purposes of the definition of "specified leasing property" in the first paragraph and for greater precision, specified leasing property does not include systems software or property described in subparagraph *q* or *r* of the second paragraph of Class 10 in Schedule B or in any of subparagraphs *n*, *o* and *r* of the first paragraph of Class 12 in that schedule.

The lessee referred to in paragraph *g* of the definition of "exempt property" in the first paragraph is a person exempt from tax under Book VIII of Part I of the Act or a person who uses the building in the course of carrying on a business the income from which is, by reason of a provision of the Act, exempt from tax under Part I of the Act, or a Canadian government, a municipality or any other Canadian public authority.

s. 130R42.1; O.C. 366-94, s. 7; O.C. 1631-96, s. 12; O.C. 1466-98, s. 126; O.C. 1155-2004, s. 14; O.C. 1149-2006, s. 7; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 11; O.C. 390-2012, s. 19.

Corresponding Federal Provision: 1100(1.11) and 1100(1.13)(a).

130R72. For the purposes of paragraph *c* of the definition of "specified leasing property" in the first paragraph of section 130R71, where it may reasonably be concluded, in view of the circumstances, that one of the main reasons for the existence of two or more leases is to avoid the application of section 130R76 by reason of each such lease being a lease where the fair market value of the tangible property that is the subject of the lease, other than exempt property, did not exceed $25,000 at the time the lease was entered into, each such lease is deemed to be a lease of tangible property that had, at the time the lease was entered into, a fair market value exceeding $25,000.

s. 130R42.2; O.C. 366-94, s. 7; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.13)(c).

130R73. For the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71 and despite section 130R72, where a taxpayer referred to in section 130R92 so elects in the taxpayer's fiscal return required be filed under Part I of the Act for a taxation year in respect of the year and subsequent taxation years, the property of the taxpayer that is the subject of leases entered

into during those years is deemed not to be exempt property for those years and the fair market value of the tangible property that is the subject of each such lease is deemed to exceed $25,000 at the time the lease is entered into.

s. 130R42.3; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1.14).

130R74. Subject to section 130R79 and for the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71, a taxpayer who at any time acquires from a person with whom the taxpayer deals at arm's length a property that is the subject of a lease with a remaining term at that time of more than one year is deemed to have entered into, at that time, a lease with an expected term of more than one year.

s. 130R42.4; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1.15).

130R75. For the purposes of paragraph *a* of the definition of "exempt property" in the first paragraph of section 130R71, where a property is owned by two or more persons or partnerships or a combination of persons or partnerships, the capital cost of the property to each such person or partnership is deemed to be equal to the aggregate of the amounts each of which represents the capital cost of the property to each of those persons or partnerships.

s. 130R42.5; O.C. 366-94, s. 7; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1.13)(a) after (viii).

130R75.1. Despite the definition of "exempt property" in the first paragraph of section 130R71, exempt property does not include property that is the subject of a lease if that property had, at the time the lease was entered into, a fair market value in excess of $1,000,000 and the lessee of the property is

(*a*) a person who is exempt from tax by reason of Book VIII of Part I of the Act;

(*b*) a person who uses the property in the course of carrying on a business, the income from which is exempt from tax under Part I of the Act by reason of any provision of the Act;

(*c*) a Canadian government; or

(*d*) a person not resident in Canada, except if the person uses the property primarily in the course of carrying on a business in Canada that is not a treaty-protected business.

For the purposes of the first paragraph, if it is reasonable, having regard to all the circumstances, to conclude that one of the main reasons for the existence of two or more leases was to avoid the application of the first paragraph by reason of each such lease being a lease of property where the property that was the subject of the lease had a fair market value, at the time the lease was entered into, not in excess of $1,000,000, each such lease is deemed to be a lease of property that had, at the time the lease was entered into, a fair market value in excess of $1,000,000.

O.C. 1105-2014, s. 4.
Corresponding Federal Provision: 1100(1.13)(a.1) and (a.2).

130R76. Despite Chapter I and Divisions I, II, IV to XIV and XVIII, the amount deductible by a taxpayer for a taxation year in respect of a property that is a specified leasing property at the end of the year is equal to the lesser of

(*a*) the amount by which the aggregate of the following amounts exceeds the aggregate of the amounts deducted by the taxpayer in respect of the property by reason of this section before the beginning of the year and after the time, referred to in this section as the "particular time", when the property last became a specified leasing property of the taxpayer:

i. the amounts that would be considered to be repayments during the year or a preceding taxation year as principal on a loan made by the taxpayer if

(1) the taxpayer had made the loan at the particular time and the principal amount of the loan were equal to the fair market value of the property at that time,

(2) interest, capitalized semi-annually and not in advance, had been charged on the principal amount of the loan outstanding from time to time at the rate, determined pursuant to section 125.1R2, in effect at the earlier of the particular time and any time prior to the particular time at which the taxpayer last entered into an agreement to lease the property or, where a particular lease provides that the amount paid or payable by the lessee of the property for the use of or right to use the property varies according to the rates of interest in effect from time to time, at the beginning of the period for which the interest is computed if the taxpayer so elects, in respect of all property that is the subject of the particular lease, in the taxpayer's fiscal return filed under Part I of the Act for the taxation year during which the particular lease was entered into, and

(3) the amounts received or receivable by the taxpayer before the end of the year for the use of or the right to use the property before the end of the year and after the particular time were blended payments of principal and interest on the loan, computed pursuant to subparagraph 2, that are applied firstly on account of interest on principal, secondly on account of interest on unpaid interest and thirdly on account of the principal amount outstanding, and

ii. the amount that would have been deductible under this Title for the taxation year that includes the particular time if

(1) the property had been transferred to a separate prescribed class at the later of the beginning of that taxation year or the time when the property was acquired by the taxpayer,

(2) that taxation year had ended immediately before the particular time, and

(3) where the property was not a specified leasing property immediately before the particular time, section 130R23 had applied; or

(*b*) the amount by which the aggregate of the amounts that would have been deducted by the taxpayer in respect of the property under paragraph *a* of section 130 of the Act in computing the taxpayer's income for the year and the preceding taxation years, if this section and sections 130R85 and 130R91 had not applied and if the taxpayer, in each such year, had deducted under paragraph *a* of that section 130 the maximum amount deductible in respect of the property under this Title if it were read without reference to this section and sections 130R85 and 130R91, exceeds the total depreciation allowed to the taxpayer before the beginning of the year in respect of the property.

s. 130R42.6; O.C. 366-94, s. 7; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.1).

130R77. For the purposes of this division, a property is deemed to be the subject of a lease for an expected term of more than one year at any time if at that time, as the case may be,

(*a*) the property had been leased by the lessee, by a person with whom the lessee does not deal at arm's length or by the lessee and such person for a period of more than one year ending at that time; or

(*b*) it may reasonably be concluded, in view of the circumstances, that the lessor knew or ought to have known that the lessee, a person with whom the lessee does not deal at arm's length or the lessee and such person would lease the property for more than one year.

s. 130R42.7; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.13)(b).

130R78. Despite section 130R76 as well as Chapter I and Divisions I, II, IV to XIV and XVIII, where in a taxation year a taxpayer has acquired a property that the taxpayer has not used for any purpose in that year and where the first use made of it is a lease of the property in respect of which section 130R76 applies, the amount deductible by the taxpayer for the year under this Title in respect of the property is deemed to be nil.

s. 130R42.8; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.12).

130R79. Where, at any time, a taxpayer acquires, from a person with whom the taxpayer does not deal at arm's length or by reason of an amalgamation, within the meaning of section 544 of the Act, a property that was a specified leasing property of the person from whom the taxpayer acquired it, the taxpayer is deemed, for the purposes of paragraph *a* of section 130R76 and for the purposes of computing the taxpayer's income in respect of the lease for any period subsequent to that time, to be the same person as, and the continuation of, the person from whom the taxpayer acquired the property.

s. 130R42.9; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.16).

130R80. For the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71 and section 130R76, where, at a particular time, a taxpayer provides a property, referred to in this section as the "replacement property", to a lessee for the remaining term of a lease as a replacement for a similar property, referred to in this section as the "original property", that the taxpayer had leased to the lessee and where the amount payable by the lessee for the use of or the right to use the replacement property is the same as the amount that was so payable in respect of the original property, the following rules apply:

(*a*) the replacement property is deemed to have been leased by the taxpayer to the lessee at the same time and for the same term as the original property;

(*b*) the amount of the loan referred to in subparagraph 1 of subparagraph i of paragraph *a* of section 130R76 is deemed to be equal to the amount of that loan determined in respect of the original property;

(*c*) the amount determined under subparagraph ii of paragraph *a* of section 130R76 in respect of the replacement property is deemed to be equal to the amount so determined in respect of the original property;

(*d*) the amounts received or receivable by the taxpayer for the use of or the right to use the original property before the particular time are deemed to have been received or receivable, as the case may be, by the taxpayer for the use of or the right to use the replacement property; and

(*e*) the original property is deemed to have ceased to be the subject of the lease at the particular time.

s. 130R42.10; O.C. 366-94, s. 7; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.17).

130R81. For the purposes of section 130R76, where, for any period, an amount that would have been received or receivable by a taxpayer during that period for the use of or the right to use any of the taxpayer's properties during that period is not received or receivable by the taxpayer by reason of a breakdown or defect in the property during that period and before the end of the lease for the property, that amount is deemed to be an amount received or receivable, as the case may be, by the taxpayer.

s. 130R42.11; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.18).

130R82. For the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71 and section 130R76, where, at a particular time, an addition or alteration, referred to in this section as the "additional property", is made by a taxpayer to any of the taxpayer's properties, referred to in this section as the "original property", that is a specified leasing property at the particular time and where by reason of the addition or alteration, the total amount receivable by the taxpayer after the particular time for the use of or the right to use the original property and the additional property exceeds the amount so receivable in respect of the original property, the following rules apply:

(*a*) the taxpayer is deemed to have leased the additional property to the lessee at the particular time;

(*b*) the expected term of the lease for the additional property is deemed to be greater than one year;

(*c*) the rate of interest in effect at the particular time in respect of the additional property is deemed to be equal to the rate of interest in effect at that time in respect of the lease for the original property;

(*d*) the definition of "specified leasing property" in the first paragraph of section 130R71 is, in respect of the additional property, to be read without reference to its subparagraph *c*; and

(*e*) the amount by which the total amount receivable by the taxpayer after the particular time for the use of or the right to use the original property and the additional property exceeds the amount so receivable in respect of the original property is deemed to be an amount receivable by the taxpayer for the use of or the right to use the additional property.

s. 130R42.12; O.C. 366-94, s. 7; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.19).

130R83. For the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71 and section 130R76, where, at any time, a lease, referred to in this section as the "original lease", is renegotiated in the course of a *bona fide* renegotiation and where by reason of that renegotiation the amount paid or payable by the lessee for the use of or the right to use the property that is the subject of the lease is altered in respect of a period subsequent to that time, otherwise than by reason of an addition or alteration to which section 130R82 applies, the following rules apply:

(*a*) the original lease is deemed to have expired and the renegotiated lease is deemed to be a new lease, in respect of the property, entered into at that time; and

(*b*) section 130R77 does not apply in respect of a period preceding that time during which the property was leased by the lessee or a person with whom the lessee did not deal at arm's length.

s. 130R42.13; O.C. 366-94, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.2).

130R84. For the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71 and section 130R76, where a taxpayer leases to another person a building or part thereof that is not exempt property, subparagraph *b* of the definition of "specified leasing property" in the first paragraph of section 130R71, sections 130R74 and 130R77 and paragraph *b* of section 130R82 is to be read, in respect of that building or part thereof, with the words "three years" substituted for the words "one year" wherever they occur.

s. 130R42.14; O.C. 366-94, s. 7; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1.3).

DIVISION XVI

RENTAL PROPERTIES

div. XII; O.C. 1981-80, title VI, chap. III, div. XII; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. XII; O.C. 134-2009, s. 1.

130R85. The aggregate of the deductions that a taxpayer may claim for a taxation year as capital cost allowance in respect of rental property owned by the taxpayer may not exceed the amount by which the amount determined under the second paragraph exceeds the aggregate of the amounts each of which is

(*a*) the taxpayer's revenue for the year, computed without reference to paragraph *a* of section 130 of the Act, arising from the rental, whether or not by lease, of rental property of which the taxpayer is the owner, or

(*b*) the revenue of a partnership for the year arising from the rental, whether or not by lease, of rental property of the partnership, to the extent of the taxpayer's participation in that revenue.

The amount to which the first paragraph refers is the aggregate of the amounts each of which is

(*a*) the taxpayer's loss for the year, computed without reference to paragraph *a* of section 130 of the Act, arising from the rental, whether or not by lease, of rental property of which the taxpayer is the owner, or

(*b*) the loss of a partnership for the year arising from the rental, whether or not by lease, of rental property of the partnership, to the extent of the taxpayer's participation in that loss.

s. 130R43; O.C. 1981-80, s. 130R43; R.R.Q., 1981, c. I-3, r. 1, s. 130R43; O.C. 1697-92, s. 16; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(11).

130R86. Subject to section 130R87, section 130R85 does not apply in respect of a taxation year of a taxpayer that was, throughout the year,

(*a*) a life insurance corporation or a corporation whose principal business was the leasing, rental, development, sale or any combination thereof, of immovable property owned by it; or

(*b*) a partnership each member of which was

i. a corporation described in paragraph *a*, or

ii. another partnership described in this paragraph.

s. 130R45; O.C. 1981-80, s. 130R45; R.R.Q., 1981, c. I-3, r. 1, s. 130R45; O.C. 2962-82, s. 13; O.C. 500-83, s. 13; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 6.

Corresponding Federal Provision: 1100(12).

130R87. Section 130R86 does not apply where a taxpayer or a partnership holds a leasehold interest in a property included, under section 130R33, in any of Classes 1, 3 and 6 in Schedule B, and that property is leased by the taxpayer or the partnership to the owner of the land on which the property is located or to a person who has an interest in or an option on that land.

s. 130R45.1; O.C. 2962-82, s. 14; O.C. 500-83, s. 14; O.C. 1697-92, s. 18; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(13).

130R88. In this division and sections 130R156 to 130R203, a rental property of a taxpayer or of a partnership is a property that, during the year, is used by the taxpayer or partnership mainly for earning or producing a gross revenue that is a rent and that

(*a*) is a building owned by the taxpayer or the partnership, whether jointly with another person or otherwise, or a leasehold interest in immovable property included in any of Classes 1, 3, 6 and 13 in Schedule B and owned by the taxpayer or partnership; and

(*b*) is not a property leased by the taxpayer or the partnership to a lessee, in the ordinary course of the taxpayer's or partnership's business of selling goods or rendering services, under an agreement by which the lessee undertakes to use the property to carry on the business of selling or promoting the sale of the taxpayer's or partnership's goods or services.

s. 130R46; O.C. 1981-80, s. 130R46; R.R.Q., 1981, c. I-3, r. 1, s. 130R46; O.C. 1697-92, s. 18; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(14).

130R89. For the purposes of section 130R88, the gross revenue derived from the following sources in a taxation year must be considered to be rent derived from property in that taxation year:

(*a*) the right of a person or partnership, other than the owner of the property, to use or occupy the property or a part thereof; and

(*b*) services offered to a person or partnership that are ancillary to the use or occupation by the person or the partnership of the property or the part thereof.

s. 130R46.1; O.C. 1549-88, s. 2; O.C. 1697-92, s. 19; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(14.1).

130R90. Section 130R89 does not apply, in a particular taxation year, to property owned by

(*a*) a corporation, where the property is used in a business carried on in the year by the corporation;

(*b*) an individual, where the property is used in a business carried on in the year by the individual in which the individual is personally active on a continuous basis throughout that portion of the year during which the business is ordinarily carried on; or

(*c*) a partnership, where the property is used in a business carried on in the year by the partnership if not less than 2/3 of the income or loss, as the case may be, of the partnership for the year is included in the computation of the income of

i. members of the partnership who are individuals that are personally active in the business of the partnership on a continuous basis throughout that portion of the year during which the business is ordinarily carried on, and

ii. members of the partnership that are corporations.

s. 130R46.2; O.C. 1549-88, s. 2; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(14.2).

DIVISION XVII

LEASING PROPERTIES

div. XIV; O.C. 1981-80, title VI, chap. III, div. XIV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. XIV; O.C. 134-2009, s. 1.

130R91. The aggregate of deductions that a taxpayer may claim for a taxation year as allowance in respect of capital cost in respect of leasing property owned by the taxpayer may not exceed the amount by which the amount determined under the second paragraph is exceeded by the aggregate of the amounts each of which is

(*a*) the taxpayer's revenue for the year, computed without reference to paragraph *a* of section 130 of the Act, arising from the rental of, whether or not by lease, or from royalties earned on leasing property or property that would be leasing

property but for sections 130R97 to 130R99, of which the taxpayer is the owner, or

(*b*) the revenue of a partnership for the year arising from the rental of, whether or not by lease, or from royalties earned on leasing property or property that would be leasing property but for sections 130R97 to 130R99, of which the partnership is the owner, to the extent of the taxpayer's participation in that revenue.

The amount to which the first paragraph refers is the aggregate of the amounts each of which is

(*a*) the taxpayer's loss for the year, computed without reference to paragraph *a* of section 130 of the Act, arising from the rental of, whether or not by lease, or from royalties earned on property referred to in subparagraph *a* of the first paragraph, or

(*b*) the loss of a partnership for the year arising from the rental of, whether or not by lease, or from royalties earned on property referred to in subparagraph *b* of the first paragraph, to the extent of the taxpayer's participation in that loss.

s. 130R48; O.C. 1981-80, s. 130R48; R.R.Q., 1981, c. I-3, r. 1, s. 130R48; O.C. 1697-92, s. 20; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(15).

130R92. Section 130R91 does not apply in respect of a taxation year of a taxpayer that was, throughout the year,

(*a*) a corporation whose principal business was the rental of leasing property or property that would be leasing property but for sections 130R97 to 130R99 or the rental of such property combined with the sale and servicing of property similar to the property leased if the gross revenue of the corporation for the year from such principal business was not less than 90% of its gross revenue for the year from all sources; or

(*b*) a partnership each member of which was

i. a corporation described in paragraph *a*, or

ii. another partnership described in this paragraph.

s. 130R50; O.C. 1981-80, s. 130R50; R.R.Q., 1981, c. I-3, r. 1, s. 130R50; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 7.

Corresponding Federal Provision: 1100(16).

130R93. Subject to section 130R97 and for the purposes of this division and sections 130R156 to 130R203, a leasing property of a taxpayer or of a partnership is a depreciable property of which the taxpayer or the partnership is the owner, together with another person or otherwise, and which, during the year, is used by the taxpayer or partnership mainly for earning or producing gross revenue consisting of rent, royalty or leasing revenue and that is not

(*a*) rental property within the meaning of section 130R88;

(*b*) computer tax shelter property;

(*c*) a property described in subparagraph *q* or *r* of the second paragraph of Class 10 in Schedule B or in subparagraph *n* or *r* of the first paragraph of Class 12 in that schedule; or

(*d*) a property leased by the taxpayer or the partnership to a lessee, in the ordinary course of the taxpayer's or partnership's business of selling goods or rendering services, under an agreement by which the lessee undertakes to use the property to carry on the business of selling, or promoting the sale of, the taxpayer's or partnership's goods or services.

s. 130R51; O.C. 1981-80, s. 130R51; R.R.Q., 1981, c. I-3, r. 1, s. 130R51; O.C. 2727-84, s. 3; O.C. 1697-92, s. 22; O.C. 1539-93, s. 6; O.C. 1707-97, s. 98; O.C. 1282-2003, s. 22; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 12.

Corresponding Federal Provision: 1100(17).

130R94. For the purposes of section 130R93 where, in a taxation year, a taxpayer or a partnership acquired a property that was not used during that year, and subsequently the taxpayer first used the property principally for the purpose of earning or producing gross revenue consisting of rent, royalty or leasing revenue, the property is deemed to have been so used during the taxation year in which it was acquired.

s. 130R51.1; O.C. 2962-82, s. 15; O.C. 500-83, s. 15; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(17.1).

130R95. For the purposes of the definition of "specified leasing property" in the first paragraph of section 130R71 and section 130R93, the gross revenue derived from the following sources in a taxation year must be considered to be rent derived from a property in that taxation year:

(*a*) the right of a person or partnership, other than the owner of the property, to use or occupy the property or a part thereof; and

(*b*) services offered to a person or partnership that are ancillary to the use or occupation by the person or the partnership of the property or the part thereof.

s. 130R51.2; O.C. 1549-88, s. 3; O.C. 1697-92, s. 23; O.C. 366-94, s. 8; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(17.2).

130R96. Section 130R95 does not apply, in a particular taxation year, to property owned by

(*a*) a corporation, where the property is used in a business carried on in the year by the corporation;

(*b*) an individual, where the property is used in a business carried on in the year by the individual in which the individual is personally active on a continuous basis

throughout that portion of the year during which the business is ordinarily carried on; or

(*c*) a partnership, where the property is used in a business carried on in the year by the partnership if not less than 2/3 of the income or loss, as the case may be, of the partnership for the year is included in the computation of the income of

i. members of the partnership who are individuals that are personally active in the business of the partnership on a continuous basis throughout that portion of the year during which the business is ordinarily carried on, and

ii. members of the partnership that are corporations.

s. 130R51.3; O.C. 1549-88, s. 3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(17.3).

130R97. Leasing property referred to in section 130R93 does not include

(*a*) any property that the taxpayer or the partnership acquired before 26 May 1976 or was obliged to acquire under the terms of an agreement in writing entered into before 26 May 1976;

(*b*) any property the construction, manufacture or production of which was commenced by the taxpayer or the partnership before 26 May 1976 or was commenced under an agreement in writing entered into by the taxpayer or the partnership before 26 May 1976; or

(*c*) any property that the taxpayer or the partnership acquired on or before 31 December 1976 or was obliged to acquire under the terms of an agreement in writing entered into on or before 31 December 1976, if

i. arrangements, evidenced by writing, respecting the acquisition, construction, manufacture or production of the property had been substantially advanced before 26 May 1976, and

ii. the taxpayer or the partnership had, before 26 May 1976, demonstrated a *bona fide* intention to acquire the property for the purpose of gaining or producing gross revenue that is rent, royalty or leasing revenue.

s. 130R52; O.C. 1981-80, s. 130R52; R.R.Q., 1981, c. I-3, r. 1, s. 130R52; O.C. 1697-92, s. 24; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(18).

130R98. Despite section 130R93, where a taxpayer acquires, in the course of a reorganization in respect of which, if a dividend were received by a corporation in the course of the reorganization, section 308.1 of the Act would not be applicable to the dividend by reason of the application of section 308.3 of the Act, or from a person with whom the taxpayer was not dealing at arm's length, otherwise than by virtue of a right referred to in paragraph *b* of section 20 of the Act, at the time the property was acquired, a property that would otherwise be leasing property of the taxpayer, that property is deemed not to be such property if, immediately before it was so acquired, it was not, by virtue of this section or section 130R97 or 130R99, a leasing property of the person from whom it was so acquired.

s. 130R53; O.C. 1981-80, s. 130R53; R.R.Q., 1981, c. I-3, r. 1, s. 130R53; O.C. 2962-82, s. 16; O.C. 500-83, s. 16; O.C. 1472-87, s. 5; O.C. 1471-91, s. 14; O.C. 1697-92, s. 25; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(19).

130R99. Despite section 130R93, a property acquired by a taxpayer or a partnership that is a "replacement property" referred to in section 96 of the Act and that would otherwise be a leasing property of the taxpayer or partnership is deemed not to be such a property, if the replaced property referred to in that section 96 was, by reason of this section or section 130R97 or 130R98, not such a property immediately before it was disposed of by the taxpayer or partnership.

s. 130R54; O.C. 1981-80, s. 130R54; R.R.Q., 1981, c. I-3, r. 1, s. 130R54; O.C. 1631-96, s. 13; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(20).

DIVISION XVIII

RAILWAY AND RELATED PROPERTY

div. XV; O.C. 1981-80, title VI, chap. III, div. XV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. XV; O.C. 134-2009, s. 1.

130R100. A taxpayer may deduct as additional allowance in respect of property for which a separate class is prescribed by paragraph *a* of section 130R176 or section 130R179 or 130R181, an amount not exceeding 8%, 4% and 3% respectively of the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under section 130R19 and this section for the year.

s. 130R55; O.C. 1981-80, s. 130R55; R.R.Q., 1981, c. I-3, r. 1, s. 130R55; O.C. 366-94, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(z), (za) and (zb).

130R101. A taxpayer may deduct as additional allowance in respect of property for which a separate class is prescribed by any of paragraphs *b* to *d* of section 130R176, an amount not exceeding 6% of the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under section 130R19 and this section for the year.

s. 130R55.0.1; O.C. 366-94, s. 10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(z.1a).

130R102. A taxpayer that, throughout the taxation year, is a common carrier owning and operating a railway may

deduct, as additional allowance in respect of property for which a separate class is prescribed by any of sections 130R177, 130R178, 130R180 and 130R182, an amount not exceeding 3% in the case of section 130R177, 6% in the case of sections 130R178 and 130R180 or 5% in the case of section 130R182, of the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under section 130R19 and this section for the year.

s. 130R55.0.2; O.C. 1631-96, s. 14; O.C. 1707-97, s. 98; O.C. 1149-2006, s. 8; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(z.1b), (z.1c), (za.1) and (za.2).

130R103. A taxpayer that is a common carrier owning and operating a railway may deduct, as additional allowance for a taxation year in respect of property described in section 130R104 and included in any class in Schedule B, an amount not exceeding the lesser of the undepreciated capital cost to the taxpayer of property of that class at the end of the year, after any deductions under sections 130R19 and 130R100 for the year, but before any deduction under this section for the year, and 6% of the capital cost to the taxpayer of the property of that class.

s. 130R55.1; O.C. 1983-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 130R55.1; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(zc) before (i), (v) and (vi).

130R104. The property referred to in section 130R103 is the property of the taxpayer that is described in section 130R105 and that

(*a*) is located in Canada or was acquired by the taxpayer principally for use in Canada;

(*b*) was acquired by the taxpayer for that railway, after 10 April 1978 and before 1 January 1988, in the taxation year referred to in section 130R103 or in one of the four taxation years immediately preceding that year; and

(*c*) was not used for any purpose whatever before it was acquired by the taxpayer.

s. 130R55.2; O.C. 1983-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 130R55.2; O.C. 2583-85, s. 4; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(zc)(ii) to (iv).

130R105. The property described in section 130R104 means property that is

(*a*) included in Class 1 in Schedule B pursuant to paragraph *h* or *i* of that class;

(*b*) included in Class 6 in Schedule B pursuant to paragraph *j* of that class:

(*c*) included in Class 10 in Schedule B pursuant to any of subparagraphs i to iii of subparagraph *m* of the second paragraph of that class;

(*d*) included in Class 28 in Schedule B pursuant to subparagraph ii of subparagraph *e* of the first paragraph of that class, except for a property described in subparagraph iv of subparagraph *m* of the second paragraph of Class 10;

(*e*) included in Class 35 in Schedule B;

(*f*) a bridge, a culvert, a subway or a tunnel used for a railway track and grading and included in Class 1 in Schedule B;

(*g*) a trestle used for a railway track and grading and included in Class 3 in Schedule B;

(*h*) machinery or equipment included in Class 8 in Schedule B and used for a railway track and grading or a property that is railway traffic control or signalling equipment, including switching, block signalling, interlocking, crossing protection, detection, speed-control or retarding equipment, but not including property that is principally electronic equipment or systems software therefor; or

(*i*) machinery or equipment included in Class 8 in Schedule B and that was acquired principally for purposes of maintenance or service of a railway locomotive or railway car or was used as part of either.

s. 130R55.3; O.C. 1983-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 130R55.3; O.C. 1631-96, s. 61; O.C. 134-2009, s. 1; O.C. 390-2012, s. 20.

Corresponding Federal Provision: 1100(1)(zc)(i).

DIVISION XIX

CERTIFIED PRODUCTIONS

div. XV.1; O.C. 1114-92, s. 11; O.C. 134-2009, s. 1.

130R106. A taxpayer may deduct an amount as additional depreciation in respect of property for which section 130R189 prescribes a separate class, to the extent that that amount does not exceed the lesser of

(*a*) the aggregate of the taxpayer's revenue for the year from that property and from property described in subparagraph *n* of the first paragraph of Class 12 in Schedule B, determined before any deduction under this section; and

(*b*) the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under this section for the year.

s. 130R55.3.1; O.C. 1114-92, s. 11; O.C. 1697-92, s. 26; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(l).

DIVISION XX

CANADIAN FILM OR VIDEO PRODUCTIONS

div. XV.2; O.C. 1249-2005, s. 4; O.C. 134-2009, s. 1.

130R107. A taxpayer may deduct an amount as additional depreciation in respect of property for which section 130R190 prescribes a separate class, to the extent that that amount does not exceed the lesser of

(*a*) the taxpayer's income for the year from that property, determined before any deduction under this section; and

(*b*) the undepreciated capital cost to the taxpayer of property of that class at the end of the taxation year, before any deduction under this section for the year.

s. 130R55.3.2; O.C. 1249-2005, s. 4; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(m).

DIVISION XXI

MOTION PICTURE FILMS AND VIDEO TAPES

div. XVI; O.C. 1983-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. III, div. XVI; O.C. 2727-84, s. 4; O.C. 134-2009, s. 1.

130R108. The allowance that a taxpayer may claim for a particular taxation year in respect of property of Class 12 in Schedule B, where the taxpayer has acquired after the 1977 taxation year but before 1979 a property of that class that is a certified feature film, a certified short production or a certified feature production for which the principal photography or taping was completed after the particular year but before 2 March 1979, may not exceed the amount that would otherwise be computed under section 130R19 in respect of the property of that class for the particular year if the capital cost of the property to the taxpayer were reduced by an amount equal to the amount by which the capital cost to the taxpayer of that property at the end of the particular year exceeds the amount that may reasonably be deemed to be the proportional share of the taxpayer in production expenses incurred in respect of the property before 2 March 1979.

s. 130R55.4; O.C. 1983-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 130R55.4; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(22).

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

s. 130R55.5; O.C. 1983-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 130R55.5; O.C. 2727-84, s. 5; O.C. 615-88, s. 7; O.C. 1114-92, s. 12; O.C. 1539-93, s. 7; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(21) before (a).

130R110. The amount referred to in section 130R109 is equal to the aggregate of

(*a*) where the principal photography or taping of the property referred to therein is not completed until the 60 days immediately following the end of the particular year referred to therein, the amount by which the capital cost to the taxpayer of the property at the end of that year exceeds the aggregate of the amounts computed under paragraphs *c* to *f* in respect of the property at the end of that year and the amount that may reasonably be considered to be the proportional share of the taxpayer in the production costs incurred in respect of the property before the end of that year;

(*b*) where the principal filming or taping work of the property referred to is not completed before the expiry of 60 days immediately following the end of the particular year, the amount by which the capital cost to the taxpayer of the property at the end of that year exceeds the aggregate of the amounts computed under paragraphs *c* to *f* in respect of the property at the end of that year and the amount that may be considered to be the proportional share of the taxpayer of the lesser of the production cost incurred in respect of the property before the end of that year, and the proportion of the production cost incurred with respect to the property before the time when the principal filming or taping work of the property was completed, that the proportion, certified by the Société de développement des entreprises culturelles or the Minister of Communications of Canada, as the case may be, that the part of the work completed at the end of that year is of the whole of the work;

(*c*) where a revenue guarantee, other than a revenue guarantee that is certified by the Minister of Communications of Canada to be a guarantee under which the person who agrees to provide the revenue is a licensed broadcaster or a *bona fide* film or tape distributor, is granted in respect of the property referred to therein at any time before the later of the day on which the principal photography or taping was completed and the day on which the taxpayer acquired the property and that, by reason of that guarantee, it may reasonably be considered certain, having regard to all the circumstances, that the taxpayer will receive revenue according to the terms and conditions of that guarantee, the amount that may reasonably be considered to be the portion of the revenue that the taxpayer did not include in computing the taxpayer's income for the particular year referred to therein or for a prior taxation year;

(*d*) where a revenue guarantee is entered into at any time in respect of the property referred to therein, other than a

revenue guarantee in respect of which paragraph *c* applies, or under which the person who agrees to provide the revenue under the terms of the guarantee does not deal at arm's length with the taxpayer or the person from whom the taxpayer acquired the property, and in respect of which the Minister of Communications of Canada certifies that the person who agrees to provide the revenue under the terms of the guarantee is a licenced broadcaster or *bona fide* film or tape distributor and that the cost of the property does not include any amount for or in respect of the guarantee, and where the taxpayer and the person who agrees to furnish the revenue under the terms of the guarantee do not deal at arm's length, the person from whom the taxpayer acquired the property and the person who agrees to furnish the revenue under the terms of the guarantee do not deal at arm's length or the person from whom the taxpayer acquired the property or a person who does not deal at arm's length with that person agrees, in any manner whatsoever, to fulfill, in whole or in part, the obligations of the person who agrees to furnish the revenue under the terms of the guarantee, the amount that may reasonably be considered to be the portion of the revenue that the taxpayer is to receive under the terms of the guarantee that has not been included in computing the taxpayer's income for the particular year referred to therein or for a prior taxation year;

(*e*) where a revenue guarantee is granted at any time in respect of the property referred to therein, other than a guarantee in respect of which paragraph *c* or *d* applies, the amount that may reasonably be considered to be the portion of the revenue that the taxpayer is to receive according to the terms and conditions of that guarantee, that the taxpayer is not entitled to until the fourth year following the first day on which the person who agrees to furnish the revenue according to the terms and conditions of that guarantee has the right to use the property and that was not included in computing the income of the taxpayer for the particular year referred to therein or for a prior taxation year; and

(*f*) the portion of any debt obligation of the taxpayer outstanding at the end of that year that is convertible into an interest in the property referred to in section 130R109.

s. 130R55.6; O.C. 1983-80, s. 7; O.C. 1535-81, s. 4; R.R.Q., 1981, c. I-3, r. 1, s. 130R55.6; O.C. 2727-84, s. 6; 1984, c. 47, s. 216; O.C. 615-88, s. 8; Erratum, 1988 G.O. 2, 4642; O.C. 1666-90, s. 4; O.C. 1114-92, s. 13; 1994, c. 21, s. 50; O.C. 216-95; O.C. 1249-2005, s. 5; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(21)(a) to (e).

130R111. For the purposes of paragraphs *a* and *b* of section 130R110, the reference to "until the 60 days immediately following the end of the particular year referred to therein" used in paragraph *a* of that section and the reference to "before the expiry of 60 days immediately following the end of the particular year" used in paragraph *b* of that section are to be read as a reference to

"before 1 July 1988";

(*a*) "before 1 July 1988", in respect of a motion picture film or video tape acquired in 1987, other than a certified Québec film or a film or tape in respect of which paragraph *b* applies; and

"before 1 January 1989".

(*b*) "before 1 January 1989", in respect of a motion picture film or video tape acquired in 1987 or 1988 that is described in subparagraph *n* of the first paragraph of Class 12 in Schedule B and that is part of a series of motion picture films or video tapes that includes another property described in subparagraph *n* of the first paragraph of that class.

s. 130R55.6.1; O.C. 1114-92, s. 14; O.C. 1697-92, s. 27; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(23).

130R112. Where a taxpayer has acquired property described in subparagraph *l* of the second paragraph of Class 10 in Schedule B or subparagraph *m* of the first paragraph of Class 12 in that schedule, the deduction in respect of the property otherwise allowed to the taxpayer in computing the taxpayer's income for a taxation year may not exceed the amount that would otherwise be deducted under section 130R19 if the capital cost to the taxpayer of the property were reduced by the portion of any debt obligation of the taxpayer outstanding at the end of that year that is convertible into an interest in the property.

s. 130R55.6.1.1; O.C. 1249-2005, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(21.1).

DIVISION XXII

YEAR 2000 COMPUTER HARDWARE AND SYSTEMS SOFTWARE

div. XVI.1; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1.

130R113. A taxpayer may elect to deduct as additional allowance, for a taxation year, an amount that does not exceed the amount determined under section 130R114, where the taxpayer

(*a*) is not a large corporation within the meaning of subsection 8 of section 225.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in the year, or a partnership any member of which is such a corporation in a taxation year that includes any time that is in the partnership's fiscal period; and

(*b*) acquired property included in Class 10 in Schedule B under subparagraph *g* of the first paragraph of that class in the year but after 31 December 1997 and before 1 November 1999, for the purpose of replacing property that was acquired before 1 January 1998 that has a material risk of malfunctioning because of the change of the calendar year to 2000 and that is described in that subparagraph *g* or in

subparagraph *o* of the first paragraph of Class 12 in Schedule B.

s. 130R55.6.2; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(zg) before (iv).

130R114. The amount to which section 130R113 refers is equal to the least of

(*a*) the amount by which $50,000 exceeds

i. the aggregate of all amounts each of which is an amount claimed by the taxpayer under section 130R113 for a preceding taxation year,

ii. the aggregate of all amounts each of which is an amount claimed by the taxpayer under section 130R115 for the year or a preceding taxation year, and

iii. the aggregate of all amounts each of which is an amount claimed under section 130R113 or 130R115 by a corporation for a taxation year in which it was associated with the taxpayer;

(*b*) 85% of the capital cost to the taxpayer of all property described in paragraph *b* of section 130R113; and

(*c*) the undepreciated capital cost to the taxpayer, at the end of the year, of property included in Class 10 in Schedule B, computed without reference to Division XXIV and after all deductions claimed under this Title for the year except those under section 130R113.

s. 130R55.6.3; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(zg)(iv) to (vi).

130R115. A taxpayer may elect to deduct as additional allowance, for a taxation year, an amount that does not exceed the amount determined under section 130R116, where the taxpayer

(*a*) is not a large corporation within the meaning of subsection 8 of section 225.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in the year, or a partnership any member of which is such a corporation in a taxation year that includes any time that is in the partnership's fiscal period; and

(*b*) acquired property included in Class 12 in Schedule B under subparagraph *o* of the first paragraph of that class in the year but after 31 December 1997 and before 1 November 1999, for the purpose of replacing property that was acquired before 1 January 1998 that has a material risk of malfunctioning because of the change of the calendar year to 2000 and that is described in subparagraph *g* of the first paragraph of Class 10 in Schedule B or in that subparagraph *o*.

s. 130R55.6.4; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(zh) before (iv).

130R116. The amount to which section 130R115 refers is equal to the least of

(*a*) the amount by which $50,000 exceeds

i. the aggregate of all amounts each of which is an amount claimed by the taxpayer under section 130R115 for a preceding taxation year,

ii. the aggregate of all amounts each of which is an amount claimed by the taxpayer under section 130R113 for the year or a preceding taxation year, and

iii. the aggregate of all amounts each of which is an amount claimed under section 130R113 or 130R115 by a corporation for a taxation year in which it was associated with the taxpayer;

(*b*) 50% of the capital cost to the taxpayer of all property described in paragraph *b* of section 130R115; and

(*c*) the undepreciated capital cost to the taxpayer, at the end of the year, of property included in Class 12 in Schedule B, computed without reference to Division XXIV after all deductions claimed under this Title for the year except those under section 130R115.

s. 130R55.6.5; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(1)(zh)(iv) to (vi).

DIVISION XXIII

COMPUTER TAX SHELTER PROPERTY

div. XVI.2; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 13.

130R117. The aggregate of all amounts each of which is a deduction in respect of computer tax shelter property allowed to a taxpayer under this Title in computing the taxpayer's income for a taxation year may not exceed the amount determined according to the formula

A – B.

In the formula in the first paragraph,

(*a*) A is the aggregate of all amounts each of which is

i. the taxpayer's income for the year from a business in which computer tax shelter property owned by the taxpayer is used, computed without reference to any deduction under this Title in respect of such property, or

ii. the income of a partnership from a business in which computer tax shelter property owned by the partnership is used, to the extent of the taxpayer's share of such income that is included in computing the taxpayer's income for the year;

(*b*) B is the aggregate of all amounts each of which is

i. a loss of the taxpayer from a business in which computer tax shelter property is used, computed without reference to any deduction under this Title in respect of such property, or

ii. a loss of a partnership from a business in which computer tax shelter property is used, to the extent of the taxpayer's share of such loss that is included in computing the taxpayer's income for the year.

s. 130R55.6.6; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 14.
Corresponding Federal Provision: 1100(20.1).

130R118. For the purposes of this Title, depreciable property of a prescribed class of a person or partnership that is computer software or property of Class 50 or 52 in Schedule B is computer tax shelter property where

(*a*) the person's or partnership's interest in the property is a tax shelter investment within the meaning of section 851.38 of the Act, determined without reference to section 130R117; or

(*b*) an interest in the person or partnership is a tax shelter investment within the meaning of section 851.38 of the Act, determined without reference to section 130R117.

s. 130R55.6.7; O.C. 1282-2003, s. 23; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 15.
Corresponding Federal Provision: 1100(20.2).

DIVISION XXIV

PROPERTY ACQUIRED DURING THE YEAR

div. XVII; O.C. 2847-84, s. 8; O.C. 134-2009, s. 1.

130R119. The amount that a taxpayer may deduct for a taxation year under section 130R1 in respect of property of a class in Schedule B is computed as if the undepreciated capital cost to the taxpayer at the end of the year, before any deduction under section 130R1 for the year, of the property were reduced by half the amount determined in respect of that class at the end of the year under section 130R120.

The rule prescribed in the first paragraph does not apply in respect of

(*a*) property that is

i. property referred to in any of sections 130R62, 130R161, 130R192, 130R193 and 130R194,

ii. property included in any of Classes 13 to 15, 23, 24, 27, 29, 34 and 52 in Schedule B, or

iii. property included in a separate class pursuant to an election made by the taxpayer in accordance with section 130R198 or 130R199;

(*b*) where the taxpayer is a corporation referred to in section 130R92 throughout the year, a property that is a specified leasing property, within the meaning assigned to that expression by the first paragraph of section 130R71, of the taxpayer at the end of the year;

(*c*) a property that is deemed to have been acquired by the taxpayer in a prior taxation year by reason of paragraph *b* of section 125.1 of the Act in respect of the lease of which the property was the subject immediately before the time at which the taxpayer last acquired it; and

(*d*) a property that is considered to be available for use by the taxpayer by reason of subparagraph *b* of the first paragraph of section 93.7 of the Act or subparagraph *c* of the first paragraph of section 93.8 of that Act.

s. 130R55.7; O.C. 2847-84, s. 8; O.C. 544-86, s. 5; O.C. 1697-92, s. 28; O.C. 366-94, s. 11; O.C. 1631-96, s. 15; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 37; O.C. 1470-2002, s. 18; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 16.
Corresponding Federal Provision: 1100(2).

130R120. The amount that, in accordance with section 130R119, must be determined in respect of a class in Schedule B at the end of a taxation year is established according to the formula

A − B.

In the formula in the first paragraph,

(*a*) A is any amount added, in respect of a property that is neither a property described in subparagraph *q* or *r* of the second paragraph of Class 10 in Schedule B, in any of subparagraphs *a* to *c*, *e* to *i*, *k*, *l*, *p*, *q* and *s* of the first paragraph of Class 12 in that schedule or in the third paragraph of that Class 12, nor a property to which subparagraph *b* of the second paragraph of section 130R19 applies for the year, to the undepreciated capital cost to the taxpayer of property of the class either under subparagraph i of subparagraph *e* of the first paragraph of section 93 of the Act in respect of a property acquired during the year or that became available for use by the taxpayer in the year, or under subparagraph ii.1 or ii.2 of that paragraph *e* in respect of an amount repaid during the year; and

(*b*) B is any amount deducted from the undepreciated capital cost to the taxpayer of property of the class under subparagraph *c* or *d* of the second paragraph of section 93 of the Act in respect of a property disposed of during the year or under subparagraph *g* of that paragraph in respect of an amount that the taxpayer received or was entitled to receive during the year.

s. 130R55.8; O.C. 2847-84, s. 8; O.C. 1114-92, s. 15; O.C. 1697-92, s. 29; O.C. 1539-93, s. 8; O.C. 366-94, s. 12; O.C. 1631-96, s. 16; O.C. 1282-2003, s. 24; O.C. 1249-2005, s. 7; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(2).

130R121. For the purposes of subparagraph *b* of the second paragraph of section 130R120, the proceeds of disposition of a property of Class 10 in Schedule B that would be referred to in the third paragraph of Class 16 in that schedule if it had been acquired after 12 November 1981 are deemed to be the proceeds of disposition of a property of Class 16 and not of a property of Class 10.

s. 130R55.9; O.C. 2847-84, s. 8; O.C. 1282-2003, s. 25; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2.4).

130R122. Where a taxpayer has acquired a property of a class in Schedule B or incurred a capital cost in respect of a property of such a class, between 12 November 1981 and 1 January 1983, the rules in section 130R124 apply in respect of the property if

(*a*) the taxpayer was required to acquire the property under an agreement in writing entered into before 13 November 1981 or, where the property is a property described in Class 31 in Schedule B, before 1 January 1982;

(*b*) the taxpayer or a person with whom the taxpayer was not dealing at arm's length commenced construction, manufacture or production of the property before 13 November 1981 or, where the property is a property described in Class 31 in Schedule B, before 1 January 1982;

(*c*) the taxpayer or a person with whom the taxpayer was not dealing at arm's length made, for the construction, manufacture or production of the property, arrangements in writing that were substantially advanced before 13 November 1981, and if the construction, manufacture or production commenced before 1 June 1982; or

(*d*) the taxpayer was required to acquire the property under an agreement in writing entered into before 1 June 1982 and if arrangements in writing for the acquisition or leasing of the property were substantially advanced before 13 November 1981.

s. 130R55.10; O.C. 2847-84, s. 8; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 5.

Corresponding Federal Provision: 1100(2.1) before (e).

130R123. Where a taxpayer acquired a property of a class in Schedule B that was a depreciable property of the person from whom the taxpayer acquired it and that had belonged to that person without interruption for at least 364 days before the end of the taxation year of the taxpayer during which the taxpayer acquired the property, or since 12 November 1981, to the day of its acquisition by the taxpayer, or that was a property in respect of which the rules in section 130R124 were applied for the purpose of determining the amount that the person from whom the taxpayer acquired the property was entitled to deduct under section 130R1, the rules in section 130R124 apply in respect of the property if it was acquired

(*a*) in the course of a reorganization in respect of which, if a dividend were received by a corporation in the course of the reorganization, section 308.1 of the Act would not be applicable to the dividend by reason of the application of section 308.3 of the Act; or

(*b*) from a person with whom the taxpayer did not deal at arm's length at the time of acquisition of the property otherwise than under a right referred to in paragraph *b* of section 20 of the Act.

s. 130R55.11; O.C. 2847-84, s. 8; O.C. 1471-91, s. 15; O.C. 1697-92, s. 30; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2.2) before (h).

130R124. The following rules apply in respect of a property referred to in section 130R122 or 130R123:

(*a*) no amount may be included under subparagraph *a* of the second paragraph of section 130R120 in respect of the property;

(*b*) if sections 130R24 to 130R36 apply in respect of the property, section 130R27 must be read, in respect of the property, without reference to the second paragraph;

(*c*) if the property is acquired before 1 January 1988 and is included in a class in respect of which section 130R46 applies, the property is deemed to be a designated property of the class;

(*d*) if the property is acquired after 31 December 1987 and is included in a class in respect of which paragraph *b* of section 130R46 applies, the following rules apply:

i. the property is deemed to be a designated property of the class, and

ii. for the purposes of computing the amount determined under section 130R48 for any taxation year of the taxpayer ending after the time the property was actually acquired by the taxpayer, the property is deemed, other than for the purposes of determining the period referred to in section 130R123 during which a person from whom the taxpayer acquired the property, referred to as the "last transferor" in this section, owned the property before it was acquired by the taxpayer, and subject to the third paragraph, to have been acquired by the taxpayer immediately after the commencement of the taxpayer's first taxation year that commenced at the time that is the earlier of

(1) the time when the property was last acquired by the last transferor, and

(2) where the property was transferred in a series of transfers to which section 130R123 and this section apply, the time when the property was last acquired by the first taxpayer, referred to as the "first transferor" in this section, having transferred the property in that series,

iii. the property is deemed to have become available for use by the taxpayer at the earlier of

(1) the time when it became available for use by the taxpayer, and

(2) the time, determined without reference to subparagraph *c* of the first paragraph of section 93.7 of the Act and subparagraph *d* of the first paragraph of section 93.8 of the Act, when, as the case may be, it became available for use by the last transferor or it became available for use by the first transferor in a series of transfers of the same property to which section 130R123 and this section apply; and

(*e*) if the property is property described in section 130R62, subparagraph *a* of the first paragraph of section 130R63 is to be read as follows in respect of that property:

"(*a*) 33 1/3% of the capital cost of the property to the taxpayer;".

For the purposes of subparagraph ii of subparagraph *d* of the first paragraph, where the taxpayer is a corporation incorporated after the end of the first or the last transferor's taxation year, as the case may be, during which the transferor last acquired the property, the following rules apply:

(*a*) the taxpayer is deemed to have been in existence throughout the period commencing immediately before the end of that year and ending immediately after the time when it was so incorporated; and

(*b*) the taxpayer's fiscal periods, throughout the period described in subparagraph *a*, are deemed to have ended on the day of the year on which its first fiscal period ended.

Subparagraph ii of subparagraph *d* of the first paragraph does not apply where the property was acquired by the taxpayer before the end of the first or the last transferor's taxation year, as the case may be, that includes the time when the transferor acquired the property.

s. 130R55.12; O.C. 2847-84, s. 8; O.C. 1631-96, s. 17; O.C. 1707-97, s. 21; O.C. 1466-98, s. 126; O.C. 1282-2003, s. 26; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2.1)(e) to (h) and (2.2)(h) to (k).

130R125. A taxpayer who disposes of a property in any of the circumstances mentioned in section 130R123 may not include any amount under subparagraph *b* of the second paragraph of section 130R120 in respect of that disposition if subparagraph *a* of the first paragraph of section 130R124 applied in respect of the property for the purchaser.

s. 130R55.13; O.C. 2847-84, s. 8; O.C. 1631-96, s. 18; O.C. 1282-2003, s. 27; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2.3).

130R126. Where a taxpayer is deemed under a provision of the Act to have disposed of and acquired or reacquired a property,

(*a*) for the purposes of paragraph *b* of section 130R123 and of sections 130R98, 130R149, 130R150 and 130R160, the acquisition or reacquisition by the taxpayer is deemed to have been from a person with whom the taxpayer was not dealing at arm's length at the time of the acquisition or reacquisition; and

(*b*) for the purposes of the portion of section 130R123 before paragraph *a*, the taxpayer is deemed to be the person from whom the taxpayer acquired or reacquired the property.

s. 130R55.14; O.C. 1697-92, s. 31; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2.21).

130R127. Where in a particular taxation year a taxpayer disposes of a property included in Class 10.1 in Schedule B that was owned by the taxpayer at the end of the preceding taxation year, the following rules apply:

(*a*) the amount that the taxpayer may deduct in computing the taxpayer's income for the year under section 130R1 in respect of the property is computed as if the property had not been disposed of in the particular year and as if the number of days in the particular year were one-half of the number of days in the particular year otherwise determined; and

(*b*) no amount may be deducted in computing the taxpayer's income under section 130R1 in respect of the property for any subsequent taxation year.

s. 130R55.15; O.C. 1631-96, s. 19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2.5).

CHAPTER IV

RULES RESPECTING CLASSES OF PROPERTY

chap. IV; O.C. 1981-80, title VI, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV; O.C. 134-2009, s. 1.

DIVISION I

ELECTION BY A TAXPAYER

div. I; O.C. 1981-80, title VI, chap. IV, div. I; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV, div. I; O.C. 134-2009, s. 1.

130R128. In respect of properties otherwise included in any of Classes 2 to 10 and 11 in Schedule B or in Class 12 in that schedule, except in the case of a property referred to in any of sections 130R192 to 130R194, a taxpayer may elect to include in Class 1 in that schedule all such properties acquired for the purpose of gaining or producing income from the same business.

s. 130R56; O.C. 1981-80, s. 130R56; R.R.Q., 1981, c. I-3, r. 1, s. 130R56; O.C. 1697-92, s. 32; O.C. 1463-2001, s. 38; O.C. 1470-2002, s. 19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(1).

130R129. Where the chief depreciable properties of a taxpayer are included in any of Classes 2, 4 and 17 in Schedule B, the taxpayer may elect to include in any of Classes 2, 4 and 17, as the case may be, a property that would otherwise be included in another class and that was acquired by the taxpayer before 26 May 1976 for the purpose of gaining or producing income from the same business as that for which those properties otherwise included in any of Classes 2, 4 and 17 were acquired.

s. 130R57; O.C. 1981-80, s. 130R57; R.R.Q., 1981, c. I-3, r. 1, s. 130R57; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2).

130R130. In respect of properties otherwise included in Class 19 or 21 in Schedule B, a taxpayer may elect to include in Class 8 in that schedule all properties of Class 19 or all properties of Class 21, as the case may be, owned by the taxpayer at the beginning of the year.

s. 130R58; O.C. 1981-80, s. 130R58; R.R.Q., 1981, c. I-3, r. 1, s. 130R58; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2a).

130R131. In respect of properties otherwise included in Class 20 in Schedule B, a taxpayer may elect to include in any of Classes 1, 3 and 6 in Schedule B, as specified in the letter to be filed pursuant to section 130R139 in respect of such election, all the properties in Class 20 in that schedule owned by the taxpayer at the commencement of the year.

s. 130R58.0.1; O.C. 1697-92, s. 33; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(2f).

130R132. A taxpayer may elect to include in Class 37 in Schedule B the properties that the taxpayer acquired before 10 March 1982 and that would be included in that class if the taxpayer had acquired them after that date.

s. 130R58.1; O.C. 2962-82, s. 17; O.C. 500-83, s. 17; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2b).

130R133. In respect of a property that would otherwise be included in Class 7 in Schedule B under paragraph *h* of that class and to which sections 130R101 and 130R176, or sections 130R102 and 130R178 would apply if Class 35 in that schedule applied to the property, a taxpayer may elect to include the property in Class 35 if the taxpayer so elects by letter attached to the taxpayer's fiscal return for the taxation year in which the property was acquired by the taxpayer, on or before the taxpayer's filing-due date for that year.

s. 130R58.1.1; O.C. 1149-2006, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2i).

130R134. A taxpayer may elect not to include a property in Class 44 in Schedule B, provided the election is made, by letter attached to the taxpayer's fiscal return for the taxation year in which the property was acquired by the taxpayer, on or before the taxpayer's filing-due date for that year.

s. 130R58.2; O.C. 1631-96, s. 20; O.C. 1466-98, s. 23; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2h).

130R135. Where a taxpayer has acquired after 25 May 1976, all or any part of a property included in a particular class in Schedule B and where the property or a part thereof would have been included in another class in that schedule if it had been acquired before 26 May 1976, the taxpayer may elect to transfer, in the year of acquisition:

(*a*) the property, or the part thereof, from the particular class to the other class; or

(*b*) the part of the property acquired before 26 May 1976 from the other class to the particular class.

An election under the first paragraph must be made by letter attached to the taxpayer's fiscal return, on or before the taxpayer's filing-due date for the taxation year in which the acquisition occurred or for the following taxation year.

s. 130R59; O.C. 1981-80, s. 130R59; R.R.Q., 1981, c. I-3, r. 1, s. 130R59; O.C. 1466-98, s. 24; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2c) before (a), after (c)(ii), (d) and (e).

130R136. Section 130R135 applies only if

(*a*) the taxpayer was required to acquire the property under the terms of an agreement in writing entered into before 26 May 1976;

(*b*) the taxpayer commenced the construction, manufacture or production of the property before 26 May 1976 or the construction, manufacture or production of the property was commenced under an agreement in writing entered into by the taxpayer before 26 May 1976; or

(*c*) the taxpayer acquired the property on or before 31 December 1976 or was required to acquire the property under the terms of an agreement in writing entered into on or before 31 December 1976, if

i. arrangements in writing, respecting the acquisition, construction, manufacture or production of the property had been substantially advanced before 26 May 1976, or

ii. the taxpayer had, before 26 May 1976, demonstrated a *bona fide* intention to acquire the property.

s. 130R60; O.C. 1981-80, s. 130R60; R.R.Q., 1981, c. I-3, r. 1, s. 130R60; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2c)(a) to (c).

130R137. A taxpayer referred to in section 130R138 may elect to transfer the property referred to in paragraph *a* of that section, immediately before it is disposed of, from the class

referred to in that paragraph *a* to the class referred to in paragraph *b* of that section.

An election under the first paragraph must be made by letter to that effect attached to the taxpayer's fiscal return, on or before the taxpayer's filing-due date for the taxation year in which the property referred to in paragraph *a* of section 130R138 is disposed of by the taxpayer.

s. 130R61; O.C. 1981-80, s. 130R61; R.R.Q., 1981, c. I-3, r. 1, s. 130R61; O.C. 1466-98, s. 25; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2d) after (d).

130R138. A taxpayer may make the election referred to in section 130R137 if the taxpayer

(*a*) disposed of a property included in a class in Schedule B that would have been a property included in the class referred to in paragraph *b* if the taxpayer had acquired it at the time the property referred to in paragraph *b* was acquired and from the person from whom that property was acquired; and

(*b*) acquired, before the end of the taxation year during which the property referred to in paragraph *a* was disposed of, a property included in a class in Schedule B, other than the class referred to in paragraph *a* and other than a separate class referred to in Chapter V, with the exception of section 130R176, that would have been a property included in the class referred to in paragraph *a* if the taxpayer had acquired it at the time the property referred to in paragraph *a* was acquired and from the person from whom that property was acquired.

s. 130R62; O.C. 1981-80, s. 130R62; R.R.Q., 1981, c. I-3, r. 1, s. 130R62; O.C. 2847-84, s. 9; O.C. 1697-92, s. 34; O.C. 366-94, s. 13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2d)(a) to (d).

130R139. Any election by a taxpayer under sections 130R128 to 130R132 for a taxation year is made by filing with the taxpayer's fiscal return for the year, on or before the taxpayer's filing-due date for the year, a letter to that effect.

s. 130R63; O.C. 1981-80, s. 130R63; R.R.Q., 1981, c. I-3, r. 1, s. 130R63; O.C. 2962-82, s. 18; O.C. 500-83, s. 18; O.C. 1466-98, s. 26; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(3).

130R140. An election under paragraph *b* of section 130R143 in respect of property described therein or property described in section 130R144, or under this division is effective from the first day of the taxation year in respect of which the election is made and continues to be effective for all subsequent years.

s. 130R64; O.C. 1981-80, s. 130R64; R.R.Q., 1981, c. I-3, r. 1, s. 130R64; O.C. 1454-99, s. 17; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(4).

DIVISION II

TRANSFER OF PROPERTY FROM CLASS 40 TO CLASS 10

div. I.1; O.C. 1697-92, s. 35; O.C. 134-2009, s. 1.

130R141. For the purposes of this Title and Schedule B, where property owned by a taxpayer would otherwise be included in Class 40 in that schedule, all such property owned by the taxpayer must be transferred from that class to Class 10 in that schedule immediately after the beginning of the first taxation year of the taxpayer beginning after 31 December 1989.

s. 130R64.1; O.C. 1697-92, s. 35; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2e).

DIVISION III

TRANSFER OF PROPERTY TO CLASS 8, 10 OR 43

div. I.2; O.C. 1631-96, s. 21; O.C. 1149-2006, s. 10; O.C. 134-2009, s. 1.

130R142. For the purposes of this Title and Schedule B, where one or more properties of a taxpayer are included in a separate class pursuant to an election made by the taxpayer in accordance with section 130R198 or 130R199, all the properties in that class immediately after the beginning of the taxpayer's fifth taxation year beginning after the end of the first taxation year in which a property of the class became available for use by the taxpayer for the purposes of section 93.6 of the Act must be transferred immediately after the beginning of that fifth taxation year from the separate class to the class in which the property would, but for the election, have been included.

s. 130R64.2; O.C. 1631-96, s. 21; O.C. 1463-2001, s. 39; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1103(2g).

DIVISION IV

ELECTRICAL PLANT USED FOR MINING

div. II; O.C. 1981-80, title VI, chap. IV, div. II; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV, div. II; O.C. 134-2009, s. 1.

130R143. Where the generating or distributing equipment and plant, including structures, of a producer or distributor of electrical energy were acquired for the purpose of providing power to a consumer for use by the consumer in the operation in Canada of a mine, ore mill, smelter, metal refinery or any combination thereof and at least 80% of the producer's or distributor's output of electrical energy for the first two taxation years in which the producer or the distributor, as the case may be, sold power was sold to the consumer for that purpose, the property must be included in

(*a*) Class 10 in Schedule B if it is property that the producer or the distributor acquired

i. before 1 January 1988, or

ii. before 1 January 1990

(1) pursuant to an obligation in writing entered into by the taxpayer before 18 June 1987,

(2) that was under construction by or on behalf of the taxpayer on 18 June 1987, or

(3) that is machinery or equipment that is a fixed and integral part of a building, structure, plant facility or other property that was under construction by or on behalf of the taxpayer on 18 June 1987; or

(*b*) Class 41 or 41.1 in Schedule B in any other case, except where the property would otherwise be included in Class 43.1 or 43.2 in Schedule B and the taxpayer has, by a letter filed with the fiscal return of the taxpayer filed in accordance with sections 1000 to 1003 of the Act for the taxation year in which the property was acquired, elected to include the property in Class 43.1 or 43.2, as the case may be.

s. 130R65; O.C. 1981-80, s. 130R65; R.R.Q., 1981, c. I-3, r. 1, s. 130R65; O.C. 1697-92, s. 36; O.C. 1454-99, s. 18; O.C. 1116-2007, s. 10; O.C. 134-2009, s. 1; O.C. 390-2012, s. 21.

Corresponding Federal Provision: 1102(8).

130R144. Section 130R143 also applies where a taxpayer has acquired generating or distributing equipment and plant, including structures, for the purpose of providing power for the taxpayer's own consumption in operating a mine, ore mill, smelter, metal refinery or any combination thereof and where at least 80% of the output of electrical energy was so used in the first two taxation years in which power was so produced.

s. 130R66; O.C. 1981-80, s. 130R66; R.R.Q., 1981, c. I-3, r. 1, s. 130R66; O.C. 1454-99, s. 19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(9).

130R145. Sections 130R143 and 130R144 are to be read without reference to the expression "metal refinery" where the property referred to therein was acquired before 8 November 1969.

s. 130R67; O.C. 1981-80, s. 130R67; R.R.Q., 1981, c. I-3, r. 1, s. 130R67; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(9.1).

130R146. Despite sections 130R143 and 130R144, where a taxpayer acquired property referred to therein after 7 November 1969 from a person with whom the taxpayer was not dealing at arm's length, that property may not be included in Class 10 in Schedule B unless it had been included in that class by the person from whom it was acquired pursuant to subsections 8 and 9 of section 1102 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), as they applied before 8 November 1969 for the purposes of the former Acts within the meaning of section 1 of the Act respecting the application of the Taxation Act (chapter I-4).

s 130R68; O.C. 1981-80, s. 130R68; R.R.Q., 1981, c. I-3, r. 1, s. 130R68; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(9.2).

DIVISION V

(Revoked).

div. III; O.C. 1981-80, title VI, chap. IV, div. III; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV, div. III; O.C. 134-2009, s. 1; O.C. 321-2017, s. 13.

130R147. *(Revoked).*

s. 130R69; O.C. 1981-80, s. 130R69; R.R.Q., 1981, c. I-3, r. 1, s. 130R69; O.C. 134-2009, s. 1; O.C. 321-2017, s. 13.

DIVISION VI

PROPERTY ACQUIRED BY CERTAIN TRANSFERS, OR REORGANIZATIONS

div. IV; O.C. 1981-80, title VI, chap. IV, div. IV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV, div. IV; O.C. 1697-92, s. 37; O.C. 134-2009, s. 1.

130R148. Subject to sections 130R149 and 130R150.2 and for the purposes of this Title and Schedule B, where a property, immediately before it was acquired by the taxpayer, was property of a prescribed class or a separate prescribed class of the person from whom it was so acquired, the property is deemed to be property of that same prescribed class or separate prescribed class, as the case may be, of the taxpayer.

s. 130R70; O.C. 1981-80, s. 130R70; R.R.Q., 1981, c. I-3, r. 1, s. 130R70; O.C. 134-2009, s. 1; O.C. 390-2012, s. 22.

Corresponding Federal Provision: 1102(14) before (a).

130R149. Section 130R148 does not apply unless the taxpayer acquires the property referred to therein,

(*a*) in the course of a reorganization in respect of which, if a dividend were received by a corporation in the course of the reorganization, section 308.1 of the Act would not be applicable to the dividend by reason of the application of section 308.3 of the Act; or

(*b*) from a person with whom the taxpayer is not dealing at arm's length, otherwise than by virtue of a right referred to in paragraph *b* of section 20 of the Act, at the time the property is acquired.

s. 130R71; O.C. 1981-80, s. 130R71; R.R.Q., 1981, c. I-3, r. 1, s. 130R71; O.C. 1472-87, s. 6; O.C. 1471-91, s. 16; O.C. 1697-92, s. 38; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(14)(a) and (d).

130R150. For the purposes of this Title and Schedule B, where a taxpayer has acquired, after 25 May 1976, property of a particular class in that schedule that had been previously owned before 26 May 1976 by the taxpayer or by a person with whom the taxpayer was not dealing at arm's length, otherwise than by virtue of a right referred to in paragraph *b* of section 20 of the Act, at the time the property was acquired, and at that particular time, the property was included in a different class in that schedule, other than Class 28 or 41, the property is deemed to be property in the different class and not property in the particular class.

s. 130R72; O.C. 1981-80, s. 130R72; R.R.Q., 1981, c. I-3, r. 1, s. 130R72; O.C. 1697-92, s. 39; O.C. 134-2009, s. 1; O.C. 390-2012, s. 23.

Corresponding Federal Provision: 1102(14.1).

130R150.1. Despite section 130R148, where a taxpayer acquires from a person or partnership, in circumstances described in paragraph *a* or *b* of section 130R149, property that was of a separate prescribed class of the person or partnership under section 130R194.1, the property is deemed to be in the same prescribed class of the taxpayer and not to be in a separate prescribed class in relation to that class, if the person or partnership was entitled to deduct, for a taxation year or a fiscal period, as the case may be, prior to the taxation year or fiscal period of disposition of the property, an amount in computing the taxpayer's income from a business under section 156.7.1 of the Act in respect of the property.

O.C. 390-2012, s. 24.

130R150.2. Where, after 18 March 2007, a taxpayer acquires an oil sands property in circumstances to which subsection 130R150 applies and the property was depreciable property that was included in Class 41, because of any of subparagraphs *a* to *c* of the first paragraph of that class, of the person or partnership from whom the taxpayer acquired the property, the following rules apply:

(*a*) there may be included in Class 41 of the taxpayer only that portion of the property the capital cost of which portion to the taxpayer is the lesser of the undepreciated capital cost of Class 41 to that person or partnership immediately before the disposition of the property by the person or partnership and the amount by which that undepreciated capital cost is reduced as a result of that disposition; and

(*b*) that portion of the property that is not the portion included in Class 41 of the taxpayer because of paragraph *a* must be included in Class 41.1 of the taxpayer.

O.C. 390-2012, s. 24.

Corresponding Federal Provision: 1102(14.11).

130R151. Where property, while leased by a taxpayer under a lease contract, was the subject of the joint election referred to in section 125.1 of the Act and the taxpayer subsequently acquires the property through the exercise of a right to acquire it under the contract, paragraphs *b* and *c* of section 130R194.1 or the second and fourth paragraphs of Class 12 in Schedule B apply, in respect of the property while it was so leased by the taxpayer, as if the period during which the property was so leased by the taxpayer also included the subsequent period during which the taxpayer owns the property.

Where the property, while leased by the taxpayer under the lease contract, was property that was included in Class 12 in Schedule B under the second or fourth paragraph of that class, or in Class 18 in that schedule under paragraph *b* of that class, and in respect of which a separate prescribed class had been created, the property must, where it is acquired by the taxpayer through the exercise of a right to acquire it under the lease contract, be included in the same separate prescribed class of the taxpayer.

s. 130R72.1; O.C. 1249-2005, s. 8; O.C. 134-2009, s. 1; O.C. 390-2012, s. 25.

DIVISION VII

MANUFACTURING AND PROCESSING BUSINESSES

div. V; O.C. 1981-80, title VI, chap. IV, div. V; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV, div. V; O.C. 134-2009, s. 1.

130R152. For the purposes of paragraph *e* of section 99 of the Act, property is prescribed that is a building included in Class 3 or 6, or machinery and equipment included in Class 8 in Schedule B.

Such property does not include, however, property acquired for use outside Canada, or property that may reasonably be regarded as having been acquired for the purpose of producing coal from a coal mine, or oil, gas, metals or industrial minerals from a resource referred to in section 360R4.

s. 130R73; O.C. 1981-80, s. 130R73; R.R.Q., 1981, c. I-3, r. 1, s. 130R73; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(15)(a).

130R153. For the purposes of paragraph *e* of section 99 of the Act, a business carried on by the taxpayer is considered to be a manufacturing or processing business, if for the fiscal period during which the property was acquired, or for the fiscal period during which a reasonable volume of business was first carried on, whichever was later, the revenue received by the taxpayer, in the course of carrying on the business, from manufacturing or processing, was not less than 2/3 of the revenue of the business for the period.

For the purposes of this section, the revenue from manufacturing or processing includes the revenue arising from

(*a*) the sale of goods processed or manufactured by the taxpayer in Canada;

(*b*) the leasing or renting of goods processed or manufactured by the taxpayer in Canada;

(*c*) advertisements in a newspaper or magazine produced by the taxpayer in Canada; and

(*d*) construction carried on by the taxpayer in Canada.

s. 130R74; O.C. 1981-80, s. 130R74; R.R.Q., 1981, c. I-3, r. 1, s. 130R74; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(15)(b).

130R154. For the purposes of section 130R153, "revenue" means gross revenue, minus

(*a*) amounts that were paid or credited in the period to customers of the business in relation to such revenue as a bonus, rebate or discount, or for returned or damaged goods; and

(*b*) amounts included therein pursuant to any of sections 93 to 104 and 186 of the Act.

s. 130R75; O.C. 1981-80, s. 130R75; R.R.Q., 1981, c. I-3, r. 1, s. 130R75; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(16).

130R154.1. A taxpayer that acquires a property after 18 March 2007 and before 1 January 2016 that is manufacturing or processing machinery or equipment may, by letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to 1003 of the Act for the taxation year in which the property was acquired, elect to include the property in Class 29 in Schedule B if

(*a*) Class 43.1 or 43.2 in that schedule would otherwise apply to the property; and

(*b*) Class 29 in that schedule would apply to the property if that schedule were read without reference to Classes 43.1 and 43.2.

O.C. 1176-2010, s. 17; O.C. 1105-2014, s. 5.

Corresponding Federal Provision: 1102(16.1).

DIVISION VIII

ADDITIONS AND ALTERATIONS

div. VI; O.C. 1983-80, s. 8; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. IV, div. VI; O.C. 134-2009, s. 1.

130R155. For the purposes of this Title and Schedule B, where a taxpayer acquires a property that is an addition or alteration to another property included in a particular class in that schedule, where the property would have been included in that particular class if it had been acquired at the same time as the other property and where the other property would have been included in a class other than that particular class if it had been acquired at the same time as that property, it is deemed, except where otherwise provided by that Title or that schedule, to be a property included in that other class.

s. 130R75.1; O.C. 1983-80, s. 8; R.R.Q., 1981, c. I-3, r. 1, s. 130R75.1; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(19).

130R155.1. For the purposes of sections 130R23.1, 130R23.2 and 130R163.1, the capital cost of an addition to or an alteration of a taxpayer's building is deemed to be the capital cost to the taxpayer of a separate building if the building to which the addition or alteration was made is not included in a separate class under section 130R163.1.

O.C. 1176-2010, s. 18.

Corresponding Federal Provision: 1102(23).

130R155.2. If an addition or an alteration is deemed to be a separate building under section 130R155.1, sections 130R23.1 and 130R23.2 are to be read with "the floor space of the building" replaced by "the total floor space of the separate building and the building to which the addition or alteration was made".

O.C. 1176-2010, s. 18.

Corresponding Federal Provision: 1102(24).

130R155.3. For the purposes of this Title and Schedule B, if an eligible non-residential building of a taxpayer was under construction on 19 March 2007, the portion, if any, of the capital cost of the building that was incurred by the taxpayer before 19 March 2007 is deemed to have been incurred by the taxpayer on 19 March 2007 unless the taxpayer elects, by letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to 1003 of the Act for the taxation year in which the building was acquired, that this section not apply to that cost.

O.C. 1176-2010, s. 18.

Corresponding Federal Provision: 1102(25).

130R155.4. For the purposes of this Title and Schedule B, any property acquired by a taxpayer after 25 February 2008 that is, in the course of the refurbishment or reconditioning of a railway locomotive of the taxpayer, incorporated into the locomotive is, except as otherwise provided in that Title or in that schedule, deemed to be included in Class 10 in that schedule because of subparagraph *t* of the second paragraph of that class, if the railway locomotive

(*a*) is included in a class in that schedule other than Class 10; and

(*b*) would be included in Class 10 in that schedule if it had not been used or acquired for use for any purpose by any taxpayer before 26 February 2008.

O.C. 1176-2010, s. 18.

Corresponding Federal Provision: 1102(19.1) and (19.2).

CHAPTER V

SEPARATE CLASSES

chap. V; O.C. 1981-80, title VI, chap. V; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. V; O.C. 134-2009, s. 1.

130R156. Where two or more properties of a taxpayer are described in the same class in Schedule B and where some of the properties were acquired for the purpose of gaining or producing income from a business and some other properties for gaining or producing income from another business or from property, a separate class is hereby prescribed for each business in respect of such properties.

s. 130R76; O.C. 1981-80, s. 130R76; R.R.Q., 1981, c. I-3, r. 1, s. 130R76; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1).

130R157. For the purposes of section 130R156, a life insurance business and an insurance business other than a life insurance business must each be regarded as a separate business.

s. 130R77; O.C. 1981-80, s. 130R77; R.R.Q., 1981, c. I-3, r. 1, s. 130R77; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1a).

130R158. Properties of a member of a partnership that can reasonably be regarded to be the member's interest in a depreciable property of the partnership must be included in a separate class from other properties of such member described in the same class in Schedule B.

s. 130R80; O.C. 1981-80, s. 130R80; R.R.Q., 1981, c. I-3, r. 1, s. 130R80; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1ab).

130R159. Subject to section 130R184, rental properties of a taxpayer, the capital cost of which is $50,000 or more must be included in a separate class from other properties of the taxpayer described in the same class in Schedule B.

However, this section does not apply to a rental property acquired by the taxpayer before 1972 or to a rental property that is a building, an interest therein or a leasehold interest acquired by the taxpayer by reason of the fact that the taxpayer erected a building on leased land, if the erection of the building was commenced by the taxpayer before 1972 or pursuant to an agreement in writing entered into by the taxpayer before 1972.

s. 130R81; O.C. 1981-80, s. 130R81; R.R.Q., 1981, c. I-3, r. 1, s. 130R81; O.C. 2962-82, s. 19; O.C. 500-83, s. 19; O.C. 1697-92, s. 40; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1ac).

130R160. Section 130R159 does not apply to a rental property

(*a*) that was acquired by the taxpayer either in the course of a reorganization in respect of which, if a dividend were received by a corporation in the course of the reorganization, section 308.1 of the Act would not apply to the dividend by reason of the application of section 308.3 of the Act, or from a person with whom the taxpayer was not dealing at arm's length, otherwise than by virtue of a right referred to in paragraph *b* of section 20 of the Act, at the time of the acquisition of the property; and

(*b*) that was, immediately before it was so acquired by the taxpayer, a rental property of the person from whom it was so acquired of a prescribed class otherwise than under section 130R159.

s. 130R82; O.C. 1981-80, s. 130R82; R.R.Q., 1981, c. I-3, r. 1, s. 130R82; O.C. 1472-87, s. 7; O.C. 1471-91, s. 17; O.C. 1697-92, s. 41; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1ad).

130R161. Each property of a taxpayer that is a certified Quebec film must be included in a separate class from that of the other properties of the taxpayer belonging to the same class in Schedule B.

s. 130R82.1; O.C. 2727-84, s. 7; O.C. 1539-93, s. 9; O.C. 134-2009, s. 1.

130R162. Except in the case of a corporation or partnership described in section 130R86, rental properties of a taxpayer, other than properties that must be included in a separate class under section 130R159, must be included in a separate class from other properties of the taxpayer described in the same class in Schedule B.

s. 130R83; O.C. 1981-80, s. 130R83; R.R.Q., 1981, c. I-3, r. 1, s. 130R83; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1ae).

130R163. For the purposes of this Title, where any property of a taxpayer is a property of Class 31 or 32 in Schedule B and the capital cost of the property is $50,000 or more, a separate class is hereby prescribed for each such property of the taxpayer that would otherwise be included in the same class in Schedule B.

s. 130R84; O.C. 1981-80, s. 130R84; R.R.Q., 1981, c. I-3, r. 1, s. 130R84; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5b).

130R163.1. For the purposes of this Title, a separate class is hereby prescribed for each eligible non-residential building, other than an eligible liquefaction building, of a taxpayer in respect of which the taxpayer has, by letter attached to the fiscal return of the taxpayer filed pursuant to sections 1000 to 1003 of the Act for the taxation year in which the building was acquired, elected that this section apply.

O.C. 1176-2010, s. 19; O.C. 321-2017, s. 14.

Corresponding Federal Provision: 1101(5b.1).

130R163.1.1. A separate class is hereby prescribed for eligible liquefaction buildings acquired by a taxpayer to be

used as part of an eligible liquefaction facility of the taxpayer to earn or produce income from that facility.

O.C. 321-2017, s. 15.

Corresponding Federal Provision: 1101(5b.2).

130R163.2. Property of a taxpayer in respect of which the taxpayer is a transferee, within the meaning of section 96.0.2 of the Act, must, where the taxpayer has, jointly with the transferor of the property within the meaning of that section 96.0.2, made a valid election under paragraph *c* of subsection 4.2 of section 13 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Suppl.)), be included in a separate class from other properties of the taxpayer described in the same class in Schedule B.

O.C. 1105-2014, s. 6.

Corresponding Federal Provision: 1101(1ag).

130R164. Where property of a taxpayer that would otherwise be included in Class 7 in Schedule B is a property in respect of which a depreciation allowance could have been taken under Order in Council P.C. 2798 of 10 April 1942, P.C. 7580 of 26 August 1942, as amended by P.C. 3297 of 22 April 1943, or P.C. 3979 of 1 June 1944, if those Orders in Council were applicable to the taxation year, a separate class is hereby prescribed for each ship, including the furniture, fittings and equipment attached hereto.

s. 130R85; O.C. 1981-80, s. 130R85; R.R.Q., 1981, c. I-3, r. 1, s. 130R85; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(2).

130R165. A separate class is hereby prescribed for each vessel of a taxpayer, including the furniture, fittings, radiocommunication equipment and other equipment attached thereto, where the vessel

(*a*) was constructed in Canada;

(*b*) is registered in Canada; and

(*c*) had not been used for any purpose whatever before it was acquired by the taxpayer.

s. 130R86; O.C. 1981-80, s. 130R86; R.R.Q., 1981, c. I-3, r. 1, s. 130R86; O.C. 1631-96, s. 22; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(2a).

130R166. A separate class is hereby prescribed for all vessels included in Class 7 in Schedule B, including furniture, fittings, radiocommunication equipment and other equipment attached thereto, acquired by a taxpayer

(*a*) after 25 May 1976 and designed principally to determine the existence of accumulation of petroleum or natural gas, except a mineral resource, and to locate such accumulation or to determine its extent or quality, or to drill an oil or gas well; or

(*b*) after 22 May 1979 and designed principally to determine the existence of a mineral resource, to locate such resource or determine its extent or quality.

s. 130R87; O.C. 1981-80, s. 130R87; O.C. 1983-80, s. 9; R.R.Q., 1981, c. I-3, r. 1, s. 130R87; O.C. 35-96, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(2b).

130R167. For the purposes of this Title, each property of a taxpayer that is a timber limit or a right to cut timber in such limit is deemed to be a separate class of property, except where that property is a timber resource property.

s. 130R88; O.C. 1981-80, s. 130R88; R.R.Q., 1981, c. I-3, r. 1, s. 130R88; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(3).

130R168. For the purposes of this Title, where a taxpayer has more than one industrial mineral mine in respect of which an allowance may be claimed under section 130R216, or has more than one right to remove industrial minerals from such a mine, each such mine and each such right is deemed to be a separate class.

The same applies where the taxpayer has both such a mine and such a right.

s. 130R89; O.C. 1981-80, s. 130R89; R.R.Q., 1981, c. I-3, r. 1, s. 130R89; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(4).

130R169. Where one or more properties of a taxpayer are included in Class 28 in Schedule B and some or all of the properties, referred to in this section as "single mine properties", were acquired for the purpose of gaining or producing income from one mine and not from any other mine, a separate class is prescribed for the single mine properties that

(*a*) were acquired for the purpose of gaining or producing income from that mine only;

(*b*) would otherwise be included in Class 28 in that schedule; and

(*c*) are not included in a separate class because of section 130R170.

s. 130R90; O.C. 1981-80, s. 130R90; R.R.Q., 1981, c. I-3, r. 1, s. 130R90; O.C. 1282-2003, s. 28; O.C. 134-2009, s. 1; O.C. 390-2012, s. 26.

Corresponding Federal Provision: 1101(4a).

130R170. Where more than one property of a taxpayer is described in Class 28 in Schedule B and some or all of the properties, referred to in this section as "multiple mine properties", were acquired for the purpose of gaining or producing income from particular mines and not from any other mine, a separate class is prescribed for the multiple mine properties that

(*a*) were acquired for the purpose of gaining or producing income from the particular mines; and

(*b*) would otherwise be included in Class 28 in that schedule.

s. 130R91; O.C. 1981-80, s. 130R91; R.R.Q., 1981, c. I-3, r. 1, s. 130R91; O.C. 1282-2003, s. 29; O.C. 134-2009, s. 1; O.C. 390-2012, s. 26.

Corresponding Federal Provision: 1101(46).

130R171. Where one or more properties of a taxpayer are described in Class 41 in Schedule B under any of subparagraphs *a* to *c* of the first paragraph of that class and some or all of the properties, referred to in this section as "single mine properties", were acquired for the purpose of gaining or producing income from one mine and not from any other mine, a separate class is prescribed for the single mine properties that

(*a*) were acquired for the purpose of gaining or producing income from that mine only;

(*b*) would otherwise be included in Class 41 in that schedule; and

(*c*) are not included in a separate class because of section 130R172.

s. 130R91.1; O.C. 1697-92, s. 42; O.C. 1454-99, s. 20; O.C. 1282-2003, s. 30; O.C. 134-2009, s. 1; O.C. 390-2012, s. 26.

Corresponding Federal Provision: 1101(4c).

130R172. Where one or more properties of a taxpayer are described in Class 41 in Schedule B under any of subparagraphs *a* to *c* of the first paragraph of that class and some or all of the properties, referred to in this section as "multiple mine properties", were acquired for the purpose of gaining or producing income from particular mines and not from any other mine, a separate class is prescribed for the multiple mine properties that

(*a*) were acquired for the purpose of gaining or producing income from the particular mines; and

(*b*) would otherwise be included in Class 41 in that schedule.

s. 130R91.2; O.C. 1697-92, s. 42; O.C. 1454-99, s. 20; O.C. 1282-2003, s. 31; O.C. 134-2009, s. 1; O.C. 390-2012, s. 26.

Corresponding Federal Provision: 1101(4d).

130R172.1. Where one or more properties of a taxpayer are included in Class 41.1 in Schedule B under paragraph *a* of that class and some or all of the properties, referred to in this section as "single mine properties", were acquired for the purpose of gaining or producing income from one mine and not from any other mine, a separate class is prescribed for the single mine properties that

(*a*) were acquired for the purpose of gaining or producing income from that mine only;

(*b*) would otherwise be included in Class 41.1 in that schedule under paragraph *a* of that class; and

(*c*) are not included in a separate class because of section 130R172.2.

O.C. 390-2012, s. 27.

Corresponding Federal Provision: 1101(4e).

130R172.2. Where one or more properties are included in Class 41.1 in Schedule B under paragraph *a* of that class and some or all of the properties, referred to in this section as "multiple mine properties", were acquired for the purpose of gaining or producing income from particular mines and not from any other mine, a separate class is prescribed for the multiple mine properties that

(*a*) were acquired for the purpose of gaining or producing income from the particular mines; and

(*b*) would otherwise be included in Class 41.1 in that schedule under paragraph *a* of that class.

O.C. 390-2012, s. 27.

Corresponding Federal Provision: 1101(4f).

130R172.3. A separate class is hereby prescribed for eligible liquefaction equipment acquired by a taxpayer to be used as part of an eligible liquefaction facility of the taxpayer to earn or produce income from that facility.

O.C. 321-2017, s. 16.

Corresponding Federal Provision: 1101(4i).

130R173. Where, by virtue of an agreement, contract or arrangement entered into on or after 31 May 1954, a taxpayer was deemed to have acquired a property of a separate class under the Corporation Tax Act (R.S.Q. 1964, c. 67) or under the Provincial Income Tax Act (R.S.Q. 1964, c. 69) and the taxpayer subsequently effectively acquires the property, such property remains included in the same class.

s. 130R92; O.C. 1981-80, s. 130R92; R.R.Q., 1981, c. I-3, r. 1, s. 130R92; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5).

130R174. For the purposes of this Title, each unmanned telecommunication spacecraft included in Class 10 in Schedule B under subparagraph *i* of the first paragraph of that class, or in Class 30 in that schedule, is deemed to be a separate class of property.

s. 130R93; O.C. 1981-80, s. 130R93; R.R.Q., 1981, c. I-3, r. 1, s. 130R93; O.C. 1697-92, s. 43; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5a).

130R175. For the purposes of this Title, except in the case of a corporation or a partnership described in section 130R92, where more than one property of a taxpayer

is described in the same class in Schedule B and where one of the properties is a leasing property and one of the properties is a property other than a leasing property, a separate class is hereby prescribed for properties that are leasing properties and would otherwise be included in the class.

s. 130R94; O.C. 1981-80, s. 130R94; R.R.Q., 1981, c. I-3, r. 1, s. 130R94; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5c).

130R176. Where a taxpayer has more than one railway car included in Class 35 in Schedule B that is leased or used in Canada in a taxation year, other than a railway car owned by a corporation or by a partnership any member of which is a corporation, that at any time in the year was a common carrier that owned or operated a railway or leased railway cars, through one or more transactions between persons not dealing with each other at arm's length, to an associated corporation that was, at that time, a common carrier that owned or operated a railway, a separate class is hereby prescribed for each of the following:

(*a*) the aggregate of such property acquired by the taxpayer before 3 February 1990, other than property acquired for the purpose of being leased to another person;

(*b*) the aggregate of such property acquired by the taxpayer after 2 February 1990, other than property acquired for the purpose of being leased to another person;

(*c*) the aggregate of such property acquired by the taxpayer before 27 April 1989 for the purpose of being leased to another person; and

(*d*) the aggregate of such property acquired by the taxpayer after 26 April 1989 for the purpose of being leased to another person.

s. 130R95; O.C. 1981-80, s. 130R95; R.R.Q., 1981, c. I-3, r. 1, s. 130R95; O.C. 366-94, s. 14; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5d).

130R177. A separate class is hereby prescribed for all property included in Class 35 in Schedule B that is acquired after 6 December 1991 and before 28 February 2000 by a taxpayer that at the time of the acquisition is a common carrier owning and operating a railway.

s. 130R95.1; O.C. 1631-96, s. 23; O.C. 1707-97, s. 98; O.C. 1149-2006, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5d.1).

130R178. A separate class is hereby prescribed for all property included in Class 35 in Schedule B that is acquired at a time after 27 February 2000 by a taxpayer that was at that time a common carrier that owned and operated a railway.

s. 130R95.2; O.C. 1149-2006, s. 12; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5d.2).

130R179. A separate class is hereby prescribed for all property included in Class 1 in Schedule B that a taxpayer has acquired after 31 March 1977 and before 1 January 1988 and that is

(*a*) railway track and grading, including components such as rails, ballast, ties and other material;

(*b*) a bridge, culvert, subway or tunnel that is ancillary to railway track or grading; or

(*c*) railway traffic control or signalling equipment, including switching, block signalling, interlocking, crossing protection, detection, speed control or retarding equipment, but not including property that is principally electronic equipment or system software therefor.

s. 130R96; O.C. 1981-80, s. 130R96; O.C. 3211-81, s. 1; R.R.Q., 1981, c. I-3, r. 1, s. 130R96; O.C. 2583-85, s. 5; O.C. 1631-96, s. 61; O.C. 134-2009, s. 1; O.C. 390-2012, s. 28.

Corresponding Federal Provision: 1101(5e).

130R180. A separate class is hereby prescribed for all property included in Class 1 in Schedule B acquired after 6 December 1991 by a taxpayer that at the time of the acquisition is a common carrier owning and operating a railway, and that is

(*a*) railway track and grading, including components such as rails, ballast, ties and other material;

(*b*) a bridge, culvert, subway or tunnel that is ancillary to railway track and grading; or

(*c*) railway traffic control or signalling equipment, including switching, block signalling, interlocking, crossing protection, detection, speed control or retarding equipment, but not including property that is principally electronic equipment or systems software therefor.

s. 130R96.1; O.C. 1631-96, s. 24; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 390-2012, s. 29.

Corresponding Federal Provision: 1101(5e.1).

130R181. A separate class is hereby prescribed for all property included in Class 3 in Schedule B that a taxpayer has acquired after 31 March 1977 and before 1 January 1988 and that is trestles ancillary to railway track or grading.

s. 130R97; O.C. 1981-80, s. 130R97; O.C. 3211-81, s. 2; R.R.Q., 1981, c. I-3, r. 1, s. 130R97; O.C. 2583-85, s. 6; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5f).

130R182. A separate class is hereby prescribed for all property included in Class 3 in Schedule B that is acquired after 6 December 1991 by a taxpayer that at the time of the acquisition is a common carrier owning and operating a

railway, where that property is trestles ancillary to railway track and grading.

s. 130R97.0.1; O.C. 1631-96, s. 25; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5e.2).

130R183. A separate class is hereby prescribed for each property of a taxpayer included in Class 36 in Schedule B.

s. 130R97.1; O.C. 2962-82, s. 20; O.C. 500-83, s. 20; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5g).

130R184. For the purposes of this Title, where two or more properties of a taxpayer are included in the same class in Schedule B and those properties are not all leasehold interests referred to in section 130R87, a separate class is hereby prescribed for all the properties constituting such leasehold interests that would otherwise be included in that class.

s. 130R97.2; O.C. 2962-82, s. 20; O.C. 500-83, s. 20; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5h).

130R185. A separate class is hereby prescribed for each automobile acquired by an individual before 18 June 1987 or after 17 June 1987 pursuant to an obligation in writing entered into before 18 June 1987 and used by the taxpayer in part to earn income and in part for personal use, other than an automobile used by virtue of a permit for transportation of passengers for remuneration.

s. 130R98; O.C. 1981-80, s. 130R98; O.C. 1983-80, s. 10; R.R.Q., 1981, c. I-3, r. 1, s. 130R98; O.C. 1697-92, s. 44; O.C. 134-2009, s. 1.

130R186. A separate class is hereby prescribed for each property described in Class 10.1 in Schedule B.

s. 130R98.0.1; O.C. 1697-92, s. 45; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1af).

130R187. A separate class is hereby prescribed for each pipeline included in Class 2 in Schedule B and referred to in section 130R188 which is the property of a taxpayer and in respect of which the taxpayer has elected, in the manner referred to in the second paragraph, to apply this section.

Such election must be made by the taxpayer by means of a letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to 1003 of the Act for the taxation year during which the construction, extension, conversion or program referred to in section 130R188 was completed.

Such election is effective from the first day of the taxation year for which it is made and continues to be effective for all subsequent taxation years.

s. 130R98.1; O.C. 615-88, s. 9; O.C. 366-94, s. 15; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(1af), (5i) before (a) and after (c) and (5j).

130R188. A pipeline to which section 130R187 may apply is a pipeline of a taxpayer

(*a*) the construction of which began after 31 December 1984 and was completed after 1 September 1985 and the capital cost of which to the taxpayer is not less than $10,000,000;

(*b*) that has been extended or converted, where the extension or conversion was completed after 1 September 1985 and where the capital cost to the taxpayer of the extension or the cost to the taxpayer of the conversion, as the case may be, is not less than $10,000,000; or

(*c*) that has been extended or converted as part of a single program of extension and conversion, where that program was completed after 1 September 1985 and where the total capital cost to the taxpayer of the extension and the total cost to the taxpayer of the conversion is not less than $10,000,000.

s. 130R98.2; O.C. 615-88, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5i).

130R189. A separate class is hereby prescribed for all property of a taxpayer included in Class 10 in Schedule B under subparagraph *q* or *r* of the second paragraph of that class.

s. 130R98.3; O.C. 1114-92, s. 16; O.C. 1539-93, s. 10; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5k).

130R190. A separate class is hereby prescribed for all property of a corporation included in Class 10 in Schedule B under subparagraph *s* of the second paragraph of that class that is property

(*a*) in respect of which the corporation is deemed under subsection 3 of section 125.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) to have paid an amount on account of its tax payable under Part I of that Act for a taxation year; or

(*b*) acquired from another corporation where

i. the other corporation is deemed under subsection 3 of section 125.4 of the Income Tax Act to have paid an amount on account of its tax payable under Part I of that Act for a taxation year in respect of the property, and

ii. the corporations are related to each other throughout the period that began when the other corporation first incurred a qualified labour expenditure, within the meaning of subsection 1 of section 125.4 of the Income Tax Act, in respect of the property and that ended when the other corporation disposed of the property to the corporation.

s. 130R98.3.1; O.C. 1249-2005, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5k.1).

130R191. A separate class is hereby prescribed for each property included in Class 38 in Schedule B or in Class 8 in that schedule under paragraph *l* of that class, of which a taxpayer is the owner and in respect of which the taxpayer elected, in the manner referred to in the second paragraph, to apply this section.

Such election must be made by the taxpayer by means of a letter attached to the fiscal return of the taxpayer filed pursuant to sections 1000 to 1003 of the Act for the taxation year in which the property was acquired.

Such election is effective from the first day of the taxation year for which it is made and continues to have effect for all subsequent taxation years.

s. 130R98.4; O.C. 1697-92, s. 46; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1101(5j) and (5l).

130R192. A separate class is hereby prescribed for each property of a taxpayer described in Class 12 in Schedule B under subparagraph *t* of the first paragraph or under the second paragraph of that class.

s. 130R98.5; O.C. 1697-92, s. 46; O.C. 134-2009, s. 1.

130R193. A separate class is hereby prescribed for all property of a taxpayer that is included in Class 12 in Schedule B under subparagraphs i to iii of subparagraph *b* of the fourth paragraph of that class.

s. 130R98.5.1; O.C. 1463-2001, s. 40; O.C. 1470-2002, s. 20; O.C. 134-2009, s. 1.

130R194. A separate class is hereby prescribed for all property of a taxpayer included in Class 12 in Schedule B under subparagraph iv of subparagraph *b* of the fourth paragraph of that class.

s. 130R98.5.2; O.C. 1470-2002, s. 21; O.C. 134-2009, s. 1.

130R194.1. A separate class is hereby prescribed for all property of a taxpayer included in Class 18 in Schedule B under paragraph *b* of that class where each property

(*a*) is acquired before 1 January 2016;

(*b*) is fuelled by liquefied natural gas at the time of its acquisition by the taxpayer or has had additions or alterations made to it to allow the property to be so fuelled at the latest 12 months after being acquired by the taxpayer; and

(*c*) begins to be used within a reasonable time after being acquired by the taxpayer and to be, for a period of at least 730 consecutive days after the day on which that use began, or a shorter period in the case of involuntary loss or destruction of the property by fire, theft or water, or material breakdown of the property, used mainly in the course of the carrying on of a freight transport enterprise by

i. the taxpayer, at any time in that period during which the taxpayer is the owner of the property; or

ii. a subsequent acquirer, other than the taxpayer, having acquired the property in any of the circumstances described in section 130R149, at any time in that period during which the subsequent acquirer is the owner of the property.

O.C. 390-2012, s. 30; O.C. 229-2014, s. 5.

130R194.2. A separate class is hereby prescribed for all of a taxpayer's property referred to in section 156.7.6R1 and included in the same class in Schedule B.

2020, c. 16, s. 250.

130R195. Where, for a taxation year, a property of a taxpayer or partnership is a specified energy property, a separate class is hereby prescribed in respect of that property for that taxation year and for all subsequent taxation years.

s. 130R98.6; O.C. 91-94, s. 3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1101(5m).

130R196. Despite section 130R175, where at the end of a taxation year a property of a taxpayer is a specified leasing property within the meaning assigned to that expression by the first paragraph of section 130R71, a separate class is hereby prescribed in respect of that property, including any addition or alteration to that property included in the same class in Schedule B, for that taxation year and for all subsequent taxation years.

s. 130R98.7; O.C. 366-94, s. 16; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1101(5n).

130R197. A separate class is hereby prescribed for the property included in a class in Schedule B that is exempt property within the meaning assigned to that expression by the first paragraph of section 130R71, of the taxpayer referred to in section 130R92 and in respect of which the taxpayer has elected, in the manner referred to in the second paragraph, to apply this section.

Such election must be made by the taxpayer by means of a letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to 1003 of the Act for the taxation year during which the property was acquired.

Such election is effective from the first day of the taxation year for which it is made and continues to be effective for all subsequent taxation years.

s. 130R98.8; O.C. 366-94, s. 16; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1101(5j) and (5o).

130R198. A separate class is hereby prescribed for one or more properties of a taxpayer acquired in a taxation year and included in the year in Class 8 in Schedule B, in respect of which the taxpayer has, by means of a letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to

1003 of the Act for that taxation year, elected to apply this section, where each of the properties has a capital cost to the taxpayer of at least $400 and is

(*a*) computer software;

(*b*) a photocopier; or

(*c*) office equipment that is electronic communications equipment, such as a facsimile transmission device or telephone equipment.

s. 130R98.9; O.C. 1631-96, s. 26; O.C. 1463-2001, s. 41; O.C. 1149-2006, s. 13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5p) and (5q).

130R199. A separate class is hereby prescribed for one or more properties of a taxpayer acquired in a taxation year and included in the year in Class 43 in Schedule B because of paragraph *a* of that class, in respect of which the taxpayer has, by means of a letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to 1003 of the Act for that taxation year, elected to apply this section, where each of the properties has a capital cost to the taxpayer of at least $400.

s. 130R98.10; O.C. 1463-2001, s. 42; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5s).

130R200. For the purposes of this Title, where one or more properties of a taxpayer are included in the same class in Schedule B and the properties are not all computer tax shelter property, a separate class is hereby prescribed for all the properties that are computer tax shelter properties and that would otherwise be included in the class.

s. 130R98.11; O.C. 1282-2003, s. 32; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 20.

Corresponding Federal Provision: 1101(5r).

130R201. A separate class is hereby prescribed for one or more properties of a taxpayer included in Class 7 in Schedule B because of paragraph *j* or *k* of that class if the taxpayer has, by means of a letter attached to the taxpayer's fiscal return filed pursuant to sections 1000 to 1003 of the Act for the taxation year in which the property or properties were acquired, elected to apply this section to the property or properties.

s. 130R98.13; O.C. 1116-2007, s. 12; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 21.

Corresponding Federal Provision: 1101(5u).

130R202. A separate class is hereby prescribed for one or more properties of a taxpayer included in Class 49 in Schedule B if the taxpayer has, by a letter attached to the taxpayer's fiscal return filed in accordance with sections 1000 to 1003 of the Act for the taxation year in which the property or properties were acquired, elected that this section apply to the property or properties.

s. 130R98.14; O.C. 1116-2007, s. 12; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(5v).

130R203. A reference in this Title to a class mentioned in Schedule B includes a reference to the corresponding separate classes established by this chapter.

s. 130R99; O.C. 1981-80, s. 130R99; R.R.Q., 1981, c. I-3, r. 1, s. 130R99; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1101(6).

CHAPTER VI

PROPERTY NOT INCLUDED

chap. VI; O.C. 1981-80, title VI, chap. VI; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. VI; O.C. 134-2009, s. 1.

130R204. The property described in this chapter is excluded from the application of this Title and Schedule B and does not give rise to any capital cost allowance.

s. 130R100; O.C. 1981-80, s. 130R100; R.R.Q., 1981, c. I-3, r. 1, s. 130R100; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(1) before (a).

130R205. Property excluded from the application of this Title and Schedule B is property

(*a*) the cost of which would be deductible in computing the taxpayer's income but for Divisions I to IV.1 of Chapter X of Title VI of Book III of Part I of the Act;

(*b*) the cost of which is included in the taxpayer's Canadian renewable and conservation expense within the meaning assigned by section 399.7R1;

(*c*) that is described in the taxpayer's inventory;

(*d*) that was not acquired by the taxpayer for the purpose of gaining or producing income;

(*e*) that was acquired by an expenditure in respect of which the taxpayer is allowed a deduction in computing the taxpayer's income under sections 222 to 230 of the Act;

(*f*) that is mentioned in section 134 of the Act and acquired after 31 December 1974 and in respect of which an amount disbursed or expended by the taxpayer for its use or maintenance is not deductible under that section if such property is not property

i. that the taxpayer was required to acquire under the terms of an agreement in writing entered into before 13 November 1974, or

ii. whose construction was commenced by the taxpayer before 13 November 1974 or was commenced under an agreement in writing entered into by the taxpayer before that date if, in each case, it is completed substantially according to plans and specifications agreed to by the taxpayer before that date;

(*g*) in respect of which an allowance is claimed and permitted in accordance with Title XIII;

(*h*) that was deemed under section 18 of the Income Tax Act (Statutes of Canada), enacted by subsection 1 of section 8 of Chapter 32 of the Statutes of Canada, 1958, to have been acquired by the taxpayer and that did not vest in the taxpayer before the 1963 taxation year;

(*i*) of a life insurer and used or held by the life insurer in the carrying on of an insurance business outside Canada;

(*j*) that the taxpayer acquired after 12 November 1981, that was not acquired from a person with whom the taxpayer did not deal at arm's length, otherwise than under a right referred to in paragraph *b* of section 20 of the Act, at the time of the acquisition, if the property was acquired in one of the circumstances in which section 130R148 applies, and that is

i. a drawing, a print, an etching, a sculpture, a painting or other similar work of art, whose cost to the taxpayer was at least $200 and of which the artist was not a Canadian at the time the property was created,

ii. a hand-woven tapestry or carpet or a hand-made appliqué, whose cost to the taxpayer was at least $215 per square metre, and of which the artist was not a Canadian at the time the property was created,

iii. an engraving or etching, a lithograph, a woodcut or a geographical or a marine chart, made before 1 January 1900, or

iv. an antique object made more than 100 years before the time of its acquisition and whose cost to the taxpayer was at least $1,000; and

(*k*) that is linefill in a pipeline.

In subparagraphs i and ii of subparagraph *j* of the first paragraph, "Canadian" means a Canadian citizen within the meaning of the Citizenship Act (Revised Statutes of Canada, 1985, chapter C-29) or a permanent resident within the meaning of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27).

s. 130R101; O.C. 1981-80, s. 130R101; O.C. 3926-80, s. 3; R.R.Q., 1981, c. I-3, r. 1, s. 130R101; O.C. 2847-84, s. 10; O.C. 35-96, s. 86; O.C. 1631-96, s. 27; O.C. 1466-98, s. 27; O.C. 1470-2002, s. 22; O.C. 1155-2004, s. 15; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(1); 1104(10)(a).

130R206. In the case of a taxpayer who is a member of a partnership, the classes of property described in this Title and in Schedule B are deemed not to include any property that is an interest of the taxpayer in depreciable property of the partnership.

s. 130R102; O.C. 1981-80, s. 130R102; R.R.Q., 1981, c. I-3, r. 1, s. 130R102; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(1a).

130R207. The classes of property described in Schedule B are deemed not to include the land upon which a property described therein was constructed or is situated.

s. 130R103; O.C. 1981-80, s. 130R103; R.R.Q., 1981, c. I-3, r. 1, s. 130R103; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(2).

130R208. Where the taxpayer is not resident in Canada, the classes of property described in this Title and in Schedule B are deemed not to include property that is situated outside Canada.

s. 130R104; O.C. 1981-80, s. 130R104; R.R.Q., 1981, c. I-3, r. 1, s. 130R104; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1102(3).

CHAPTER VII

SPECIAL CASES

chap. VII; O.C. 1981-80, title VI, chap. VII; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. VII; O.C. 134-2009, s. 1.

DIVISION I

TIMBER LIMITS AND CUTTING RIGHTS

div. I; O.C. 1981-80, title VI, chap. VII, div. I; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. VII, div. I; O.C. 134-2009, s. 1.

130R209. This division applies in respect of a timber limit or a right to cut timber that is not a timber resource property.

s. 130R105; O.C. 1981-80, s. 130R105; R.R.Q., 1981, c. I-3, r. 1, s. 130R105; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(e); sch. VI, 1 before (a).

130R210. A taxpayer may deduct in computing the taxpayer's income for a taxation year, in respect of the capital cost of a timber limit or of a cutting right, the lesser of such undepreciated capital cost, before any deduction under this division and, the amount computed under section 130R211.

s. 130R106; O.C. 1981-80, s. 130R106; R.R.Q., 1981, c. I-3, r. 1, s. 130R106; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(e); sch. VI, 1 before (a) and (b).

130R211. The amount to which section 130R210 refers is the aggregate of an amount computed on the basis of a rate determined under sections 130R212 to 130R214 per cubic metre of timber cut in the year and the lesser of

(*a*) one tenth of the amount expended by the taxpayer after the commencement of the 1949 taxation year for surveys, cruises or preparation of prints, maps and plans for the

purpose of obtaining a timber limit or cutting right, where such amount is included in the capital cost to the taxpayer of the timber limit or cutting right; and

(*b*) the amount by which the amount so expended exceeds the amounts deducted by the taxpayer under this paragraph and paragraph *a* for the taxpayer's previous taxation years.

s. 130R107; O.C. 1981-80, s. 130R107; R.R.Q., 1981, c. I-3, r. 1, s. 130R107; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. VI, 1(a).

130R212. Where the taxpayer has not been granted an allowance in respect of a timber limit or cutting right in computing the taxpayer's income for a previous taxation year, the rate referred to in section 130R211 is the amount equal to the quotient obtained by dividing the amount by which the capital cost of the limit or right exceeds the aggregate of the estimated value of the property if the merchantable timber were removed and the amount referred to in paragraph *a* of section 130R211 by the quantity of timber, expressed in cubic metres of timber, in the timber limit or that the taxpayer has obtained a right to cut, as shown by a *bona fide* cruise.

s. 130R108; O.C. 1981-80, s. 130R108; R.R.Q., 1981, c. I-3, r. 1, s. 130R108; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. VI, 2.

130R213. Where the taxpayer has been granted an allowance in respect of a timber limit or cutting right in computing the taxpayer's income for a previous taxation year, the rate computed in section 130R212 is, except where section 130R214 applies, the rate employed to determine the allowance for the last year for which an allowance was granted.

s. 130R109; O.C. 1981-80, s. 130R109; R.R.Q., 1981, c. I-3, r. 1, s. 130R109; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. VI, 3 before (b).

130R214. In the case described in section 130R213, where it is established that the quantity of timber that is in the limit or that the taxpayer has a right to cut is in fact substantially different from the quantity that was employed in determining the rate for the last year for which an allowance was granted, the rate referred to in section 130R211 is the amount equal to the quotient obtained by dividing the amount by which the undepreciated capital cost to the taxpayer of the limit or right at the beginning of the year exceeds the estimated value of the property if the merchantable timber were removed by the estimated quantity of timber, expressed in cubic metres, that is in the limit or that could be subject to a cutting right, at the beginning of the year.

The same rule applies where it is established that the capital cost of the limit or cutting right is substantially different from the amount that was employed in determining the rate used for that last year.

s. 130R110; O.C. 1981-80, s. 130R110; R.R.Q., 1981, c. I-3, r. 1, s. 130R110; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. VI, 3(b).

130R215. Despite the deduction determined under sections 130R211 to 130R214, the taxpayer may elect for a taxation year that the deduction be the lesser of $100 and the amount received by the taxpayer in the taxation year from the sale of the timber.

s. 130R111; O.C. 1981-80, s. 130R111; R.R.Q., 1981, c. I-3, r. 1, s. 130R111; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. VI, 4.

DIVISION II

INDUSTRIAL MINERAL MINES

div. II; O.C. 1981-80, title VI, chap. VII, div. II; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. VII, div. II; O.C. 134-2009, s. 1.

130R216. A taxpayer may deduct, in computing the taxpayer's income for a taxation year, the amounts provided in this division in respect of the capital cost of an industrial mineral mine or of a right to remove industrial minerals from such mine, hereinafter respectively called "mine" and "right".

s. 130R112; O.C. 1981-80, s. 130R112; R.R.Q., 1981, c. I-3, r. 1, s. 130R112; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1100(1)(g).

130R217. The amount that may be deducted by a taxpayer under this division is the lesser of the amount computed on the basis of a rate determined under sections 130R218 to 130R220 per unit of mineral mined in the taxation year and that of the undepreciated capital cost to the taxpayer of the mine or right at the end of the taxation year, before any deduction under this division.

s. 130R113; O.C. 1981-80, s. 130R113; R.R.Q., 1981, c. I-3, r. 1, s. 130R113; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. V, 1.

130R218. Where the taxpayer has not been granted an allowance in respect of a mine or right in computing the taxpayer's income for a previous taxation year, the rate referred to in section 130R217 is the amount equal to the quotient obtained by dividing the amount by which the capital cost to the taxpayer of the mine or right exceeds the estimated value of the property if all merchantable mineable material were removed by the specified number of units of material that the taxpayer acquired the right to remove or, in any other case, the number of units of merchantable mineable material estimated as being in the mine when the mine or right was acquired.

s. 130R114; O.C. 1981-80, s. 130R114; R.R.Q., 1981, c. I-3, r. 1, s. 130R114; O.C. 134-2009, s. 1.

Corresponding Federal Provision: sch. V, 2.

130R219. Where the taxpayer has been granted an allowance in respect of a mine or a right in computing the taxpayer's income for a previous taxation year, the rate referred to in section 130R218 is, except where section 130R220 applies, that employed to determine the allowance for the last year for which an allowance was granted.

s. 130R115; O.C. 1981-80, s. 130R115; R.R.Q., 1981, c. I-3, r. 1, s. 130R115; O.C. 134-2009, s. 1.
Corresponding Federal Provision: sch. V, 3 before (b).

130R220. In the case referred to in section 130R219, where it is established that the number of units of material remaining to be mined in the previous taxation year was substantially different from that employed in determining the rate used for the last year for which an allowance was granted, the rate described in section 130R217 is the amount equal to the quotient obtained by dividing the amount by which the undepreciated capital cost to the taxpayer of the mine or right at the beginning of the year exceeds the estimated value of the property if all merchantable mineable material were removed by the specified number of units that the taxpayer had a right to remove, at the beginning of the year, or in any other case, the number of units of merchantable mineable material estimated as remaining in the mine at the beginning of the year.

The same rule applies where it is established that the capital cost of the mine or right is substantially different from the amount that was employed in determining the rate used for that year.

s. 130R116; O.C. 1981-80, s. 130R116; R.R.Q., 1981, c. I-3, r. 1, s. 130R116; O.C. 134-2009, s. 1.
Corresponding Federal Provision: sch. V, 3(b).

130R221. Despite the deduction provided in sections 130R217 to 130R220, the taxpayer may elect, for the taxation year, that the deduction be the lesser of $100 and the amount received by the taxpayer in the year from the sale of mineral.

s. 130R117; O.C. 1981-80, s. 130R117; R.R.Q., 1981, c. I-3, r. 1, s. 130R117; O.C. 134-2009, s. 1.
Corresponding Federal Provision: sch. V, 4.

DIVISION III

RAILWAY SIDINGS

div. IV; O.C. 1981-80, title VI, chap. VII, div. IV; R.R.Q., 1981, c. I-3, r. 1, title VI, chap. VII, div. IV; O.C. 134-2009, s. 1.

130R222. Where a taxpayer, other than an operator of a railway system, has made a capital expenditure pursuant to a contract or arrangement with an operator of a railway system under which a railway siding that does not become the taxpayer's property is constructed to provide service to the taxpayer's place of business or to a property acquired by the taxpayer for the purpose of gaining or producing income, the latter, in computing income from the business or property for the taxation year, is allowed a deduction not exceeding 4% of any amount remaining, after deducting from the capital expenditure the aggregate of all amounts previously allowed as deductions in respect of the expenditure.

s. 130R120; O.C. 1981-80, s. 130R120; R.R.Q., 1981, c. I-3, r. 1, s. 130R120; O.C. 1707-97, s. 22; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1100(8).

TITLE XIII

DEPRECIATION WITH RESPECT TO FARMING AND FISHING

title VII; O.C. 1981-80, title VII; R.R.Q., 1981, c. I-3, r. 1, title VII; O.C. 134-2009, s. 1.

130R223. A taxpayer who, in computing the taxpayer's income for a taxation year from farming or fishing, has elected to have the provisions of the Corporation Tax Act (R.S.Q. 1964, c. 67) or of the Provincial Income Tax Act (R.S.Q. 1964, c. 69) apply and has deducted a part of the capital cost of property used for the purpose of gaining or producing income for farming or fishing in accordance with the method allowed under Part XVII of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1952, chapter 148) as it read on 31 December 1971, may still use such method in respect of any such property acquired before 1972 and, for such purpose, that Part XVII of this Regulation applies to determine the amount that may be deducted under paragraph *a* of section 130 of the Act.

s. 130R200; O.C. 1981-80, s. 130R200; R.R.Q., 1981, c. I-3, r. 1, s. 130R200; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1700 to 1704.

TITLE XIV

TERMINAL LOSS

title VIII; O.C. 1981-80, title VIII; O.C. 1983-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, title VIII; O.C. 134-2009, s. 1.

130.1R1. For the purposes of the third paragraph of section 130.1 of the Act, the prescribed amount is $16,000.

Despite the first paragraph, the prescribed amount is the capital cost, otherwise determined, of the automobile to the taxpayer where it is an automobile

(*a*) acquired by the taxpayer before 19 April 1978;

(*b*) used under a permit to transport passengers for remuneration; or

(*c*) intended to be leased to a person by the taxpayer, if the principal business of the taxpayer is the leasing of

automobiles to persons dealing at arm's length with the taxpayer.

s. 130.1R1; O.C. 1981-80, s. 130.1R1; O.C. 1983-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 130.1R1; O.C. 2847-84, s. 11; O.C. 1697-92, s. 48; O.C. 134-2009, s. 1.

130.1R2. For the purposes of the third paragraph of section 130.1 of the Act, the prescribed part of the excess amount referred to in the first paragraph of that section at the end of a taxation year in respect of the depreciable property of a taxpayer of a class referred to in Schedule B that includes an automobile is

(*a*) where the year is a taxation year beginning before 18 June 1987 and ending after 31 December 1987, and where the automobile was acquired by the taxpayer after 17 June 1987 otherwise than in accordance with an obligation in writing entered into before 18 June 1987 and is not an automobile described in subparagraph *c* of the second paragraph of section 130.1R1, an amount equal to what that excess amount would be if the cost of the automobile to the taxpayer did not exceed $16,000; and

(*b*) in all other cases, an amount equal to what that excess amount would be if

i. the cost of the automobile to the taxpayer, other than an automobile described in subparagraph *a* or *c* of the second paragraph of section 130.1R1 or a passenger vehicle that the taxpayer acquired during the 1987 taxation year, did not exceed $16,000; and

ii. where the year is the 1988 taxation year or a taxation year subsequent to the 1988 taxation year and where the taxpayer has, without interruption since the year in question, used the automobile in part for the purpose of earning income and in part for personal use, the aggregate of the amounts each of which is an amount that the taxpayer deducted as an allowance in respect of the automobile in computing the taxpayer's income for a preceding taxation year, referred to as "particular preceding taxation year" in this subparagraph, for which section 130R4 of the preceding Regulation, within the meaning of section 2000R1, applied in respect of the automobile and which, where applicable, is not a taxation year that ended before a taxation year preceding to the 1988 taxation year, for which that section 130R4 did not apply in respect of the automobile, was equal to the aggregate of the amounts each of which is an amount determined, according to the formula in subparagraph *b* of the first paragraph of section 130R21, in respect of the automobile for a particular preceding taxation year.

s. 130.1R2; O.C. 1697-92, s. 49; O.C. 134-2009, s. 1.

TITLE XV

ALLOWANCE FOR THE USE OF AN AUTOMOBILE

title IX; O.C. 1981-80, title IX; R.R.Q., 1981, c. I-3, r. 1, title IX; O.C. 1697-92, s. 50; O.C. 134-2009, s. 1.

133.2.1R1. For the purposes of section 133.2.1 of the Act, the amount prescribed in respect of the use of one or more automobiles in a taxation year by an individual for kilometres driven in the year for the purpose of earning income of the individual is the aggregate of

(*a*) the product obtained by multiplying $0.58 by the number of those kilometres, up to and including 5,000;

(*b*) the product obtained by multiplying $0.52 by the number of those kilometres in excess of 5,000; and

(*c*) the product obtained by multiplying $0.04 by the number of those kilometres driven in the Yukon Territory, the Northwest Territories or Nunavut.

s. 133.2.1R1; O.C. 1697-92, s. 52; O.C. 1463-2001, s. 43; O.C. 1470-2002, s. 23; O.C. 1155-2004, s. 16; O.C. 1149-2006, s. 15; O.C. 1116-2007, s. 13; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 6; O.C. 701-2013, s. 8; O.C. 66-2016, s. 8; O.C. 321-2017, s. 17; O.C. 117-2019, s. 10; O.C. 204-2020, s. 5.
Corresponding Federal Provision: 7306.

TITLE XVI

OTHER DEDUCTIONS

title X; O.C. 1981-80, title X; R.R.Q., 1981, c. I-3, r. 1, title X; O.C. 134-2009, s. 1.

CHAPTER I

PRESCRIBED RESERVE AMOUNT AND RECOVERY RATE

chap. I.1; O.C. 366-94, s. 17; O.C. 134-2009, s. 1.

140.1R1. In this chapter,

"designated country" has the meaning assigned by the Guidelines for banks established pursuant to section 175 of the Bank Act (Revised Statutes of Canada, 1985, chapter B-1), as it read in its version of 31 May 1992, and issued by the Office of the Superintendent of Financial Institutions of Canada, as amended from time to time;

"exposure to a designated country" has the same meaning as in the Guidelines for banks established pursuant to section 175 of the Bank Act, as it read in its version of 31 May 1992, and issued by the Office of the Superintendent of Financial Institutions of Canada, as amended from time to time;

"general provisions" means the general country risk provisions within the meaning of the Guidelines for banks established pursuant to section 175 of the Bank Act, as it read in its version of 31 May 1992, and issued by the Office of the Superintendent of Financial Institutions of Canada, as amended from time to time;

"provisionable assets" has the same meaning as in the Guidelines for banks established pursuant to section 175 of the Bank Act, as it read in its version of 31 May 1992, and issued by the Office of the Superintendent of Financial Institutions of Canada, as amended from time to time;

"specific provisions" has the meaning assigned by the Guidelines for banks established pursuant to section 175 of the Bank Act, as it read in its version of 31 May 1992, and issued by the Office of the Superintendent of Financial Institutions of Canada, as amended from time to time;

"specified loan" means

(*a*) a United Mexican States Collateralized Par Bond maturing in 2019; or

(*b*) a United Mexican States Collateralized Discount Bond maturing in 2019.

s. 140.1R1; O.C. 366-94, s. 17; O.C. 35-96, s. 86; O.C. 1633-96, s. 4; O.C. 1470-2002, s. 24; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 8006.

140.1R2. For the purposes of subparagraph *a* of the first paragraph of section 140.1 of the Act, the prescribed reserve amount for a taxpayer for a taxation year means the aggregate of

(*a*) where the taxpayer is a bank, an amount equal to the lesser of the following amounts:

i. the reserve amount reported in its annual report for the year that is filed with and accepted by the Superintendent of Financial Institutions of Canada or, where the taxpayer was subject to the supervision of the Superintendent of Financial Institutions of Canada throughout the year but was not required to file an annual report with the Superintendent for the year, in its financial statements for the year, as general provisions or as specific provisions in respect of exposures to designated countries that are related to loans or lending assets made or acquired by it in the ordinary course of its business, and

ii. an amount in respect of its loans or lending assets at the end of the year that were made or acquired by it in the ordinary course of its business and reported for the year to the Superintendent of Financial Institutions of Canada, pursuant to the guidelines established by the Superintendent, as being part of the aggregate of the exposures to designated countries for the taxpayer, for the purpose of determining the taxpayer's general provisions or specific provisions referred to in subparagraph i, or that the taxpayer acquired after 16 August 1990 and reported for the year to the Superintendent of Financial Institutions of Canada, pursuant to the guidelines established by the Superintendent, as an exposure to a designated country, referred to in the second paragraph as "loans" equal to the positive or negative amount, as the case may be, determined by the following formula:

[45% × (A + B)] − (B + C); and

(*b*) where the taxpayer is a bank, the positive or negative amount that would be determined by the formula referred to in subparagraph ii of subparagraph *a*, in respect of specified loans owned by the taxpayer at the end of the year, if that subparagraph ii applied in respect of the loans.

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

(*a*) A is the aggregate of the amounts each of which is equal to the amount that would be the amortized cost of a loan to the taxpayer at the end of the year if section 21.26 of the Act were read without reference to its paragraph *e* and section 21.27 of the Act without reference to its paragraph *d*;

(*b*) B is the aggregate of the amounts each of which is equal to the amount by which the principal amount of a loan outstanding at the time it was acquired by the taxpayer exceeds the amortized cost of the loan to the taxpayer immediately after that time; and

(*c*) C is the aggregate of the amounts each of which is equal to

i. an amount deducted in respect of a loan under subparagraph *b* of the first paragraph of section 140.1 of the Act in computing the taxpayer's income for the year, or

ii. an amount in respect of a loan representing the amount by which the aggregate of the amounts deducted in respect of the loan under section 141 of the Act in computing the taxpayer's income for the year or a preceding taxation year exceeds the aggregate of the amounts included in respect of the loan under paragraph *i* of section 87 of the Act in computing the taxpayer's income for the year or a preceding taxation year.

s. 140.1R2; O.C. 366-94, s. 17; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 44; O.C. 1470-2002, s. 25; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 8000.

140.1R3. The loans and lending assets of a taxpayer referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 140.1R2 do not include the loans and lending assets acquired by the taxpayer before 1 November 1988 from a person with whom the taxpayer dealt at arm's length, if the taxpayer elects to have this section apply by notifying the Minister in writing, with supporting evidence, that the taxpayer has made a valid election with the Minister of National Revenue under section 8003 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985,

chapter 1, 5th Supplement) concerning the application of subparagraph ii of paragraph *a* of section 8000 of those Regulations.

s. 140.1R3; O.C. 366-94, s. 17; O.C. 35-96, s. 86; O.C. 1466-98, s. 126; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 8003.

140.1R4. For the purposes of subparagraph ii of subparagraph *a* of the first paragraph of section 140.1R2, the rules in the second paragraph apply where a loan or lending asset of a person related to a taxpayer, referred to in this section as the "holder",

(*a*) was reported by the taxpayer for the year to the Superintendent of Financial Institutions of Canada, pursuant to the guidelines established by the Superintendent, as an exposure to a designated country;

(*b*) was acquired by the holder, or by another person related to the taxpayer, after 16 August 1990, as part of a series of transactions or events in which the taxpayer or a person related to the taxpayer disposed of a loan or lending asset that

i. is, for the taxation year immediately preceding the year during which it was disposed of, a loan or lending asset that the taxpayer reported to the Superintendent of Financial Institutions of Canada, pursuant to the guidelines established by the Superintendent, as an exposure to a designated country, and

ii. is a loan or lending asset in respect of which the loss that would result from the disposition thereof would be a loss in respect of which the taxpayer or a person related to the taxpayer could claim a deduction under Part I of the Act; and

(*c*) had an amortized cost to the holder, immediately after the time of its acquisition by the holder, of less than 55% of its principal amount.

The rules referred to in the first paragraph are the following:

(*a*) the loan or lending asset is deemed

i. to be a loan or lending asset of the taxpayer at the end of the year,

ii. to be a loan or lending asset of the taxpayer acquired by the taxpayer at the time of its acquisition by the holder, and

iii. to have an amortized cost to the taxpayer, at any time, equal to its amortized cost to the holder at that time; and

(*b*) the amounts deducted in respect of the loan or lending asset under section 141 of the Act or included under paragraph *i* of section 87 of the Act in computing the income of the holder for a particular year are deemed to have been so deducted or included, as the case may be, in computing the taxpayer's income for the year during which the particular year ends.

s. 140.1R4; O.C. 366-94, s. 17; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 8005.

140.1R5. For the purposes of subparagraph *b* of the second paragraph of section 140.1R2, the following rules apply:

(*a*) the principal amount outstanding at any time of a lending asset of a taxpayer that is a share of the capital stock of a corporation is equal to the part of the consideration received by the corporation for the issue of the share that is outstanding at that time;

(*b*) where a taxpayer realizes a loss on the disposition of a loan or lending asset described in subparagraph ii of subparagraph *a* of the first paragraph of section 140.1R2 or on the disposition of a specified loan described in subparagraph *b* of that first paragraph, referred to in this paragraph as the "former loan", for consideration that included another loan or lending asset that was a loan or lending asset described in that subparagraph ii or in that subparagraph *b*, referred to in this paragraph as the "new loan", and where, in the case of a former loan that is not a specified loan, that loss is included in computing the taxpayer's provisionable assets, as reported for the year with the Superintendent of Financial Institutions of Canada, pursuant to the guidelines established by the Superintendent, for the purpose of determining the taxpayer's general provisions or specific provisions in respect of exposures to designated countries, the principal amount of the new loan outstanding at the time it was acquired by the taxpayer is deemed to be equal to the principal amount of the former loan outstanding immediately before that time; and

(*c*) where, at the end of a particular taxation year, a taxpayer is the owner of a specified loan that was described in an inventory of the taxpayer at the end of the preceding taxation year, the amortized cost of the specified loan for the taxpayer at the end of the particular taxation year is equal to its value determined in accordance with sections 83 to 85.6 of the Act at the end of the preceding taxation year for the purposes of computing the taxpayer's income for that preceding year.

s. 140.1R6; O.C. 366-94, s. 17; O.C. 1707-97, s. 98; O.C. 1470-2002, s. 27; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 8002.

CHAPTER II

MINING TAXES

chap. II; O.C. 1981-80, title X, chap. II; R.R.Q., 1981, c. I-3, r. 1, title X, chap. II; O.C. 1116-2007, s. 15; O.C. 134-2009, s. 1.

143R1. In this chapter,

"income" of a taxpayer for a taxation year from mining operations in a province means the income, for the taxation year, that is derived from mining operations in the province as computed under the laws of the province that impose an eligible tax described in the second paragraph of section 143R2;

"mine" includes any work or undertaking in which a mineral ore is extracted or produced and includes a quarry;

"mineral ore" includes an unprocessed mineral or mineral-bearing substance;

"mining operations" means

(*a*) the extraction or production of mineral ore from or in a mine;

(*b*) the transportation of mineral ore to the point of egress from the mine; and

(*c*) the processing of

i. mineral ore, other than iron ore, to a stage that is not beyond the prime metal stage or its equivalent, and

ii. iron ore to a stage that is not beyond the pellet stage or its equivalent;

"non-Crown royalty" means a royalty contingent on production of a mine or computed by reference to the volume or value of production from mining operations in a province but does not include a royalty that is payable to the State or Her Majesty in right of Canada or a province other than Québec;

"processing" includes all forms of beneficiation, smelting and refining.

s. 143R1; O.C. 1981-80, s. 143R1; R.R.Q., 1981, c. I-3, r. 1, s. 143R1; O.C. 1116-2007, s. 16; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 3900(1).

143R2. For the purposes of section 143 of the Act, the amount allowed in respect of taxes on income from mining operations of a taxpayer for a taxation year is the aggregate of all amounts each of which is an eligible tax referred to in the second paragraph that is paid or payable by the taxpayer

(*a*) on the income of the taxpayer for the taxation year from mining operations; or

(*b*) on a non-Crown royalty included in computing the income of the taxpayer for the taxation year.

An eligible tax is

(*a*) a tax, on the income of a taxpayer for a taxation year from mining operations in a province, that is

i. levied under a law of the province,

ii. imposed only on persons engaged in mining operations in the province, and

iii. paid or payable to

(1) the province,

(2) an agent or mandatary of Her Majesty in right of the province, or

(3) a municipality in the province, in lieu of taxes on property or on any interest in property, or any right in property, other than in lieu of taxes on residential property or on any interest, or any right, in residential property; and

(*b*) a tax, on an amount received or receivable by a person as a non-Crown royalty, that is

i. levied under a law of a province,

ii. imposed specifically on persons who hold a non-Crown royalty on mining operations in the province, and

iii. paid or payable to the province or to an agent or mandatary of Her Majesty in right of the province.

s. 143R5; O.C. 1981-80, s. 143R5; R.R.Q., 1981, c. I-3, r. 1, s. 143R5; O.C. 1116-2007, s. 18; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 3900(2) and (3).

CHAPTER III

DEDUCTION IN RESPECT OF RESOURCE PROFITS

chap. III; O.C. 1981-80, title X, chap. III; R.R.Q., 1981, c. I-3, r. 1, title X, chap. III; O.C. 134-2009, s. 1.

145R1. For the purpose of computing the income of a taxpayer for a taxation year that begins before 1 January 2007, the amount to which the first paragraph of section 145 of the Act refers is the amount determined by the formula

$[0.25 \times (A - B)] - C$.

In the formula in the first paragraph,

(*a*) A is the taxpayer's adjusted resource profits for the year;

(*b*) B is the aggregate of all amounts each of which is a Canadian exploration and development overhead expense, within the meaning given to that expression by section 360R2, made or incurred by the taxpayer in the year, other than an amount included therein because of section 181 or 182 of the Act; and

(*c*) C is the amount by which the aggregate that would be determined under subparagraph *b* of the second paragraph of section 360R42 in computing the taxpayer's earned depletion base at the end of the year, other than any portion of that aggregate determined under subparagraph v of that paragraph as a consequence of a disposition in the year of property in

circumstances to which section 360R18 applies, exceeds the aggregate that would be determined under subparagraph *a* of the second paragraph of section 360R42 in computing the taxpayer's earned depletion base at the end of the year.

s. 145R1; O.C. 1981-80, s. 145R1; R.R.Q., 1981, c. I-3, r. 1, s. 145R1; O.C. 2962-82, s. 24; O.C. 500-83, s. 24; O.C. 2509-85, s. 4; O.C. 91-94, s. 4; O.C. 35-96, s. 8; O.C. 1466-98, s. 28; O.C. 1249-2005, s. 11; O.C. 134-2009, s. 1.

145R2. For the purposes of this chapter, "adjusted resource profits" of a taxpayer for a taxation year means the amount, which may be positive or negative, determined by the formula

A + B − C.

In the formula in the first paragraph,

(*a*) A is the aggregate of the taxpayer's resource profits for the year in respect of a mining business, within the meaning of section 360R24, and the taxpayer's resource profits for the year in respect of an oil business, within the meaning of section 360R27, computed as if

i. the amount determined under paragraph *a* of sections 360R21 and 360R25 were equal to zero,

ii. section 360R21 were read without reference to subparagraph iii of paragraph *b* thereof,

iii. the first paragraph in section 360R3 were read without reference to subparagraph *e* thereof,

iv. the following amounts were not deducted in computing the taxpayer's gross resource profits and resource profits for the year in respect of a mining business or oil business, determined in accordance with sections 360R21 to 360R27:

(1) each amount deducted in computing the taxpayer's income for the year in respect of a rental or royalty paid or payable by the taxpayer, other than an amount prescribed in section 91R1, an amount paid or payable in respect of a specified royalty, within the meaning given to that expression by section 360R2, or an amount that is a production royalty within the meaning given to that expression by section 360R2, computed by reference to the amount or value of petroleum, natural gas or related hydrocarbons produced from a natural accumulation, other than a resource within the meaning given to that expression by section 360R2, of petroleum or natural gas in Canada or an oil or gas well in Canada, or produced from a resource, within the meaning given to that expression by section 360R2, that is a bituminous sands deposit, oil sands deposit or oil shale deposit,

(2) each amount deducted in computing the taxpayer's income for the year under any of sections 147, 176, 176.4, 176.6 and 179 of the Act, or as, on account of or in lieu of, interest in respect of a debt owed by the taxpayer, and

(3) each amount deducted under section 145 or Chapter X of Title VI of Book III of Part I of the Act or under section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4),

v. each amount that is the taxpayer's share of the income or loss of a partnership from any source were not taken into account, and

vi. sections 360R21 to 360R27 provided for the computation of negative amounts where the amounts subtracted in computing gross resource profits and resource profits in respect of a mining business or in respect of an oil business exceed the amounts added in computing those amounts;

(*b*) B is the aggregate of all amounts each of which is the taxpayer's share of the adjusted resource profits of a partnership for the year, determined in accordance with sections 145R3 and 145R4; and

(*c*) C is the amount by which the aggregate of the following amounts exceeds the amount determined in accordance with the third paragraph:

i. the aggregate of all amounts, each of which is an amount included in the taxpayer's gross resource profits for the year in respect of a mining business or oil business, determined in accordance with section 360R21 or 360R25, as the case may be, as a rental or royalty, other than a specified royalty within the meaning given to that expression by section 360R2 or a production royalty within the meaning given to that expression by section 360R2, computed by reference to the amount or value of petroleum, natural gas or related hydrocarbons produced from a natural accumulation, other than a resource within the meaning given to that expression by section 360R2, of petroleum or natural gas in Canada or an oil or gas well in Canada, or produced from a resource, within the meaning given to that expression by section 360R2, that is a bituminous sands deposit or oil shale deposit, and

ii. 50% of the amounts included in the taxpayer's gross resource profits for the year in respect of a mining business or oil business, determined in accordance with section 360R21 or 360R25, as the case may be, in respect of specified royalties.

The amount referred to in subparagraph *c* of the second paragraph is equal to the total, where the taxation year ends after 6 March 1996, of all outlays and expenses that were made or incurred in respect of the aggregate described in subparagraph i of subparagraph *c* of the second paragraph, to the extent that the outlays and expenses were deducted in computing the taxpayer's gross resource profits in respect of a mining business or oil business for the year.

s. 145R1.1; O.C. 2509-85, s. 4; O.C. 91-94, s. 5; O.C. 35-96, s. 9; O.C. 1466-98, s. 28; O.C. 1451-2000, s. 5; O.C. 1470-2002, s. 29; O.C. 134-2009, s. 1.

145R3. Where a taxpayer is a member of a partnership in a fiscal period of the partnership that ends in a taxation year of the taxpayer, the taxpayer's share of the partnership's adjusted resource profits for the year is equal to

(*a*) zero, where the fiscal period of the partnership began before 21 December 1991; and

(*b*) in any other case, the amount, which may be positive or negative, that could, but for this section, reasonably be considered to represent the taxpayer's share of the partnership's adjusted resource profits for the fiscal period, each partnership being, in that respect, deemed to be a taxpayer the fiscal period of which is a taxation year.

s. 145R2; O.C. 1981-80, s. 145R2; R.R.Q., 1981, c. I-3, r. 1, s. 145R2; O.C. 1707-97, s. 98; O.C. 1466-98, s. 28; O.C. 134-2009, s. 1.

145R4. Despite section 145R3, where a taxpayer is a member of an exempt partnership, within the meaning given to that expression by section 360R2, in a fiscal period of the partnership that begins before 1 January 2000 and ends in a taxation year of the taxpayer, and the taxpayer's share of the partnership's adjusted resource profits for the year would, but for this section, be a negative amount, the taxpayer's share of the partnership's adjusted resource profits for the year is deemed to be equal to the product obtained, which may be positive or negative, when the particular amount is multiplied

(*a*) by zero, where the partnership is an exempt partnership, within the meaning given to that expression by section 360R2, in respect of the taxpayer at the end of the fiscal period and, at that time, all or substantially all of the assets of the partnership were held in connection with one or more working interests the production from which began in reasonable commercial quantities before 21 December 1991 or the production from which was to begin in reasonable commercial quantities after 20 December 1991 in accordance with an agreement in writing made before 21 December 1991; or

(*b*) in any other case, by the lesser of one and the fraction that the amount that would be the partnership's adjusted resource profits for the fiscal period if the partnership did not have any working interest described in paragraph *a*, is of the partnership's adjusted resource profits for the fiscal period.

s. 145R3; O.C. 1466-98, s. 29; O.C. 1116-2007, s. 20; O.C. 134-2009, s. 1.

CHAPTER IV

ALLOWANCES

chap. IV; O.C. 1981-80, title X, chap. IV; O.C. 3926-80, s. 4; 1981, chapter I-3, r.1, title X, chap. IV; O.C. 134-2009, s. 1.

152R1. In this chapter,

"claim liability" of an insurer at the end of a taxation year means

(*a*) in respect of a claim made to the insurer before that time under an insurance policy, an amount equal to the amount by which the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the insurer's future payments and claim adjustment expenses in respect of the claim exceeds the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the amounts that the insurer will recover after that time in respect of the claim because of salvage, subrogation or any other reason; or

(*b*) in respect of the possibility that there are claims under an insurance policy incurred before that time that have not been made to the insurer before that time, an amount equal to the amount by which the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the insurer's payments and claim adjustment expenses in respect of those claims exceeds the present value at that time, computed using a rate of interest that is reasonable in the circumstances, of a reasonable estimate, determined in accordance with accepted actuarial practice, of the amounts that the insurer will recover in respect of those claims because of salvage, subrogation or any other reason;

"deposit accounting insurance policy" has the meaning assigned by subparagraph *p* of the first paragraph of section 835 of the Act;

"extended motor vehicle warranty" means an agreement, in this definition referred to as the "extended warranty", under which a person agrees to provide property or render services in respect of the repair or maintenance of a motor vehicle manufactured by the person or a corporation related to the person where

(*a*) the extended warranty is in addition to a basic or limited warranty in respect of the vehicle;

(*b*) the basic or limited warranty has a term of three or more years, although it may expire before the end of such term on the vehicle's odometer registering a specified number of kilometres or miles;

(*c*) more than 50% of the expenses to be incurred under the extended warranty are reasonably expected to be incurred after the expiry of the basic or limited warranty; and

(*d*) the person's risk under the extended warranty is insured by an insurer that is subject to the supervision of the Superintendent of Financial Institutions;

"non-cancellable or guaranteed renewable accident and sickness policy" has the meaning assigned by section 840R1;

"policy liability" has the meaning assigned by section 840R1;

"post-1995 non-cancellable or guaranteed renewable accident and sickness policy" has the meaning assigned by section 840R1;

"pre-1996 non-cancellable or guaranteed renewable accident and sickness policy" has the meaning assigned by sections 840R1 and 840R5;

"reinsurance commission", in respect of a policy, means

(*a*) where the risk under the policy is fully reinsured, the amount by which the amount of the premium paid by the policyholder in respect of the policy exceeds the amount of the consideration payable by the insurer in respect of the reinsurance of the risk; or

(*b*) where only a portion of the risk under the policy is reinsured, the amount by which the portion of the amount of the premium paid by the policyholder in respect of the policy that may reasonably be considered to be in respect of the portion of the risk that is reinsured with a reinsurer exceeds the amount of the consideration payable by the insurer to the reinsurer in respect of the reinsurance of that portion of the risk;

"reinsurance recoverable amount" has the meaning assigned by section 840R1;

"reported reserve" has the meaning assigned by section 840R1;

"Superintendent of Financial Institutions" has the meaning assigned by section 840R1.

s. 152R1; O.C. 1981-80, s. 152R1; O.C. 3926-80, s. 4; R.R.Q., 1981, c. I-3, r. 1, s. 152R1; O.C. 91-94, s. 6; O.C. 1454-99, s. 21; O.C. 1463-2001, s. 45; O.C. 1155-2004, s. 17; O.C. 134-2009, s. 1; O.C. 701-2013, s. 9.

Corresponding Federal Provision: 1408(1).

152R2. For the purposes of this chapter, the following rules apply:

(*a*) a reference to a premium paid by the policyholder is, depending on the method regularly followed by the insurer in computing its income, to be read as a reference to a premium paid or payable by the policyholder;

(*b*) in determining the premium paid by a policyholder for a policy, the insurer may deduct the portion of the premium that

i. may reasonably be considered, at the time the policy is issued, to be a deposit that, pursuant to the terms of the policy or the by-laws of the insurer, will be returned to the policyholder, or credited to the account of the policyholder, by the insurer on the termination of the policy, and

ii. was not otherwise deducted under section 832 of the Act; and

(*c*) any rider that is attached to a policy and that provides for additional non-cancellable or guaranteed renewable accident or sickness insurance, as the case may be, is a separate non-cancellable or guaranteed renewable accident and sickness policy.

s. 152R1.2; O.C. 1463-2001, s. 47; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1408(4) and (6).

152R3. For the purposes of the second paragraph of section 152 of the Act, the amount prescribed in respect of an insurer for a taxation year is

(*a*) the amount determined under section 152R5 in respect of the insurer for the year, where that amount is greater than nil; and

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

s. 152R2; O.C. 1981-80, s. 152R2; O.C. 3926-80, s. 4; R.R.Q., 1981, c. I-3, r. 1, s. 152R2; O.C. 1463-2001, s. 48; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1400(1).

152R4. Any amount determined under this chapter is determined net of relevant reinsurance recoverable amounts and without reference to any amount in respect of a deposit accounting insurance policy.

In addition, any amount referred to or determined under this chapter may be equal to, or less than, nil.

s. 152R3; O.C. 3926-80, s. 4; R.R.Q., 1981, c. I-3, r. 1, s. 152R3; O.C. 1463-2001, s. 48; O.C. 134-2009, s. 1; O.C. 701-2013, s. 10.

Corresponding Federal Provision: 1402 and 1402.1.

152R5. For the purposes of paragraph *a* of sections 87R1 and 152R3, the amount to be determined under this section in respect of an insurer for a taxation year is the amount, greater or less than nil, determined by the formula

A + B + C + D + E + F + G + H + I + J + K + L.

In the formula in the first paragraph,

(*a*) A is the total of all amounts each of which is, in respect of a policy other than a policy that insures a risk in respect of one of the following items, the unearned portion at the end of the year of the premium paid by the policyholder in respect of the policy, determined by apportioning the net premium equally over the period to which that premium relates:

i. a financial loss of a lender on a loan made on the security of an immovable property,

ii. a home warranty,

iii. a lease guarantee, or

iv. an extended motor vehicle warranty;

(*b*) B is the total of all amounts each of which is an amount determined in respect of a policy that insures a risk in respect

of any of the items referred to in subparagraphs i to iv of subparagraph *a* equal to the lesser of

i. the amount of the reported reserve of the insurer at the end of the year in respect of the unearned portion at the end of the year of the premium paid by the policyholder in respect of the policy, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of the unearned portion at the end of the year of the premium paid by the policyholder in respect of the policy;

(*c*) C is the total of all amounts each of which is the amount in respect of a policy, where all or a portion of a risk under the policy was reinsured, equal to the unearned portion at the end of the year of a reinsurance commission in respect of the policy determined by apportioning the reinsurance commission equally over the period to which it relates;

(*d*) D is the amount, in respect of policies, other than policies in respect of which an amount can be determined under subparagraph *e*, under which a claim that was incurred before the end of the year has been made to the insurer before the end of the year and in respect of which the insurer is, or may be, required to make a payment or incur an expense after the year, or there may be a claim incurred before the end of the year that has not been made to the insurer before that time, equal to 95% of the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such claims or possible claims, and

ii. the total of the claim liabilities of the insurer at the end of the year in respect of such claims or possible claims;

(*e*) E is the amount in respect of policies under which a claim that was incurred before the end of the year has been made to the insurer before the end of the year and the claim is in respect of damages for personal injury or death and the insurer has agreed to a structured settlement of the claim, equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such claims, and

ii. the total of the claim liabilities of the insurer at the end of the year in respect of such claims;

(*f*) F is an additional amount, in respect of policies that insure a nuclear risk, a fidelity risk, a surety risk or a risk related to a financial loss of a lender on a loan made on the security of an immovable property, equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *e* and *g* to *l*, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *e* and *g* to *l*;

(*g*) G is the amount of a guarantee fund at the end of the year provided for under an agreement in writing between the insurer and Her Majesty in right of Canada under which Her Majesty has agreed to guarantee the obligations of the insurer under a policy that insures a risk related to a financial loss of a lender on a loan made on the security of an immovable property;

(*h*) H is the amount in respect of risks under pre-1996 non-cancellable or guaranteed renewable accident and sickness policies equal to

i. where the amounts determined under each of subparagraphs 1 and 2 are greater than nil, the lesser of

(1) the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *g* and *i* to *l*, and

(2) a reasonable amount as a reserve determined at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *g* and *i* to *l*, and

ii. in any other case, nil;

(*i*) I is the amount in respect of risks under post-1995 non-cancellable or guaranteed renewable accident and sickness policies equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *h* and *j* to *l*, and

ii. the total of the policy liabilities of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *h* and *j* to *l*;

(*j*) J is the total of all amounts each of which

i. is not an amount deductible under section 832 of the Act,

ii. is the amount, in respect of a dividend, refund of premiums or refund of premium deposits provided for under the terms of a group accident and sickness insurance policy that will be used by the insurer to reduce or eliminate a future adverse claims experience under the policy, paid or unconditionally credited to the policyholder by the insurer or applied in discharge, in whole or in part, of a liability of the policyholder to pay premiums to the insurer under the policy, and

iii. is equal to the least of

(1) a reasonable amount as a reserve determined at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits,

(2) 25% of the amount of the premium payable under the terms of the policy for the 12-month period ending, if the policy is terminated in the year, on the date the policy is terminated, or in any other case, at the end of the year, and

(3) the reported reserve of the insurer at the end of the year in respect of the dividend, refund of premiums or refund of premium deposits;

(*k*) K is the total of all amounts each of which is the amount, in respect of a policy under which a portion of the particular amount paid or payable by the policyholder for the policy before the end of the year is deducted under paragraph *b* of section 152R2 or 840R6, equal to the portion of that particular amount that the insurer has determined will, after the end of the year, be returned to or credited to the account of the policyholder on the termination of the policy; and

(*l*) L is an amount in respect of policies that insure earthquake risks in Canada equal to the lesser of

i. the portion of the reported reserve of the insurer at the end of the year in respect of those risks that is attributable to accumulations from premiums in respect of those risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *k*, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of those risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *k*.

s. 152R12; O.C. 1463-2001, s. 50; O.C. 1155-2004, s. 18; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1400(3).

152R6. Where an insurer, other than an insurer that is required by law to report to the Superintendent of Financial Institutions of Canada, is not required by the Superintendent of Financial Institutions to determine its liabilities in respect of claims referred to in subparagraphs *d* and *e* of the second paragraph of section 152R5, in accordance with actuarial principles, the following rules apply:

(*a*) the amount determined under that subparagraph *d* is deemed to be equal to 95% of the total determined under subparagraph i of that subparagraph *d*; and

(*b*) the amount determined under that subparagraph *e* is deemed to be equal to the total determined under subparagraph i of that subparagraph *e*.

s. 152R13; O.C. 1463-2001, s. 50; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1400(4).

CHAPTER V

QUADRENNIAL SURVEY AND REPRESENTATION EXPENSES

chap. V; O.C. 1981-80, title X, chap. V; R.R.Q., 1981, c. I-3, r. 1, title X, chap. V; O.C. 134-2009, s. 1.

154R1. A taxpayer may deduct, as an allowance for the expenses that the taxpayer must incur in the survey of a vessel, one-quarter of the estimate of the expenses of the survey for the third taxation year preceding the taxation year during which a survey is scheduled to occur and one-half of such estimate for the second taxation year preceding the survey and 3/4 for the taxation year preceding the survey.

s. 154R1; O.C. 1981-80, s. 154R1; R.R.Q., 1981, c. I-3, r. 1, s. 154R1; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 3600(1).

154R2. Where the quadrennial or special survey of a vessel has not, at the end of the year in which a survey is scheduled to occur, been completed to the extent that the vessel is permitted to proceed on a voyage, the taxpayer referred to in section 154R1 may deduct the amount obtained by deducting from the estimate of the expenses the amount of the expenses actually incurred in the year for the survey.

s. 154R2; O.C. 1981-80, s. 154R2; R.R.Q., 1981, c. I-3, r. 1, s. 154R2; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 7.

Corresponding Federal Provision: 3600(1)(d).

154R3. The estimate of the survey expenses referred to in sections 154R1 and 154R2 must be made in a reasonable manner by the taxpayer at the time of filing the taxpayer's fiscal return for the third taxation year preceding the taxation year in which a quadrennial survey is scheduled to occur, taking into account the costs, charges and expenses that are necessarily to be incurred by reason of that survey but the taxpayer may not, in such estimate, take into account the costs, charges, and expenses for which the taxpayer may reasonably obtain directly or indirectly, and from any source whatever, reimbursement, recoupment, recovery or indemnification.

s. 154R3; O.C. 1981-80, s. 154R3; R.R.Q., 1981, c. I-3, r. 1, s. 154R3; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 8.

Corresponding Federal Provision: 3600(2) "estimate of the expenses of survey".

154R4. In this chapter, a survey means the dry-docking of a vessel, the examination and inspection of its hull, boilers, machinery, engines and equipment by an inspector or a surveyor.

A survey also includes any operation on those components of the vessel pursuant to an order, requirement or recommendation from the inspector or surveyor as the result of the examination or inspection, where such operation is necessary for obtaining a safety and inspection certificate in respect of the vessel pursuant to the Canada Shipping Act,

2001 (Statutes of Canada, 2001, chapter 26) or for retaining the character assigned to it in the registry book of a classification society.

s. 154R4; O.C. 1981-80, s. 154R4; R.R.Q., 1981, c. I-3, r. 1, s. 154R4; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 3600(2) "survey".

154R5. In this chapter, a quadrennial survey means a periodical survey, not being an annual survey nor a survey coinciding as to time with the construction of a vessel, made in accordance with the rules of a classification society or pursuant to the Canada Shipping Act, 2001 (Statutes of Canada, 2001, chapter 26).

s. 154R5; O.C. 1981-80, s. 154R5; R.R.Q., 1981, c. I-3, r. 1, s. 154R5; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 3600(2) "quadriennal survey".

154R6. In sections 154R4 and 154R5,

"classification society" means a society or association for the classification and registry of vessels approved pursuant to the Canada Shipping Act, 2001 (Statutes of Canada, 2001, chapter 26);

"inspector" means an inspector of vessels appointed under the Canada Shipping Act, 2001;

"surveyor" means a surveyor to a classification society.

s. 154R6; O.C. 1981-80, s. 154R6; R.R.Q., 1981, c. I-3, r. 1, s. 154R6; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 3600(2).

156R1. A taxpayer makes the election under section 156 of the Act, in respect of the deduction of representation expenses, by filing with the Minister by registered mail and in duplicate a letter specifying the amount established in accordance with section 155 of the Act in respect of which the election is being made, and in the case of a corporation, a certified copy of the resolution of the directors authorizing the election to be made.

s. 156R1; O.C. 1981-80, s. 156R1; R.R.Q., 1981, c. I-3, r. 1, s. 156R1; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1; 2014, c. 1, s. 778 [in force: 1066-2015].

Corresponding Federal Provision: 4100.

CHAPTER VI

PROPERTY GIVING ENTITLEMENT TO THE ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN INVESTMENTS

chap. V.0.1; O.C. 1697-92, s. 53; O.C. 134-2009, s. 1.

156.2R1. Depreciable property referred to in subparagraph *a* of the second paragraph of section 156.2 of the Act in respect of an individual is property of that individual included in Class 12 in Schedule B because of subparagraph *t* of the first paragraph or the second or fourth paragraph of that class, other than property leased to another person by the individual and in respect of which that person and the individual made the joint election provided for in section 125.1 of the Act.

s. 156.2R1; O.C. 1697-92, s. 53; O.C. 1463-2001, s. 51; O.C. 134-2009, s. 1.

156.3R1. Depreciable property referred to in subparagraph *a* of the second paragraph of section 156.3 of the Act in respect of a corporation is property of that corporation included in Class 12 in Schedule B because of subparagraph *t* of the first paragraph or the second or fourth paragraph of that class, other than property leased to another person by the corporation and in respect of which that person and the corporation made the joint election provided for in section 125.1 of the Act.

s. 156.3R1; O.C. 1697-92, s. 53; O.C. 1707-97, s. 98; O.C. 1463-2001, s. 52; O.C. 134-2009, s. 1.

CHAPTER VI.1

PROPERTY GIVING ENTITLEMENT TO ANOTHER DEDUCTION IN RESPECT OF CERTAIN INVESTMENTS

O.C. 390-2012, s. 31.

156.7.1R1. Prescribed depreciable property of a taxpayer referred to in section 156.7.1 of the Act is property that is included in a separate prescribed class of the taxpayer under section 130R194.1.

O.C. 390–2012, s. 31.

CHAPTER VI.2

ADDITIONAL DEDUCTION FOR VESSELS

O.C. 321-2017, s. 18.

156.7.3R1. Prescribed depreciable property of a taxpayer referred to in section 156.7.3 of the Act means property that is included in a separate class prescribed for the taxpayer under section 130R165.

O.C. 321-2017, s. 18.

BOOK VI.3

PROPERTY GIVING ENTITLEMENT TO AN ADDITIONAL DEDUCTION OF 35% OR 60% IN RESPECT OF CERTAIN INVESTMENTS

2020, c. 16, s. 251.

156.7.4R1. Depreciable property of a taxpayer referred to in section 156.7.4 of the Act means property that

(*a*) before being acquired by the taxpayer, has not been used for any purpose nor acquired for use or lease for any purpose whatsoever;

(*b*) is included in Class 50 or 53 in Schedule B; and

(*c*) must begin to be used within a reasonable time after being acquired and be, for a period of at least 730 consecutive days after the day on which that use begins, or a shorter period in the case of the involuntary loss or destruction of the property by fire, theft or water, or material breakdown of the property, used mainly in Québec and in the course of the carrying on of a business by

i. the taxpayer, at any time in that period during which the taxpayer owns the property and does not lease it to another person,

ii. a person, other than the taxpayer, having acquired the property in any of the circumstances described in section 130R149, at any time in that period during which the person owns the property and does not lease it to another person, or

iii. a lessee of the property, at any time in that period during which the taxpayer or, where applicable, a person referred to in subparagraph ii leases the property to the lessee.

2020, c. 16, s. 251.

BOOK VI.4

PROPERTY GIVING ENTITLEMENT TO AN ADDITIONAL DEDUCTION OF 30% IN RESPECT OF CERTAIN INVESTMENTS

2020, c. 16, s. 251.

156.7.6R1. Depreciable property of a taxpayer referred to in section 156.7.6 of the Act means

(*a*) property that

i. before being acquired by the taxpayer, has not been used for any purpose nor acquired for use or lease for any purpose whatsoever,

ii. has not been acquired by the taxpayer from a person or partnership with which the taxpayer was not dealing at arm's length at the time of the acquisition,

iii. is property that

(1) is included in Class 43.1 or 43.2 in Schedule B,

(2) is included in Class 50 in Schedule B, unless it was acquired before 1 July 2019 pursuant to an obligation in writing entered into before 4 December 2018 or its construction, by or on behalf of the taxpayer, began before 4 December 2018, or

(3) is included in Class 53 in Schedule B or, if it is acquired after 31 December 2025, is included in Class 43 in that Schedule and would have been included in that Class 53 had it been acquired in 2025, unless it is acquired before 1 July 2019 pursuant to an obligation in writing entered into before 4 December 2018 or its construction, by or on behalf of the taxpayer, began before 4 December 2018, and

iv. must begin to be used within a reasonable time after being acquired and be, for a period of at least 730 consecutive days after the day on which that use begins, or a shorter period in the case of the involuntary loss or destruction of the property by fire, theft or water, or material breakdown of the property, used mainly in Québec and in the course of the carrying on of a business by

(1) the taxpayer, at any time in that period during which the taxpayer owns the property and does not lease it to another person,

(2) a person, other than the taxpayer, having acquired the property in any of the circumstances described in section 130R149, at any time in that period during which the person owns the property and does not lease it to another person, or

(3) a lessee of the property, at any time in that period during which the taxpayer or, where applicable, a person referred to in subparagraph ii leases the property to the lessee; or

(*b*) incorporeal property that

i. is included in any of Classes 14, 14.1 and 44 in Schedule B,

ii. is acquired by the taxpayer in the course of a technology transfer or developed by or on behalf of the taxpayer to enable the taxpayer to implement an innovation or invention concerning the taxpayer's business,

iii. begins to be used within a reasonable time following its acquisition or the completion of its development,

iv. is used only in Québec during the period covering the process of implementing the innovation or invention, in subparagraph v referred to as the "implementation period", and primarily in the course of the carrying on of a business by the taxpayer or, where applicable, by any other person who acquired the property in any of the circumstances described in section 130R149,

v. is not, during the implementation period, a property used for the purpose of gaining or producing gross revenue that is rent or a royalty, and

vi. is not acquired by the taxpayer from a person or partnership with which the taxpayer is not dealing at arm's length.

For the purposes of subparagraph *b* of the first paragraph,

(*a*) an incorporeal property means a patent or a right to use patented information, a licence, a permit, know-how, a commercial secret or other similar property constituting knowledge, but does not include a trademark, an industrial design, a copyright or other similar property constituting the expression of knowledge;

(*b*) a technology transfer means the transmission to a taxpayer of knowledge in the form of know-how, techniques, processes or formulas, with a view to enabling the taxpayer to implement an innovation or invention concerning the taxpayer's business; and

(*c*) a property is deemed to be used only in Québec where it is used as part of the process of implementing an innovation or invention and where the efforts to implement that innovation or invention are made only in Québec.

2020, c. 16, s. 251.

CHAPTER VII

DISABILITY-RELATED MODIFICATIONS AND EQUIPMENT, INTEREST REPAYMENT AND ANNUITY CONTRACTS

chap. V.1; O.C. 2962-82, s. 25; O.C. 500-83, s. 25; O.C. 421-88, s. 2; O.C. 67-96, s. 21; O.C. 134-2009, s. 1.

157R1. For the purposes of paragraph *h*.1 of section 157 of the Act, the following are prescribed renovations and alterations:

(*a*) the installation of an interior or exterior ramp or of a hand-activated electric door opener; and

(*b*) a modification to a bathroom, elevator or doorway to facilitate its use by a person in a wheelchair.

s. 157R0.1; O.C. 67-96, s. 22; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 8800.

157R2. For the purposes of paragraph *h*.2 of section 157 of the Act, the following are prescribed devices and equipment:

(*a*) an elevator car position indicator, such as a braille panel or an audio signal, for individuals having a sight impairment;

(*b*) a visual fire alarm indicator, a listening device for group meetings or a telephone device, for individuals having a hearing impairment; and

(*c*) a disability-specific computer software or hardware attachment.

s. 157R0.2; O.C. 67-96, s. 22; O.C. 1466-98, s. 30; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 8801.

157R3. For the purposes of paragraph *l*.1 of section 157 of the Act, a provision of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and any provision of an Act of a province, other than Québec, that imposes a tax similar to the tax imposed under the Income Tax Act are deemed to be prescribed provisions.

s. 157R1; O.C. 421-88, s. 3; O.C. 1076-88, s. 6; O.C. 35-96, s. 10; O.C. 1466-98, s. 31; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 20(1)(II) ITA.

157.3R1. The amount that a taxpayer may deduct, for a taxation year, under section 157.3 of the Act in respect of an annuity contract that was acquired after 19 December 1980 and for which annuity payments commenced before 1 January 1982, is the proportion of the amounts included in computing the taxpayer's income for a previous taxation year under section 92 of the Act in respect of the contract that the annuity payments received during the year under the contract is of the payments determined under section 336R3 in respect of the taxpayer's interest in the contract.

s. 157.3R1; O.C. 2962-82, s. 25; O.C. 500-83, s. 25; O.C. 1116-2007, s. 21; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 303(2).

157.3R2. Where in a taxation year, the rights of a holder under an annuity contract cease upon termination or cancellation of the contract, the holder may, under section 157.3 of the Act, deduct in computing the holder's income for the year, the amount by which the aggregate of the amounts in respect of the contract that the holder has included in computing the holder's income for the year or a previous taxation year under section 92 of the Act, exceeds the aggregate of

(*a*) the proportion of the aggregate of those amounts that the annuity payments made before the rights of the holder have ceased is of the payments expected to be made under the contract; and

(*b*) the aggregate of the amounts in respect of the contract that were deductible in computing the income of the holder for the year or a previous taxation year under section 157.3R1.

s. 157.3R2; O.C. 2962-82, s. 25; O.C. 500-83, s. 25; O.C. 7-87, s. 4; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 303(1).

157.5R1. For the purposes of section 157.5 of the Act, "prescribed annuity contract" has the meaning assigned by sections 92.11R14 to 92.11R19.

O.C. 701-2013, s. 11.
Corresponding Federal Provision: 304(1) before (a).

CHAPTER VIII

(Revoked).

chap. V.3; O.C. 1454-99, s. 25; O.C. 134-2009, s. 1; O.C. 321-2017, s. 19.

157.12R1. *(Revoked).*

s. 157.12R5; O.C. 1454-99, s. 25; O.C. 134-2009, s. 1; O.C. 321-2017, s. 19.

CHAPTER IX

INTEREST AND LOANS

chap. VII; O.C. 1981-80, title X, chap. VII; R.R.Q., 1981, c. I-3, r. 1, title X, chap. VII; O.C. 134-2009, s. 1.

160R1. A taxpayer may deduct, under paragraph *c* of section 160 of the Act, the interest paid by the taxpayer to the extent that it relates to an amount paid to the taxpayer under

(*a*) an appropriation Act of the Parliament of Canada and on terms and conditions approved by the Treasury Board of Canada for the purpose of advancing or sustaining the technological capabilities of a Canadian industry; or

(*b*) the Northern Mineral Exploration Assistance Regulations made under an appropriation Act of the Parliament of Canada that provides for payments in respect of the Northern Mineral Grants Program.

s. 160R1; O.C. 1981-80, s. 160R1; R.R.Q., 1981, c. I-3, r. 1, s. 160R1; O.C. 1149-2006, s. 16; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 20(1)(c)(iii) ITA.

163.1R1. For the purposes of section 163.1 of the Act, the verification of the amount of interest in respect of a policy loan must be made by the insurer in prescribed form on or before the filing-due date of the taxpayer referred to in that section for the taxation year in respect of which the interest is paid.

s. 163.1R1; O.C. 2962-82, s. 26; O.C. 500-83, s. 26; O.C. 421-88, s. 4; O.C. 1466-98, s. 32; O.C. 1470-2002, s. 30; O.C. 1249-2005, s. 12; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4001.

165.2R1. For the purposes of section 165.2 of the Act, the rate of interest prescribed during a particular period is that which is equal to the rate of interest determined during the same period in accordance with subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 165.2R1; O.C. 67-96, s. 25; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4301(a)(i).

175.1.7R1. For the purposes of section 175.1.7 of the Act, the rate of interest prescribed at a particular time is the rate determined, for the period including the particular time, in accordance with subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 175.1.7R1; O.C. 1707-97, s. 25; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4301(c); 18(9.7) ITA.

176.6R1. For the purposes of paragraph *b* of section 176.6 of the Act, the net cost of pure insurance for a taxation year in respect of a taxpayer's interest in a life insurance policy is the amount determined in respect of that interest for that year in accordance with section 976.1R1.

s. 176.6R1; O.C. 67-96, s. 26; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 308(1) before (a).

TITLE XVII

SPECIAL CASES

title XI; O.C. 1981-80, title XI; O.C. 3926-80, s. 5; R.R.Q., 1981, c. I-3, r. 1, title XI; O.C. 134-2009, s. 1.

192R1. For the purposes of the first paragraph of section 192 of the Act, section 985 of the Act applies to every State body or federal Crown body, except

(*a*) Royal Canadian Mint;

(*b*) Freshwater Fish Marketing Corporation;

(*c*) Canada Mortgage and Housing Corporation;

(*d*) Canada Post Corporation;

(*e*) Canada Deposit Insurance Corporation;

(*f*) Cape Breton Development Corporation;

(*g*) Canada Hibernia Holding Corporation;

(*h*) Canada Lands Company Limited;

(*i*) Canadian Broadcasting Corporation;

(*j*) VIA Rail Canada Inc.; and

(*k*) Project Deliver II Ltd.

s. 192R1; O.C. 1981-80, s. 192R1; O.C. 3926-80, s. 5; R.R.Q., 1981, c. I-3, r. 1, s. 192R1; O.C. 2583-85, s. 8; O.C. 1076-88, s. 7; O.C. 1471-91, s. 19; O.C. 366-94, s. 19; O.C. 1631-96, s. 29; O.C. 1707-97, s. 26; O.C. 1466-98, s. 33; O.C. 1454-99, s. 27; O.C. 1155-2004, s. 22; O.C. 134-2009, s. 1; O.C. 117-2019, s. 11.
Corresponding Federal Provision: 7100.

192R2. For the purposes of the second paragraph of section 192 of the Act, a prescribed body is a body mentioned in any of paragraphs *a* to *j* of section 192R1.

s. 192R2; O.C. 3926-80, s. 5; R.R.Q., 1981, c. I-3, r. 1, s. 192R2; O.C. 1707-97, s. 27; O.C. 1282-2003, s. 33; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7100.

209.4R1. For the purposes of the first paragraph of section 209.4 of the Act, sections 336R1 to 336R11 apply with the necessary modifications to determine the part of a payment that represents a return of capital of an annuity.

s. 209.4R1; O.C. 2962-82, s. 28; O.C. 500-83, s. 28; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 300(1) before (a).

221R1. *(Revoked).*

s. 221R1; O.C. 1981-80, s. 221R1; R.R.Q., 1981, c. I-3, r. 1, s. 221R1; O.C. 134-2009, s. 1; O.C. 321-2017, s. 20.

TITLE XVIII

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT

title XI.1; O.C. 1549-88, s. 4; O.C. 134-2009, s. 1.

225R1. The amount prescribed in paragraph *a* of section 225 of the Act in respect of a taxpayer for a taxation year is the aggregate of the following amounts:

(*a*) the amount computed for the year in respect of the taxpayer under paragraph *e* of subsection 1 of section 37 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), other than the part of that amount that may reasonably be considered to be related to an amount that is a qualified expenditure, within the meaning of subsection 9 of section 127 of that Act, and that constitutes, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996, or a proxy amount computed by reference to an expenditure incurred as salary or wages before 10 May 1996;

(*b*) the amount computed for the year in respect of the taxpayer under paragraph *g* of subsection 1 of section 37 of the Income Tax Act; and

(*c*) where the taxpayer is a trust or partnership, any particular amount that, under subsection 12.1 of section 127 of the Income Tax Act, is required to reduce, at the end of its fiscal period ending in the year or in a previous taxation year, the total expenditures that it may deduct under section 37 of that Act, other than the part of that particular amount that may reasonably be considered to be related to an amount that is a qualified expenditure, within the meaning of subsection 9 of that section 127, and that constitutes, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996.

s. 225R1; O.C. 1983-80, s. 14; R.R.Q., 1981, c. I-3, r. 1, s. 225R1; O.C. 2583-85, s. 9; O.C. 544-86, s. 6; O.C. 140-90, s. 4; O.C. 35-96, s. 86; O.C. 1707-97, s. 30; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 37(1)(e) and (g) and 127(12.1) ITA.

230R1. For the purposes of subparagraph ii of subparagraphs *a* and *b* of the first paragraph of section 230 of the Act, the following expenditures are directly attributable to the prosecution of scientific research and experimental development:

(*a*) the cost of materials consumed or processed in such prosecution of scientific research and experimental development;

(*b*) where an employee directly undertakes, supervises or supports such prosecution of scientific research and experimental development, the part of the expenditure incurred for the employee's salary or wages that may reasonably be considered to be related to that prosecution of scientific research and experimental development; and

(*c*) other expenditures or any part thereof that is directly related to such prosecution of scientific research and experimental development and that would not have been incurred if that prosecution of scientific research and experimental development had not occurred.

s. 230R1; O.C. 1549-88, s. 7; O.C. 1707-97, s. 31; O.C. 1466-98, s. 126; O.C. 1470-2002, s. 31; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 2900(2).

230R2. For the purposes of subparagraph ii of subparagraph *b* of the first paragraph of section 230 of the Act, the following expenditures are directly attributable to the provision of premises, facilities or equipment for the prosecution of scientific research and experimental development:

(*a*) the cost of the maintenance and upkeep of those premises, facilities or equipment; and

(*b*) other expenditures or any part thereof that is directly related to such provision of premises, facilities or equipment and that would not have been incurred if those premises, facilities or equipment had not existed.

s. 230R2; O.C. 1549-88, s. 7; O.C. 1707-97, s. 32; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 2900(3).

230.0.0.2R1. *(Revoked).*

s. 230.0.0.2R0.1; O.C. 366-94, s. 20; O.C. 134-2009, s. 1; O.C. 321-2017, s. 21.

230.0.0.2R2. For the purposes of paragraph *a* of section 230.0.0.2 of the Act, a laboratory animal is any animal acquired or leased in order to be used as the subject of an experiment, other than such an animal in respect of which it may reasonably be expected that a more than symbolic amount will be received or that the pelt, flesh or any other body part, including the sperm or any other substance, may be sold for such an amount.

s. 230.0.0.2R1; O.C 1232-91, s. 5; O.C. 134-2009, s. 1; O.C. 321-2017, s. 22.

TITLE XIX

CAPITAL GAINS AND CAPITAL LOSSES

title XII; O.C. 1981-80, title XII; R.R.Q., 1981, c. I-3, r. 1, title XII; O.C. 615-88, s. 10; O.C. 134-2009, s. 1.

CHAPTER I

GENERALITIES

chap. I; O.C. 1981-80, title XII, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XII, chap. I; O.C. 134-2009, s. 1.

241.0.1R1. A corporation referred to in section 241.0.1 of the Act is a corporation that was at any time

(*a*) a corporation registered under the Act respecting corporations for the development of Québec business firms (chapter S-28), as it read before it was repealed;

(*b*) a corporation referred to in section 21.19R1, other than a corporation referred to in subparagraph *f* of the second paragraph of that section;

(*c*) a corporation that had an employee share ownership plan registered under Part 1 of the Employee Investment Act of British Columbia (R.S.B.C. 1996, c. 112); or

(*d*) a corporation registered under the provisions of Part II of the Community Small Business Investment Funds Act (S.O. 1992, c. 18).

s. 241.0.1R1; O.C. 615-88, s. 11; O.C. 1660-94, s. 4; O.C. 67-96, s. 28; O.C. 1707-97, s. 98; O.C. 1454-99, s. 28; O.C. 1463-2001, s. 53; O.C. 1470-2002, s. 32; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 22.
Corresponding Federal Provision: 6700 to 6700.2.

241.0.1R2. For the purposes of paragraph *b* of section 241.0.1 of the Act, prescribed assistance means

(*a*) the amount of any assistance granted by Québec or another province in respect of, or for the acquisition of, a share of the capital stock of a corporation referred to in paragraph *a* or *b* of section 241.0.1R1;

(*b*) the amount of any assistance provided under the provisions of the Employee Investment Act of British Columbia (R.S.B.C. 1996, c. 112) in respect of, or for the acquisition of, a share of the capital stock of a corporation referred to in paragraph *c* of section 241.0.1R1;

(*c*) the amount of any assistance granted under the provisions of the Community Small Business Investment Funds Act (S.O. 1992, c. 18) in respect of, or for the acquisition of, a share of the capital stock of a corporation referred to in paragraph *d* of section 241.0.1R1;

(*d*) the amount of any tax credit provided in respect of, or for the acquisition of, a share of a corporation referred to in any of subparagraphs *g* to *k* of the first paragraph of section 21.19R1 or in any of subparagraphs *a* and *c* to *e* of the second paragraph of that section; or

(*e*) the amount of any tax credit provided by Québec or another province in respect of, or for the acquisition of, a share of the capital stock of a taxable Canadian corporation, other than a share described in the second paragraph, held in a prescribed stock savings plan referred to in section 241.0.1R3.

The share to which subparagraph *e* of the first paragraph refers is a share of the capital stock of a corporation in respect of which an amount has been renounced by the corporation under any of sections 359.2, 359.2.1, 359.4 and 359.6 of the Act.

s. 241.0.1R2; O.C. 615-88, s. 11; O.C. 1114-92, s. 17; O.C. 1660-94, s. 5; O.C. 67-96, s. 29; O.C. 1707-97, s. 98; O.C. 1466-98, s. 34; O.C. 1454-99, s. 29; O.C. 1463-2001, s. 54; O.C. 1470-2002, s. 33; O.C. 1282-2003, s. 34; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 23.
Corresponding Federal Provision: 6702.

241.0.1R3. For the purposes of section 241.0.1 of the Act, a prescribed stock savings plan means a stock savings plan governed by any of the following statutes:

(*a*) the Alberta Stock Savings Plan Act of Alberta (S.A. 1986, c. A-37.7);

(*b*) The Stock Savings Tax Credit Act of Saskatchewan (S.S. 1986, c. S-59.1);

(*c*) the Stock Savings Plan Act of Nova Scotia (R.S.N.S. 1989, c. 445);

(*d*) The Stock Savings Tax Credit Act of Newfoundland and Labrador (R.S.N.L. 1990, c. S-28); and

(*e*) section 11.6 of the Income Tax Act of Manitoba (Continuing Consolidation of the Statutes of Manitoba, c. I10).

s. 241.0.1R3; O.C. 1114-92, s. 18; O.C. 1454-99, s. 30; O.C. 1470-2002, s. 34; O.C. 134-2009, s. 1; I.N. 2016-10-01.
Corresponding Federal Provision: 6705.

CHAPTER II

SECURITIES DEEMED NOT TO BE A CANADIAN SECURITY

chap. II; O.C. 1981-80, title XII, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XII, chap. II; O.C. 134-2009, s. 1.

250.2R1. For the purposes of section 250.2 of the Act, a prescribed security, for a taxpayer referred to in section 250.1 of the Act, is

(*a*) a share of the capital stock of a corporation, other than a public corporation, whose value at the time of its disposition by the taxpayer is mainly attributable to a property belonging to the corporation, another person or a partnership, and that is

i. immovable property, an interest or option in respect of that property,

ii. a Canadian mining property or a property that would be such if it had been acquired after 1971,

iii. a foreign mining property or a property that would be such if it had been acquired after 1971, or

iv. a combination of the properties referred to in subparagraphs i to iii;

(*b*) a bond, debenture, bill, note, hypothecary claim, mortgage or other similar obligation, issued by a corporation other than a public corporation, where at any time before the disposition of the obligation, the taxpayer was not dealing at arm's length with the corporation;

(*c*) a share or a bond, bill, note, hypothecary claim, mortgage or similar obligation that was acquired by the taxpayer from a person with whom the taxpayer does not deal at arm's length, other than from a person in respect of whom section 250.1 of the Act may apply for the person's taxation year that includes the time of the acquisition;

(*d*) a security described in paragraph *c* that was acquired by the taxpayer from a person, other than from a person in respect of whom section 250.1 of the Act may apply for the person's taxation year that includes the time of the acquisition, in circumstances in which section 518 or 529 of the Act applied;

(*e*) a share acquired by the taxpayer in the cases described in section 419 of the Act; or

(*f*) a security described in paragraph *c* that was acquired by the taxpayer as proceeds of disposition for a security of the taxpayer to which any of paragraphs *a* to *c* and *e* applied in respect of the taxpayer, or as a result of one or more transactions that may reasonably be considered to have been an exchange or substitution of a security of the taxpayer to which any of paragraphs *a* to *c* and *e* applied.

s. 250.2R1; O.C. 1981-80, s. 250.2R1; R.R.Q., 1981, c. I-3, r. 1, s. 250.2R1; O.C. 2962-82, s. 30; O.C. 500-83, s. 30; O.C. 1707-97, s. 98; O.C. 1466-98, s. 36; O.C. 1454-99, s. 31; O.C. 1451-2000, s. 1; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6200.

CHAPTER III

PROCEEDS OF DISPOSITION

chap. III; O.C. 1981-80, title XII, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XII, chap. III; O.C. 134-2009, s. 1.

251R1. For the purposes of section 251 of the Act, proceeds of disposition of a property do not include an amount deemed to be a dividend paid under subsection 1 of section 212.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 251R1; O.C. 1981-80, s. 251R1; R.R.Q., 1981, c. I-3, r. 1, s. 251R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 54 "proceeds of disposition" (k) ITA.

CHAPTER IV

ADJUSTED COST BASE AND PRINCIPAL RESIDENCE

chap. IV; O.C. 1981-80, title XII, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title XII, chap. IV; O.C. 134-2009, s. 1.

255R1. The amount referred to in subparagraph ii of paragraph *h*.1 of section 255 of the Act is the aggregate of each amount that the controlled foreign affiliate has included, in respect of the property referred to in that paragraph *h*.1, for a taxation year beginning before the particular time set out in that section 255, in computing its foreign accrual property income, within the meaning of section 579 of the Act, by reason of item C in the formula in the definition of "foreign accrual property income" in subsection 1 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 255R1; O.C. 615-88, s. 12; O.C. 35-96, s. 11; O.C. 134-2009, s. 1; O.C. 229-2014, s. 6.

Corresponding Federal Provision: 53(1)(m)(ii) ITA.

257R1. Assistance referred to in subparagraph i of paragraph *d* of section 257 of the Act does not include assistance that would be described in section 101R2 if that section applied to any capital property and also covered a deduction allowed under any of sections 773, 774 and 965.33 of the Act, as they read before their repeal, section 208 or 209 of the Act respecting the sociétés d'entraide économique (chapter S-25.1), as they read before their repeal, and any of sections 125, 127 and 130 of the Act respecting certain caisses d'entraide économique

(chapter C-3.1), as they read before their repeal, or assistance that a taxpayer has received or is entitled to receive and that is prescribed assistance under section 241.0.1R2, would be prescribed assistance under that section if that section applied in respect of, or for the acquisition of, a share of the capital stock of a corporation that is registered under the Act respecting Québec business investment companies (chapter S-29.1) or is the amount of a tax credit granted in respect of, or for the acquisition of, a share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

s. 257R1; O.C. 1981-80, s. 257R1; R.R.Q., 1981, c. I-3, r. 1, s. 257R1; O.C. 1544-82, s. 4; O.C. 2727-84, s. 8; O.C. 544-86, s. 7; O.C. 615-88, s. 13; O.C. 1114-92, s. 19; O.C. 1707-97, s. 36; O.C. 1466-98, s. 37; O.C. 134-2009, s. 1; O.C. 701-2013, s. 12; 2019, c. 14, s. 637.

257R2. For the purposes of subparagraph ii of paragraph *d* of section 257 of the Act, an amount described in paragraph *c* of section 87R5 is a prescribed amount.

s. 257R0.1; O.C. 1539-93, s. 12; O.C. 1707-97, s. 35; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6702; 53(2)(k)(i)(A) to (D) ITA.

257R3. For the purposes of subparagraph vi of paragraph *l* of section 257 of the Act, a prescribed amount is any particular amount deducted by a taxpayer under subsection 5 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing tax payable under that Act for a taxation year subsequent to the 1981 taxation year, that may reasonably be attributed to an amount added under subsection 8 of that section 127 in computing the taxpayer's investment tax credit within the meaning of subsection 9 of that section 127, other than the part of that particular amount that may reasonably be considered to be related to an amount that is a qualified expenditure within the meaning of that subsection 9, and that constitutes, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996.

s. 257R2; O.C. 2583-85, s. 11; O.C. 1232-91, s. 7; O.C. 35-96, s. 86; O.C. 1707-97, s. 37; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 53(2)(c)(vi) ITA.

257R4. For the purposes of subparagraph ii of paragraph *n* of section 257 of the Act, a prescribed amount is any particular amount deducted by a taxpayer under subsection 5 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing tax payable under that Act for a taxation year subsequent to the 1981 taxation year, that may reasonably be attributed to an amount added under subsection 7 of that section 127 in computing the taxpayer's investment tax credit within the meaning of subsection 9 of that section 127, other than the part of that particular amount that may reasonably be considered to be related to an amount that is a qualified expenditure within the meaning of that subsection 9, and that constitutes, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996.

s. 257R3; O.C. 2583-85, s. 11; O.C. 1232-91, s. 7; O.C. 35-96, s. 86; O.C. 1707-97, s. 37; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 53(2)(h)(ii) ITA.

273R1. An individual makes the election under paragraph *b* of section 273 of the Act by filing, with the individual's fiscal return for the taxation year during which the individual disposed of land referred to in that section that included a property that was the individual's principal residence, a letter stating that the individual so elects, describing the property with sufficient details to allow proper identification of the property designated as the individual's principal residence and stating the number of taxation years ending after the time referred to in the first paragraph of section 271 of the Act during which the property was the individual's principal residence while the individual was resident in Canada.

s. 273R1; O.C. 1981-80, s. 273R1; O.C. 3926-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 273R1; O.C. 1451-2000, s. 8; O.C. 1149-2006, s. 17; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2300.

CHAPTER V

(Revoked).

chap. V; O.C. 2962-82, s. 31; O.C. 500-83, s. 31; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 9.

306.1R1. *(Revoked).*

s. 306.1R1; O.C. 2962-82, s. 31; O.C. 500-83, s. 31; O.C. 35-96, s. 12; O.C. 1116-2007, s. 22; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 9.

CHAPTER VI

ANTI-AVOIDANCE RULE

chap. VI; O.C. 2962-82, s. 31; O.C. 500-83, s. 31; O.C. 134-2009, s. 1.

308.1R1. For the purposes of section 308.1 of the Act, the prescribed part of a dividend referred to in section 308.2 of the Act is the part of that dividend that is subject to Canadian income tax under Part IV of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) that is not refunded under that Act as a consequence of the payment of a dividend to a corporation where the payment is part of a series of transactions or events in respect of which section 308.1 of the Act applies.

s. 308.1R1; O.C. 2962-82, s. 31; O.C. 500-83, s. 31; O.C. 2583-85, s. 12; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 1282-2003, s. 35; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 55(2) before (a).

TITLE XX

OTHER SOURCES OF INCOME

title XIII; O.C. 1981-80, title XIII; R.R.Q., 1981, c. I-3, r. 1, title XIII; O.C. 134-2009, s. 1.

311R1. For the purposes of paragraph *e* of section 311 of the Act, the following are prescribed benefits:

(*a*) a benefit provided for by the Labour Adjustment Benefits Act (Revised Statutes of Canada, 1985, chapter L-1);

(*b*) a benefit provided for by a program offering income assistance payments, established pursuant to an agreement entered into under section 5 of the Department of Labour Act (Revised Statutes of Canada, 1985, chapter L-3); and

(*c*) a benefit provided for by a program offering income assistance payments, administered pursuant to an agreement entered into under section 5 of the Department of Fisheries and Oceans Act (Revised Statutes of Canada, 1985, chapter F-15).

s. 311R2; O.C. 1707-97, s. 40; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 5502.

311.1R1. A social assistance payment related to medical expenses incurred by or on behalf of the taxpayer is a prescribed amount for the purposes of section 311.1 of the Act.

s. 311.1R1; O.C. 1633-96, s. 5; O.C. 1454-99, s. 32; O.C. 134-2009, s. 1.

313.1R1. For the purposes of section 313.1 of the Act, a prescribed program is a program referred to in section 87R3.

s. 313.1R1; O.C. 1981-80, s. 313.1R1; R.R.Q., 1981, c. I-3, r. 1, s. 313.1R1; O.C. 2962-82, s. 32; O.C. 500-83, s. 32; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 5500 and 5501.

314R1. *(Revoked).*

s. 314R1; O.C. 1114-92, s. 21; O.C. 134-2009, s. 1; O.C. 229-2014, s. 7.

316.2R1. For the purposes of subparagraph i of paragraph *a* of section 316.2 of the Act, the rate of interest prescribed, during a particular period, is that equal to the rate determined, during the same period, in accordance with subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 316.2R1; O.C. 473-95, s. 3; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4301(a)(i).

317R1. *(Revoked).*

s. 317R2; O.C. 1114-92, s. 22; O.C. 134-2009, s. 1; O.C. 229-2014, s. 8.

333R1. For the purposes of section 333 of the Act,

"additional depletion" has the meaning assigned by sections 360R84 to 360R88;

"bituminous sands equipment" has the meaning assigned by section 360R2;

"Canadian oil and gas exploration expense" has the meaning assigned by section 360R2;

"earned depletion" has the meaning assigned by sections 360R42 to 360R60;

"enhanced recovery equipment" has the meaning assigned by section 360R2;

"exploration base" has the meaning assigned by sections 360R66 to 360R73;

"non-conventional lands" has the meaning assigned by section 360R2;

"oil and gas exploration base" has the meaning assigned to "depletion for oil and gas exploration" by sections 360R37 to 360R41;

"qualified tertiary oil recovery project" has the meaning assigned by section 360R2;

"resource exploration base" has the meaning assigned to "mining exploration depletion" by sections 360R31 to 360R35.

s. 333R1; O.C. 2962-82, s. 33; O.C. 500-83, s. 33; O.C. 421-88, s. 6; O.C. 615-88, s. 15; O.C. 1746-88, s. 1; O.C. 35-96, s. 13; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 59(6) ITA; 1203(2); 1205; 1206(1); 1207(2) to (7); 1212(3) and (4).

TITLE XXI

RULES RESPECTING THE COMPUTATION OF INCOME

title XIV; O.C. 1981-80, title XIV; R.R.Q., 1981, c. I-3, r. 1, title XIV; O.C. 134-2009, s. 1.

CHAPTER I

CAPITAL RETURN

chap. I; O.C. 1981-80, title XIV, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. I; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

DIVISION I

INTERPRETATION

div. I; O.C. 1981-80, title XIV, chap. I, div. I; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. I, div. I; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

336R1. For the purposes of this chapter,

"life annuity contract" has the meaning assigned by sections 966R2 to 966R4;

"tax anniversary date" in respect of an annuity contract means the day of the second anniversary of the contract occurring after 22 October 1968.

s. 336R1; O.C. 1981-80, s. 336R1; R.R.Q., 1981, c. I-3, r. 1, s. 336R1; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 7-87, s. 7; O.C. 134-2009, s. 1; O.C. 701-2013, s. 13.

Corresponding Federal Provision: 301(1) before (a); 310 "tax anniversary date".

336R2. For the purposes of sections 336R3 to 336R7, an annuity payment does not include the part of a payment made under a contract the amount of which cannot be fixed immediately before payments under the contract commence.

This section does not apply where that amount cannot be fixed owing to the fact that the continuance of the annuity payments under the contract depends, in whole or in part, upon the survival of an individual.

s. 336R5; O.C. 1981-80, s. 336R5; R.R.Q., 1981, c. I-3, r. 1, s. 336R5; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 7-87, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(1.1).

DIVISION II

GENERAL RULE

div. II; O.C. 1981-80, title XIV, chap. I, div. II; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. I, div. II; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

336R3. For the purposes of paragraph *f* of section 336 of the Act, where an annuity is paid under a contract, other than an income-averaging annuity contract, an income-averaging annuity respecting income from artistic activities or an annuity contract purchased under a deferred profit sharing plan or a plan designated in subsection 15 of section 147 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) as a revoked plan, the part of an annuity payment representing a capital return is that proportion of the taxpayer's interest in the annuity payment that the adjusted purchase price of the taxpayer's interest in the contract at the time of payment is of the taxpayer's interest, immediately before the payments to which paragraph *c* of section 312 of the Act applies commence under the contract, in the aggregate of the payments to be made under the contract in the case of a contract made for a fixed number of years, or expected to be made under the contract in the case of a contract under which the continuance of the payments depends, in whole or in part, on the survival of an individual.

s. 336R6; O.C. 1981-80, s. 336R6; R.R.Q., 1981, c. I-3, r. 1, s. 336R6; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 7-87, s. 10; O.C. 1114-93, s. 18; O.C. 35-96, s. 86; O.C. 1454-99, s. 62; O.C. 1149-2006, s. 20; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(1).

336R4. For the purposes of sections 336R2 to 336R11, where the continuance of annuity payments under a contract depends in whole or in part on the survival of an individual, the following rules apply:

(*a*) the aggregate of the payments expected to be made under the contract is

i. in the case of a contract that provides for equal payments and does not provide for a guaranteed period of payment, to be equal to the product obtained by multiplying the aggregate of the annuity payments expected to be received in a year under the contract by the complete expectations of life determined

(1) using the table of mortality known as the 1971 Individual Annuity Mortality Table as published in Volume XXIII of the Transactions of the Society of Actuaries, if the annuity rates in respect of the contract were fixed and determined before 1 January 2017 and annuity payments under the contract commenced before that date or, on 31 December 2016, the contract would be a prescribed annuity contract within the meaning of section 92.11R17 if section 92.11R17 were read without reference to its paragraph *a* and the contract cannot be terminated other than

on the death of an individual on whose life payments under the contract are contingent, and

(2) in any other case, using the table of mortality known as the Annuity 2000 Basic Table as published in the Transactions of Society of Actuaries, 1995–96 Reports, and

ii. in any other case, to be computed in accordance with subparagraph i with the necessary modifications;

(*b*) the age of the individual on a particular date as of which a computation is being made is

i. if the life insured was determined by the insurer that issued the contract to be a substandard life at the time the contract was issued and the table of mortality referred to in subparagraph 2 of subparagraph i of paragraph *a* applies to determine the total of the payments expected to be made under the contract, the age that is equal to the total of the age used for the purpose of determining the annuity rate under the policy at the date of issue of the contract and the number determined by subtracting the calendar year in which the contract was issued from the calendar year in which the particular date occurs, and

ii. in any other case, determined by subtracting the calendar year of the individual's birth from the calendar year in which the particular date occurs; and

(*c*) if, in the event of the death of the individual before the annual payments total a stated amount, the contract provides that the unpaid balance of the stated amount is to be paid in a lump sum or instalments, then for the purpose of determining the expected term of the contract, the contract is deemed to provide for the continuance of the payments under the contract for a minimum term certain equal to the nearest whole number of years required to complete the payment of the stated amount.

s. 336R7; O.C. 1981-80, s. 336R7; R.R.Q., 1981, c. I-3, r. 1, s. 336R7; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 1633-96, s. 6; O.C. 134-2009, s. 1; 2019, c. 14, s. 638.

Corresponding Federal Provision: 300(2) before (b).

336R5. For the purposes of section 336R4, the age of a person is computed by subtracting the calendar year of birth from the calendar year for which the computation is made.

s. 336R8; O.C. 1981-80, s. 336R8; R.R.Q., 1981, c. I-3, r. 1, s. 336R8; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(2)(c).

336R6. Where the individual referred to in section 336R4 dies before the total of the annual payments reaches a stated amount and the contract provides for the payment of the balance, the contract is deemed to continue the payments for a fixed duration equal to the nearest integral number of years required to complete the payment of the stated amount.

s. 336R9; O.C. 1981-80, s. 336R9; R.R.Q., 1981, c. I-3, r. 1, s. 336R9; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(2)(d).

DIVISION III

COMPUTATION OF THE PURCHASE PRICE

div. III; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

336R7. For the purposes of sections 336R2 to 336R11, but subject to sections 336R8 to 336R11, the adjusted purchase price of a taxpayer's interest in an annuity contract at a particular time designates the amount that would be determined at that time in respect of that interest under sections 976 and 976.1 of the Act, if paragraph *c* of section 976.1 is disregarded.

s. 336R10; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 7-87, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(2)(b).

336R8. The rules prescribed by sections 336R9 and 336R10 apply to the computation of the adjusted purchase price of a taxpayer's interest in a life annuity contract signed before 17 November 1978 and under which annuity payments commence on the death of an individual.

The rules referred to in the first paragraph also apply in the case of an annuity contract, other than an annuity contract referred to in the first paragraph, that is a life annuity contract referred to in the first paragraph, that is a life annuity contract signed before 23 October 1968 or another annuity contract signed before 4 January 1968, under which the annuity payments commence at the end of a fixed number of years, and before the later of 1 January 1970 and the tax anniversary date of the contract.

s. 336R12; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 7-87, s. 12; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(3)(a) and (b).

336R9. Where an annuity contract referred to in section 336R8 provides that the annuitant may accept a lump sum payment instead of annuity payments on the date when those payments commence, that amount constitutes the adjusted purchase price of the contract.

If the contract does not provide for any lump sum, the adjusted purchase price of the contract is then equal to the amount that may be determined according to the contract as being the actual value of the annuity on the date when the annuity payments commence.

s. 336R13; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(3)(c) and (d).

336R10. Where an annuity contract referred to in section 336R8 does not provide a lump sum and does not provide for the computation of the actual value of the annuity, the adjusted purchase price of the contract is equal to the premiums paid and accumulated with interest at the rate of 4% per annum to the date on which the annuity payments commence, if it is a contract made under the Government Annuities Act (Revised Statutes of Canada, 1970, chapter G-6).

If the contract is not made under that Act, the adjusted purchase price of the contract is equal to the actual value of the annuity payments computed, at the date when those payments commence, in terms of interest at the rate of 4% per annum where the annuity payments commence before 1972 and 5 1/2% per annum where they commence after 1971 and, in the case of a contract referred to in section 336R4, by applying sections 336R4 to 336R7.

s. 336R14; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(3)(e).

336R11. Where the second paragraph of section 336R8 would apply to an annuity contract if the words "on or after the later of 1 January 1970 and the tax anniversary date" were substituted for the words "before the later of 1 January 1970 and the tax anniversary date", the adjusted purchase price of a taxpayer's interest in an annuity contract is the greater of

(*a*) the aggregate of

i. the amount that would be determined in respect of that interest under section 336R9 or 336R10, if the date referred to in either of those sections were the tax anniversary date of the contract, and

ii. the adjusted purchase price that would be determined in respect of that interest if, in each of paragraphs *a* to *c*, *f* and *g* of section 976 of the Act and in paragraph *a* of section 976.1 of the Act, the words "and after the tax anniversary date" were added immediately after the words "before the particular time"; and

(*b*) the amount determined under section 336R7 in respect of that interest.

s. 336R15; O.C. 2962-82, s. 34; O.C. 500-83, s. 34; O.C. 7-87, s. 13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 300(4).

CHAPTER II

PRESCRIBED ASSISTANCE PROGRAM

chap. I.0.1; O.C. 1539-93, s. 13; O.C. 134-2009, s. 1.

336R12. For the purposes of paragraph *k* of section 336 of the Act, the Subsidy and Loan Program for Workers, administered by the Ministère de l'Emploi et de Solidarité sociale is a prescribed assistance program.

s. 336R16; O.C. 1539-93, s. 13; O.C. 1454-99, s. 62; O.C. 134-2009, s. 1.

CHAPTER III

PRESCRIBED LEGISLATIVE PROVISIONS

chap. II.0.2; O.C. 1631-96, s. 30; O.C. 134-2009, s. 1.

339R1. For the purposes of paragraphs *d*.0.2 to *d*.0.4 of section 339 of the Act, subsection 5 of section 41 of the Canadian Forces Superannuation Act (Revised Statutes of Canada, 1985, chapter C-17), subsection 7 of section 39 and subsection 8 of section 42 of the Public Service Superannuation Act (Revised Statutes of Canada, 1985, chapter P-36) and subsection 6 of section 24 of the Royal Canadian Mounted Police Superannuation Act (Revised Statutes of Canada, 1985, chapter R-11) are prescribed legislative provisions.

s. 339R4; O.C. 1631-96, s. 30; O.C. 134-2009, s. 1; O.C. 117-2019, s. 12.

Corresponding Federal Provision: 6503.

CHAPTER IV

INDIVIDUALS RESIDING IN REMOTE AREAS

chap. II.0.3; O.C. 1155-2004, s. 25; O.C. 134-2009, s. 1.

350.1R1. For the purposes of section 350.1 of the Act,

(*a*) an area is a prescribed northern zone for a taxation year if it is

i. an area included for that year in subsection 1 of section 7303.1 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Supplement)), or

ii. Îles de la Madeleine; and

(*b*) an area is a prescribed intermediate zone for a taxation year if it is an area included for that year in subsection 2 of section 7303.1 of the Income Tax Regulations made under the Income Tax Act, other than Îles de la Madeleine.

s. 350.1R1; O.C. 1155-2004, s. 25; O.C. 134-2009, s. 1; O.C. 1182-2017, s. 3.

Corresponding Federal Provision: 7303.1.

350.2R1. For the purposes of sections 350.2R2 to 350.2R4,

"designated city" means St. John's, Halifax, Moncton, Québec, Montréal, Ottawa, Toronto, North Bay, Winnipeg, Saskatoon, Calgary, Edmonton and Vancouver; and

"member of the individual's household" includes that individual.

s. 350.2R1; O.C. 1155-2004, s. 25; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7304(1) "member of the taxpayer's household" and "designated city".

350.2R2. For the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 350.2 of the Act, the amount that an individual receives or the value of a benefit that the individual receives or enjoys for a period in a taxation year may not exceed the lesser of

(*a*) the aggregate of

i. the value of the assistance provided during the period by the individual's employer in respect of the travelling expenses for the trips each of which is a trip that may reasonably be considered to relate to that period and was made by a person who was a member of the individual's household at the time the trip was made, and

ii. the amount received during the period by the individual from the individual's employer in respect of the travelling expenses for the trips each of which is a trip that may reasonably be considered to relate to that period and was made by a person who was a member of the individual's household at the time the trip was made; and

(*b*) the aggregate of the individual's travel expenses for that period, in respect of a person who was a member of the individual's household at any time in the period.

s. 350.2R4; O.C. 1155-2004, s. 25; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7304(4).

350.2R3. For the purposes of section 350.2R2, the travel expenses of an individual, for a period in a taxation year, in respect of a person who was a member of the individual's household at any time during the period, are the total of the individual's travel expenses of all the trips each of which is a trip that may reasonably be considered to relate to that period and was made by the person at a time when the person was a member of the individual's household.

s. 350.2R3; O.C. 1155-2004, s. 25; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7304(3).

350.2R4. For the purposes of section 350.2R3, the travel expenses of an individual, in respect of a trip made by a person who was a member of the individual's household at the time the trip was made, are the least of

(*a*) the aggregate of

i. the value of the assistance provided by the individual's employer in respect of the travelling expenses for the trip, and

ii. the amount received by the individual from that employer in respect of the travelling expenses for the trip;

(*b*) the aggregate of

i. the value of the assistance provided by the individual's employer in respect of the travelling expenses for the trip, and

ii. the travelling expenses incurred by the individual for the trip; and

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

s. 350.2R2; O.C. 1155-2004, s. 25; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7304(2).

CHAPTER V

FLOW-THROUGH SHARES

chap. II.3; O.C. 91–94, s. 11; O.C. 134-2009, s. 1.

359.1R1. In this chapter,

"excluded obligation", in relation to a share or new right issued by a corporation, means

(*a*) an obligation of the corporation with respect to

i. eligibility for, or the amount of, any assistance under the Canadian Exploration and Development Incentive Program Act (Revised Statutes of Canada, 1985, chapter 15 (3rd Suppl.)), the Canadian Exploration Incentive Program Act (Revised Statutes of Canada, 1985, chapter 27 (4th Suppl.)), the Ontario Mineral Exploration Program Act (Revised Statutes of Ontario, chapter O.27) or The Mineral Exploration Incentive Program Act (Statutes of Manitoba, 1991-1992, c. 45), or

ii. the making of an election respecting the assistance referred to in subparagraph i and the transfer of such assistance to the holder of the share or the new right in accordance with any of the Acts referred to in that subparagraph;

(*b*) an obligation of the corporation, in respect of the share or the new right, to distribute an amount representing a payment out of assistance to which the corporation is entitled under section 25.1 of the Income Tax Act of British Columbia (R.S.B.C. 1996, c. 215) as a consequence of the corporation making expenditures funded by consideration received for shares or new rights issued by the corporation in respect of which the corporation purports to renounce an amount under section 359.2 of the Act; and

(*c*) an obligation of any person or partnership to effect an undertaking to indemnify the holder of the share or the new right or, where the holder is a partnership, a member thereof, for an amount not exceeding the amount of the tax payable by the holder or the member of the partnership, as the case

may be, under the Act, the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Suppl.)) or the laws of a province other than Québec, as a consequence of

i. the failure of the corporation to renounce an amount to the holder in respect of the share or the new right, or

ii. a reduction, pursuant to section 359.15 of the Act or subsection 12.73 of section 66 of the Income Tax Act, of an amount purported to be renounced by the corporation to the holder in respect of the share or the new right;

"new right" means a right issued after 20 December 2002 to acquire a share of the capital stock of a corporation, other than a right issued at a particular time before 1 January 2003

(*a*) pursuant to an agreement in writing entered into before 21 December 2002;

(*b*) as part of a distribution of rights to the public made in accordance with the terms of a final prospectus, preliminary prospectus, registration statement, offering memorandum or notice, required by law to be filed before distribution of the rights begins, filed before 21 December 2002 with a public authority in Canada in accordance with the securities legislation of the province in which the rights were distributed; or

(*c*) to a partnership in which interests were issued as part of a distribution to the public made in accordance with the terms of a final prospectus, preliminary prospectus, registration statement, offering memorandum or notice, required by law to be filed before distribution of the interests begins, filed before 21 December 2002 with a public authority in Canada in accordance with the securities legislation of the province in which the interests were distributed, where all interests in the partnership issued not later than the particular time were issued as part of the distribution or prior to the beginning of the distribution;

"new share" means a share of the capital stock of a corporation issued after 17 June 1987, other than a share issued at a particular time before 1 January 1989,

(*a*) pursuant to an agreement in writing entered into before 18 June 1987;

(*b*) as part of a distribution of shares to the public made in accordance with the terms of a final prospectus, preliminary prospectus, registration statement, offering memorandum or notice, required by law to be filed before distribution of the shares begins, filed before 18 June 1987 with a public authority in Canada in accordance with the securities legislation of the province in which the shares were distributed; or

(*c*) to a partnership in which interests were issued as part of a distribution to the public made in accordance with the terms of a final prospectus, preliminary prospectus, registration statement, offering memorandum or notice, required by law to be filed before distribution of the interests begins, filed before 18 June 1987 with a public authority in Canada in accordance with the securities legislation of the province in which the interests were distributed, where all interests in the partnership issued not later than the particular time were issued as part of the distribution or prior to the beginning of the distribution;

"specified person", in relation to any particular person, means another person with whom the particular person does not deal at arm's length or any partnership or trust of which the particular person or the other person is a member or beneficiary, respectively.

s. 359.1R1; O.C. 91-94, s. 11; O.C. 1660-94, s. 7; O.C. 35-96, s. 86; O.C. 1631-96, s. 31; O.C. 1707-97, s. 98; O.C. 1466-98, s. 40; O.C. 1463-2001, s. 57; O.C. 1470-2002, s. 35; O.C. 134-2009, s. 1; O.C. 66-2016, s. 9.

Corresponding Federal Provision: 6202.1(5).

359.1R2. For the purposes of the first paragraph of section 359.1 of the Act, a share referred to in sections 395R1 to 395R3 is a prescribed share, unless it is a share of the capital stock of a corporation that is a new share.

s. 359.1R2; O.C. 91-94, s. 11; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202(1) before (a) and (2).

359.1R3. For the purposes of the first paragraph of section 359.1 of the Act, a new share of the capital stock of a corporation is a prescribed share if, at the time it is issued, any of the following conditions is fulfilled:

(*a*) under the terms or conditions of the share or any agreement in respect of the share or its issue,

i. the amount of a dividend, determined by way of a formula or otherwise, that may be declared or paid on the share, referred to in this chapter as the "dividend entitlement", may reasonably be considered to be

(1) fixed,

(2) limited to a maximum, or

(3) established to be not less than a minimum, including any amount determined on a cumulative basis, where with respect to the dividend that may be declared or paid on the share there is a preference over any other dividends that may be declared or paid on any other share of the capital stock of the corporation,

ii. the amount, determined by way of a formula or otherwise, that the holder of the share is entitled to receive in respect of the share on the dissolution, liquidation or winding-up of the corporation, on a reduction of the paid-up capital of the share or on the redemption, acquisition or cancellation of the share by the corporation or by the specified person in relation to the corporation, referred to in this chapter as the "liquidation entitlement", may reasonably be considered to be fixed, limited to a maximum or established to be not less than a minimum,

iii. the share is convertible or exchangeable into another security issued by the corporation, unless the following conditions are fulfilled:

(1) it is convertible or exchangeable only into a property that is another share of the corporation, referred to in this subparagraph and in subparagraph 2 as a "particular share", that, if issued, would not be a prescribed share, a right, including a right conferred by a warrant that, if it were issued, would not be a prescribed right and that, if it were exercised, would allow the person exercising it to acquire only a share of the corporation that, if the share were issued, would not be a prescribed share, or both a particular share and such a right, and

(2) all the consideration receivable by the holder of the share on the conversion or exchange of the share is the particular share, the right described in subparagraph 1, or both the particular share and such right, or

iv. the corporation has, either absolutely or contingently, an obligation to reduce the paid-up capital in respect of the share, or any person or partnership has, either absolutely or contingently, an obligation to cause the corporation to reduce the paid-up capital in respect of the share, otherwise than pursuant to a conversion or an exchange of the share, where the right to so convert or exchange does not cause the share to be a prescribed share under subparagraph iii;

(*b*) any person or partnership has, either absolutely or contingently, an obligation, either immediately or in the future, other than an excluded obligation in relation to the share, to provide assistance, to make a loan or payment, to transfer property or otherwise to confer a benefit by any means whatever, including the payment of a dividend, and that obligation may reasonably be considered to be, directly or indirectly, a repayment or return by the corporation or a specified person in relation to the corporation of all or part of the consideration for which the share was issued or for which an interest in the partnership that acquires the share was issued;

(*c*) any person or partnership has, either absolutely or contingently, an obligation, other than an excluded obligation in relation to the share, to effect any undertaking, either immediately or in the future, with respect to the share or the agreement under which the share is issued, including any guarantee, security, indemnity, covenant or agreement and including the lending of funds to, or on behalf of, the holder of the share or, where the holder is a partnership, to a member thereof or to a specified person in relation to the holder or the member of the partnership, as the case may be, or the placing of amounts on deposit with, or on behalf of, such holder, member or person, that may reasonably be considered to have been given to ensure, directly or indirectly, that

i. any loss that the holder of the share and, where the holder is a partnership, a member thereof or a specified person in relation to the holder or a member of the partnership, as the case may be, may sustain by reason of the holding, ownership or disposition of the share or any other property is limited in any respect, or

ii. the holder of the share and, where the holder is a partnership, a member thereof or a specified person in relation to the holder or a member of the partnership, as the case may be, will derive earnings by reason of the holding, ownership or disposition of the share or any other property;

(*d*) the corporation or a specified person in relation to the corporation, within five years after the date the share is issued, may reasonably be expected

i. to acquire or cancel the share in whole or in part otherwise than on a conversion or exchange of the share that meets the conditions set out in subparagraphs 1 and 2 of subparagraph iii of paragraph *a* or otherwise than as a consequence of an amalgamation of a subsidiary wholly-owned corporation, a winding-up of a subsidiary wholly-owned corporation to which section 556 of the Act applies, or the payment of a dividend by a subsidiary wholly-owned corporation to its parent,

ii. to reduce the paid-up capital of the corporation in respect of the share otherwise than on a conversion or exchange of the share that meets the conditions set out in subparagraphs 1 and 2 of subparagraph iii of paragraph *a* or otherwise than as a consequence of an amalgamation, a winding-up, or the payment of a dividend referred to in subparagraph i, or

iii. to make a payment, transfer or other transaction, directly or indirectly, otherwise than pursuant to an excluded obligation in relation to the share or otherwise than as a consequence of an amalgamation, a winding-up or the payment of a dividend referred to in subparagraph i, by way of a dividend, loan, purchase of shares, financial assistance to any purchaser of the share or, where the purchaser is a partnership, a member thereof, or in any other manner whatever, that may reasonably be considered to be a repayment or return of all or part of the consideration for which the share was issued or for which an interest in the partnership that acquires the share was issued;

(*e*) any person or partnership may reasonably be expected to respect, within five years after the date the share is issued, any undertaking which, if it were in force at the time the share was issued, would cause the share to be a prescribed share by reason of paragraph *c*; or

(*f*) it may reasonably be expected that, within five years after the date the share is issued,

i. any of the terms or conditions of the share or any existing agreement relating to the share or its issue will be modified in such a manner that the share would be a prescribed share if it had been issued at the time of the modification, or

ii. any new agreement relating to the share or its issue will be entered into in such a manner that the share would be a prescribed share if it had been issued at the time when the new agreement is entered into.

s. 359.1R3; O.C. 91-94, s. 11; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1; O.C. 66-2016, s. 10.
Corresponding Federal Provision: 6202(1).

359.1R3.1. For the purposes of the first paragraph of section 359.1 of the Act, a new right to acquire a share of the capital stock of a corporation is a prescribed right if, at the time the right is issued,

(*a*) the amount, determined by way of a formula or otherwise, that the holder of the right is entitled to receive in respect of the right on the dissolution, liquidation or winding-up of the corporation or on the redemption, acquisition or cancellation of the right by the corporation or by a specified person in relation to the corporation, referred to in this chapter as the "liquidation entitlement" of the right, may reasonably be considered to be fixed, limited to a maximum or established to be not less than a minimum;

(*b*) the right is convertible or exchangeable into another security issued by the corporation, unless

i. it is convertible or exchangeable only into a property that is a share of the corporation, referred to in this subparagraph and in subparagraph ii as a "particular share", that, if issued, would not be a prescribed share, another right, including a right conferred by a warrant that, if it were issued, would not be a prescribed right and that, if it were exercised, would allow the person exercising it to acquire only a share of the corporation that, if the share were issued, would not be a prescribed share, or both a particular share and such a right, and

ii. all the consideration receivable by the holder on the conversion or exchange of the right is the particular share, the right described in subparagraph i, or both the particular share and such a right;

(*c*) any person or partnership has, either absolutely or contingently, an obligation, either immediately or in the future, other than an excluded obligation in relation to the right, to provide assistance, to make a loan or payment, to transfer property, or to otherwise confer a benefit by any means whatever, including the payment of a dividend, and that obligation may reasonably be considered to be, directly or indirectly, a repayment or return by the corporation or a specified person in relation to the corporation of all or part of the consideration for which the right was issued or for which an interest in the partnership that acquires the right was issued;

(*d*) any person or partnership has, either absolutely or contingently, an obligation, other than an excluded obligation in relation to the right, to effect any undertaking, either immediately or in the future, with respect to the right or the agreement under which the right is issued, including any guarantee, security, indemnity, covenant or agreement and including the lending of funds to, or on behalf of, the holder of the right or, where the holder is a partnership, to a member thereof or to a specified person in relation to the holder or a member of the partnership, as the case may be, or the placing of amounts on deposit with, or on behalf of, such holder, member or person, that may reasonably be considered to have been given to ensure, directly or indirectly, that

i. any loss that the holder of the right and, where the holder is a partnership, a member thereof or a specified person in relation to the holder or a member of the partnership, as the case may be, may sustain by reason of the holding, ownership or disposition of the right or any other property is limited in any respect, or

ii. the holder of the right and, where the holder is a partnership, a member thereof or a specified person in relation to the holder or a member of the partnership, as the case may be, will derive earnings by reason of the holding, ownership or disposition of the right or any other property;

(*e*) the corporation or a specified person in relation to the corporation, within five years after the date the right is issued, may reasonably be expected

i. to acquire or cancel the right in whole or in part otherwise than on a conversion or exchange of the right that meets the conditions set out in subparagraphs i and ii of paragraph *b* or otherwise than as a consequence of an amalgamation of a subsidiary wholly-owned corporation, a winding-up of a subsidiary wholly-owned corporation to which section 556 of the Act applies, or the payment of a dividend by a subsidiary wholly-owned corporation to its parent, or

ii. to make a payment, transfer or other transaction, directly or indirectly, otherwise than pursuant to an excluded obligation in relation to the right, by way of a dividend, loan, purchase of rights, financial assistance to any purchaser of the right or, where the purchaser is a partnership, a member thereof, or in any other manner whatever, that may reasonably be considered to be a repayment or return of all or part of the consideration for which the right was issued or for which an interest in the partnership that acquires the right was issued;

(*f*) any person or partnership may reasonably be expected to respect, within five years after the date the right is issued, any undertaking which, if it were in force at the time the right was issued, would cause the right to be a prescribed right by reason of paragraph *d*;

(*g*) it may reasonably be expected that, within five years after the date the right is issued,

i. any of the terms or conditions of the right or any existing agreement relating to the right or its issue will be modified in

such a manner that the right would be a prescribed right if it had been issued at the time of the modification, or

ii. any new agreement relating to the right or its issue will be entered into in such a manner that the right would be a prescribed right if it had been issued at the time the new agreement is entered into; or

(*h*) it may reasonably be expected that the right, if exercised, would allow the person exercising the right to acquire a share in a corporation that, if that share were issued, would be a prescribed share within five years after the day the right was issued.

O.C. 66-2016, s. 11.

Corresponding Federal Provision: 6202.1(1.1).

359.1R4. For the purposes of the first paragraph of section 359.1 of the Act, a new share of the capital stock of a corporation is a prescribed share if it fulfils any of the following conditions:

(*a*) the consideration for which the share is to be issued is to be determined more than 60 days after entering into the agreement pursuant to which the share is to be issued;

(*b*) the corporation or a specified person in relation to the corporation, directly or indirectly, for the purpose of assisting any person or partnership in acquiring the share or an interest in a partnership acquiring the share, otherwise than by reason of an excluded obligation in relation to the share,

i. provided assistance,

ii. made or arranged for a loan or payment,

iii. transferred property, or

iv. otherwise conferred a benefit by any means whatever, including the payment of a dividend; or

(*c*) the holder of the share or, where the holder is a partnership, a member thereof, is entitled under any agreement or arrangement entered into under circumstances where it is reasonable to consider that the agreement or arrangement was contemplated at or before the time when the agreement to issue the share was entered into

i. to dispose of the share, and

ii. through a transaction or event or a series of transactions or events contemplated by the agreement or arrangement, to acquire a share, referred to in this subparagraph as the "acquired share", of the capital stock of another corporation that would be a prescribed share under section 359.1R3 if the acquired share had been issued at the time the share was issued, other than a share that would not be a prescribed share if that section were read without reference to subparagraph iv of paragraph *a* and subparagraphs i and ii of paragraph *d* where the acquired share is a share

(1) of a mutual fund corporation, or

(2) of a corporation that becomes a mutual fund corporation within 90 days after the acquisition of the acquired share.

s. 359.1R4; O.C. 91-94, s. 11; O.C. 1707-97, s. 41; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202.1(2).

359.1R4.1. For the purposes of the first paragraph of section 359.1 of the Act, a new right to acquire a share of the capital stock of a corporation is a prescribed right if

(*a*) the consideration for which the new right is to be issued is to be determined more than 60 days after entering into the agreement pursuant to which the new right is to be issued;

(*b*) the corporation or a specified person in relation to the corporation, directly or indirectly, for the purpose of assisting any person or partnership in acquiring the new right or an interest in a partnership acquiring the new right, otherwise than by reason of an excluded obligation in relation to the right,

i. provided assistance,

ii. made or arranged for a loan or payment,

iii. transferred property, or

iv. otherwise conferred a benefit by any means whatever, including the payment of a dividend; or

(*c*) the holder of the new right or, where the holder is a partnership, a member thereof, is entitled under any agreement or arrangement entered into under circumstances where it is reasonable to consider that the agreement or arrangement was contemplated at or before the time the agreement to issue the new right was entered into

i. to dispose of the new right, and

ii. through a transaction or event or a series of transactions or events contemplated by the agreement or arrangement, to acquire

(1) a share, referred to in this subparagraph as the "acquired share", of the capital stock of another corporation that would be a prescribed share under section 359.1R3 if the acquired share had been issued at the time the new right was issued, other than a share that would not be a prescribed share if that section were read without reference to subparagraph iv of paragraph *a* and subparagraphs i and ii of paragraph *d* where the acquired share is a share of a mutual fund corporation or of a corporation that becomes a mutual fund corporation within 90 days after the acquisition of the acquired share; or

(2) a right, referred to in this subparagraph as the "acquired right", to acquire a share of the capital stock of another corporation that would be a prescribed right if it had been

issued at the time the new right was issued, other than a right that would not be a prescribed right if section 359.1R3.1 were read without reference to subparagraph i of paragraph *e* where the acquired right is a right to acquire a share of the capital stock of a mutual fund corporation or of a corporation that becomes a mutual fund corporation within 90 days after the acquisition of the acquired right.

O.C. 66-2016, s. 12.

Corresponding Federal Provision: 6202.1(2.1).

359.1R5. For the purposes of sections 359.1R3 and 359.1R3.1, the following rules apply:

(*a*) the dividend entitlement of a share of the capital stock of a corporation is deemed not to be fixed, limited to a maximum or established to be not less than a minimum where all dividends on the share are determined solely by reference to a multiple or fraction of the dividend entitlement of another share of the capital stock of the corporation, or of a share of the capital stock of another corporation that controls the corporation, where the dividend entitlement of that other share is not described in subparagraph i of paragraph *a* of section 359.1R3; and

(*b*) the liquidation entitlement of a share of the capital stock of a corporation, or of a right to acquire such a share, as the case may be, is deemed not to be fixed, limited to a maximum or established to be not less than a minimum where all the liquidation entitlement is determinable solely by reference to

(1) the liquidation entitlement of another share of the capital stock of the corporation, or a share of the capital stock of another corporation that controls the corporation, where the liquidation entitlement is not described in subparagraph ii of paragraph *a* of section 359.1R3; or

(2) the liquidation entitlement of a right to acquire the capital stock of the corporation or of another corporation that controls the corporation, where the liquidation entitlement is not described in paragraph *a* of section 359.1R3.1.

s. 359.1R5; O.C. 91-94, s. 11; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 13.

Corresponding Federal Provision: 6202.1(3).

359.1R6. For the purposes of paragraphs *c* and *e* of section 359.1R3 and paragraphs *d* and *f* of section 359.1R3.1, an agreement entered into between the first holder of a share or right and another person or partnership for the sale of the share or right to that other person or partnership for its fair market value at the time the share or right is acquired by the other person or partnership, determined without reference to the agreement, is deemed not to be an undertaking with respect to the share or right.

s. 359.1R6; O.C. 91-94, s. 11; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 14.

Corresponding Federal Provision: 6202.1(4).

359.1R7. For the purposes of the first paragraph of section 359.1 of the Act, a share that may be the subject of an SME growth stock plan described in section 965.56 of the Act is a prescribed share.

s. 359.1R7; O.C. 91-94, s. 11; O.C. 1149-2006, s. 21; O.C. 134-2009, s. 1; O.C. 117-2019, s. 13.

359.2R1. For the purposes of paragraph *b* of the first paragraph of section 359.2 of the Act, a Canadian exploration and development overhead expense of a corporation is

(*a*) a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2;

(*b*) an expense that would be a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2, if the references to "person who was connected with the taxpayer", "provided for the benefit of the taxpayer", "from that person" and "by that person" in paragraph *d* of the definition of that expression in section 360R2 were replaced by "particular person who was connected with the person to whom the expense is renounced under section 359.2 of the Act", "that the particular person provided for the benefit of the taxpayer", "from that particular person" and "by that particular person", respectively; and

(*c*) an expense that would be a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2, if the reference to "who was connected with the taxpayer" in paragraph *d* of the definition of that expression in section 360R2 were replaced by "to whom the expense is renounced under section 359.2 of the Act".

For the purposes of the first paragraph, a partnership is deemed to be a person and its taxation year is deemed to be its fiscal period.

s. 359.2R1; O.C. 91-94, s. 11; O.C. 35-96, s. 14; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4.2) and (4.3).

359.2.1R1. For the purposes of paragraph *b* of section 359.2.1 of the Act, a Canadian exploration and development overhead expense of a corporation is

(*a*) a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2;

(*b*) an expense that would be a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2, if the references to "connected with the taxpayer" in paragraph *d* of the definition of that expression in section 360R2 were

replaced by “connected with the person to whom the expense is renounced under section 359.2.1 of the Act”; and

(*c*) an expense that would be a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2, if the references to “person who was connected with the taxpayer” in paragraph *d* of the definition of that expression in section 360R2 were replaced by “person to whom the expense is renounced under section 359.2.1 of the Act”.

For the purposes of the first paragraph, a partnership is deemed to be a person and its taxation year is deemed to be its fiscal period.

s. 359.2.1R1; O.C. 1466-98, s. 41; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4.2) and (4.3).

359.4R1. For the purposes of paragraph *b* of the first paragraph of section 359.4 of the Act, a Canadian exploration and development overhead expense of a corporation is

(*a*) a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2;

(*b*) an expense that would be a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2, if the references to “person who was connected with the taxpayer”, “provided for the benefit of the taxpayer”, “from that person” and “by that person” in paragraph *d* of the definition of that expression in section 360R2 were replaced by “particular person who was connected with the person to whom the expense is renounced under section 359.4 of the Act”, “that the particular person provided for the benefit of the taxpayer”, “from that particular person” and “by that particular person”, respectively; and

(*c*) an expense that would be a Canadian exploration and development overhead expense of the corporation, within the meaning assigned to that expression by section 360R2, if the reference to “person who was connected with the taxpayer” in paragraph *d* of the definition of that expression in section 360R2 were replaced by “person to whom the expense is renounced under section 359.4 of the Act”.

For the purposes of the first paragraph, a partnership is deemed to be a person and its taxation year is deemed to be its fiscal period.

s. 359.4R1; O.C. 91-94, s. 11; O.C. 35-96, s. 15; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4.2) and (4.3).

CHAPTER VI

ALLOWANCE FOR DEPLETION

chap. III; O.C. 1981-80, title XIV, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III; O.C. 134-2009, s. 1.

DIVISION I

GENERALITIES

div. I; O.C. 1981-80, title XIV, chap. III, div. I; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. I; O.C. 134-2009, s. 1.

360R1. For the purposes of section 360 of the Act, a taxpayer may deduct as allowance for depletion, in computing the taxpayer’s income for a taxation year, the amounts determined in this chapter.

s. 360R1; O.C. 1981-80, s. 360R1; R.R.Q., 1981, c. I-3, r. 1, s. 360R1; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1200.

360R2. In this chapter,

“bituminous sands equipment” means property of a taxpayer that is included in Class 28 in Schedule B, or in Class 41 in that schedule under subparagraph *a* of the first paragraph of that class, and that the taxpayer acquired after 10 April 1978 mainly for the purpose of earning or producing income from one or more mines located in a deposit of bituminous sands, oil sands or oil shale from which materials are extracted, but does not include a property included in one of those classes by reason of the reference in that Class 28 to subparagraph *m* of the second paragraph of Class 10 in Schedule B, or where it is a property acquired before 17 November 1978 by reason of the reference, in subparagraph i of subparagraph *e* of the first paragraph of that Class 28, to subparagraph *f* of the second paragraph of that Class 10;

“Canadian exploration and development overhead expense” of a taxpayer means a taxpayer’s Canadian exploration expense or Canadian development expense that is not a Canadian renewable and conservation expense, within the meaning assigned by section 399.7R1, or a taxpayer’s share of such an expense incurred by a partnership, and that the taxpayer made or incurred after 31 December 1980

(*a*) for the administration, management or financing of the taxpayer;

(*b*) in respect of the remuneration and related benefits paid in respect of a person employed by the taxpayer whose duties were not all or substantially all related to exploration or development activities;

(*c*) for taxes, insurance or rents in respect of, or for the maintenance of, property all or substantially all of the use of which by the taxpayer was not for the purposes of exploration or development activities; and

(*d*) for the use of or the right to use any property in which any person who was connected with the taxpayer had an

interest, for compensation for the performance of a service for the benefit of the taxpayer by any person who was connected with the taxpayer, or for the acquisition of any materials, parts or supplies from any person who was connected with the taxpayer, to the extent that the expense exceeds the least of amounts, each of which was the aggregate of the costs incurred by a person who was connected with the taxpayer in respect of the property, the performance of the service, or the materials, parts or supplies;

"Canadian oil and gas exploration expense" of a taxpayer means an expenditure incurred after 31 December 1980 and that would constitute a Canadian exploration expense of the taxpayer within the meaning of section 395 of the Act, except an expenditure that constitutes, under paragraph *b* of that section 395 where it is interpreted without taking into account the expenses incurred during the year or under subparagraph ii of paragraph *b*.1 of that section, a Canadian exploration expense in respect of a qualified tertiary oil recovery project, if that section were read

(*a*) without reference to paragraphs *c* to *c*.5;

(*b*) with "expenses described in paragraphs *a* to *b*.1 and *c* to *c*.5" in paragraph *d* replaced by "expenses described in paragraphs *a* to *b*.2"; and

(*c*) with "an expense described in paragraphs *a* to *c*.1" in paragraph *e* replaced by "expenses described in paragraphs *a* to *b*.2";

"coal mine operator" means a person who undertakes all or substantially all of the activities related to coal production from a resource;

"conventional lands" means lands located in Canada other than non-conventional lands;

"development corporation" has the meaning assigned by section 363 of the Act;

"enhanced recovery material" means property of a taxpayer that is included in Class 10 in Schedule B under subparagraph *d* of the second paragraph of that class and that the taxpayer acquired after 10 April 1978 and before 1 January 1981 in order to use it in the production of a volume of oil from a reservoir or a deposit of bituminous sands, oil sands or oil shale that the taxpayer operates in Canada, that is greater than the volume that could be recovered using primary recovery techniques alone, but does not include property

(*a*) that the taxpayer has already used in a primary recovery process;

(*b*) that a person with whom the taxpayer was not dealing at arm's length used before the taxpayer acquired it; and

(*c*) that a person used before 11 April 1978 in the production of a volume of oil obtained from a reservoir in Canada that is greater than the volume that could be recovered using primary recovery techniques alone;

"exempt partnership" in respect of a taxpayer at a particular time means a partnership of which the taxpayer was a member throughout the period beginning on 20 December 1991 and ending at the particular time, where all or substantially all of the fair market value of the property of the partnership at the particular time is attributable to property held in connection with one or more working interests that were held by the partnership on 20 December 1991 for the production of minerals, petroleum, natural gas or related hydrocarbons, unless

(*a*) any of the depreciable property acquired after 20 December 1991 and before the particular time by the partnership in connection with one of the working interests had, before the time of the acquisition, been owned by the taxpayer, or any other person with whom the taxpayer did not deal at arm's length, and been used by the taxpayer, or that other person, in connection with that working interest; or

(*b*) it is reasonable to consider that, before the particular time, amounts were charged to the partnership that would not have been so charged if Chapter III of Title XVI were read without reference to 145R4;

"exporting resource", in respect of a property of a taxpayer used for processing, means a resource from which all or part of the ore produced during the year immediately preceding the acquisition of the property by the taxpayer was ordinarily processed outside Canada to any stage that is not beyond the prime metal stage or its equivalent;

"joint exploration corporation" has the meaning assigned by section 382 of the Act;

"mine" means any location where material is extracted from a mineral resource in Canada, excluding a well for the extraction of material from a deposit of bituminous or oil sands or oil shale;

"mining business" has the meaning assigned by section 359 of the Act;

"non-conventional lands" means lands that belong to Her Majesty in right of Canada, or in respect of which Her Majesty in right of Canada has the right to dispose of or exploit the natural resources, situated in the Yukon Territory, the Northwest Territories, or Sable Island or in those submarine areas not within a province, adjacent to the coast of Canada and extending throughout the natural prolongation of the land territory of Canada to the outer edge of the continental margin or to 200 nautical miles from the baselines from which the breadth of the territorial sea of Canada is measured, whichever is the greater;

"oil business" has the meaning assigned by section 359 of the Act;

"ore" includes ore from a mineral resource that has been processed to any stage that is prior to the prime metal stage or its equivalent;

"original owner" of a property means a person

(*a*) who owned the property and disposed of it to a corporation that acquired it in circumstances in which section 360R18 applies, or would apply if the corporation had continued to own the property, to the corporation in respect of the property; and

(*b*) who would, but for section 360R59, as it read in its application to a taxation year ending before 18 February 1987, or paragraph a of section 360R59, as the case may be, be entitled in computing the person's income for a taxation year ending after the person disposed of the property, to a deduction under section 360R17 in respect of expenditures that were incurred by the person before the person disposed of the property;

"predecessor owner" of a property means a corporation that

(*a*) acquired the property in circumstances where, in respect of that property, section 360R18 applies to the corporation or would apply to it if it had continued to own the property;

(*b*) disposed of the property to another corporation that acquired it in circumstances where, in respect of that property, section 360R18 applies to that other corporation or would apply to it if it had continued to own the property; and

(*c*) would be entitled, but for section 360R19, in respect of expenditures incurred by an original owner of the property, to a deduction under section 360R18 in computing its income for a taxation year ending after the time when it disposed of the property;

"primary recovery" means the recovery of oil from a reservoir following use of the natural energy of the reservoir to bring the oil to a producing well;

"proceeds of disposition" of a property has the meaning assigned by subparagraph *f* of the first paragraph of section 93 of the Act;

"production" from a Canadian resource property has the meaning assigned by the second paragraph of section 418.15 of the Act;

"production royalty" means an amount, in respect of a particular Canadian resource property, included in computing the income of a taxpayer as a rental or royalty computed by reference to the amount or value of petroleum, natural gas or related hydrocarbons either produced after 31 December 1981 from a natural accumulation of petroleum or natural gas in Canada, other than a resource, or from an oil or gas well in Canada, or produced after 30 June 1988 from a resource that is a deposit of bituminous sands, oil sands or oil shale, if

(*a*) the taxpayer has a Crown royalty in respect of such production or in respect of the ownership of property to which such production relates where, in the latter case, Crown royalty is computed by reference to an amount of production from the accumulation, oil or gas well or resource, and it is reasonable in all cases to consider that the taxpayer would have had the Crown royalty if the taxpayer's only source of income had been the rental or royalty in respect of the particular Canadian resource property; or

(*b*) the taxpayer would, but for an exemption or allowance, other than a rate of nil, that is provided, pursuant to a statute, by a person referred to in section 90 of the Act, have a Crown royalty in respect of which paragraph *a* is applicable;

"property used for processing" means property that, before it was acquired by the taxpayer, has not been used by a person with whom the taxpayer was not dealing at arm's length and that is property included in Class 10 in Schedule B because of subparagraph *a* of the second paragraph of that class or that would be so included were it not for subparagraph ii of that subparagraph *a* and Class 41 in Schedule B, or property included in that class because of subparagraph *e* of that second paragraph or that would be so included were it not for subparagraph iii of that subparagraph *e* and Class 41 in Schedule B;

"qualified resource", in respect of a property of a taxpayer used for processing, means a resource which, within a reasonable time after the taxpayer acquired the property, began producing in reasonable commercial quantities or was the subject of a major expansion by virtue of which the projected greatest capacity, measured according to the weight of input of ore, of the mill that processed the ore from the resource was, in the year immediately following the expansion, not less than 25% greater than it was in the year immediately preceding the expansion;

"qualified tertiary oil recovery project" in respect of an expense incurred in a taxation year means a project that uses a method, including a method that uses carbon dioxide miscible, hydrocarbon miscible, thermal or chemical processes but not including a secondary recovery method, that is designed to recover oil from an oil well in Canada that is incremental to oil that would be recovered therefrom by primary recovery and a secondary recovery method, if

(*a*) a specified royalty provision applies in the year or in the immediately following taxation year in respect of the production or any portion thereof from the production or any portion thereof from the project or in respect of the ownership of property to which such production relates;

(*b*) the project is on a reserve within the meaning of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5); or

(*c*) the project is located in the Province of Ontario;

"reserve amount" has the meaning assigned by subparagraph *a* of the first paragraph of section 418.15 of the Act;

"resource" means a mineral resource in Canada;

"secondary recovery method" means a method to recover from a reservoir oil that is incremental to oil that would be recovered therefrom by primary recovery, by supplying energy, through the use of technically proven methods, including waterflooding, to supplement or replace the natural energy of the reservoir;

"shareholder corporation" has the meaning assigned by subsection 1 of section 383 of the Act, as it read before its revocation;

"specified percentage" for a calendar year in respect of a Canadian oil and gas exploration expense of a taxpayer for that year means

(*a*) in respect of such an expense incurred in respect of conventional lands, 100% for the 1981 calendar year, 60% for the 1982 calendar year and 30% for the 1983 calendar year; and

(*b*) in respect of such an expense incurred in respect of non-conventional lands, 100% for the 1981 and 1982 calendar years, 60% for the 1983 calendar year and 30% for the 1984 calendar year;

"specified property" of a person means all or substantially all of the property used by the person in carrying on in Canada a business described in paragraphs *a* to *g* of section 363 of the Act;

"specified royalty" means a royalty created after 5 December 1996, otherwise than in accordance with an agreement in writing entered into on or before that date, where

(*a*) its cost is a Canadian development expense; and

(*b*) it was created in connection with an operation or an event, or a series of operations or events, further to which a depreciable property was acquired at a capital cost of less than its fair market value, determined without taking into account the royalty;

"stated percentage" means

(*a*) where the taxpayer is an individual other than a trust, in respect of sections 360R31, 360R35, 360R37 and 360R41,

i. 100% in respect of an expenditure incurred before 1 January 1989 or of an amount of assistance related to such expenditure,

ii. 50% in respect of an expenditure incurred after 31 December 1988 and before 1 January 1990 or of an amount of assistance related to such expenditure, or

iii. 0% in respect of an expenditure incurred after 31 December 1989 or of an amount of assistance related to such expenditure;

(*b*) in respect of sections 360R42 and 360R43 and, where the taxpayer is not an individual referred to in paragraph *a*, sections 360R31, 360R35, 360R37 and 360R41,

i. 100% in respect of an expenditure incurred before 1 July 1988, of an amount of assistance or benefit related to such expenditure or of a cost incurred in borrowing capital before that date,

ii. 50% in respect of an expenditure incurred after 30 June 1988 and before 1 January 1990, of an amount of assistance or benefit related to such expenditure or of a cost incurred in borrowing capital after 30 June 1988 and before 1 January 1990, or

iii. 0% in respect of an expenditure incurred after 31 December 1989, of an amount of assistance or benefit related to such expenditure or of a cost incurred in borrowing capital after that date;

"tar sands ore" means ore extracted, other than through a well, from a mineral resource that is a deposit of bituminous sand, oil sand or bituminous shale;

"tertiary recovery equipment" means property of a taxpayer that is included, or would be included if it were not for Class 41 in Schedule B, in Class 10 in that schedule under subparagraph *d* of the second paragraph of that Class 10 and that the taxpayer acquired after 31 December 1980 in order to use it in a qualified tertiary oil recovery project, but does not include property that the taxpayer has already used for other purposes or that a person with whom the taxpayer does not deal at arm's length used before the taxpayer acquired it.

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s. 360R2; O.C. 1981-80, s. 360R2; O.C. 1983-80, s. 16; O.C. 3926-80, s. 9; R.R.Q., 1981, c. I-3, r. 1, s. 360R2; O.C. 2962-82, s. 35; O.C. 500-83, s. 35; O.C. 2509-85, s. 5; O.C. 1076-88, s. 10; O.C. 91-94, s. 12; O.C. 35-96, s. 16; O.C. 1707-97, s. 42; O.C. 1466-98, s. 42; O.C. 1451-2000, s. 66; O.C. 1470-2002, s. 36; O.C. 1282-2003, s. 37; O.C. 1155-2004, s. 26; O.C. 1116-2007, s. 23; O.C. 134-2009, s. 1; O.C. 701-2013, s. 14; O.C. 1182-2017, s. 4.

Corresponding Federal Provision: 1206(1); 66(15) ITA.

360R3. In this chapter, "resource activity" of a taxpayer means

(*a*) the production by the taxpayer of petroleum, natural gas or related hydrocarbons, or sulphur, from a natural accumulation, other than a mineral resource, of petroleum or natural gas in Canada, or from an oil or gas well in Canada;

(*b*) the production and processing in Canada by the taxpayer or the processing in Canada by the taxpayer of ore, other than iron ore or tar sands ore, from a mineral resource in Canada to any stage that is not beyond the prime metal stage or its equivalent, iron ore from a mineral resource in Canada to any stage that is not beyond the pellet stage or its equivalent, or tar sands ore from a mineral resource in Canada to any stage that is not beyond the crude oil stage or its equivalent;

(*c*) the processing in Canada by the taxpayer of heavy crude oil recovered from an oil or gas well in Canada to any stage that is not beyond the crude oil stage or its equivalent;

(*d*) Canadian field processing, within the meaning assigned by section 130R3, by the taxpayer;

(*e*) the processing in Canada by the taxpayer of ore, other than iron ore or tar sands ore, from a mineral resource outside Canada to any stage that is not beyond the prime metal stage or its equivalent, iron ore from a mineral

resource outside Canada to any stage that is not beyond the pellet stage or its equivalent, or tar sands ore from a mineral resource outside Canada to any stage that is not beyond the crude oil stage or its equivalent; or

(*f*) the ownership by the taxpayer of a right to a rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, an oil or gas well in Canada or a mineral resource in Canada.

For the purposes of this section, the following rules apply:

(*a*) the production of a substance by a taxpayer includes exploration and development activities of the taxpayer with respect to the substance, whether or not extraction of the substance has begun or will ever begin;

(*b*) the production or the processing, or the production and processing, of a substance by a taxpayer includes activities performed by the taxpayer that are ancillary to, or in support of, the production or the processing, or the production and processing, of that substance by the taxpayer;

(*c*) the production or processing of a substance by a taxpayer includes an activity, including the ownership of property, that is undertaken before the extraction of the substance and that is undertaken for the purpose of extracting or processing the substance;

(*d*) the production or the processing, or the production and processing, of a substance by a taxpayer includes activities that the taxpayer undertakes as a consequence of the production or the processing or the production and processing, of that substance, whether or not the production, the processing or the production and processing of the substance has ceased; and

(*e*) despite subparagraphs *a* to *d* and subparagraphs *a* to *f* of the first paragraph, the production, the processing or the production and processing of a substance does not include any activity of a taxpayer that is part of a source described in paragraph *b* of section 360R21 or 360R25 where

i. the activity is the transporting, transmitting or processing of petroleum, natural gas or related hydrocarbons, or sulphur, other than the processing of tar sands ore described in subparagraph *b* or *e* of the first paragraph and processing described in subparagraph *c* or *d* of that first paragraph, or may reasonably be attributed to a service rendered by the taxpayer, and

ii. revenues derived from the activity are not taken into account in computing the taxpayer's gross resource profits from a mining business or oil business.

s. 360R2.1; O.C. 1466-98, s. 43; O.C. 1470-2002, s. 37; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(1).

360R4. For the purposes of this chapter, where at the end of a fiscal period of a partnership a taxpayer was a member thereof, the resource profits in respect of a mining business or an oil business, as the case may be, of the partnership for the fiscal period, to the extent of the taxpayer's share thereof, must be included in computing the taxpayer's resource profits in respect of a mining business or an oil business, as the case may be, for the taxpayer's taxation year in which the fiscal period ended.

The taxpayer is deemed, to the extent of the taxpayer's share in the property, to have acquired or disposed of, as the case may be, on the day of the acquisition or the disposition by the partnership, any property acquired or disposed of by the partnership.

In addition, the taxpayer is deemed, to the extent of the taxpayer's share in the amount, to have become receivable, on the day the partnership became receivable therefor, for any amount that has become receivable by the partnership and in respect of which the consideration given by the partnership was property other than property referred to in any of paragraphs *a*, *c* and *d* of section 328 of the Act, as that section read at that time, or a share or interest therein or right thereto, or services, all or part of the original cost of which to the partnership may be regarded primarily as an exploration or development expense of the taxpayer and the taxpayer is also deemed, to the extent of the taxpayer's share in the consideration, to have given the consideration for that amount thus deemed to have become receivable.

The taxpayer is also is deemed, to the extent of the taxpayer's share in the expenditure, to have incurred, at the time the partnership incurred or is deemed to have incurred that expenditure, any expenditure the partnership has incurred or is deemed to have incurred.

s. 360R3; O.C. 1981-80, s. 360R3; O.C. 1983-80, s. 17; O.C. 3926-80, s. 10; R.R.Q., 1981, c. I-3, r. 1, s. 360R3; O.C. 2509-85, s. 6; O.C. 91-94, s. 13; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 24.

Corresponding Federal Provision: 1206(3).

360R5. For the purposes of Divisions II and IV to VI, a taxpayer who was a member of a partnership at the end of a fiscal period of the partnership, is deemed to receive or to become entitled to receive the amount, to the extent of the taxpayer's share thereof, where the partnership, in the fiscal period, receives or becomes entitled to receive the amount, or to what would have been the taxpayer's share thereof if the partnership had in the fiscal period, received or become entitled to receive the amount, where the partnership after the fiscal period becomes entitled to receive the amount, the amount of any assistance or benefit that the partnership receives or becomes entitled to receive in respect of expenses incurred in the fiscal period, whether such assistance or benefit is by way of a subsidy, bonus, rebate, forgivable loan,

rebate of royalty or tax, deduction from royalty or tax, investment allowance or any other form.

s. 360R3.1; O.C. 2509-85, s. 7; O.C. 35-96, s. 17; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(3.1).

360R6. Where an expense incurred after 7 November 1969 that was a Canadian exploration and development expense or that would have been such an expense if it had been incurred after 31 December 1971, a Canadian exploration expense or a Canadian development expense, has been renounced in favour of the taxpayer and is deemed to be an expense of the taxpayer for the purposes of any of sections 383, 407 and 418 of the Act or subsection 7 of section 29 of the Income Tax Application Rules (Revised Statutes of Canada, 1985, chapter 2, 5th Supplement) the following rules apply:

(*a*) for the purposes of sections 360R30 to 360R57, the expense is deemed to be such an expense incurred by the taxpayer at the time the expense was incurred by the joint exploration corporation; and

(*b*) for the purposes of sections 145R1 to 145R3 and 360R21 to 360R29, the expense is deemed to be such an expense incurred by the taxpayer at the time it was deemed to have been incurred for the purposes of any of sections 383, 407 and 418 of the Act or subsection 7 of section 29 of the Income Tax Application Rules.

s. 360R4; O.C. 1981-80, s. 360R4; R.R.Q., 1981, c. I-3, r. 1, s. 360R4; O.C. 2509-85, s. 7; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4).

360R7. For the purposes of section 360R6, the following rules must apply:

(*a*) the expense referred to therein does not include an amount included therein that is in respect of financing;

(*b*) the Canadian exploration and development expense referred to therein or an expense that would have been a Canadian exploration and development expense if it had been incurred after 31 December 1971 does not include the cost of any Canadian resource property acquired by a joint exploration corporation or any property acquired by such a corporation that would have been a Canadian resource property if it had been acquired by the corporation after 31 December 1971; and

(*c*) the Canadian development expense referred to therein does not include an amount referred to in paragraph *c* of section 408 of the Act.

s. 360R5; O.C. 1981-80, s. 360R5; R.R.Q., 1981, c. I-3, r. 1, s. 360R5; O.C. 2509-85, s. 7; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4) before (a).

360R8. For the purposes of section 360R10 and paragraph *d* of the definition of "Canadian exploration and development overhead expense" in section 360R2,

(*a*) a person and a corporation are connected

i. where the person and the corporation are not dealing at arm's length,

ii. where the person has an equity percentage of at least 10% in the corporation, or

iii. where another person has an equity percentage of at least 10% in the corporation and in the person, if the latter is a corporation;

(*b*) a person and another person that is not a corporation are connected with each other if they are not dealing at arm's length; and

(*c*) the costs that a person has incurred comprise only

i. an expense or an outlay that has been incurred or made and that is attributable to an operation described in that paragraph *d*, except an expense or an outlay described in paragraphs *a* to *c* of that definition, and

ii. the part of its capital cost allowance for a property that may be depreciated for the taxation year that may be considered as related to the use that the taxpayer referred to in that subparagraph *d* made of that property, or to the use of the property in the performance of a service for the taxpayer.

For the purposes of the first paragraph, a partnership is deemed to be a person and its taxation year is deemed to be its fiscal period.

s. 360R5.1; O.C. 2962-82, s. 36; O.C. 500-83, s. 36; O.C. 2509-85, s. 8; O.C. 91-94, s. 14; O.C. 1707-97, s. 43; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4.3) and (5).

360R9. In subparagraphs ii and iii of subparagraph *a* of the first paragraph of section 360R8, "equity percentage" has the meaning assigned by section 573 of the Act.

s. 360R5.2; O.C. 2962-82, s. 36; O.C. 500-83, s. 36; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(7).

360R10. For the purposes of subparagraph ii of subparagraph *c* of the first paragraph of section 360R8, the capital cost allowance of the person for the person's taxation year in respect of a property the person owns means the product obtained by multiplying, by the proportion that the number of days in the taxation year during which the person owned the property is of 365, an amount not exceeding 20% of

(*a*) in the case of a property owned by the person on 31 December 1980, the lesser of

i. the capital cost of the property, computed without including therein the cost of borrowing capital, including costs incurred before the start of operations of a business, and

ii. the fair market value of the property on 31 December 1980;

(*b*) in the case of a property previously owned by a person connected with the person and that the connected person acquired after 31 December 1980, the lesser of

i. the capital cost of the property, computed without including therein the cost of borrowing capital, including costs incurred before the start of operations of a business, for the person who, being connected, was the first to acquire the property from a person who was not connected with the present owner of the property, and

ii. the fair market value of the property at the time it was acquired by the person; and

(*c*) in the case of another property, the capital cost of that property, computed without including therein the cost of borrowing capital, including costs incurred before the start of operations of a business.

s. 360R5.3; O.C. 2962-82, s. 36; O.C. 500-83, s. 36; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(6).

360R11. An expense that is a Canadian exploration and development overhead expense of the joint exploration corporation referred to in sections 360R6 and 360R7, or would be if the words "connected with the taxpayer", in paragraph *d* of the definition of that expression in section 360R2 were replaced by "connected with the shareholder corporation in favour of whom the expense was renounced for the purposes of section 407 or 418 of the Act", that may be considered to be part of a Canadian exploration expense or Canadian development expense that is deemed to be such an expense of the shareholder corporation for the purposes of sections 360R6 and 360R7, is deemed to be a Canadian exploration and development overhead expense of the shareholder corporation incurred by it at the time the expense was deemed by sections 360R6 and 360R7 to have been incurred by it and is not to be at and after that time, a Canadian exploration and development overhead expense incurred by the joint exploration corporation.

s. 360R5.4; O.C. 2509-85, s. 9; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(4.1).

360R12. In paragraph *a* of the definition of "qualified tertiary oil recovery project" in section 360R2, a specified royalty provision means

(*a*) the Experimental Project Petroleum Royalty Regulation of Alberta (Alta. Reg. 36/79);

(*b*) the Experimental Oil Sands Royalty Regulations of Alberta (Alta. Reg. 287/77);

(*c*) section 4.2 of the Petroleum Royalty Regulations of Alberta (Alta. Reg. 93/74);

(*d*) section 58A of the Petroleum and Natural Gas Regulations, 1969 of Saskatchewan (Saskatchewan Regulation 8/69);

(*e*) section 204 of the Freehold Oil and Gas Production Tax Regulations, 1983 of Saskatchewan (Saskatchewan Regulation 11/83);

(*f*) item 9 of section 2 of the Petroleum and Natural Gas Royalty Regulations of British Columbia (B.C. Reg. 549/78);

(*g*) the Freehold Mineral Taxation Act of Alberta;

(*h*) the Freehold Mineral Rights Tax Act of Alberta;

(*i*) Order in Council 427/84 pursuant to section 9(*a*) of the Mines and Minerals Act of Alberta;

(*j*) Order in Council 966/84 pursuant to section 9 of the Mines and Minerals Act of Alberta; or

(*k*) Order in Council 870/84 pursuant to section 9 of the Mines and Minerals Act of Alberta.

s. 360R5.5; O.C. 2509-85, s. 9; O.C. 91-94, s. 15; O.C. 35-96, s. 18; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(8).

360R13. For the purposes of paragraph *a* of the definition of "qualified tertiary oil recovery project" in section 360R2, where, at a particular time, unconditional approval is given by a person referred to in section 90 of the Act for a specified royalty provision to apply at a time after the particular time, that provision is deemed to apply from the particular time.

s. 360R5.5.1; O.C. 35-96, s. 19; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1206(8.1).

360R14. In the definition of "production royalty" in section 360R2, the expression "Crown royalty" of a taxpayer in respect of the production of petroleum, natural gas or related hydrocarbons from a natural accumulation of petroleum or natural gas in Canada, other than a resource, from an oil or gas well in Canada or from a resource that is a deposit of bituminous sands, oil sands or oil shale, or in respect of the ownership of a natural reservoir of gas or petroleum in Canada means an amount

(*a*) that would be included in computing the taxpayer's income for a taxation year under section 89 of the Act in respect of such production or ownership if section 91 of the

Act were read without reference to the words "or to a prescribed amount";

(*b*) that would not be deductible in computing the taxpayer's income for a taxation year under section 144 of the Act in respect of such production or ownership if subsection 2 of section 144 were read without reference to "to a prescribed amount for the purposes of section 91 or";

(*c*) by which the proceeds of disposition of such production for the taxpayer are increased under section 425 of the Act; or

(*d*) by which the cost of acquisition of such production for the taxpayer is reduced under section 425 of the Act.

An amount described in subparagraph *a* or *b* of the first paragraph must be reduced by the amount of any reimbursement, contribution or allowance referred to in section 486 of the Act received or receivable by the taxpayer in respect of that amount.

s. 360R5.6; O.C. 2509-85, s. 9; O.C. 91-94, s. 16; O.C. 35-96, s. 20; O.C. 1466-98, s. 44; O.C. 134-2009, s. 1.

360R15. Sections 360R18, 360R34, 360R40, 360R73 and 360R87 do not apply

(*a*) in respect of a property acquired by way of an amalgamation or a winding-up to which Division XII applies;

(*b*) in respect of the acquisition of a property by a corporation before 18 February 1987 in order to permit that corporation to deduct an amount that it would not have been entitled to deduct under this chapter if this chapter, as it read in its application to the taxation years ending before 18 February 1987, had applied to the taxation years ending after 17 February 1987; or

(*c*) in respect of a property acquired in any manner whatever from a person who is exempt from tax under Part I of the Act on that person's taxable income.

s. 360R5.7; O.C. 35-96, s. 21; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 9; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(5).

360R16. Sections 360R18, 360R34, 360R40, 360R73 and 360R87 apply only to a corporation that has acquired a particular property from a particular person

(*a*) where it acquired the particular property during a taxation year beginning before 1 January 1985 and it acquired the specified property of the particular person at the same time;

(*b*) where it acquired the particular property during a taxation year beginning after 31 December 1984 and it acquired at the same time

i. all or substantially all of the Canadian resource properties of the particular person, or

ii. where subparagraph i does not apply, the specified property of the particular person;

(*c*) where it acquired, other than in circumstances giving rise to the application of subparagraph ii of paragraph *b*, the particular property after 16 November 1978 and during a taxation year ending before 18 February 1987, in any manner whatsoever, except by way of an amalgamation or a winding-up and it and the particular person have filed with the Minister a joint election in accordance with any of sections 378.1, where that section refers to any of sections 376, 404.1, 415.3 and 418.11 of the Act, by applying those sections as they read for that taxation year;

(*d*) where it acquired the particular property after 5 June 1987 as a result of an amalgamation or winding-up, other than in circumstances in which subparagraph ii of paragraph *b* applies and it has filed an election in the form prescribed for the purposes of paragraph *c* of section 418.23 of the Act with the Minister on or before its filing-due date for its taxation year in which it acquired the particular property;

(*e*) where it acquired the particular property, other than as a result of an amalgamation or winding-up or in circumstances in which subparagraph ii of paragraph *b* applies, in a taxation year ending after 17 February 1987 and it and the particular person have filed a joint election in the form prescribed for the purposes of paragraph *e* of section 418.23 of the Act with the Minister on or before the earlier of corporation's filing-due date and the particular person's filing-due date for their respective taxation years that include the time of acquisition of the particular property; and

(*f*) where it acquired the particular property, other than by way of an amalgamation or a winding-up, in circumstances giving rise to the application of subparagraph ii of paragraph *b* and it and the particular person have agreed to avail themselves of the rules provided for in any of sections 360R18, 360R34, 360R40, 360R73 and 360R87 and each of them has so notified the Minister in writing in their fiscal returns that they were required to file under Part I of the Act for the taxation year during which the corporation acquired the particular property.

s. 360R5.8; O.C. 35-96, s. 21; O.C. 1707-97, s. 98; O.C. 1466-98, s. 45; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(6).

DIVISION II

COMPUTATION OF ALLOWANCE FOR DEPLETION

div. II; O.C. 1981-80, title XIV, chap. III, div. II; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. II; O.C. 134-2009, s. 1.

360R17. A taxpayer may, in computing the taxpayer's income for a taxation year, deduct an amount not exceeding the lesser of

(*a*) the aggregate of

i. 25% of the amount by which resource profits in respect of an oil business for the year exceed 4 times the aggregate of the amounts deducted in respect of that business in computing the taxpayer's income for the year under section 360R18,

ii. 33 1/3% of the amount by which resource profits in respect of a mining business for the year exceed 3 times the aggregate of the amounts deducted in respect of that business in computing the taxpayer's income for the year under section 360R18, and

iii. the amount by which the aggregate of the amounts included in computing the taxpayer's income for the year under paragraphs *a* and *b* of section 332.1 of the Act exceeds the aggregate of the amounts that may reasonably be considered to have been deducted in that computation under section 360R18 by reason of the third paragraph of that section; and

(*b*) the aggregate of

i. the taxpayer's earned depletion base at the end of the year, and

ii. the amount by which the aggregate determined under paragraph *a* of section 360R60 in respect of the taxpayer for the year exceeds the amount by which the aggregate that would be determined under subparagraph *b* of the second paragraph of section 360R42 exceeds the aggregate that would be determined under subparagraph *a* of the second paragraph of section 360R42 in computing the earned depletion base of the taxpayer at the end of the year.

s. 360R6; O.C. 1981-80, s. 360R6; R.R.Q., 1981, c. I-3, r. 1, s. 360R6; O.C. 2962-82, s. 37; O.C. 500-83, s. 37; O.C. 35-96, s. 22; O.C. 1470-2002, s. 38; O.C. 134-2009, s. 1; O.C. 390-2012, s. 32.

Corresponding Federal Provision: 1201.

360R18. Subject to sections 360R15 and 360R16, a corporation that, after 7 November 1969, acquires in any manner whatsoever a particular property may deduct, in computing its income for a taxation year, an amount not exceeding the aggregate of the amounts each of which is an amount, determined in respect of an original owner of the particular property, equal to the lesser of

(*a*) the earned depletion base of the original owner, immediately after the time when that owner disposed of the particular property, determined by assuming for that purpose, where the disposition resulted after 28 April 1978 from an amalgamation referred to in section 544 of the Act, that the original owner continued to exist after the time of the disposition and no property was acquired or disposed of in the course of the amalgamation, to the extent that the earned depletion base was not otherwise deducted in computing the income of the corporation for the year nor was deducted in computing the income of the corporation for a previous taxation year or in computing the income of the original owner or a predecessor owner of the particular property for any taxation year; and

(*b*) the amount determined under the second paragraph.

The amount to which subparagraph *b* of the first paragraph refers is equal to 25% of the part attributable to an oil business and 33 1/3% of the part attributable to a mining business of the amount by which the part of the income of the corporation, determined before any deduction under section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4) or Chapter X of Title VI of Book III of Part I of the Act, exceeds the amount determined under the third paragraph and as if that income included no amount designated under subparagraph 1 of subparagraph ii of subparagraph *a* of the third paragraph of section 418.17 of the Act, that may reasonably be attributed to

(*a*) the amount included in computing its income for the year under paragraph *e* of section 330 of the Act, that may reasonably be attributed to the disposition by the corporation, in the year or in a previous taxation year, of any interest in or right to the particular property, to the extent that the proceeds of the disposition were not included in computing an amount for any previous taxation year under this subparagraph, section 360R62, subparagraph i of subparagraph *a* of the third paragraph of section 418.16 or 418.18 of the Act, subparagraph iii of subparagraph *c* of the first paragraph of section 418.20 of the Act, section 418.28 of the Act or section 88.4 of the Act respecting the application of the Taxation Act, to the extent that that section refers to Division A of subparagraph i of paragraph *d* of subsection 25 of section 29 of the Income Tax Application Rules (Revised Statutes of Canada, 1985, chapter 2, 5th Supplement);

(*b*) its reserve amount for the year in respect of the original owner and each predecessor owner of the particular property;

(*c*) the production obtained from the particular property; or

(*d*) the processing, referred to in subparagraph ii or iii of paragraph *b* of section 360R21 or in paragraph *b* of section 360R25, using the particular property.

The amount to which the second paragraph refers is equal to the aggregate of the following amounts:

(*a*) four times the part attributable to an oil business and three times the part attributable to a mining business of the aggregate of the other amounts deducted for the year under this section that may reasonably be attributed to the part of the income of the corporation for the year referred to in the second paragraph; and

(*b*) the aggregate of the amounts each of which is an amount deducted for the year under any of sections 418.16, 418.18, 418.19 and 418.21 of the Act or under section 88.4 of the Act respecting the application of the Taxation Act, to the extent that that section refers to subsection 25 of section 29 of the Income Tax Application Rules, that may reasonably be attributed to the part of the income of the corporation for the year referred to in the second paragraph.

s. 360R7; O.C. 1981-80, s. 360R7; O.C. 3926-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 360R7; O.C. 2962-82, s. 38; Erratum, 1983 G.O. 2, 829; O.C. 500-83, s. 38; O.C. 2509-85, s. 10; O.C. 421-88, s. 7; O.C. 1076-88, s. 11; O.C. 91-94, s. 17; O.C. 35-96, s. 22; O.C. 1707-97, s. 98; O.C. 1454-99, s. 62; O.C. 1451-2000, s. 10; O.C. 1470-2002, s. 39; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(2).

360R19. Where, in a particular taxation year, a predecessor owner of a property disposes of it to a corporation in circumstances where section 360R18 applies, for the purposes of applying that section to the predecessor owner for a taxation year ending after 17 February 1987 in respect of the acquisition of that property by the predecessor owner, that owner is deemed, after the disposition, to have never acquired the property, except for the purpose of making a deduction under section 360R18 for the particular year.

s. 360R7.1; O.C. 35-96, s. 23; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(10).

360R20. Where a particular person acquires a property at any time in circumstances where section 360R18 does not apply, any person who was an original owner or a predecessor owner of the property by reason of a disposition of the property before that time is, for the purposes of applying this chapter in respect of the particular person or another person acquiring the property after that time, deemed, after that time, not to be an original owner or a predecessor owner, as the case may be, of the property by reason of a disposition of that property before that time.

s. 360R7.2; O.C. 35-96, s. 23; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(11).

DIVISION III

COMPUTATION OF RESOURCE PROFITS

div. III; O.C. 1981-80, title XIV, chap. III, div. III; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. III; O.C. 134-2009, s. 1.

360R21. For the purposes of this chapter, "gross resource profits" of a taxpayer for a taxation year in respect of a mining business means the amount by which the aggregate of the following amounts exceeds the aggregate described in section 360R23:

(*a*) where the taxpayer has a production from a mineral resource in Canada that is operated by the taxpayer, the amount by which the aggregate of the amount included in computing the taxpayer's income for the year under paragraph *b* of section 330 of the Act, to the extent that that paragraph refers to an amount deducted under section 358 of the Act, as it read before its repeal, the amounts included in the computation under paragraph *d* of that section 330 and the first paragraph of section 333.2 of the Act, and the excess amount described in section 360R22, exceeds the aggregate of the amounts deducted under section 333.1 of the Act and section 358 of the Act, as it read before its repeal, in computing the taxpayer's income for the year;

(*b*) the aggregate of the taxpayer's incomes for the year computed in the manner described in section 360R23 from

i. the production and processing in Canada of ore, other than iron ore or tar sands ore, from a mineral resource in Canada operated by the taxpayer, to any stage that is not beyond the prime metal stage or its equivalent, or iron ore from such mineral resource to any stage that is not beyond the pellet stage or its equivalent, or tar sands ore from such mineral resource, to any stage or its equivalent,

ii. the processing in Canada of ore, other than iron ore or tar sands ore, from a mineral resource in Canada not operated by the taxpayer, to any stage that is not beyond the prime metal stage or its equivalent, or iron ore from such mineral resource, to any stage that is not beyond the pellet stage or its equivalent, or tar sands ore from such mineral resource, to any stage that is not beyond the crude oil stage or its equivalent, and

iii. the processing in Canada of ore, other than iron ore or tar sands ore, from a mineral resource outside Canada, to any stage that is not beyond the prime metal stage or its equivalent, or iron ore from such mineral resource, to any stage that is not beyond the pellet stage or its equivalent, or tar sands ore from such mineral resource, to any stage that is not beyond the crude oil stage or its equivalent;

(*c*) the aggregate of all amounts, other than an amount included because of paragraph *b* in computing the taxpayer's gross resource profits for the year, each of which is an amount included in computing the taxpayer's income for the year as a rental or royalty computed by reference to the

amount or value of production from a mineral resource in Canada; and

(*d*) where the taxpayer throughout the year owns the aggregate of the issued and outstanding shares of the capital stock of a railway company, the amount that may reasonably be considered to be that company's income for its taxation year ending in the year derived from the transportation of the taxpayer's ore described in subparagraph i of paragraph *b*.

s. 360R12; O.C. 1981-80, s. 360R12; O.C. 1535-81, s. 5; R.R.Q., 1981, c. I-3, r. 1, s. 360R12; O.C. 2962-82, s. 42; O.C. 500-83, s. 42; O.C. 2509-85, s. 12; O.C. 35-96, s. 25; O.C. 1707-97, s. 98; O.C. 1466-98, s. 46; O.C. 1454-99, s. 62; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 10.

Corresponding Federal Provision: 1204(1) before (b)(i), (b)(ii) to (iv), (b.1) and (c).

360R22. The excess amount mentioned in paragraph *a* of sections 360R21 and 360R25 is the amount by which the amount included in computing the income of the taxpayer for the year under paragraph *e* of section 330 of the Act exceeds the proceeds of disposition that became receivable in the year or a preceding taxation year and after 31 December 1982, in respect of the disposition of property described in paragraph *b* of section 370 of the Act that is any right, licence or privilege to store underground petroleum, natural gas or related hydrocarbons in Canada, to the extent that the proceeds were not deducted in computing such excess amount for a preceding taxation year.

s. 360R12.1; O.C. 2509-85, s. 13; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1204(1)(a)(i.1).

360R23. The amount to be deducted from the aggregate determined in section 360R21 for a taxation year is the aggregate of the taxpayer's losses for the year from a source described in paragraph *b* of section 360R21, as computed in accordance with the Act and assuming that the taxpayer had no other incomes or losses for the year than those from such source and that no deduction was granted in computing the taxpayer's income for the year, other than

(*a*) the amounts deductible under sections 362 to 394 of the Act, other than amounts that are foreign exploration and development expenses, or under section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4), where the taxpayer has no gross resource profits from a natural accumulation, other than a mineral resource, of petroleum or natural gas in Canada, or an oil or gas well in Canada that is operated by the taxpayer and, in any other case, the part of those amounts that may reasonably be considered to be wholly attributable to a mineral resource in Canada;

(*b*) the amount by which the aggregate referred to in section 360R26 exceeds the incomes referred to in section 360R25;

(*c*) the amounts deductible or deducted, as the case may be, under any of sections 395 to 418.16, 418.18 to 418.36 and 419.5 of the Act for the year, other than amounts that are Canadian development expenses related to property described in paragraph *b* of section 370 of the Act that is a right, licence or privilege to store underground petroleum, natural gas or related hydrocarbons in Canada, where no amount is deducted under paragraph *c* of section 360R26 in computing the taxpayer's gross resource profits for the year in respect of an oil business; and

(*d*) any other deduction attributable to a source of income described in paragraph *b* or *c* of section 360R21, other than a deduction under paragraph *r* or *s* of section 157 of the Act or under any of sections 360R17, 360R18, 360R30, 360R36, 360R82, 360R83 and 360R89.

s. 360R13; O.C. 1981-80, s. 360R13; O.C. 1983-80, s. 18; O.C. 2456-80, s. 6; R.R.Q., 1981, c. I-3, r. 1, s. 360R13; O.C. 2962-82, s. 43; O.C. 500-83, s. 43; O.C. 2509-85, s. 14; O.C. 91-94, s. 20; O.C. 35-96, s. 26; O.C. 1466-98, s. 47; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1204(1) after (c).

360R24. For the purposes of this chapter, "resource profits" of a taxpayer for a taxation year in respect of a mining business means the amount by which the taxpayer's gross resource profits for the year in respect of a mining business exceeds the aggregate of

(*a*) all amounts deducted in computing the taxpayer's income for the year, other than

i. an amount deducted in computing the taxpayer's gross resource profits for the year in respect of a mining business or an oil business,

ii. an amount deducted under Chapter III of Title II of Book III of Part I of the Act, under paragraph *r* or *s* of section 157, paragraph *a* or *b* of section 657 or any of sections 334 to 358.0.1, 371 and 418.17 of the Act or under any of sections 360R17, 360R18, 360R30, 360R36, 360R65, 360R82, 360R83 and 360R89, in computing the taxpayer's income for the year,

iii. an amount deducted under Division IV of Chapter X of Title VI of Book III of Part I of the Act in computing the taxpayer's income for the year, to the extent that it is attributable to any right, licence or privilege to store underground petroleum, natural gas or related hydrocarbons in Canada,

iv. an amount deducted in computing the taxpayer's income for the year from a business, or other source, that does not include any resource activity of the taxpayer,

v. an amount deducted in computing the taxpayer's income for the year, to the extent that the amount

(1) relates to an activity that is not a resource activity of the taxpayer, and that is the rendering of a service by the taxpayer to another person for the purpose of earning income of the taxpayer, or the production, processing, manufacturing, distribution, marketing, transportation or sale of any property, or carried out for the purpose of earning income from property, and

(2) does not relate to a resource activity of the taxpayer, and

vi. the amount that has reduced the taxpayer's resource profits for the year, in accordance with paragraph *a* of section 360R27, in respect of an oil business;

(*b*) all amounts each of which is the amount by which any particular amount that would have been charged to the taxpayer by a person or partnership with whom the taxpayer was not dealing at arm's length if the taxpayer and that person or partnership had been dealing at arm's length for the use after 6 March 1996 and in the year of a property, other than money, owned by that person or partnership, or for the provision after 6 March 1996 and in the year by that person or partnership of a service to the taxpayer, exceeds the aggregate of

i. the amount charged to the taxpayer for the use of that property or the provision of that service in that period,

ii. the portion of the particular amount that, if it had been charged, would not have been deductible in computing the taxpayer's resource profits in respect of a mining business or oil business, and

iii. the amount that has reduced the taxpayer's resource profits for the year, in accordance with paragraph *b* of section 360R27, in respect of an oil business; and

(*c*) where the taxation year ends after 21 February 1994, all amounts added under section 485.13 of the Act in computing the taxpayer's gross resource profits for the year in respect of a mining business.

s. 360R13.1; O.C. 1466-98, s. 48; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1204(1.1).

360R25. For the purposes of this chapter, "gross resource profits" of a taxpayer for a taxation year in respect of an oil business means the amount by which the aggregate of the following amounts exceeds the aggregate described in section 360R26:

(*a*) where no amount is included in computing the taxpayer's gross resource profits in respect of a mining business under paragraph *a* of section 360R21 and the taxpayer has production from a natural accumulation, other than a resource, of petroleum or natural gas in Canada, or an oil or gas well in Canada, that is operated by the taxpayer, the amount by which the aggregate of the amount included in computing the taxpayer's income for the year under paragraph *b* of section 330 of the Act, to the extent that that paragraph refers to an amount deducted under section 358 of the Act, as it read before its repeal, the amounts included in the computation under paragraph *d* of that section 330 and the first paragraph of section 333.2 of the Act, and the excess amount described in section 360R22, exceeds the aggregate of the amounts deducted under section 333.1 of the Act and section 358 of the Act, as it read before its repeal, in computing the taxpayer's income for the year;

(*b*) the aggregate of the taxpayer's income for the year, computed in the manner described in section 360R26, from

i. the production of petroleum, natural gas or related hydrocarbons, or sulphur, from a natural accumulation, other than a mineral resource, of petroleum or natural gas in Canada, or an oil or gas well in Canada, that is operated by the taxpayer,

ii. the processing in Canada of heavy crude oil extracted from an oil or gas well in Canada, to a stage that is not beyond the crude oil stage or its equivalent, or

iii. the Canadian field processing, within the meaning assigned to that expression by section 130R3; and

(*c*) the aggregate of all amounts, other than an amount included because of paragraph *b* in computing the taxpayer's gross resource profits for the year, each of which is an amount included in computing the taxpayer's income for the year as a rental or royalty computed by reference to the amount or value of production from a natural accumulation, other than a resource, of petroleum or natural gas in Canada, or an oil or gas well in Canada.

s. 360R14; O.C. 1981-80, s. 360R14; O.C. 1535-81, s. 6; R.R.Q., 1981, c. I-3, r. 1, s. 360R14; O.C. 2962-82, s. 44; O.C. 500-83, s. 44; O.C. 2509-85, s. 15; O.C. 91-94, s. 21; O.C. 35-96, s. 27; O.C. 1466-98, s. 49; O.C. 1454-99, s. 62; O.C. 1470-2002, s. 40; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 11.

Corresponding Federal Provision: 1204(1) before (b)(ii), (b)(v) and (vi) and (b.1).

360R26. The amount to be deducted from the aggregate determined in section 360R25 for a taxation year is the aggregate of the taxpayer's losses for the year from a source described in paragraph *b* of section 360R25, as computed in accordance with the Act and assuming that the taxpayer had no other incomes or losses for the year than those from such source and that no deduction was granted in computing the taxpayer's income for the year, other than

(*a*) the amounts deductible under sections 362 to 394 of the Act, other than amounts that are foreign exploration and development expenses, or under section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4), to the extent that those amounts are not deductible under paragraph *a* of section 360R23;

(*b*) the amount by which the aggregate referred to in section 360R23 exceeds the incomes referred to in section 360R21;

(*c*) the amounts deductible or deducted, as the case may be, under any of sections 395 to 418.16, 418.18 to 418.36 and 419.5 of the Act for the year, other than amounts that are Canadian development expenses related to property described in paragraph *b* of section 370 of the Act that is a right, licence or privilege to store underground petroleum, natural gas or related hydrocarbons in Canada, where the taxpayer has a production from a natural accumulation, other than a mineral resource, of petroleum or natural gas in Canada or an oil or gas well in Canada, that is operated by the taxpayer, or an income from the processing in Canada of heavy crude oil recovered from an oil or gas well in Canada to any stage that is not beyond the crude oil stage or its equivalent; and

(*d*) any other deduction attributable to a source of income described in paragraph *b* or *c* of section 360R25, other than a deduction under paragraph *r* or *s* of section 157 of the Act or under any of sections 360R17, 360R18, 360R30, 360R36, 360R65, 360R82, 360R83 and 360R89.

s. 360R15; O.C. 1981-80, s. 360R15; O.C. 1983-80, s. 19; O.C. 2456-80, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 360R15; O.C. 2962-82, s. 45; O.C. 500-83, s. 45; O.C. 2509-85, s. 16; O.C. 91-94, s. 22; O.C. 35-96, s. 28; O.C. 1466-98, s. 50; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1204(1) after (c).

360R27. For the purposes of this chapter, "resource profits" of a taxpayer for a taxation year in respect of an oil business means the amount by which the taxpayer's gross resource profits for the year in respect of an oil business exceeds the aggregate of

(*a*) all amounts deducted in computing the taxpayer's income for the year, other than

i. an amount deducted in computing the taxpayer's gross resource profits for the year in respect of a mining business or an oil business,

ii. an amount deducted under Chapter III of Title II of Book III of Part I of the Act, under paragraph *r* or *s* of section 157, paragraph *a* or *b* of section 657 or any of sections 334 to 358.0.1, 371 and 418.17 of the Act or under any of sections 360R17, 360R18, 360R30, 360R36, 360R65, 360R82, 360R83 and 360R89, in computing the taxpayer's income for the year,

iii. an amount deducted under Division IV of Chapter X of Title VI of Book III of Part I of the Act in computing the taxpayer's income for the year, to the extent that it is attributable to any right, licence or privilege to store underground petroleum, natural gas or related hydrocarbons in Canada,

iv. an amount deducted in computing the taxpayer's income for the year from a business, or other source, that does not include any resource activity of the taxpayer, and

v. an amount deducted in computing the taxpayer's income for the year, to the extent that the amount

(1) relates to an activity that is not a resource activity of the taxpayer, and that is the rendering of a service by the taxpayer to another person for the purpose of earning income of the taxpayer, or the production, processing, manufacturing, distribution, marketing, transportation or sale of any property, or carried out for the purpose of earning income from property, and

(2) does not relate to a resource activity of the taxpayer;

(*b*) all amounts each of which is the amount by which any particular amount that would have been charged to the taxpayer by a person or partnership with whom the taxpayer was not dealing at arm's length if the taxpayer and that person or partnership had been dealing at arm's length for the use after 6 March 1996 and in the year of a property, other than money, owned by that person or partnership, or for the provision after 6 March 1996 and in the year by that person or partnership of a service to the taxpayer, exceeds the aggregate of

i. the amount charged to the taxpayer for the use of that property or the provision of that service in that period, and

ii. the portion of the particular amount that, if it had been charged, would not have been deductible in computing the taxpayer's resource profits in respect of an oil business or a mining business; and

(*c*) where the taxation year ends after 21 February 1994, all amounts added under section 485.13 of the Act in computing the taxpayer's gross resource profits for the year in respect of an oil business.

s. 360R15.1; O.C. 1466-98, s. 51; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1204(1.1).

360R28. For the purposes of this section and paragraph *b* of sections 360R24 and 360R27, the following rules apply:

(*a*) a taxpayer is deemed not to deal at arm's length with a partnership where the taxpayer does not deal at arm's length with any member of the partnership;

(*b*) a partnership is deemed not to deal at arm's length with another partnership where any member of the first partnership does not deal at arm's length with any member of the second partnership;

(*c*) where a taxpayer is a member, or is deemed by this paragraph to be a member, of a partnership that is a member

of another partnership, the taxpayer is deemed to be a member of the other partnership; and

(*d*) the provision of a service to a taxpayer does not include the provision of a service by an individual in the individual's capacity as an employee of the taxpayer.

s. 360R15.2; O.C. 1466-98, s. 51; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1204(1.2).

360R29. For the purposes of this division,

(*a*) a trust may not deduct any amount under paragraphs *a* and *b* of section 657 and section 657.1 of the Act in computing the income or loss, for a taxation year, from a source described in paragraph *b* or c of sections 360R21 and 360R25; and

(*b*) a taxpayer's income or loss from a source described in paragraph *b* of sections 360R21 and 360R25 does not include

i. any income or loss derived from the processing, other than the processing of tar sands ore described in any of subparagraphs i to iii of paragraph *b* of section 360R21 and the processing described in subparagraph ii or iii of paragraph *b* of section 360R25, transmitting or transporting of petroleum, natural gas or related hydrocarbons, or sulphur, from a natural accumulation of petroleum or natural gas,

ii. any income or loss arising because of the application of paragraph *z*, *z*.1 or *z*.4 of section 87 or any of sections 692.1 to 692.4 of the Act, or

iii. any income or loss that may reasonably be attributed to a service rendered by the taxpayer other than processing described in subparagraph ii or iii of paragraph *b* of section 360R21 or in subparagraph ii or iii of paragraph *b* of section 360R25 and the activities that the taxpayer carries on as a coal mine operator.

s. 360R16; O.C. 1981-80, s. 360R16; O.C. 1535-81, s. 7; R.R.Q., 1981, c. I-3, r. 1, s. 360R16; O.C. 2962-82, s. 46; O.C. 500-83, s. 46; O.C. 2509-85, s. 17; O.C. 35-96, s. 86; O.C. 1466-98, s. 52; O.C. 1470-2002, s. 41; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1204(2) and (3).

DIVISION IV

MINING EXPLORATION DEPLETION ALLOWANCE

div. III.1; O.C. 2509-85, s. 18; O.C. 134-2009, s. 1.

360R30. A taxpayer may, in computing the taxpayer's income for a taxation year, deduct an amount that does not exceed the lesser of

(*a*) the taxpayer's mining exploration depletion as of the end of the year, before any deduction under this section for the year; and

(*b*) the amount by which the aggregate of the following amounts exceeds the aggregate of the amounts deducted under sections 360R17, 360R18, 360R65 to 360R73 and 360R82 to 360R88 in computing the taxpayer's income for the year:

i. 33 1/3% of the taxpayer's income for the year, computed in accordance with Part I of the Act without reference to paragraph *f* of section 332.1 of the Act and assuming that no deduction is granted under section 360 of the Act, and

ii. any amount included in computing the taxpayer's income for the year under paragraph *f* of section 332.1 of the Act.

s. 360R16.1; O.C. 2509-85, s. 18; Erratum, 1988, G.O. 2, 2689; O.C. 421-88, s. 10; O.C. 1076-88, s. 13; O.C. 35-96, s. 29; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1203(1).

360R31. In this division, the mining exploration depletion of a taxpayer at any time means the amount by which the aggregate of the following amounts exceeds the amounts computed under section 360R32:

(*a*) the amount determined by the formula

33 1/3% × (A − B);

(*b*) any amount that the taxpayer is required to add before that time, under paragraph *a* of section 360R34, in computing its mining exploration depletion, where the taxpayer is a corporation that has acquired property from another person according to section 360R34.

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

(*a*) A is the aggregate of the amounts each of which is the stated percentage of an expenditure, other than an expenditure described in section 360R33, that the taxpayer incurred after 19 April 1983 and before that time and that are, or would be if section 359.3 of the Act were read without reference to its paragraph *b*, Canadian exploration expenses described in paragraph *c* of section 395 of the Act or that would be described either in paragraph *d* of that section 395 if that paragraph were read with "expenses described in paragraphs *a* to *b*.1, *c* to *c*.2" replaced by "expenses described in paragraph *c*", or in paragraph *e* of that section 395 if that paragraph were read with "an expense described in paragraphs *a* to *c*.1" replaced by "expenses described in paragraph *c*"; and

(*b*) B is the aggregate of the amounts each of which is the stated percentage of an amount of assistance, within the meaning of paragraph *c*.0.1 of section 359 of the Act, that a person has received, is entitled to receive or, at any time, becomes entitled to receive in respect of expenses that would be covered by subparagraph *a* if section 360R33 were read without reference to its paragraph *a*, other than an amount related to expenses renounced by a corporation in favour of the taxpayer under section 359.2 or 406 of the Act, where

that amount of assistance is excluded from the aggregate of the expenses in respect of which a renunciation is made, or renounced by the taxpayer under that section 359.2 or 406, where that amount of assistance is not excluded from the aggregate of the expenses in respect of which a renunciation is made.

s. 360R16.2; O.C. 2509-85, s. 18; Erratum, 1988, G.O. 2, 2689; O.C. 421-88, s. 11; O.C. 91-94, s. 23; O.C. 35-96, s. 30; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1203(2) before (c).

360R32. The amount required to be deducted from the aggregate determined under section 360R31 at the time referred to therein is equal to the aggregate of

(*a*) each amount deducted by the taxpayer under section 360R30 in computing the taxpayer's income for a taxation year that ends before that time; and

(*b*) each amount that the taxpayer is required to deduct before that time, under paragraph *b* of section 360R34, in computing the taxpayer's mining exploration depletion, where the taxpayer is a person from whom property was acquired according to section 360R34.

s. 360R16.3; O.C. 2509-85, s. 18; O.C. 421-88, s. 12; O.C. 35-96, s. 31; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1203(2)(c) and (d).

360R33. The expenses referred to in subparagraph *a* of the second paragraph of section 360R31 do not include

(*a*) expenses renounced by the taxpayer under section 359.2 or 406 of the Act;

(*b*) an amount included in the Canadian exploration and development overhead expenses of the taxpayer;

(*c*) an amount related to financing, including the expenses incurred before the commencement of carrying on a business;

(*d*) the eligible expenses, within the meaning of the Canadian Exploration Incentive Program Act (Revised Statutes of Canada, 1985, chapter 27, 4th Supplement), in respect of which the taxpayer, a partnership of which the taxpayer is a member or a development corporation of which the taxpayer is a shareholder has received, is deemed to have received, is entitled to receive or may reasonable expect to receive, at any time, an incentive under that Act; or

(*e*) where the taxpayer is an individual, the expenses referred to in section 360R90 and any expenditure that the taxpayer has included in computing the taxpayer's exploration base relating to certain Québec exploration expenses under subparagraph i of paragraph *a* of section 726.4.10 of the Act.

s. 360R16.4; O.C. 2509-85, s. 18; O.C. 1746-88, s. 2; O.C. 91-94, s. 24; O.C. 35-96, s. 32; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1203(2)(a)(i)(C) to (F).

360R34. Subject to sections 360R15 and 360R16, where, at any time during a taxation year and after 19 April 1983, a corporation acquires property from another person, the following rules apply:

(*a*) the corporation must, for the purpose of computing its mining exploration depletion at any time after that acquisition, add the excess amount computed under paragraph *b* in respect of the other person; and

(*b*) the other person must, for the purpose of computing the person's mining exploration depletion at any time after the person's taxation year during which that acquisition occurs, deduct the amount by which the person's mining exploration depletion immediately after that acquisition, assuming for that purpose, where that acquisition results from an amalgamation referred to in section 544 of the Act, that it continued to exist after that acquisition and that no property was acquired or disposed of in the course of the amalgamation, exceeds the amount deducted under section 360R30 in computing the person's income for that taxation year.

s. 360R16.5; O.C. 2509-85, s. 18; O.C. 421-88, s. 13; O.C. 91-94, s. 25; O.C. 35-96, s. 33; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1203(3).

360R35. Where an expenditure incurred before any time is included in computing the aggregate referred to in subparagraph *a* of the second paragraph of section 360R31 in respect of a taxpayer and where, after that time, a person becomes entitled to receive an amount of assistance, within the meaning of paragraph *c*.0.1 of section 359 of the Act, that is included in computing the aggregate referred to in subparagraph *b* of the second paragraph of section 360R31, the stated percentage of that amount of assistance must be included in the aggregate referred to in subparagraph *b* of that paragraph in respect of the taxpayer at the time when that expenditure was incurred.

s. 360R16.8; O.C. 2509-85, s. 18; O.C. 91-94, s. 27; O.C. 35-96, s. 35; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1203(4).

DIVISION V

DEPLETION ALLOWANCE FOR OIL AND GAS EXPLORATION

div. III.2; O.C. 1746-88, s. 3; O.C. 134-2009, s. 1.

360R36. A taxpayer may, in computing the taxpayer's income for a taxation year, deduct an amount that does not exceed the lesser of

(*a*) the taxpayer's depletion for oil and gas exploration at the end of the year, before any deduction under this section for the year; and

(*b*) the amount by which the aggregate of the following amounts exceeds the aggregate of the amounts deducted under sections 360R17, 360R18, 360R30 to 360R35, 360R65 to 360R73 and 360R82 to 360R88 in computing the taxpayer's income for the year:

i. 33 1/3% of the taxpayer's income for the year, computed in accordance with Part I of the Act without reference to paragraph *g* of section 332.1 of the Act and assuming that no deduction is granted under section 360 of the Act, and

ii. any amount included in computing the taxpayer's income for the year under paragraph *g* of section 332.1 of the Act.

s. 360R16.9; O.C. 1746-88, s. 3; O.C. 35-96, s. 36; O.C. 134-2009, s. 1.

360R37. In this division, the depletion for oil and gas exploration of a taxpayer at any time means the amount by which the aggregate of the following amounts exceeds the amount computed under section 360R38:

(*a*) the amount determined by the formula

33 1/3% × (A − B);

(*b*) any amount that the taxpayer is required to add before that time, under paragraph *a* of section 360R40, in computing its depletion for oil and gas exploration, where the taxpayer is a corporation that has acquired property from another person according to section 360R40.

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

(*a*) A is the aggregate of the amounts each of which is the stated percentage of an expenditure, other than an expenditure described in section 360R39, that the taxpayer incurred in Québec after 31 December 1986 and before that time, but not later than 31 December 1989, and that are Canadian exploration expenses that would be described

i. in paragraph *a* of section 395 of the Act if that paragraph were read with the word "Canada" replaced by the word "Québec",

ii. in paragraph *d* of section 395 of the Act if that paragraph were read with "expenses described in paragraphs *a* to *b*.1 and *c* to *c*.2" replaced by "expenses that would be described in paragraph *a* if that paragraph were read with the word "Canada" replaced by the word "Québec"", or

iii. in paragraph *e* of section 395 of the Act if that paragraph were read with "an expense described in paragraphs *a* to *c*.1" replaced by "an expense that would be described in paragraph *a* if that paragraph were read with the word "Canada" replaced by the word "Québec""; and

(*b*) B is the aggregate of the amounts each of which is the stated percentage of an amount of assistance, within the meaning of paragraph *c*.0.1 of section 359 of the Act, that a person has received, is entitled to receive or, at any time becomes entitled to receive in respect of expenses that would be described subparagraph i if section 360R39 were read without reference to its paragraph *a*, other than an amount related to expenses renounced by a corporation in favour of the taxpayer under section 359.2 or 406 of the Act, where that amount of assistance is excluded from the aggregate of the expenses in respect of which a renunciation is made, or renounced by the taxpayer under that section 359.2 or 406, where that amount of assistance is not excluded from the aggregate of the expenses in respect of which a renunciation is made.

s. 360R16.10; O.C. 1746-88, s. 3; O.C. 91-94, s. 28; O.C. 35-96, s. 37; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1.

360R38. The amount that is required to be deducted from the aggregate determined under section 360R37 at the time referred to therein is equal to the aggregate of

(*a*) all amounts deducted by the taxpayer under section 360R36 in computing the taxpayer's income for a taxation year that ends before that time; and

(*b*) all amounts that the taxpayer is required to deduct before that time under paragraph *b* of section 360R40 in computing the taxpayer's depletion for oil and gas exploration, where the taxpayer is a person from whom property was acquired according to section 360R40.

s. 360R16.11; O.C. 1746-88, s. 3; O.C. 35-96, s. 38; O.C. 134-2009, s. 1.

360R39. The expenses referred to in subparagraph *a* of the second paragraph of section 360R37 do not include

(*a*) expenses renounced by the taxpayer under section 359.2 or 406 of the Act;

(*b*) an amount included in the Canadian exploration and development overhead expenses of the taxpayer;

(*c*) an amount related to financing, including the expenses incurred before the beginning of the operation of a business;

(*d*) the eligible expenses, within the meaning of the Canadian Exploration and Development Incentive Program Act (Revised Statutes of Canada, 1985, chapter 15, 3rd Supplement), in respect of which the taxpayer, a partnership of which the taxpayer is a member, a development corporation of which the taxpayer is a shareholder or a joint exploration corporation of which it is a shareholder corporation has received, is deemed to have received, is entitled to receive or may reasonably expect to receive, at any time, a payment under that Act; or

(*e*) where the taxpayer is an individual, the expenses referred to in section 360R90 and any expenditure that the taxpayer has included in computing the taxpayer's exploration base relating to certain Québec exploration expenses under subparagraph i of paragraph *a* of section 726.4.10 of the Act.

s. 360R16.12; O.C. 1746-88, s. 3; O.C. 35-96, s. 39; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

360R40. Subject to sections 360R15 and 360R16, where, at any time during a taxation year and after 31 December 1986, a corporation acquires property from another person, the following rules apply:

(*a*) the corporation must, for the purpose of computing its depletion for oil and gas exploration at any time after that acquisition, add the excess amount computed under paragraph *b* in respect of the other person; and

(*b*) the other person must, for the purpose of computing the person's depletion for oil and gas exploration at any time after the person's taxation year during which that acquisition occurred, deduct the amount by which the person's depletion for oil and gas exploration immediately after that acquisition, assuming for that purpose, where that acquisition results from an amalgamation referred to in section 544 of the Act, that it continued to exist after that acquisition and that no property was acquired or disposed of in the course of the amalgamation, exceeds the amount deducted under section 360R36 in computing the person's income for that taxation year.

s. 360R16.13; O.C. 1746-88, s. 3; O.C. 91-94, s. 29; O.C. 35-96, s. 40; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

360R41. Where an expenditure incurred before any time is included in computing the aggregate referred to in subparagraph *a* of the second paragraph of section 360R37 in respect of a taxpayer and where, after that time, a person becomes entitled to receive an amount of assistance, within the meaning of paragraph *c*.0.1 of section 359 of the Act that is included in computing the aggregate referred to in subparagraph *b* of the second paragraph of section 360R37, the stated percentage of that amount of assistance must be included in the aggregate referred to in subparagraph *b* of that paragraph in respect of the taxpayer at the time when that expenditure was incurred.

s. 360R16.16; O.C. 1746-88, s. 3; O.C. 35-96, s. 42; O.C. 134-2009, s. 1.

DIVISION VI

COMPUTATION OF EARNED DEPLETION BASE

div. IV; O.C. 1981-80, title XIV, chap. III, div. IV; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. IV; O.C. 134-2009, s. 1.

360R42. For the purposes of this chapter, earned depletion base of a taxpayer at a particular time means the amount determined by the formula

A − B.

In the formula in the first paragraph,

(*a*) A is the aggregate of

i. 33 1/3% of the amount of the expenditures incurred by the taxpayer and described in sections 360R48 to 360R57, other than

(1) those described in section 360R47, and

(2) in the case of an individual, those referred to in section 360R90, and

ii. 50% of the amount of the expenditures described in section 360R47; and

(*b*) B is the aggregate of

i. the amounts deducted under section 360R17 in computing the taxpayer's income for any taxation year ending before that time and after 6 May 1974,

ii. 33 1/3% of the aggregate of the amounts each of which is the stated percentage of the cost of borrowing capital, including costs incurred before the beginning of operations of a business, that is included in the capital cost to the taxpayer of a depreciable property described in paragraph *d* of section 360R48, in paragraph *e* or *f* of section 360R49 or in paragraph *a* or *b* of section 360R55 or that is an expenditure described in paragraph *c* of that section 360R55,

iii. 33 1/3% of the aggregate of the amounts each of which is an amount that becomes receivable by the taxpayer after 28 April 1978 and before that time but not after 11 December 1979, and in respect of which the consideration given by the taxpayer is a property, other than a share or a property that would have been for the taxpayer a Canadian resource property if the taxpayer had acquired it at the time the taxpayer gave the consideration, or services the cost of which may reasonably be considered to be an expenditure originally included

(1) in computing the taxpayer's earned depletion base by reason of any of paragraphs *a* to *c* of section 360R48 or paragraph *c* of section 360R55, or

(2) where the taxpayer acquired a property in circumstances where section 360R18 applies, in computing the earned depletion base of an original owner of the property by reason of any of paragraphs *a* to *c* of section 360R48 or paragraph *c* of section 360R55, as they applied to the original owner,

iv. 33 1/3% of the aggregate of the amounts each of which is an amount, established according to section 360R44, related to the disposition, after 28 April 1978 and before that time but not after 11 December 1979, of a property of the taxpayer, other than a property already used by the taxpayer

and disposed of the taxpayer in favour of a person with whom the taxpayer did not deal at arm's length, the capital cost of which was included

(1) in computing the earned depletion base of the taxpayer by reason of paragraph *d* of section 360R48 or paragraph *a* or *b* of section 360R55, or

(2) where the taxpayer acquired a property in circumstances where section 360R18 applies, in computing the earned depletion base of an original owner of the property by reason of paragraph *d* of section 360R48 or paragraph *a* or *b* of section 360R55, as they applied to the original owner,

v. any amount that is required to be deducted not later than that time in computing the taxpayer's earned depletion base, as the case may be, under paragraph *a* of section 360R59 or under section 360R59 as it read in its application to a taxation year ending before 18 February 1987,

vi. 33 1/3% of the aggregate of the amounts each of which is related to an amount of assistance or benefit described in the first paragraph of section 360R45 and is equal

(1) in the case provided for in subparagraph *a* of the second paragraph of section 360R45, to the stated percentage of the amount of assistance or benefit, or

(2) in the case provided for subparagraph *b* of the second paragraph of section 360R45, to the amount obtained by applying to the amount of assistance or benefit the specified percentage, in respect of the expenses referred to in that subparagraph *b*, for the calendar year during which the taxpayer or the original owner referred to in subparagraph *b* of the first paragraph of that section 360R45, as the case may be, incurred those expenses, and

vii. the amount by which the aggregate of the amounts that would be determined under paragraphs *a* to *f* of section 360R85 exceeds the aggregate of the amounts that would be determined under paragraphs *a* to *c* of section 360R84 in computing the taxpayer's additional depletion at the particular time.

s. 360R17; O.C. 1981-80, s. 360R17; O.C. 1983-80, s. 20; O.C. 2456-80, s. 8; O.C. 3926-80, s. 15; R.R.Q., 1981, c. I-3, r. 1, s. 360R17; O.C. 2962-82, s. 47; O.C. 500-83, s. 47; O.C. 2509-85, s. 19; O.C. 421-88, s. 14; Erratum, 1988 G.O. 2, 2537; O.C. 35-96, s. 43; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 25.
Corresponding Federal Provision: 1205(1).

360R43. For the purposes of subparagraph *a* of the second paragraph of section 360R42, a reference, in the portion of subparagraph i of that subparagraph *a* before subparagraph 1 and in subparagraph ii of that subparagraph *a*, to the amount of a particular expenditure is to be interpreted, if it is an expenditure referred to in any of paragraphs *b* and *d* of section 360R48, *c* to *f* of section 360R49 and *a* and *b* of section 360R55, as a reference to the stated percentage of the amount of that expenditure.

s. 360R17.0.1; O.C. 35-96, s. 44; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

360R44. For the purposes of subparagraph iv of subparagraph *b* of the second paragraph of section 360R42, the amount related to the disposition of a property is equal to the lesser of

(*a*) the proceeds of the disposition of the property; and

(*b*) the capital cost of the property to the taxpayer, where subparagraph 1 of that subparagraph iv applies, or to the original owner, where subparagraph 2 of that subparagraph iv applies, computed without including therein the cost of borrowing capital, including a cost incurred before the start of operations of a business.

s. 360R17.1; O.C. 1983-80, s. 21; R.R.Q., 1981, c. I-3, r. 1, s. 360R17.1; O.C. 2962-82, s. 48; O.C. 500-83, s. 48; O.C. 421-88, s. 15; Erratum, 1988 G.O. 2, 2537; O.C. 35-96, s. 45; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 1205(1)(h)(ii).

360R45. The amount of assistance or benefit referred to in subparagraph vi of subparagraph *b* of the second paragraph of section 360R42 in respect of a taxpayer at the particular time referred to in that section is an amount of assistance or benefit that is related to Canadian exploration expenses or Canadian development expenses or that may reasonably be related to Canadian exploration activities or Canadian development activities, whether that amount is in the form of a subsidy, bonus, rebate, forgivable loan, deduction from royalty or tax, rebate on royalty or tax, investment allowance or any other form

(*a*) that the taxpayer received or was entitled to receive before the particular time or becomes entitled to receive at that time or thereafter; or

(*b*) that an original owner or a predecessor owner of a property received or was entitled to receive before the particular time or becomes entitled to receive at that time or thereafter, where the original owner or the predecessor owner received, became entitled to receive or becomes entitled to receive that amount

i. at the time or after the time when the property was acquired by the taxpayer in circumstances where section 360R18 applies, or

ii. before the time when the taxpayer becomes the predecessor owner of the property.

For the purposes of subparagraph vi of subparagraph *b* of the second paragraph of section 360R42,

(*a*) the case referred to in subparagraph 1 of that subparagraph vi is a case where the assistance or the benefit is related to an amount included, by reason of paragraph *b* of section 360R48 or paragraph *c* or *d* of section 360R49, in computing the earned depletion base of the taxpayer or the part of the earned depletion base of the original owner referred to in subparagraph *b* of the first paragraph that is included in computing an amount described in subparagraph *a* of the first paragraph of section 360R18 before the particular time referred to in section 360R42; and

(*b*) the case referred to in subparagraph 2 of that subparagraph vi is a case where the assistance or the benefit is related to Canadian oil and gas exploration expenses included, by reason of paragraph *a* or *b* of section 360R49, in computing the earned depletion base of the taxpayer or the part of the earned depletion base of the original owner referred to in paragraph *b* of the first paragraph that is included in computing an amount described in subparagraph *a* of the first paragraph of section 360R18 before the particular time referred to in section 360R42.

In the second paragraph, the earned depletion base of the taxpayer does not include the part of the taxpayer's earned depletion base that is included in computing an amount described in subparagraph *a* of the first paragraph of section 360R18 before the particular time referred to in section 360R42.

s. 360R17.2; O.C. 2962-82, s. 48; O.C. 500-83, s. 48; O.C. 2509-85, s. 20; O.C. 421-88, s. 15; Erratum, 1988 G.O. 2, 2537; O.C. 35-96, s. 45; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(j).

360R46. Where an expense is incurred before the particular time referred to in section 360R42 and a person, at the particular time or after the particular time, becomes entitled to receive an amount of assistance or benefit in respect of the expense, the amount of the assistance or benefit must be included in the "amount of the assistance or benefit" referred to in subparagraph vi of subparagraph *b* of the second paragraph of that section as of the particular time.

s. 360R17.3; O.C. 2509-85, s. 21; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(2).

360R47. The expenditures referred to in subparagraph 1 of subparagraph i of subparagraph *a* of the second paragraph of section 360R42 and in subparagraph ii of that subparagraph *a* are expenditures that were incurred in Québec after 31 December 1974 in respect of an oil business by the taxpayer referred to in that section, other than expenditures referred to in section 360R90 in respect of such business, and that would be described in sections 360R48 to 360R57

(*a*) if sections 395 and 408 of the Act were read with the word "Canada" replaced by the word "Québec" wherever it occurs; and

(*b*) if paragraph *c* of section 408 of the Act applied only to a property acquired in respect of an oil business and that would be described in section 370 of the Act if the word "Canada" therein were replaced, it occurs wherever, by the word "Québec".

s. 360R18; O.C. 1981-80, s. 360R18; O.C. 2456-80, s. 9; R.R.Q., 1981, c. I-3, r. 1, s. 360R18; O.C. 35-96, s. 46; O.C. 134-2009, s. 1.

360R48. The expenditures used in computing the aggregate referred to in subparagraph *a* of the second paragraph of section 360R42 are the expenditures incurred by a taxpayer after 7 November 1969 and before the particular time referred to in this section and each of which

(*a*) was a Canadian exploration and development expense or would have been such an expense if it had been incurred after 1971, and was actually incurred before 7 May 1974 in the case of an oil business and before 1 April 1975 in the case of a mining business, other than an expense referred to in section 360R50;

(*b*) was a Canadian exploration expense, other than an expense referred to in section 360R51;

(*c*) was a Canadian development expense incurred before 1981, other than an expense referred to in section 360R52; or

(*d*) was the capital cost of a property used for processing, other than a property referred to in section 360R53.

s. 360R19; O.C. 1981-80, s. 360R19; O.C. 3926-80, s. 16; R.R.Q., 1981, c. I-3, r. 1, s. 360R19; O.C. 2962-82, s. 49; O.C. 500-83, s. 49; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(i) to (iv).

360R49. Where the taxpayer is a corporation, the expenditures used in computing the aggregate referred to in subparagraph *a* of the second paragraph of section 360R42 include the expenditures incurred after 1980 and before the particular time referred to in that section, other than those referred to in section 360R54, and that are

(*a*) the specified percentage in respect of such expenditures and for the calendar year in which the taxpayer incurred them, of Canadian oil and gas exploration expenses incurred in a calendar year after 31 December 1980 and before 1 January 1984 in respect of conventional lands;

(*b*) the specified percentage, in respect of such expenditures and for the calendar year in which the taxpayer incurred them, of Canadian oil and gas exploration expenses incurred in a calendar year after 31 December 1980 and before 1 January 1985 in respect of non-conventional lands;

(*c*) Canadian exploration expenses incurred after 31 December 1981 in respect of a qualified tertiary oil recovery project of the taxpayer that would be described in paragraph *b* or *b*.1 of section 395 of the Act if that paragraph *b* were read without reference to the words "or in

any previous year, and included by him in computing his Canadian development expenses for a previous taxation year", or in paragraph *d* or *e* of that section 395 if the Act were read without reference to paragraphs *a*, *a*.1, *b*.2 and *c* to *c*.2 of that section 395 and if paragraph *b* of that section were read without reference to the words "or in any previous year, and included by him in computing his Canadian development expenses for a previous taxation year";

(*d*) Canadian development expenses incurred in respect of a qualified tertiary oil recovery project of the taxpayer;

(*e*) the capital cost to the taxpayer of tertiary recovery equipment; or

(*f*) the capital cost to the taxpayer of property that is included in Class 10 in Schedule B under subparagraph *o* of the second paragraph of that class or that would be so included therein but for Class 41 in that schedule.

s. 360R19.1; O.C. 2962-82, s. 50; O.C. 500-83, s. 50; O.C. 2509-85, s. 22; O.C. 91-94, s. 31; O.C. 35-96, s. 47; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(v) and (vi).

360R50. The expense referred to in paragraph *a* of section 360R48 does not include

(*a*) the cost of borrowing capital, including a cost incurred before the start of operations of a business, that constitutes an exploration, prospecting or development expense or a Canadian exploration and development expense;

(*b*) the cost to a taxpayer of any Canadian resource property acquired by the taxpayer;

(*c*) a Canadian exploration and development expense that was incurred after a mine had come into production in reasonable commercial quantities and may reasonably be considered to be related to the mine or to a potential or actual extension thereof;

(*d*) an expense that would have been described in paragraph *c* if it had been incurred after 1971;

(*e*) an expense renounced by the taxpayer under subsection 7 of section 29 of the Income Tax Application Rules (Revised Statutes of Canada, 1985, chapter 2, 5th Supplement) or under section 381 of the Act;

(*f*) an amount that, under paragraph *d* of section 364 of the Act, was for a taxpayer a Canadian exploration and development expense or would have been such an expense if it had been incurred after 1971, if such amount was an expense referred to in any of paragraphs *a* to *e* that was incurred by an association, partnership or syndicate referred to in paragraph *d* of section 364 of the Act; and

(*g*) an amount that, under paragraph *e* of section 364 of the Act, was for a taxpayer a Canadian exploration and development expense or would have been such an expense if it had been incurred after 1971, if such amount was an expense referred to in any of paragraphs *a* to *e* that the taxpayer incurred pursuant to an agreement referred to in paragraph *e* of section 364 of the Act.

s. 360R20; O.C. 1981-80, s. 360R20; R.R.Q., 1981, c. I-3, r. 1, s. 360R20; O.C. 2962-82, s. 51; O.C. 500-83, s. 51; O.C. 91-94, s. 32; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(i).

360R51. The expense referred to in paragraph *b* of section 360R48 does not include

(*a*) the cost of borrowing capital, including a cost incurred before the start of operations of a business that constitutes a Canadian exploration expense;

(*b*) an expense renounced by the taxpayer under section 406 of the Act;

(*c*) an amount that, under paragraph *d* of section 395 of the Act, was for a taxpayer a Canadian exploration expense, if such amount was an expense referred to in any of paragraphs *a*, *b* and *e* to *h* that was incurred by a partnership referred to in such paragraph *d*;

(*d*) an amount that, under paragraph *e* of section 395 of the Act, was for a taxpayer a Canadian exploration expense, if such amount was an expense referred to in any of paragraphs *a*, *b* and *e* to *h* that the taxpayer incurred pursuant to an agreement referred to in paragraph *e* of section 395 of the Act;

(*e*) the expenses described in paragraph *b* or *b*.1 of section 395 of the Act that the taxpayer has incurred in a previous year and has included in computing Canadian development expenses for a previous taxation year;

(*f*) a Canadian exploration and development overhead expense;

(*g*) a Canadian oil and gas exploration expense; and

(*h*) the Canadian exploration expenses described in paragraph *c* of section 395 of the Act and incurred after 19 April 1983.

s. 360R21; O.C. 1981-80, s. 360R21; O.C. 3926-80, s. 17; R.R.Q., 1981, c. I-3, r. 1, s. 360R21; O.C. 2962-82, s. 52; O.C. 500-83, s. 52; O.C. 2509-85, s. 23; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(ii).

360R52. The expense referred to in paragraph *c* of section 360R48 does not include

(*a*) the cost of borrowing capital, including a cost incurred before the start of operations of a business that constitutes a Canadian development expense;

(*b*) an expense renounced by the taxpayer under section 417 of the Act;

(*c*) an amount referred to in paragraph *c* of section 408 of the Act;

(*d*) an amount that, under paragraph *d* of section 408 of the Act, was for a taxpayer a Canadian development expense if such amount was an expense referred to in paragraph *a* or *c* that was incurred by a partnership referred to in that paragraph *d*; and

(*e*) an amount that, by virtue of paragraph *e* of section 408 of the Act, was for a taxpayer a Canadian development expense if such amount was an expense referred to in paragraph *a* or *c* that the taxpayer incurred pursuant to an agreement referred to in paragraph *e* of section 408 of the Act.

s. 360R22; O.C. 1981-80, s. 360R22; O.C. 3926-80, s. 18; R.R.Q., 1981, c. I-3, r. 1, s. 360R22; O.C. 2962-82, s. 53; O.C. 500-83, s. 53; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(iii).

360R53. A property mentioned in paragraph *d* of section 360R48 does not include a property that the taxpayer did not acquire mainly for the purpose of processing in Canada:

(*a*) ore, other than iron ore or tar sands ore, from a resource referred to in the second paragraph, to a stage that is not beyond the prime metal stage or its equivalent;

(*b*) iron ore from a resource referred to in the second paragraph, to a stage that is not beyond the pellet stage or its equivalent; or

(*c*) tar sands ore from a resource referred to in the second paragraph, to a stage that is not beyond the crude oil stage or its equivalent.

A resource referred to in any of subparagraphs *a* to *c* of the first paragraph is

(*a*) a qualified resource; or

(*b*) an exporting resource, if the processing described in those paragraphs is beyond the furthest stage to which such ore or similar ore from that resource was ordinarily processed in Canada before the acquisition of the property referred to in the first paragraph.

s. 360R23; O.C. 1981-80, s. 360R23; R.R.Q., 1981, c. I-3, r. 1, s. 360R23; O.C. 2962-82, s. 54; O.C. 500-83, s. 54; O.C. 2509-85, s. 24; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(iv).

360R54. The expenditures described in section 360R49 do not include,

(*a*) in respect of Canadian oil and gas exploration expenses, an amount described in any of paragraphs *a*, *b* and *f* of section 360R51 or that would be described in paragraph *c* or *d* of that section if the reference in those paragraphs to "paragraphs *a*, *b* and *e* to *h*" were replaced by a reference to "paragraphs *a*, *b* and *f*";

(*b*) in respect of Canadian development expenses, the following amounts:

i. an amount described in section 360R52,

ii. an amount that is a Canadian exploration and development overhead expense, and

iii. the eligible expenses, within the meaning of the Canadian Exploration and Development Incentive Program Act (Revised Statutes of Canada, 1985, chapter 15, 3rd Supplement), in respect of which the taxpayer, a partnership of which the taxpayer is a member, a development corporation of which the taxpayer is a shareholder or a joint exploration corporation of which it is a shareholder corporation has received, is entitled to receive or may reasonably expect to receive, at any time, a payment under that Act;

(*c*) in respect of Canadian exploration expenses, the part of those expenses that is, as the case may be,

i. described in any of paragraphs *a* to *d* and *f* of section 360R51,

ii. included in the amount determined under paragraph *a* or *b* of section 360R49,

iii. expenses described in subparagraph iii of paragraph *b*, or

iv. the eligible expenses, within the meaning of the Canadian Exploration Incentive Program Act (Revised Statutes of Canada, 1985, chapter 27, 4th Supplement), in respect of which the taxpayer, a partnership of which the taxpayer is a member or a development corporation of which it is a shareholder corporation has received, is entitled to receive or may reasonably expect to receive, at any time, an incentive under that Act; and

(*d*) in respect of a property that is included in Class 10 in Schedule B under subparagraph *o* of the second paragraph of that class or that would be so included therein but for Class 41 in that schedule, the capital cost of a property that, before its acquisition by the taxpayer, was used by a person with whom the taxpayer did not deal at arm's length.

s. 360R23.1; O.C. 2962-82, s. 55; O.C. 500-83, s. 55; O.C. 2509-85, s. 25; O.C. 35-96, s. 48; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a)(v) and (vi)(A), (B)(I) to (III), (B.1)(III) to (VI) and (D).

360R55. The expenditures used in computing the aggregate referred to in subparagraph *a* of the second paragraph of section 360R42 also include

(*a*) all expenditures, other than expenditures described in section 360R48 or 360R49, incurred by a taxpayer after 8 May 1972 and before the particular time referred to in section 360R42, each of which was the capital cost to the taxpayer of property that is or, but for Class 41 in Schedule B, would be included in Class 10 in Schedule B because of subparagraph *e* of the second paragraph of that class if the property had, before it was acquired by the taxpayer, not been used by any person with whom the taxpayer was not dealing at arm's length and if the property has been acquired for the purpose of processing in Canada, after its extraction from a mineral resource,

i. ore, other than iron ore or tar sands ore, to any stage that is not beyond the prime metal stage or its equivalent,

ii. iron ore, to any stage that is not beyond the pellet stage or its equivalent, or

iii. tar sands ore, to any stage that is not beyond the crude oil stage or its equivalent;

(*b*) all expenditures, other than those described in paragraph *a* or in section 360R48 or 360R49, that were incurred by a taxpayer before the particular time referred to in section 360R42 and each of which is the capital cost to the taxpayer of property included in Class 28 in Schedule B or in Class 41 in that schedule under subparagraph *a* of the first paragraph of that Class 41, other than property, as the case may be,

i. included in that class by reason of the reference, in Class 28 in Schedule B, to subparagraph *m* of the second paragraph of Class 10 in that schedule,

ii. acquired before 17 November 1978 and included in that class by reason of the reference, in subparagraph i of subparagraph *e* of the first paragraph of Class 28 in Schedule B, to subparagraph *f* of the second paragraph of Class 10 in that schedule,

iii. that is bituminous sands equipment acquired by an individual, or

iv. that is bituminous sands equipment acquired by a corporation before 1981;

(*c*) all expenditures, other than those described in paragraph *a* or *b* or in section 360R48 or 360R49, incurred by a taxpayer before 8 November 1969 relating to a mine that came into production in reasonable commercial quantities before that date, for the purpose of exploring bituminous sands deposit or an oil sands deposit or an oil shale deposit, or of the development of the mine for the purpose of earning or producing income from the extraction of material from such a deposit;

(*d*) three times the aggregate of all amounts each of which is an amount equal to the lesser of the amount that would be determined under the first paragraph of section 145R1 in computing the taxpayer's income for a taxation year that ends before the particular time referred to in section 360R42, if the amount determined under subparagraph *c* of the second paragraph of that section were equal to zero, and the amount determined under that subparagraph *c* in computing the taxpayer's income for that taxation year; and

(*e*) three times the aggregate of the amounts each of which is the amount determined under section 360R60 in respect of the taxpayer for a taxation year ending after 17 February 1987 and before the particular time referred to in section 360R42.

s. 360R24; O.C. 1981-80, s. 360R24; O.C. 1983-80, s. 22; O.C. 3926-80, s. 19; R.R.Q., 1981, c. I-3, r. 1, s. 360R24; O.C. 2962-82, s. 56; O.C. 500-83, s. 56; O.C. 2509-85, s. 26; O.C. 35-96, s. 49; O.C. 1707-97, s. 98; O.C. 1466-98, s. 53; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(b) to (d.2).

360R56. The expenses used in computing the aggregate referred to in subparagraph *a* of the second paragraph of section 360R42 also include the expenses incurred by a taxpayer after 31 March 1975 and before 17 November 1978 and each of which is the capital cost to the taxpayer of property in Québec included in Class 28 in Schedule B that, if it were not included in that class, would be included in Class 10 in Schedule B under subparagraph *f* of the second paragraph of such Class 10.

s. 360R25; O.C. 1981-80, s. 360R25; O.C. 1983-80, s. 23; O.C. 3926-80, s. 20; R.R.Q., 1981, c. I-3, r. 1, s. 360R25; O.C. 134-2009, s. 1.

360R57. The expenditures described in sections 360R48, 360R49, 360R55 and 360R56 do not include expenditures incurred to acquire a property in circumstances that permit a taxpayer to claim a deduction under section 360R18, or that would permit the taxpayer to do so if the amounts described in subparagraphs *a* and *b* of the first paragraph of that section 360R18 were sufficient.

s. 360R26; O.C. 1981-80, s. 360R26; R.R.Q., 1981, c. I-3, r. 1, s. 360R26; O.C. 2962-82, s. 57; O.C. 500-83, s. 57; O.C. 91-94, s. 33; O.C. 35-96, s. 50; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1205(1)(a) before (i), (b) before (i) and (c) before (i).

360R58. For purposes of computing the earned depletion base of a corporation whose control is acquired in the circumstances described in section 384 of the Act, the amount by which the earned depletion base of the corporation at the time referred to in that section exceeds the aggregate of the amounts that it has otherwise deducted under section 360R17 in computing its income for the

taxation years ending after that time and before control was so acquired, is deemed to have been deducted under section 360R17 in computing the income of the corporation for the taxation years ending before control was so acquired.

s. 360R27; O.C. 1981-80, s. 360R27; R.R.Q., 1981, c. I-3, r. 1, s. 360R27; O.C. 2509-85, s. 27; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(1).

360R59. The following rules apply where, during a taxation year ending after 17 February 1987, an original owner of a particular property disposes of it in circumstances where section 360R18 applies:

(*a*) in computing the earned depletion base of the original owner at any time after the time that is immediately after the disposition, the amount of the earned depletion base of that owner determined immediately after the time of the disposition must be deducted;

(*b*) for the purposes of subparagraph *a* of the first paragraph of section 360R18, the earned depletion base of the original owner, determined immediately after the time of the disposition, that was deducted in computing the income of that owner for the year is deemed to be equal to the lesser of

i. the amount deducted in respect of the disposition under paragraph *a*, and

ii. the amount by which the amount determined under section 360R60 in respect of the original owner for the year exceeds the aggregate of the amounts each of which is an amount determined under this paragraph in respect of a disposition made by the original owner during the year and before the disposition of the particular property; and

(*c*) an amount, other than the amount determined under paragraph *b*, that the original owner deducts under section 360R17 for the year or for a subsequent taxation year is deemed, for the purposes of subparagraph *a* of the first paragraph of section 360R18, not to be related to the earned depletion base of that owner determined immediately after the owner disposed of the particular property.

s. 360R28; O.C. 1981-80, s. 360R28; O.C. 1983-80, s. 24; R.R.Q., 1981, c. I-3, r. 1, s. 360R28; O.C. 421-88, s. 16; O.C. 35-96, s. 51; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(3).

360R60. Where, during a taxation year ending after 17 February 1987, an original owner of a property disposes of it in circumstances where section 360R18 applies, the amount determined in respect of the original owner for the year is, for the purposes of paragraph *e* of section 360R55 and of paragraph *b* of section 360R59, equal to the lesser of

(*a*) the aggregate of the amounts each of which is equal to the amount by which the amount deducted under paragraph *a* of section 360R59 in respect of such disposition during the year by the original owner exceeds the amount that the original owner designates, in prescribed form filed with the Minister within six months following the end of the year, in respect of the amount so deducted; and

(*b*) the amount deducted by the original owner under section 360R17 in computing the original owner's income for the year.

s. 360R28.0.1; O.C. 35-96, s. 52; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(4).

360R61. Where at any time after 12 November 1981 control of a corporation is considered, for the purposes of section 418.26 of the Act, to have been acquired by a person or group of persons or where a corporation ceases, on or before 26 April 1995, to be exempt from tax under Part I of the Act on its taxable income, the following rules must be taken into account for the purposes of sections 360R15 to 360R20 and 360R42 to 360R64:

(*a*) a joint election is deemed to have been filed in respect of the acquisition in accordance with section 360R16;

(*b*) the corporation is deemed, after that time, to be a corporation that, at that time, acquired from an original owner all of the property that was owned by it immediately before that time;

(*c*) the earned depletion base of the corporation immediately before that time is deemed not to be that of the corporation immediately after that time but that of the original owner immediately after that time;

(*d*) where the corporation, referred to in this paragraph as the "transferee", is, at that time and immediately before that time, a particular person referred to in subsection 5 of section 544 of the Act, or a subsidiary wholly-owned corporation, within the meaning of that subsection, of another corporation, referred to in this paragraph and in section 360R62 as the "transferor",

i. the transferor may designate in favour of the transferee, for a taxation year of the transferor ending after that time, if throughout that year the transferee is such particular person or such subsidiary wholly-owned corporation of the transferor, an amount not exceeding the amount referred to in section 360R62, for the purpose of making a deduction under section 360R18 in respect of the expenditures incurred before that time by the transferee and when it was such particular person or such subsidiary wholly-owned corporation of the transferor, to the extent that the amount so designated was not designated in favour of another taxpayer under this paragraph or in favour of any taxpayer under subparagraph *f* of the first paragraph of section 418.26 of the Act and only if both corporations agree to avail themselves of this paragraph for that year and so notify the Minister in writing in the fiscal return of the transferor under Part I of the Act for that year; and

ii. the amount so designated is deemed, for the purposes of computing the amount under section 360R18, an income of the transferee from the sources described in any of paragraphs *a* to *c*, as the case may be, of section 360R62 for its taxation year during which that taxation year of the transferor ends and not an income of the transferor from those sources for that year;

(*e*) where, at that time and immediately before that time, the corporation, referred to in this paragraph as the "transferee", and another corporation, referred to in this paragraph as the "transferor", are both subsidiary wholly-owned corporations, within the meaning of subsection 5 of section 544 of the Act, of the same particular person referred to in that subsection 5, and where the transferee and the transferor agree to avail themselves of this paragraph for a taxation year of the transferor ending after that time and so notify the Minister thereof in writing in the fiscal return of the transferor under Part I of the Act for that year, paragraph *d* applies for that year to the transferee and the transferor as if one of them were, in relation to the other, the particular person referred to in subsection 5 of section 544 of the Act;

(*f*) where that time is subsequent to 15 January 1987 and where, at that time, the corporation is a member of a partnership that is, at that time, the owner of a property,

i. for the purposes of paragraph *b*, the corporation is deemed to have been the owner, immediately before that time, of the part of that property owned by the partnership at that time, corresponding to the percentage of its share in the aggregate of the amounts that would be paid to all the members of the partnership if it were dissolved at that time,

ii. for the purposes of subparagraphs *c* and *d* of the second paragraph of section 360R18 for a taxation year ending after that time, the lesser of the following amounts is deemed to be the income of the corporation for the year that may reasonably be attributed to the production from the property or to the processing referred to in subparagraph ii or iii of paragraph *b* of section 360R21 or in paragraph *b* of section 360R25 using the property:

(1) its share of the part of the income of the partnership for the fiscal period of the partnership ending in the year that may reasonably be attributed to the production from the property or to the processing referred to in subparagraph ii or iii of paragraph *b* of section 360R21 or in paragraph *b* of section 360R25 using the property, and

(2) the amount that would be determined for the year under subparagraph 1, if its share of the income of the partnership for the fiscal period of the partnership ending in the year were determined on the basis of the percentage of its share referred to in subparagraph i.

s. 360R28.2; O.C. 2509-85, s. 28; O.C. 421-88, s. 17; Erratum, 1988 G.O. 2, 2537; O.C. 91-94, s. 34; O.C. 35-96, s. 54; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 12; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 12.

Corresponding Federal Provision: 1202(7).

360R62. The amount to which paragraph *d* of section 360R61 refers that may not be exceeded is the amount equal to the part of the income of the transferor for the year referred to in that paragraph, before any deduction under section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4) or under Chapter X of Title VI of Book III of Part I of the Act, that may reasonably be attributed, as the case may be, to

(*a*) the production from Canadian resource properties owned by the transferor immediately before the time referred to in section 360R61;

(*b*) the disposition, during the year referred to in that paragraph *d*, of Canadian resource properties owned by the transferor immediately before the time referred to in section 360R61; and

(*c*) such processing as is described in subparagraph ii or iii of paragraph *b* of section 360R21 or in subparagraph ii of paragraph *b* of section 360R25 with property owned by the transferor immediately before the time referred to in section 360R61.

s. 360R28.2.1; O.C. 91-94, s. 35; O.C. 35-96, s. 55; O.C. 1454-99, s. 62; O.C. 1451-2000, s. 13; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(7)(g)(iii) to (v).

360R63. Where, at any time, control of a taxpayer that is a corporation is acquired by a person or group of persons or where a taxpayer disposes of specified property or all or substantially all of Canadian resource properties and where, before that time, the taxpayer or a partnership of which the taxpayer was a member acquired a property and it is reasonable to consider that one of the principal purposes of such acquisition was to avoid a restriction provided for in section 360R18 related to the deduction in respect of the earned depletion base of the taxpayer or a corporation referred to in paragraph *d* or *e* of section 360R61 as the "transferee", the taxpayer or the partnership, as the case may be, is deemed, for the purposes of applying section 360R18 to or in respect of the taxpayer, not to have acquired the property.

s. 360R28.2.2; O.C. 35-96, s. 56; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(9).

360R64. For the purposes of sections 360R58 and 360R61, where a corporation acquired the control of another corporation between 12 November 1981 and 1 January 1983 as a result of the acquisition of shares of the other corporation pursuant to an agreement in writing entered not later than 12 November 1981, the corporation is deemed to have acquired control of it not later than on that latter date.

s. 360R28.6; O.C. 2509-85, s. 28; O.C. 35-96, s. 58; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1202(8).

DIVISION VII

ADDITIONAL ALLOWANCE IN RESPECT OF CERTAIN EXPLORATION EXPENSES

div. V; O.C. 1981-80, title XIV, chap. III, div. V; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. V; O.C. 134-2009, s. 1.

360R65. A taxpayer may, in computing the taxpayer's income for a taxation year, deduct an amount not exceeding the lesser of

(*a*) the taxpayer's income for the year, computed in accordance with the Act, before any deduction under this section and section 360R89; and

(*b*) the taxpayer's exploration account at the end of the year, computed before any deduction for the year under this section.

s. 360R29; O.C. 1981-80, s. 360R29; O.C. 2456-80, s. 10; R.R.Q., 1981, c. I-3, r. 1, s. 360R29; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1270(1).

360R66. In this division, the exploration account of a taxpayer at a particular time means an amount equal to the amount by which the aggregate of the following amounts exceeds the amounts computed under section 360R67 at that time:

(*a*) the amounts each of which is, in respect of an oil or gas well in Canada, equal to the amount determined by the formula

66 2/3% × (A − B);

(*b*) where the taxpayer is a corporation referred to in section 360R73, any amount required by paragraph *a* of that section to be added in computing the taxpayer's exploration account before the particular time.

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

(*a*) A is the expenses incurred after 31 March 1977 but before 1 April 1980 and before the particular time in respect of the well, other than the expenses and amounts described in any of paragraphs *a* to *d* of section 360R51 and the expenses that may be considered as having been incurred as consideration for services rendered to the taxpayer after 31 March 1980, that would be expenses included in the Canadian exploration expenses of the taxpayer under sections 395 to 397 of the Act if that section 395 were read

i. without reference to paragraphs *c* and *c*.1 and without the words "the drilling of the well is completed within six months after the end of the year and" in paragraph *b*, and

ii. with "*a* to *b*.1, and *c*.1" in paragraph *d* and "*a* to *c*.1" in paragraph *e* replaced by "*a* or *b*"; and

(*b*) B is the base amount of the taxpayer in respect of the well, as determined under section 360R68, less the amount that would be determined under subparagraph *a* in respect of the taxpayer for the well if "after 31 March 1977 but before 1 April 1980" were replaced by "after 30 June 1976 but before 1 April 1977".

s. 360R30; O.C. 1981-80, s. 360R30; O.C. 1983-80, s. 25; O.C. 3926-80, s. 22; O.C. 1535-81, s. 8; R.R.Q., 1981, c. I-3, r. 1, s. 360R30; O.C. 35-96, s. 59; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(2) before (b).

360R67. The amount referred to in section 360R66 at the particular time referred to therein is equal to the aggregate

(*a*) of the amounts deducted by the taxpayer under section 360R65 in computing the taxpayer's income for the taxation years ending before that time;

(*b*) of 66 2/3% of the amounts that become receivable by the taxpayer after 28 March 1979 and before that time but not after 11 December 1979 and in respect of which the consideration given by the taxpayer is a property, other than a share or a property that would have been for the taxpayer a Canadian resource property if the taxpayer had acquired it at the time of giving the consideration, or services the cost of which may reasonably be considered as representing primarily an expenditure related to an oil or gas well in respect of which an amount was included, under subparagraph *a* of the first paragraph of section 360R66, in computing the taxpayer's exploration account or, where the taxpayer is a corporation referred to in section 360R73, in computing the exploration account of the person from whom the taxpayer acquired a property; and

(*c*) where the taxpayer is a person from whom a property was acquired in accordance with section 360R73, of any amount required by paragraph *b* of that section to be deducted in computing the taxpayer's exploration account before that time.

s. 360R30.1; O.C. 1983-80, s. 25; R.R.Q., 1981, c. I-3, r. 1, s. 360R30.1; O.C. 2962-82, s. 59; O.C. 500-83, s. 59; O.C. 421-88, s. 19; Erratum, 1988 G.O. 2, 2537; O.C. 35-96, s. 60; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(2)(b) to (d).

360R68. For the purposes of section 360R66, the earned depletion base of a taxpayer in respect of an oil or gas well is

(*a*) where an agreement described in section 360R69 has been filed with the Minister in respect of the well by the taxpayer and one or more other persons, the amount allocated to the taxpayer under the agreement;

(*b*) where no amount has been allocated to the taxpayer in the agreement referred to in paragraph *a* or where an agreement described in section 360R69 has been filed with

the Minister in respect of the well by one or more persons other than the taxpayer, nil; or

(*c*) where no agreement referred to in paragraph *a* or *b* has been filed with the Minister in respect of the well, $5,000,000.

s. 360R31; O.C. 1981-80, s. 360R31; R.R.Q., 1981, c. I-3, r. 1, s. 360R31; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(3).

360R69. The agreement referred to in section 360R68 in respect of a well is an agreement in the prescribed form, whereby the aggregate of the amounts allocated in respect of the well is $5,000,000 and according to which the amount allocated to each of the persons referred to in the agreement does not exceed the amount that would be determined in respect of that person for the well under subparagraph *a* of the second paragraph of section 360R66 at the time the agreement is filed with the Minister, if that subparagraph *a* were read with "31 March 1977" replaced by "30 June 1976".

s. 360R32; O.C. 1981-80, s. 360R32; O.C. 1983-80, s. 26; R.R.Q., 1981, c. I-3, r. 1, s. 360R32; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(3)(a).

360R70. Where, as a result of mechanical or geological difficulties, the drilling of a particular oil or gas well does not achieve its stated geological objectives under the drilling authority issued by the relevant government body and a further well, including a relief well, is drilled on the same geological formation and may reasonably be regarded as a continuation of or a substitution for the particular oil or gas well, the expenses in respect of the drilling of the further well are, for the purposes of this division, deemed to be expenses in respect of the drilling of the particular oil or gas well.

s. 360R33; O.C. 1981-80, s. 360R33; R.R.Q., 1981, c. I-3, r. 1, s. 360R33; O.C. 1633-96, s. 7; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(4).

360R71. For the purposes of this division, the following rules apply:

(*a*) where a shareholder corporation is deemed to have incurred Canadian exploration expenses under an election made by a joint exploration corporation pursuant to section 406 of the Act, those expenses are deemed to have been incurred by the shareholder corporation at the time they were incurred by the joint exploration corporation; and

(*b*) where a member of a partnership is deemed to have incurred Canadian exploration expenses pursuant to paragraph *d* of section 395 of the Act, those expenses are deemed to have been incurred by the member at the time when they were incurred by the partnership.

s. 360R34; O.C. 1981-80, s. 360R34; O.C. 3926-80, s. 23; R.R.Q., 1981, c. I-3, r. 1, s. 360R34; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(5).

360R72. In this division and despite the definition of "oil or gas well" in section 1 of the Act, an oil or gas well means a well drilled for the purpose of producing petroleum or natural gas or determining the existence of an accumulation of petroleum or natural gas, other than a mineral resource, locating such accumulation or determining its extent or quality.

s. 360R35; O.C. 1981-80, s. 360R35; R.R.Q., 1981, c. I-3, r. 1, s. 360R35; O.C. 2509-85, s. 29; O.C. 91-94, s. 37; O.C. 35-96, s. 61; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(6).

360R73. Subject to sections 360R15 and 360R16, where, at any time during a taxation year and after 19 April 1983, a corporation acquires a property from another person, the following rules apply:

(*a*) the corporation must, for the purpose of computing its exploration account at a particular time after that acquisition, add the excess amount computed under paragraph *b* in respect of that other person; and

(*b*) the other person must, for the purpose of computing the person's exploration account at a particular time after that person's taxation year during which that acquisition occurs, deduct the amount by which the person's exploration account immediately after that acquisition, assuming for that purpose, where that acquisition results from an amalgamation referred to in section 544 of the Act, that the person continued to exist after that acquisition and that no property was acquired or disposed of in the course of the amalgamation, exceeds the amount deducted under section 360R65 in computing the person's income for that taxation year.

s. 360R36; O.C. 1981-80, s. 360R36; O.C. 1983-80, s. 27; R.R.Q., 1981, c. I-3, r. 1, s. 360R36; O.C. 421-88, s. 20; O.C. 91-94, s. 37; O.C. 35-96, s. 61; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1207(7).

DIVISION VIII

ADDITIONAL ALLOWANCES IN RESPECT OF CERTAIN OIL OR GAS WELLS

div. VI; O.C. 1981-80, title XIV, chap. III, div. VI; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. VI; O.C. 134-2009, s. 1.

360R74. Subject to sections 360R77 and 360R78, a taxpayer who has income for a taxation year derived from an oil or gas well situated outside Canada, or an individual who has income for a taxation year derived from an oil or gas well situated in Canada, may in computing the taxpayer's income

for the year, deduct the lesser of that part of the taxpayer's income for the year that may reasonably be regarded as income derived from the well and the aggregate of drilling costs incurred by the taxpayer in that year and previous taxation years in respect of the well, minus the aggregate of all amounts deductible in respect thereof in computing the taxpayer's income for previous years for the purpose of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 360R38; O.C. 1981-80, s. 360R38; R.R.Q., 1981, c. I-3, r. 1, s. 360R38; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1208(1).

360R75. For the purposes of section 360R74, drilling costs do not include the cost of land, leases or other rights or indirect expenses such as general exploration or geological or geophysical expenses.

s. 360R39; O.C. 1981-80, s. 360R39; R.R.Q., 1981, c. I-3, r. 1, s. 360R39; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1208(1)(a).

360R76. Where a taxpayer has more than one well referred to in section 360R74, the deduction allowed in respect of that section must be computed separately for each well to which that section applies.

s. 360R40; O.C. 1981-80, s. 360R40; R.R.Q., 1981, c. I-3, r. 1, s. 360R40; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1208(2).

360R77. An individual who has income for a taxation year derived from an oil or gas well situated in Canada may not make any deduction under this division in computing such income in respect of drilling costs of that well incurred after 10 April 1962.

s. 360R41; O.C. 1981-80, s. 360R41; R.R.Q., 1981, c. I-3, r. 1, s. 360R41; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1208(3).

360R78. A taxpayer who has income for a taxation year derived from an oil or gas well situated outside Canada may not make any deduction under this division in computing such income in respect of drilling costs of that well incurred after 1971.

s. 360R42; O.C. 1981-80, s. 360R42; R.R.Q., 1981, c. I-3, r. 1, s. 360R42; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1208(4).

DIVISION IX

ADDITIONAL ALLOWANCES IN RESPECT OF CERTAIN MINES

div. VII; O.C. 1981-80, title XIV, chap. III, div. VII; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. VII; O.C. 134-2009, s. 1.

360R79. A taxpayer who operates in Canada a mine for the production of materials from a mineral resource in Canada may deduct, in computing the taxpayer's income for a taxation year, an amount not exceeding 25% of the aggregate of all expenditures made or incurred by the taxpayer before 1972 that may reasonably be regarded as being attributable to the prospecting and exploration for and the development of the mine prior to the mine coming into production in reasonable commercial quantities.

s. 360R43; O.C. 1981-80, s. 360R43; R.R.Q., 1981, c. I-3, r. 1, s. 360R43; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1209(1) and (2) before (a).

360R80. The aggregate mentioned in section 360R79 may not include the expenditures described therein to the extent that the expenditures were

(*a*) expenditures in respect of which a deduction of income tax or excess profits tax or a deduction in the computation of such taxes was allowed by section 8 of the Income War Tax Act (S.C. 1917, chapter 28);

(*b*) expenditures in respect of which an amount was deducted in computing a taxpayer's income under section 16 of Chapter 63 of the Statutes of Canada of 1947, section 16 of Chapter 53 of the Statutes of Canada of 1947-48 or, if the expenditure was incurred prior to 1953, under section 53 of Chapter 25 of the Statutes of Canada of 1949, 2nd Session;

(*c*) expenditures incurred after 1952 in respect of which a deduction was or is provided by section 53 of Chapter 25 of the Statutes of Canada of 1949, 2nd Session, section 83A of the Income Tax Act (Revised Statutes of Canada, 1952, chapter 148) as it applied to the 1971 taxation year or section 29 of the Income Tax Application Rules (Revised Statutes of Canada, 1985, chapter 2, 5th Supplement);

(*d*) expenditures that the taxpayer has deducted in computing the taxpayer's income for the year in which such expenditures were incurred;

(*e*) the cost to the taxpayer of property in respect of which the taxpayer is entitled to a deduction under paragraph *a* of section 130 of the Act; or

(*f*) the cost to the taxpayer of a leasehold interest.

s. 360R44; O.C. 1981-80, s. 360R44; R.R.Q., 1981, c. I-3, r. 1, s. 360R44; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1209(2).

360R81. The amount deductible under section 360R79 may not exceed the aggregate referred to therein minus the aggregate of amounts deducted under that section in computing the income of the taxpayer for previous taxation years, and similar amounts deducted in computing the income of the taxpayer for the purpose of the Income War

Tax Act (S.C. 1917, chapter 28) and the 1948 Income Tax Act (S.C. 1948, chapter 52).

s. 360R45; O.C. 1981-80, s. 360R45; R.R.Q., 1981, c. I-3, r. 1, s. 360R45; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1209(3).

DIVISION X

ADDITIONAL ALLOWANCE IN RESPECT OF CERTAIN PROPERTY

div. VIII; O.C. 1983-80, s. 28; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. VIII; O.C. 134-2009, s. 1.

360R82. A taxpayer that is not a corporation may deduct in computing the taxpayer's income for a taxation year an amount not exceeding the lesser of

(*a*) the aggregate of

i. 25% of the amount by which the taxpayer's resource profits for the year in respect of an oil business exceed four times the amount deducted under section 360R17 in respect of that business in computing the taxpayer's income for the year,

ii. 25% of the amount by which the taxpayer's resource profits for the year in respect of a mining business exceed three times the amount deducted under section 360R17 in respect of that business in computing the taxpayer's income for the year, and

iii. the amount included in computing the taxpayer's income for the year under paragraphs *c* and *d* of section 332.1 of the Act; and

(*b*) the taxpayer's additional depletion at the end of the year, computed before any deduction for the year under this section.

s. 360R46; O.C. 1983-80, s. 28; R.R.Q., 1981, c. I-3, r. 1, s. 360R46; O.C. 2962-82, s. 60; O.C. 500-83, s. 60; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(1)(b).

360R83. A taxpayer that is a corporation may deduct in computing its income for a taxation year an amount not exceeding the lesser of

(*a*) the aggregate of

i. 50% of its income for the year as computed under Part I of the Act, but without considering the amount referred to in subparagraph ii and before any deduction under this section and section 360R65, and

ii. the amount included in its income for the year under paragraphs *c* and *d* of section 332.1 of the Act; and

(*b*) its additional depletion at the end of the year, computed before any deduction for the year under this section.

s. 360R47; O.C. 1983-80, s. 28; R.R.Q., 1981, c. I-3, r. 1, s. 360R47; O.C. 2962-82, s. 61; O.C. 500-83, s. 61; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(1)(b).

360R84. In this division, the additional depletion of a taxpayer at a particular time means an amount equal to the amount by which the aggregate of the following amounts exceeds the amount computed under section 360R85 at that time:

(*a*) 50% of the expenses incurred by the taxpayer before that time, each of which was the capital cost to the taxpayer of a property that is primary recovery equipment;

(*b*) 33 1/3% of the expenses incurred by the taxpayer before that time, each of which was the capital cost to the taxpayer of a property that is bituminous sands equipment acquired before 1 January 1981 and which, before it was acquired by the taxpayer, had not been used by any person with whom the taxpayer was not dealing at arm's length; and

(*c*) where the taxpayer is a corporation referred to in section 360R87, any amount required by paragraph *a* of that section to be added before that time in computing its additional depletion.

s. 360R48; O.C. 1983-80, s. 28; O.C. 3926-80, s. 25; R.R.Q., 1981, c. I-3, r. 1, s. 360R48; O.C. 2962-82, s. 62; O.C. 500-83, s. 62; O.C. 2509-85, s. 30; O.C. 35-96, s. 63; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(3) before (d).

360R85. The amount referred to in section 360R84 at the particular time referred to therein is equal to the aggregate of

(*a*) the amounts deducted by the taxpayer under section 360R82 or 360R83, as the case may be, in computing the taxpayer's income for the taxation years ending before that time;

(*b*) 50% of the amounts representing the cost of borrowing capital, including a cost incurred before the start of operations of a business, included in the capital cost to the taxpayer of a depreciable property described in paragraph *a* of section 360R84;

(*c*) 50% of the amounts related to the disposition, before the particular time but not later than 11 December 1979, of property of the taxpayer, other than property that the taxpayer has already used and has disposed of to a person not dealing at arm's length with the taxpayer, the capital cost of which was included, pursuant to paragraph *a* of section 360R84, in computing the taxpayer's additional depletion or, where the taxpayer is a corporation referred to in section 360R87, in

computing the additional depletion of the person from whom the taxpayer has acquired property;

(*d*) 33 1/3% of the amounts representing the cost of borrowing capital, including a cost incurred before the start of operations of a business, included in the capital cost to the taxpayer of depreciable property described in paragraph *b* of section 360R84;

(*e*) 33 1/3% of the amounts related to the disposition, before the particular time but not later than 11 December 1979, of property of the taxpayer, other than property that the taxpayer has already used and has disposed of to a person not dealing at arm's length with the taxpayer, the capital cost of which was included, pursuant to paragraph *b* of section 360R84, in computing the taxpayer's additional depletion or, where the taxpayer is a corporation referred to in section 360R87, in computing the additional depletion of the person from whom the taxpayer has acquired property; and

(*f*) where the taxpayer is a person from whom property was acquired under section 360R87, any amount required by paragraph *b* of that section to be deducted before that time in computing the taxpayer's additional depletion.

s. 360R49; O.C. 1983-80, s. 28; O.C. 3926-80, s. 26; R.R.Q., 1981, c. I-3, r. 1, s. 360R49; O.C. 2962-82, s. 63; O.C. 500-83, s. 63; O.C. 421-88, s. 21; O.C. 35-96, s. 64; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(3)(d) to (i).

360R86. For the purposes of paragraphs *c* and *e* of section 360R85, each amount is equal to the lesser of the proceeds of disposition of the property and its capital cost to the taxpayer or the person from whom property was acquired in accordance with section 360R87, computed without including therein the cost of borrowing capital, including a cost incurred before the start of operations of a business.

s. 360R50; O.C. 1983-80, s. 28; R.R.Q., 1981, c. I-3, r. 1, s. 360R50; O.C. 2962-82, s. 64; O.C. 500-83, s. 64; O.C. 421-88, s. 22; Erratum, 1988 G.O. 2, 3685; O.C. 35-96, s. 65; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(3)(g) and (h).

360R87. Subject to sections 360R15 and 360R16, where, at any time in a taxation year and after 19 April 1983, a corporation acquires property from another person, the following rules apply:

(*a*) the corporation must, for the purpose of computing its additional depletion at a particular time after that acquisition, add the excess amount computed under paragraph *b* in respect of the other person; and

(*b*) the other person must, for the purpose of computing the person's additional depletion at a particular time after the person's taxation year during which that acquisition occurs, deduct the amount by which the person's additional depletion immediately after that acquisition, assuming for that purpose, where that acquisition results from an amalgamation referred to in section 544 of be Act, that it continued to exist after that acquisition and that no property was acquired or disposed of in the course of the amalgamation, exceeds the amount deducted under section 360R83 in computing the person's income for that taxation year.

s. 360R51; O.C. 1983-80, s. 28; R.R.Q., 1981, c. I-3, r. 1, s. 360R51; O.C. 421-88, s. 22; O.C. 91-94, s. 39; O.C. 35-96, s. 65; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(4).

360R88. For the purposes of computing the additional depletion of a corporation the control of which is deemed, for the purposes of section 384 of the Act, to have been acquired, after the corporation last ceased to carry on active business, by one or more persons who did not control it at the time of that ceasing, the amount by which the additional depletion of the corporation at that time exceeds the aggregate of amounts otherwise deducted under section 360R83 in computing its income for the taxation years ending after that time but before acquiring control, is deemed to have been deducted under that section 360R83 in computing the income of the corporation for the taxation years ending before that control acquisition.

s. 360R53; O.C. 1983-80, s. 28; R.R.Q., 1981, c. I-3, r. 1, s. 360R53; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1212(2).

DIVISION XI

ADDITIONAL ALLOWANCE WITH RESPECT TO CERTAIN EXPLORATION EXPENSES INCURRED IN QUÉBEC

div. IX; O.C. 2456-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. III, div. IX; O.C. 134-2009, s. 1.

360R89. An individual may, in computing the individual's income for a taxation year preceding the 1988 taxation year, deduct an amount not exceeding the lesser of

(*a*) the individual's income for the year, computed in accordance with the Act, before any deduction under this section; and

(*b*) the individual's Québec exploration account at the end of the year, computed before any deduction for the year under this section.

s. 360R54; O.C. 2456-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 360R54; O.C. 1666-90, s. 8; O.C. 134-2009, s. 1.

360R90. In this division, the Québec exploration account of an individual at a particular time means an amount equal to the amount, in excess of the amount computed under section 360R95, of the aggregate of all amounts each of which is, in respect of a mineral resource in Québec, a natural accumulation of petroleum or natural gas in Québec or an oil or gas well in Québec, equal to 66 2/3%

of the expenditures that have been included in the individual's Canadian exploration expenses and have been incurred in Québec in respect of the mineral resource, accumulation or well after 31 March 1980 and before that particular time, but not later than 10 December 1986 or, where such expenditures are incurred out of the amounts described in section 360R91, 31 December 1987.

The Québec exploration account referred to in the first paragraph does not include expenditures or amounts described in paragraph *a* of section 360R51 or in paragraph *c* or *d* of the said section to the extent that they refer to expenditures mentioned in paragraph *a* or *b* of that section.

It also does not include expenditures that have been included in the Canadian exploration expenses of the individual pursuant to

(*a*) paragraph *b* or *b*.1 of section 395 of the Act to the extent that they refer to expenditures that have been included in computing the Canadian development expenses of the individual for a previous taxation year;

(*b*) paragraph *c*.1 section 395 of the Act;

(*c*) paragraph *d* or *e* of section 395 of the Act to the extent that they refer to expenditures described in

i. paragraph *b* or *b*.1 of that section 395 to the extent that they refer to expenditures that have been included in computing the Canadian development expenses of the individual for a previous taxation year, or

ii. paragraph *c*.1 of the said section 395; or

(*d*) paragraph *d* or *e* of section 395 of the Act, to the extent that they refer respectively to

i. expenditures incurred after 31 December 1985 and before the particular time referred to in the first paragraph, but not later than 10 December 1986 or, where such expenditures are incurred out of the amounts described in section 360R91, 31 December 1987, by a partnership that is eligible pursuant to an agreement described in that paragraph *e* with a corporation that is not an eligible corporation, or

ii. expenditures incurred in the period described in subparagraph i by the individual referred to in the first paragraph pursuant to an agreement described in that paragraph *e* with a corporation that is not an eligible corporation.

It also does not include an amount related to Canadian exploration expenses that a corporation that is not an eligible corporation renounced, effective not later than 31 December 1987, under section 359.2 of the Act in respect of a share.

s. 360R55; O.C. 2456-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 360R55; O.C. 1544-82, s. 5; O.C. 2962-82, s. 65; O.C. 500-83, s. 65; O.C. 1239-86, s. 1; O.C. 1746-88, s. 4; O.C. 91-94, s. 41; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

360R91. Subject to section 360R92, the amounts to which the first paragraph of section 360R90 and subparagraph i of subparagraph *d* of the third paragraph of that section refer to last are the amounts collected by reason of

(*a*) a distribution made in accordance with a final prospectus for which the receipt was issued not later than 10 December 1986;

(*b*) a distribution made in accordance with a final prospectus for which the receipt was issued after 10 December 1986, but not later than 31 December 1986, where the receipt for the preliminary prospectus that preceded it was issued not later than 10 December 1986;

(*c*) a distribution made before 11 December 1986 under a prospectus exemption under section 48 or 51 of the Securities Act (chapter V-1.1); or

(*d*) a distribution made after 10 December 1986 under a prospectus exemption under section 48 of the Securities Act, but not later than 31 December 1986, pursuant to an offering notice or offering memorandum received by the Commission des valeurs mobilières not later than 10 December 1986.

s. 360R55.1; O.C. 1746-88, s. 5; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

360R92. The amounts collected by reason of a distribution made in accordance with paragraphs *b* and *d* of section 360R91 constitute such amounts up to the amount determined under the preliminary prospectus or under the offering notice or offering memorandum, as the case may be, equal to the part of the expected proceeds of the distribution provided for in the preliminary prospectus or in the offering notice or offering memorandum, as the case may be, that was intended to constitute Canadian exploration expenses incurred in Québec.

s. 360R55.2; O.C. 1746-88, s. 5; O.C. 134-2009, s. 1.

360R93. For the purposes of section 360R90, the expenditures described therein do not include the expenditures incurred out of the amounts collected by reason of the exercise, after 10 December 1986, of a right related to the acquisition of a particular share or any share substituted for such a particular share.

s. 360R55.3; O.C. 1746-88, s. 5; O.C. 134-2009, s. 1.

360R94. For the purposes of section 360R93, where an individual has acquired a share in substitution for a particular

share that the individual has disposed of and where subsequently, by one or more transactions, the individual has acquired another share in substitution for that share or for a share previously acquired in substitution, any share so acquired is deemed to be a share that was substituted for the particular share.

s. 360R55.4; O.C. 1746-88. s. 5; O.C. 134-2009, s. 1.

360R95. The amount described in section 360R90 at the particular time therein referred to is equal to the aggregate of

(*a*) the amounts deducted by the individual pursuant to section 360R89 in computing the individual's income for the taxation years ending before that time; and

(*b*) 66 2/3% of the amounts that become receivable by the individual before that time and after 31 March 1980 and in respect of which the consideration given by the individual is property, other than a share or property that would have been for the individual a Canadian resource property had it been acquired at the time the consideration was given, or services the cost of which may be regarded as having been primarily an expenditure in respect of which an amount has been included, pursuant to section 360R90, in computing the individual's Québec exploration account.

s. 360R56; O.C. 2456-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 360R56; O.C. 134-2009, s. 1.

360R96. In this division, an eligible partnership is a partnership all of whose activities consist mainly in mining, oil or gas exploration or the development of a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well and which, at the time the expenses referred to in paragraph *d* of section 395 of the Act are incurred and throughout the 12-month period prior to that time, fulfils the following conditions:

(*a*) neither it nor one of its members operates a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well; and

(*b*) none of its members is a corporation controlled by a corporation that operates a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well.

s. 360R56.1; O.C. 1239-86, s. 2; O.C. 91-94, s. 42; O.C. 1707-97, s. 98; O.C. 1466-98, s. 54; O.C. 134-2009, s. 1.

360R97. In this division, an eligible corporation is a corporation all of whose activities consist mainly in mining, oil or gas exploration or the development of a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well and which, at the time the expenses referred to in paragraph *e* of section 395 of the Act are incurred or at the time the expenses in respect of which an amount is renounced under section 359.2 of the Act are incurred, as the case may be, and throughout the 12-month period prior to that time, fulfils the following conditions:

(*a*) it does not operate a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well; and

(*b*) it is not controlled by another corporation that operates a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well.

s. 360R56.2; O.C. 1239-86, s. 2; O.C. 1746-88, s. 6; O.C. 91-94, s. 42; O.C. 1707-97, s. 98; O.C. 1466-98, s. 55; O.C. 134-2009, s. 1.

360R98. For the purposes of this division and for greater precision, the operation of a mineral resource, a natural accumulation of petroleum or natural gas or an oil or gas well is understood to mean such an operation in a reasonable commercial quantity.

s. 360R56.3; O.C. 1239-86, s. 2; O.C. 91-94, s. 42; O.C. 134-2009, s. 1.

360R99. Paragraph *b* of section 360R71 applies to this division.

s. 360R57; O.C. 2456-80, s. 11; R.R.Q., 1981, c. I-3, r. 1, s. 360R57; O.C. 134-2009, s. 1.

DIVISION XII

AMALGAMATIONS AND WINDING-UP

div. X; O.C. 2962-82, s. 66; O.C. 500-83, s. 66; O.C. 35-96, s. 67; O.C. 134-2009, s. 1.

360R100. Where there is an amalgamation of a particular corporation with another corporation and subsection 4 of section 544 of the Act applies to the new corporation or where the property of a subsidiary is attributed to its parent during the winding-up of the subsidiary and section 565.1 of the Act applies to the parent, the new corporation or the parent, as the case may be, is deemed to be the same corporation as the particular corporation or the subsidiary, as the case may be, and to continue its corporate existence for the purposes of

(*a*) computing the mining exploration depletion, within the meaning of sections 360R31 to 360R33, the depletion for oil and gas exploration, within the meaning of sections 360R37 to 360R39, the earned depletion base, the exploration account, within the meaning of sections 360R66 and 360R67, and the additional depletion, within the meaning of sections 360R84 to 360R86, of the new corporation or the parent, as the case may be; and

(*b*) determining the amounts that may be deducted under section 360R18 in computing the income of the new corporation or the parent, as the case may be, for a particular taxation year.

s. 360R58; O.C. 2962-82, s. 66; O.C. 500-83, s. 66; O.C. 2509-85, s. 31; O.C. 91-94, s. 43; O.C. 35-96, s. 68; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1214(1).

360R101. Where there is an amalgamation within the meaning of subsection 1 of section 544 of the Act, of two or more particular corporations to form a single corporate entity, that entity is deemed, for the purposes of section 360R63, to be the same corporation as each of the particular corporations and to continue their corporate existence.

s. 360R58.1; O.C. 35-96, s. 69; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1214(2).

360R102. Where there is a winding-up of a taxable Canadian corporation in circumstances where sections 556 to 564.1 and 565 of the Act apply to that corporation and to another taxable Canadian corporation, the latter corporation is deemed, for the purposes of section 360R63, to be the same corporation as the wound-up corporation and to continue its corporate existence.

s. 360R58.2; O.C. 35-96, s. 69; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1214(3).

CHAPTER VII

SUBSIDY, ASSISTANCE, PRESCRIBED SHARE AND OTHER DEDUCTIONS

chap. IV; O.C. 1981-80, title XIV, chap. IV; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. IV; O.C. 2962-82, s. 67; O.C. 500-83, s. 67; O.C. 2509-85, s. 32; O.C. 91-94, s. 44; O.C. 134-2009, s. 1.

385R1. In computing a taxpayer's Canadian exploration and development expenses, a taxpayer must deduct an amount provided for in the first paragraph of section 385 of the Act to the extent that the amount is paid to the taxpayer

(*a*) after 31 December 1971 under the Northern Mineral Exploration Assistance Regulations made under an appropriation Act of the Parliament of Canada that provides for payments in respect of the Northern Mineral Grants Program; or

(*b*) pursuant to any agreement entered into between the taxpayer and Her Majesty in right of Canada under the Northern Mineral Grants Program or the Development Program of the Department of Indian Affairs and Northern Development of Canada, to the extent that the amount has been expended by the taxpayer as or on account of Canadian exploration and development expenses incurred by the taxpayer.

s. 385R1; O.C. 1981-80, s. 385R1; R.R.Q., 1981, c. I-3, r. 1, s. 385R1; O.C. 1149-2006, s. 22; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 66(12) ITA.

395R1. For the purposes of paragraph *e* of section 395 of the Act, a share of a class of the capital stock of a corporation is a prescribed share if that corporation issued it after 31 December 1982, if it is not referred to in section 395R2 and if

(*a*) the corporation, any person related to it or of which it has effective management or control, or any partnership or trust of which the corporation or a person related to it is a member or beneficiary, is or may be required to redeem, acquire or cancel, in whole or in part, the share or to reduce its paid up capital at any time within five years from the date of its issue;

(*b*) a person or partnership referred to in paragraph *a* provides or may be required to provide, in relation to the share, any form of guarantee, security or similar undertaking that could take effect within five years from the date of its issue, other than a guarantee, security or similar undertaking in respect of any amount of assistance or benefit from a government, municipality or other public authority in Canada or in respect of eligibility for such assistance or benefit;

(*c*) the share, referred to in this section and sections 395R2 and 395R3 as the "convertible share", is, under its terms or conditions, convertible, directly or indirectly, at any time within five years from the date of its issue, into debt or into a share, referred to in this section and sections 395R2 and 395R3 as the "acquired share", that is or would be, if issued, a prescribed share;

(*d*) immediately after the share was issued, the person to whom the share was issued or a person related to the latter, controls directly or indirectly or has an absolute or contingent right to control directly or indirectly or to acquire direct or indirect control of the corporation, either alone or together with a related person, a related group of persons of which the person is a member or a partnership or trust of which the person is a member or beneficiary, and the corporation has the right, under the terms or conditions in respect of which the share was issued, to redeem, purchase or otherwise acquire the share within five years from the date of its issue;

(*e*) at the time the share was issued, the existence of the corporation was limited or could be limited, by reason of an arrangement that is not an amalgamation within the meaning of section 544 of the Act, to a period that ends within five years from the date of its issue; or

(*f*) the terms or conditions of the share, referred to in this paragraph as the "first share", or of an agreement in existence at the time of its issue provide that another share, referred to in this section and sections 395R2 and 395R3 as the "substituted share" that is, or would be, if it was issued, a prescribed share, may be substituted or exchanged for the first share within five years from the date of issue of the first share.

s. 395R2; O.C. 2509-85, s. 33; O.C. 91-94, s. 46; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202(1) before (g).

395R2. For the purposes of section 395R1, a prescribed share does not include a share of the capital stock of a corporation

(*a*) that is issued after 31 December 1982, pursuant to an offering or agreement in writing made on or before 31 December 1982, or in accordance with a prospectus, registration statement or similar document that was filed on or before that date with a public authority in Canada in conformity with the laws of Canada or of any province and where required by law, accepted for filing by that authority;

(*b*) that would be a prescribed share solely under one or more terms or conditions of an agreement, where those are not effective or exercisable until the disability, death or bankruptcy of the person to whom the share is issued;

(*c*) that

i. is convertible under its terms or conditions into one or more shares of a class of the capital stock of the corporation for no consideration other than the share or shares,

ii. is described in paragraph *a* of section 395R1 solely because it is to be cancelled on the conversion within five years from the date of its issue, because its paid-up capital is to be reduced on the conversion within that term or because those two conditions apply, and

iii. is not described in paragraph *c* of section 395R1; or

(*d*) that

i. may have a share substituted or exchanged for it pursuant to its terms or conditions or those of an agreement in existence at the time of its issue, if no consideration is received or to be received for the share in relation to the substitution or exchange other than the share substituted or exchanged for it,

ii. is described in paragraph *a* of section 395R1 solely because it is to be redeemed, acquired or cancelled on the substitution or exchange within five years from the date of its issue, and

iii. is not a share in respect of which paragraph *f* of section 395R1 applies.

s. 395R3; O.C. 2509-85, s. 33; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202(1)(g) to (j).

395R3. For the purposes of this section and sections 395R1 and 395R2, the following rules apply:

(*a*) where a person has an interest in a trust, directly or indirectly, through an interest in another trust or otherwise, the person is deemed to be a beneficiary of the trust;

(*b*) in order to determine whether an acquired share described in paragraph *c* of section 395R1 would be a prescribed share if issued,

i. the words "date of its issue" in paragraphs *a*, *b*, *d* and *e* of section 395R1, are to be replaced by the words "date of issue of the convertible share",

ii. the words "issue of the first share" in paragraph *f* of section 395R1, are to be replaced by the words "issue of the convertible share", and

iii. this section and sections 395R1 and 395R2 are to be read without reference to paragraph *a* of section 395R2 and "after 31 December 1982";

(*c*) in order to determine whether a substituted share described in paragraph *f* of section 395R1 would be a prescribed share if issued,

i. the words "date of its issue" in paragraphs *a* to *e* of section 395R1, are to be replaced by the words "date of issue of the first share", and

ii. this section and sections 395R1 and 395R2 are to be read without reference to paragraph *a* of section 395R2 and "after 31 December 1982";

(*d*) for the purposes of paragraph *b* of section 395R1, an excluded obligation, within the meaning of section 359.1R1, in relation to a share of a class of the capital stock of a corporation and an obligation that would be such an obligation in relation to the share if the share had been issued after 17 June 1987 are deemed not to be any form of guarantee, security or similar undertaking in respect of the share;

(*e*) a guarantee, security or similar undertaking referred to in paragraph *b* of section 395R1 is not considered to take effect within five years from the date of issue of a share if the effect of the guarantee, security or undertaking is to provide that a person or partnership referred to in paragraph *a* of section 395R1 will be able to redeem, acquire or cancel the share at a time that is not within five years from the date of issue of the share; and

(*f*) where an expense is incurred partly in consideration for shares, referred to in this section and in sections 395R1 and 395R2 as "first corporation shares", of the capital stock of a corporation and partly in consideration for an interest or right to shares, referred to in this paragraph as "second corporation shares", of the capital stock of another corporation, in order to determine whether the shares of the second corporation are prescribed shares, the words "date of its issue", in paragraphs *a*, *d* and *e* of section 395R1 must be replaced by the words "date of issue of the first corporation shares".

s. 395R4; O.C. 2509-85, s. 33; O.C. 91-94, s. 47; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202(1)(k) to (o).

398R1. For the purposes of paragraph *c* of section 398 of the Act, the subsidy, grant or assistance referred to in that paragraph is that received under the Northern Mineral Exploration Assistance Regulations made under an appropriation Act of the Parliament of Canada that provides for payments in respect of the Northern Mineral Grants Program.

s. 398R1; O.C. 1981-80, s. 398R1; R.R.Q., 1981, c. I-3, r. 1, s. 398R1; O.C. 1149-2006, s. 23; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 66.1(6) "cumulative Canadian exploration expense" C ITA.

399R1. For the purposes of paragraph *c* of section 399 of the Act, in computing a taxpayer's cumulative Canadian exploration expenses, a taxpayer is required to deduct an amount provided for in that paragraph, to the extent that the amount has been expended by the taxpayer as or on account of Canadian exploration and development expenses or Canadian exploration expenses incurred by the taxpayer and paid to the taxpayer

(*a*) under the Northern Mineral Exploration Assistance Regulations made under an appropriation Act of the Parliament of Canada that provides for payments in respect of the Northern Mineral Grants Program; or

(*b*) pursuant to any agreement entered into between the taxpayer and Her Majesty in right of Canada under the Northern Mineral Grants Program or the Development Program of the Department of Indian Affairs and Northern Development of Canada.

s. 399R1; O.C. 1981-80, s. 399R1; R.R.Q., 1981, c. I-3, r. 1, s. 399R1; O.C. 1149-2006, s. 23; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 66.1(6) "cumulative Canadian exploration expense" H ITA.

399.7R1. Subject to section 399.7R2 and for the purposes of section 399.7 of the Act, Canadian renewable and conservation expense means an expense incurred by a taxpayer, and payable to a person or to a partnership with whom the taxpayer is dealing at arm's length, in respect of the development of a project for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in the project would be the capital cost of any property that is described in Class 43.1 or 43.2 in Schedule B or that would be such property but for this section, and includes such an expense incurred by the taxpayer

(*a*) for the purpose of making a service connection to the project for the transmission of electricity to a purchaser of the electricity, to the extent that the expense so incurred was not incurred to acquire property of the taxpayer;

(*b*) for the construction of a temporary access road to the project site;

(*c*) for a right of access to the project site before the earliest time at which a property described in Class 43.1 or 43.2 in Schedule B is used in the project for the purpose of earning income;

(*d*) for clearing land to the extent necessary to complete the project;

(*e*) for process engineering for the project, including collection and analysis of site data, calculation of energy, mass, water, or air balances, simulation and analysis of the performance and cost of process design options, and selection of the optimum process design;

(*f*) for the drilling or completion of a well for the project, other than a well that is, or can reasonably be expected to be, used for the installation of underground piping that is included in Class 43.1 in Schedule B by reason of subparagraph *a* of the second paragraph of that class, or in Class 43.2 in Schedule B by reason of paragraph *b* of that class or a well referred to in subparagraph *h*;

(*g*) for a test wind turbine that is part of a wind farm project of the taxpayer; or

(*h*) if at least 50% of the capital cost of the depreciable property to be used in respect of the project is the capital cost of property described in subparagraph viii of subparagraph *a* of the second paragraph of Class 43.1 in Schedule B,

i. for the drilling of a well, or

ii. solely for the purpose of determining the extent and quality of a geothermal resource.

For the purposes of subparagraph *g* of the first paragraph, a test wind turbine means a fixed location device that is a wind energy conversion system and that is a test wind turbine within the meaning of paragraph 3 of section 1219 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

For the purposes of the first paragraph, a Canadian renewable and conservation expense

(*a*) includes an expense incurred by a taxpayer to acquire a fixed location device that is a wind energy conversion system only if the device is described in subparagraph *g* of the first paragraph; and

(*b*) does not include an expense incurred by a taxpayer at any time that is in respect of a geothermal project that at that time is described in subparagraph *h* of the first paragraph and in respect of which the taxpayer has not satisfied the requirements, applicable in respect of the property, of all environmental laws, by-laws and regulations of Canada, a

province, a municipality in Canada or a municipal or public body performing a function of government in Canada.

s. 399.7R1; O.C. 1470-2002, s. 42; O.C. 1149-2006, s. 24; O.C. 1116-2007, s. 24; O.C. 134-2009, s. 1; O.C. 390-2012, s. 33; O.C. 204-2020, s. 6.

Corresponding Federal Provision: 1219(1), (3) and (4).

399.7R2. A Canadian renewable and conservation expense does not include any expense that

(*a*) is described in any of sections 147, 160, 163, 176 and 176.4 of the Act; or

(*b*) is incurred directly or indirectly by a taxpayer and is

i. for the use of or the acquisition of, or the right to use, land, except as provided in any of subparagraphs *b* to *d* of the first paragraph of section 399.7R1,

ii. for grading or levelling land or for landscaping, except as provided in subparagraph *b* of the first paragraph of section 399.7R1,

iii. payable to a person who does not reside in Canada or a partnership that is not a Canadian partnership, except an expense referred to in subparagraph *g* of the first paragraph of section 399.7R1,

iv. included in the capital cost of property that, but for this section and section 399.7R1, would be depreciable property, other than property that would be included in Class 14.1 in Schedule B, except as provided by any of subparagraphs *b* and *d* to *h* of the first paragraph of section 399.7R1,

v. included in the capital cost of property that, but for this section and section 399.7R1, would be property included in Class 14.1 in Schedule B, except as provided by any of subparagraphs *a* to *e* of the first paragraph of section 399.7R1 or subparagraph ii of subparagraph *h* of that first paragraph,

vi. included in the cost of inventory of the taxpayer,

vii. an expenditure on or in respect of scientific research and experimental development,

viii. a Canadian development expense or a Canadian oil and gas property expense,

ix. incurred, for a project, in respect of any time at or after the earliest time at which a property described in Class 43.1 or 43.2 in Schedule B was used in the project for the purpose of earning income,

x. incurred in respect of the administration or management of a business of the taxpayer, or

xi. a cost attributable to the period of the construction, renovation or alteration of depreciable property, other than property described in Class 43.1 or 43.2 in Schedule B, that relates to the construction, renovation or alteration of the property, except as provided by any of subparagraphs *b* and *f* to *h* of the first paragraph of section 399.7R1, or the ownership of land during the period, except as provided by any of subparagraphs *b* to *d* of that first paragraph.

s. 399.7R2; O.C. 1470-2002, s. 42; O.C. 1249-2005, s. 14; O.C. 1116-2007, s. 25; O.C. 134-2009, s. 1; 2019, c. 14, s. 639; O.C. 204-2020, s. 7.

Corresponding Federal Provision: 1219(2).

399.7R3. For the purposes of section 399.7 of the Act, prescribed energy conservation property means property described in Class 43.1 or 43.2 in Schedule B.

O.C. 321-2017, s. 23.

Corresponding Federal Provision: 8200.1.

400R1. For the purposes of paragraph *b* of section 400 of the Act, a prescribed deduction in respect of a corporation for a taxation year means an amount deducted by the corporation under section 360R18 in computing its income for the year.

s. 400R1; O.C. 2962-82, s. 68; O.C. 500-83, s. 68; O.C. 35-96, s. 70; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 1213.

408R1. For the purposes of paragraph *e* of section 408 of the Act, a prescribed share has the meaning assigned by sections 395R1 to 395R3.

s. 408R1; O.C. 2509-85, s. 34; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202(1).

412R1. For the purposes of paragraph *e* of section 412 of the Act, section 399R1 applies by replacing therein the expression “cumulative Canadian exploration expenses” and “Canadian exploration and development expenses or Canadian exploration expenses” by the expressions “cumulative Canadian development expenses” and “Canadian development expenses” respectively.

s. 412R1; O.C. 1981-80, s. 412R1; R.R.Q., 1981, c. I-3, r. 1, s. 412R1; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 66.2(5) “cumulative Canadian development expense” K ITA.

418.2R1. For the purposes of paragraph *c* of section 418.2 of the Act, a prescribed share has the meaning assigned to it in sections 395R1 to 395R3.

s. 418.2R1; O.C. 2509-85, s. 35; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6202(1).

CHAPTER VIII

DEDUCTION OF CERTAIN EXPENSES

chap. IV.0.0.1; O.C. 1697-92, s. 54; O.C. 134-2009, s. 1.

421.5R1. For the purposes of subparagraph *a* of the second paragraph of section 421.5 of the Act, the amount

prescribed in respect of a passenger vehicle acquired after 31 August 1989 and before 1 January 1997 or after 31 December 2000 is $300.

s. 421.5R1; O.C. 1697-92, s. 54; O.C. 1463-2001, s. 58; O.C. 1470-2002, s. 43; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 7307(2).

421.6R1. For the purposes of subparagraph *a* of the second paragraph of section 421.6 of the Act, the amount prescribed for a taxation year of a lessee is

(*a*) with respect to a passenger vehicle leased under a lease entered into between 31 August 1989 and 1 January 1991, $650; and

(*b*) with respect to a passenger vehicle leased under a lease entered into after 31 December 1990, the amount determined by the formula

A + B.

In the formula in subparagraph *b* of the first paragraph,

(*a*) A is

i. where the passenger vehicle was leased under a lease entered into before 1 January 1997, $650,

ii. where the passenger vehicle was leased under a lease entered into after 31 December 1996 and before 1 January 1998, $550,

iii. where the passenger vehicle was leased under a lease entered into after 31 December 1997 and before 1 January 2000, $650,

iv. where the passenger vehicle was leased under a lease entered into after 31 December 1999 and before 1 January 2001, $700; and

v. where the passenger vehicle was leased under a lease entered into after 31 December 2000, $800; and

(*b*) B is the sum of the federal and provincial sales taxes that would have been payable on a monthly payment under the lease in the taxation year of the lessee if, before those taxes, the lease had required monthly payments equal to the amount determined in subparagraph *a*.

s. 421.6R1; O.C. 1697-92, s. 54; O.C. 1463-2001, s. 59; O.C. 1249-2005, s. 15; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 7307(3).

421.6R2. For the purposes of subparagraph i of subparagraphs *d* and *i* of the second paragraph of section 421.6 of the Act, the rate of interest that is prescribed, during any particular period, is the rate that corresponds to the rate determined, during that period, under subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 421.6R1.1; O.C. 1114-93, s. 20; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 4301(a)(i).

421.6R3. For the purposes of subparagraph *g* of the second paragraph of section 421.6 of the Act, the amount prescribed is

(*a*) with respect to a passenger vehicle leased under a lease entered into between 31 August 1989 and 1 January 1991, $24,000; and

(*b*) with respect to a passenger vehicle leased under a lease entered into after 31 December 1990, the amount determined by the formula

A + B.

In the formula in subparagraph *b* of the first paragraph,

(*a*) A is

i. where the passenger vehicle was leased under a lease entered into before 1 January 1997, $24,000,

ii. where the passenger vehicle was leased under a lease entered into after 31 December 1996 and before 1 January 1998, $25,000,

iii. where the passenger vehicle was leased under a lease entered into after 31 December 1997 and before 1 January 2000, $26,000,

iv. where the passenger vehicle was leased under a lease entered into after 31 December 1999 and before 1 January 2001, $27,000, and

v. where the passenger vehicle was leased under a lease entered into after 31 December 2000, $30,000; and

(*b*) B is the sum of the federal and provincial sales taxes that would have been payable on the acquisition of the passenger vehicle if it has been acquired at the time the lease was entered into at a cost, before those taxes, equal to the amount determined in subparagraph *a*.

s. 421.6R2; O.C. 1697-92, s. 54; O.C. 1463-2001, s. 60; O.C. 1470-2002, s. 44; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 7307(1).

421.6R4. For the purposes of subparagraph i of subparagraph *h* of the second paragraph of section 421.6 of the Act, the amount prescribed in respect of a passenger vehicle leased under a lease entered into after

31 August 1989 is an amount equal to 100/85 of the amount determined under section 421.6R3 in respect of that vehicle.

s. 421.6R3; O.C. 1697-92, s. 54; O.C. 1466-98, s. 126; O.C. 1463-2001, s. 61; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7307(4).

CHAPTER IX

PRESCRIBED FOREST MANAGEMENT PLAN

chap. IV.0.1.1; chap. IV.1.1; O.C. 1116-2007, s. 26; O.C. 134-2009, s. 1.

444R1. For the purposes of section 444 of the Act, a prescribed forest management plan in respect of a woodlot of a taxpayer is a written plan for the management and development of the woodlot that

(*a*) describes the composition of the woodlot, provides for the attention necessary for the growth, health and quality of the trees on the woodlot and is approved in accordance with the requirements of a provincial program established for the sustainable management and conservation of forests; or

(*b*) has been certified in writing by a recognized forestry professional to be a plan that describes the composition of the woodlot, provides for the attention necessary for the growth, health and quality of the trees on the woodlot and includes

i. a description of, or a map indicating, the location of the woodlot,

ii. a description of the characteristics of the woodlot, including a map of the woodlot site that shows those characteristics,

iii. a description of the development of the woodlot, including the activities carried out on the woodlot, since the taxpayer acquired it,

iv. information acceptable to the recognized forestry professional estimating

(1) the ages and heights of the trees on the woodlot, and their species,

(2) the quantity of wood on the woodlot,

(3) the quality and composition of the soil underlying the woodlot, and

(4) the quantity of wood that the woodlot could yield as a result of the implementation of the plan,

v. a description of, and the timing for, the activities proposed to be carried out on the woodlot under the plan, including any of those activities that deal with

(1) harvesting,

(2) renewal and regeneration,

(3) the application of silviculture techniques, and

(4) responsible stewardship and the protection of the environment, and

vi. a description of the objectives and strategies for the management and development of the woodlot over a period of at least five years.

A recognized forestry professional to which subparagraph *b* of the first paragraph refers is a forestry professional who has a degree, diploma or certificate recognized by the Canadian Forestry Accreditation Board, the Canadian Institute of Forestry or the Canadian Council of Technicians and Technologists.

A recognized forestry professional to which subparagraph *b* of the first paragraph refers is not required to express an opinion as to the completeness or correctness of a description of past activities referred to in subparagraph iii of subparagraph *b* of the first paragraph or of information referred to in subparagraph iv of subparagraph *b* of that paragraph if the information was not prepared by that recognized forestry professional.

s. 444R1; O.C. 1116-2007, s. 26; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7400(1) to (3).

451R1. For the purposes of subparagraphs *a*.2 and *h* of the first paragraph of section 451 of the Act, a prescribed forest management plan in respect of a woodlot of a taxpayer is a plan referred to in section 444R1.

s. 451R9; O.C. 1116-2007, s. 27; O.C. 134-2009, s. 1; O.C. 117-2019, s. 15.
Corresponding Federal Provision: 7400(1) to (3).

CHAPTER X

INTER VIVOS TRANSFER

chap. IV.2; O.C. 3926-80, s. 29; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. IV.2; O.C. 134-2009, s. 1.

459R1. For the purposes of section 459 of the Act, a prescribed forest management plan in respect of a woodlot of a taxpayer is a plan referred to in section 444R1.

s. 459R1; O.C. 1116-2007, s. 28; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 7400(1) to (3).

462.1R1. *(Revoked).*

s. 462.1R1; O.C. 1114-92, s. 25; O.C. 134-2009, s. 1; O.C. 229-2014, s. 9.

462.13R1. For the purposes of section 462.13 of the Act, the rate of interest that is prescribed, during any particular

period, is the rate that corresponds to the rate determined, during that period, under subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 462.13R1; O.C. 1666-90, s. 9; O.C. 1114-92, s. 26; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 4301(a)(i).

462.15R1. For the purposes of subparagraph i of paragraph *b* of section 462.15 of the Act, the rate of interest that is prescribed, during any particular period, is the rate that corresponds to the rate determined, during that period, under subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 462.15R1; O.C. 1666-90, s. 9; O.C. 1114-92, s. 26; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 4301(a)(i).

CHAPTER XI

(Revoked).

chap. V; O.C. 1981-80, title XIV, chap. V; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. V; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

470R1. *(Revoked).*

s. 470R1; O.C. 1981-80, s. 470R1; R.R.Q., 1981, c. I-3, r. 1, s. 470R1; O.C. 1466-98, s. 56; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

471R1. *(Revoked).*

s. 471R1; O.C. 1981-80, s. 471R1; R.R.Q., 1981, c. I-3, r. 1, s. 471R1; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

475R1. *(Revoked).*

s. 475R1; O.C. 1981-80, s. 475R1; R.R.Q., 1981, c. I-3, r. 1, s. 475R1; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

477R1. *(Revoked).*

s. 477R1; O.C. 1981-80, s. 477R1; R.R.Q., 1981, c. I-3, r. 1, s. 477R1; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

478R1. *(Revoked).*

s. 478R1; O.C. 1981-80, s. 478R1; R.R.Q., 1981, c. I-3, r. 1, s. 478R1; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

479R1. *(Revoked).*

S. 479R1; O.C. 1981-80, s. 479R1; R.R.Q., 1981, c. I-3, r. 1, s. 479R1; O.C. 1633-96, s. 44; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 13.

CHAPTER XII

DROUGHT REGIONS AND REGIONS OF FLOOD OR EXCESSIVE MOISTURE

chap. VI.1; O.C. 366-94, s. 21; O.C. 134-2009, s. 1; O.C. 390-2012, s. 34.

487.0.2R1. In the first paragraph of section 487.0.2 of the Act, a drought region means

(*a*) for the calendar year 1995,

i. in the Province of Manitoba, the Local Government Districts of Alonsa, Fisher, Grahamdale, Grand Rapids and Mountain (South), the areas designated under The Northern Affairs Act of Manitoba (R.S.M. 1988, c. N100) as the communities of Camperville, Crane River, Duck Bay, Homebrook, Mallard, Meadow Portage, Rock Ridge, Spence Lake and Waterhen, the Rural Municipalities of Eriksdale, Lawrence, Mossey River, Ste. Rose and Siglunes, and Skownan,

ii. in the Province of Saskatchewan, the Rural Municipalities of Antelope Park, Battle River, Beaver River, Biggar, Blaine Lake, Britannia, Buffalo, Cut Knife, Douglas, Eagle Creek, Eldon, Eye Hill, Frenchman Butte, Glenside, Grandview, Grass Lake, Great Bend, Heart's Hill, Hillsdale, Kindersley, Loon Lake, Manitou Lake, Mariposa, Mayfield, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milton, Mountain View, North Battleford, Oakdale, Paynton, Parkdale, Perdue, Pleasant Valley, Prairie, Prairiedale, Progress, Redberry, Reford, Round Hill, Round Valley, Rosemont, Senlac, Spiritwood, Tramping Lake, Turtle River, Wilton and Winslow, and

iii. in the Province of Alberta, the Counties of Beaver, Camrose, Flagstaff, Lamont, Minburn, Paintearth, Smoky Lake, St. Paul, Strathcona, Thorhild, Two Hills and Vermilion River, the Municipal Districts of Bonnyville, MacKenzie, Northern Lights, Provost and Wainwright, and Special Areas 2, 3 and 4;

(*b*) for the calendar year 1997,

i. in the Province of Ontario, the Counties of Hastings and Renfrew,

ii. the Province of Nova Scotia,

iii. in the Province of Manitoba, the Rural Municipalities of Albert, Alonsa, Archie, Arthur, Birtle, Boulton, Brenda, Cameron, Clanwilliam, Dauphin, Edward, Ellice, Glenella, Grahamdale, Harrison, Lakeview, Langford, Lansdowne, Lawrence, McCreary, Miniota, Minto, Morton, Ochre River, Park (South), Pipestone, Rosedale, Rossburn, Russell, Ste. Rose, Shellmouth, Shoal Lake, Sifton, Siglunes, Silver Creek, Strathclair, Turtle Mountain, Wallace, Westbourne, Whitewater and Winchester,

iv. in the Province of Saskatchewan, the Rural Municipalities of Abernethy, Antelope Park, Antler, Argyle, Baildon, Bengough, Benson, Big Stick, Biggar, Bratt's Lake, Brock, Brokenshell, Browning, Buchanan, Calder, Caledonia, Cambria, Cana, Chester, Chesterfield, Churchbridge, Clinworth, Coalfields, Cote, Cymri, Deer Forks, Elcapo, Elmsthorpe, Emerald, Enniskillen, Enterprise, Estevan, Excel, Eye Hill, Fertile Belt, Fillmore, Foam Lake, Francis, Fox Valley, Garry, Glenside, Golden West, Good Lake, Grandview, Grass Lake, Grayson, Griffin, Happyland, Happy Valley, Hart Butte, Hazelwood, Heart's Hill, Indian Head, Insinger, Ituna Bon Accord, Invermay, Kellross, Key West, Keys, Kingsley, Lajord, Lake Alma, Lake Johnston, Lake of The Rivers, Langenburg, Laurier, Lipton, Livingston, Lomond, Maple Creek, Mariposa, Martin, Maryfield, McLeod, Milton, Montmartre, Moose Creek, Moose Jaw, Moose Mountain, Moosomin, Mountain View, Mount Pleasant, North Qu'Appelle, Norton, Oakdale, Orkney, Old Post, Poplar Valley, Prairie, Prairiedale, Progress, Reciprocity, Redburn, Reford, Rocanville, Rosemount, St. Philips, Saltcoats, Scott, Silverwood, Sliding Hills, Souris Valley, South Qu'Appelle, Spy Hill, Stanley, Stonehenge, Storthoaks, Surprise Valley, Tecumseh, Terrell, The Gap, Tramping Lake, Tullymet, Wallace, Walpole, Waverley, Wawken, Wellington, Weyburn, Willow Bunch, Willowdale, Winslow and Wolseley, and

v. in the Province of Alberta, the County of Forty Mile, the Municipal Districts of Acadia Valley, Cypress, Pincher Creek, Provost and Willow Creek, and Special Areas 2, 3 and 4;

(*c*) for the calendar year 1998,

i. in the Province of Ontario, the Counties of Bruce, Grey, Huron and Oxford, and the Districts of Nipissing, Parry Sound, Sudbury and Thunder Bay,

ii. in the Province of Nova Scotia, the Counties of Annapolis, Colchester, Cumberland, Digby, Hants and Kings,

iii. in the Province of Saskatchewan, the Rural Municipalities of Aberdeen, Antelope Park, Arlington, Auvergne, Battle River, Bayne, Beaver River, Biggar, Blaine Lake, Blucher, Bone Creek, Britannia, Buffalo, Canaan, Chaplin, Chesterfield, Clinworth, Corman Park, Coteau, Coulee, Cut Knife, Douglas, Dundurn, Eagle Creek, Eldon, Enfield, Excelsior, Eye Hill, Fertile Valley, Frenchman Butte, Frontier, Glen Bain, Glen McPherson, Glenside, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Great Bend, Harris, Hart Butte, Heart's Hill, Hillsdale, Kindersley, King George, Lac Pelletier, Lacadena, Laird, Lake of The Rivers, Lawtonia, Lone Tree, Loon Lake, Loreburn, Mankota, Manitou Lake, Maple Bush, Mariposa, Marriott, Mayfield, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milden, Milton, Miry Creek, Monet, Montrose, Morse, Mountain View, Newcombe, North Battleford, Oakdale, Old Post, Parkdale, Paynton, Perdue, Pinto Creek, Pleasant Valley, Poplar Valley, Prairie, Prairiedale, Progress, Redberry, Reford, Reno, Riverside, Rosedale, Rosemount, Round Hill, Round Valley, Rosthern, Rudy, St. Andrews, Saskatchewan Landing, Senlac, Shamrock, Snipe Lake, Stonehenge, Swift Current, Tramping Lake, Turtle River, Val Marie, Vanscoy, Victory, Waverly, Webb, Whiska Creek, White Valley, Willow Bunch, Wilton, Winslow, Wise Creek, and Wood River, and

iv. in the Province of Alberta, the Counties of Beaver, Camrose, Flagstaff, Grande Prairie, Lamont, Minburn, Paintearth, St. Paul, Smoky Lake, Stettler, Two Hills and Vermilion River, the Municipal Districts of Acadia, Big Lakes, Birch Hills, Bonnyville, Clear Hills, East Peace, Fairview, Greenview, Northern Lights, Peace, Provost, Saddle Hills, Smoky River, Spirit River, Starland, Wainwright and Yellowhead, and Special Areas 2, 3 and 4;

(*d*) for the 1999 calendar year,

i. in the Province of Nova Scotia, the Counties of Annapolis, Colchester, Cumberland, Digby, Hants, Kings and Yarmouth,

ii. in the Province of British Columbia, the Regional District of Peace River,

iii. in the Province of Saskatchewan, the Rural Municipalities of Beaver River and Loon Lake, and

iv. in the Province of Alberta, the Counties of Athabaska, Barrhead, Birch Hills, Grande Prairie, Lac Ste. Anne, Lakeland, Lamont, Saddle Hills, Smoky Lake, St. Paul, Thorhild, Two Hills, Westlock and Woodlands and the Municipal Districts of Big Lakes, Bonnyville, Clear Hills, East Peace, Fairview, Greenview, Lesser Slave Lake, MacKenzie, Northern Lights, Peace, Smoky River and Spirit River;

(*e*) for the 2000 calendar year,

i. in the Province of British Columbia, the Regional District of East Kootenay,

ii. in the Province of Saskatchewan, the Rural Municipalities of Antelope Park, Battle River, Big Stick, Biggar, Blaine Lake, Buffalo, Chesterfield, Clinworth, Cut Knife, Deer Forks, Douglas, Duck Lake, Eagle Creek, Enterprise, Eye Hill, Fox Valley, Glenside, Grandview, Grass Lake, Great Bend, Happyland, Hearth's Hill, Kindersley, Laird, Leask, Maple Creek, Mariposa, Marriott, Mayfield, Meeting Lake, Milton, Mountain View, Newcombe, North Battleford, Oakdale, Paynton, Piapot, Pleasant Valley, Prairiedale, Progress, Redberry, Reford, Reno, Rosemount, Rosthern, Round Valley, Senlac, St. Louis, Tramping Lake and Winslow, and

iii. in the Province of Alberta, the Counties of Barrhead, Birch Hills, Cardston, Cypress, Flagstaff, Forty Mile, Grande Prairie, Kneehill, Lac Ste. Anne, Lethbridge, Newell, Paintearth, Saddle Hills, Starland, Stettler, Vulcan, Warner,

Wheatland and Woodlands, the Improvement Districts of Kananaskis and Waterton, the Municipal Districts of Acadia, Fairview, Foothills, Greenview, Peace, Pincher Creek, Provost, Ranchland, Smoky River, Spirit River, Taber and Willow Creek, the Municipality of Crowsnest Pass and Special Areas 2, 3 and 4;

(*f*) for the 2001 calendar year,

i. in the Province of Ontario, the Counties of Elgin, Essex, Haldimand, Hastings, Huron, Lambton, Lanark, Lennox and Addington, Middlesex, Norfolk, Northumberland, Oxford and Renfrew, the United Counties of Leeds and Grenville, the Frontenac Management Board, the Regional Municipality of Niagara, the Cities of Brant County, Brantford, Hamilton, Ottawa and Prince Edward County and the Municipality of Chatham-Kent,

ii. in the Province of Québec, the Îles-de-la-Madeleine,

iii. in the Province of Nova Scotia, the Counties of Annapolis, Antigonish, Cape Breton, Colchester, Cumberland, Digby, Hants, Inverness, Kings, Pictou, Richmond and Victoria,

iv. in the Province of New-Brunswick, the Counties of Albert, Kent and Westmorland,

v. in the Province of Manitoba, the Rural Municipality of Kelsey,

vi. in the Province of British Columbia, the Regional Districts of Central Kootenay, East Kootenay, Kootenay Boundary and Okanagan-Similkameen,

vii. the Province of Prince Edward Island,

viii. in the Province of Saskatchewan, the Rural Municipalities of Aberdeen, Abernethy, Antelope Park, Arborfield, Arlington, Arm River, Auvergne, Baildon, Barrier Valley, Battle River, Bayne, Beaver River, Bengough, Big Arm, Big Quill, Big River, Big Stick, Biggar, Birch Hills, Bjorkdale, Blaine Lake, Blucher, Bone Creek, Bratt's Lake, Britannia, Brokenshell, Buchanan, Buckland, Buffalo, Calder, Caledonia, Cana, Canaan, Canwood, Carmichael, Caron, Chaplin, Chester, Chesterfield, Churchbridge, Clayton, Clinworth, Colonsay, Connaught, Corman Park, Cote, Coteau, Coulee, Craik, Cupar, Cut Knife, Deer Forks, Douglas, Duck Lake, Dufferin, Dundurn, Eagle Creek, Edenwold, Elcapo, Eldon, Elfros, Elmsthorpe, Emerald, Enfield, Enterprise, Excel, Excelsior, Eye Hill, Eyebrow, Fertile Valley, Fish Creek, Flett's Springs, Foam Lake, Fox Valley, Francis, Frenchman Butte, Frontier, Garden River, Garry, Glen Bain, Glen McPherson, Glenside, Good Lake, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Grayson, Great Bend, Gull Lake, Happy Valley, Happyland, Harris, Hart Butte, Hazel Dell, Heart's Hill, Hillsborough, Hillsdale, Hoodoo, Hudson Bay, Humboldt, Huron, Indian Head, Insinger, Invergordon, Invermay, Ituna Bon Accord, Kellross, Kelvington, Key West, Keys, Kindersley, King George, Kingsley, Kinistino, Kutawa, Lac Pelletier, Lacadena, Laird, Lajord, Lake Johnston, Lake Lenore, Lake of The Rivers, Lakeland, Lakeside, Lakeview, Last Mountain Valley, Lawtonia, Leask, Leroy, Lipton, Livingston, Lone Tree, Longlaketon, Loon Lake, Loreburn, Lost River, Lumsden, Manitou Lake, Mankota, Maple Bush, Maple Creek, Mariposa, Marquis, Marriott, Mayfield, McCraney, McKillop, McLeod, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milden, Milton, Miry Creek, Monet, Montmartre, Montrose, Moose Jaw, Moose Range, Morris, Morse, Mount Hope, Mountain View, Newcombe, Nipawin, North Battleford, North Qu'Appelle, Norton, Oakdale, Old Post, Orkney, Paddockwood, Parkdale, Paynton, Pense, Perdue, Piapot, Pinto Creek, Pittville, Pleasant Valley, Pleasantdale, Ponass Lake, Poplar Valley, Porcupine, Prairie Rose, Prairiedale, Preeceville, Prince Albert, Progress, Redberry, Redburn, Reford, Reno, Riverside, Rodgers, Rosedale, Rosemount, Rosthern, Round Hill, Round Valley, Rudy, Saltcoats, Sarnia, Saskatchewan Landing, Sasman, Scott, Senlac, Shamrock, Shellbrook, Sherwood, Sliding Hills, Snipe Lake, South Qu'Appelle, Spalding, Spiritwood, St. Andrews, St. Louis, St. Peter, St. Philips, Stanley, Star City, Stonehenge, Surprise Valley, Sutton, Swift Current, Terrell, The Gap, Three Lakes, Tisdale, Torch River, Touchwood, Tramping Lake, Tullymet, Turtle River, Usborne, Val Marie, Vanscoy, Victory, Viscount, Wallace, Waverley, Webb, Wheatlands, Whiska Creek, White Valley, Willner, Willow Bunch, Willow Creek, Wilton, Winslow, Wise Creek, Wolseley, Wolverine, Wood Creek, Wood River and Wreford,

ix. the Province of Alberta, and

x. in the Province of Newfoundland and Labrador, the island of Newfoundland;

(*g*) for the 2002 calendar year,

i. in the Province of Ontario, the Counties of Bruce, Elgin, Lambton and Middlesex, the Municipality of Chatham-Kent, the District of Cochrane and the Regional Municipalities of Halton and Peel,

ii. in the Province of Manitoba, the Rural Municipalities of Albert, Alonsa, Archie, Argyle, Arthur, Birtle, Blanshard, Brenda, Cameron, Clanwilliam, Coldwell, Cornwallis, Daly, Dauphin, Edward, Ellice, Elton, Eriksdale, Ethelbert, Gilbert Plains, Glenella, Glenwood, Grahamdale, Grandview, Hamiota, Harrison, Hillsburg, Kelsey, Langford, Lansdowne, Lawrence, McCreary, Miniota, Minitonas, Minto, Morton, Mossey River, Mountain, North Cypress, Oakland, Ochre River, Odanah, Park, Pipestone, Riverside, Roblin, Rosedale, Rossburn, Russell, Saskatchewan, Shell River, Shellmouth-Boulton, Shoal Lake, Sifton, Siglunes, Silver Creek, South Cypress, St. Laurent, Ste. Rose, Strathclair, Strathcona, Swan River, Turtle Mountain, Wallace, Whitehead, Whitewater, Winchester and Woodworth and the unorganized territory situated north of the Rural Municipality

of Alonsa, between the Rural Municipality and the south shore of Lake Manitoba,

iii. in the Province of British Columbia, the Regional District of Peace River,

iv. in the Province of Saskatchewan, the Rural Municipalities of Aberdeen, Abernethy, Antelope Park, Antler, Arborfield, Argyle, Arlington, Arm River, Auvergne, Baildon, Barrier Valley, Battle River, Bayne, Beaver River, Big Arm, Big Quill, Big River, Big Stick, Biggar, Birch Hills, Bjorkdale, Blaine Lake, Blucher, Bone Creek, Britannia, Buchanan, Buckland, Buffalo, Calder, Cana, Canaan, Canwood, Carmichael, Caron, Chaplin, Chesterfield, Churchbridge, Clayton, Clinworth, Colonsay, Connaught, Corman Park, Cote, Coteau, Coulee, Craik, Cupar, Cut Knife, Deer Forks, Douglas, Duck Lake, Dufferin, Dundurn, Eagle Creek, Edenwold, Elcapo, Eldon, Elfros, Emerald, Enfield, Enniskillen, Enterprise, Excelsior, Eye Hill, Eyebrow, Fertile Belt, Fertile Valley, Fish Creek, Flett's Springs, Foam Lake, Fox Valley, Frenchman Butte, Frontier, Garden River, Garry, Glen Bain, Glen McPherson, Glenside, Good Lake, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Grayson, Great Bend, Gull Lake, Happyland, Harris, Hazel Dell, Hazelwood, Heart's Hill, Hillsborough, Hillsdale, Hoodoo, Hudson Bay, Humboldt, Huron, Insinger, Invergordon, Invermay, Ituna Bon Accord, Kellross, Kelvington, Keys, Kindersley, King George, Kingsley, Kinistino, Kutawa, Lac Pelletier, Lacadena, Laird, Lake Johnston, Lake Lenore, Lakeland, Lakeside, Lakeview, Langenburg, Last Mountain Valley, Lawtonia, Leask, Leroy, Lipton, Livingston, Lone Tree, Longlaketon, Loon Lake, Loreburn, Lost River, Lumsden, Manitou Lake, Mankota, Maple Bush, Maple Creek, Mariposa, Marquis, Marriott, Martin, Maryfield, Mayfield, McCraney, McKillop, McLeod, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milden, Milton, Miry Creek, Monet, Montrose, Moose Creek, Moose Jaw, Moose Mountain, Moose Range, Moosomin, Morris, Morse, Mount Hope, Mount Pleasant, Mountain View, Newcombe, Nipawin, North Battleford, North Qu'Appelle, Oakdale, Orkney, Paddockwood, Parkdale, Paynton, Pense, Perdue, Piapot, Pinto Creek, Pittville, Pleasant Valley, Pleasantdale, Ponass Lake, Porcupine, Prairie Rose, Prairiedale, Preeceville, Prince Albert, Progress, Reciprocity, Redberry, Redburn, Reford, Reno, Riverside, Rocanville, Rodgers, Rosedale, Rosemount, Rosthern, Round Hill, Round Valley, Rudy, Saltcoats, Sarnia, Saskatchewan Landing, Sasman, Senlac, Shamrock, Shellbrook, Sherwood, Silverwood, Sliding Hills, Snipe Lake, Spalding, Spiritwood, Spy Hill, St. Andrews, St. Louis, St. Peter, St. Philips, Stanley, Star City, Storthoaks, Sutton, Swift Current, Three Lakes, Tisdale, Torch River, Touchwood, Tramping Lake, Tullymet, Turtle River, Usborne, Val Marie, Vanscoy, Victory, Viscount, Wallace, Walpole, Waverley, Wawken, Webb, Wheatlands, Whiska Creek, White Valley, Willner, Willow Creek, Willowdale, Wilton, Winslow, Wise Creek, Wolverine, Wood Creek, Wood River and Wreford, and

v. the Province of Alberta;

(*h*) for the 2003 calendar year,

i. in the Province of Manitoba, the Rural Municipalities of Albert, Alonsa, Archie, Argyle, Armstrong, Arthur, Bifrost, Birtle, Blanshard, Brenda, Cameron, Clanwilliam, Coldwell, Cornwallis, Daly, Dauphin, Edward, Ellice, Elton, Eriksdale, Ethelbert, Fisher, Gilbert Plains, Gimli, Glenella, Glenwood, Grahamdale, Grandview, Hamiota, Harrison, Hillsburg, Kelsey, Lakeview, Langford, Lansdowne, Lawrence, Louise, McCreary, Miniota, Minitonas, Minto, Morton, Mossey River, Mountain, North Cypress, Oakland, Ochre River, Odanah, Park, Pipestone, Riverside, Roblin, Rockwood, Rosedale, Rossburn, Russell, Saskatchewan, Shellmouth-Boulton, Shell River, Shoal Lake, Sifton, Siglunes, Silver Creek, South Cypress, St. Laurent, Ste. Rose, Strathclair, Strathcona, Swan River, Turtle Mountain, Wallace, Westbourne, Whitehead, Whitewater, Winchester, Woodlands and Woodworth, the town of Grand Rapids and the census consolidated subdivision No. 19 (unorganized) as that subdivision was developed by Statistics Canada for the 2001 Census,

ii. in the Province of British Columbia, the Regional Districts of Bulkley-Nechako, Cariboo, Central Kootenay, Central Okanagan, Columbia-Shuswap, East Kootenay, Fort Nelson-Liard, Fraser-Fort George, Kootenay Boundary, North Okanagan, Okanagan-Similkameen, Peace River, Spallumcheen, Squamish-Lillooet and Thompson-Nicola,

iii. in the Province of Saskatchewan, the Rural Municipalities of Aberdeen, Abernethy, Antelope Park, Antler, Arborfield, Argyle, Barrier Valley, Battle River, Bayne, Beaver River, Benson, Big Quill, Big River, Biggar, Birch Hills, Bjorkdale, Blaine Lake, Blucher, Britannia, Brock, Brokenshell, Browning, Buchanan, Buckland, Buffalo, Calder, Cana, Canaan, Canwood, Chesterfield, Churchbridge, Clayton, Clinworth, Coalfields, Colonsay, Connaught, Corman Park, Cote, Coteau, Coulee, Cupar, Cut Knife, Cymri, Deer Forks, Douglas, Duck Lake, Dufferin, Dundurn, Eagle Creek, Edenwold, Elcapo, Eldon, Elfros, Emerald, Enniskillen, Excelsior, Fertile Belt, Fertile Valley, Fish Creek, Flett's Springs, Foam Lake, Frenchman Butte, Garden River, Garry, Glenside, Good Lake, Grandview, Grant, Grayson, Great Bend, Griffin, Happyland, Harris, Hazel Dell, Hazelwood, Hillsdale, Hoodoo, Hudson Bay, Humboldt, Insinger, Invergordon, Invermay, Ituna Bon Accord, Kellross, Kelvington, Keys, Kindersley, King George, Kingsley, Kinistino, Kutawa, Lacadena, Laird, Lake Lenore, Lakeland, Lakeside, Lakeview, Langenburg, Last Mountain Valley, Leask, Leroy, Lipton, Livingston, Longlaketon, Loon Lake, Lumsden, Marriott, Martin, Maryfield, Mayfield, McKillop, McLeod, Meadow Lake, Medstead, Meeting Lake, Meota, Mervin, Milden, Milton, Miry Creek, Monet, Montrose, Moose Creek, Moose Mountain, Moose Range, Moosomin, Morse, Mount Hope, Mount Pleasant, Mountain View, Newcombe, Nipawin, North Battleford, North Qu'appelle, Oakdale, Orkney,

Paddockwood, Parkdale, Paynton, Pense, Perdue, Pittville, Pleasant Valley, Pleasantdale, Ponass Lake, Porcupine, Prairie Rose, Prairiedale, Preeceville, Prince Albert, Reciprocity, Redberry, Redburn, Reford, Riverside, Rocanville, Rosemount, Rosthern, Round Hill, Rudy, Saltcoats, Sarnia, Saskatchewan Landing, Sasman, Shellbrook, Sherwood, Silverwood, Sliding Hills, Snipe Lake, Spalding, Spiritwood, Spy Hill, St. Andrews, St. Louis, St. Peter, St. Philips, Stanley, Star City, Storthoaks, Swift Current, Tecumseh, Three Lakes, Tisdale, Torch River, Touchwood, Tullymet, Turtle River, Usborne, Vanscoy, Victory, Viscount, Wallace, Walpole, Wawken, Webb, Weyburn, Willow Creek, Willowdale, Winslow and Wolverine, and

iv. in the Province of Alberta, the Counties of Athabasca, Barrhead, Birch Hills, Brazeau, Cardston, Clearwater, Grande Prairie, Kneehill, Lac Ste. Anne, Lacombe, Lakeland, Leduc, Mountain View, Northern Sunrise, Parkland, Ponoka, Red Deer, Saddle Hills, Starland, Thorhild, Wetaskiwin, Woodlands and Yellowhead, the improvement districts of Banff, Jasper Park, Kananaskis, Waterton and Wilmore Wilderness, the municipal districts of Acadia, Big Lakes, Bighorn, Bonnyville, Clear Hills, Fairview, Greenview, MacKenzie, Northern Lights, Peace, Pincher Creek, Ranchland, Smoky River, Spirit River and Willow Creek, the municipalities of Crowsnest Pass and Jasper, and special areas 3 and 4;

(*i*) for the 2004 calendar year,

i. in the Province of British Columbia, the Regional District of Fort Nelson-Liard, and

ii. in the Province of Alberta, the Counties of Beaver, Camrose, Flagstaff, Paintearth, Starland and Stettler, the Municipal Districts of Acadia, Clear Hills, Fairview, Mackenzie and Northern Lights and Special Areas 2, 3 and 4;

(*j*) for the 2006 calendar year:

i. in the Province of Ontario, the Territorial Districts of Algoma, Kenora, Manitoulin, Rainy River and Thunder Bay,

ii. in the Province of British Columbia, the Regional Districts of Bulkley-Nechako, Cariboo, Fraser-Fort George, Kitimat-Stikine and Peace River,

iii. in the Province of Saskatchewan, the Rural Municipalities of Arlington, Auvergne, Bengough, Big Stick, Bone Creek, Carmichael, Clinworth, Frontier, Glen McPherson, Grassy Creek, Gull Lake, Happy Valley, Hart Butte, Lac Pelletier, Lake Alma, Laurier, Lone Tree, Mankota, Maple Creek, Miry Creek, Old Post, Piapot, Pittville, Poplar Valley, Reno, Surprise Valley, The Gap, Val Marie, Waverley, Webb, Whiska Creek, White Valley, Willow Bunch and Wise Creek, and

iv. in the Province of Alberta, the Counties of Clear Hills, Grande Prairie and Saddle Hills and the Municipal Districts of Greenview and Northern Lights;

(*k*) for the calendar year 2007:

i. in the province of Ontario, the Cities of Hamilton, Kawartha Lakes and Toronto, the Counties of Brant, Bruce, Dufferin, Elgin, Essex, Frontenac, Grey, Haldimand, Hastings, Huron, Lambton, Lennox and Addington, Middlesex, Northumberland, Norfolk, Oxford, Perth, Peterborough, Prince Edward, Simcoe and Wellington, the Municipality of Chatham-Kent, the Regional Municipalities of Durham, Halton, Niagara, Peel, Waterloo and York, the Territorial Districts of Algoma, Manitoulin and Thunder Bay and the United Counties of Leeds and Grenville,

ii. in the province of British Columbia, the Regional Districts of Central Kootenay, East Kootenay, Kootenay Boundary and Okanagan-Similkameen,

iii. in the province of Saskatchewan, the Rural Municipalities of Arlington, Auvergne, Bengough, Big Stick, Bone Creek, Carmichael, Coulee, Excel, Excelsior, Frontier, Glen Bain, Glen McPherson, Grassy Creek, Gull Lake, Happy Valley, Hart Butte, Lac Pelletier, Lake of the Rivers, Lawtonia, Lone Tree, Mankota, Maple Creek, Miry Creek, Morse, Old Post, Piapot, Pinto Creek, Pittville, Poplar Valley, Reno, Riverside, Saskatchewan Landing, Stonehenge, Swift Current, Val Marie, Waverley, Webb, Whiska Creek, White Valley, Willow Bunch, Wise Creek and Wood River, and

iv. in the province of Alberta, the Counties of Cardston, Cypress, Forty Mile, Lethbridge and Warner, the Municipal Districts of Pincher Creek, Ranchland, Taber and Willow Creek and the Municipality of Crowsnest Pass;

(*l*) for the calendar year 2008:

i. in the province of Manitoba, the Municipality of Killarney-Turtle Mountain and the Rural Municipalities of Albert, Arthur, Brenda, Cameron, Edward, Glenwood, Morton, Pipestone, Riverside, Sifton, Whitewater and Winchester,

ii. in the province of British Columbia, the Regional Districts of Central Kootenay, East Kootenay, Kootenay Boundary and Peace River,

iii. in the province of Saskatchewan, the Rural Municipalities of Argyle, Arlington, Auvergne, Baildon, Bengough, Benson, Bone Creek, Bratt's Lake, Brokenshell, Browning, Caledonia, Cambria, Caron, Coalfields, Cymri, Elmsthorpe, Enniskillen, Estevan, Excel, Francis, Frontier, Glen Bain, Glen McPherson, Grassy Creek, Gravelbourg, Griffin, Hillsborough, Happy Valley, Hart Butte, Key West, Lac Pelletier, Lajord, Lake Alma, Lake Johnston, Lake of the Rivers, Laurier, Lomond, Lone Tree, Mankota, Marquis, Moose Creek, Moose Jaw, Mount Pleasant, Norton, Old Post,

Pense, Pinto Creek, Poplar Valley, Redburn, Reciprocity, Rodgers, Scott, Shamrock, Sherwood, Souris Valley, Surprise Valley, Stonehenge, Storthoaks, Sutton, Tecumseh, Terrell, The Gap, Val Marie, Waverley, Wellington, Weyburn, Whiska Creek, White Valley, Willow Bunch, Wise Creek and Wood River, and

iv. in the province of Alberta, the Counties of Birch Hills, Clear Hills, Grande Prairie and Saddle Hills and the Municipal Districts of Fairview and Spirit River;

(*m*) for the calendar year 2009:

i. in the province of Manitoba, the Rural Municipalities of Albert, Archie, Arthur, Birtle, Brenda, Cameron, Clanwilliam, Edward, Ellice, Harrison, Hillsburg, Miniota, Minitonas, Park, Pipestone, Rossburn, Russell, Shellmouth-Boulton, Shell River, Shoal Lake, Sifton, Silver Creek, Strathclair, Swan River, Wallace, Winchester and Woodworth and Census Division No. 20, Unorganized, South Part, as developed by Statistics Canada for the 2006 Census,

ii. in the province of British Columbia, the Census Subdivisions Bulkley-Nechako B and E, Cariboo D, E, G, H and J to L, Central Kootenay A to E, G, H, J and K, Central Okanagan, Central Okanagan J, Columbia-Shuswap C to F, Kootenay Boundary B to E, North Okanagan B and D to F, Okanagan-Similkameen A to H, Peace River C to E, Spallumcheen, Squamish-Lillooet A to C and Thompson-Nicola A (Wells Gray Country), B (Thompson Headwaters), E (Bonaparte Plateau), I (Blue Sky Country), J (Copper Desert Country), L, M, N, O (Lower North Thompson) and P (Rivers and the Peaks), as those subdivisions were developed by Statistics Canada for the 2006 Census,

iii. in the province of Saskatchewan, the Rural Municipalities of Aberdeen, Antelope Park, Antler, Argyle, Arlington, Auvergne, Battle River, Beaver River, Benson, Biggar, Blucher, Bone Creek, Britannia, Brock, Browning, Buchanan, Buffalo, Calder, Cana, Canaan, Chaplin, Chesterfield, Churchbridge, Clayton, Clinworth, Coalfields, Corman Park, Cote, Coteau, Coulee, Cut Knife, Deer Forks, Dundurn, Eagle Creek, Elcapo, Eldon, Emerald, Enfield, Enniskillen, Estevan, Excelsior, Eye Hill, Fertile Belt, Fertile Valley, Foam Lake, Fox Valley, Frenchman Butte, Frontier, Garry, Glen Bain, Glen McPherson, Glenside, Good Lake, Grandview, Grant, Grass Lake, Grassy Creek, Gravelbourg, Grayson, Happyland, Harris, Hazel Dell, Hazelwood, Heart's Hill, Hillsdale, Insinger, Invermay, Keys, Kindersley, King George, Kingsley, Lacadena, Lac Pelletier, Lawtonia, Langenburg, Livingston, Lone Tree, Loon Lake, Loreburn, Manitou Lake, Mankota, Maple Bush, Mariposa, Marriott, Martin, Maryfield, Mayfield, McLeod, Meadow Lake, Meota, Mervin, Milden, Milton, Miry Creek, Monet, Montrose, Moose Creek, Moose Mountain, Moosomin, Morse, Mountain View, Mount Pleasant, Newcombe, North Battleford, Oakdale, Orkney, Parkdale, Paynton, Perdue, Pinto Creek, Pittville, Pleasant Valley, Prairiedale, Preeceville, Progress, Reciprocity, Reford, Reno, Riverside, Rocanville, Rosedale, Rosemount, Round Valley, Rudy, Saltcoats, Saskatchewan Landing, Senlac, Shamrock, Silverwood, Sliding Hills, Snipe Lake, Spy Hill, St. Andrews, St. Philips, Stanley, Storthoaks, Swift Current, Tecumseh, Tramping Lake, Turtle River, Val Marie, Vanscoy, Victory, Wallace, Walpole, Waverley, Wawken, Webb, Whiska Creek, White Valley, Willowdale, Wilton, Winslow, Wise Creek and Wood River, and

iv. in the province of Alberta, the Cities of Calgary and Edmonton, the Counties of Athabasca, Barrhead, Beaver, Birch Hills, Brazeau, Camrose, Clear Hills, Clearwater, Flagstaff, Grande Prairie, Kneehill, Lac La Biche, Lacombe, Lac Ste. Anne, Lamont, Leduc, Minburn, Mountain View, Northern Sunrise, Paintearth, Parkland, Ponoka, Red Deer, Rocky View, Saddle Hills, Smoky Lake, St. Paul, Starland, Stettler, Strathcona, Sturgeon, Thorhild, Two Hills, Vermilion River, Westlock, Wetaskiwin, Wheatland, Woodlands and Yellowhead, Improvement District No. 13, the Municipal Districts of Acadia, Big Lakes, Bonnyville, Fairview, Greenview, Lesser Slave River, Northern Lights, Opportunity, Peace, Provost, Smoky River, Spirit River and Wainwright, Special Areas No. 2, 3 and 4 and the Town of Drumheller;

(*n*) for the calendar year 2010:

i. in the province of British Columbia, the Census Subdivisions Bulkley-Nechako B to F, Cariboo A to F and I to K, Fraser-Fort George A and C to H and Peace River B to E, as these subdivisions were developed by Statistics Canada for the 2006 Census, and

ii. in the province of Alberta, the Counties of Birch Hills, Clear Hills, Grande Prairie, Northern Lights, Northern Sunrise, Saddle Hills, Woodlands and Yellowhead, the Improvement District No. 12 and the Municipal Districts of Big Lakes, Fairview, Greenview, Peace, Smoky River and Spirit River; and

(*o*) for the calendar year 2012:

i. in the province of Ontario, the Census Divisions Brant, Haldimand-Norfolk, Hamilton and Ottawa, as these divisions were developed by Statistics Canada for the 2011 Census, the Counties of Bruce, Dufferin, Frontenac, Grey, Hastings, Huron, Lanark, Lennox and Addington, Northumberland, Oxford, Perth, Prince Edward, Renfrew and Wellington, the Districts of Parry Sound and Rainy River, as these districts were developed by Statistics Canada for the 2011 Census, the District Municipality of Muskoka, the Regional Municipalities of Halton, Niagara and Waterloo, the Territorial Districts of Algoma and Manitoulin and the United Counties of Prescott and Russell,

ii. in the province of Québec, the Regional County Municipalities of Les Collines-de-l'Outaouais, Papineau, Pontiac and Temiscamingue, and city of Gatineau,

iii. in the province of Manitoba, Census Division No. 1, Unorganized, as developed by Statistics Canada for the 2011 Census, and the Rural Municipalities of De Salaberry, Franklin, Hanover, La Broquerie, Montcalm, Morris, Piney, Reynolds, Rhineland, Ritchot, Ste. Anne, Stuartburn, Tache and Whitemouth,

iv. in the province of British Columbia, the Peace River Regional District, and

v. in the province of Alberta, the Counties of Birch Hills, Clear Hills, Grande Prairie, Mackenzie, Northern Lights and Saddle Hills and the Municipal Districts of Fairview, Peace and Spirit River.

s. 487.0.2R1; O.C. 366-94, s. 21; O.C. 1660-94, s. 8; O.C. 67-96, s. 35; O.C. 1463-2001, s. 62; O.C. 1470-2002, s. 45; O.C. 1282-2003, s. 39; O.C. 1155-2004, s. 27; O.C. 1249-2005, s. 16; O.C. 1149-2006, s. 25; O.C. 134-2009, s. 1; O.C. 390-2012, s. 35; O.C. 1105-2014, s. 7.

Corresponding Federal Provision: 7305(1).

487.0.2R2. For the purposes of section 487.0.2R1, a city, county, district or other municipality is deemed to include any area that is surrounded by the territory of the city, county, district or other municipality.

s. 487.0.2R2; O.C. 1470-2002, s. 46; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 8.

Corresponding Federal Provision: 7305(2).

487.0.2R3. In the first paragraph of section 487.0.2 of the Act, a region of flood or excessive moisture means:

(*a*) for the calendar year 2008, in the province of Manitoba,

i. the Rural Municipalities of Alonsa, Armstrong, Bifrost, Coldwell, Dauphin, Eriksdale, Ethelbert, Fisher, Gimli, Glenella, Grahamdale, Lakeview, Lawrence, McCreary, Mossey River, Mountain South, Ochre River, Rockwood, Siglunes, St. Andrews, St. Laurent, Ste. Rose and Woodlands, and

ii. any reserve that is contiguous to a rural municipality referred to in subparagraph i, or that is part of a series of contiguous reserves one of which is contiguous to such municipality, of the bands designated as Dauphin River, Ebb and Flow, Fisher River, Kinonjeoshtegon First Nation, Lake Manitoba First Nation, Lake St. Martin, Little Saskatchewan, O-Chi-Chak-Ko-Sipi First Nation, Peguis, Pinaymootang First Nation, Sandy Bay and Skownan First Nation;

(*b*) for the calendar year 2009, in the province of Manitoba, the Rural Municipalities of Alexander, Alonsa, Armstrong, Bifrost, Brokenead, Coldwell, Eriksdale, Fisher, Gimli, Grahamdale, Lac du Bonnet, Lawrence, Mossey River, Reynolds, Rockwood, St. Andrews, St. Clements, St. Laurent, Siglunes, Whitemouth and Woodlands, and Census Division No. 18, Unorganized, East and West Parts and No. 19, Unorganized, as developed by Statistics Canada for the 2006 Census;

(*c*) for the calendar year 2010:

i. in the province of Manitoba, Census Divisions No. 18 and 19, Unorganized and No. 20, Unorganized, North and South Parts, as these divisions were developed by Statistics Canada for the 2006 Census, the Rural Municipalities of Albert, Alexander, Alonsa, Armstrong, Arthur, Bifrost, Brenda, Brokenhead, Cameron, Coldwell, Dauphin, East St. Paul, Edward, Eriksdale, Ethelbert, Fisher, Gilbert Plains, Gimli, Glenella, Grahamdale, Grandview, Hillsburg, Kelsey, Lac du Bonnet, Lawrence, McCreary, Minitonas, Mountain, Mossey River, Ochre River, Pipestone, Reynolds, Rockwood, St. Andrews, St. Clements, St. Laurent, Ste. Rose, Shellmouth-Boulton, Shell River, Sifton, Siglunes, Swan River, West St. Paul, Whitemouth, Winchester and Woodlands and the Valley River 63A reserve, and

ii. in the province of Saskatchewan, the Rural Municipalities of Aberdeen, Arborfield, Barrier Valley, Bayne, Big Quill, Birch Hills, Bjorkdale, Blaine Lake, Blucher, Buchanan, Buckland, Calder, Cana, Canwood, Churchbridge, Clayton, Colonsay, Connaught, Corman Park, Cote, Cupar, Duck Lake, Dundurn, Elfros, Emerald, Fish Creek, Flett's Springs, Foam Lake, Garden River, Garry, Good Lake, Grant, Great Bend, Hazel Dell, Hoodoo, Hudson Bay, Humboldt, Insinger, Invergordon, Invermay, Ituna Bon Accord, Kellross, Kelvington, Keys, Kinistino, Laird, Lakeland, Lake Lenore, Lakeside, Lakeview, Leask, Leroy, Lipton, Livingston, Lost River, McCraney, Moose Range, Morris, Mount Hope, Nipawin, Orkney, Paddockwood, Pleasantdale, Ponass Lake, Porcupine, Prairie Rose, Preeceville, Prince Albert, Redberry, Rosedale, Rosthern, Saltcoats, Sasman, Shellbrook, Sliding Hills, Spalding, St. Louis, St. Peter, St. Philips, Stanley, Star City, Three Lakes, Tisdale, Torch River, Touchwood, Tullymet, Usborne, Vanscoy, Viscount, Wallace, Willow Creek, Wolverine, Wood Creek and Wreford; and

(*d*) for the calendar year 2011:

i. in the province of Manitoba, Census Divisions No. 18 and 19, Unorganized, as these divisions were developed by Statistics Canada for the 2006 Census, and the Rural Municipalities of Albert, Alonsa, Archie, Armstrong, Arthur, Bifrost, Brenda, Cameron, Coldwell, Cornwallis, Dauphin, Edward, Eriksdale, Fisher, Gimli, Glenella, Glenwood, Grahamdale, Kelsey, Lakeview, Lawrence, McCreary, Miniota, Morton, Mossey River, Oakland, Ochre River, Pipestone, Portage la Prairie, St. Laurent, Ste. Rose, Sifton, Siglunes, Wallace, Westbourne, Whitehead, Whitewater, Winchester, Woodlands and Woodworth, and

ii. in the province of Saskatchewan, the Rural Municipalities of Abernethy, Antler, Argyle, Benson, Bratt's Lake, Brock, Brokenshell, Browning, Calder, Caledonia, Cambria, Cana, Chester, Churchbridge, Coalfields, Cymri, Elcapo, Enniskillen, Estevan, Fertile Belt, Fillmore, Francis, Golden

West, Grayson, Griffin, Hazelwood, Indian Head, Kingsley, Lake Alma, Lajord, Langenburg, Laurier, Lomond, Martin, Maryfield, McLeod, Montmartre, Moose Creek, Moose Mountain, Moosomin, Mount Pleasant, Norton, Orkney, Reciprocity, Rocanville, Saltcoats, Scott, Silverwood, Souris Valley, Spy Hill, Stanley, Storthoaks, Tecumseh, Tullymet, Wallace, Walpole, Wawken, Wellington, Weyburn, Willowdale and Wolseley.

For the purposes of this section, "band" and "reserve" have the meaning assigned by the Indian Act (Revised Statutes of Canada, 1985, chapter I-5).

O.C. 390-2012, s. 36; O.C. 1105-2014, s. 9.

Corresponding Federal Provision: 7305.02(1) and (2).

487.0.2R4. For the purposes of section 487.0.2R3, a city, county, district or other municipality is deemed to include any area that is surrounded by the territory of the city, county, district or other municipality.

O.C. 1105-2014, s. 10.

Corresponding Federal Provision: 7305.02(3).

487.0.2R5. In the first paragraph of section 487.0.2 of the Act, for a year after the year 2013, a drought region or a region of flood or excessive moisture means a region listed in section 7305.01 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 117-2019, s. 16.

487.0.2.1R1. In the first paragraph of section 487.0.2.1 of the Act, a drought region or a region of flood or excessive moisture means a region listed in section 7305.01 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

O.C. 117-2019, s. 16.

CHAPTER XIII

INTEREST RATES

chap. VII; O.C. 1981-80, title XIV, chap. VII; O.C. 1983-80, s. 30; O.C. 2456-80, s. 12; R.R.Q., 1981, c. I-3, r. 1, title XIV, chap. VII; O.C. 134-2009, s. 1.

487.2R1. For the purposes of section 487.2 of the Act, the debt bears interest, during any particular period, at a rate that corresponds to the rate determined, during that period, under subparagraph i of paragraph *a* of section 4301 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

Despite the foregoing, the debt bears interest at the annual rate of interest to be paid on the debt

(*a*) where the debt was contracted before 1 January 1974 and the rate is less than 8% and cannot be determined again after 31 December 1973; or

(*b*) for the period preceding the day on which the rate can be determined again for the first time after 30 April 1987, where the debt was contracted before 1 January 1974 and the rate is less than 8% and can be determined again after 31 December 1973 but cannot be determined again before 1 May 1987.

s. 487.2R1; O.C. 1981-80, s. 487.1R1; O.C. 1983-80, s. 31; O.C. 2456-80, s. 12; R.R.Q., 1981, c. I-3, r. 1, s. 487.2R1; O.C. 2727-84, s. 14; O.C. 1666-90, s. 10; O.C. 1114-92, s. 27; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 390-2012, s. 37.

487.2R2. *(Revoked).*

s. 487.2R2; O.C. 2727-84, s. 14; O.C. 1539-93, s. 14; O.C. 134-2009, s. 1; O.C. 390-2012, s. 38.

487.4R1. For the purposes of section 487.4 of the Act, the debt bears interest at the annual rate prescribed by section 487.2R1.

s. 487.4R1; O.C. 2727-84, s. 14; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 4301(a)(i).

487.5.1R1. For the purposes of section 487.5.1 of the Act, the debt bears interest at the annual rate prescribed by section 487.2R1.

s. 487.5.1R1; O.C. 1666-90, s. 11; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 4301(a)(i).

487.5.2R1. For the purposes of section 487.5.2 of the Act, a prescribed debt is

(*a*) a debt contracted before 1 January 1974 and that bears interest at an annual rate that is less than 8% and that cannot be determined again after 31 December 1973; or

(*b*) for the period preceding the day on which the rate of interest can be determined again for the first time after 30 April 1987, a debt contracted before 1 January 1974 and that bears interest at an annual rate that is less than 8%, that can be determined again after 31 December 1973 but cannot be determined again before 1 May 1987.

s. 487.5.2R1; O.C. 1666-90, s. 11; O.C. 134-2009, s. 1.

TITLE XXII

AMOUNTS NOT INCLUDED IN COMPUTING INCOME

title XV; O.C. 1981-80, title XV; R.R.Q., 1981, c. I-3, r. 1, title XV; O.C. 134-2009, s. 1.

488R1. The amounts that, under section 488 of the Act, may not be included in computing a taxpayer's income are the following:

(*a*) the income of every corporation that is a water company 90% of the shares of which are owned by a Canadian municipality and a foreign border municipality;

(*b*) the income of every mineral exploration partnership formed under the Act respecting mineral exploration partnerships (chapter S-26), as it read before it was repealed;

(*c*) the income of the Société de développement de Oujé-Bougoumou or the Ouje-Bougoumou Eenuch Association situated on a reserve within the meaning of section 725.0.1 of the Act;

(*d*) the income of every corporation that is a telephone company and whose paid-up capital, determined under Title I of Book III of Part IV of the Act, does not exceed $15,000;

(*e*) an amount, other than an amount received or receivable by an individual, that is exempt from income tax in Québec or in Canada by virtue of a provision of a tax agreement entered into with a country other than Canada;

(*f*) an amount that is specifically exempt from income tax by virtue of a law of Québec or of Canada, other than the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the Indian Act (Revised Statutes of Canada, 1985, chapter I-5), the Cree-Naskapi (of Québec) Act (Statutes of Canada, 1984, chapter 18), the Foreign Missions and International Organizations Act (Statutes of Canada, 1991, chapter 41) and the Act respecting industrial accidents and occupational diseases (chapter A-3.001), and that is not an amount that is exempt by virtue of a provision of a tax agreement with a country other than Canada;

(*g*) an amount received under the Experimental program of job creation through group enterprise, established under Order in Council 3648-77 dated 2 November 1977;

(*h*) an amount received under the Allowance for Special Needs Program, established under paragraph 1 of section 5 of the Act respecting the Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie (chapter M-15.1.0.1);

(*i*) the amount of financial assistance granted under the program entitled "Programme de revitalisation des vieux quartiers" implemented by the Société d'habitation du Québec pursuant to Décret 442-96 (1996, G.O. 2, 2829);

(*j*) the amount of financial assistance granted under the Shelter Allowance Program for the elderly and for the family implemented by the Société d'habitation du Québec pursuant to Décret 904-97 (1997, G.O. 2, 5289), Décret 1094-98 (1998, G.O. 2, 5066) or Décret 1187-99 (1999, G.O. 2, 5548);

(*k*) an amount described in paragraph *g*.4 or *g*.5 of subsection 1 of section 81 of the Income Tax Act; and

(*l*) an amount received as a working income tax benefit under the Income Tax Act.

s. 488R1; O.C. 1981-80, s. 488R1; O.C. 1983-80, s. 32; O.C. 2456-80, s. 13; O.C. 1535-81, s. 9; O.C. 2241-81, s. 1; O.C. 3438-81, s. 1; R.R.Q., 1981, c. I-3, r. 1, s. 488R1; O.C. 491-85, s. 1; O.C. 2583-85, s. 14; O.C. 1819-88, s. 1; O.C. 140-90, s. 5; O.C. 1666-90, s. 12; O.C. 1232-91, s. 9; O.C. 1697-92, s. 55; O.C. 208-93, s. 1; O.C. 1539-93, s. 15; O.C. 91-94, s. 48; O.C. 473-95, s. 4; O.C. 35-96, s. 71; O.C. 523-96, s. 8; O.C. 1633-96, s. 8; O.C. 1707-97, s. 45; 1997, c. 63, s. 138; O.C. 1466-98, s. 57; O.C. 1454-99, s. 34; O.C. 1451-2000, s. 14; 2001, c. 44, s. 30; O.C. 1470-2002, s. 47; O.C. 1282-2003, s. 40; O.C. 1249-2005, s. 17; 2005, c. 28, s. 195; O.C. 1149-2006, s. 26; O.C. 134-2009, s. 1; O.C. 321-2017, s. 24.
Corresponding Federal Provision: 81(1)(a), (g.4) and (g.5) ITA.

TITLE XXIII

CORPORATIONS

title XVI; O.C. 1981-80, title XVI; R.R.Q., 1981, c. I-3, r. 1, title XVI; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

CHAPTER I

ELECTION AND INTERPRETATION

chap. I; O.C. 1981-80, title XVI, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XVI, chap. I; O.C. 134-2009, s. 1.

501.1R1. For the purposes of section 501.1 of the Act, the following series of tax deferred preferred shares of a class of the capital-stock of a public corporation are prescribed:

(*a*) the Algoma Steel Corporation, Limited, 8% Tax deferred preferred shares, Series A;

(*b*) Aluminium Company of Canada, Limited, $2 Tax deferred retractable preferred shares;

(*c*) Brascan Limited 8 1/2% Tax deferred preferred shares, Series A;

(*d*) Canada Permanent Mortgage Corporation, 6 3/4% Tax deferred convertible preferred shares, Series A; and

(*e*) Cominco Ltd., $2 deferred exchangeable preferred shares, Series A.

s. 501.1R1; O.C. 1981-80, s. 501.1R1; R.R.Q., 1981, c. I-3, r. 1, s. 501.1R1; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 1182-2017, s. 5.

Corresponding Federal Provision: 2107.

503R1. A corporation makes the election provided for in section 502 of the Act by forwarding to the Minister the prescribed form and a declaration, with supporting evidence, attesting that it has made a similar election for the purposes of section 83 of the Income Tax Act (Revised Statutes of Canada, chapter 1, 5th Supplement) in respect of the same dividend.

s. 503R1; O.C. 1981-80, s. 503R1; R.R.Q., 1981, c. I-3, r. 1, s. 503R1; O.C. 2583-85, s. 15; O.C. 1549-88, s. 18; O.C. 473-95, s. 48; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 390-2012, s. 39.

Corresponding Federal Provision: 2101.

503.0.1R1. For the purposes of section 503.0.1 of the Act,

(*a*) the prescribed election is that provided for by subsection 3 of section 184 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(*b*) the prescribed rules are those determined in subsection 3 of section 184 of the Income Tax Act; and

(*c*) the prescribed documents are evidence that the election provided for by subsection 3 of section 184 of the Income Tax Act was exercised and a true copy of the documents forwarded to the Minister of National Revenue in support of that election.

s. 503.0.1R1; O.C. 1666-90, s. 13; O.C. 35-96, s. 86; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 2106; 184(3) ITA.

503.1R1. *(Revoked).*

s. 503.1R1; O.C. 2962-82, s. 70; O.C. 500-83, s. 70; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 25.

503.2R1. *(Revoked).*

s. 503.2R1; O.C. 1666-90, s. 14; O.C. 35-96, s. 86; O.C. 1451-2000, s. 66; O.C. 134-2009, s. 1; O.C. 321-2017, s. 25.

504.2R1. For the purposes of section 504.2 of the Act, section 1R6 applies, with the necessary modifications, in determining whether a particular corporation is connected with another corporation at a particular time.

s. 504.2R1; O.C. 1249-2005, s. 18; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 84(11) before (a) ITA.

510.1R1. The Class I Special Shares of Reed Stenhouse Companies Limited, issued before 1 January 1986, are prescribed shares for the purposes of section 510.1 of the Act.

s. 510.1R1; O.C. 1549-88, s. 19; O.C. 1454-99, s. 35; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6206.

517.1R1. For the purposes of section 517.1 of the Act, section 1R6 applies, with the necessary modifications, where it is necessary to determine whether a particular corporation is connected with another corporation at a particular time.

s. 517.1R1; O.C. 1983-80, s. 33; R.R.Q., 1981, c. I-3, r. 1, s. 517.1R1; O.C. 1549-88, s. 20; O.C. 1633-96, s. 44; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 84.1(1) before (a) ITA.

550R1. The capital dividend account and the capital gains dividend account of the new corporation referred to in section 550 of the Act, at a particular time, designate the amounts respectively determined as such in respect of the corporation, at the same time and for the same purposes, under section 570R2 and any of sections 567R1, 1106R1 and 1116R1, as the case may be.

s. 550R1; O.C. 1981-80, s. 550R1; R.R.Q., 1981, c. I-3, r. 1, s. 550R1; O.C. 1472-87, s. 11; O.C. 1539-93, s. 16; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 87(2)(z.1), (bb) and (cc)(ii) ITA.

559R1. *(Revoked).*

s. 559R1; O.C. 2456-80, s. 14; R.R.Q., 1981, c. I-3, r. 1, s. 559R1; O.C. 35-96, s. 86; O.C. 1282-2003, s. 41; O.C. 134-2009, s. 1; O.C. 1303-2009, s. 14.

560R1. The prescribed tax referred to in subparagraph *b* of the third paragraph of section 560 of the Act is the prescribed tax provided for by Part VII of the Income Tax Act (Statutes of Canada, 1970-71-72, chapter 63), as it read on 31 March 1977.

O.C. 1303-2009, s. 15.

Corresponding Federal Provision: 88(1)(d)(i.1)(A) ITA.

567R1. The capital gains dividend account of a non-resident owned investment corporation at a particular time means an amount equal to the amount so computed under section 133 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 567R1; O.C. 1981-80, s. 567R1; R.R.Q., 1981, c. I-3, r. 1, s. 567R1; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 133(8) “capital gains dividend account” ITA.

567R2. The capital gains dividend account of an investment corporation at a particular time means an amount equal to the amount so determined at the same time under the definition of “capital gains dividend account” provided for in

subsection 6 of section 131 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 567R1.1; O.C. 67-96, s. 36; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 131(6) "capital gains dividend account" ITA.

567R3. The pre-1972 capital surplus on hand of a corporation, at a particular time, means an amount equal to the amount so determined in respect of the corporation at the same time and for the same purposes under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 567R2; O.C. 1981-80, s. 567R2; R.R.Q., 1981, c. I-3, r. 1, s. 567R2; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 88(2.1) "pre-1972 capital surplus on hand" ITA.

570R1. The expression "paid-up capital" in respect of a share, a class of shares or all the shares of the capital-stock of a corporation, at a particular time, means an amount equal to the amount so determined in respect of that share, that class of shares or all of those shares, as the case may be, at the same time and for the same purposes under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 570R1; O.C. 1981-80, s. 570R1; R.R.Q., 1981, c. I-3, r. 1, s. 570R1; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 89(1) "paid-up capital" ITA.

570R2. The expression "capital dividend account" of a corporation, at a particular time, means an amount equal to the amount so determined in respect of that corporation at the same time and for the same purposes under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 570R2; O.C. 1981-80, s. 570R2; R.R.Q., 1981, c. I-3, r. 1, s. 570R2; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 89(1) "capital dividend account" ITA.

570R3. For the purposes of paragraph *n* of section 570 of the Act, a prescribed venture capital corporation means a corporation referred to in section 21.19R1.

s. 570R4; O.C. 1660-94, s. 9; O.C. 1707-97, s. 98; O.C. 1454-99, s. 36; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6700.

570R4. For the purposes of paragraph *n* of section 570 of the Act, a prescribed State body or federal Crown body means a body referred to in section 192R1.

s. 570R5; O.C. 1155-2004, s. 28; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 7100.

CHAPTER II

FOREIGN AFFILIATE

chap. II; O.C. 1981-80, title XVI, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XVI, chap. II; O.C. 134-2009, s. 1.

574R1. For the purposes of the first paragraph of section 574 of the Act, the participating percentage of a share referred to in that paragraph at the end of the taxation year referred to therein is equal to the percentage determined for the same purpose in respect of that share at the same time and for the same purposes under Part LIX of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

s. 574R1; O.C. 1981-80, s. 574R1; R.R.Q., 1981, c. I-3, r. 1, s. 574R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 5904.

577.1R1. The reorganization referred to in section 577.1 of the Act is that of the corporation mentioned in section 577.1R2 which took place on 1 January 1984 and in respect of which common shares of the capital stock of the regional holding companies mentioned in section 577.1R3 were distributed to the shareholders of the corporation on the basis of one share of the capital stock in each of those regional holding companies for every ten shares of the capital stock of the corporation held at that time.

s. 577.1R1; O.C. 1076-88, s. 14; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

577.1R2. The corporation referred to in section 577.1 of the Act is the American Telephone and Telegraph Company, a corporation organized and existing under the laws of the State of New York.

s. 577.1R2; O.C. 1076-88, s. 14; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

577.1R3. A regional holding company referred to in section 577.1 of the Act is any of the following corporations:

(*a*) American Information Technologies Corporation, a corporation organized and existing under the laws of the State of Delaware;

(*b*) Bell Atlantic Corporation, a corporation organized and existing under the laws of the State of Delaware;

(*c*) Bellsouth Corporation, a corporation organized and existing under the laws of the State of Georgia;

(*d*) NYNEX Corporation, a corporation organized and existing under the laws of the State of Delaware;

(*e*) Pacific Telesis Group, a corporation organized and existing under the laws of the State of Nevada;

(*f*) Southwestern Bell Corporation, a corporation organized and existing under the laws of the State of Delaware; and

(*g*) US West Inc., a corporation organized and existing under the laws of the State of Colorado.

s. 577.1R3; O.C. 1076-88, s. 14; O.C. 1707-97, s. 47; O.C. 134-2009, s. 1.

578.1R1. For the purposes of paragraphs *c* and *d* of section 578.1 of the Act, a prescribed distribution means a distribution referred to in section 578.2R1.

s. 578.1R1; O.C. 1249-2005, s. 19; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 5600.

578.2R1. For the purposes of subparagraph *d* of the first paragraph of section 578.2 of the Act, a prescribed distribution means one of the following distributions of shares:

(*a*) the distribution by Active Biotech AB on 10 May 1999 of shares of Wilhelm Sonesson AB;

(*b*) the distribution by Orckit Communications Ltd. on 30 June 2000 of shares of Tioga Technologies Ltd;

(*c*) the distribution by Electrolux AB on 12 June 2006 of shares of Husqvarna AB;

(*d*) the distribution of common shares of Fiat Industrial S.p.A. on 1 January 2011 by Fiat S.p.A. to its common shareholders;

(*e*) the distribution of common shares of Treasury Wine Estates Limited on 9 May 2011 by Foster's Group Limited to its common shareholders;

(*f*) the distribution of common shares of Chorus Limited on 30 November 2011 by Telecom Corporation of New Zealand Limited to its common shareholders;

(*g*) the distribution of common shares of Pentair Ltd. of Switzerland on 28 September 2012 by Tyco International Ltd. of Switzerland to its common shareholders;

(*h*) the distribution of common shares of OSRAM Licht AG on 5 July 2013 by Siemens AG to its common shareholders;

(*i*) the distribution of common shares of Recall Holdings Limited on 18 December 2013 by Brambles Limited to its common shareholders; and

(*j*) the distribution of common shares of South32 Limited on 24 May 2015 by BHP Billiton Limited to its common shareholders.

s. 578.2R1; O.C. 1249-2005, s. 19; O.C. 134-2009, s. 1; O.C. 701-2013, s. 15; O.C. 66-2016, s. 15; O.C. 321-2017, s. 26; O.C. 117-2019, s. 17.
Corresponding Federal Provision: 5600.

578.3R1. For the purposes of subparagraph *a* of the first paragraph of section 578.3 of the Act, a prescribed distribution means a distribution referred to in section 578.2R1.

s. 578.3R1; O.C. 1249-2005, s. 19; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 5600.

579R1. *(Revoked).*

s. 579R1; O.C. 1981-80, s. 579R1; R.R.Q., 1981, c. I-3, r. 1, s. 579R1; O.C. 35-96, s. 86; O.C. 1463-2001, s. 64; O.C. 134-2009, s. 1; O.C. 229-2014, s. 10.

583R1. For the purposes of paragraph *a* of section 583 of the Act,

(*a*) the amount prescribed is an amount equal to that described in paragraph *b* of the definition of "foreign accrual tax" in subsection 1 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Suppl.)), computed at the same time and for the same purposes; and

(*b*) the prescribed tax factor of a person or partnership for a taxation year is equal,

i. in the case of a corporation, or of a partnership all the members of which, other than persons non-resident in Canada, are corporations, to the quotient determined by the formula

1 / (A − B), and

ii. in any other case, to 1.9.

In the formula in the first paragraph,

(*a*) A is the rate set out in paragraph *a* of subsection 1 of section 123 of the Income Tax Act; and

(*b*) B is,

i. in the case of a corporation, the corporation's general rate reduction percentage within the meaning of subsection 1 of section 123.4 of the Income Tax Act, for the year, and

ii. in the case of a partnership, the percentage that would be determined under subparagraph i in respect of the partnership if the partnership were a corporation whose taxation year is the partnership's fiscal period.

s. 583R1; O.C. 1981-80, s. 583R1; R.R.Q., 1981, c. I-3, r. 1, s. 583R1; O.C. 1472-87, s. 13; O.C. 35-96, s. 73; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 66-2016, s. 16; O.C. 117-2019, s. 18.
Corresponding Federal Provision: 5907(1.3); 95(1) "relevant tax factor" and "foreign accrual tax" (b) ITA.

589R1. *(Revoked).*

s. 589R1; O.C. 1981-80, s. 589R1; O.C. 3926-80, s. 30; R.R.Q., 1981, c. I-3, r. 1, s. 589R1; O.C. 615-88, s. 20; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 1451-2000, s. 66; O.C. 1282-2003, s. 42; O.C. 134-2009, s. 1; O.C. 390-2012, s. 40.

589R2. *(Revoked).*

s. 589R3; O.C. 544-86, s. 11; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 390-2012, s. 40.

589R3. *(Revoked).*

s. 589R4; O.C. 1472-87, s. 14; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 390-2012, s. 40.

589.2R1. *(Revoked).*

O.C. 1105-2014, s. 11; O.C. 117-2019, s. 19.

CHAPTER III

(Revoked).

chap. II.1; O.C. 1114-92, s. 29; O.C. 134-2009, s. 1; O.C. 321-2017, s. 27.

594R1. *(Revoked).*

s. 594R1; O.C. 1114-92, s. 29; O.C. 134-2009, s. 1; O.C. 321-2017, s. 27.

CHAPTER IV

OFFSHORE INVESTMENT FUNDS

chap. III; O.C. 615-88, s. 21; O.C. 134-2009, s. 1.

597.3R1. For the purposes of the second paragraph of section 597.3 of the Act, a prescribed offshore investment fund property of a taxpayer is an offshore investment fund property of a taxpayer, within the meaning of paragraph *a* of section 597.1 of the Act,

(*a*) that the taxpayer acquired by inheritance or will from a deceased person who did not reside in Canada at any time during the five-year period immediately preceding the person's death;

(*b*) that had not been acquired by the deceased person from a person who resided in Canada; and

(*c*) that is not a property substituted for a property that had been acquired by the deceased person from a person who resided in Canada.

s. 597.3R1; O.C. 615-88, s. 21; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 6900.

TITLE XXIV

TRUSTS

title XVII; O.C. 1981-80, title XVII; R.R.Q., 1981, c. I-3, r. 1, title XVII; O.C. 134-2009, s. 1.

686R1. For the purposes of the first paragraph of section 686 of the Act, the following are prescribed trusts:

(*a*) a trust maintained primarily for the benefit of employees of a corporation or of two or more corporations which do not deal at arm's length with each other, where one of the main purposes of the trust is to hold interests in shares of the capital stock of the corporation or corporations, as the case may be, or any corporation not dealing at arm's length therewith;

(*b*) a trust established exclusively for the benefit of one or more persons each of whom was, at the time the trust was created, either a person from whom the trust received property or a creditor of that person, where one of the main purposes of the trust is to secure the payments required to be made by or on behalf of that person to such creditor; and

(*c*) a trust all or substantially all of the properties of which consist of shares of the capital stock of a corporation, where the trust was established pursuant to an agreement between two or more shareholders of the corporation and one of the main purposes of the trust is to provide for the exercise of voting rights in respect of those shares pursuant to that agreement.

s. 683R1; O.C. 91-94, s. 49; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 701-2013, s. 16.
Corresponding Federal Provision: 4800.1.

687R1. For the purposes of section 687 of the Act, a prescribed trust is a trust described in section 686R1.

O.C. 1105-2014, s. 12.
Corresponding Federal Provision: 4800.1 before (a).

688R1. For the purposes of section 688 of the Act, a prescribed trust is a trust described in section 686R1.

s. 688R1; O.C. 91-94, s. 49; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4800.1 before (a).

691.1R1. For the purposes of section 691.1 of the Act, a prescribed trust is a trust described in section 686R1.

s. 691.1R1; O.C. 91-94, s. 49; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 4800.1 before (a).

TITLE XXV

COMPUTATION OF TAXABLE INCOME

title XVIII; O.C. 1981-80, title XVIII; R.R.Q., 1981, c. I-3, r. 1, title XVIII; O.C. 134-2009, s. 1; O.C. 390-2012, s. 41.

CHAPTER I

(Revoked).

chap. I; O.C. 1981-80, title XVIII, chap. I; R.R.Q., 1981, c. I-3, r. 1, title XVIII, chap. I; O.C. 134-2009, s. 1; O.C. 390-2012, s. 41.

694R1. *(Revoked).*

s. 694R1; O.C. 1981-80, s. 694R1; R.R.Q., 1981, c. I-3, r. 1, s. 694R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 390-2012, s. 41.

CHAPTER II

(Revoked).

chap. II; O.C. 1981-80, title XVIII, chap. II; R.R.Q., 1981, c. I-3, r. 1, title XVIII, chap. II; O.C. 134-2009, s. 1; O.C. 701-2013, s. 17.

710R1. *(Revoked).*

s. 710R5; O.C. 1981-80, s. 710R5; R.R.Q., 1981, c. I-3, r. 1, s. 710R5; O.C. 473-95, s. 7; O.C. 1451-2000, s. 18; O.C. 134-2009, s. 1; O.C. 701-2013, s. 17.

CHAPTER III

GIFTS

chap. III; O.C. 1981-80, title XVIII, chap. III; R.R.Q., 1981, c. I-3, r. 1, title XVIII, chap. III; O.C. 2962-82, s. 72; O.C. 500-83, s. 72; O.C. 134-2009, s. 1; O.C. 701-2013, s. 18.

712R1. In this chapter,

"donee" means a person or an entity referred to in section 716R1, in subparagraph 2 of subparagraph i of paragraph *c* of section 710 of the Act, in paragraph *d* or *e* of that section 710 or in any of paragraphs *a*, *h*, *i* and *k* of the definition of "qualified donee" in section 999.2 of the Act;

"donee form" means a printed form to be completed or one that was originally intended to be completed as an official receipt of the organization or the donee;

"organization" means a registered charity, a registered national arts service organization, a recognized arts organization, a recognized political education organization, a registered museum, a registered cultural or communications organization, a registered Canadian amateur athletic association or a registered Québec amateur athletic association;

"particular person" means a person or an entity referred to in any of subparagraphs i, iv and v of paragraph *a* of the definition of "qualified donee" in subsection 1 of section 149.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) whose registration as a qualified donee has not been revoked by the Minister of Revenue of Canada, or in any of paragraphs *b* to *e* and *g* to *j* of the definition of "qualified donee" in section 999.2 of the Act;

"receipt" means a receipt referred to in section 712 of the Act;

"registration number" means the number assigned to an organization by the Minister or, as the case may be, by the Minister of National Revenue for the purposes of section 110.1 or 118.1 of the Income Tax Act;

"work of art" means a work of art referred to in section 714.1 of the Act.

s. 712R1; O.C. 1981-80, s. 712R1; R.R.Q., 1981, c. I-3, r. 1, s. 712R1; O.C. 2962-82, s. 73; O.C. 500-83, s. 73; O.C. 1076-88, s. 15; O.C. 1666-90, s. 16; O.C. 473-95, s. 9; O.C. 35-96, s. 86; O.C. 523-96, s. 12; O.C. 1633-96, s. 9; O.C. 1707-97, s. 48; O.C. 1451-2000, s. 20; O.C. 1155-2004, s. 30; O.C. 1249-2005, s. 20; O.C. 1149-2006, s. 29; O.C. 1116-2007, s. 29; O.C. 134-2009, s. 1; O.C. 701-2013, s. 19; O.C. 321-2017, s. 28; O.C. 1182-2017, s. 6.

Corresponding Federal Provision: 3500.

712R2. For the purposes of section 712 of the Act, a receipt, other than a receipt in respect of which section 712R3 applies, issued by an organization or a donee must contain a statement that it is a receipt in respect of income tax and the following information:

(*a*) the name and address of the organization or the donee;

(*b*) its serial number;

(*c*) the place where it was issued;

(*d*) where it concerns a gift of money, the year during which the gift was received;

(*e*) where it concerns a gift other than one of money, the date on which the gift was received, a brief description of the property and, where it applies, the name and address of the appraiser of the property;

(*f*) the date on which it is issued;

(*g*) the name and address of the donor;

(*h*) the amount of the gift of money or the fair market value of the property at the time of the gift;

(*h.*1) a description of the advantage, if any, in respect of the gift, and the amount of that advantage;

(*h.*2) the eligible amount of the gift; and

(*i*) where it is issued by an organization, the organization's registration number.

s. 712R2; O.C. 1981-80, s. 712R2; R.R.Q., 1981, c. I-3, r. 1, s. 712R2; O.C. 2962-82, s. 74; O.C. 500-83, s. 74; O.C. 473-95, s. 10; O.C. 1633-96, s. 10; O.C. 134-2009, s. 1; O.C. 1176-2010, s. 26; O.C. 1105-2014, s. 13.

Corresponding Federal Provision: 3501(1) and (1.1).

712R3. For the purposes of section 712 of the Act, where a corporation makes a gift of a work of art to a particular person, other than such a person who acquires the work of art in connection with its primary mission or is a donee referred to in subparagraph *c* of the second paragraph of section 716.0.1.2 of the Act if that paragraph applies to the work of art the donee acquired, the receipt issued by the particular person in respect of that gift must contain the statement referred to in section 712R2 and the information required by paragraphs *a* to *g* and *i* of that section and the following information:

(*a*) the date of the disposition of the work of art by the particular person;

(*b*) the amount that may reasonably be considered as the consideration for that disposition;

(*c*) the fair market value of that work of art at the time of that disposition.

s. 712R2.1; O.C. 1633-96, s. 11; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1; O.C. 321-2017, s. 29.

712R4. For the purposes of section 712 of the Act, a receipt must be signed by an individual authorized by the organization or the donee to acknowledge gifts.

However, a receipt may bear a facsimile signature if all the receipt forms of the organization or the donee are imprinted with the serial number of the receipt, the name and address of the organization or the donee and, in the case of an organization, its registration number, and are kept in such place as the Minister may designate.

s. 712R3; O.C. 1981-80, s. 712R3; R.R.Q., 1981, c. I-3, r. 1, s. 712R3; O.C. 2962-82, s. 75; O.C. 500-83, s. 75; O.C. 473-95, s. 11; O.C. 1149-2006, s. 30; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 14.

Corresponding Federal Provision: 3501(1)(i), (2) and (3).

712R5. For the purposes of section 712 of the Act, a receipt issued to replace a receipt previously issued must contain, in addition to the information required by section 712R2 or 712R3, a clear indication to that effect and the serial number of the original receipt.

s. 712R4; O.C. 1981-80, s. 712R4; R.R.Q., 1981, c. I-3, r. 1, s. 712R4; O.C. 473-95, s. 11; O.C. 1633-96, s. 12; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 3501(4).

712.0.0.1R1. For the purposes of the first paragraph of section 712.0.0.1 of the Act, the requirements that must be met by an organization or a donee in respect of a spoiled receipt form are the following:

(*a*) that receipt form must be kept in the records of the organization or the donee together with the duplicate thereof; and

(*b*) the organization or the donee must inscribe the word "cancelled" on the receipt form.

For the purposes of the first paragraph, a receipt form on which any of the following is incorrectly or illegibly entered is deemed to be spoiled:

(*a*) the date on which the gift is received;

(*b*) the amount of the gift, in the case of a gift of money;

(*c*) a description of the advantage, if any, in respect of the gift and the amount of that advantage; and

(*d*) the eligible amount of the gift.

s. 712.0.0.1R1; O.C. 473-95, s. 13; O.C. 134-2009, s. 1; O.C. 1105-2014, s. 15.

Corresponding Federal Provision: 3501(5) and (6).

716R1. For the purposes of section 716 of the Act, the following are prescribed donees:

(*a*) Friends of The Nature Conservancy of Canada, Inc., a charity established in the United States;

(*b*) The Nature Conservancy, a charity established in the United States;

(*c*) American Friends of Canadian Land Trusts.

s. 716R1; O.C. 615-88, s. 22; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 390-2012, s. 42.

Corresponding Federal Provision: 3504.

716.0.1.4R1. For the purposes of section 716.0.1.4 of the Act, the following charities are prescribed:

(*a*) Accueil Blanche Goulet de Gaspé inc.;

(*b*) Centre communautaire Pro-Santé inc.;

(*c*) Centre d'action bénévole Ascension Escuminac;

(*d*) Centre d'action bénévole « La Grande Corvée »;

(*e*) Centre de bénévolat de Port-Cartier inc.;

(*f*) Centre de bénévolat et Moisson Laval;

(*g*) Collectif Aliment-Terre;

(*h*) Comptoir alimentaire de Sept-Îles;

(*i*) Comptoir alimentaire, L'Escale;

(*j*) Les Banques alimentaires du Québec;

(*k*) Moisson Beauce inc.;

(*l*) Moisson Estrie;

(*m*) Moisson Kamouraska;

(*n*) Moisson Lanaudière;

(*o*) Moisson Laurentides;

(*p*) Moisson Mauricie / Centre-du-Québec;

(*q*) Moisson Montréal inc.;

(*r*) Moisson Outaouais;

(*s*) Moisson Québec inc.;

(*t*) Moisson Rimouski-Neigette inc.;

(*u*) Moisson Rive-Sud;

(*v*) Moisson Saguenay–Lac-St-Jean inc.;

(*w*) Moisson Sud-Ouest;

(*x*) Moisson Vallée Matapédia;

(*y*) Ressourcerie Bernard-Hamel (Centre Bernard-Hamel / Centre familial);

(*z*) Service alimentaire et d'aide budgétaire de Charlevoix-Est;

(*z*.1) S.O.S. Dépannage Granby et région inc.;

(*z*.2) Source alimentaire Bonavignon;

(*z*.3) Unité Domrémy de Mont-Joli inc. (Moisson Mitis).

O.C. 321-2017, s. 30.

716.0.10R1. The information return required to be filed with the Minister under section 716.0.10 of the Act must contain

(*a*) a description of the transferred property;

(*b*) the fair market value of the transferred property at the time of the transfer;

(*c*) the date on which the property was transferred;

(*d*) the name and address of the transferee of the property; and

(*e*) if the transferor of the property or a person not dealing at arm's length with the transferor issued the receipt referred to in section 712 of the Act, the information contained in that receipt.

701-2013, s. 20.

Corresponding Federal Provision: 3501.1.

CHAPTER IV

ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN EXPLORATION EXPENSES INCURRED IN QUÉBEC

chap. IV.0.0.1; O.C. 1232-91, s. 12; O.C. 134-2009, s. 1.

726.4.10R1. For the purposes of paragraph *b* of section 726.4.10 of the Act, "Québec exploration base" has the meaning assigned by sections 360R90 to 360R99.

s. 726.4.10R1; O.C. 1232-91, s. 12; O.C. 134-2009, s. 1.

726.4.12R1. For the purposes of paragraph *a* of section 726.4.12 of the Act, "Canadian exploration and development overhead expenses" has the meaning assigned by section 360R2.

s. 726.4.12R1; O.C. 1232-91, s. 12; O.C. 134-2009, s. 1.

726.4.12R2. An expenditure in respect of which an amount is added to the individual's mining exploration depletion, within the meaning of sections 360R31 to 360R33, or to the individual's depletion for oil and gas exploration, within the meaning of sections 360R37 to 360R39, is a prescribed expenditure referred to in paragraph *e* of section 726.4.12 of the Act.

s. 726.4.12R2; O.C. 1232-91, s. 12; O.C. 35-96, s. 74; O.C. 134-2009, s. 1.

CHAPTER V

ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN SURFACE MINING EXPLORATION EXPENSES OR OIL AND GAS EXPLORATION EXPENSES INCURRED IN QUÉBEC

chap. IV.0.0.2; O.C. 1454-99, s. 37; O.C. 134-2009, s. 1.

726.4.17.4R1. For the purposes of paragraph *a* of section 726.4.17.4 of the Act, "Canadian exploration and development overhead expenses" has the meaning assigned by section 360R2.

s. 726.4.17.4R1; O.C. 1697-92, s. 56; O.C. 134-2009, s. 1.

CHAPTER VI

ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN EXPLORATION EXPENSES INCURRED IN THE NEAR NORTH AND FAR NORTH OF QUÉBEC

chap. IV.0.0.3; O.C. 1451-2000, s. 21; O.C. 134-2009, s. 1.

726.4.17.22R1. In paragraph *a* of section 726.4.17.22 of the Act, "Canadian exploration and development overhead expenses" has the meaning assigned by section 360R2.

s. 726.4.17.22R1; O.C. 1451-2000, s. 21; O.C. 134-2009, s. 1.

726.4.17.22R2. An expenditure in respect of which an amount is added to the corporation's mining exploration depletion, within the meaning of sections 360R31 to 360R33, or to its depletion for oil and gas exploration, within the meaning of sections 360R37 to 360R39, is a prescribed expense referred to in paragraph *e* of section 726.4.17.22 of the Act.

s. 726.4.17.22R2; O.C. 1451-2000, s. 21; O.C. 134-2009, s. 1.

CHAPTER VII

CAPITAL GAINS EXEMPTION

chap. IV.1; O.C. 1549-88, s. 23; O.C. 134-2009, s. 1.

726.6.1R1. For the purposes of subparagraph ii of paragraph *c* of the definition of "qualified small business corporation share" in the first paragraph of section 726.6.1 of the Act and of subparagraph i of subparagraph *a* of the second paragraph of that section, a corporation is connected with another corporation at a particular time where, at that time, the conditions mentioned in paragraph *a* or *b* of section 1R6 are met.

s. 726.6.1R1; O.C. 67-96, s. 37; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 186(4) ITA.

726.6.2R1. For the purposes of section 726.6.2 of the Act, a corporation is connected with another corporation at a particular time where, at that time, the conditions mentioned in paragraph *a* or *b* of section 1R6 are met.

s. 726.6.2R1; O.C. 67-96, s. 37; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.
Corresponding Federal Provision: 186(4) ITA.

726.14R1. For the purposes of section 726.14 of the Act and subject to section 726.14R3, a prescribed share is a share of the capital stock of a corporation where

(*a*) under the terms and conditions of the share or any agreement in respect of the share or its issue and at the time the share is issued

i. the amount of the dividends, referred to in this chapter as "dividend entitlement", that the corporation may declare or pay on the share is not limited to a maximum amount or fixed at a minimum amount at that time or at any time thereafter by means of a formula or otherwise,

ii. the amount, referred to in this chapter as "liquidation entitlement", that the holder of the share is entitled to receive on the share on the dissolution, liquidation or winding-up of the corporation is not limited to a maximum amount or fixed at a minimum amount by means of a formula or otherwise,

iii. the share cannot be converted into any other security, other than another security of the corporation that is, or would be on the day of the conversion, a prescribed share,

iv. the holder of the share does not have, at that time or at any time thereafter, either the right or the obligation to cause the share to be redeemed, acquired or cancelled by the corporation or by any specified person in relation to the corporation, except where the redemption, acquisition or cancellation is required pursuant to a conversion that is not prohibited by subparagraph iii,

v. no person or partnership has the obligation, conditionally or otherwise, to reduce, or to cause the corporation to reduce, at that time or at any time thereafter, the paid-up capital in respect of the share, otherwise than by means of a redemption, acquisition or cancellation of the share that is not prohibited by this chapter,

vi. no person or partnership has the obligation, at that time or at any time thereafter, conditionally or otherwise, except in the case of an excluded obligation in relation to the share within the meaning of section 359.1R1, to provide assistance to acquire the share, to make a loan or payment, to transfer property or to otherwise confer a benefit by any means whatsoever, including the payment of a dividend that may reasonably be considered to be, directly or indirectly, a repayment or return by the corporation or by a specified person in relation to the corporation of all or part of the consideration for which the share was issued, and

vii. neither the corporation nor any specified person in relation to the corporation has the right or the obligation, conditionally or otherwise, to redeem, acquire or cancel, at that time or at any time thereafter, the share in whole or in part, except where the redemption, acquisition or cancellation is required pursuant to a conversion that is not prohibited by subparagraph iii;

(*b*) under the terms and conditions of the share or any agreement in respect of the share or its issue, no person or partnership has the obligation, conditionally or otherwise, except in the case of an excluded obligation in relation to the share within the meaning of section 359.1R1, to provide, at any time, any form of undertaking in respect of the share, including any guarantee, security, covenant or agreement and also including the lending of funds to or on behalf of the

holder of the share or any specified person in relation to the holder of the share, or the deposit of amounts with or on behalf of the holder of the share or any specified person in relation to the holder of the share that may reasonably be considered to have been provided in order to ensure that

i. any loss that the holder of the share may sustain by virtue of the holding, ownership or disposition of the share is limited in all respects, or

ii. the holder of the share will derive benefits by virtue of the holding, ownership or disposition of the share; and

(*c*) at the time the share is issued, it cannot reasonably be expected, in view of all the circumstances, that the terms and conditions of the share or any agreement existing in respect of the share or its issue will thereafter be modified or amended, or that any new agreement in respect of the share or its issue will be entered into, in such a manner that the share would not be a prescribed share if it had been issued at the time of such modification or amendment or at the time the new agreement is entered into.

s. 726.14R1; O.C. 1549-88, s. 23; O.C. 1660-94, s. 11; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6205(1).

726.14R2. For the purposes of section 726.14 of the Act and subject to section 726.14R3, a prescribed share is also a share of the capital stock of a particular corporation, where the share is

(*a*) a particular share owned by a person and issued by the particular corporation to that person or a spouse or parent of that person as part of an arrangement or, where the person is a trust described in subparagraph *a* of the first paragraph of section 653 of the Act and in the second paragraph of that section, to the person who created the trust or by whose will the trust was created or, where the person is a corporation, to another person owning all of the issued and outstanding shares of the capital stock of the corporation or to a spouse or parent of that other person, and where all of the following conditions are met:

i. the main purpose of the arrangement was to allow any increase in the value of the property of the particular corporation to accrue to other shares that, at the time of their issue, would have been prescribed shares if this chapter had been read without reference to this section,

ii. at the time of the issue of the particular share or at the end of the arrangement, the other shares were owned by

(1) the person to whom the particular share was issued, referred to in this paragraph as the "original holder",

(2) a person with whom the original holder did not deal at arm's length,

(3) a trust none of the beneficiaries of which was a person other than the original holder or a person who did not deal at arm's length with the original holder,

(4) employees of the particular corporation or of a corporation controlled by the particular corporation,

(5) any combination of persons each of whom is described in any of subparagraphs 1 to 4;

(*b*) a share issued by a mutual fund corporation.

s. 726.14R2; O.C. 1549-88, s. 23; O.C. 91-94, s. 50; O.C. 1631-96, s. 32; O.C. 1707-97, s. 49; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6205(2).

726.14R3. For the purposes of section 726.14 of the Act, a prescribed share does not include a share of the capital stock issued by a mutual fund corporation other than an investment corporation, the value of which may reasonably be considered to be, directly or indirectly, derived primarily from investments made by the mutual fund corporation in one or more corporations connected with it within the meaning of section 1R6.

s. 726.14R3; O.C. 1549-88, s. 23; O.C. 1707-97, s. 50; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6205(3).

726.14R4. For the purposes of this chapter,

(*a*) the dividend entitlement connected with a share of the capital stock of a corporation is deemed not to be limited to a maximum amount or fixed at a minimum amount where it may reasonably be considered that

i. all or substantially all of the dividend entitlement can be determined by reference to the dividend entitlement connected with another share of the capital stock of the corporation that meets the requirements of subparagraph i of paragraph *a* of section 726.14R1, or

ii. the dividend entitlement cannot be such as to impair the ability of the corporation to redeem another share of the capital stock of the corporation that meets the requirements of paragraph *a* of section 726.14R2;

(*b*) the liquidation entitlement connected with a share of the capital stock of a corporation is deemed not to be limited to a maximum amount or fixed at a minimum where it may reasonably be considered that all or substantially all of the liquidation entitlement can be determined by reference to the liquidation entitlement connected with another share of the capital stock of the corporation that meets the requirements of subparagraph ii of paragraph *a* of section 726.14R1;

(*c*) where two or more corporations, each of which is referred to in this paragraph as a "predecessor corporation", merge or amalgamate, the corporation formed as a result of

the merger or amalgamation, referred to in this paragraph as the "new corporation", is deemed to be the same corporation as each of the predecessor corporations and to continue their corporate existence, and a share of the capital stock of the new corporation issued on the merger or amalgamation as consideration for a share of the capital stock of a predecessor corporation is deemed to be the same share as the share of the predecessor corporation for which it was issued, but this paragraph does not apply where the share issued on the merger or amalgamation is not a prescribed share at the time of its issue and

i. the terms and conditions of that share differ from those of the share of the predecessor corporation for which it was issued, or

ii. the fair market value of the share at the time of its issue differs from that of the share of the predecessor corporation for which it was issued;

(*d*) any reference in subparagraphs iv and vii of paragraph *a* of section 726.14R1 and in paragraph *b* of that section to a right or an obligation of a corporation, person or partnership does not include a right or an obligation provided in an agreement in writing among the shareholders of a private corporation owning more than 50% of the issued and outstanding shares of its capital stock having full voting rights under all circumstances, where the corporation, person or partnership is a party to the agreement, unless it may reasonably be considered, in view of all the circumstances, including the terms of the agreement, the number of shareholders and their relationship to one another, that one of the main reasons for the existence of the agreement is to avoid or limit the application of section 726.14 or 726.15 of the Act;

(*e*) where, at a particular time after 21 November 1985, the terms and conditions of a share are modified, any existing agreement in respect of the share is modified or a new agreement in respect of the share is entered into, the share is, for the purpose of determining whether it is a prescribed share, deemed to have been issued at that particular time; and

(*f*) the determination of whether a share of the capital stock of a corporation is a prescribed share for the purposes of section 726.14R1 is made without reference to a right or obligation to redeem, acquire or cancel the share or to cause the share to be redeemed, acquired or cancelled where

i. the share was issued pursuant to an employee share purchase agreement to an employee, referred to in this paragraph as the "holder", of the corporation or of a corporation with which it does not deal at arm's length,

ii. the holder was dealing at arm's length with each corporation referred to in subparagraph i at the time the share was issued, and

iii. having regard to all the circumstances, including the terms of the agreement, it may reasonably be considered that

(1) the amount payable on the redemption, acquisition or cancellation, referred to in this subparagraph and in subparagraph 2 as the "acquisition", of the share will not exceed the adjusted cost base of the share to the holder immediately before the acquisition, where the acquisition is provided for in the agreement primarily in order to protect the holder against any loss in respect of the share, or the fair market value of the share immediately before the acquisition, where the acquisition is provided for in the agreement primarily in order to provide the holder with a market for the share, and

(2) no portion of the amount payable on the acquisition of the share is directly determinable by reference to the profits of the corporation, or of another corporation with which it does not deal at arm's length, for all or any part of the period during which the holder owned the share or had a right to acquire the share, unless the reference to the profits of the corporation or the other corporation is only for the purpose of determining the fair market value of the share pursuant to a formula set out in the agreement.

s. 726.14R4; O.C. 1549-88, s. 23; O.C. 91-94, s. 51; O.C. 1631-96, s. 33; O.C. 1707-97, s. 98; O.C. 1466-98, s. 126; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6205(4).

726.14R5. In this chapter, "specified person in relation" to a corporation or a holder of a share, as the case may be, referred to in this section as the "taxpayer", means any person or partnership with whom the taxpayer does not deal at arm's length, or any partnership or trust of which the taxpayer, or a person or partnership with whom the taxpayer does not deal at arm's length, is a member or beneficiary, respectively.

s. 726.14R5; O.C. 1549-88, s. 23; O.C. 1660-94, s. 12; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6205(5).

726.15R1. For the purposes of section 726.15 of the Act, a prescribed share is a prescribed share under sections 726.14R1 to 726.14R5 for the purposes of section 726.14 of the Act.

s. 726.15R1; O.C. 1549-88, s. 23; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6205.

CHAPTER VIII

LOSSES AND OTHER DEDUCTIONS

chap. V; O.C. 1981-80, title XVIII, chap. V; R.R.Q., 1981, c. I-3, r. 1, title XVIII, chap. V; O.C. 2962-82, s. 77; O.C. 500-83, s. 77; O.C. 134-2009, s. 1.

736.1R1. *(Revoked).*

s. 736.1R1; O.C. 1981-80, s. 736.1R1; R.R.Q., 1981, c. I-3, r. 1, s. 736.1R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 117-2019, s. 20.

736.2R1. *(Revoked).*

s. 736.2R1; O.C. 1983-80, s. 35; R.R.Q., 1981, c. I-3, r. 1, s. 736.2R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 117-2019, s. 20.

737.21R1. For the purposes of subparagraph *b* of the second paragraph of section 737.21 of the Act, an eligible employer is required to certify, in the manner prescribed in section 1086R33, a foreign researcher's eligible income for a taxation year, in relation to the foreign researcher's employment with the eligible employer.

s. 737.21R1; O.C. 1666-90, s. 18; O.C. 1249-2005, s. 22; O.C. 134-2009, s. 1.

737.22.0.0.3R1. For the purposes of subparagraph *b* of the second paragraph of section 737.22.0.0.3 of the Act, an eligible employer is required to certify, in the manner prescribed in section 1086R35, the income of a foreign researcher on a post-doctoral internship for a taxation year, in relation to the post-doctoral internship employment of the foreign researcher with the eligible employer.

s. 737.22.0.0.3R1; O.C. 1451-2000, s. 24; O.C. 1249-2005, s. 22; O.C. 134-2009, s. 1.

737.22.0.0.7R1. For the purposes of subparagraph *b* of the second paragraph of section 737.22.0.0.7 of the Act, an eligible employer is required to certify, in the manner prescribed in section 1086R36, a foreign expert's eligible income for a taxation year, in relation to the foreign expert's employment with the eligible employer.

s. 737.22.0.0.7R1; O.C. 1463-2001, s. 65; O.C. 1249-2005, s. 22; O.C. 134-2009, s. 1.

737.22.0.3R1. For the purposes of subparagraph *b* of the second paragraph of section 737.22.0.3 of the Act, an eligible employer is required to certify, in the manner prescribed in section 1086R37, a foreign specialist's eligible income for a taxation year, in relation to the foreign specialist's employment with the eligible employer.

s. 737.22.0.3R1; O.C. 1466-98, s. 64; O.C. 1463-2001, s. 66; O.C. 1249-2005, s. 22; O.C. 134-2009, s. 1.

737.22.0.7R1. For the purposes of subparagraph *b* of the second paragraph of section 737.22.0.7 of the Act, an eligible employer is required to certify, in the manner prescribed in section 1086R38, a foreign professor's eligible income for a taxation year, in relation to the foreign professor's employment with the eligible employer.

s. 737.22.0.7R1; O.C. 1282-2003, s. 44; O.C. 1249-2005, s. 22; O.C. 134-2009, s. 1.

737.25R1. For the purposes of subparagraph *b* of the first paragraph of section 737.25 of the Act, a prescribed activity is

(*a*) an activity that consists in implementing a computer, telematic or office automation system, or a similar system, if such activity is the principal object of the contract referred to in that section;

(*b*) a scientific or technical services activity;

(*c*) a management or administration activity related to an activity referred to in paragraph *a* or *b*, or in subparagraph *b* for the first paragraph of section 737.25 of the Act.

s. 737.25R1; O.C. 523-96, s. 16; O.C. 134-2009, s. 1.

739R1. For the purposes of subparagraph *a* of the first paragraph of section 739 of the Act, the prescribed tax is the tax provided for in Part VII of the Income Tax Act (Statutes of Canada, 1970-71-72, chapter 63), as it read on 31 March 1977.

s. 739R1; O.C. 1463-2001, s. 67; O.C. 134-2009, s. 1; O.C. 701-2013, s. 21.

Corresponding Federal Provision: 112(6)(a) ITA.

740.3R1. For the purposes of paragraph *d* of section 740.3 of the Act, a prescribed share is a share that is a prescribed share under paragraph *b* of section 21.6R4.

s. 740.3R3; O.C. 1114-92, s. 33; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 6201(8).

CHAPTER IX

DIVIDENDS OF A FOREIGN AFFILIATE

chap. VI; O.C. 1981-80, title XVIII, chap. VI; R.R.Q., 1981, c. I-3, r. 1, title XVIII, chap. VI; O.C. 134-2009, s. 1.

746R1. For the purposes of section 746 of the Act, the portion of the dividend prescribed to be paid out of the exempt surplus, the prescribed foreign tax, the portion of the dividend prescribed to be paid out of the hybrid surplus, the portion of the dividend prescribed to be paid out of the taxable surplus or the portion of the dividend prescribed to be paid out of the pre-acquisition surplus, as the case may be, is an amount equal to the amount computed as such, at the same time and for the same purposes, under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1

(5th Supplement)) and the Income Tax Regulations made thereunder.

s. 746R1; O.C. 1981-80, s. 746R1; R.R.Q., 1981, c. I-3, r. 1, s. 746R1; O.C. 1472-87, s. 18; O.C. 35-96, s. 86; O.C. 1633-96, s. 14; O.C. 134-2009, s. 1; O.C. 321-2017, s. 31.

Corresponding Federal Provision: 113(1)(a.1) ITA.

746R2. An election under the second paragraph of section 746 of the Act is any election similar to that made by the corporation, at the same time and for the same purposes, under subsection 1 of section 113 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and the Income Tax Regulations made thereunder.

s. 746R2; O.C. 1472-87, s. 18; O.C. 35-96, s. 86; O.C. 1707-97, s. 98; O.C. 134-2009, s. 1.

Corresponding Federal Provision: 5900(2).

747R1. For the purposes of section 747 of the Act,

(*a*) the expression "tax factor" has the meaning assigned by subparagraph *b* of the first paragraph of section 583R1;

(*b*) the expressions "exempt surplus", "hybrid surplus", "pre-acquisition surplus" and "taxable surplus" of a foreign affiliate, at a particular time, mean an amount equal to the amount so determined for the affiliate at the same time and for the same purposes under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1 (5th Supplement)) and the Income Tax Regulations made thereunder.

s. 747R1; O.C. 1981-80, s. 747R1; R.R.Q., 1981, c. I-3, r. 1, s. 747R1; O.C. 35-96, s. 86; O.C. 134-2009, s. 1; O.C. 66-2016, s. 17; O.C. 321-2017, s. 32.

Corresponding Federal Provision: 95(1) "relevant tax approprié" ITA; 5907(1) "exempt surplus" and "taxable surplus" and (1.01).