

NATIONAL ASSEMBLY
Thirty-fourth Legislature, first session

1992, chapter 1
**AN ACT TO AMEND THE TAXATION ACT AND
OTHER FISCAL LEGISLATION**

Bill 407

Introduced by Mr Raymond Savoie, Minister of Revenue

Introduced 6 December 1991

Passage in principle 17 December 1991

Passage 17 March 1992

Assented to 18 March 1992

Coming into force: 18 March 1992

Acts amended:

Retail Sales Tax Act (R.S.Q., chapter I-1)

Taxation Act (R.S.Q., chapter I-3)

Licenses Act (R.S.Q., chapter L-3)

Act respecting the Ministère du Revenu (R.S.Q., chapter M-31)

Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5)

Act respecting the Québec Pension Plan (R.S.Q., chapter R-9)

Act respecting real estate tax refund (R.S.Q., chapter R-20.1)

Act to amend the Taxation Act and other fiscal legislation (1990, chapter 7)

Act to again amend the Taxation Act and other fiscal legislation (1990, chapter 59)

Act to amend the Taxation Act and other fiscal legislation (1991, chapter 8)

Act to again amend the Taxation Act and other fiscal legislation (1991, chapter 25)

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Acts amended (cont'd):

Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67)



CHAPTER 1

An Act to amend the Taxation Act and other fiscal legislation

[Assented to 18 March 1992]

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

c. I-1,
s. 20.10,
am.

1. (1) Section 20.10 of the Retail Sales Tax Act (R.S.Q., chapter I-1) is amended by replacing the second paragraph by the following paragraph:

Insurance
premiums

“The following are deemed to be insurance premiums:

(a) any amount payable to obtain for oneself or another on the occurrence of a risk a benefit payable by an insurer or another person, including a contribution to an uninsured social benefits plan, an assessment, a premium deposit or a membership fee;

(b) any amount which, under an uninsured social benefits plan, is paid by reason of the occurrence of a risk.”

(2) This section has effect from 3 May 1991.

c. I-1,
s. 20.17,
am.

2. (1) Section 20.17 of the said Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) administration costs connected with a policy of insurance of persons which are payable to the person who receives the premium described in subparagraph *a* of the second paragraph of section 20.10;

“(b) administration costs connected with an insurance premium described in subparagraph *b* of the second paragraph of section 20.10 and payable to the person who administers the uninsured social benefits plan;

“(c) interest charges and the tax paid or payable, if any, under Part IX of the Excise Tax Act (Statutes of Canada) in connection with

a taxable premium under an uninsured social benefits plan and, as regards the tax, determined without reference to the input tax credit provided for in the said Part;

“(d) an amount payable to make up a deficit relating to a policy of insurance of persons, whether or not the policy is in force at the time of the payment.”

(2) This section has effect from 3 May 1991.

c. I-1,
s. 20.25,
am.

3. (1) Section 20.25 of the said Act is amended

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

“(c) the premium for an uninsured social benefits plan described in subparagraph *a* of the second paragraph of section 20.10 and payable by an employer in respect of an employee or by an organization in respect of a member if

i. the amount is not greater than that required for payment of foreseeable and payable benefits for 30 days after payment of the premium; and

ii. the benefits constitute income from an office or employment for which contributions established pursuant to the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001), the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5) or the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) are paid;”;

(2) by inserting, after paragraph *c*, the following paragraph:

“(c.1) the premium for an uninsured social benefits plan described in subparagraph *b* of the second paragraph of section 20.10 if

i. the amount is paid by an employer in respect of an employee or by an organization in respect of a member; and

ii. the amount constitutes income from an office or employment for which a contribution established pursuant to the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001), the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5) or the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is paid;”.

(2) This section has effect from 3 May 1991.

c. I-1,
s. 20.27,
am.

4. (1) Section 20.27 of the said Act is amended by replacing the first paragraph by the following paragraph:

Collection
of the tax

“20.27 A person who receives payment of a premium for a policy of insurance of persons described in subparagraph *a* of the second paragraph of section 20.10, shall collect the tax at the same time.”

(2) This section has effect from 3 May 1991.

c. I-1,
s. 20.27.1,
added

5. (1) The said Act is amended by inserting, after section 20.27, the following section:

Collection
and remit-
tance

“20.27.1 The person who administers the uninsured social benefits plan of a particular person shall collect the tax at the time as the particular person pays to him the amount connected with the premium described in subparagraph *b* of the second paragraph of section 20.10 and shall remit the tax to the Minister.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1, am.

6. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 3 of chapter 59 of the statutes of 1990, section 13 of chapter 7 of the statutes of 1991 and section 2 of chapter 25 of the statutes of 1991, is again amended

(1) by replacing the definition of “international financial centre” by the following definition:

“international
financial
centre”

“ “international financial centre” has the meaning assigned by sections 737.13 and 737.13.1;”;

(2) by inserting, after the definition of “qualified business”, the following definition:

“Québec
sales tax”

“Québec sales tax” means the tax payable under Title I of the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67);”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 1986.

(3) Paragraph 2 of subsection 1 applies from 1 July 1992.

c. I-3,
s. 21.21,
replaced

7. (1) Section 21.21 of the said Act, replaced by section 29 of chapter 59 of the statutes of 1990, is again replaced by the following section:

Associa-
tion with
a third
corpora-
tion

“21.21 Where two corporations would, but for this section, not be associated with each other at any time, and are associated or deemed by this section to be associated at that time with the same corporation, in this section referred to as the “third corporation”, they are deemed, for the purposes of this Part, to be associated with each other at that time, except that, for the purposes of sections 771.0.2, 771.0.2.1 and 771.1.2 to 771.1.5, where the third corporation is not a Canadian-controlled private corporation at that time or elects, in prescribed form, for its taxation year that includes that time not to be associated with either of the other two corporations, the third corporation is deemed not to be associated with either of the other two corporations in that taxation year and its business limit for that taxation year is deemed to be nil.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
heading,
replaced

8. (1) The heading of Chapter XII of Title II of Book I of Part I of the said Act, enacted by section 5 of chapter 25 of the statutes of 1991, is replaced by the following heading:

“QUÉBEC SALES TAX AND GOODS AND SERVICES TAX”.

(2) This section applies from 1 July 1992.

c. I-3,
s. 21.34,
replaced

9. (1) Section 21.34 of the said Act, enacted by section 5 of chapter 25 of the statutes of 1991, is replaced by the following section:

Change of
use of
property

“21.34 For the purposes of this Part, where a liability for the Québec sales tax or the goods and services tax is incurred in respect of a change of use at any time of a property, the liability so incurred is deemed to have been incurred immediately after that time in respect of the acquisition of the property.”

(2) This section applies from 1 July 1992.

c. I-3,
s. 21.35.1,
added

10. (1) The said Act is amended by inserting, after section 21.35, the following section:

Deemed
assistance
from a
government

“21.35.1 For the purposes of this Part, except section 58.3 and this section, an amount claimed by a taxpayer as an input tax refund or other rebate with respect to the Québec sales tax in respect of a property or service or an amount granted to a taxpayer under section 406 of the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67) as compensation with respect to

the Québec sales tax in respect of a property is deemed to be assistance from a government in respect of the property or service that is received by the taxpayer

(a) where the amount is claimed as an input tax refund in a return filed under the said Act for a reporting period under that Act,

i. at the time the Québec sales tax in respect of the input tax refund was paid or became payable, if the tax was paid or became payable in the reporting period, or

ii. at the end of the reporting period, if no such tax was paid or became payable in respect of the input tax refund in the reporting period; or

(b) where the amount is claimed as an other rebate, or is granted as compensation, with respect to the Québec sales tax, at the time the amount was received by, or credited to, the taxpayer.”

(2) This section applies from 1 July 1992.

c. 1-3,
s. 21.36.1,
added

11. (1) The said Act is amended by inserting, after section 21.36, the following section:

Input tax
refund re-
lating to
property
that is a
passenger
vehicle or
an aircraft

“21.36.1 Where the input tax refund of a taxpayer under the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67) in respect of property that is a passenger vehicle or an aircraft is determined with reference to section 252 of the said Act, subparagraphs i and ii of paragraph *a* of section 21.35.1, where they apply in respect of such property, shall read as follows:

“i. at the beginning of the first taxation year or fiscal period of the taxpayer commencing after the end of the taxation year or fiscal period, as the case may be, in which the Québec sales tax in respect of such property was considered, for the purpose of determining the input tax refund, to be payable, if the tax was considered, for the purpose of determining the input tax refund, to have become payable in the reporting period, or

ii. at the end of the reporting period, if no such tax was considered, for the purpose of determining the input tax refund, to have become payable in that period; or”.

(2) This section applies from 1 July 1992.

c. 1-3,
s. 21.38,
added

12. (1) The said Act is amended by inserting, after section 21.37, the following section:

Assistance
deemed
repaid

“21.38 For the purposes of this Part, where an amount is added at a particular time in determining the net tax of a taxpayer under the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67) in respect of an input tax refund relating to property or a service that had been previously deducted in determining the net tax of the taxpayer, or an amount granted to a taxpayer under section 406 of the said Act as compensation in respect of the Québec sales tax relating to a property is repaid to the Minister by the taxpayer at a particular time, that amount is deemed to be assistance repaid at the particular time in respect of the property or service pursuant to a legal obligation to repay all or part of that assistance.”

(2) This section applies from 1 July 1992.

c. I-3,
s. 27,
replaced

13. (1) Section 27 of the said Act, replaced by section 1 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Tax payable
by certain
corpora-
tions not
resident
in Canada

“27. Any corporation not contemplated in section 22 and not resident in Canada that disposes in a taxation year of taxable Québec property shall pay a tax at the rate established in subsection 1 of section 771 on the amounts described in paragraphs *d*, *e*, *f* and *h* of section 1089 that are applicable thereto and on the amount by which the aggregate of its taxable capital gains exceeds the aggregate of its allowable capital losses from the disposition of such property.

Corpora-
tion carry-
ing on
business
outside
Québec

Where a corporation contemplated in section 22 has an establishment outside Québec, its tax payable is equal to the proportion of the tax established under subsection 1 of section 771 that the business it carries on in Québec is of the entire business it carries on in Québec and elsewhere, as determined under subsection 2 of section 771.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 37,
replaced

14. (1) Section 37 of the said Act is replaced by the following section:

Value of
benefits

“37. The amounts an individual shall include in computing his income include the value of board, lodging and other benefits such individual receives or benefits from by reason of or while holding his office or employment and the allowances he receives, including any amount he receives without having to account for its use, for personal or living expenses or for any other purpose.”

(2) This section applies from the taxation year 1988. However, it does not apply in respect of cases pending before the court on 31 July 1990 or of assessments in respect of which an objection was pending on that date.

c. I-3,
ss. 48, 49,
replaced

15. (1) Sections 48 and 49 of the said Act are replaced by the following sections:

Sale or
issue of
shares to
employees

“48. This division applies where a particular corporation agrees to sell or issue a share of its capital stock or of the capital stock of a corporation with which it does not deal at arm’s length to one of its employees or to an employee of a corporation with which it does not deal at arm’s length.

Benefit
deemed
received
by employee

“49. Subject to section 49.2, an employee acquiring a share under the agreement contemplated in section 48 is deemed to receive by reason of his office or employment, in the taxation year in which he acquires the share, a benefit equal to the amount by which the value of the share at the time he acquires it exceeds the amount paid or to be paid by him to the corporation for the share.”

(2) This section, where it replaces section 48 of the Taxation Act, applies in respect of shares acquired or rights in respect of shares transferred or otherwise disposed of after 2 May 1991 and, where it replaces section 49 of the said Act, applies in respect of shares acquired after 2 May 1991.

c. I-3,
s. 49.1,
repealed

16. (1) Section 49.1 of the said Act is repealed.

(2) This section applies in respect of shares acquired after 2 May 1991.

c. I-3,
s. 49.2, am.

17. (1) Section 49.2 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Disposition
or exchange
of shares

“49.2 Section 49 shall read as if the words “in which he acquires the share” were replaced by the words “in which he disposes of or exchanges the share” where”;

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

“(b) the share is acquired by an employee who, immediately after the agreement was made, was dealing at arm’s length with the particular corporation, with the Canadian-controlled private corporation the share of the capital stock of which has been agreed

to be sold or issued by the particular corporation, and with the Canadian-controlled private corporation of which he is an employee.”

(2) This section applies in respect of shares acquired after 2 May 1991.

c. I-3,
s. 49.5,
am.

18. (1) Section 49.5 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Exchange
of shares
of Cana-
dian cor-
porations

“49.5 For the purposes of sections 49.2 and 725.3, where, in circumstances where sections 536 to 539 or 551 to 554 apply, a taxpayer acquires shares of a Canadian corporation in exchange for shares of another Canadian corporation acquired under an agreement referred to in section 48, the following rules apply:”.

(2) This section applies in respect of shares received in exchange for shares acquired after 2 May 1991 under an agreement referred to in section 48 of the Taxation Act.

c. I-3,
heading,
replaced

19. (1) The heading of Division VIII of Chapter II of Title II of Book III of Part I of the said Act, enacted by section 13 of chapter 25 of the statutes of 1991, is replaced by the following heading:

“GOODS AND SERVICES TAX OR QUÉBEC SALES TAX REBATE”.

(2) This section applies from 1 July 1992.

c. I-3,
s. 58.3,
added

20. (1) The said Act is amended by inserting, after section 58.2, the following section:

Rebate in
respect of
the Québec
sales tax

“58.3 Where an amount in respect of a particular expense is deducted under Chapter III in computing the income of a taxpayer for a taxation year from an office or employment, or an amount is included in the capital cost to the taxpayer of a particular property described in section 64 or 78.4, and a particular amount is paid to the taxpayer in a particular taxation year as a rebate or compensation under the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67) in respect of any Québec sales tax included in the amount of the particular expense or the capital cost of the particular property, as the case may be, the particular amount,

(a) to the extent that it relates to the particular expense, shall be included in computing the taxpayer's income from an office or employment for the particular year, and

(b) to the extent that it relates to the capital cost of the particular property, is deemed, for the purposes of section 101, to have been

received by the taxpayer in the particular year as assistance from a government for the acquisition of the particular property.”

(2) This section applies from 1 July 1992.

c. 1-3,
s. 59.1,
replaced

21. (1) Section 59.1 of the said Act, enacted by section 14 of chapter 25 of the statutes of 1991, is replaced by the following section:

Rebate in
respect of
the Québec
sales tax
or the
goods and
services
tax

“59.1 For the purposes of this title, except sections 32 and 33 and Division VI of Chapter II, the amount of any rebate or compensation paid or payable to a taxpayer under the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67) in respect of the Québec sales tax or under the Excise Tax Act (Statutes of Canada) in respect of the goods and services tax is deemed not to be an amount that is reimbursed or compensated to the taxpayer or to which the taxpayer is entitled.”

(2) This section applies from 1 July 1992.

c. 1-3,
s. 87, am.

22. (1) Section 87 of the said Act, amended by section 47 of chapter 59 of the statutes of 1990 and section 20 of chapter 25 of the statutes of 1991, is again amended by replacing subparagraph ii of paragraph *w* by the following subparagraph:

“ii. except as provided for in section 1029.8.18 or 1029.8.32 or subparagraph *e* of the second paragraph of section 1029.8.34, does not reduce, for the purposes of this Part, the cost or capital cost of the property or the amount of the outlay or expense, as the case may be,”.

(2) This section, where it replaces subparagraph ii of paragraph *w* of section 87 of the Taxation Act to include a reference to section 1029.8.32 of the said Act, has effect from 27 April 1990 and, where it replaces the said subparagraph ii to include a reference to subparagraph *e* of the second paragraph of section 1029.8.34 of the said Act, has effect from 19 December 1990.

c. 1-3,
s. 93, am.

23. (1) Section 93 of the said Act, amended by section 50 of chapter 59 of the statutes of 1990, is again amended by replacing subparagraph vi.1 of paragraph *e* by the following subparagraph:

“vi.1 all amounts each of which is an amount, other than a prescribed amount, deducted under subsection 5 or 6 of section 127 of the Income Tax Act (Statutes of Canada), in respect of a depreciable property of that class, in computing the tax payable under the said Act by the taxpayer for a taxation year ending before that time and subsequent to the disposition of such property;”.

(2) This section applies from the taxation year 1988.

c. I-3,
s. 101,
replaced

24. (1) Section 101 of the said Act, replaced by section 57 of chapter 59 of the statutes of 1990, is again replaced by the following section:

Capital
cost of
property
acquired
through an
assistance

“101. For the purposes of this Part, where a taxpayer has deducted a particular amount, other than a prescribed amount, under subsection 5 or 6 of section 127 of the Income Tax Act (Statutes of Canada) in respect of a depreciable property in computing his tax payable under the said Act or has received or is entitled to receive assistance, other than prescribed assistance, from a government, municipality or other public authority in respect of, or for the acquisition of, depreciable property, whether as a subsidy, grant, forgivable loan, deduction from tax, investment allowance or in any other form, the capital cost of the property to the taxpayer at any particular time is deemed to be the amount by which the aggregate of the capital cost of the property, determined without reference to this section and sections 101.6 and 101.7, and the amount of the assistance, in respect of that property, repaid by the taxpayer, pursuant to an obligation to do so, before the disposition of the property and before the particular time, exceeds the aggregate of, where the property was acquired in a taxation year ending before the particular time, all particular amounts deducted under the said subsection 5 or 6 by the taxpayer, in respect of that property, for a taxation year ending before the particular time and before the disposition of that property and the amount of assistance the taxpayer has received or is entitled, before the particular time, to receive in respect of that property before the disposition thereof.”

(2) This section applies from the taxation year 1988.

c. I-3,
s. 119.5,
am.

25. (1) Section 119.5 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Deemed
taxable
income

“119.5 Notwithstanding any other provisions of this Part, except for the purposes of subparagraph i of paragraphs *c*, *d*, *d.1* and *d.2* of subsection 1 of section 771, subparagraph ii of paragraphs *e* and *f* of that subsection, paragraph *b* of sections 771.0.2 and 771.0.2.1 and paragraph *b* of sections 771.8 and 771.8.1, the taxable income of a corporation that has issued an obligation that is at any time a development bond is deemed, for a taxation year, to be an amount equal to the aggregate of its taxable income otherwise determined for the year and the amount paid or payable as interest on the obligation, depending on the method regularly followed by the corporation in computing its income in respect of a period of the year throughout which the obligation was a development bond and throughout which”.

(2) This section applies from the taxation year 1989. However, where that part of section 119.5 of the Taxation Act preceding paragraph *a*, enacted by this section, applies to taxation years ending before 1 September 1991, it shall read as follows:

Deemed
taxable
income

“119.5 Notwithstanding any other provisions of this Part, except for the purposes of subparagraph *i* of paragraphs *c*, *d* and *d.1* of subsection 1 of section 771, subparagraph *ii* of paragraph *e* of that subsection, paragraph *b* of section 771.0.2 and paragraph *b* of section 771.8, the taxable income of a corporation that has issued an obligation that is at any time a development bond is deemed, for a taxation year, to be an amount equal to the aggregate of its taxable income otherwise determined for the year and the amount paid or payable as interest on the obligation, depending on the method regularly followed by the corporation in computing its income in respect of a period of the year throughout which the obligation was a development bond and throughout which”.

c. I-3,
s. 147, am.

26. (1) Section 147 of the said Act, replaced by section 87 of chapter 59 of the statutes of 1990, is amended by adding, at the end, the following paragraph:

Exceptions

“For the purposes of the first paragraph, an expense incurred in a particular taxation year or any preceding taxation year by a taxpayer does not include an expense to which relates

(*a*) an amount renounced under section 726.4.17.12 or 726.4.17.13, as the case may be, by the taxpayer at or before the end of the particular year or within 60 days thereafter, in respect of an issue of flow-through shares within the meaning of section 359.1 or an issue of securities that are interests in a partnership; or

(*b*) an amount, not greater than the amount that would be determined under the second paragraph of section 965.31.5 in respect of a qualified investment made by a Québec business investment company entirely out of the proceeds of a share issue if the amount of the qualified investment were equal to the amount, in respect of the share issue, by which the aggregate referred to in subparagraph *b* of the first paragraph of section 965.31.5 exceeds the aggregate referred to in subparagraph *a* of the first paragraph of the said section 965.31.5, renounced under the said section 965.31.5 by the taxpayer at or before the end of the particular year, in respect of the share issue.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 157, am.

27. (1) Section 157 of the said Act, amended by section 89 of chapter 59 of the statutes of 1990 and section 47 of chapter 25 of the statutes of 1991, is again amended by replacing that part of paragraph *m* preceding subparagraph *i* by the following:

reimbursement of an expense

“(m) the amount of any assistance or benefit received by him in the year as a deduction from or reimbursement of an expense that is either a tax, other than the Québec sales tax or the goods and services tax, or royalty to the extent that the following conditions are met.”.

(2) This section applies in respect of amounts received after 30 June 1992.

c. I-3,
s. 230.0.0.1,
French text,
replaced

28. (1) Section 230.0.0.1 of the French text of the said Act is replaced by the following section:

Recherches
scientifi-
ques et
développe-
ment expé-
rimental
non consi-
dérés
comme une
entreprise

“230.0.0.1 Sauf dans les cas où un contribuable tire la totalité ou la presque totalité de ses recettes de la poursuite de recherches scientifiques et de développement expérimental, y compris la vente de droits découlant des recherches scientifiques et du développement expérimental qu’il effectue, la poursuite de recherches scientifiques et de développement expérimental ne doit pas être considérée comme étant une entreprise du contribuable à laquelle les recherches scientifiques et le développement expérimental se rapportent.”

(2) This section applies in respect of expenditures made after 15 December 1987, other than expenditures made after that date and before 1 January 1989, pursuant to

(a) an obligation entered into in writing before 16 December 1987,

(b) the terms of a final prospectus, preliminary prospectus, registration statement or offering memorandum filed before 16 December 1987 with a public authority in Canada pursuant to and in accordance with the securities legislation of any province, or

(c) the terms of an offering memorandum distributed as part of an offering of securities where the offering memorandum contained a complete or substantially complete description of the securities contemplated in the offering as well as the terms and conditions of the offering of the securities, the offering memorandum was distributed before 16 December 1987, solicitations in respect of the sale of the securities contemplated by the offering memorandum were made before 16 December 1987, and the sale of the securities was substantially in accordance with the offering memorandum.

c. I-3,
s. 257, am.

29. (1) Section 257 of the said Act, amended by section 120 of chapter 59 of the statutes of 1990, is again amended

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

“(d) where the property is acquired after 31 December 1971, the aggregate of all amounts, other than a prescribed amount, deducted by the taxpayer in respect of the property before the particular time under subsection 5 or 6 of section 127 of the Income Tax Act (Statutes of Canada) in computing his tax payable under the said Act and, unless otherwise prescribed, the amount by which any assistance that would be described in section 101 if such section applied to any capital property and that the taxpayer has received or is entitled to receive before the particular time for or in respect of that acquisition, exceeds the amount he has repaid before that time pursuant to an obligation to do so;”;

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

“xi. any amount added, before the particular time, to the issue base relating to certain issue expenses, within the meaning of section 726.4.17.11, of the taxpayer and determined by reference to an amount included in an amount referred to in subparagraph *ii* in respect of the taxpayer regarding the partnership;”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 1988.

(3) Paragraph 2 of subsection 1 has effect from 3 May 1991.

c. I-3,
s. 336, am.

30. (1) Section 336 of the said Act, amended by section 151 of chapter 59 of the statutes of 1990 and section 66 of chapter 25 of the statutes of 1991, is again amended

(1) by replacing the period at the end of paragraph *j* of subsection 1 by a semicolon;

(2) by adding, after paragraph *j* of subsection 1, the following paragraph:

interest
and princi-
pal
payments
under a
prescribed
assistance
program

“(k) an amount paid by an individual before the end of the year as interest or repayment of the principal relating to a loan granted, in respect of a program of studies, under a prescribed assistance program, to the extent that the amount has not been deducted in computing his income for a preceding taxation year and provided that the individual obtained, before the end of the year, a diploma attesting to the successful completion of the program of studies.”

(2) This section has effect from 1 January 1992.

c. I-3,
s. 337, am. **31.** (1) Section 337 of the said Act, amended by section 155 of chapter 59 of the statutes of 1990, is again amended

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

“*i. a university, college or other institution providing post-secondary education, if such fees have been paid in respect of an instructional program at the post-secondary level;*”;

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

“(b) to an educational institution in the United States that is a university, college or other institution providing post-secondary education, if the individual resided in Canada during the whole year near the boundary between Canada and the United States, commuted between his residence and such educational institution and has paid such fees in respect of an instructional program at the post-secondary level; or”.

(2) This section applies from the taxation year 1991.

c. I-3,
s. 354, am. **32.** Section 354 of the said Act, amended by section 7 of chapter 8 of the statutes of 1991, is again amended by replacing subparagraph *i* of paragraph *a* by the following subparagraph:

“*i. the aggregate of \$4 400 for the taxation year 1991 and \$4 600 from the taxation year 1992 per eligible child of the individual for the year who either is under seven years of age on 31 December in that year or would have been had he then been living, or is described in section 355.1, and in respect of whom the expenses were incurred, and of \$2 200 for the taxation year 1991 and \$2 300 from the taxation year 1992 for any other eligible child of the individual for the year in respect of whom the expenses were incurred; and*”.

c. I-3,
s. 395, am. **33.** (1) Section 395 of the said Act, amended by section 161 of chapter 59 of the statutes of 1990, is again amended by replacing paragraph *d* by the following paragraph:

“(d) subject to section 418.37, his share of the expenses described in paragraphs *a* to *b.1*, *c* and *c.1* incurred by a partnership in a fiscal period thereof, if he was a member thereof at the end of that period; or”.

(2) This section has effect from 18 June 1987.

c. I-3,
s. 713.1,
added

34. (1) The said Act is amended by inserting, after section 713, the following section:

Restriction

“713.1 Notwithstanding section 710, no amount may be deducted by a taxpayer in respect of a gift of property that is a certified Québec film or a Québec film production, within the meaning assigned to those terms by the regulations under section 130, if the gift is made by the taxpayer within a period of three years commencing on the day on which the property is acquired by him.”

(2) This section applies in respect of gifts made after 18 December 1990.

c. I-3,
s. 725.2,
am.

35. (1) Section 725.2 of the said Act, amended by section 251 of chapter 59 of the statutes of 1990, is again amended

(1) by replacing that part preceding paragraph *a* by the following:

Deduction
in respect
of a benefit
derived
from a
stock
option
arrange-
ment

“725.2 Where a corporation has agreed to sell or issue a share of its capital stock, or of the capital stock of a corporation with which it does not deal at arm’s length, to an individual, that individual may deduct an amount equal to 1/4 of the amount of the benefit he is deemed to have received in the year under section 49, 50, 51 or 52, in respect of the share or the transfer or other disposition of the rights under the agreement contemplated in section 48, if”;

(2) by replacing paragraphs *b* and *c* by the following paragraphs:

“(b) the share was acquired or the rights under the agreement were transferred or disposed of, as the case may be, by an individual who, immediately after the agreement was made, was dealing at arm’s length with the particular corporation contemplated in section 48, with the corporation a share of the capital stock of which the particular corporation contemplated in section 48 has agreed to sell or to issue, and with the corporation of which he is an employee; and

“(c) the share is a share contemplated in subparagraph ii of paragraph *d* of subsection 1 of section 110 of the Income Tax Act (Statutes of Canada).”

(2) This section applies in respect of benefits deemed to be received in respect of a share acquired, or rights in respect of a share transferred or otherwise disposed of, after 2 May 1991.

c. I-3,
ss. 726.4.8.1-
726.4.8.17,
added

36. (1) The said Act is amended by inserting, after section 726.4.8, the following:

"TITLE VI.3.1.1

"INTEREST SHARE IN A QUÉBEC FILM PRODUCTION

"CHAPTER I

"INTERPRETATION

- Definitions **"726.4.8.1** In this title,
- "assets" (a) "assets" means assets of a corporation as determined under Title VI.1 of Book VII;
- "qualifying share" (b) "qualifying share" means a share that would be described in paragraph *b* of section 965.1 if no reference were made, in that paragraph *b*, to section 965.9.1.1, and if the requirement of paragraph *e* of section 965.7, to which the said paragraph *b* refers, were read as though the words "an individual, an investment group or an investment fund" were replaced by the words "a person";
- "interest share" (c) "interest share" in a qualified investment means a share in the capital stock of a designated company, if the share has been used to determine the interest in the qualified investment of a person, within the meaning of paragraph *c* of section 965.29;
- "interest share in a Québec film production" (d) "interest share in a Québec film production" means a share that is
- i. a qualifying share issued by an issuer as part of a public share issue, in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted after 2 May 1991, in respect of which it is stipulated, in the final prospectus or the application for exemption from filing a prospectus, that the issuer or, as the case may be, a designated corporation referred to in subparagraph i or ii of paragraph *e* whose corporate name is disclosed in the final prospectus or in the application for exemption from filing a prospectus, undertakes
- (1) to make qualified expenditures in respect of a Québec film production in an amount, to be stipulated by the issuer in the final prospectus or in the application for exemption from filing a prospectus, equal to all or part of the consideration received for the share, in the period beginning on the date of the receipt for the final prospectus or of the exemption from filing a prospectus and ending on a date to be stipulated by the issuer in the final prospectus or the application for exemption from filing a prospectus, and

(2) to renounce, in accordance with section 726.4.8.7, in respect of the share, in prescribed form, all or part of the amount that the issuer or, as the case may be, the designated corporation will be deemed to have paid under section 1029.8.35 in respect of the qualified expenditures so made, to the extent that such expenditures do not exceed the consideration received for the share by the issuer; or

ii. an interest share in a qualified investment made by a designated company, after 19 December 1990, in a designated corporation referred to in subparagraph iii of paragraph *e* pursuant to an agreement in writing entered into between the designated company and the designated corporation and under which the designated corporation undertakes

(1) to make, out of the consideration received in respect of the qualified investment, qualified expenditures in respect of a Québec film production in an amount, to be stipulated in the agreement, equal to all or part of the consideration, in the period beginning on the day the designated company makes the qualified investment in the designated corporation and ending on a date to be stipulated in the agreement, and

(2) to renounce, in accordance with section 726.4.8.7, in respect of the share, in prescribed form, all or part of the amount the designated corporation will be deemed to have paid under section 1029.8.35 in respect of the qualified expenditures so made;

“designated
corporation”

(*e*) “designated corporation” means a corporation that carries on a business in Canada and that is

i. a subsidiary controlled by an issuer, where the issuer is a corporation referred to in any of sections 965.11.5, 965.17.3 and 965.17.4,

ii. a corporation described in paragraph *d* of section 965.11.1, where the issuer is a corporation referred to in the said section 965.11.1 or in section 965.11.6, or

iii. a corporation referred to in section 12 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1);

“qualified
expendi-
ture”

(*f*) “qualified expenditure” means an expenditure incurred by a qualified corporation, within the meaning of section 1029.8.34, in respect of which the qualified corporation will be deemed, under section 1029.8.35, to have paid to the Minister an amount as partial payment of its tax payable pursuant to this Part or, where this title refers to a qualified expenditure made in a taxation year, of its tax payable pursuant to this Part for that taxation year;

“issuer” (g) “issuer”, in relation to a share issue, means a corporation that is, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the share issue, a corporation whose assets are under \$250 000 000 and that would be a qualified corporation within the meaning of paragraph *d* of section 965.1, if that paragraph were read without the reference to section 965.11.7.1;

“public share issue” (h) “public share issue” means the distribution of a share carried out in accordance with a receipt or an exemption from filing a prospectus granted under the Securities Act (R.S.Q., chapter V-1.1);

“investment fund” (i) “investment fund” has the meaning assigned by paragraph *h.0.2* of section 965.1;

“divided interest” (j) “divided interest” of an interest share in a qualified investment made in a designated corporation means the quotient obtained by dividing the amount of the consideration received in respect of the qualified investment regarding which the designated corporation has undertaken, in the agreement under which the qualified investment is made, to make qualified expenditures in respect of a Québec film production by the total number of interest shares in the qualified investment;

“qualified investment” (k) “qualified investment” has the meaning assigned by paragraph *d* of section 965.29;

“Québec film production” (l) “Québec film production” has the meaning assigned by the regulations under section 130;

“designated company” (m) “designated company” means a Québec business investment company within the meaning of paragraph *f* of section 965.29;

“valid qualifying security” (n) “valid qualifying security” in respect of a year has the meaning assigned by paragraph *j.3* of section 965.1.

Particular
rules

In this title, the following rules apply:

(a) any reference to a person to whom an interest share in a Québec film production is issued, or to a person who has given consideration to an issuer for the issue of such a share, shall be construed as a reference to the first purchaser of the share, other than a dealer within the meaning of paragraph *f* of section 965.1 acting as an intermediary or as a firm underwriter;

(b) any reference to consideration received or given for a share shall be construed as a reference to the cost of the share to the person

to whom it is issued, determined without taking into account the borrowing costs, custody fees or other similar costs related to the share.

Agreement
between
the issuer
and the
corporation
incurring
the quali-
fied expen-
ditures

“726.4.8.2 For the purposes of subparagraph *i* of subparagraph *d* of the first paragraph of section 726.4.8.1, where a designated corporation undertakes to meet the requirements referred to therein, an agreement to that effect shall be entered into between the issuer referred to therein and the designated corporation, and the agreement shall be described in the final prospectus or the application for exemption from filing a prospectus.

Qualified
expendi-
tures by
more than
one cor-
poration

“726.4.8.3 Where more than one designated corporation is a party to the agreement referred to in section 726.4.8.2, for the purpose of determining if the undertakings referred to in subparagraph *i* of subparagraph *d* of the first paragraph of section 726.4.8.1 have been fulfilled, the aggregate of the qualified expenditures referred to in the said subparagraph *i*, made by all the designated corporations that are parties to the agreement, shall be taken into account.

“CHAPTER II

“RENUNCIATION

Renuncia-
tion by
the issuer

“726.4.8.4 Where a person has given consideration to an issuer for the issue of an interest share in a Québec film production referred to in subparagraph *i* of subparagraph *d* of the first paragraph of section 726.4.8.1 of the issuer and the issuer has made qualified expenditures in respect of a Québec film production in accordance with his undertaking referred to in the said subparagraph *i* during the period referred to therein, the issuer may, in accordance with section 726.4.8.7, renounce, in respect of the share, an amount equal to the amount by which the amount obtained by multiplying by the proportion determined under section 726.4.8.10 in respect of the issue as part of which the share is issued, all or part of the amount he is deemed to have paid, under section 1029.8.35, in respect of such expenditures made by him during that period or, as the case may be, after the end of that period if the expenditure is a qualified expenditure by reason of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34 and on or before the day on which the renunciation is made, exceeds the aggregate of the amounts he has otherwise renounced, in respect of the share, under this section in respect of those expenditures on or before the day on which the renunciation is made.

Maximum
amount

However, the amount of the qualified expenditures in respect of which the issuer may renounce an amount, in respect of a share, under the first paragraph, must in no case exceed the amount by which the least of the following amounts exceeds the aggregate of the qualified expenditures in respect of which he has otherwise renounced an amount, in respect of the share, under this section on or before the day on which the renunciation is made:

(a) the consideration received for the share by the issuer;

(b) the amount by which 200 % of the consideration received for the share by the issuer exceeds the adjusted cost of the share, within the meaning of paragraph *g* of section 965.1; and

(c) the amount obtained by multiplying by the proportion determined under section 726.4.8.10 in respect of the issue as part of which the share is issued, the amount stipulated in the final prospectus or the application for exemption from filing a prospectus as the amount of qualified expenditures the issuer has undertaken to make in respect of a Québec film production.

Renuncia-
tion by the
designated
corporation

“726.4.8.5 Where a person has given consideration to an issuer for the issue of an interest share in a Québec film production referred to in subparagraph *i* of subparagraph *d* of the first paragraph of section 726.4.8.1 of the issuer and the designated corporation referred to therein has made qualified expenditures in respect of a Québec film production in accordance with its undertaking referred to in the said subparagraph *i* during the period referred to therein, the designated corporation may, in accordance with section 726.4.8.7, renounce, in respect of the share, an amount equal to the amount by which the amount obtained by multiplying by the proportion determined under section 726.4.8.10 in respect of the issue as part of which the share is issued, all or part of the amount it is deemed to have paid, under section 1029.8.35, in respect of such expenditures made by it during that period or, as the case may be, after the end of that period if the expenditure is a qualified expenditure by reason of subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34 and on or before the day on which the renunciation is made, exceeds the aggregate of the amounts it has otherwise renounced, in respect of the share, under this section in respect of those expenditures on or before the day on which the renunciation is made.

Maximum
amount

However, the amount of the qualified expenditures in respect of which the designated corporation may renounce an amount, in respect of a share, under the first paragraph, must in no case exceed the amount by which the least of the following amounts exceeds the

aggregate of the qualified expenditures in respect of which the designated corporation has otherwise renounced an amount, in respect of the share, under this section on or before the day on which the renunciation is made:

(a) that part, which may reasonably be considered to have been received by the designated corporation, of the consideration received for the share by the issuer;

(b) the amount by which 200 % of that part referred to in subparagraph *a* in respect of the share exceeds the amount obtained by multiplying the adjusted cost of that share, within the meaning of paragraph *g* of section 965.1 by the proportion that that part referred to in paragraph *a* in respect of the share is of the consideration received for the share by the issuer; and

(c) the amount obtained by multiplying by the proportion determined under section 726.4.8.10 in respect of the issue as part of which the share is issued, the amount stipulated in the final prospectus or the application for exemption from filing a prospectus as the amount of qualified expenditures the designated corporation has undertaken to make in respect of a Québec film production.

Renuncia-
tion by the
designated
corporation

“726.4.8.6 Where a designated company has made a qualified investment in a designated corporation pursuant to an agreement referred to in subparagraph ii of subparagraph *d* of the first paragraph of section 726.4.8.1 and the designated corporation has made, in accordance with the agreement and out of the consideration it received in respect of the qualified investment, qualified expenditures in respect of a Québec film production during the period referred to in the said subparagraph ii, the designated corporation may, in accordance with section 726.4.8.7, renounce, in respect of an interest share in a Québec film production that is an interest share in the qualifying investment, an amount equal to the amount by which the amount obtained by multiplying by the proportion determined under the third paragraph in respect of that investment, all or part of the amount it is deemed to have paid, under section 1029.8.35, in respect of such expenditures made by the corporation during that period or, as the case may be, after the end of that period if the expenditure is a qualified expenditure by reason of subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34 and on or before the day on which the renunciation is made, exceeds the aggregate of the amounts it has otherwise renounced, in respect of the share, under this section in respect of those expenditures on or before the day on which the renunciation is made.

Maximum
amount

However, the amount of the qualified expenditures in respect of which the designated corporation may renounce an amount, in respect of a share, under the first paragraph, must in no case exceed the amount by which the lesser of the following amounts exceeds the aggregate of the qualified expenditures in respect of which the designated corporation has otherwise renounced an amount, in respect of the share, under this section on or before the day on which the renunciation is made:

(a) the divided interest of the share in the qualified investment;
and

(b) the amount by which 200 % of the divided interest of the share in the qualified investment exceeds the amount obtained by applying the following percentage to the aggregate of the divided interest of the share in the qualified investment and the additional interest, within the meaning that would be assigned to that expression by subparagraph *g.0.1* of the first paragraph of section 726.4.18 if the reference therein to “expenditures in respect of scientific research and experimental development” were a reference to “qualified expenditures in respect of a Québec film production”, of the share in respect of the qualified investment:

i. 100 % in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made by a designated company referred to in section 4 of the said Act before 3 May 1991;

ii. 125 % in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made by a designated company referred to in section 4 of the said Act after 2 May 1991, a qualified investment referred to in section 12.2 of the said Act and made by a designated company referred to in section 4.1 of the said Act before 3 May 1991, or a qualified investment referred to in section 12.3 of the said Act and made by a designated company referred to in section 4 of the said Act before 3 May 1991;

iii. 150 % in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made by a designated company referred to in section 4.1 of the said Act after 2 May 1991, a qualified investment referred to in section 12.3 of the said Act and made by a designated company referred to in section 4 of the said Act after 2 May 1991, or a qualified investment referred to in section 12.3 of the said Act and made by a designated company referred to in section 4.1 of the said Act before 3 May 1991; or

iv. 175 % in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made by a designated company referred to in section 4.1 of the said Act after 2 May 1991.

Proportion The proportion referred to in the first paragraph, in respect of a qualified investment, is the proportion that 1 is of the total number of interest shares in the qualified investment.

Conditions **“726.4.8.7** Any renunciation made by a corporation, under any of sections 726.4.8.4 to 726.4.8.6, of an amount it is deemed to have paid under section 1029.8.35 as partial payment of its tax payable under this Part for a particular taxation year in respect of qualified expenditures made in the particular year and during the period referred to in subparagraph i or ii, as the case may be, of subparagraph d of the first paragraph of section 726.4.8.1, is valid,

(a) where the end of the particular year coincides with the end of the calendar year in which that particular year ends, only if the renunciation is made in prescribed form on the last day of the particular year or within 30 days following the end of that year, in respect of all or part of the amounts the corporation is deemed to have so paid under section 1029.8.35 for the particular year in respect of those qualified expenditures, and

(b) where the end of the particular year does not coincide with the end of the calendar year in which that particular year ends,

i. only if the renunciation is made in prescribed form on the last day of the particular year or within 30 days following the end of that year, in respect of all or part of the amounts that,

(1) where the particular year began in the calendar year, the corporation is deemed to have so paid under section 1029.8.35 for the particular year in respect of those qualified expenditures, or

(2) where the particular year began before the beginning of the calendar year, the corporation would be deemed to have so paid under section 1029.8.35 for the particular year in respect of those qualified expenditures if the particular year corresponded only to that part thereof that is included in the calendar year, and

ii. only if the renunciation is made, where the particular year began before the beginning of the calendar year, in prescribed form on the last day of the calendar year or within 30 days following the end of the calendar year, in which the particular year began, in respect of all or part of the amounts that the corporation would be deemed to have so paid under section 1029.8.35 for the particular year in

respect of those qualified expenditures if the particular year corresponded only to that part thereof that is included in the calendar year in which it began.

Deemed
time of
repayment

For the purposes of the first paragraph, where the expenditure is a qualified expenditure by reason of subparagraph 2 of subparagraph i of paragraph a of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, the day on which the repayment referred to in the said subparagraph 2 is made by the corporation is deemed, as the case may be, to be a period referred to in subparagraph i or ii, as the case may be, of subparagraph d of the first paragraph of section 726.4.8.1.

Renuncia-
tion made
after the
end of the
year

“726.4.8.8 For the purposes of this title, any renunciation that is made within 30 days following the end of a taxation year or a calendar year is deemed, except for the purposes of section 726.4.8.15, to be made at the end of such taxation year or calendar year, as the case may be.

Rules go-
verning
renuncia-
tion

“726.4.8.9 Where a corporation renounces, under any of sections 726.4.8.4 to 726.4.8.6, in accordance with section 726.4.8.7, an amount in respect of a particular share, the following rules apply:

(a) the corporation shall renounce, in accordance with section 726.4.8.7, in respect of each other share issued as part of the same share issue as the particular share or, where the particular share is an interest share, in respect of each other interest share in the qualified investment in which the particular share is an interest share, an amount equal to the amount by which the aggregate of the amounts it has renounced in respect of the particular share exceeds the aggregate of the amounts it has already renounced in respect of the other share or the other interest share, as the case may be;

(b) for the purposes of this Part and Part III.1, except this title, the amount the corporation so renounced is deemed to have never been an amount deemed paid by the corporation to the Minister under section 1029.8.35; and

(c) the second paragraph of section 1029.8.35 shall read, in respect of such corporation, without reference to the words “on the one hand, on the date on or before which the first payment must be made, the portion, referred to in this paragraph as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a manpower expenditure of the corporation for a taxation year preceding the year, and, on the other hand,” and as if the reference therein to “the amount which

would be determined under the first paragraph if it applied only to the period covered by the payment without reference to the particular portion” were a reference to “an amount equal to the proportion of the amount determined for the year under the first paragraph, pursuant to paragraph *b* of section 726.4.8.9, that 1 is of the number of payments the corporation was so bound to make for the year”.

Proportion

“726.4.8.10 The proportion to be determined under this section, for the purposes of sections 726.4.8.4 and 726.4.8.5, in respect of an issue of interest shares in a Québec film production is the proportion that the consideration received by the issuer for a single share included in the issue is of the aggregate of all amounts each of which is the consideration received by him for a share included in the issue.

“CHAPTER III

“DEDUCTION

Deduction

“726.4.8.11 An individual, other than a trust, may deduct, in computing his taxable income for a taxation year, an amount not exceeding his Québec film production interest share base at the end of the year, computed before any deduction for the year under this section.

Québec film
production
interest
share base

“726.4.8.12 For the purposes of section 726.4.8.11, the Québec film production interest share base of an individual, other than a trust, at any time, means an amount equal to the amount by which the aggregate of the following amounts exceeds the aggregate of the amounts deducted by the individual under this section in computing his taxable income for a taxation year ending before that time:

(a) an amount equal to the qualified expenditures in respect of which a corporation renounced on or before that time under any of sections 726.4.8.4 to 726.4.8.6, in accordance with section 726.4.8.7, an amount in respect of an interest share in a Québec film production issued by an issuer to the individual or owned by the individual at the time the qualified investment to which the expenditures relate was made; and

(b) his share of an amount equal to the qualified expenditures in respect of which a corporation renounced on or before that time under section 726.4.8.4 or 726.4.8.5, in accordance with section 726.4.8.7, an amount, during a year, in respect of an interest share in a Québec film production issued to an investment fund, if the individual is the owner, at the end of the year, of a valid qualifying security which has been issued by the investment fund.

Restriction

Notwithstanding the first paragraph, where an individual acquires, by succession or will, an interest share in a Québec film production referred to in subparagraph ii of subparagraph *d* of the first paragraph of section 726.4.8.1, no amount determined under subparagraph *a* of the first paragraph, in respect of the share, may be included in his Québec film production interest share base before the time the share is allotted or transferred to him.

Interest share owned by an RRSP or RRIF trust

“726.4.8.13 Where a trust governed by a registered retirement savings plan or a registered retirement income fund, of the type commonly called self-directed, owns an interest share in a Québec film production at the time a qualified investment is made to which expenditures in respect of which a corporation has renounced an amount in respect of the share under section 726.4.8.6 in accordance with section 726.4.8.7 relate, the annuitant, within the meaning of paragraph *b* of section 905.1 or paragraph *d* of section 961.1.5, as the case may be, under the plan or fund at that time is deemed, for the purposes of sections 726.4.8.12 and 726.4.8.14, to be the owner of the share at that time.

“CHAPTER IV

“CONDITIONS

Favourable advance ruling

“726.4.8.14 In no case may an individual, other than a trust, include, in computing his Québec film production interest share base, either an amount in respect of an interest share in a Québec film production issued to him by an issuer or owned by him at the time the qualified investment in which the share is an interest share was made, or his share of an amount in respect of such a share issued to an investment fund, unless

(a) in the case of a share referred to in subparagraph i of subparagraph *d* of the first paragraph of section 726.4.8.1, a favourable advance ruling was given by the Ministère du Revenu, in respect of the fulfilment of the objectives of this title, regarding the share issue to which the interest share in a Québec film production relates, before the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the share issue, and

(b) in the case of a share referred to in subparagraph ii of subparagraph *d* of the first paragraph of section 726.4.8.1, a favourable advance ruling was given by the Ministère du Revenu, in respect of the fulfilment of the objectives of this title, regarding the agreement pursuant to which the qualified investment in which the interest share in a Québec film production is an interest share was made, before the date on which the qualified investment was made.

“CHAPTER V

“ADMINISTRATION

Filing of
prescribed
form

“726.4.8.15 Where a particular corporation renounces an amount in respect of a share under any of sections 726.4.8.4 to 726.4.8.6, it shall file, in respect of the renunciation and on or before the fifteenth day of the month following that in which the renunciation is made, a prescribed form with the Minister and, where applicable, with

(a) the issuer of the share, where the particular corporation is a corporation referred to in subparagraph i or ii of subparagraph *e* of the first paragraph of section 726.4.8.1, or

(b) the Société de développement industriel du Québec, where the particular corporation is a corporation referred to in subparagraph iii of subparagraph *e* of the first paragraph of section 726.4.8.1.

Verifica-
tion by the
Minister

“726.4.8.16 Where a corporation has renounced, in respect of a share, an amount under any of sections 726.4.8.4 to 726.4.8.6, sections 38 to 40.1 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with such modifications as the circumstances require and without restricting their generality, for the purpose of permitting the Minister to verify or ascertain

(a) the qualified expenditures in respect of a Québec film production in respect of which the corporation has renounced that amount,

(b) the amounts renounced by the corporation in respect of those qualified expenditures, and

(c) any information relating to the qualified expenditures in respect of which the corporation has renounced an amount or to the amounts renounced by the corporation.

Fiscal
return not
filed

The first paragraph applies notwithstanding that a fiscal return has not been filed by a person under section 1000 for the taxation year of the person in which the corporation has so renounced an amount in respect of the share issued to him.

Renuncia-
tion excee-
ding the
amount per-
mitted

“726.4.8.17 Where the aggregate of all amounts a corporation purported to renounce, in respect of one or several interest shares in a Québec film production, under one of sections 726.4.8.4 to 726.4.8.6 in respect of qualified expenditures made by it in any period ending

on the date on which the renunciation is made, exceeds the aggregate of all amounts it may renounce under that section in respect of such shares, in accordance with section 726.4.8.7, the corporation shall

(a) reduce the amounts so renounced in respect of one or several of those shares to effect a reduction in the aggregate of the amounts so purported to be renounced by the amount of the excess, and

(b) file a statement with the Minister indicating the adjustments made in the amounts so renounced.

Reduction
by the
Minister of
the amounts
renounced

Where, in the case described in the first paragraph, the corporation fails to comply with subparagraphs *a* and *b* of that paragraph within 30 days after notice in writing by the Minister has been forwarded to the corporation that a reduction as provided in the said subparagraph *a* is or will be required for the purposes of any assessment of tax under this Part, the Minister may, for the purposes of this title, reduce the amounts purported to be renounced by the corporation in respect of one or several of the shares referred to in the first paragraph to effect a reduction in the aggregate of the amounts so purported to be renounced by the corporation by the amount of the excess referred to in that paragraph.

Deemed
amount of
the renun-
ciation

In either such case, notwithstanding section 726.4.8.9, the amount renounced by the corporation in respect of each of the shares is deemed to be the amount as reduced by the corporation or the Minister, as the case may be."

(2) This section has effect from 20 December 1990. However, for the period preceding 3 May 1991, the following rules apply:

(a) subparagraph *i* of subparagraph *e* of the first paragraph of section 726.4.8.1 of the Taxation Act, enacted by subsection 1, shall read as though the reference to "any of sections 965.11.5, 965.17.3 and 965.17.4" were a reference to "section 965.11.5";

(b) that part of subparagraph *b* of the second paragraph of section 726.4.8.6 of the Taxation Act preceding subparagraph *i*, enacted by subsection 1, shall read as if the reference therein to "the aggregate of the divided interest of the share in the qualified investment and the additional interest, within the meaning that would be assigned to that expression by subparagraph *g.0.1* of the first paragraph of section 726.4.18 if the reference therein to "expenditures in respect of scientific research and experimental development" were a reference to "qualified expenditures in respect of a Québec film production", of the share in respect of the qualified investment" were a reference to "the divided interest of the share in the qualified investment".

c. I-3,
s. 726.4.10,
am.

37. Section 726.4.10 of the said Act, amended by section 255 of chapter 59 of the statutes of 1990 and section 19 of chapter 8 of the statutes of 1991, is again amended by replacing subparagraph *i* of paragraph *a* by the following subparagraph:

“*i.* the aggregate of the expenses, except those described in section 726.4.12, incurred in Québec by the individual after 30 June 1988 and before that time but not after 31 December 1993, and which are Canadian exploration expenses that would be described in paragraph *a* or *c* of section 395 if the reference in those paragraphs to “Canada”, wherever it appears, were a reference to “Québec”, described in paragraph *d* of the said section 395 if the reference therein to “expenses described in paragraphs *a* to *b.1*, *c* and *c.1*” were replaced by a reference to “expenses that would be described in paragraph *a* or *c*, if the reference in those paragraphs to “Canada”, wherever it appears, were a reference to “Québec””, or described in paragraph *e* of the said section 395 if the reference therein to “an expense described in paragraphs *a* to *c.1*” were replaced by a reference to “any expense that would be described in paragraph *a* or *c*, if the reference in those paragraphs to “Canada”, wherever it appears, were a reference to “Québec””, exceeds”.

c. I-3,
s. 726.4.12,
am.

38. Section 726.4.12 of the said Act, amended by section 20 of chapter 8 of the statutes of 1991, is again amended

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

“(b) any amount relating to Canadian exploration expenses that is renounced by a corporation that is not a qualified corporation, effective after 30 June 1988 and not later than 31 December 1993, pursuant to section 359.2 in respect of a share;”;

(2) by replacing subparagraph *i* of paragraph *d* by the following subparagraph:

“*i.* to expenses incurred after 30 June 1988 and before the time referred to in section 726.4.10 but not after 31 December 1993, by a partnership that is not a qualified partnership or by a qualified partnership in accordance with an agreement described in that paragraph *e* entered into with a corporation that is not a qualified corporation; or”.

c. I-3,
s. 726.4.17.2,
am.

39. Section 726.4.17.2 of the said Act, amended by section 256 of chapter 59 of the statutes of 1990 and section 21 of chapter 8 of the statutes of 1991, is again amended by replacing paragraph *a* by the following paragraph:

“(a) the aggregate of the expenses, except those described in section 726.4.17.4, incurred in Québec by the individual after 31 December 1988 and before that time but not after 31 December 1993, and which are Canadian exploration expenses that would be described in paragraph *c* of section 395 if the reference therein to “Canada”, wherever it appears, were a reference to “Québec”, described in paragraph *d* of the said section 395 if the reference therein to “expenses described in paragraphs *a* to *b.1*, *c* and *c.1*” were replaced by a reference to “expenses that would be described in paragraph *c*, if the reference therein to “Canada”, wherever it appears, were a reference to “Québec””, or described in paragraph *e* of the said section 395 if the reference therein to “an expense described in paragraphs *a* to *c.1*” were replaced by a reference to “any expense that would be described in paragraph *c*, if the reference therein to “Canada”, wherever it appears, were a reference to “Québec””, except any of those expenses that are related to removing overburden and stripping, where such work is more than is needed to obtain indicators of mineralization or for the preliminary sampling thereof, or related to drilling and trenching or digging test pits, where such work constitutes underground exploration work, exceeds”.

c. I-3,
s. 726.4.17.4,
am. **40.** Section 726.4.17.4 of the said Act, amended by section 22 of chapter 8 of the statutes of 1991, is again amended

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

“(b) any amount relating to Canadian exploration expenses that is renounced by a corporation that is not a qualified corporation, effective after 31 December 1988 and not later than 31 December 1993, pursuant to section 359.2 in respect of a share;”;

(2) by replacing subparagraph *i* of paragraph *d* by the following subparagraph:

“i. to expenses incurred after 31 December 1988 and before the time referred to in section 726.4.17.2 but not after 31 December 1993, by a partnership that is not a qualified partnership or by a qualified partnership in accordance with an agreement described in that paragraph *e* entered into with a corporation that is not a qualified corporation; or”.

c. I-3,
ss. 726.4.17.10-
726.4.17.17,
added **41.** (1) The said Act is amended by inserting, after section 726.4.17.9, the following:

“TITLE VI.3.2.2

“ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN ISSUE
EXPENSES

Deduction

“726.4.17.10 An individual may deduct, in computing his taxable income for a taxation year, an amount not exceeding his issue base relating to certain issue expenses at the end of the year, computed before any deduction for the year under this section.

Issue base
relating
to certain
issue ex-
penses

“726.4.17.11 For the purposes of this title, the issue base relating to certain issue expenses of an individual, at any time, means an amount equal to the amount by which the aggregate of the following amounts exceeds the aggregate of the amounts deducted by the individual under section 726.4.17.10 in computing his taxable income for a taxation year ending before that time:

(a) the aggregate of all amounts each of which is equal to such proportion of the amount that is renounced under section 726.4.17.12 by a corporation in respect of a share issue as is represented by the ratio between, on the one hand, the aggregate determined under subparagraph i of paragraph a of section 726.4.10 in respect of the individual, for a taxation year ending at or before that time, relating to Canadian exploration expenses incurred out of the proceeds of the share issue and, on the other hand, the aggregate described in subparagraph b of the second paragraph of section 726.4.17.12 in respect of the share issue; and

(b) the aggregate of all amounts each of which is equal to such proportion of the amount that is renounced under section 726.4.17.13 by a partnership in respect of a security issue the proceeds of which have been used to acquire flow-through shares, within the meaning of section 359.1, issued by a corporation as is represented by the ratio between, on the one hand, the aggregate determined under subparagraph i of paragraph a of section 726.4.10 in respect of the individual, for a taxation year ending at or before that time, relating to Canadian exploration expenses incurred out of the portion, subscribed by the partnership, of the proceeds of the issue of the flow-through shares and, on the other hand, the aggregate described in subparagraph b of the second paragraph of section 726.4.17.13 in respect of the security issue.

Limited
partner
of a part-
nership

Notwithstanding the foregoing, where at any time in a taxation year an individual is a limited partner, within the meaning of section 613.6, of a partnership, the following rules apply:

(a) the aggregate of all amounts each of which is an amount determined under subparagraph a or b of the first paragraph by

reference to the portion, which is referred to in subparagraph i of paragraph *a* of section 726.4.10 for the year in respect of the individual, of his share of the Canadian exploration expenses incurred by the partnership in a fiscal period thereof ending in the year shall in no case be greater than the amount by which the amount determined for the individual under the second paragraph of section 613.1, in respect of the partnership at the end of that fiscal period, exceeds the aggregate of

i. any amount that may reasonably be expected to be an amount referred to in subparagraph *c* of the second paragraph of the said section 613.1 for the individual, or for another person having acquired the individual's partnership interest, in respect of the partnership at the end of a subsequent fiscal period thereof; and

ii. the aggregate of all amounts each of which is the individual's share of any loss of the partnership for the fiscal period from a business, other than a farming business, or from property, that may be deducted by the individual in computing his income for the year or included in computing his non-capital loss for the year;

(b) the amount of the reduction, by reason of subparagraph *a*, of the aggregate described firstly in that subparagraph in respect of the individual for the year is deemed to be a loss of the individual as a limited partner in respect of the partnership for the year.

Renuncia-
tion by a
corporation

"726.4.17.12 A corporation which makes a public issue of flow-through shares within the meaning of section 359.1, the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991 may renounce, in respect of the share issue, an amount not exceeding the amount determined, in respect of that share issue, by the formula

$$\frac{A \times B.}{C}$$

Interpre-
tation

For the purposes of the formula set forth in the first paragraph,

(a) A is the lesser of

i. the aggregate of the expenses incurred by the corporation, in the course of the share issue, at or before the time the renunciation is made and, where such is the case, the reasonable additional expenses the corporation expects to incur after that time, in the course of the share issue, and

ii. 15 % of the aggregate of the proceeds of the share issue at or before the time the renunciation is made and, where such is the case,

the additional proceeds the corporation expects to receive for the additional flow-through shares it intends to issue after that time as part of the share issue;

(b) B is the aggregate of all amounts each of which is either an expense referred to in subparagraph i of paragraph a of section 726.4.10 in respect of an individual and incurred, at or before the time the renunciation is made, out of the proceeds of the share issue, or any amount that may reasonably be expected to be such an expense in respect of an individual incurred after that time out of the proceeds of the share issue;

(c) C is the amount by which the aggregate of the proceeds of the share issue at or before the time the renunciation is made and, where such is the case, the additional proceeds the corporation expects to receive for the additional flow-through shares it intends to issue after that time as part of the share issue, exceeds the amount used for A.

Validity
of the
renuncia-
tion

Any renunciation made by a corporation under the first paragraph in respect of a share issue is valid only if it is made, in prescribed form, on 31 December in the calendar year in which the share issue commenced or within 60 days thereafter.

Renuncia-
tion by a
partnership

“726.4.17.13 Where a partnership makes a public issue of securities that are interests in the partnership, where the receipt for the final prospectus or the exemption from filing a prospectus of the security issue was granted after 2 May 1991, and where the partnership uses the proceeds of the security issue to acquire flow-through shares, within the meaning of section 359.1, issued by a corporation, it may renounce, in respect of the security issue, an amount not exceeding the amount determined, in respect of the security issue, by the formula

$$\frac{A \times B}{C}$$

Interpre-
tation

For the purposes of the formula set forth in the first paragraph,

(a) A is the lesser of

i. the aggregate of the expenses incurred by the partnership, in the course of the security issue, at or before the time the renunciation is made and, where such is the case, the reasonable additional expenses the partnership expects to incur after that time, in the course of that security issue, and

ii. 15 % of the aggregate of the proceeds of the security issue at or before the time the renunciation is made and, where such is the case, the additional proceeds the partnership expects to receive for the additional partnership interests it intends to issue after that time as part of the security issue;

(b) B is the aggregate of all amounts each of which is

i. an expense referred to in subparagraph i of paragraph *a* of section 726.4.10 in respect of an individual and incurred, at or before the time the renunciation is made, out of such portion of the proceeds of the flow-through share issue as is subscribed by the partnership at or before that time out of the proceeds of the security issue; or

ii. any amount that may reasonably be expected to be an expense referred to in subparagraph i of paragraph *a* of section 726.4.10 in respect of an individual and incurred, after the time the renunciation is made, out of that portion of the proceeds of the flow-through share issue that the partnership subscribed at or before that time, or intends to subscribe after that time, out of the proceeds of the security issue;

(c) C is the amount by which the aggregate of the proceeds of the security issue at or before the time the renunciation is made and, where such is the case, the additional proceeds the partnership expects to receive for the additional partnership interests it intends to issue after that time as part of the security issue, exceeds the amount used for A.

Validity
of the
renuncia-
tion

Any renunciation made by a partnership under the first paragraph in respect of a security issue is valid only if it is made, in prescribed form, on 31 December in the calendar year in which the security issue commenced or within 60 days thereafter.

Restric-
tions

“726.4.17.14 A corporation or partnership may renounce an amount under section 726.4.17.12 or 726.4.17.13, as the case may be, in respect of an expense,

(a) on the one hand, only if the expense is an expense that would be deductible under section 147, but for the second paragraph thereof, in computing the income of the corporation or partnership, as the case may be, for any taxation year; and

(b) on the other hand, only to the extent that the corporation or partnership, as the case may be, has not deducted the expense in computing its income for any taxation year preceding the year in which the renunciation is made, has not been or cannot reasonably expect to be reimbursed for the expense, has not received or cannot reasonably expect to receive government assistance or

non-government assistance, within the meanings assigned by section 1029.8.17, in respect of the expense, and has not transferred to another person its right to such a reimbursement or such assistance.

Filing of
prescribed
form

“726.4.17.15 Where a corporation renounces an amount under section 726.4.17.12 in respect of a share issue, or where a partnership renounces an amount under section 726.4.17.13 in respect of a security issue, the corporation or partnership, as the case may be, shall file with the Minister, on or before the last day of the month following that in which the renunciation is made, a prescribed form in respect of the renunciation it has so made.

Verifica-
tion by the
Minister

“726.4.17.16 Where a corporation has renounced an amount under section 726.4.17.12 in respect of a share issue, or where a partnership has renounced an amount under section 726.4.17.13 in respect of a security issue, sections 38 to 40.1 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with such modifications as the circumstances require and without restricting their generality, for the purpose of permitting the Minister to verify or ascertain

(a) expenses in respect of which the corporation or partnership has so renounced that amount;

(b) the amount so renounced by the corporation or partnership in respect of those expenses; and

(c) any information relating to expenses in respect of which the corporation or partnership has so renounced an amount or to the amount so renounced by the corporation or partnership.

Fiscal
return not
filed

The first paragraph applies notwithstanding that a fiscal return has not been filed by an individual under section 1000 for the taxation year of the individual in which a portion of an amount so renounced by the corporation or partnership in respect of a share issue or a security issue, as the case may be, was added to his issue base relating to certain issue expenses.

Renuncia-
tion dif-
fering
from the
amount
permitted

“726.4.17.17 Where the amount that a corporation or partnership purported to renounce, in respect of a share issue or a security issue, under section 726.4.17.12 or 726.4.17.13, as the case may be, in respect of expenses incurred by it in the course of the issue either exceeds the amount it may renounce under that section in respect of the issue or, where upon making the renunciation, it took into account expenses not yet incurred at that time or any other amount not yet received or subscribed at that time, differs from the particular amount it would have been entitled to renounce under the said section in respect of that issue if, at that time, it could have taken

into account the expenses actually incurred after that time and other amounts actually received or subscribed after that time, the following rules apply:

(a) the corporation or partnership shall, as the case may be, either reduce the amount so renounced in respect of the issue by the amount of the excess, or alter it to make it equal to the particular amount;

(b) the corporation or partnership, as the case may be, shall file a statement with the Minister indicating the adjustments made in the amount so renounced.

Adjust-
ment
by the
Minister

For the purposes of this title, where the corporation or the partnership fails to comply with subparagraphs *a* and *b* of the first paragraph within 30 days after notice in writing by the Minister has been forwarded to it that the adjustment as provided in the said subparagraph *a* is or will be required for the purposes of any assessment of tax under this Part, the Minister may, as the case may be, either reduce the amount purported to be renounced by it in respect of the issue contemplated in the first paragraph by the amount of the excess referred to in that paragraph, or alter it to make it equal to the particular amount referred to in that paragraph.

Deemed
amount of
the renun-
ciation

In either such case, the amount renounced by the corporation or partnership in respect of the issue is deemed, notwithstanding section 726.4.17.12 or 726.4.17.13, as the case may be, to be the amount as reduced or altered, as the case may be, by the corporation or partnership or by the Minister, as the case may be."

(2) This section has effect from 3 May 1991. However, where a renunciation is to be made on or before 29 February 1992 by a corporation or partnership under section 726.4.17.12 or 726.4.17.13, as the case may be, of the Taxation Act, enacted by this section, any reference in that section 726.4.17.12 or 726.4.17.13 and section 726.4.17.15 of the said Act, enacted by this section, to a prescribed form shall read as a reference to a declaration in which the corporation or partnership attests that it is making the renunciation and determines the amount so renounced.

c. I-3,
s. 726.4.18,
am.

42. (1) Section 726.4.18 of the said Act, amended by section 23 of chapter 8 of the statutes of 1991, is again amended

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

"i. a share that would be described in paragraph *b* of section 965.1 if no reference were made, in that paragraph *b*, to section 965.9.1.1,

and if the requirement of paragraph *e* of section 965.7, to which that paragraph *b* refers, were read as though the words “an individual, an investment group or an investment fund” were the words “a person”;;

(2) by replacing subparagraph iv of subparagraph *c* of the first paragraph by the following subparagraph:

“iv. a qualifying share referred to in subparagraph iii of subparagraph *b*, issued by an issuer referred to in subparagraph iii of subparagraph *e* as part of a public share issue, in respect of which it is stipulated, in the final prospectus or the application for exemption from filing a prospectus,

(1) that, on the one hand, the issuer undertakes to use all or part of the proceeds of the share issue, in this subparagraph referred to as the “particular proceeds”, which must not be less than the minimum amount provided for in section 726.4.20.1 in respect of the proceeds and which must be indicated in the final prospectus or the application for exemption from filing a prospectus, for the purpose of financing, by means of the acquisition of common shares with full voting rights, issued to the issuer by a qualified corporation the corporate name of which is disclosed in the final prospectus or the application for exemption from filing a prospectus, expenditures in respect of scientific research and experimental development carried on in Québec by the qualified corporation or on its behalf and, on the other hand, the qualified corporation undertakes, firstly, to use the consideration received in respect of the shares it has issued to the issuer for the purpose of making expenditures in respect of scientific research and experimental development carried on in Québec in the period beginning on the date of the receipt for the final prospectus or of the exemption from filing a prospectus and ending on a date to be stipulated by the issuer in the final prospectus or the application for exemption from filing a prospectus and, secondly, to renounce, in accordance with section 726.4.27, in respect of the share issued by the issuer, in prescribed form, all or part of the amount the corporation will be deemed to have paid under section 1029.7, 1029.8.6 or 1029.8.10 in respect of the expenditures so made; and

(2) where applicable, that, on the one hand, the issuer undertakes to use part of the particular proceeds, which he will have recovered after having used it to acquire common shares with full voting rights, issued to him by a particular qualified corporation referred to in subparagraph 1, for the purpose of financing, by means of the acquisition of common shares with full voting rights, issued to the issuer by a qualified corporation the corporate name of which is disclosed in the final prospectus or the application for exemption from

filing a prospectus, expenditures in respect of scientific research and experimental development carried on in Québec, which will not have been incurred by any such particular qualified corporation or on its behalf and, on the other hand, that the qualified corporation undertakes, firstly, to use the consideration received in respect of the shares it has issued to the issuer for the purpose of making expenditures in respect of scientific research and experimental development carried on in Québec in the period beginning on the date of the receipt for the final prospectus or of the exemption from filing a prospectus and ending on a date to be stipulated by the issuer in the final prospectus or the application for exemption from filing a prospectus and, secondly, to renounce, in accordance with section 726.4.27, in respect of the share issued by the issuer, in prescribed form, all or part of the amount the corporation will be deemed to have paid under section 1029.7, 1029.8.6 or 1029.8.10 in respect of the expenditures so made;”;

(3) by replacing subparagraph c.1 of the first paragraph by the following subparagraph:

“common
share with
full voting
rights”

“(c.1) “common share with full voting rights” means a common share carrying a number of voting rights in the issuing corporation, in all circumstances and regardless of the number of shares held, not lower than the number attached to any other share of the capital stock of that corporation;”;

(4) by replacing subparagraph iii of subparagraph c.4 of the first paragraph by the following subparagraph:

“iii. its assets are under \$1 000 000 000;”;

(5) by replacing subparagraph i of subparagraph d of the first paragraph by the following subparagraph:

“i. a subsidiary controlled by an issuer, where the issuer is a corporation referred to in any of sections 965.11.5, 965.16 to 965.16.0.2, 965.17.3 and 965.17.4;”;

(6) by replacing subparagraph i of subparagraph e of the first paragraph by the following subparagraph:

“i. on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the share issue, a corporation whose assets are under \$250 000 000 and that would be a qualified corporation within the meaning of paragraph d of section 965.1 if that paragraph were read without the reference to section 965.11.7.1;”;

(7) by replacing subparagraph iii of subparagraph *e* of the first paragraph by the following subparagraph:

“iii. a research and development venture capital corporation;”;

(8) by replacing subparagraph *f* of the first paragraph by the following subparagraph:

“public
share
issue”

“(f) “public share issue” means the distribution of a share carried out in accordance with a receipt or an exemption from filing a prospectus granted under the Securities Act (R.S.Q., chapter V-1.1);”;

(9) by inserting, after subparagraph *g* of the first paragraph, the following subparagraph:

“additional
interest”

“(g.0.1) “additional interest” of an interest share in respect of a qualified investment made in a designated corporation means such proportion of the quotient obtained by dividing the portion, attributable under section 965.31.5 to the qualified investment, of the amount renounced under the said section by a designated company in respect of the share issue the proceeds of which have been used to make the qualified investment, by the total number of interest shares in that qualified investment as is represented by the ratio between on the one hand, the amount of the consideration received in respect of the qualified investment regarding which the designated corporation has undertaken, in the agreement under which the qualified investment is made, to make expenditures in respect of scientific research and experimental development and, on the other hand, the consideration received in respect of that qualified investment;”;

(10) by replacing subparagraph ii of subparagraph *i.2* of the first paragraph by the following subparagraph:

“ii. its assets are under \$250 000 000 or its net shareholders’ equity does not exceed \$20 000 000;”.

(2) Paragraphs 2, 3 and 10 of subsection 1 apply in respect of share issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

(3) Paragraphs 3, 5 and 9 of subsection 1 have effect from 3 May 1991.

(4) Paragraph 6 of subsection 1 has effect from 17 May 1989.

(5) Paragraph 8 of subsection 1 has effect from 13 May 1988.

c. I-3,
s. 726.4.20.2.1,
added

43. (1) The said Act is amended by inserting, after section 726.4.20.2, the following section:

Successive
amalgama-
tions

“726.4.20.2.1 For the purposes of section 726.4.20.2, where the predecessor corporation referred to therein is itself a corporation resulting from an amalgamation within the meaning of section 544 and the period between the time of the amalgamation and the time it became a predecessor corporation is not 12 months or over, the requirement set forth in its respect in section 726.4.20.2 concerning the number of employees shall be replaced by the requirement to have had, throughout the period from the time of the amalgamation to the time it became a predecessor corporation, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (R.S.Q., chapter V-1.1) or persons to whom they are related if, immediately before the time of the amalgamation, one of the predecessor corporations had, throughout the 12 months preceding the time of the amalgamation, at least five full-time employees who are not insiders within the meaning of section 89 of the said Act or persons to whom they are related.

Successive
amalgama-
tions

For the purposes of the first paragraph, where a predecessor corporation referred to lastly in that paragraph, or a predecessor corporation which is referred to lastly in that paragraph as a result of the application of this paragraph, is itself a corporation resulting from an amalgamation within the meaning of section 544 and the period between the time of the amalgamation and the time it became a predecessor corporation is not 12 months or over, the rule prescribed in the first paragraph applies in respect of the requirement concerning the number of employees prescribed in its respect lastly in that paragraph.”

(2) This section has effect from 17 May 1989.

c. I-3,
s. 726.4.22.1,
am.

44. (1) Section 726.4.22.1 of the said Act, amended by section 27 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing subparagraphs i to iii of subparagraph b of the second paragraph by the following subparagraphs:

“i. the divided interest of the share in the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made before 3 May 1991 by a designated company referred to in section 4 of the said Act;

“ii. 125 % of either the aggregate of the divided interest of the share in the qualified investment and the additional interest of the

share in respect of the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4 of the said Act, or the divided interest of the share in the qualified investment in the case of either a qualified investment referred to in section 12.2 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4.1 of the said Act or a qualified investment referred to in section 12.3 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4 of the said Act;

“iii. 150 % of either the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4.1 of the said Act or a qualified investment referred to in section 12.3 of the said Act that is made after 2 May 1991 by a designated company referred to in section 4 of the said Act, or the divided interest of the share in the qualified investment in the case of a qualified investment referred to in section 12.3 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4.1 of the said Act;”;

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

“iv. 175 % of the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4.1 of the said Act.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 726.4.24.1,
am.

45. (1) Section 726.4.24.1 of the said Act, amended by section 31 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing subparagraphs i to iii of subparagraph *b* of the second paragraph by the following subparagraphs:

“i. the divided interest of the share in the qualified investment in the case of a qualified investment referred to in section 12.2 of the

Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made before 3 May 1991 by a designated company referred to in section 4 of the said Act;

“ii. 125 % of either the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4 of the said Act, or the divided interest of the share in the qualified investment in the case of either a qualified investment referred to in section 12.2 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4.1 of the said Act or a qualified investment referred to in section 12.3 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4 of the said Act;

“iii. 150 % of either the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4.1 of the said Act or a qualified investment referred to in section 12.3 of the said Act that is made after 2 May 1991 by a designated company referred to in section 4 of the said Act, or the divided interest of the share in the qualified investment in the case of a qualified investment referred to in section 12.3 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4.1 of the said Act;”;

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

“iv. 175 % of the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4.1 of the said Act.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 726.4.26.1,
am.

46. (1) Section 726.4.26.1 of the said Act, amended by section 35 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing subparagraphs i to iii of subparagraph *b* of the second paragraph by the following subparagraphs:

“i. the divided interest of the share in the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) and made before 3 May 1991 by a designated company referred to in section 4 of the said Act;

“ii. 125 % of either the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4 of the said Act, or the divided interest of the share in the qualified investment in the case of either a qualified investment referred to in section 12.2 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4.1 of the said Act or a qualified investment referred to in section 12.3 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4 of the said Act;

“iii. 150 % of either the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4.1 of the said Act or a qualified investment referred to in section 12.3 of the said Act that is made after 2 May 1991 by a designated company referred to in section 4 of the said Act, or the divided interest of the share in the qualified investment in the case of a qualified investment referred to in section 12.3 of the said Act that is made before 3 May 1991 by a designated company referred to in section 4.1 of the said Act;”;

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

“iv. 175 % of the aggregate of the divided interest of the share in the qualified investment and the additional interest of the share in respect of the qualified investment in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) that is made after 2 May 1991 by a designated company referred to in section 4.1 of the said Act.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 726.4.33,
am.

47. (1) Section 726.4.33 of the said Act is amended

(1) by striking out the word “and” at the end of paragraph *b*;

(2) by replacing the period at the end of paragraph *c* by a semicolon;

(3) by adding, after paragraph *c*, the following paragraph:

“(d) in the case of a share referred to in subparagraph iv of subparagraph *c* of the first paragraph of section 726.4.18, the public share issue, in respect of which the share is issued, has ended.”

(2) This section applies in respect of share issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 737.13.1,
added

48. (1) The said Act is amended by inserting, after section 737.13, the following section:

Transac-
tions not
initiated
at the
internatio-
nal finan-
cial centre

“737.13.1 The requirements set out in paragraphs *c* and *d* of section 737.13 in respect of an international financial centre of a corporation shall not be considered not fulfilled merely because, in the case of a prescribed transaction, such transaction was initiated by a client who, for that purpose, went to an office or branch of the corporation other than the separate place referred to in paragraph *d* of the said section in respect of the international financial centre.”

(2) This section has effect from 1 January 1986.

c. I-3,
s. 737.14,
replaced

49. (1) Section 737.14 of the said Act is replaced by the following section:

Deduction
by a cor-
poration

“737.14 A corporation which, in a taxation year, operates an international financial centre may deduct, in computing its taxable income for the year, an amount not exceeding that part of its income for the year that may reasonably be considered to be the amount by which

(a) the aggregate of all amounts each of which is equal to the total of the following amounts:

i. the amount by which the income of the corporation for the year from the operations of an international financial centre operated by it in the year exceeds the amount referred to in subparagraph ii in respect of that centre, and

ii. the amount, if any, determined for the year under the second paragraph in respect of the corporation's international financial centre referred to in subparagraph i, exceeds

(b) the aggregate of all amounts each of which is the corporation's loss for the year from the operations of an international financial centre of the corporation, other than any such centre in respect of which an amount is determined for the year under the second paragraph.

Corporation operating an international banking centre

The amount referred to in subparagraph ii of subparagraph *a* of the first paragraph for a taxation year in respect of an international financial centre of a corporation is, where, in accordance with subsection 3 of section 33.1 of the Income Tax Act (Statutes of Canada), the corporation has designated for the year an office or branch located in Montréal in which an international banking centre business is to be carried on and the office or branch is, except as regards the conduct of transactions other than prescribed international transactions for the purposes of paragraph *b* of section 737.13, the separate place referred to in paragraph *d* of the said section 737.13 in respect of the international financial centre of the corporation, the amount on account of income, in respect of that international financial centre, that must not, in accordance with the said section 33.1, be included in computing the corporation's income for the year for the purposes of that Act."

(2) This section applies to taxation years commencing after 2 May 1991.

c. 1-3,
s. 737.17,
replaced

50. (1) Section 737.17 of the said Act is replaced by the following section:

Amount to be included by a corporation

"737.17 A corporation which, in a taxation year, operates an international financial centre shall include, in computing its taxable income for the year, an amount equal to the amount by which the aggregate determined for the year in respect of the corporation under subparagraph *b* of the first paragraph of section 737.14 exceeds the aggregate determined for the year in its respect under subparagraph *a* of the said first paragraph.

Maximum amount

Notwithstanding the foregoing, the amount determined under the first paragraph for a taxation year in respect of a corporation shall in no case be greater than the corporation's income for the year computed without taking into account any income or loss of the corporation for the year from the operations of an international financial centre operated by it in the year."

(2) This section applies to taxation years commencing after 2 May 1991.

c. I-3,
s. 737.18,
am.

51. (1) Section 737.18 of the said Act, amended by section 87 of chapter 25 of the statutes of 1991, is again amended by replacing paragraph *a* by the following paragraph:

“(a) for the purposes of the deduction contemplated in section 725.2, the amount of the benefit he is deemed to receive in the year by virtue of section 49, 50, 51 or 52 in respect of the share or the transfer or other disposition of the rights under the agreement contemplated in section 48 and which he has included in computing his income for the year, shall not include the part of the amount included in that part of his income contemplated in the first paragraph of section 737.16 for the year.”.

(2) This section applies in respect of benefits deemed to be received in respect of a share acquired or rights in respect of a share transferred or otherwise disposed of after 2 May 1991.

c. I-3,
s. 737.19,
am.

52. (1) Section 737.19 of the said Act is amended

(1) by replacing that part of paragraph *a* preceding subparagraph *i* by the following:

“foreign
researcher”

“(a) “foreign researcher” means an individual who, at a particular time after 30 April 1987, assumes duties as an employee of an eligible employer pursuant to an employment contract entered into after 30 April 1987 and before 1 January 1994 with the eligible employer, with respect to whom the eligible employer obtained, not later than 30 days after the later of the date the employment contract was entered into and the date the researcher assumed his duties, a certificate from the Conseil de la Science et de la Technologie, that has not been revoked, attesting that the researcher is a specialist in the relevant field of pure or applied science or a related field and holds a Master’s degree recognized by a Québec university, or its equivalent, and satisfies the following conditions:”;

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

“*iii.* his duties as an employee of the eligible employer consist almost exclusively in carrying on scientific research and experimental development which cannot reasonably be considered to be scientific research and experimental development activities carried on in an

eligible university entity within the meaning of paragraph *f* of section 1029.8.1 or an eligible public research centre within the meaning of paragraph *a.1* of the said section;”.

(2) Paragraph 1 of subsection 1 applies to certificates obtained with respect to an individual who enters into an employment contract or assumes duties with an eligible employer after 1 September 1990. However, where the said paragraph 1 of subsection 1 applies to certificates obtained with respect to an individual who enters into an employment contract or assumes duties with an eligible employer after 1 September 1990 and before 3 May 1991, the requirement, in that part of paragraph *a* preceding subparagraph *i* of section 737.19 of the Taxation Act, enacted by the said paragraph 1, that the certificate with respect to the individual be obtained not later than 30 days after the later of the date the employment contract was entered into and the date the researcher assumed his duties shall be replaced by the requirement that the certificate be obtained on or before 2 June 1991.

(3) Paragraph 2 of subsection 1 has effect from 2 May 1991.

c. 1-3,
s. 737.22,
am.

53. (1) Section 737.22 of the said Act, amended by section 88 of chapter 25 of the statutes of 1991, is again amended by replacing paragraph *a* by the following paragraph:

“(a) where he has included in computing his income for the year an amount representing the benefit he is deemed to receive in the year under section 49, 50, 51 or 52, in respect of the share or the transfer or other disposition of the rights under the agreement and the amount of the benefit is included in his eligible income for the year, the amount of the benefit is, for the purposes of a deduction under section 725.2, deemed to be nil;”.

(2) This section applies in respect of benefits deemed to be received in respect of a share acquired or rights in respect of a share transferred or otherwise disposed of after 2 May 1991.

c. 1-3,
s. 752, am.

54. (1) Section 752 of the said Act, amended by section 42 of chapter 8 of the statutes of 1991, is again amended by replacing paragraph *b* by the following paragraph:

“(b) 58 % of the amount by which the income for the year of the person contemplated in paragraph *a* exceeds \$5 780.”

(2) This section applies from the taxation year 1992.

c. I-3,
s. 752.0.1,
am.

55. (1) Section 752.0.1 of the said Act, amended by section 43 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing that part preceding subparagraph *i* of paragraph *b* by the following:

Basic
credits

“752.0.1 An individual may deduct from his tax otherwise payable for a taxation year under this Part 20 % of an amount of \$5 780, plus 20 % of the aggregate of the following amounts:

(a) \$5 780 for a person who is his spouse if he supports that person for that year;

(b) \$2 550 for a person”;

(2) by replacing paragraphs *c* and *d* by the following paragraphs:

“(c) \$2 205 for each person described in paragraph *b* in respect of whom the individual does not make any deduction under the said paragraph *b*;

“(d) for each person described in paragraph *b*, \$1 615 in respect of each completed term, without exceeding two, which began in the year and during which the person was in full-time attendance at an educational institution contemplated in subparagraph *i* or *iv* of paragraph *a* of section 337 or in paragraph *b* or *c* of the said section where he was enrolled in a prescribed post-secondary educational program, and was not a prescribed tax-exempt person;”;

(3) by replacing that part of paragraph *e* preceding subparagraph *i* by the following:

“(e) \$1 275 for a person in respect of whom the individual is entitled to a deduction under paragraph *b*, if he is not entitled to the deduction contemplated in paragraph *a* and, during the year,”;

(4) by replacing that part of paragraph *f* preceding subparagraph *i* by the following:

“(f) \$2 205 for each person”;

(5) by replacing paragraphs *g* and *h* by the following paragraphs:

“(g) \$5 780 for each person described in paragraph *f* who, during the year, is dependent on the individual by reason of mental or physical infirmity and in respect of whom the individual makes no deduction under the said paragraph *f*;

“(h) \$1 030, if the individual is not entitled to the deduction contemplated in paragraph *a*, if he ordinarily lives, throughout the year, in a self-contained domestic establishment maintained by him and in which no person other than the individual or a person described in paragraph *b* lives during the year and if he files with the Minister a prescribed document, or, where he is unable to file such a document, a prescribed form, on or before the day on or before which he is required to file his fiscal return with the Minister under section 1000 for the year;”.

(2) This section applies from the taxation year 1992.

c. 1-3,
s. 752.0.20,
replaced

56. Section 752.0.20 of the said Act, replaced by section 45 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Annual
indexing

“752.0.20 The following amounts shall be indexed annually so that each of these amounts to be used for a taxation year subsequent to the taxation year 1992 becomes that obtained by adding to that amount the amount obtained by multiplying, by the prescribed ratio for that year, the amount that would have been applicable for that year but for this section:

(a) the amounts of \$1 030, \$1 275, \$1 615, \$2 205, \$2 550 and \$5 780 referred to in section 752.0.1;

(b) the amount of \$5 780 referred to in paragraph *b* of section 752.”

c. 1-3,
s. 752.12,
am.

57. (1) Section 752.12 of the said Act, amended by section 292 of chapter 59 of the statutes of 1990, is again amended by replacing paragraph *b* by the following paragraph:

“(b) the amount, if any, by which the amount that, but for this section and section 752.14, would be his tax otherwise payable under this Part for the particular year, if such tax were computed pursuant to Book V without taking account of sections 752.1 to 752.5, 772, 772.1, 776, 776.1.1 to 776.1.5 and 776.6 to 776.20, exceeds the amount of the minimum tax applicable to that individual for the particular year as determined under section 776.46.”

(2) This section applies from the taxation year 1991.

c. 1-3,
s. 752.14,
replaced

58. (1) Section 752.14 of the said Act, replaced by section 293 of chapter 59 of the statutes of 1990, is again replaced by the following section:

Computa-
tion of
additional
tax

“752.14 For the purposes of section 752.12, additional tax of an individual for a taxation year is the amount, if any, by which his minimum tax applicable for the year as determined under section 776.46 exceeds the amount that would be the tax otherwise payable by him under this Part for the year if such amount were computed pursuant to Book V without taking account of sections 752.1 to 752.5, 772, 772.1, 776 and 776.1.1 to 776.1.5.”

(2) This section applies from the taxation year 1991.

c. I-3,
s. 771, am.

59. (1) Section 771 of the said Act, amended by section 46 of chapter 8 of the statutes of 1991, is again amended

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

“(a) in the case of a deposit insurance corporation described in paragraph *b* of section 804, to 3.75 % of its taxable income for the year;”;

(2) by replacing that part of paragraph *d.1* of subsection 1 preceding subparagraph *i* by the following:

“(d.1) in the case of a corporation contemplated in paragraph *b*, for a taxation year ending after 1988 but before 1 September 1991, to the amount by which 13 % of its taxable income for the year exceeds the aggregate of”;

(3) by inserting, after paragraph *d.1* of subsection 1, the following paragraph:

“(d.2) in the case of a corporation contemplated in paragraph *b*, for a taxation year ending after 31 August 1991, to the amount by which 16.25 % of its taxable income for the year exceeds the aggregate of

i. 9.35 % of the lesser of its taxable income for the year and the amount by which its income for the year from an eligible business operated by it exceeds its loss for the year from such a business; and

ii. where the corporation was, throughout the year, a Canadian-controlled private corporation, 3.15 % of the aggregate, where such is the case, of the amount determined in its respect for the year under section 771.0.2.1 and, where the corporation was, throughout the year, a savings and credit union, of the additional amount determined in its respect for the year under section 771.0.3.1;”;

(4) by replacing that part of paragraph *e* of subsection 1 preceding subparagraph *i* by the following:

“(e) notwithstanding paragraph *d.1*, in the case of a corporation contemplated in paragraph *b*, for a taxation year ending before 1 September 1991 and for which it is an eligible corporation within the meaning of sections 771.5 to 771.7, to the aggregate of 3.45 % of the portion of its taxable income for the year equal to the amount determined in its respect for the year under section 771.9 and the amount by which 13 % of the remaining portion of its taxable income for the year exceeds the aggregate of”;

(5) by replacing the period at the end of paragraph *e* of subsection 1 by a semicolon;

(6) by adding, after paragraph *e* of subsection 1, the following paragraph:

“(f) notwithstanding paragraph *d.2*, in the case of a corporation contemplated in paragraph *b*, for a taxation year ending after 31 August 1991 and for which it is an eligible corporation within the meaning of sections 771.5 to 771.7, to the aggregate of 3.75 % of the portion of its taxable income for the year equal to the amount determined in its respect for the year under section 771.9 and the amount by which 16.25 % of the remaining portion of its taxable income for the year exceeds the aggregate of

i. 16.25 % of the amount by which the amount determined in its respect for the year under section 771.8.1 exceeds the amount determined in its respect for the year under section 771.9;

ii. 9.35 % of the amount by which the lesser of its taxable income for the year and, where the corporation is not a corporation contemplated in paragraph *c* of section 771.8.1, the amount by which its income for the year from an eligible business carried on by it, exceeds its loss for the year from such a business or, where the corporation is a corporation contemplated in the said paragraph *c*, the greater of the latter excess amount and the aggregate contemplated in subparagraph *ii* of paragraph *d.2*, exceeds the amount determined in its respect for the year under section 771.8.1; and

iii. where the corporation was, throughout the year, a savings and credit union, 3.15 % of the amount by which the amount determined in its respect for the year under section 771.0.2.1 exceeds the amount determined in its respect for the year under section 771.8.1.”

(2) This section applies, subject to subsection 3, to taxation years ending after 31 August 1991.

(3) Where paragraphs *a*, *d.2* and *f* of subsection 1 of section 771 of the Taxation Act, enacted by paragraphs 1, 3 and 6 of subsection 1 of this section, respectively, apply to taxation years that end after 31 August 1991 and include that date, the following rules apply:

(a) the amount determined in respect of a corporation for the year under the said paragraph *a* is deemed, notwithstanding the said paragraph *a*, to be equal to the aggregate of

i. such proportion of 115 % of the amount that, but for this paragraph, would be determined in respect of the corporation for the year under the said paragraph *a* if the reference therein to "3.75 %" were a reference to "3 %", as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

ii. such proportion of the amount that, but for this paragraph, would be determined in respect of the corporation for the year under the said paragraph *a*, as the number of days in the year following 31 August 1991 is of the number of days in the year;

(b) the amount determined in respect of a corporation for the year under the said paragraph *d.2* is deemed, notwithstanding the said paragraph *d.2*, to be equal to the aggregate of

i. such proportion of 115 % of the amount that, but for this subsection, would be determined in respect of the corporation for the year under the said paragraph *d.2* if the percentages "16.25 %", "9.35 %" and "3.15 %" stated therein were replaced by "13 %", "7.5 %" and "2.5 %", respectively, as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

ii. such proportion of the amount that, but for this subsection, would be determined in respect of the corporation for the year under the said paragraph *d.2*, as the number of days in the year following 31 August 1991 is of the number of days in the year;

(c) the amount determined in respect of a corporation for the year under the said paragraph *f* is deemed, notwithstanding the said paragraph *f*, to be equal to the aggregate of

i. such proportion of the amount that, but for this subsection, would be determined in respect of the corporation for the year under the said paragraph *f* if the percentages "16.25 %", "9.35 %" and "3.15 %" stated therein were replaced by "13 %", "7.5 %" and

“2.5 %”, respectively, and the words “and the amount by which” contained therein were replaced by the words “and 115 % of the amount by which”, as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

ii. such proportion of the amount that, but for this subsection, would be determined in respect of the corporation for the year under the said paragraph *f*, as the number of days in the year following 31 August 1991 is of the number of days in the year.

c. 1-3,
s. 771.0.1.2,
am.

60. (1) Section 771.0.1.2 of the said Act, enacted by section 48 of chapter 8 of the statutes of 1991, is amended by replacing that part preceding subparagraph *a* of the first paragraph by the following:

Additional
tax payable

“771.0.1.2 A corporation shall add to its tax payable under subsection 1 of section 771 for a taxation year ending after 26 April 1990 but before 1 September 1991 an amount equal to”.

(2) This section applies to taxation years ending after 31 August 1991.

c. 1-3,
s. 771.0.2.1,
added

61. (1) The said Act is amended by inserting, after section 771.0.2, the following section:

Amount
determined
in respect
of income
from an
eligible
business

“771.0.2.1 The amount contemplated in subparagraph ii of paragraph *d.2* of subsection 1 of section 771 is, in respect of a corporation for a taxation year, an amount equal to the least of

(a) the amount by which the aggregate of all amounts each of which is the income of the corporation for the year from an eligible business carried on in Canada, other than the income of the corporation for the year from a business carried on by it as a member of a partnership, and the specified partnership income of the corporation for the year exceeds the aggregate of

i. all amounts each of which is a loss of the corporation for the year from an eligible business carried on in Canada, other than a loss of the corporation for the year from a business carried on by it as a member of a partnership, and

ii. the specified partnership loss of the corporation for the year;

(b) the amount by which the taxable income of the corporation for the year exceeds the quotient obtained by dividing by 16.25 the product obtained by multiplying by 100 the amount deducted for the year under the regulations made pursuant to section 772 in computing the tax otherwise payable by it for the year under this Part; and

(c) the corporation's business limit for the year."

(2) This section applies, subject to subsection 3, to taxation years ending after 31 August 1991.

(3) Where section 771.0.2.1 of the Taxation Act, enacted by subsection 1, applies to taxation years that end after 31 August 1991 and include that date, the excess amount determined in respect of a corporation for the year under paragraph *b* of the said section 771.0.2.1 is deemed, notwithstanding that paragraph *b*, to be equal to the aggregate of

(a) such proportion of the excess amount that, but for this subsection, would be determined in respect of the corporation for the year under that paragraph *b* if the figure "16.25" stated therein were replaced by "13" as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

(b) such proportion of the excess amount that, but for this subsection, would be determined in respect of the corporation for the year under that paragraph *b* as the number of days in the year following 31 August 1991 is of the number of days in the year.

62. (1) The said Act is amended by inserting, after section c. I-3, s. 771.0.3.1, added 771.0.3, the following section:

Additional
amount

"771.0.3.1 The additional amount contemplated in subparagraph ii of paragraph *d.2* of subsection 1 of section 771 is, in respect of a corporation for a taxation year, an amount equal to the amount by which the lesser of the following amounts exceeds the least of the amounts determined under paragraphs *a* to *c* of section 771.0.2.1 in respect of the corporation for the year:

(a) the corporation's taxable income for the year; and

(b) the amount by which $\frac{4}{3}$ of the corporation's maximum cumulative reserve at the end of the year exceeds the corporation's preferred-rate amount at the end of the preceding taxation year."

(2) This section applies to taxation years ending after 31 August 1991.

63. (1) The said Act is amended by inserting, after section c. I-3, s. 771.0.4.1, added 771.0.4, the following section:

Additional
amount

"771.0.4.1 For the purposes of this Part, except subparagraph ii of paragraph *d.2* of subsection 1 of section 771, any additional amount

determined under section 771.0.3.1 is deemed to be an amount determined under section 771.0.2.1.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.0.5,
am.

64. (1) Section 771.0.5 of the said Act is amended by replacing paragraph *b* by the following paragraph:

“preferred-
rate amount
of a cor-
poration”

“(b) “preferred-rate amount of a corporation” at the end of a taxation year means an amount equal to the aggregate of its preferred-rate amount at the end of its preceding taxation year and the amount determined in its respect for the year under section 771.0.2 or 771.0.2.1, as the case may be;”.

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.0.6,
am.

65. (1) Section 771.0.6 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Rules ap-
plicable

“**771.0.6** For the purposes of sections 771.0.3 and 771.0.3.1, the following rules apply:”.

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.1,
am.

66. (1) Section 771.1 of the said Act is amended by replacing paragraph *b* by the following paragraph:

“eligible
business
carried on
by a cor-
poration”

“(b) the expression “eligible business carried on by a corporation” means any business carried on by a corporation other than a specified investment business or a personal services business and includes, except for the purposes of the second paragraph of section 771.6 and paragraph *d* of sections 771.8 and 771.8.1, an adventure or concern in the nature of trade.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.1.6,
replaced

67. (1) Section 771.1.6 of the said Act is replaced by the following section:

Partnerships of
corporations

“**771.1.6** For the purposes of this title, where in a taxation year a corporation is a member of a particular partnership and in the year the corporation or a corporation with which it is associated in the year is a member of one or more other partnerships and it may reasonably

be considered that one of the main reasons for the separate existence of the partnerships is to increase the amount of a deduction of any corporation under subparagraph ii of paragraph *d.1* or *d.2*, as the case may be, of subsection 1 of section 771, the specified partnership income of the corporation for the year shall, for the purposes of this title, be computed in respect of those partnerships as if all amounts each of which is the income of one of the partnerships for a fiscal period ending in the year from an eligible business carried on by it in Canada were nil except for the greatest of such amounts."

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.1.10,
am. **68.** (1) Section 771.1.10 of the said Act is amended by replacing that part of paragraph *b* preceding subparagraph ii by the following:

"(b) the lesser of

i. the aggregate of the amounts determined in respect of the corporation for the year under subparagraphs i and ii of paragraph *a* of section 771.0.2 or 771.0.2.1, as the case may be, and"

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.2.1.1,
added **69.** (1) The said Act is amended by inserting, after section 771.2.1, the following section:

Savings
and credit
union

"771.2.1.1 Where paragraph *d.2* of subsection 1 of section 771 applies for a taxation year to a corporation that was a savings and credit union throughout the year and where the excess amount that would otherwise be determined for the year under subparagraph i of the said paragraph *d.2* is less than the aggregate contemplated in subparagraph ii of the said paragraph *d.2*, the said excess amount is deemed to be equal to that aggregate."

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.2.2,
replaced **70.** (1) Section 771.2.2 of the said Act is replaced by the following section:

Income or
loss con-
sidered
nil

"771.2.2 For the purposes of subparagraphs i and ii of paragraphs *d.1* and *d.2* of subsection 1 of section 771, subparagraphs ii and iii of paragraphs *e* and *f* of the said subsection 1 and paragraph *d* of sections 771.8 and 771.8.1, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be

computed as if any income or loss of the corporation for the year from the operations of an international financial centre were nil.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.5,
arr.

71. (1) Section 771.5 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Eligible
corporation

“771.5 For the purposes of paragraphs *e* and *f* of subsection 1 of section 771 and subject to sections 771.6 and 771.7, a corporation is an eligible corporation for a taxation year if”.

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 771.8.1,
added

72. (1) The said Act is amended by inserting, after section 771.8, the following section:

Determina-
tion of
amount for
purposes
of s. 771

“771.8.1 The amount which, for the purposes of subparagraphs i to iii of paragraph *f* of subsection 1 of section 771, is to be determined under this section in respect of a corporation for a taxation year is the least of the following amounts:

(a) \$200 000;

(b) the amount by which the taxable income of the corporation for the year exceeds the quotient obtained by dividing by 16.25 the product obtained by multiplying by 100 the amount deducted for the year under the regulations made pursuant to section 772 in computing the tax otherwise payable by it for the year under this Part;

(c) where the corporation was a savings and credit union throughout the year, the greater of

i. the amount by which $\frac{4}{3}$ of its maximum cumulative reserve at the end of the year exceeds the aggregate, for any preceding taxation year, of the amount determined in its respect under this section and the excess amount described in subparagraph iii of paragraph *e* or *f*, as the case may be, of subsection 1 of section 771, and

ii. the amount by which its income for the year from an eligible business carried on by it in Canada exceeds its loss for the year from such a business; and

(d) where the corporation is not a corporation contemplated in paragraph *c*, the amount by which its income for the year from an

eligible business carried on by it in Canada exceeds its loss for the year from such a business.”

(2) This section applies, subject to subsection 3, to taxation years ending after 31 August 1991.

(3) Where section 771.8.1 of the Taxation Act, enacted by subsection 1, applies to taxation years that end after 31 August 1991 and include that date, the excess amount determined in respect of a corporation for the year under paragraph *b* of the said section 771.8.1 is deemed, notwithstanding the said paragraph *b*, to be equal to the aggregate of

(a) such proportion of the excess amount that, but for this subsection, would be determined in respect of the corporation for the year under the said paragraph *b* if the figure “16.25” stated therein were replaced by “13” as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

(b) such proportion of the excess amount that, but for this subsection, would be determined in respect of the corporation for the year under the said paragraph *b* as the number of days in the year following 31 August 1991 is of the number of days in the year.

c. I-3,
s. 771.9,
am.

73. (1) Section 771.9 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Determina-
tion of
amount for
purposes
of s. 771

“771.9 The amount which, for the purposes of paragraph *e* or *f* of subsection 1 of section 771, is to be determined under this section in respect of a corporation for a particular taxation year is the lesser of”;

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

“(b) the amount determined in respect of the corporation for the particular year under section 771.8 or 771.8.1, as the case may be.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
ss. 771.10,
771.11,
replaced

Maximum
tax paya-
ble

74. (1) Sections 771.10 and 771.11 of the said Act are replaced by the following sections:

“771.10 Where the amount determined in respect of a corporation for a particular taxation year under section 771.9 is not

an amount which is nil, the tax payable by the corporation for the particular year in respect of the portion of its taxable income for the particular year which is equal to that amount, as determined under paragraph *e* or *f*, as the case may be, of subsection 1 of section 771 or, in the case of a corporation contemplated in the second paragraph of section 27, such proportion of the said tax payable as is indicated in the said second paragraph, shall not be greater than the amount by which the aggregate of all amounts determined under subparagraph *i* of paragraph *a* of section 1029.2 in respect of the corporation for a taxation year preceding the particular year exceeds such tax payable or such proportion of such tax payable by the corporation for the taxation year preceding the particular year in respect of such a portion of its taxable income for the preceding year.

Deemed
deduction
in respect
of loss

“771.11 Where the tax payable by a corporation for a particular taxation year is determined under paragraph *e* or *f*, as the case may be, of subsection 1 of section 771, the corporation is deemed, for the purposes of the application of section 734 and subparagraph *i* of paragraph *a* of section 1029.2 to any subsequent taxation year, to have deducted under Title VII of Book IV, in computing its taxable income for the particular year, the amount that may be deducted in respect of any loss which, except where the corporation was a savings and credit union throughout the particular year, is not a net capital loss under the said title in such computation for the particular year and which the corporation has not otherwise deducted in such computation for the particular year.

Maximum
amount

Notwithstanding the foregoing, the amount contemplated in the first paragraph for the particular taxation year in respect of a particular loss of the corporation shall not be greater than such portion of the excess amount described in subparagraph *i* of paragraph *e* or *f*, as the case may be, of subsection 1 of section 771 in respect of the corporation for the particular year as exceeds the aggregate of all amounts it is deemed to have deducted under this section in such computation for the particular year in respect of any loss sustained by it in a taxation year preceding the taxation year in which the particular loss was sustained.”

(2) This section applies to taxation years ending after 31 August 1991.

c. 1-3,
s. 776.33,
am.

75. (1) Section 776.33 of the said Act, amended by section 51 of chapter 8 of the statutes of 1991, is again amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) \$850 in respect of the individual contemplated therein;

“(b) \$530 in respect of the individual’s spouse during the year;

“(c) \$205 in respect of not more than one dependent person of the individual during the year if, throughout the year, the individual has no spouse and ordinarily lives in a self-contained domestic establishment in which no person, other than himself or his dependent person, lives.”

(2) This section applies from the taxation year 1992.

c. 1-3,
s. 776.34,
am.

76. (1) Section 776.34 of the said Act, amended by section 52 of chapter 8 of the statutes of 1991, is again amended by replacing paragraph *b* by the following paragraph:

“(b) the amount by which the excess amount of the income for the year of the dependent person of the individual during the year contemplated in the first paragraph of section 776.32, over any amount received by the person in the year as social assistance payment based on an examination of means, needs or income, exceeds \$5 780; and”.

(2) This section applies from the taxation year 1992.

c. 1-3,
s. 776.35,
am.

77. (1) Section 776.35 of the said Act, amended by section 53 of chapter 8 of the statutes of 1991, is again amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) \$8 000 where the individual referred to in section 776.32 has a spouse during the year;

“(b) \$6 840 where, throughout the year, the individual has no spouse and ordinarily lives in a self-contained domestic establishment in which no person, other than himself or his dependent person, lives; or

“(c) \$5 910 in other cases.”

(2) This section applies from the taxation year 1992.

c. 1-3,
s. 776.41,
am.

78. Section 776.41 of the said Act, amended by section 54 of chapter 8 of the statutes of 1991, is again amended by replacing the first paragraph by the following paragraph:

Annual
indexing

“776.41 The following amounts shall be indexed annually so that each of these amounts to be used for a taxation year subsequent to the taxation year 1992 becomes that obtained by adding to that amount the amount obtained by multiplying by the same ratio as that

prescribed for the purposes of section 752.0.20 for that year the amount that would have been applicable for that year but for this section:

(a) the amounts of \$850, \$530 and \$205 mentioned in section 776.33;

(b) the amount of \$5 780 mentioned in section 776.34;

(c) the amounts of \$8 000, \$6 840 and \$5 910 mentioned in section 776.35.”

c. I-3,
s. 776.42,
am.

79. (1) Section 776.42 of the said Act, amended by section 298 of chapter 59 of the statutes of 1990, is again amended

(1) by replacing that part preceding paragraph *a* by the following:

Computation
of tax
payable by
individual

“776.42 Notwithstanding any other provision of this Act, where the amount that would represent the tax otherwise payable by an individual for a taxation year if it were computed pursuant to Book V without reference to sections 752.1 to 752.5 is less than the excess amount referred to in subparagraph *i* of paragraph *a*, in respect of the individual, the tax payable under this Part by the individual for the year, except in the case of a segregated fund trust within the meaning of paragraph *k* of section 835 or a mutual fund trust within the meaning of section 1120, is equal to the amount by which”;

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

“*i.* of the amount by which the minimum tax applicable to the individual for the year, computed under section 776.46, exceeds the aggregate of the amounts referred to in sections 772, 772.1 and 1029.11; and”.

(2) This section applies from the taxation year 1991.

c. I-3,
s. 776.44,
replaced

80. (1) Section 776.44 of the said Act is replaced by the following section:

Presumption

“776.44 For greater certainty, it is understood that where the tax payable under this Part by an individual for a taxation year is determined under this Book, an amount determined in respect of the individual under section 1029.11 is deemed not to have been paid to the Minister under this Part for the year.”

(2) This section applies from the taxation year 1991.

c. I-3,
s. 776.47,
am.

81. (1) Section 776.47 of the said Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

“ii. the aggregate of the amounts deducted by the individual for the year under sections 726.0.1, 726.1, 726.3, 726.4, 726.4.1, 726.4.3 to 726.4.7, 726.4.8.11, 726.4.9, 726.4.17.1, 726.4.30.1, 726.4.31, 726.4.38, 726.4.39, 726.4.40, 726.4.48, 726.4.49 and 726.4.50 and the non-capital losses deducted by him in the year under section 727 to the extent that those losses result from an amount deducted in computing his taxable income under section 726.4.1 or sections 726.4.3 to 726.4.7 in the seven taxation years preceding or the three taxation years following the year;”.

(2) This section applies, subject to paragraphs *c* to *g* of subsection 2 of section 145 of chapter 5 of the statutes of 1989, from the taxation year 1990.

c. I-3,
s. 776.57,
am.

82. (1) Section 776.57 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Amounts
deductible
by indivi-
dual

“**776.57** For the purposes of section 776.51, the aggregate of all amounts deductible by an individual in computing his income or his taxable income, as the case may be, for the year under sections 359 to 418.14, 419.1 to 419.4, 419.6, 600.1, 600.2, 726.4.9, 726.4.17.1, 726.4.17.10 or section 86 of the Act respecting the application of the Taxation Act (1972, chapter 24) to the extent that section 86.4 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-4, r. 2) refers to paragraphs 10 and 12 of section 29 of the Income Tax Application Rules, 1971 (Statutes of Canada), shall be established as if it were equal to the lesser of”.

(2) This section applies from the taxation year 1991.

c. I-3,
s. 776.60,
am.

83. (1) Section 776.60 of the said Act is amended by replacing the first paragraph by the following paragraph:

Restriction

“**776.60** For the purposes of section 776.51, the individual shall not deduct any amount for the year in computing his taxable income or his taxable income earned in Canada, as the case may be, under sections 725.2 to 725.6, 726.0.1, 726.1, 726.3, 726.4, 726.4.8.11, 726.4.30.1, 726.4.31, 726.4.38 to 726.4.40 and 726.4.48 to 726.4.50.”

(2) This section applies from the taxation year 1990.

c. I-3,
s. 944.4,
added

84. (1) The said Act is amended by inserting, after section 944.3, the following section:

Revocation
prohibited

"944.4 Notwithstanding section 944, in no case may a plan be revoked following a payment made to a beneficiary under the plan if the following conditions are met:

(a) the payment is made between 31 December 1990 and 1 January 1992;

(b) the beneficiary was such on 31 December 1990;

(c) the beneficiary uses the whole payment to buy, after 31 December 1990 but before 1 January 1992, new furniture which is furniture within the meaning of the regulations under subparagraph *a* of the first paragraph of section 31 of the Retail Sales Tax Act (R.S.Q., chapter I-1) which were in force immediately before the striking out, by section 28 of chapter 60 of the statutes of 1990, of the said subparagraph *a*, for a residential dwelling-house, that is delivered to him not later than 29 February 1992, paid not later than 1 July 1992 and used by him for his use in Canada."

(2) This section has effect from 1 January 1991.

c. I-3,
s. 946,
replaced

85. (1) Section 946 of the said Act, replaced by section 57 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Plan revo-
ked after
19 April
1983

"946. Where the registration of a plan is revoked after 19 April 1983, the beneficiary is deemed to have received at that time out of or under a registered home ownership savings plan an amount equal to the fair market value of the property of the plan and section 955 applies to the amount notwithstanding paragraphs *a* to *j* of the said section."

(2) This section has effect from 1 January 1991.

c. I-3,
s. 955, am.

86. (1) Section 955 of the said Act, amended by section 58 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing the period at the end of paragraph *h* by a semicolon;

(2) by adding, after paragraph *h*, the following paragraphs:

"(i) if he is a beneficiary under the plan on 31 December 1990, is a payment made to him after that date but before 1 January 1992 and used or that will be used by him after 31 December 1990 but before 1 January 1992 in relation with the acquisition, for his use in Canada, of new furniture which is furniture within the meaning of the regulations under subparagraph *a* of the first paragraph of section 31

of the Retail Sales Tax Act (R.S.Q., chapter I-1) which were in force immediately before the striking out, by section 28 of chapter 60 of the statutes of 1990, of the said subparagraph *a*, for a residential dwelling-house, that is delivered to him not later than 29 February 1992, that is paid not later than 1 July 1992 and the acquisition of which he proves by attaching to his fiscal return for the year a copy of the invoice;

“(j) if the spouse of a beneficiary receives a single payment after 31 December 1990 but before 1 January 1992 as a beneficiary under section 960, is a payment used by the spouse or that will be used by the spouse after 31 December 1990 but before 1 January 1992 in relation with the acquisition, for his use in Canada, of new furniture which is furniture within the meaning of the regulations under subparagraph *a* of the first paragraph of section 31 of the Retail Sales Tax Act (R.S.Q., chapter I-1) which were in force immediately before the striking out, by section 28 of chapter 60 of the statutes of 1990, of the said subparagraph *a*, for a residential dwelling-house, that is delivered to him not later than 29 February 1992, that is paid not later than 1 July 1992 and the acquisition of which he proves by attaching to his fiscal return for the year a copy of the invoice.”

(2) This section has effect from 1 January 1991.

c. I-3,
s. 965.1,
am.

87. (1) Section 965.1 of the said Act is amended

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

“qualifying
share”

“(b) “qualifying share” means a share not contemplated in section 965.9.4, 965.9.7.0.1, 965.9.7.0.3 or 965.9.7.0.4 meeting the requirements of section 965.7, 965.9, 965.9.1, 965.9.1.0.0.1, 965.9.1.0.1, 965.9.1.0.2 or 965.9.1.1 and, adapted as required, a fraction of such a share not reimbursed;”;

(2) by inserting, after paragraph *b*, the following paragraph:

“common
share with
voting
rights”

“(b.0.1) “common share with voting rights” means a common share carrying a right to vote in all circumstances in the issuing corporation that is neither a common share with full voting rights nor a subordinate voting share;”;

(3) by replacing paragraphs *b.1* and *b.2* by the following paragraphs:

“common
share with
full voting
rights”

“(b.1) “common share with full voting rights” means a common share carrying a number of voting rights in the issuing corporation,

in all circumstances and regardless of the number of shares held, not lower than the number attached to any other share of the capital stock of that corporation, that is not

i. a share issued as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted after 2 May 1991;

ii. a share issued after 30 June 1991 under an exemption from filing a prospectus granted before 3 May 1991 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1), and acquired otherwise than as a result of the exercise of a conversion right conferred on the shareholder of a convertible preferred share that is a qualifying share; or

iii. a share issued otherwise than under an exemption from filing a prospectus granted before 3 May 1991 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1), and acquired after 2 May 1991 as a result of the exercise of either a subscription right conferred as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted after 1 May 1986, or a conversion right conferred on the holder of a convertible security as part of a convertible security issue;

“subordi-
nate voting
share”

“(b.2) “subordinate voting share” means a common share carrying a right to vote in all circumstances in the issuing corporation that is neither a common share with full voting rights nor a share described in any of subparagraphs i to iii of paragraph b.1.”;

(4) by inserting, after paragraph *d*, the following paragraph:

“growth
corporation”

“(d.1) “growth corporation” means a corporation described in sections 965.17.2 to 965.17.6 that is not governed by one of the Acts mentioned in paragraph *d*.”;

(5) by replacing paragraph *e* by the following paragraph:

“developing
corporation”

“(e) “developing corporation”, in respect of a qualifying share, means a corporation described in sections 965.13 to 965.17 that is not governed by one of the Acts mentioned in paragraph *d* nor referred to in section 965.17.1, in respect of the qualifying share.”;

(6) by replacing paragraph *g* by the following paragraph:

“adjusted cost” “(g) “adjusted cost” means the adjusted cost of a share, qualifying security or qualifying non-guaranteed convertible security as determined under sections 965.6 to 965.6.0.5;”;

(7) by inserting, after paragraph *g*, the following paragraph:

“non-guaranteed convertible security issue” “(g.1) “non-guaranteed convertible security issue” means the distribution of any non-guaranteed convertible security in accordance with a receipt granted after 2 May 1991 by the Commission des valeurs mobilières du Québec;”;

(8) by inserting, after paragraph *j.3*, the following paragraphs:

“non-guaranteed convertible security” “(j.4) “non-guaranteed convertible security” means a non-guaranteed debenture or preferred share, other than a qualifying share, debenture or preferred share issued as part of a convertible security issue, that may be converted at any time by the holder only into a common share with voting rights;

“qualifying non-guaranteed convertible security” “(j.5) “qualifying non-guaranteed convertible security” means a non-guaranteed convertible security meeting the requirements of section 965.9.8.1;”;

(9) by replacing paragraph *l* by the following paragraph:

“convertible security” “(l) “convertible security” means a debenture or preferred share, other than a qualifying share, that has been acquired for money consideration as part of a convertible security issue or acquired in replacement or substitution for a convertible security and that may be converted by the holder only into a common share with voting rights, a common share with full voting rights or a subordinate voting share.”

(2) This section has effect from 3 May 1991.

c. I-3, s. 965.2, am. **33.** (1) Section 965.2 of the said Act is amended by replacing the first paragraph by the following paragraph:

Stock savings plan **“965.2** A stock savings plan is an arrangement made between an individual who is not a trust, or an investment group and a dealer, under which that individual or investment group entrusts to that dealer the custody of such of his or its qualifying shares, valid shares and qualifying non-guaranteed convertible securities as he or it may indicate that are not included in any other plan of any kind for the purposes of this Act, except a prescribed plan.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.4.3,
replaced

89. (1) Section 965.4.3 of the said Act is replaced by the following section:

Computation

“965.4.3 For the purposes of sections 965.3 to 965.4.2, where any of the computations referred to therein must be made in respect of a corporation described in section 965.4.4 that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue, the computation is made without taking into account the net shareholders' equity or the assets, where such is the case, of a government or of another corporation mentioned in section 965.4.4 which is no longer associated with it on the date on which the public share issue, the convertible security issue or the non-guaranteed convertible security issue, as the case may be, ends and, in the case of the other corporation, was not directly or indirectly controlled by the issuing corporation at any time in the 12 months preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.4.4,
am.

90. (1) Section 965.4.4 of the said Act is amended by replacing the first paragraph by the following paragraph:

Issuing
corpora-
tion

“965.4.4 A corporation contemplated in section 965.4.3 is a corporation which, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus, would be a growth corporation, a developing corporation or a qualified corporation whose assets are less than \$250 000 000, \$1 000 000 000 or \$2 500 000 000, as the case may be, but for a government or another corporation associated with a government associated with it on that date, except a corporation directly or indirectly controlled by the issuing corporation on that date or that was so controlled at any time in the 12 months preceding that date, and which is, on the date on which the public share issue, the convertible security issue or the non-guaranteed convertible security issue, as the case may be, ends, no longer associated with that government or that other corporation.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.5,
replaced

91. (1) Section 965.5 of the said Act is replaced by the following section:

Reduction

“965.5 For the purposes of sections 965.3 to 965.4.1.2, where a corporation or a corporation associated with it reduces its assets or the net shareholders' equity by any transaction for the purpose of qualifying the corporation as a growth corporation, as a developing

corporation, as a corporation whose assets are under \$250 000 000 or \$1 000 000 000 or as a qualified corporation, as the case may be, the assets or the net shareholders' equity is deemed not to have been reduced unless the Minister decides otherwise."

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6,
am.

92. (1) Section 965.6 of the said Act is amended

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

"(c) 100 % and 75 % in the case of a qualifying share acquired by the purchaser in 1983 and in 1984 respectively and issued by a corporation whose assets are \$1 000 000 000 or over and 50 % in the case of such a share that is acquired by the purchaser after 1984, that is neither a share referred to in paragraph *b.1* nor a common share with voting rights, and that is issued as part of a public share issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted before 11 December 1986, or the receipt for the preliminary prospectus was granted before 11 December 1986 and the receipt for the final prospectus was granted after 10 December 1986 but before 1 January 1987, or the application for an exemption from filing a prospectus was made before 11 December 1986 and the exemption from filing a prospectus was granted after 10 December 1986 but before 1 January 1987;"

(2) by replacing paragraph *c.4* by the following paragraph:

"(c.4) 50 % in the case of a qualifying share that

i. is issued by a corporation whose assets are \$250 000 000 or more,

ii. is not a share referred to in paragraph *b.1*, *c*, *c.1*, *c.2* or *c.3*,
and

iii. where it is issued by a corporation whose assets are either under \$1 000 000 000 or \$2 500 000 000 or more, is not a common share with voting rights;"

(3) by inserting, after paragraph *c.6*, the following paragraphs:

"(c.7) 75 % in the case of a qualifying share that is a common share with voting rights issued by a corporation, other than a growth corporation, whose assets are under \$1 000 000 000 and that is not a share referred to in paragraph *b.1*;

“(c.8) 0 % in the case of a qualifying share that is a common share with voting rights issued by a corporation whose assets are \$2 500 000 000 or more;”.

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.0.2.0.2,
added

93. (1) The said Act is amended by inserting, after section 965.6.0.2.0.1, the following section:

Computation

“965.6.0.2.0.2 For the purpose of computing the adjusted cost of a share that is a qualifying share by reason of the second paragraph of section 965.9.7.0.3, this title applies taking into consideration that the date of the exemption from filing a prospectus pertaining to the share issue to which the share relates is the date on which the application for an advance ruling, in respect of that issue, was filed with the Ministère du Revenu in accordance with the said paragraph.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.0.2.1,
am.

94. (1) Section 965.6.0.2.1 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Adjusted
cost of
valid share

“965.6.0.2.1 The adjusted cost of a share that is a valid share for an individual, an investment group or an investment fund, referred to in this section as the “purchaser”, is obtained by multiplying the cost of the share for the purchaser, determined without reference to the borrowing costs, brokerage or custody fees or other similar costs related to the share, by”;

(2) by replacing paragraphs *b* and *c* by the following paragraphs:

“(b) 100 % in the case of a valid share that is acquired by the purchaser before 3 May 1991 and that is a common share with full voting rights or a preferred share convertible into a common share with full voting rights; or

“(c) 75 % in the case of a valid share that is acquired by the purchaser before 3 May 1991 and that is a subordinate voting share or a preferred share convertible into a subordinate voting share;”;

(3) by adding, after paragraph *c*, the following paragraph:

“(d) 100 % in the case of any other valid share.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.0.3,
am.

95. (1) Section 965.6.0.3 of the said Act, amended by section 60 of chapter 8 of the statutes of 1991, is again amended by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs :

“i. in respect of an investment fund that has agreed to meet the requirements set out in section 965.6.23, by the ratio between the adjusted cost of the aggregate of all qualifying shares or all qualifying non-guaranteed convertible securities purchased in that year by the investment fund with the proceeds of the issue of valid qualifying securities issued in the year or, in the case of qualifying shares, acquired in the year by the investment fund, as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the year by the investment fund with the proceeds of the issue and held on 31 December in that year by the investment fund, and the proceeds of the issue;

“ii. in respect of an investment fund that has agreed to meet the requirements set out in section 965.6.23.1, by the ratio between, on the one hand, the aggregate of the adjusted cost of the aggregate of all qualifying shares or all qualifying non-guaranteed convertible securities that are the subject of the undertaking given by the investment fund in accordance with paragraph *a* of the said section and that may be acquired for an amount equal to the particular amount referred to in paragraph *b* of the said section in respect of the year, and the adjusted cost of the aggregate of qualifying shares or qualifying non-guaranteed convertible securities not the subject of the undertaking held by the investment fund on 31 December in that year and purchased by it in that year with that portion of the proceeds of the issue of valid qualifying securities issued in the year in excess of the particular amount or, in the case of qualifying shares, acquired by it in that year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased by the investment fund in that year with that portion of the proceeds of the issue in excess of the particular amount, and, on the other hand, the proceeds of the issue.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.0.4,
replaced

96. (1) Section 965.6.0.4 of the said Act, enacted by section 61 of chapter 8 of the statutes of 1991, is replaced by the following section:

Presumption

“965.6.0.4 Where an investment fund has made the election provided in section 965.6.23.1 in respect of its first public security issue consisting of securities that may be included in a stock savings plan, a qualifying share or qualifying non-guaranteed convertible

security described in paragraph *a* of the said section that is acquired by the investment fund in a particular year with the proceeds of the issue for the particular year or, in the case of a qualifying share, that is acquired in a particular year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the particular year by the investment fund with the proceeds of the issue, shall, in respect of the particular year, be considered, for the purposes of subparagraph ii of paragraph *b* of section 965.6.0.3 and paragraph *b* of section 965.6.23.1, to be a qualifying share or a qualifying non-guaranteed convertible security, as the case may be, that is the subject of the undertaking given by the investment fund in accordance with the said paragraph *a*, unless the investment fund designates the share or the security, as the case may be, as not being the subject of the undertaking, and, for that purpose, such a designation cannot be made by the investment fund in respect of a qualifying share or a qualifying non-guaranteed convertible security, as the case may be, except where that qualifying share or that qualifying non-guaranteed convertible security, as the case may be, the other qualifying shares or qualifying non-guaranteed convertible securities, as the case may be, so designated by the investment fund for the particular year and the qualifying shares or qualifying non-guaranteed convertible securities, as the case may be, that are not described in the said paragraph *a* and that have been acquired in the particular year by the investment fund with the proceeds of the issue or, in the case of qualifying shares, that have been acquired in the particular year by the investment fund by reason of the exercise of a conversion right conferred on the holder of a convertible security purchased by the investment fund in the particular year with the proceeds of the issue, may all reasonably be considered to have been acquired with that portion of the proceeds of the issue in excess of the amount referred to in paragraph *b* of section 965.6.23.1 in respect of the particular year.

Limitation

The presumption provided in the first paragraph applies in respect of a qualifying share or a qualifying non-guaranteed convertible security only where the cost of the aggregate of the other qualifying shares or qualifying non-guaranteed convertible securities, as the case may be, in respect of which the presumption has applied for the particular year is lower than the particular amount referred to in paragraph *b* of section 965.6.23.1 in respect of the particular year.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.0.5,
added

97. (1) The said Act is amended by inserting, after section 965.6.0.4, the following section:

Adjusted
cost of
qualifying
non-
guaranteed
convertible
security

“965.6.0.5 The adjusted cost of a qualifying non-guaranteed convertible security for an individual, an investment group or an investment fund is obtained by multiplying the cost of the security for the individual, the investment group or the investment fund, as the case may be, determined without reference to the borrowing costs, subscription or custody fees or other similar costs related to the security, by

(a) 50 % in the case of a qualifying non-guaranteed convertible security issued by a corporation whose assets are under \$250 000 000; or

(b) 25 % in the case of a qualifying non-guaranteed convertible security issued by a corporation whose assets are \$250 000 000 or more but less than \$1 000 000 000.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.6.1,
replaced

98. (1) Section 965.6.1 of the said Act is replaced by the following section:

Investment
group

“965.6.1 An investment group is a group of individuals, other than trusts, formed solely to acquire qualifying shares, valid shares, convertible securities or qualifying non-guaranteed convertible securities that files a written declaration with a dealer evidencing its existence and specifying the interest of each of the members in the investment group.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.6.3,
am.

99. (1) Section 965.6.3 of the said Act is amended by replacing the second paragraph by the following paragraph:

Withdrawal
of a share
or non-
guaranteed
convertible
security

“Where a requirement of the first paragraph is not fulfilled, each share or non-guaranteed convertible security included in a stock savings plan under which the investment group is a beneficiary is deemed to be withdrawn from the plan immediately before the admission of a new member.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.6.4,
am.

100. (1) Section 965.6.4 of the said Act is amended by replacing the first paragraph by the following paragraph:

Withdrawal
of a
member

“965.6.4 Where an individual withdraws from an investment group of which he is a member, he may elect to transfer into a stock savings plan under which he is a beneficiary a share and, if any, a non-guaranteed convertible security that are included in a stock

savings plan under which the investment group is a beneficiary and that are allotted to him in respect of his withdrawal if the requirement of paragraph *g* of section 965.7 is fulfilled in respect of that share and that non-guaranteed convertible security immediately before his withdrawal."

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.5,
am.

101. (1) Section 965.6.5 of the said Act is amended

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

"(a) the individual who leaves the investment group is deemed, at that time, to have withdrawn from a stock savings plan under which he is a beneficiary,

i. a share at an adjusted cost equal to the amount of his interest in the adjusted cost of the shares included at the time of his withdrawal in a stock savings plan under which the investment group is a beneficiary;

ii. a non-guaranteed convertible security at an adjusted cost equal to the amount of his interest in the adjusted cost of the non-guaranteed convertible securities included at the time of his withdrawal in a stock savings plan under which the investment group is a beneficiary;

"(b) an individual who remains a member of the investment group after the withdrawal of the member is deemed to have included, at the time of the withdrawal, in a stock savings plan under which he is a beneficiary,

i. a share at an adjusted cost equal to the amount determined under subparagraph i of paragraph *a* in respect of the member, proportionate to his interest in the investment group immediately after the withdrawal of the member;

ii. a non-guaranteed convertible security at an adjusted cost equal to the amount determined under subparagraph ii of paragraph *a* in respect of the member, proportionate to his interest in the investment group immediately after the withdrawal of the member;";

(2) by replacing subparagraph i of paragraph *d* by the following subparagraph:

"i. the amount determined under

(1) subparagraph i of paragraph *a* in respect of the individual is deemed to be reduced by an amount equal to the adjusted cost to the investment group of the share so transferred;

(2) subparagraph ii of paragraph *a* in respect of the individual is deemed to be reduced by an amount equal to the adjusted cost to the investment group of the non-guaranteed convertible security so transferred;”;

(3) by replacing subparagraphs iii and iv of paragraph *d* by the following subparagraphs:

“iii. the individual is deemed to have included, where such is the case, in a stock savings plan under which he is a beneficiary,

(1) a share at an adjusted cost equal to the amount by which the adjusted cost to the investment group of the aggregate of the shares so transferred exceeds the amount determined under subparagraph i of paragraph *a* in respect of the individual, disregarding subparagraph i;

(2) a non-guaranteed convertible security at an adjusted cost equal to the amount by which the adjusted cost to the investment group of the aggregate of the non-guaranteed convertible securities so transferred exceeds the amount determined under subparagraph ii of paragraph *a* in respect of the individual, disregarding subparagraph i;

“iv. the adjusted cost to the individual of a share or of a non-guaranteed convertible security so transferred is equal to the adjusted cost to the investment group of the share or the non-guaranteed convertible security, as the case may be.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.6.6,
am.

102. (1) Section 965.6.6 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) an individual who remains a member of the investment group after the death of the individual is deemed to have included, at the time of the death, in a stock savings plan under which he is a beneficiary,

i. a share at an adjusted cost equal to the amount of the interest of the deceased member in the adjusted cost of the shares included, at the time of the death, in the stock savings plan under which the investment group is a beneficiary, proportionate to his interest in the investment group immediately after the death;

ii. a non-guaranteed convertible security at an adjusted cost equal to the amount of the interest of the deceased member in the adjusted cost of the non-guaranteed convertible securities included, at the time of the death, in the stock savings plan under which the investment group is a beneficiary, proportionate to his interest in the investment group immediately after the death;”.

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.6.17,
English
text, re-
placed
Stock
ownership
plan

103. (1) Section 965.6.17 of the English text of the said Act is replaced by the following section:

“965.6.17 Every stock ownership plan shall provide the terms of repayment of a loan or at-source deductions, as the case may be, and the terms shall be favourable to the employees.”

(2) This section has effect from 11 December 1986.

c. I-3,
s. 965.6.23,
arn.

104. (1) Section 965.6.23 of the said Act is amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) to use all or part of the proceeds of the issue for the acquisition of qualifying shares, convertible securities or qualifying non-guaranteed convertible securities;

“(b) to be the owner, on 31 December in the year, of qualifying shares or qualifying non-guaranteed convertible securities acquired by the fund during the year with the proceeds of the issue of securities that are, for the year, valid qualifying securities, or of qualifying shares acquired by the fund during the year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the year by the fund with the proceeds of the issue of securities that are, for the year, valid qualifying securities, other than qualifying shares or qualifying non-guaranteed convertible securities that have already been used in respect of the year for the purposes of this paragraph, and whose adjusted cost is not less than the adjusted cost of the aggregate of all qualifying securities issued by the fund in the year and constituting valid qualifying securities;

“(c) to be the owner, on 31 December in the year and in each of the ensuing two years, of qualifying shares, valid shares or qualifying non-guaranteed convertible securities, other than qualifying shares, valid shares or qualifying non-guaranteed convertible securities that have already been used in respect of the same year for the purposes of this paragraph, and whose adjusted cost is not less than the adjusted cost of the aggregate of all qualifying securities issued by the fund in the year and not redeemed by the investment fund

respectively on 31 December in the year, 31 December in the first year following the year or 31 December in the second year following the year, as the case may be.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.6.23.1,
am.

105. (1) Section 965.6.23.1 of the said Act, enacted by section 62 of chapter 8 of the statutes of 1991, is amended by replacing paragraphs *a* to *e* by the following paragraphs:

“(a) to use a determined percentage, not lower than 50 %, of the proceeds, for the particular year, of the issue of securities not redeemed by the investment fund on or before 31 December in the particular year, to acquire, on or before 31 December in the year following the particular year, either qualifying shares that are issued by developing corporations and are common shares with full voting rights or preferred shares convertible solely into such common shares with full voting rights, or qualifying non-guaranteed convertible securities, or qualifying shares that are common shares with voting rights, that are issued by growth corporations;

“(b) to be the owner, on 31 December in the particular year, of qualifying shares or qualifying non-guaranteed convertible securities that are not the subject of the undertaking under paragraph *a*, that are acquired by the investment fund during the particular year with the proceeds, for the particular year, of the public security issue or, in the case of qualifying shares, that are acquired by the investment fund during the particular year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the particular year by the investment fund with the proceeds of the issue, other than qualifying shares or qualifying non-guaranteed convertible securities having already been used, in respect of the particular year, for the purposes of paragraph *c*, and whose adjusted cost is not less than the amount by which the adjusted cost of the aggregate of all qualifying securities issued by the investment fund during the particular year and constituting valid qualifying securities exceeds the particular amount equal to the lesser of the proceeds of the security issue constituting, for the particular year, valid qualifying securities and the portion to be the subject of the undertaking under paragraph *a* of the proceeds, for the particular year, of the public security issue;

“(c) to be the owner, on 31 December in the year following the particular year, of qualifying shares or qualifying non-guaranteed convertible securities described in paragraph *a* that are acquired by the investment fund in the particular year or in the year following the

particular year with the proceeds, for the particular year, of the public security issue or, in the case of qualifying shares, that are acquired by the investment fund in the particular year or in the year following the particular year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the particular year or in the year following the particular year by the investment fund with the proceeds of the issue, other than any such qualifying shares or any such qualifying non-guaranteed convertible securities having already been used, in respect of the particular year, for the purposes of paragraph *b*, and whose adjusted cost is not less than the particular amount referred to in paragraph *b* in respect of the particular year;

“(d) to be the owner, on 31 December in the particular year and in each of the ensuing two years, of qualifying non-guaranteed convertible securities or shares that are qualifying shares or valid shares, other than qualifying non-guaranteed convertible securities, qualifying shares or valid shares having already been used, in respect of the same year, for the purposes of paragraph *e* or of this paragraph or than a qualifying non-guaranteed convertible security or qualifying share referred to in section 965.6.0.4 in respect of the year, and whose adjusted cost is not less than the amount by which the adjusted cost of the aggregate of all qualifying securities issued in the particular year by the investment fund and not redeemed by the investment fund on 31 December in the particular year, 31 December in the first year following the particular year or 31 December in the second year following the particular year, respectively, as the case may be, exceeds the particular amount referred to in paragraph *b* in respect of the particular year;

“(e) to be the owner, on 31 December in each of the three years following the particular year, of qualifying non-guaranteed convertible securities or shares that are qualifying shares or valid shares, other than qualifying non-guaranteed convertible securities, qualifying shares or valid shares having already been used, in respect of the same year, for the purposes of this paragraph or than a qualifying non-guaranteed convertible security or qualifying share referred to in section 965.6.0.4 in respect of the year, and whose adjusted cost is not less than the particular amount referred to in paragraph *b* in respect of the particular year.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.9.1,
am.

106. (1) Section 965.9.1 of the said Act is amended by replacing paragraph *c* by the following paragraph:

“(c) a preferred share issued by a developing corporation that may be converted at any time by its holder only into a common share with full voting rights or a subordinate voting share, and

i. that is acquired as a result of the exercise of a right to subscribe a share first acquired before 3 May 1991;

ii. that is acquired otherwise than as a result of the exercise of a right to subscribe a share first acquired before 3 May 1991 and that is issued after 2 May 1991 under an exemption from filing a prospectus granted before 3 May 1991 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1); or

iii. where it is not described in subparagraphs i and ii, in respect of which the receipt for the final prospectus or the exemption from filing a prospectus relating to the issue was granted before 3 May 1991.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.9.1.0.0.1,
added **107.** (1) The said Act is amended by inserting, after section 965.9.1, the following section:

Share
qualifying
for stock
savings
plan

“**965.9.1.0.0.1** A share also qualifies for a stock savings plan if it meets the requirements of paragraphs *c* to *g* of section 965.7 and is a common share with voting rights.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.9.1.0.1,
am. **108.** (1) Section 965.9.1.0.1 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) it is a common share with voting rights, a common share with full voting rights or a subordinate voting share;”.

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.9.1.0.2,
am. **109.** (1) Section 965.9.1.0.2 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) it is a common share with voting rights, a common share with full voting rights or a subordinate voting share;”.

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.9.7.0.1,
am. **110.** (1) Section 965.9.7.0.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

Excluded
share

“965.9.7.0.1 Notwithstanding sections 965.9.1 to 965.9.3, a qualifying share does not include a share issued in a particular year, under an exemption from filing a prospectus granted pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1), by a corporation that has certified, in accordance with the first paragraph of section 965.24.2, that, on 30 June in the year preceding that particular year, it would not have been a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17 had that first paragraph applied on that date.”

(2) This section has effect from 16 May 1989.

c. 1-3,
s. 965.9.7.0.2,
replaced

111. (1) Section 965.9.7.0.2 of the said Act is replaced by the following section:

Applicabi-
lity

“965.9.7.0.2 Section 965.9.7.0.1 does not apply to a share issued in a particular year by a corporation that has certified, in accordance with the first paragraph of section 965.24.2, that, on 30 June in the year preceding that particular year, as a result of a transaction, other than a particular transaction contemplated in section 965.11.9.1 or 965.11.19.1 in respect of which the corporation was not bound to meet the requirement prescribed in the second paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17, it would not have been a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17 if that first paragraph had applied on that date and if, during the period beginning on 1 July in the year preceding the particular year and ending on 31 December in that year, the corporation met, with reference to sections 965.11.9.1 and 965.11.19.1, the requirement mentioned in the second paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17 in respect of that transaction, and transmitted to the Commission des valeurs mobilières du Québec and to the Minister, on or before 31 December in the year preceding the particular year, a written notice certifying that it had met that requirement.”

(2) This section has effect from 16 May 1989.

c. 1-3,
ss. 965.9.7.0.3,
965.9.7.0.4,
added

112. (1) The said Act is amended by inserting, after section 965.9.7.0.2, the following sections:

Excluded
share

“965.9.7.0.3 Notwithstanding sections 965.9.1 to 965.9.3, a qualifying share does not include a share issued by a corporation after 30 June 1991 under an exemption from filing a prospectus granted before 3 May 1991 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1).

Applicability

However, the first paragraph does not apply to such a share if the corporation obtained, in respect of the share issue to which the share relates, a favourable advance ruling from the Ministère du Revenu before 1 July 1991, or after 30 June 1991 where the share was issued on or after the date on which the advance ruling was given, to the effect that the share issue respects the objectives of this title and that the corporation would have been, in respect of that issue, a qualified corporation on the date on which the application for an advance ruling was filed with the Ministère du Revenu had this title applied taking into consideration that the date of the exemption relating thereto was that latter date.

Excluded share

“965.9.7.0.4 Notwithstanding sections 965.9.1 to 965.9.3, a qualifying share does not include a share that is acquired after 31 December 1991 otherwise than as a result of the exercise of a right to subscribe a share first acquired before 1 January 1992 or a conversion right conferred on the holder of a convertible security first acquired before 1 January 1992, and issued by a corporation as part of a public share issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted before 3 May 1991, other than such a share issued under an exemption from filing a prospectus granted before the latter date pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1).”

(2) This section has effect from 3 May 1991.

c. 1-3,
ss. 965.9.8.1-
965.9.8.9,
added

113. (1) The said Act is amended by inserting, after section 965.9.8, the following:

“CHAPTER III.3

“QUALIFYING NON-GUARANTEED CONVERTIBLE SECURITIES

Non-guaranteed convertible security qualifying for stock savings plan

“965.9.8.1 A non-guaranteed convertible security issued as part of a non-guaranteed convertible security issue also qualifies for a stock savings plan if

(a) it is issued by a qualified corporation whose assets are under \$1 000 000 000 on the date of the receipt for the final prospectus relating to the non-guaranteed convertible security issue and, before the issue of that receipt, it was the subject of a favourable advance ruling from the Ministère du Revenu to the effect that it respects the objectives of this title;

(b) it is issued by a qualified corporation which states, in the final prospectus relating to the non-guaranteed convertible security issue, that the non-guaranteed convertible security may be included in a stock savings plan and entitles any person to the benefit provided for in respect of the security by this title;

(c) it is acquired for money consideration, before 1 January 1993, by an individual, an investment group or an investment fund as first purchaser thereof, other than a dealer acting as an intermediary or as a firm underwriter;

(d) it is subscribed and paid;

(e) subject to section 965.9.8.4, it would meet the following requirements if paragraphs *c*, *c.0.1* and *g* of section 965.7 applied, with such modifications as the circumstances require, to a non-guaranteed convertible security:

i. the requirements of paragraphs *c* and *c.0.1* of the said section 965.7, where its acquirer is an investment fund; or

ii. the requirements of paragraphs *c*, *c.0.1* and *g* of the said section 965.7, where its acquirer is an individual or an investment group;

(f) it is convertible into a common share with voting rights meeting the requirements of section 965.9.8.2;

(g) it is of a separate class relating to the issue of non-guaranteed convertible securities.

Require-
ments

“965.9.8.2 The requirements referred to in paragraph *f* of section 965.9.8.1, in respect of a common share with voting rights which is to be issued by reason of the exercise of a conversion right conferred on the holder of a non-guaranteed convertible security issued as part of a non-guaranteed convertible security issue are as follows:

(a) the share meets the requirements of paragraphs *c* and *c.0.1* of section 965.7, where the holder of the non-guaranteed convertible security is an investment fund, and the requirements of paragraphs *c*, *c.0.1* and *g* of the said section 965.7, where the holder of the non-guaranteed convertible security is an individual or an investment group;

(b) under the conditions pertaining to the issue of the non-guaranteed convertible security, the share cannot

i. be redeemed by the issuing corporation or purchased by anyone in any manner whatever, directly or indirectly, neither in whole nor in part;

ii. be the subject of a transaction that would result

(1) in rendering such a share, a share substituted for such a share, a share received through a transaction referred to in section 301, 536, 541 or 544 in respect of any such shares or a substituted share redeemable by the issuing corporation or purchasable by anyone, in any manner whatever, directly or indirectly, either in whole or in part; or

(2) in transferring property of the issuing corporation, other than a dividend, to the shareholder;

iii. entitle the holder to a dividend that is or will be the subject of an undertaking whereby its payment is guaranteed by a person other than the issuing corporation;

(c) the share is in a class listed on the Montréal Stock Exchange on the date of the receipt for the final prospectus relating to the issue of the non-guaranteed convertible security.

Redeemable
non-
guaranteed
convertible
security

“965.9.8.3 For the purposes of paragraph *e* of section 965.9.8.1 where that paragraph refers to paragraph *c* of section 965.7, a non-guaranteed convertible security that would otherwise be a qualifying non-guaranteed convertible security if the conditions pertaining to its issue did not contain, except in the case provided for in section 965.9.8.4, a stipulation to the effect that it is purchasable or redeemable is deemed to be a qualifying non-guaranteed convertible security if the sole purpose of the stipulation is to meet the requirements of an Act or the regulations governing a sector of activity.

Redeemable
non-
guaranteed
convertible
security

“965.9.8.4 Notwithstanding paragraph *e* of section 965.9.8.1 where that paragraph refers to paragraph *c* of section 965.7, a non-guaranteed convertible security issued as part of a non-guaranteed convertible security issue may, under the conditions pertaining to its issue, be, within a period of 1 825 days commencing on the date that is 1 825 days after the date of its issue, redeemed or repaid by the issuing corporation or purchased by anyone, in any manner whatever, directly or indirectly, for any amount not less than the par value of the security.

Payment
for the
acquisi-
tion of
shares

“965.9.8.5 Notwithstanding section 965.9.8.1, where the use, as stated in the final prospectus or as may be inferred therefrom, of

the major portion of the proceeds of a non-guaranteed convertible security issue is the direct or indirect payment for the acquisition of shares of another corporation or of any other negotiable instruments, a non-guaranteed convertible security acquired as part of the non-guaranteed convertible security issue is not a qualifying non-guaranteed convertible security, except in the cases provided for in paragraphs *a* and *b* of section 965.9.4.

Deemed
payment

“965.9.8.6 For the purposes of section 965.9.8.5, where the use, as stated in the final prospectus or as may be inferred therefrom, of part or all of the proceeds of a non-guaranteed convertible security issue is either the repayment of a loan, or of any other debt, contracted within a reasonable period of time before or after the date of the receipt for the final prospectus, or the redemption of shares or of any other securities issued within such period of time to pay for the acquisition of shares or of any other negotiable instruments, the use of that part or all of the proceeds of the issue is deemed to be a payment for such an acquisition.

Repayment
of a loan

“965.9.8.7 For the purposes of sections 965.9.8.5 and 965.9.8.6, where the use, as stated in the final prospectus or as may be inferred therefrom, of part or all of the proceeds of a non-guaranteed convertible security issue is the repayment of a loan, or of any other debt, contracted by a particular corporation within a reasonable period of time before or after the date of the receipt for the final prospectus, or the redemption of shares or of any other securities issued by the particular corporation within such period of time to pay for the acquisition of shares or of any other negotiable instrument issued by another corporation, and the corporation having made the non-guaranteed convertible security issue results from the amalgamation, within the meaning of section 544, of the particular corporation and the other corporation, the corporation having made the issue shall be deemed to be, immediately after the acquisition mentioned in section 965.9.8.4, the particular corporation.

Exclusions

“965.9.8.8 For the purposes of sections 965.9.8.5 and 965.9.8.6, a share or a negotiable instrument does not include such a share or such a negotiable instrument that is property referred to in paragraph *a* or *b* of section 965.9.6.

Applicability

“965.9.8.9 Section 965.9.8.5 does not apply where the corporation having made the qualifying non-guaranteed convertible security issue referred to therein is a corporation or body described in any of paragraphs *a* to *e* of section 965.9.7.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.10,
am.

114. (1) Section 965.10 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Qualified
corporation

“965.10 A corporation that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue is a qualified corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,”;

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

“(a.1) its assets are under \$2 500 000 000;”.

(2) This section applies in respect of any public share issue, convertible security issue and non-guaranteed convertible security issue the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 965.10.1.1,
am.

115. (1) Section 965.10.1.1 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Rules

“965.10.1.1 For the purposes of paragraph *d* of section 965.10, where the use, as indicated by a corporation in a final prospectus or an exemption from filing a prospectus or as may be inferred therefrom, of the major portion of the proceeds of a public share issue, convertible security issue or non-guaranteed convertible security issue is the financing of scientific research and experimental development carried on in Québec, the corporation may elect that the following rules apply:”.

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.10.3,
added

116. (1) The said Act is amended by inserting, after section 965.10.2, the following section:

Successive
amalgama-
tions

“965.10.3 For the purposes of section 965.10.2, where a predecessor corporation referred to in that section is itself a corporation resulting from an amalgamation within the meaning of section 544 and the period between the time of the amalgamation and the time it became a predecessor corporation is not 12 months or over, the requirement set forth in its respect in section 965.10.2 concerning the number of employees shall be replaced by the requirement to have had, throughout the period from the time of the amalgamation to the time it became a predecessor corporation, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (R.S.Q., chapter V-1.1) or persons to whom they are related and, immediately before the time of the amalgamation, for

one of the predecessor corporations to have had, throughout the 12 months preceding the time of the amalgamation, at least five full-time employees who were not insiders within the meaning of section 89 of the said Act or persons related to such insiders.

Successive
amalgama-
tions

For the purposes of the first paragraph, where the predecessor corporation referred to lastly in that paragraph, or a predecessor corporation which is referred to lastly in that paragraph as a result of the application of this paragraph, is itself a corporation resulting from an amalgamation within the meaning of section 544 and the period between the time of the amalgamation and the time it became a predecessor corporation is not 12 months or over, the rule prescribed in the first paragraph applies in respect of the requirement in its respect concerning the number of employees prescribed lastly in that paragraph."

(2) This section has effect from 17 May 1989.

c. I-3,
s. 965.11.1,
am.

117. (1) Section 965.11.1 of the said Act is amended

(1) by replacing that part preceding paragraph *c* by the following:

Qualified
corporation

"965.11.1 A corporation that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue is a qualified corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,

(a) it fulfills the requirements of paragraphs *a* to *c* of section 965.10;"

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

"(f) it attests to the Minister, in prescribed form, that it undertakes to fulfill the requirement of paragraph *a*, except where it refers to paragraph *a.1* of section 965.10, as well as the requirements of paragraphs *c* to *e*, throughout the twenty-four months following that date."

(2) This section applies in respect of public share issues, convertible security issues and non-guaranteed convertible security issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 965.11.2,
replaced

118. (1) Section 965.11.2 of the said Act is replaced by the following section:

Require-
ments

“965.11.2 A qualified corporation contemplated in section 965.11.1 shall, throughout the 24 months following the date of the receipt for the final prospectus or of the exemption from filing a prospectus in respect of a public share issue, a convertible security issue or a non-guaranteed convertible security issue, fulfill the requirement of paragraph *a* of the said section 965.11.1, except where it refers to paragraph *a.1* of section 965.10, as well as the requirements of paragraphs *c* to *e* of the said section 965.11.1.”

(2) This section applies in respect of public share issues, convertible security issues and non-guaranteed convertible security issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 965.11.5,
am.

119. (1) Section 965.11.5 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Qualified
corpora-
tion

“965.11.5 A corporation that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue is a qualified corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,”;

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

“(d) one of the subsidiary corporations meets the requirements of paragraphs *a* to *e* of section 965.10.”

(2) This section applies in respect of public share issues, convertible security issues and non-guaranteed convertible security issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 965.11.6,
am.

120. (1) Section 965.11.6 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Qualified
corporation

“965.11.6 A corporation that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue is a qualified corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,”;

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

“(c) it attests to the Minister, in prescribed form, that it undertakes that its subsidiary corporation referred to in paragraph

b will fulfill the requirement of paragraph *a* of section 965.11.1, except where it refers to paragraph *a.1* of section 965.10, as well as the requirements of paragraphs *c* to *e* of the said section 965.11.1, throughout the twenty-four months following that date.”

(2) This section applies in respect of public share issues, convertible security issues and non-guaranteed convertible security issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 965.11.7,
replaced

121. (1) Section 965.11.7 of the said Act is replaced by the following section:

Require-
ments

“965.11.7 A qualified corporation under section 965.11.6 whose subsidiary corporation referred to in paragraph *b* of the said section fulfills the requirement of paragraphs *a* to *f* of section 965.11.1 shall, throughout the 24 months following the date of the receipt for the final prospectus or of the exemption from filing a prospectus in respect of a public share issue, a convertible security issue or a non-guaranteed convertible security issue, see to it that the subsidiary corporation fulfills the requirement of paragraph *a* of the said section 965.11.1, except where it refers to paragraph *a.1* of section 965.10, as well as the requirements of paragraphs *c* to *e* of the said section 965.11.1.”

(2) This section applies in respect of public share issues, convertible security issues and non-guaranteed convertible security issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
s. 965.11.7.1,
am.

122. (1) Section 965.11.7.1 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) it fulfills the requirements of paragraphs *a* to *c* of section 965.10;”.

(2) This section applies in respect of public share issues the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991.

c. I-3,
ss. 965.17.1-
965.17.6,
added

123. (1) The said Act is amended by inserting, after section 965.17, the following:

Restriction

“965.17.1 Notwithstanding sections 965.13 to 965.17, a developing corporation, in respect of a qualifying share issued as part

of a public share issue or of a convertible security issue, does not include a corporation that issues any such share that is a common share with voting rights.

“CHAPTER V.1

“GROWTH CORPORATIONS

Growth
corpora-
tion

“965.17.2 A qualified corporation making a public share issue, a convertible security issue or a non-guaranteed convertible security issue is a growth corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,

(a) its corporate seat or principal place of business is in Québec;

(b) it carries on, as its main activity, a qualified business;

(c) it is a corporation that had, throughout the preceding 12 months, not fewer than five full-time employees who were not insiders within the meaning of section 89 of the Securities Act (R.S.Q., chapter V-1.1) or persons related to such insiders;

(d) its assets are less than \$250 000 000; and

(e) unless it is a corporation carrying on a business of a community nature recognized by the Government, its assets, as determined under section 965.3, are more than \$2 000 000.

Growth
corpora-
tion

“965.17.3 A qualified corporation making a public share issue, a convertible security issue or a non-guaranteed convertible security issue is also a growth corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,

(a) its corporate seat or principal place of business is in Québec;

(b) substantially all its property consists of shares of the capital stock of one or more of its subsidiary controlled corporations or of loans or advances granted to such subsidiary corporations;

(c) one of the subsidiary corporations referred to in paragraph
b

i. whose control was acquired by the qualified corporation more than 12 months before that date fulfills the requirements of paragraphs a to e of section 965.17.2, or

ii. that results from an amalgamation, within the meaning of section 544, within the 365 days before that date, fulfills the

requirements of paragraphs *a*, *b*, *d* and *e* of section 965.17.2 and paragraph *b* of section 965.17.5, and one of the predecessor corporations whose control was acquired by the qualified corporation more than 12 months before that date fulfilled, immediately before that date, all the requirements to qualify as a growth corporation, except the requirement that it make a public share issue, a convertible security issue or a non-guaranteed convertible security issue; and

(*d*) the main activity of the corporation and of its subsidiaries is the carrying on of a qualified business.

Growth
corpora-
tion

“965.17.4 A qualified corporation making a public share issue, a convertible security issue or a non-guaranteed convertible security issue in the period of 365 days following its incorporation is a growth corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus, it would fulfill the requirements of paragraphs *a* to *d* of section 965.17.3 if subparagraph *i* of paragraph *c* of that section were read without the words “whose control was acquired by the qualified corporation more than 12 months before that date” and if subparagraph *ii* of the said paragraph *c* were read without the words “whose control was acquired by the qualified corporation more than 12 months before that date”.

Growth
corpora-
tion

“965.17.5 A qualified corporation resulting from an amalgamation, within the meaning of section 544, that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue not later than 365 days after the amalgamation is a growth corporation if,

(*a*) on the date of the receipt for the final prospectus or of the exemption from filing a prospectus, it fulfills the requirements of paragraphs *a*, *b*, *d* and *e* of section 965.17.2;

(*b*) throughout the period extending from the date of amalgamation to the date of the receipt for the final prospectus or of the exemption from filing a prospectus, it had not fewer than five full-time employees who were not insiders within the meaning of section 89 of the Securities Act (R.S.Q., chapter V-1.1) or persons related to such insiders; and

(*c*) immediately before the amalgamation, one of the predecessor corporations fulfilled all the requirements to qualify as a growth corporation, except the requirement that it make a public share issue, a convertible security issue or a non-guaranteed convertible security issue.

Growth
corpora-
tion

“965.17.6 A qualified corporation making its first public share issue, its first convertible security issue or its first non-guaranteed

convertible security issue that would be a growth corporation on the date of the receipt for the final prospectus were it not for a venture capital corporation associated with it, is a growth corporation if, at the end of the public share issue, the convertible security issue or the non-guaranteed convertible security issue, as the case may be, it is no longer associated with the venture capital corporation.

Venture
capital
corpora-
tion

For the purposes of the first paragraph, a venture capital corporation is a corporation described in the second paragraph of section 965.17.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.18,
replaced

124. (1) Section 965.18 of the said Act is replaced by the following section:

Share,
security
or non-
guaranteed
convertible
security
included
in stock
savings
plan

“965.18 An individual resident in Québec on the last day of a taxation year who, in the year, acquires a qualifying share, a qualifying security or a qualifying non-guaranteed convertible security and includes it in a stock savings plan under which he is a beneficiary, may deduct in computing his taxable income for the year, in respect of the aggregate of the plans, an amount not exceeding the lesser of

(a) the aggregate of the adjusted cost of the qualifying shares and qualifying non-guaranteed convertible securities acquired by him in the year that he included in the plans not later than 31 January in the following year and the adjusted cost of the qualifying securities acquired by him in the year that he included in the plans not later than 31 January in the following year and that constitute valid qualifying securities for the year;

(b) the adjusted cost of the shares, securities and non-guaranteed convertible securities included in the plans at the end of the year, including those acquired by him in the year that he included in the plans during the month of January in the following year, less the amount by which the amounts deducted by him under section 726.1 for the preceding two years exceeds any amount described in section 310 that he is required to include in computing his income for the preceding year in respect of a stock savings plan.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.19.1,
am.

125. (1) Section 965.19.1 of the said Act is amended by replacing that part preceding paragraph c by the following:

Computation

“965.19.1 The aggregate contemplated in section 965.19 in respect of an individual referred to in the said section is equal to the aggregate of the following amounts for the year:

(a) the aggregate of \$1 000 and, for each of the years 1991 and 1992, the lesser of \$1 500 and the adjusted cost of the qualifying shares referred to in paragraph c.4 of section 965.6 that are common shares with voting rights acquired in the year by the individual and included by him in a stock savings plan not later than 31 January in the following year, and that were issued as part of a public share issue the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 2 May 1991;

(b) the adjusted cost of the qualifying non-guaranteed convertible securities and qualifying shares, other than a qualifying share referred to in paragraphs a.3, c, c.4 and c.6 of section 965.6, that the individual acquired in the year and that he included in a stock savings plan not later than 31 January in the following year;”.

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.19.2,
replaced

126. (1) Section 965.19.2 of the said Act is replaced by the following section:

Member of
investment
group

“965.19.2 For the purposes of sections 965.18 to 965.19.1, where an individual contemplated therein is a member of an investment group and that group acquired and included, at a particular time, a qualifying share, a valid share or a qualifying non-guaranteed convertible security in a stock savings plan under which it is a beneficiary, the share or the non-guaranteed convertible security, as the case may be, constitutes, up to the amount of the individual's interest in the investment group indicated in the declaration filed with the dealer or, where such is the case, determined in paragraph c of section 965.6.5 or paragraph b of section 965.6.6, a share or a non-guaranteed convertible security, as the case may be, acquired and included at the same time in a stock savings plan under which the individual is a beneficiary.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.20,
replaced

127. (1) Section 965.20 of the said Act is replaced by the following section:

Share,
security
or non-
guaranteed

“965.20 An individual resident in Québec on the last day of a taxation year who, in the year, withdraws a share, a security or a

convertible
security
withdrawn
from stock
savings
plan

non-guaranteed convertible security from a stock savings plan under which he is a beneficiary, shall include in computing his income for the year, in respect of the aggregate of the plans, the lesser of

(a) the adjusted cost of the shares, securities and non-guaranteed convertible securities withdrawn by him from the plans during the year; and

(b) the amounts deducted by him under section 726.1 for the preceding two taxation years less any amount described in section 310 which he was to include in computing his income for the preceding year in respect of a stock savings plan, and less the adjusted cost of the shares, securities and non-guaranteed convertible securities included in the plans at the end of the year, including those acquired by him in the year that he included in the plans during the month of January in the following year.

Share,
security
or non-
guaranteed
convertible
security
withdrawn
from stock
savings
plan

For the purposes of the first paragraph, where the individual is a member of an investment group and, in the taxation year, the investment group withdraws a share or a non-guaranteed convertible security from a stock savings plan under which it is a beneficiary, that share or that non-guaranteed convertible security, as the case may be, constitutes, up to the amount of the individual's interest in the investment group indicated in the declaration filed with the dealer or, where such is the case, determined in paragraph *c* of section 965.6.5 or in paragraph *b* of section 965.6.6, a share or a non-guaranteed convertible security, as the case may be, withdrawn by the individual from a stock savings plan under which he is a beneficiary."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.20.1.1,
replaced

128. (1) Section 965.20.1.1 of the said Act is replaced by the following section:

Withdrawal
of securi-
ties

"965.20.1.1 Section 965.20.1 applies, with such modifications as the circumstances require, in respect of a security or qualifying non-guaranteed convertible security that is withdrawn, in a taxation year, from a stock savings plan."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.20.2.1,
added

129. (1) The said Act is amended by inserting, after section 965.20.2, the following section:

Withdrawal
of quali-
fying non-
guaranteed
convertible
securities

"965.20.2.1 Section 965.20.2 applies, with such modifications as the circumstances require, in respect of a qualifying non-guaranteed convertible security that is withdrawn, in a taxation year, from a stock savings plan."

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.21,
replaced

130. (1) Section 965.21 of the said Act is replaced by the following section:

Disposition
of a share
or debenture

“965.21 The deemed disposition after 10 May 1983, under section 299, 436 or 440, of a share or debenture included in a stock savings plan does not entail the withdrawal of the share or debenture from the plan.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 965.22,
replaced

131. (1) Section 965.22 of the said Act, amended by section 329 of chapter 59 of the statutes of 1990, is replaced by the following section:

Splitting
or replacement
of a share or
non-guaranteed
convertible
security

“965.22 The splitting or replacement of a qualifying share or qualifying non-guaranteed convertible security included in a stock savings plan, following a transaction occurring after 10 May 1983, without any consideration other than either a share, where the transaction is described in section 301 in respect of a qualifying non-guaranteed convertible security or a preferred share contemplated in paragraph *a* of the first paragraph of section 965.9 or subparagraph *c* of the first paragraph of section 965.9.1 or described in section 536, 541 or 544 in respect of a qualifying share, or a non-guaranteed convertible security, where the transaction is described in section 536, 541 or 544 in respect of a qualifying non-guaranteed convertible security, does not entail the withdrawal of the qualifying share or qualifying non-guaranteed convertible security from the plan if the requirement set out in paragraph *g* of section 965.7 is met in relation to each share, or each non-guaranteed convertible security, issued in respect of the qualifying share or qualifying non-guaranteed convertible security that is split or replaced.

Share or
non-guaranteed
convertible
security
deemed to
qualify

In such a case, each new share or each new non-guaranteed convertible security so issued is deemed to be a qualifying share or a qualifying non-guaranteed convertible security, as the case may be, that was included in a stock savings plan at the same time as the qualifying share, or the qualifying non-guaranteed convertible security, that is split or replaced.

Share or
non-guaranteed
convertible
security
deemed
withdrawn

In any other case, the qualifying share, or the qualifying non-guaranteed convertible security, that is split or replaced is deemed to be withdrawn from the stock savings plan at the time of the splitting or replacement, at the adjusted cost determined in its respect immediately before that time.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.23,
replaced

132. (1) Section 965.23 of the said Act is replaced by the following section:

Adjusted
cost of a
share or
non-
guaranteed
convertible
security

“965.23 In the case provided for in the first and second paragraphs of section 965.22, the adjusted cost of each qualifying share or qualifying non-guaranteed convertible security that is split or replaced, or of each new share or non-guaranteed convertible security that is issued, is equal to the adjusted cost of the qualifying share or qualifying non-guaranteed convertible security, as the case may be, that is split or replaced, determined immediately before the splitting or replacement, divided by the number of shares or non-guaranteed convertible securities, as the case may be, resulting from the splitting or replacement.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.23.1,
replaced

133. (1) Section 965.23.1 of the said Act, enacted by section 64 of chapter 8 of the statutes of 1991, is replaced by the following section:

Splitting
or replace-
ment of a
share or
non-
guaranteed
convertible
security
owned by an
investment
fund

“965.23.1 In the case of the splitting or replacement of a qualifying share or qualifying non-guaranteed convertible security owned by an investment fund, following a transaction occurring after 31 December 1987, without any consideration other than either a share, where the transaction is described in section 301 in respect of a qualifying non-guaranteed convertible security or a preferred share contemplated in subparagraph *a* of the first paragraph of section 965.9 or subparagraph *c* of the first paragraph of section 965.9.1 or described in section 536, 541 or 544 in respect of a qualifying share, or a non-guaranteed convertible security, where the transaction is described in section 536, 541 or 544 in respect of a qualifying non-guaranteed convertible security, the following rules apply:

(a) each new share or each new non-guaranteed convertible security so issued is deemed to be a qualifying share or a qualifying non-guaranteed convertible security, as the case may be, acquired by the investment fund at the same time and with the same funds as the qualifying share or qualifying non-guaranteed convertible security, as the case may be, that is split or replaced;

(b) the adjusted cost of the qualifying share or qualifying non-guaranteed convertible security that is split or replaced, or of each new share or each new non-guaranteed convertible security that is issued, is equal to the adjusted cost of the qualifying share or

qualifying non-guaranteed convertible security, as the case may be, that is split or replaced, determined immediately before the splitting or replacement, divided by the number of shares or non-guaranteed convertible securities, as the case may be, resulting from the splitting or replacement.”

(2) This section has effect from 3 May 1991.

c. 1-3,
ss. 965.23.1.1-
965.23.1.3,
added

134. (1) The said Act is amended by inserting, after section 965.23.1, the following sections:

Redemption
or repay-
ment of a
qualifying
non-
guaranteed
convertible
security

“965.23.1.1 Where a qualifying non-guaranteed convertible security issued by a corporation and included in a stock savings plan is, in a taxation year, redeemed or repaid by the corporation, where, under the conditions pertaining to the issue of the qualifying non-guaranteed convertible security, the consideration received by the holder of the qualifying non-guaranteed convertible security consists only of shares that are identical, as to the number and the terms, conditions, rights or other characteristics attached thereto, to the shares the holder would have obtained had he exercised the conversion right conferred on him by the qualifying non-guaranteed convertible security, and where the requirement of paragraph *g* of section 965.7 is fulfilled in respect of each share issued as consideration for such redemption or repayment, the following rules apply:

(a) the redemption or repayment does not entail the withdrawal of the qualifying non-guaranteed convertible security from the plan;

(b) each share issued as consideration for the redemption or repayment is deemed to be a qualifying share that was included in a stock savings plan at the same time as the qualifying non-guaranteed convertible security;

(c) the adjusted cost of each share issued as consideration for the redemption or repayment of the qualifying non-guaranteed convertible security is deemed to be equal to the adjusted cost of the qualifying non-guaranteed convertible security, determined immediately before the redemption or repayment, divided by the number of shares issued as consideration for the redemption or repayment of the qualifying non-guaranteed convertible security.

Deemed
withdrawal

“965.23.1.2 Where an individual acquired in a taxation year a qualifying share that he included in a stock savings plan under which he is a beneficiary, where the share was issued by a corporation whose assets were \$2 500 000 000 or over on the date of the receipt for the final prospectus or of the exemption from filing a prospectus pertaining to the public share issue to which the share relates, and

where the share is not withdrawn from the plan by the individual before 1 January 1994, the individual is deemed to have withdrawn the share from the plan on 1 January 1994.

Deemed
withdrawal

“965.23.1.3 Where an individual is a member of an investment group, where the investment group acquired, in a taxation year, a qualifying share that it included in a stock savings plan under which it is a beneficiary, where the share was issued by a corporation whose assets were \$2 500 000 000 or over on the date of the receipt for the final prospectus or of the exemption from filing a prospectus pertaining to the public share issue to which the share relates, and where the share is not withdrawn from the plan by the investment group before 1 January 1994, the share constitutes, up to the amount of the individual's interest in the investment group indicated in the declaration filed with the dealer or, where such is the case, determined in paragraph *c* of section 965.6.5 or paragraph *b* of section 965.6.6, a share deemed to be withdrawn, on 1 January 1994, by the individual from a stock savings plan under which he is a beneficiary.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 965.24.1.2,
965.24.1.3,
added

Listing of
securities

135. (1) The said Act is amended by inserting, after section 965.24.1.1, the following sections:

“965.24.1.2 A qualified corporation that makes an issue of non-guaranteed convertible securities with the stipulation that they can be included in a stock savings plan, is required to take the necessary steps to have such securities listed on the Montréal Stock Exchange not later than 90 days after the date of the receipt for the final prospectus pertaining to their issue.

Filing of a
prescribed
form

“965.24.1.3 A qualified corporation that makes an issue of non-guaranteed convertible securities which may be redeemed or repaid by the corporation or purchased by anyone in any manner whatever, under the conditions pertaining to their issue, shall, where the custody of part or the aggregate of the securities has been entrusted to a dealer under a stock savings plan, file with the Minister, at a particular time and not later than 60 days after the date on which the issue ends, a prescribed form indicating the fraction of the aggregate of the securities the custody of which has been entrusted to the dealer under the stock savings plan at that particular time.

Presumption

Where the corporation fails to file the prescribed form with the Minister within the prescribed time, it is deemed to have indicated, at the end of that period, that the custody of the aggregate of the non-guaranteed convertible securities has been entrusted to a dealer under a stock savings plan.

Applica-
bility

The presumption provided in the second paragraph shall cease to apply at the time when the corporation files the prescribed form with the Minister, indicating the fraction of the aggregate of the non-guaranteed convertible securities the custody of which has been entrusted to a dealer under a stock savings plan at that time."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.24.2,
replaced

136. (1) Section 965.24.2 of the said Act is replaced by the following section:

Disclosure

"965.24.2 A corporation that is authorized, in a year, to issue shares of its capital stock under an exemption from filing a prospectus granted under subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1), with the stipulation that they can be included in a stock savings plan, and, on the date determined under the second paragraph in respect of the year, is authorized under the exemption to issue such shares in the following year, shall file with the Commission des valeurs mobilières du Québec and the Minister, not later than 15 December in the year, a written notice certifying that, on 30 June in the year, as a result of a transaction other than a particular transaction contemplated in section 965.11.9.1 or 965.11.19.1 in respect of which the corporation is not bound to meet the requirement prescribed in the second paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17, it is a corporation that

(a) would not be a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17 if that first paragraph applied on that date, or

(b) would be a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17 if that first paragraph applied on that date and if, where such is the case, a particular transaction contemplated in section 965.11.9.1 or 965.11.19.1 were not taken into account in respect of which the corporation is not bound to meet the requirement prescribed in the second paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17.

Written
notice

The date referred to in the first paragraph is, in respect of a year, the earlier of the date in the year on which the written notice referred to in the said paragraph is filed by the corporation and 15 December in the year.

Exception

However, a corporation whose assets would have been \$2 500 000 000 or more if the exemption from filing a prospectus

referred to in the first paragraph had been granted on 30 June 1991 is not required to fulfill the requirement of that paragraph for any year, subsequent to the year 1990, preceding the year in which, where such is the case, it obtains a favourable advance ruling referred to in section 965.9.7.0.3 from the Ministère du Revenu in respect of that exemption from filing a prospectus.”

(2) This section, where it replaces the first and second paragraphs of section 965.24.2 of the Taxation Act, has effect from 16 May 1989 and, where it enacts the third paragraph of the said section 965.24.2, has effect from 3 May 1991.

c. I-3,
s. 965.26,
replaced

137. (1) Section 965.26 of the said Act is replaced by the following section:

Duties of
dealer

“965.26 The dealer shall ensure that every qualifying share or qualifying non-guaranteed convertible security to be included in a stock savings plan has been acquired for money consideration as part of a public share issue or non-guaranteed convertible security issue, as the case may be, or, in the case of a qualifying share, has been acquired as a result of the exercise of a conversion right conferred on the holder of a convertible security issued as part of a convertible security issue by an individual or an investment group as first purchaser, other than a dealer acting as an intermediary or firm underwriter, that the certificate for the share or for the non-guaranteed convertible security has been transmitted to him directly by the issuer of the certificate or by another dealer certifying that the certificate was held, without interruption from its issue, by a dealer acting as an intermediary or firm underwriter, and that the qualified corporation that issued the share or the security has stated, in the final prospectus or in the application for an exemption from filing a prospectus relating to the share, to the non-guaranteed convertible security or to the convertible security, that the share or the non-guaranteed convertible security could be included in a stock savings plan.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.28.1,
replaced

138. (1) Section 965.28.1 of the said Act is replaced by the following section:

Publication

“965.28.1 Where a corporation files with the Commission des valeurs mobilières du Québec, in accordance with the first paragraph of section 965.24.2, a written notice on or before 15 December in a year, certifying that, on 30 June in that year, it would not be a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17 if that first paragraph

applied on that date and where it fails to file the written notice mentioned in section 965.9.7.0.2 on or before 31 December in that year, the Commission des valeurs mobilières du Québec shall, at the beginning of the year following that year, publish the corporate name of the corporation and disclose that shares that will be issued by that corporation in the year following that year under an exemption from filing a prospectus granted under subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1) will not constitute qualifying shares.”

(2) This section has effect from 16 May 1989.

139. (1) Section 965.29 of the said Act is amended

c. I-3,
s. 965.29,
am.

(1) by inserting, after paragraph *b.1*, the following paragraph:

“additional
interest
in respect
of a quali-
fied invest-
ment”

“(b.2) “additional interest in respect of a qualified investment” of a shareholder means the aggregate, in respect of a qualified investment, of all amounts each of which corresponds to,

i. except in the case referred to in subparagraph ii, such part of the portion attributable to the qualified investment of the amount renounced by a Québec business investment company under section 965.31.5 in respect of a share issue the proceeds of which have been used to make the qualified investment as is represented by the proportion, immediately before the time the qualified investment was made by the Québec business investment company, that the paid-up capital of the common shares with full voting rights of the share capital of the Québec business investment company beneficially owned by the shareholder is of the total paid-up capital of all issued and paid-up common shares with full voting rights of the share capital of the Québec business investment company, or

ii. where a Québec business investment company allocates to a shareholder it selects, as additional participation in respect of the qualified investment, all or part of the portion attributable to the qualified investment of the amount renounced by it under section 965.31.5 in respect of a share issue the proceeds of which have been used to make the qualified investment, the amount accepted as such in respect of the shareholder by the Société de développement industriel du Québec;”;

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

“interest
in a quali-
fied invest-
ment”

“(c) “interest in a qualified investment” of a shareholder means the portion of a qualified investment of a Québec business investment company represented by the proportion, immediately before the time the qualified investment is made by the Québec business investment

company, that the paid-up capital of the common shares with full voting rights of the share capital of the Québec business investment company beneficially owned by the shareholder is of the total paid-up capital of all issued and paid-up common shares with full voting rights of the share capital of the Québec business investment company except, where the Québec business investment company allocates to a shareholder it selects all or part of the qualified investment as participation in the qualified investment, the amount accepted as such in respect of the shareholder by the Société de développement industriel du Québec;”.

(2) Paragraph 1 of subsection 1 has effect from 3 May 1991.

c. I-3,
s. 965.31.1,
am.

140. (1) Section 965.31.1 of the said Act is amended

(1) by replacing that part preceding paragraph *a* by the following:

Adjusted
interest in
a qualified
investment

“965.31.1 The adjusted interest in a qualified investment of a taxpayer is an amount equal to,”;

(2) by replacing paragraphs *f* to *i* by the following paragraphs:

“(f) in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies and made during the period extending from 17 May 1989 to 2 May 1991 by a Québec business investment company referred to in section 4 of the said Act, 100 % of the amount of the taxpayer’s interest in the qualified investment without exceeding 100 % of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;

“(g) in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies and made during the period extending from 17 May 1989 to 2 May 1991 by a Québec business investment company referred to in section 4.1 of the said Act, 125 % of the amount of the taxpayer’s interest in the qualified investment without exceeding 125 % of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;

“(h) in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies and made during the period extending from 17 May 1989 to 2 May 1991 by a Québec business investment company referred to in section 4 of

the said Act, 125 % of the amount of the taxpayer's interest in the qualified investment without exceeding 125 % of the taxpayer's financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;

“(i) in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies and made during the period extending from 17 May 1989 to 2 May 1991 by a Québec business investment company referred to in section 4.1 of the said Act, 150 % of the amount of the taxpayer's interest in the qualified investment without exceeding 150 % of the taxpayer's financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;”;

(3) by adding, after paragraph *i*, the following paragraphs:

“(j) in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies and made after 2 May 1991 by a Québec business investment company referred to in section 4 of the said Act, 100 %, where the taxpayer is a corporation, or 125 %, where the taxpayer is an individual, of the aggregate of the amount of the taxpayer's interest in the qualified investment and the amount of the taxpayer's additional interest in respect of the qualified investment, without exceeding 100 %, where the taxpayer is a corporation, or 125 %, where the taxpayer is an individual, of the amount of the taxpayer's financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;

“(k) in the case of a qualified investment referred to in section 12.2 of the Act respecting Québec business investment companies and made after 2 May 1991 by a Québec business investment company referred to in section 4.1 of the said Act, 125 %, where the taxpayer is a corporation, or 150 %, where the taxpayer is an individual, of the aggregate of the amount of the taxpayer's interest in the qualified investment and the amount of the taxpayer's additional interest in respect of the qualified investment, without exceeding 125 %, where the taxpayer is a corporation, or 150 %, where the taxpayer is an individual, of the amount of the taxpayer's financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;

“(l) in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies and made after 2 May 1991 by a Québec business investment company referred to in section 4 of the said Act, 125 %, where the taxpayer is a corporation, or 150 %, where the taxpayer is an individual, of the aggregate of the amount of the taxpayer’s interest in the qualified investment and the amount of the taxpayer’s additional interest in respect of the qualified investment, without exceeding 125 %, where the taxpayer is a corporation, or 150 %, where the taxpayer is an individual, of the amount of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment;

“(m) in the case of a qualified investment referred to in section 12.3 of the Act respecting Québec business investment companies and made after 2 May 1991 by a Québec business investment company referred to in section 4.1 of the said Act, 150 %, where the taxpayer is a corporation, or 175 %, where the taxpayer is an individual, of the aggregate of the amount of the taxpayer’s interest in the qualified investment and the amount of the taxpayer’s additional interest in respect of the qualified investment, without exceeding 150 %, where the taxpayer is a corporation, or 175 %, where the taxpayer is an individual, of the amount of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 965.31.2,
am.

141. (1) Section 965.31.2 of the said Act is amended

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

Financial
commitment
of a share-
holder of
a QBIC

“965.31.2 The financial commitment of a shareholder of a Québec business investment company, at a particular time, is equal to the amount by which the aggregate of amounts representing the total of his interest in and additional interest in respect of a qualified investment made by the Québec business investment company before that time and held by it at that time is exceeded by the aggregate of”;

(2) by replacing the word “, exceeds”, in that part preceding subparagraph *a* of the first paragraph of the English text, by the words “is exceeded by”.

(2) Paragraph 1 of subsection 1 has effect from 3 May 1991.

(3) Paragraph 2 of subsection 1 has effect from 2 May 1986.

c. I-3,
s. 965.31.3,
am.

142. (1) Section 965.31.3 of the said Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the heir’s interest in and additional interest in respect of a qualified investment that is made by the Québec business investment company after the death of the shareholder but before the time the share is allocated or transferred to the heir, are deemed to be, for the heir, an interest in and an additional interest in respect of a qualified investment for the year in which the share is allocated or transferred to the heir and are deemed not to be, for the heir, an interest in and an additional interest in respect of a qualified investment for the year in which the Québec business investment company makes the qualified investment.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 965.31.5,
965.31.6,
added

143. (1) The said Act is amended by inserting, after section 965.31.4, the following:

“CHAPTER II.1

“RENUNCIATION

Renuncia-
tion in
respect of
issue ex-
penses

“965.31.5 Where a Québec business investment company makes a share issue in respect of which a prospectus or offering memorandum was filed with the Commission des valeurs mobilières du Québec and the receipt for the final prospectus or the exemption from filing a prospectus was granted after 2 May 1991, it may renounce, in respect of the share issue, an amount not exceeding the lesser of

(a) the aggregate of the expenses incurred by the Québec business investment company, in the course of the issue, at or before the time the renunciation is made and, where such is the case, the reasonable additional expenses it expects to incur after that time in the course of the share issue, and

(b) 15 % of the aggregate of the proceeds of the share issue at or before the time the renunciation is made and, where such is the case, the additional proceeds the Québec business investment company expects to receive for the additional shares it intends to issue after that time as part of the share issue.

Renuncia-
tion attri-
butable to
a qualified
investment

Where a Québec business investment company makes a qualified investment after 2 May 1991 wholly or partially out of the proceeds of a share issue referred to in the first paragraph, the portion of the amount, referred to in this paragraph as the “particular amount”, renounced by it under the first paragraph in respect of the share issue, represented by the proportion that the amount of such portion of the qualified investment as may reasonably be considered to have been made out of the proceeds of the share issue is of the amount by which the aggregate referred to in subparagraph *b* of the first paragraph in respect of the share issue exceeds the particular amount, is deemed, for the purposes of paragraph *b.2* of section 965.29, to be attributable to the qualified investment.

Validity of
the renun-
ciation

Any renunciation made by a Québec business investment company under the first paragraph in respect of a share issue is valid only if it is made, in prescribed form, on or before the earlier of the last day of its fiscal period in which the share issue commenced and 31 December in the calendar year in which the share issue commenced.

Restrictions

“965.31.6 A Québec business investment company may renounce an amount under section 965.31.5 in respect of an expense

(a) on the one hand, only if the expense is an expense that would be deductible under section 147, but for the second paragraph thereof, in computing the income of the Québec business investment company for any taxation year; and

(b) on the other hand, only to the extent that the Québec business investment company has not deducted the expense in computing its income for any taxation year preceding the year in which the renunciation is made, has not been or cannot reasonably expect to be reimbursed for the expense, has not received or cannot reasonably expect to receive government assistance or non-government assistance, within the meanings assigned by section 1029.8.17, in respect of the expense, and has not transferred to another person its right to such a reimbursement or such assistance.”

(2) This section has effect from 3 May 1991. However, where a renunciation is to be made on or before 16 June 1992 by a Québec business investment company under section 965.31.5 of the Taxation Act, enacted by this section, any reference, in the said section 965.31.5, to a prescribed form shall read as a reference to a declaration in which the Québec business investment company attests that it is making the renunciation and determines the amount so renounced.

c. I-3,
ss. 965.34.2-
965.34.4,
added

144. (1) The said Act is amended by inserting, after section 965.34.1, the following sections:

Filing of
a prescri-
bed form

“965.34.2 Where a Québec business investment company renounces an amount under section 965.31.5 in respect of a share issue, it shall file with the Minister a prescribed form in respect of the renunciation on or before the last day of the month following that in which the renunciation is made.

Verifica-
tion by the
Minister

“965.34.3 Where a Québec business investment company has renounced an amount under section 965.31.5 in respect of a share issue, sections 38 to 40.1 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply, with such modifications as the circumstances require and without restricting their generality, for the purpose of permitting the Minister to verify or ascertain

(a) expenses in respect of which the Québec business investment company has so renounced that amount;

(b) the amount so renounced by the Québec business investment company in respect of those expenses; and

(c) any information relating to expenses in respect of which the Québec business investment company has so renounced an amount or to the amount so renounced by the Québec business investment company.

Fiscal
return not
filed

The first paragraph applies notwithstanding that a fiscal return has not been filed by a shareholder of the Québec business investment company under section 1000 for the taxation year of the shareholder in which a portion of an amount so renounced by the Québec business investment company in respect of a share issue was included in his additional interest in respect of a qualified investment.

Renuncia-
tion dif-
fering from
the amount
permitted

“965.34.4 Where the amount that a Québec business investment company purported to renounce, in respect of a share issue, under section 965.31.5 in respect of expenses incurred by it in the course of the share issue either exceeds the amount it may renounce under the said section in respect of the share issue or, where upon making the renunciation, it took into account additional expenses not yet incurred at that time or additional issue proceeds not yet received or subscribed at that time, differs from the particular amount it would have been entitled to renounce under the said section in respect of that issue if, at that time, it could have taken into account the additional expenses actually incurred after that time and the additional issue proceeds actually received after that time, the following rules apply:

(a) the Québec business investment company shall, as the case may be, either reduce the amount so renounced in respect of the share

issue by the amount of the excess, or alter it to make it equal to the particular amount;

(b) the Québec business investment company shall file a statement with the Minister indicating the adjustments made in the amount so renounced.

Adjust-
ment by the
Minister

For the purposes of this title, where the Québec business investment company fails to comply with subparagraphs *a* and *b* of the first paragraph within 30 days after notice in writing by the Minister has been forwarded to it that the adjustment as provided in the said subparagraph *a* is or will be required for the purposes of any assessment of tax under this Part, the Minister may, as the case may be, either reduce the amount purported to be renounced by the Québec business investment company in respect of the share issue contemplated in the first paragraph by the amount of the excess referred to in that paragraph or alter it to make it equal to the particular amount referred to in that paragraph.

Deemed
amount of
the renun-
ciation

In either such case, the amount renounced by the Québec business investment company in respect of the share issue is deemed, notwithstanding section 965.31.5, to be the amount as reduced or altered, as the case may be, by the Québec business investment company or by the Minister, as the case may be."

(2) This section has effect from 3 May 1991. However, any reference in section 965.34.2 of the Taxation Act, enacted by this section, to a prescribed form a Québec business investment company is required to file with the Minister of Revenue under section 965.34.2 in respect of a renunciation to be made by it on or before 16 June 1992 in respect of a share issue shall read as a reference to a declaration in which the Québec business investment company attests that it is making the renunciation and determines the amount so renounced.

c. I-3,
s. 965.35,
am.

145. (1) Section 965.35 of the said Act is amended by replacing paragraph *b* by the following paragraph:

"adjusted
cost"

"(b) "adjusted cost" means the cost of a qualifying security as determined under sections 965.36 and 965.36.1;"

(2) This section applies from the taxation year 1991.

c. I-3,
s. 965.36.1,
added

146. (1) The said Act is amended by inserting, after section 965.36, the following section:

Adjusted
cost of a
qualifying
security

"965.36.1 For the purposes of section 965.36, the percentages specified therein shall be increased by 25 points where a qualifying

security is acquired after 2 May 1991 by an individual within the scope of the issue of that security by a qualified cooperative in respect of which the Minister of Industry, Trade and Technology has issued a certificate attesting that the cooperative is, for the year in which the security is issued, a small or medium-sized cooperative, within the meaning of the cooperative investment plan.”

(2) This section applies from the taxation year 1991.

c. I-3,
s. 965.40,
am.

147. Section 965.40 of the said Act, amended by section 66 of chapter 8 of the statutes of 1991, is again amended

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

“permanent
share”

“(c) “permanent share” means a share meeting the requirements of sections 73 to 80 of the Savings and Credit Unions Act, issued by a savings and credit union under a receipt for a final prospectus or an exemption from filing a prospectus granted after 16 May 1989, and acquired before 2 March 1993 for money consideration within the scope of a credit union permanent share savings plan by an individual as first purchaser, other than a dealer acting as an intermediary or firm underwriter;”;

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

“credit
union per-
manent
share
savings
plan”

“(e) “credit union permanent share savings plan” means an arrangement under which an individual acquires, on or before 1 March 1993, a permanent share;”.

c. I-3,
s. 965.42,
replaced

148. Section 965.42 of the said Act is replaced by the following section:

Adjusted
cost

“965.42 The adjusted cost of a permanent share to an individual is obtained by applying to the cost of the permanent share to the individual, determined without taking into account the borrowing costs or other costs related to the acquisition of the share,

(a) 100 % in respect of a permanent share acquired before 1 March 1992, or

(b) 50 % in respect of a permanent share acquired after 29 February 1992 and before 2 March 1993.”

c. I-3,
s. 965.45,
am.

149. Section 965.45 of the said Act, replaced by section 67 of chapter 8 of the statutes of 1991, is amended

(1) by replacing that part preceding paragraph *a* by the following:

Option
and
presump-
tion of
acquisition

“965.45 For the purposes of this title, except sections 965.42 and 965.46 and paragraphs *c* and *e* of section 965.40, where an individual purchases a permanent share during the period extending”;

(2) by replacing the period at the end of paragraph *c* by a semicolon;

(3) by adding, after paragraph *c*, the following paragraph:

“(d) from 1 January 1993 to 1 March 1993, he is deemed to have acquired the permanent share in 1992 and that permanent share is deemed not to have been acquired in 1993.”

c. I-3,
s. 965.46,
am.

150. Section 965.46 of the said Act, replaced by section 67 of chapter 8 of the statutes of 1991, is amended

(1) by replacing the period at the end of paragraph *c* by a semicolon;

(2) by adding, after paragraph *c*, the following paragraph:

“(d) from 1 January 1993 to 1 March 1993, he is deemed to hold the permanent share on 31 December 1992.”

c. I-3,
s. 965.48,
replaced

151. (1) Section 965.48 of the said Act, replaced by section 68 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Maximum
amount

“965.48 In no case may the amount of the deduction under section 965.47 for a particular taxation year being either the taxation year 1990 or the taxation year 1991 in respect of an individual exceed the lesser of \$2 000 and the amount by which \$5 000 exceeds the aggregate of the amounts deducted by him under the said section for the taxation years preceding the particular year.”

(2) This section applies to the taxation years 1990 and 1991.

c. I-3,
s. 965.48.1,
added

152. The said Act is amended by inserting, after section 965.48, the following section:

Maximum
amount

“965.48.1 In no case may the amount of the deduction under section 965.47 for the taxation year 1992 in respect of an individual exceed the lesser of \$1 000 and the amount by which \$6 000 exceeds the aggregate of the amounts deducted by him under the said section for the preceding taxation years.”

c. I-3,
s. 965.51,
replaced

153. (1) Section 965.51 of the said Act, replaced by section 69 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Acquisition
deemed
made
in the
preceding
year

“965.51 For the purposes of sections 965.49 and 965.50, where an individual acquires a permanent share during the first 60 days of a particular year, the following rules apply:

(a) the individual is deemed to have acquired the permanent share in the year preceding the particular year;

(b) where, for the particular year, the individual has deducted, under section 726.0.1, an amount in respect of the permanent share, the amount is deemed to have been so deducted by the individual for the year preceding the particular year.”

(2) This section has effect from 17 May 1989.

c. I-3,
s. 965.52,
replaced

154. (1) Section 965.52 of the said Act is replaced by the following section:

Maximum
amount

“965.52 The total amount of permanent share issues by all savings and credit unions shall not exceed \$325 000 000.”

(2) This section has effect from 1 March 1992.

c. I-3,
s. 965.53,
am.

155. Section 965.53 of the said Act, amended by section 70 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing the period at the end of paragraph c by a semicolon;

(2) by adding, after paragraph c, the following paragraph:

“(d) for the period extending from 1 March 1992 to 1 March 1993, the amount by which \$325 000 000 exceeds the total amount of permanent share issues distributed by all credit unions before 1 March 1992.”

c. I-3,
s. 985.9.2,
am.

156. (1) Section 985.9.2 of the said Act is amended by replacing paragraph a by the following paragraph:

“(a) the prescribed amount for the year in respect of property, other than a prescribed property, or a portion thereof owned by the foundation at any time in the immediately preceding 24 months that was not used directly in charitable activities or administration, exceeds”.

(2) This section applies to taxation years commencing after 31 December 1983.

c. I-3,
s. 985.9.3,
am.

157. (1) Section 985.9.3 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) 90 % of the amount by which the amount deducted by the foundation for its last taxation year that began before 1 January 1984, in accordance with section 985.18 as it read for that year, exceeds the aggregate of the amounts determined in respect of the foundation under paragraph *b* of section 985.9.2 for its first taxation year beginning after 31 December 1983, exceeds”.

(2) This section applies to taxation years commencing after 31 December 1983.

c. I-3,
s. 1005,
replaced

158. (1) Section 1005 of the said Act, replaced by section 71 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Examina-
tion and
assessment
by the
Minister

“1005. The Minister shall, with dispatch, examine a taxpayer’s fiscal return sent to him for a taxation year and assess his tax payable for the year, the interest and penalties, if any, which are exigible and any amount deemed to have been paid under section 776.5.1 or Divisions II to III of Chapter III.1 of Title III as partial payment of his tax payable for the year pursuant to this Part.”

(2) This section applies from the taxation year 1990.

c. I-3,
s. 1027,
am.

159. (1) Section 1027 of the said Act, amended by section 74 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing subparagraphs i and ii of subparagraph *a* of the first paragraph by the following subparagraphs:

“i. on or before the last day of each month of the current taxation year an amount equal to 1/12 of its tax for the year estimated in accordance with section 1004 or of its first basic provisional account, established in prescribed manner, for the year; or

“ii. on or before the last day of each of the first two months of the current taxation year, an amount equal to 1/12 of its second basic provisional account, established in prescribed manner, for the year and, on or before the last day of each of the following months of the year, an amount equal to 1/10 of the excess of its first basic provisional account contemplated in subparagraph i over the amount computed in respect of the first two months of the year; and”;

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

Exception

“However, subparagraph *a* of the first paragraph does not apply to a corporation whose aggregate taxes payable for the year under this Act or aggregate first basic provisional accounts within the meaning of the regulations under subparagraph *i* of subparagraph *a* of the first paragraph, for the year, do not exceed \$1 000.”

(2) Paragraph 1 of subsection 1 applies in respect of instalments to be made by a corporation after 31 August 1991.

(3) Paragraph 2 of subsection 1 applies in respect of instalments to be made by a corporation after 16 May 1989. However, where the second paragraph of section 1027 of the Taxation Act, enacted by the said paragraph 2, applies

(a) in respect of instalments to be made by a corporation between 16 May 1989 and 27 April 1990, it shall read as though the words “for the year,” contained therein were replaced by the words “for the year, established with reference to sections 771.0.1 and 771.0.1.1,”;

(b) in respect of instalments to be made by a corporation between 26 April 1990 and 1 September 1991, it shall read as though the words “for the year,” contained therein were replaced by the words “for the year, established with reference to sections 771.0.1 to 771.0.1.2,”.

c. I-3,
heading,
replaced

160. The heading of Chapter III.1 of Title III of Book IX of Part I of the said Act is replaced by the following heading:

“REFUNDABLE TAX CREDITS”.

c. I-3,
s. 1029.2,
am.

161. (1) Section 1029.2 of the said Act, amended by section 75 of chapter 8 of the statutes of 1991, is again amended by replacing subparagraph *i* of paragraph *a* by the following subparagraph:

“i. such proportion of 3.75 % of the amount by which such loss exceeds the portion of the loss it deducted in computing its taxable income for each of the three preceding taxation years, as is represented by the ratio between its business carried on in Québec during the particular year and the aggregate of its business carried on in Québec and elsewhere during the latter year as established under subsection 2 of section 771; and”.

(2) This section applies to taxation years ending after 31 August 1991. However, where subparagraph *i* of paragraph *a* of section 1029.2 of the Taxation Act, enacted by this section, applies to such a taxation year that includes that date, it shall read as though the percentage

"3.75 %" stated therein were replaced by such percentage as is represented by the aggregate of

(a) such proportion of 3.45 % as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

(b) such proportion of 3.75 % as the number of days in the year following 31 August 1991 is of the number of days in the year.

c. I-3,
s. 1029.7,
am.

162. (1) Section 1029.7 of the said Act, amended by section 76 of chapter 8 of the statutes of 1991, is again amended by replacing subparagraph i of subparagraph b of the third paragraph by the following subparagraph:

"i. all or part of an amount that can reasonably be considered to be an expenditure in respect of scientific research and experimental development made in Québec by virtue of a university research contract within the meaning of paragraph b of section 1029.8.1 or of an eligible research contract within the meaning of paragraph a.2 of the said section, in respect of which section 1029.8.6 applies;"

(2) This section has effect from 2 May 1991.

c. I-3,
s. 1029.8,
am.

163. (1) Section 1029.8 of the said Act is amended by replacing subparagraph i of subparagraph b of the third paragraph by the following subparagraph:

"i. all or part of an amount that can reasonably be considered to be an expenditure in respect of scientific research and experimental development made in Québec by virtue of a university research contract within the meaning of paragraph b of section 1029.8.1 or of an eligible research contract within the meaning of paragraph a.2 of the said section, in respect of which section 1029.8.7 applies;"

(2) This section has effect from 2 May 1991.

c. I-3,
heading,
replaced

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

"CREDIT FOR UNIVERSITY RESEARCH AND FOR RESEARCH CARRIED ON BY A PUBLIC RESEARCH CENTRE".

(2) This section has effect from 2 May 1991.

c. I-3,
s. 1029.8.1,
am.

165. (1) Section 1029.8.1 of the said Act, amended by section 344 of chapter 59 of the statutes of 1990, is again amended

(1) by replacing that part preceding paragraph *a* by the following:

Interpre-
tation

“1029.8.1 In this division and Division II.2,”;

(2) by inserting, before paragraph *b*, the following paragraphs:

“eligible
public
research
centre”

“(a.1) “eligible public research centre” means a prescribed government research centre or a prescribed specialized centre;

“eligible
research
contract”

“(a.2) “eligible research contract” means a contract entered into after 2 May 1991 and before 1 January 1994 between a taxpayer or partnership carrying on a business in Canada or a prescribed linkage partnership commissioned by such a taxpayer or partnership and an eligible public research centre under which the eligible public research centre binds itself to undertake directly, in Québec, before 1 January 1996, within the scope of its activities, scientific research and experimental development related to a business of the taxpayer or partnership, as the case may be, where the latter is entitled to exploit the results thereof;”;

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

“eligible
university
entity”

“(f) “eligible university entity” means a Québec university, a prescribed university hospital medical research centre, a subsidiary wholly-owned corporation of such a centre that is constituted exclusively for the prosecution or promotion of scientific research and experimental development, or any other prescribed body;”.

(2) Paragraph 1 of subsection 1 has effect from 6 July 1991.

(3) Paragraph 2 of subsection 1 has effect from 2 May 1991.

(4) Paragraph 3 of subsection 1 applies in respect of expenditures made after 5 July 1991 on scientific research and experimental development carried on after that date under a university research contract entered into after that date.

c. 1-3,
s. 1029.8.2,
am.

166. (1) Section 1029.8.2 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

Contract
deemed not
to be a
university
research
contract
or an
eligible
research
contract

“1029.8.2 For the purposes of paragraphs *a.2* and *b* of section 1029.8.1, where a research contract was entered into either before 1 May 1987 with an entity which, after 30 April 1987, is an eligible university entity or before 2 May 1991 with an entity which, after 1 May 1991, is an eligible public research centre, where expenditures on scientific research and experimental development were to be made

under the research contract and where, subsequently to that research contract, another research contract which, but for this section, would be a university research contract or an eligible research contract, as the case may be, is entered into, that other research contract is deemed, if the Minister so decides, not to be a university research contract or an eligible research contract, as the case may be, if it may reasonably be considered to relate to expenditures on scientific research and experimental development covered by the earlier research contract entered into, as the case may be, either before 1 May 1987 by an entity which, after 30 April 1987, is an eligible university entity, or before 2 May 1991 by an entity which, after 1 May 1991, is an eligible public research centre, and if the other research contract is entered into with”.

(2) This section has effect from 2 May 1991.

c. I-3,
s. 1029.8.6,
am.

167. (1) Section 1029.8.6 of the said Act is amended

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

Expendi-
tures
made by an
eligible
university
entity or
eligible
public
research
centre on
behalf of
a taxpayer

“1029.8.6 A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada and has entered into a university research contract with an eligible university entity or into an eligible research contract with an eligible public research centre, or has commissioned a prescribed linkage agency to make such a contract, is deemed to have paid to the Minister, for his taxation year during which the scientific research and experimental development related to a business of the taxpayer were undertaken under the contract by the eligible university entity or the eligible public research centre, as the case may be, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 40 % of the total or partial amount of a qualified expenditure he has paid before 1 January 1996 to the eligible university entity or the eligible public research centre, as the case may be, that may reasonably be considered to be attributable to expenditures in respect of scientific research and experimental development made in Québec by the eligible university entity or the eligible public research centre, as the case may be, under the contract during the year.”;

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

Payment by
a taxpayer

“For the purposes of the first paragraph, an amount paid by a taxpayer to an eligible university entity or an eligible public research centre does not include an amount that constitutes all or part of an amount that may reasonably be considered to be an expenditure in

respect of scientific research and experimental development made in Québec by virtue of an agreement in respect of which section 1029.8.10 applies.”

(2) This section applies from the taxation year 1991.

c. I-3,
s. 1029.8.7,
am.

168. (1) Section 1029.8.7 of the said Act is amended

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

Research
carried
out by an
eligible
university
entity or
eligible
public
research
centre on
behalf of a
partnership

“1029.8.7 Where a partnership carries on a business in Canada and has entered into a university research contract with an eligible university entity or into an eligible research contract with an eligible public research centre, or has commissioned a prescribed linkage agency to make such a contract, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the latter during which scientific research and experimental development related to a business of the partnership was carried on under the contract by the eligible university entity or the eligible public research centre, as the case may be, and who is not a specified member or a limited partner, within the meaning of section 613.6, of that partnership during the said fiscal period, is deemed to have paid to the Minister for his taxation year in which the said fiscal period ends, as partial payment of his tax payable for that year pursuant to this Part, his portion of an amount equal to 40 % of the total or partial amount of a qualified expenditure the partnership has paid before 1 January 1996 to the eligible university entity or the eligible public research centre, as the case may be, that may reasonably be considered to be attributable to expenditures in respect of scientific research and experimental development made in Québec by the eligible university entity or the eligible public research centre, as the case may be, under the contract during the fiscal period.”;

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

Payment by
a partner-
ship

“For the purposes of the first paragraph, an amount paid by a partnership to an eligible university entity or an eligible public research centre does not include an amount that constitutes all or part of an amount that may reasonably be considered to be an expenditure in respect of scientific research and experimental development made in Québec by virtue of an agreement in respect of which section 1029.8.11 applies.”

(2) This section applies from the taxation year 1991.

c. I-3,
s. 1029.8.7.2,
am.

169. (1) Section 1029.8.7.2 of the said Act is amended by replacing subparagraph *a* of the seventh paragraph by the following subparagraph:

“(a) the partnership is, for the whole period during which the scientific research and experimental development expenditures are made, related to another partnership no partner of which is a tax-exempt individual within the meaning of paragraph *c* of section 726.4.43 or a tax-exempt corporation or to a taxpayer other than such a tax-exempt individual or a tax-exempt corporation, that carries on a business in Canada;”.

(2) This section applies from the taxation year 1988.

c. I-3,
heading,
replaced

170. (1) The heading of Division II.2 of Chapter III.1 of Title III of Book IX of Part I of the said Act is replaced by the following heading:

“RESTRICTION IN RESPECT OF THE CREDITS FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT”.

(2) This section has effect from 2 May 1991.

c. I-3,
s. 1029.8.9,
am.

171. (1) Section 1029.8.9 of the said Act is amended

(1) by replacing that part preceding subparagraph *b* of the third paragraph by the following:

Advance
ruling
required

“**1029.8.9** A taxpayer shall not be deemed to have paid to the Minister an amount or his portion of an amount referred to in section 1029.8.6, 1029.8.7 or 1029.8.7.2 related to a university research contract entered into after 18 December 1987 or an eligible research contract unless a favourable advance ruling has been given by the Ministère du Revenu regarding the university research contract or the eligible research contract, as the case may be, to which the amount or that portion of an amount, as the case may be, is related, before any amount is paid, pursuant to the contract, to an eligible university entity or an eligible public research centre, as the case may be.

Two or more
research
contracts

Furthermore, where an amount or portion of an amount is related to two or more university research contracts or two or more eligible research contracts, the favourable advance ruling referred to in the first paragraph shall be made in respect of each contract to which the amount or portion of an amount, as the case may be, is related.

Amount
paid
before
advance
ruling

Where an amount has been paid to an eligible university entity pursuant to a university research contract or to an eligible public

research centre pursuant to an eligible research contract before a favourable advance ruling is given by the Ministère du Revenu regarding the contract, the amount so paid is, for the sole purposes of the first paragraph, deemed to have been paid after a favourable advance ruling was given by the Ministère du Revenu regarding the contract, if

(a) an application for an advance ruling regarding the contract has been filed with the Ministère du Revenu on or before the 90th day following the date on which the contract was entered into or, in the case of a university research contract and where the conditions set out in the fifth paragraph in respect of the application for an advance ruling relating thereto are met, on or before the 1 095th day following the date on which the contract was entered into; and”;

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

“(a) an application for an advance ruling regarding the contract has been filed with the Ministère du Revenu on or before 31 December 1989 or, where the conditions set out in the fifth paragraph in respect of the application for an advance ruling regarding the contract are met, on or before the 1 095th day following the date on which the contract was entered into; and”;

(3) by adding, after the fourth paragraph, the following paragraph:

Conditions

“The conditions referred to in subparagraph *a* of the third and fourth paragraphs in respect of an application for an advance ruling regarding a university research contract entered into by a taxpayer are as follows:

(a) the application could not be filed, for reasons beyond the control of the taxpayer, on or before 31 December 1989 or on or before the 90th day following the date on which the contract was entered into, as the case may be;

(b) the application gives the reasons why it could not be filed on or before 31 December 1989 or on or before the 90th day following the date on which the contract was entered into, as the case may be; and

(c) the Minister considers that the reasons put forward justify granting the application.”

(2) Paragraph 1 of subsection 1, where it replaces that part of section 1029.8.9 of the Taxation Act preceding subparagraph *a* of the third paragraph, has effect from 2 May 1991.

(3) Paragraph 1 of subsection 1, where it replaces subparagraph *a* of the third paragraph of section 1029.8.9 of the Taxation Act, and paragraphs 2 and 3 of subsection 1 apply in respect of applications for an advance ruling filed after 5 July 1991.

c. I-3,
s. 1029.8.9.0.1,
added **172.** (1) The said Act is amended by inserting, after section 1029.8.9, the following section:

University
research
contract
carried out
by a sub-
sidiary
wholly-
owned cor-
poration **“1029.8.9.0.1** For the purposes of Division II.1, where a university research contract has been entered into by an eligible university entity that is a prescribed university hospital medical research centre and a subsidiary wholly-owned corporation of such a centre that is constituted exclusively for the prosecution or promotion of scientific research and experimental development is substituted therefor to carry on the performance of the contract, the subsidiary is deemed not to be a separate person from the centre if

(a) an application for an advance ruling regarding the substitution has been filed with the Ministère du Revenu within 90 days from the date of substitution, and

(b) a favourable ruling on the substitution was rendered by the Ministère du Revenu.”

(2) This section applies in respect of substitutions occurring after 5 July 1991.

c. I-3,
s. 1029.8.18.1,
added **173.** (1) The said Act is amended by inserting, after section 1029.8.18, the following section:

Repayment
of
assistance **“1029.8.18.1** Where, at any particular time, a taxpayer or a partnership pays a particular amount that may reasonably be considered to be the repayment of assistance which is government assistance or non-government assistance and that has reduced a particular expenditure for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by the taxpayer or a member of the partnership, as the case may be, under Divisions II to II.3, the following rules apply:

(a) the particular amount is deemed, for the purposes of the said divisions, to be an expenditure in respect of scientific research and experimental development made at that particular time by the taxpayer or the partnership, as the case may be, on the same basis as was the particular expenditure;

(b) the amount that the taxpayer or a member of the partnership, as the case may be, is deemed to have paid to the Minister under the said divisions in respect of the particular amount is deemed

i. to be equal to the amount that, were it not for the assistance and if, in the case of the member of the partnership, his interest therein were the interest at the end of the fiscal period of the partnership which includes the particular time, would have been deemed to have been paid to the Minister by the taxpayer or the member of the partnership, as the case may be, under the said divisions in respect of that portion of the particular expenditure corresponding to the assistance so repaid, and

ii. to have been paid to the Minister under the same provisions of the said divisions as those under which, but for the assistance, the taxpayer or a member of the partnership, as the case may be, would have been deemed to have paid an amount to the Minister in respect of that portion of the particular expenditure corresponding to the assistance so repaid.”

(2) This section applies in respect of a repayment of any assistance that has reduced an expenditure in respect of scientific research and experimental development made after 30 April 1987. However, where section 1029.8.18.1 of the Taxation Act, enacted by this section, applies before 13 May 1988, that part of the said section 1029.8.18.1 preceding paragraph *a* shall read as though the figure “II.3” were the figure “II.2”.

c. I-3,
s. 1029.8.22,
am.

174. (1) Section 1029.8.22 of the said Act, enacted by section 82 of chapter 8 of the statutes of 1991, is amended

(1) by replacing subparagraph ii of paragraph *b* of the definition of “qualified training activity” by the following subparagraph:

“ii. it is given at a distance by an entity other than a recognized educational institution;”;

(2) by replacing, in the definition of “qualified training expenditure”, that part of paragraph *c* preceding subparagraph i by the following:

“(c) the product obtained by multiplying the number of hours, without exceeding 180, during which an eligible employee of the qualified corporation has participated, in the taxation year and during his normal working hours, in a qualified training activity in which he was enrolled, other than a course given at a distance by a recognized educational institution, by the lesser of \$30 and the amount of the wages or salary, paid in currency and computed on an hourly basis, received by the eligible employee in respect of any period during

which he has participated, in that taxation year, in a qualified training activity in which he was enrolled and, for the purposes of this paragraph,";

(3) by adding, after subparagraph vi of paragraph *c* of the definition of "qualified training expenditure", the following subparagraph:

"vii. where an eligible employee has, in a week, participated in a qualified training activity outside his normal working hours, that employee is deemed to have participated in the activity during his normal working hours, except to the extent that, in that week, the aggregate of all hours each of which is an hour during which he would have, but for this subparagraph, participated in a qualified training activity outside his normal working hours exceeds, for that week, the amount by which the number of hours he would reasonably be considered to have worked had the week been a normal working week, exceeds the number of hours he actually worked in that week;"

(4) by replacing, in the definition of "recognized educational institution", that part preceding paragraph *a* by the following:

"recognized educational institution" " "recognized educational institution", at any particular time, means an educational institution which, at that time, is";

(5) by replacing paragraph *c* of the definition of "recognized educational institution" by the following paragraph:

"(c) an educational institution appearing on the list established by the Minister of Higher Education and Science under any of subparagraphs 1 to 3 of the first paragraph of section 56 of the Act respecting financial assistance for students (R.S.Q., chapter A-13.3);";

(6) by replacing paragraph *b* of the definition of "qualified training costs" by the following paragraph:

"(b) any amount, other than an amount referred to in paragraph *a*, as travel expenses of an eligible employee of the qualified corporation, in respect of a qualified training activity, other than a course given at a distance by a recognized educational institution, provided the establishment of the qualified corporation where the eligible employee usually reports for work and the place where the qualified training activity is followed do not lie within the same municipality or, as the case may be, within the same metropolitan region and are at least 40 kilometres apart;"

(2) Paragraphs 1, 2 and 6 of subsection 1 apply in respect of courses given at a distance commencing after 2 May 1991 under a contract entered into after that date.

(3) Paragraph 3 of subsection 1 applies in respect of hours, after 2 May 1991, during which an eligible employee has participated in a qualified training activity.

(4) Paragraph 5 of subsection 1 has effect from 1 May 1990. However, for the period extending from 1 May 1990 to 30 July 1991, the reference in paragraph *c* of the definition of “recognized educational institution” set forth in section 1029.8.22 of the Taxation Act, enacted by the said paragraph 5, to the Act respecting financial assistance for students (R.S.Q., chapter A-13.3) shall read as a reference to the Act respecting financial assistance for students (1990, chapter 11).

c. 1-3,
s. 1029.8.26,
replaced

175. (1) Section 1029.8.26 of the said Act, enacted by section 82 of chapter 8 of the statutes of 1991, is replaced by the following section:

Small and
medium-
sized
businesses

“1029.8.26 Where the corporation referred to in section 1029.8.25 is a corporation whose assets or net shareholders’ equity shown in its books and financial statements submitted to the shareholders for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$25 000 000 or no more than \$10 000 000, respectively, the references to “30 %” and “20 %” in subparagraph *a* of the first paragraph of the said section 1029.8.25 shall read as references to “50 %” and “30 %”, respectively, and the references to “20 %” and “10 %” in subparagraph *b* of the first paragraph of the said section 1029.8.25 shall read as references to “40 %” and “20 %”, respectively.”

(2) This section applies to taxation years ending after 2 May 1991.

c. 1-3,
s. 1029.8.33,
replaced

176. (1) Section 1029.8.33 of the said Act, enacted by section 82 of chapter 8 of the statutes of 1991, is replaced by the following section:

Certifica-
tion

“1029.8.33 A qualified corporation is deemed to have paid to the Minister, for a taxation year, an amount under section 1029.8.25 in respect of a qualified training expenditure corresponding to wages paid to an eligible employee thereof, in respect of any period in the taxation year during which he participated in a qualified training activity in which he was enrolled, only if, no later than the date on which it is required to file its fiscal return for the year under section 1000, a prescribed form certifying the eligible employee’s

participation in the qualified training activity during that period is signed jointly by an authorized representative of the qualified corporation and, where the qualified training activity is followed with

(a) a registered private training company, by an authorized representative of the company, or

(b) a recognized educational institution in an establishment of the qualified corporation or a person with whom it does not deal at arm's length, by an authorized representative of the recognized educational institution."

(2) This section has effect from 27 April 1990. However, where section 1029.8.33 of the Taxation Act, enacted by this section, applies to qualified training expenditures made before 18 March 1992, any reference in the said section 1029.8.33 to a "prescribed form" shall read as a reference to a "form".

c. I-3,
ss. 1029.8.34-
1029.8.52,
added

177. (1) The said Act is amended by inserting, after section 1029.8.33, the following:

"DIVISION II.6

"CREDIT FOR QUÉBEC FILM PRODUCTIONS

"§ 1.—*Interpretation and generalities*

Definitions

"1029.8.34 In this division,

"government assistance"

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

"non-government assistance"

"non-government assistance" means an amount that would be included in computing the income of a taxpayer by virtue of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than a prescribed amount;

"qualified corporation"

"qualified corporation", in respect of a taxation year, means a corporation that, in the year, has an establishment in Québec and carries on there a Québec film or television production business that is a qualified business, but does not include

(a) a corporation that, at any time in the year or during the 24 months preceding the year, is controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec,

(b) a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or that, at any time in the year or during the 24 months preceding the year, does not deal at arm's length with a corporation holding such a licence,

(c) a corporation that, in accordance with Book VIII, is exempt from tax for the year under this Part or that would be but for section 192 or for the exception provided in the second paragraph of section 985,

(d) a corporation all or substantially all the gross revenue of which is derived from the operations of an international financial centre for the year, or

(e) the corporation governed, in the year, by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);

“manpower
expenditure”

“manpower expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means, subject to the second paragraph, the aggregate of the following amounts to the extent that they are reasonable under the circumstances and included in the production cost, cost or capital cost, as the case may be, of the property to the corporation:

(a) the salaries or wages directly attributable to the property that are incurred in the year by the corporation in connection with the stages of production of the property, from the final script stage to the post-production stage, and paid by it, after 18 December 1990, in the year or within 60 days following the end of the year or within a longer period that is reasonable to the Minister;

(b) that portion of the remuneration, other than a salary or wages, incurred in the year by the corporation in connection with the stages of production referred to in paragraph *a* of the property and paid by it, after 18 December 1990, in the year or within 60 days following the end of the year or within a longer period that is reasonable to the Minister,

i. to an individual, that can reasonably be attributed either to services provided by the individual personally as part of the production of the property or to the wages of the individual's employees who provided services as part of the production of the property,

ii. to a particular corporation, other than a corporation referred to in subparagraph iii, a corporation that holds a broadcasting licence

issued by the Canadian Radio-television and Telecommunications Commission or, except where the remuneration is in connection with the post-production stage, a corporation that does not deal at arm's length with a corporation holding such a licence, that can reasonably be attributed to the wages of the particular corporation's employees who provided services as part of the production of the property,

iii. to a corporation all the issued capital stock of which, except the directors' qualifying shares, belongs to an individual and whose activities consist mainly in providing the services of that individual, that can reasonably be attributed to services provided by the individual as part of the production of the property, or

iv. to a partnership, that can reasonably be attributed either to services provided, as part of the production of the property, by an individual who is a member of the partnership or to the wages of the partnership's employees who provided services as part of the production of the property; and

(c) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation, in the year or within 60 days following the end of the year or within a longer period that is reasonable to the Minister, of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and would be included in the manpower expenditure of the corporation in respect of the property for the particular year, by reason of paragraph *a* or *b*, if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it has been by the particular corporation and paid at the same time and to the same person or partnership as it has been by the particular corporation;

"qualified
manpower
expenditure"

"qualified manpower expenditure" of a corporation for a taxation year in respect of a property that is a Québec film production means the lesser of the following amounts:

(a) the amount by which

i. the aggregate of

(1) the manpower expenditure of the corporation for the year in respect of the property,

(2) a repayment made by the corporation in the year, pursuant to a legal obligation to do so, of any assistance referred to, in respect of the property, in subparagraph ii or in subparagraph *e* of the second paragraph in respect of a taxation year for which the corporation is

a qualified corporation, of any assistance referred to in section 1049.31 in respect of the property, not exceeding 400 % of the penalty to which the corporation was liable in a taxation year preceding the year under the said section 1049.31 in respect of such assistance, or of any assistance referred to in subparagraph *c* of the first paragraph of section 1129.2 in respect of the property, not exceeding 250 % of the tax under Part III.1 which the corporation is required to pay in a taxation year preceding the year by reason of the said subparagraph *c* in respect of such assistance, and

(3) the amount by which the aggregate of all amounts each of which is the manpower expenditure of the corporation or an amount determined under subparagraph 2, for a taxation year preceding the year in respect of the property, exceeds the aggregate of all amounts each of which is a qualified manpower expenditure of the corporation in respect of the property for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds

ii. the amount of any government assistance or non-government assistance that the corporation has received, is entitled to receive or can reasonably expect to receive at the time of filing its fiscal return for the year, that is attributable to a manpower expenditure of the corporation for a taxation year preceding the year in respect of the property, that has not, by virtue of subparagraph *e* of the second paragraph, reduced the manpower expenditure of the corporation for that preceding year, and that is not contemplated in this subparagraph for the purpose of determining the qualified manpower expenditure of the corporation for a taxation year preceding the year in respect of the property; and

(b) the amount by which

i. 45 % of the amount by which the production costs, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property, exceeds the amount of any government assistance and non-government assistance attributable to those costs that the corporation has received, is entitled to receive or can reasonably expect to receive at the time of filing its fiscal return for the year and that it has not repaid at that time pursuant to a legal obligation to do so, exceeds

ii. the amount by which the aggregate of all amounts each of which is a qualified manpower expenditure of the corporation in

respect of the property for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds the aggregate of

(1) 250 % of the aggregate of all amounts each of which is tax the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year, and

(2) 400 % of the aggregate of all amounts each of which is a penalty to which the corporation was liable in respect of the property under section 1049.30 or 1049.31 for a taxation year preceding the year;

“Québec
film pro-
duction”

“Québec film production” has the meaning assigned by the regulations under section 130;

“salary or
wages”

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

Rules
governing
manpower
expenditure
of a cor-
poration

For the purposes of the definition of “manpower expenditure” set forth in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *a* of the said definition, the salaries or wages directly attributable to a property are, where an employee directly undertakes, supervises or supports the production of the property, that portion of the salaries or wages, including the related benefits paid to or on behalf of that employee, that may reasonably be considered to be related to the production of the property;

(b) remuneration, including a salary or wages, includes neither an expenditure included in the production cost of a property to a corporation and consisting of an amount otherwise included in the cost or capital cost of the property to another corporation that is a qualified corporation nor, for greater certainty, remuneration based on the profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person;

(c) an amount may be included in the amount established under paragraph *b* of the said definition in respect of an employee referred to in subparagraph i, ii or iv of the said paragraph *b* or an individual referred to in subparagraph iii or iv of the said paragraph *b* only if that employee or individual is a party to the contract entered into between, on the one hand, his employer, the corporation referred to in that subparagraph iii of which he is a shareholder or the partnership of which he is a member, as the case may be, and, on the other hand,

the corporation in respect of which the said definition applies, pursuant to which the employee or the individual, as the case may be, undertakes to personally provide services as part of the production of the property referred to in the said definition;

(d) where the remuneration relates to the post-production stage of the property, the amount referred to in paragraph *b* of the said definition shall be established taking into account only the services that are provided at that stage by a person who performs the duties of assistant sound-effects technician, assistant colorist, assistant mixer, cutter, sound-effects technician, animation cameraman, colorist, timer, computer graphics designer, mixer, special effects editor, senior editor, sound editor, picture editor, boom operator, developing technician, inspection technician - clean-up, printing technician, projectionist, encoding technician, recording technician, dubbing technician, optical effects technician, videotape operator, subtitle technician, video film recorder operator or any other prescribed duties;

(e) the amount of the manpower expenditure of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the amount of any government assistance or non-government assistance attributable to that expenditure, that the corporation has received, is entitled to receive or can reasonably expect to receive at the time of filing its fiscal return for the year;

(f) where, for a taxation year, a corporation is not a qualified corporation, its manpower expenditure for the year in respect of a property is deemed nil.

“§ 2.—*Credit*”

Credit

“1029.8.35 A corporation that is a qualified corporation for a taxation year and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the favourable advance ruling in force at the end of the year or, as the case may be, of the certificate, unrevoked at the end of the year, that was issued in favour of the corporation by the Société générale des industries culturelles in respect of a property that is a Québec film production, a prescribed form containing the prescribed information and any other prescribed document is deemed, where the main filming and taping of the property began before the end of the year, to have paid to the Minister, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to 40 % of its qualified manpower expenditure for the year in respect of that property.

Computa-
tion of
payments

For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under section 1027 or section 1145 where it refers to section 1027, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Part IV, on the one hand, on the date on or before which the first payment must be made, the portion, referred to in this paragraph as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a manpower expenditure of the corporation for a taxation year preceding the year, and, on the other hand, on the date on or before which each payment must be made, the amount which would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.

Exceptions

However, this section does not apply

(a) in respect of a property, where, as a consequence of agreements entered into as part of the financing of the production of the property or as a consequence of a series of transactions or events related to such financing, an individual resident in Québec at the end of a taxation year or a partnership any member of which, at the end of its fiscal period ending in a taxation year, is such an individual at the end of that year or such a partnership, may deduct, under section 130 or 130.1, an amount in respect of the property or any part thereof in computing his or its income from a business or property for such a taxation year or fiscal period, as the case may be; or

(b) in respect of a qualified manpower expenditure of a corporation for a particular taxation year or a subsequent taxation year in respect of a property all or any part of which, in circumstances other than those described in subparagraph *a* and on or before the earlier of the first day on which the property is used for commercial purposes and the first anniversary of the day on which the main filming or taping was completed, was acquired by an individual resident in Québec at the end of any taxation year of that individual or by a partnership any member of which, at the end of any of its fiscal periods, is such an individual at the end of the individual's taxation year in which the fiscal period ends or such a partnership, where,

i. in the case where the particular year and, where such is the case, the fiscal period of the partnership end in the individual's taxation year, the individual, or the partnership, may deduct, under section 130 or 130.1, an amount in respect of the property or that part thereof in computing his or its income from a business or property for that taxation year or that fiscal period, as the case may be, and

ii. in other cases, it may reasonably be expected, on or before the time of filing of the corporation's fiscal return referred to in the first paragraph for the particular year, that the individual, or the partnership, is entitled to deduct, under section 130 or 130.1, an amount in respect of the property or that part thereof in computing his or its income from a business or property for a taxation year subsequent to that in which the particular year ends or for a fiscal period following that in which the particular year ends, as the case may be.

Deemed
assistance
from a
government

"1029.8.36 For the purposes of this Part, except this division, the amount that a corporation is deemed, under section 1029.8.35, to have paid to the Minister for a taxation year in respect of a property that is a Québec film production is deemed to be assistance received by the corporation from a government on the last day of the year in respect of the production cost, cost or capital cost, as the case may be, of the property to it, to the extent that the amount can reasonably be attributed to such production cost, cost or capital cost, as the case may be.

"DIVISION II.7

"SALES TAX CREDIT

"§ 1.—*Interpretation*

Definitions

"1029.8.37 In this division,

"spouse"

"spouse" of an individual during a taxation year means the person who, during the year, lives with and is married to the individual or has been cohabiting with the individual for at least one year;

"total
income"

"total income" of an individual for a taxation year means his total income for the year determined in accordance with subparagraph c of the first paragraph of section 776.29.

More than
one spouse

"1029.8.38 For the purposes of this division, where an individual has more than one spouse during a taxation year, the following rules apply:

(a) the individual is deemed to have only one spouse during the year;

(b) the person who is the spouse of the individual on the last day of the year or, if the individual has no spouse at that time, the last person to have been his spouse during the year is deemed to be the spouse of the individual during the year;

(c) the individual is deemed not to be the spouse during the year of any person other than the person referred to in paragraph b.

Dependent
person

“1029.8.39 For the purposes of this division, a person is a dependent person of an individual during a year if, during the year, the person is, in respect of the individual or, where such is the case, in respect of his spouse during the year, a person who would be described in paragraph b of section 752.0.1 were it not for subparagraph v of the said paragraph b.

“§ 2.—Credit

Sales tax
credit

“1029.8.40 An individual, other than a trust, who is resident in Québec on 31 December in a year and, throughout the year, is not a dependent person of another individual is deemed to have paid on that date to the Minister, as partial payment of his tax payable under this Part for his taxation year the end of which coincides with that date, an amount equal to the amount, for the year, by which the aggregate determined in his respect under section 1029.8.42 exceeds the aggregate determined in his respect under section 1029.8.43.

Credit
claimed
by both
spouses

“1029.8.41 Where, for a taxation year, a particular individual to whom section 1029.8.40 applies has a spouse during the year who is also an individual to whom the said section applies, the following rules apply:

(a) the amount that the particular individual is deemed to have paid to the Minister for the year under the said section 1029.8.40, determined without reference to this section, shall be reduced by such portion of the amount as is designated in his respect, in prescribed form, by the particular individual and his spouse during the year;

(b) the amount that the spouse during the year is deemed to have paid to the Minister for the year under the said section 1029.8.40, determined without reference to this section, shall be reduced by the amount determined for the year under paragraph a in respect of the particular individual;

(c) where the particular individual and the spouse during the year cannot agree on the portion of the amount that may be designated for the year in accordance with paragraph a in respect of the particular individual, the Minister may determine such portion and, for the purposes of paragraph a, the determination is deemed to have been made in prescribed form by the particular individual and the spouse during the year;

(d) the amount determined for the year under paragraph a in respect of the particular individual and the amount determined for the

year under paragraph *b* in respect of his spouse during the year are deemed to be the amount that the particular individual is deemed to have paid to the Minister for the year under section 1029.8.40 and the amount that his spouse during the year is deemed to have so paid for the year, respectively.

Deductible
amount

“1029.8.42 The first aggregate referred to in section 1029.8.40 in respect of an individual for a year is equal to the total of the following amounts:

- (a) \$120 in respect of the individual;
- (b) \$120 in respect of the individual's spouse during the year, where applicable;
- (c) \$60 if, throughout the year, the individual has no spouse and ordinarily lives in a self-contained domestic establishment in which no person, other than himself or his dependent person, lives;
- (d) \$40 in respect of each dependent person of the individual during the year;
- (e) \$25 in respect of not more than one dependent person of the individual during the year if the individual has no spouse throughout the year.

Deductible
amount

“1029.8.43 The second aggregate referred to in section 1029.8.40 in respect of an individual for a year is equal to the total of the following amounts:

- (a) the excess, over the amount determined under section 1029.8.44 in respect of the individual for the year, of 2 % of the amount by which the aggregate of the total income of the individual for the year and, where applicable, of the total income of his spouse for the year exceeds
 - i. \$8 000 if, during the year, the individual has a spouse and a dependent person;
 - ii. \$6 840 if the individual
 - (1) has a dependent person during the year, and
 - (2) throughout the year, has no spouse and ordinarily lives in a self-contained domestic establishment in which no person other than himself or his dependent person lives;
 - iii. \$5 910 if the individual is not contemplated in subparagraphs i and ii and has a dependent person during the year;

iv. \$4 000 if the individual

(1) has not reached 65 years of age before the end of the year, and

(2) throughout the year, has neither a spouse nor a dependent person and ordinarily lives in a self-contained domestic establishment in which no other person lives; or

v. \$0 in other cases; and

(b) the aggregate of all amounts each of which is an amount received in the year by the individual and, where applicable, his spouse during the year and prescribed by section 10.2 or 16.2 of the Regulation respecting Income Security made under section 91 of the Act respecting income security (R.S.Q., chapter S-3.1.1).

Computation

“1029.8.44 The amount referred to in paragraph *a* of section 1029.8.43 in respect of an individual for a year is equal to five times the total of the amounts deducted under sections 752.0.1 to 752.0.7 for the year by the individual and, where such is the case, his spouse during the year, except the amounts deducted for the year under section 752.0.1, by virtue of paragraph *i* of the said section, and the amounts deducted by the spouse, where such is the case, for the year under section 752.0.1, by virtue of paragraph *a* of the said section, and under the first part of that part of the said section 752.0.1 preceding paragraph *a*.

Rules

For the purposes of the first paragraph, the following rules apply:

(a) the amount deducted by the individual for the year under section 752.0.1, by virtue of paragraph *a* of the said section, is deemed to be equal to the amount the individual would be entitled to deduct under the said paragraph for the year, if his spouse during the year had no income for that year and if the word “spouse” had the same meaning in paragraph *a* of the said section 752.0.1 as in section 1029.8.37;

(b) the amount deducted under section 752.0.1, by virtue of paragraph *j* of the said section, for the year by the individual and, where such is the case, his spouse during the year shall be computed as if the amount of \$2 200 mentioned in the said paragraph *j* were replaced by an amount of \$10 000.

Certificate
from spouse

“1029.8.45 An individual who has a spouse during a taxation year may be deemed to have paid to the Minister, for the year, an amount under section 1029.8.40 only if he files with the Minister a certificate from the spouse in prescribed form.

Individual
exempt
from tax

“1029.8.46 No individual may be deemed to have paid to the Minister an amount under section 1029.8.40 for a taxation year if he or his spouse during the year, where applicable, is exempt from tax for that year under section 982 or 983 or paragraphs *a* to *c* of section 96 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

Several
individuals
having
one same
dependent
person

“1029.8.47 Where, for a taxation year, several individuals have one same dependent person, no amount greater than the amount determined in section 1029.8.42, for the year, in respect of that person, may be deemed to have been paid to the Minister, for the year, under this division in respect of that person.

Differing
amounts

Where, for a taxation year, an amount determined in section 1029.8.42, in respect of a person, that a particular individual is deemed to have paid to the Minister for the year under this division is different from an amount determined in the said section, in respect of the person, that another individual is deemed to have paid to the Minister for the year under this division, the amount that the particular individual is otherwise deemed to have paid to the Minister for the year, in respect of that person, shall be reduced to such proportion of the amount as is determined in respect of the particular individual by all the individuals who, but for this section, would so be deemed to have paid to the Minister an amount under this division in respect of that person, and in no case may the aggregate of proportions so determined in respect of one same person exceed 1 for the year.

Determina-
tion by the
Minister

“1029.8.48 For the purposes of section 1029.8.47, the following rules apply:

(*a*) where the individuals referred to in the first paragraph of the said section disagree on the portion of the amount each individual is deemed to have paid to the Minister for a year under this division, in respect of one same person, the Minister may determine that portion of the amount for the year;

(*b*) where the aggregate of proportions each of which is a proportion determined under the second paragraph of the said section, for an individual in respect of one same person, exceeds 1 for the year, the Minister may fix the amount each individual is deemed to have paid to him for the year under this division in respect of that person.

“§ 3.—Annual indexing

Indexing

“1029.8.49 The following amounts shall be indexed annually so that each of these amounts to be used for a taxation year subsequent

to the taxation year 1992 becomes that obtained by adding to that amount the amount obtained by multiplying by the same ratio as that prescribed for the purposes of section 752.0.20 for that subsequent taxation year the amount that would have been applicable for that year but for this section:

(a) the amounts of \$120, \$60, \$40 and \$25 mentioned in section 1029.8.42;

(b) the amounts of \$8 000, \$6 840, \$5 910 and \$4 000 mentioned in section 1029.8.43.

Rounding-
off

Where one of the amounts referred to in the first paragraph is not a multiple of \$5 after being indexed in accordance with that paragraph, it shall be rounded off to the nearest multiple of \$5 or, if it is equidistant from two consecutive multiples of \$5, it shall be rounded off to the next higher multiple of \$5.

“DIVISION II.8

“CREDIT FOR THE REPAYMENT OF BENEFITS

Refundable
tax credit

“**1029.3.50** Where an individual receives an amount consisting, in whole or in part, in a retroactive disability pension payment under the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001), the Automobile Insurance Act (R.S.Q., chapter A-25) or the Act respecting income security (R.S.Q., chapter S-3.1.1) and, as a result thereof, he is required to repay all or part of an amount he has received under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or the Unemployment Insurance Act (Statutes of Canada), the individual is deemed to have paid to the Minister on the last day of any taxation year in which he repays such an amount, if he is resident in Québec on that last day, as partial payment of his tax payable for that year pursuant to this Part, unless an amount is deducted by him for a year under paragraph *d* of subsection 1 of section 336 in respect of all or part of the amount to be repaid by him, an amount equal to the product obtained by multiplying by such proportion as the amount repaid by him in the year is of the total amount to be repaid by him, the amount by which

(a) the aggregate of all amounts each of which is the tax payable by the individual for a year to which the retroactive payment relates, exceeds

(b) the aggregate of all amounts each of which would be the tax payable by the individual for such a year if the part of the retroactive

payment that may reasonably be considered to relate to the year were deductible in computing his income for that year.

Death or
residence
outside
Canada

For the purposes of the first paragraph, where an individual dies or ceases to be resident in Canada in a taxation year, the last day of his taxation year is deemed to be the day of his death or the last day on which he was resident in Canada, as the case may be.

“DIVISION II.9

“CREDIT TO PROMOTE THE CAPITALIZATION OF SMALL AND MEDIUM-SIZED BUSINESSES

“§ 1.—*Interpretation*

Definitions:
“common
share with
full voting
rights”,
“qualified
corpora-
tion”,
“qualified
convertible
debenture”,
“qualified
investor”
and “qua-
lified in-
vestment”

“1029.8.51 In this division, the expressions “common share with full voting rights”, “qualified corporation”, “qualified convertible debenture” and “qualified investor” have the meaning assigned thereto by the Act to promote the capitalization of small and medium-sized businesses (*insert here the year of assent to the Act to promote the capitalization of small and medium-sized businesses*), chapter (*insert here the chapter number of the Act to promote the capitalization of small and medium-sized businesses*)), and the expression “qualified investment” means a qualified investment, within the meaning of the said Act, in respect of which a validation certificate was granted under the said Act by the Société de développement industriel du Québec.

“§ 2.—*Credit*

Credit

“1029.8.52 A qualified corporation that issues, in a taxation year, common shares with full voting rights and, where such is the case, a qualified convertible debenture as part of a qualified investment made by a qualified investor and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the validation certificate granted by the Société de développement industriel du Québec in respect of the qualified investment and unrevoked at or before the time of filing of its fiscal return for the year, is deemed to have paid to the Minister on the last day of that year, as partial payment of its tax payable for the year pursuant to this Part, an amount equal to the aggregate of 24 % of the proceeds of the issue of the common shares with full voting rights and 12 % of the proceeds of the issue of the qualified convertible debenture.”

(2) This section, where it enacts Division II.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, has effect from 19 December 1990.

(3) This section, where it enacts Division II.7 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, except section 1029.8.49 of the said Act, applies from the taxation year 1991. However, where sections 1029.8.42 and 1029.8.43 of the said Act, enacted by this section, apply to the taxation year 1991, the amounts of \$120, \$60, \$40 and \$25 mentioned in the said section 1029.8.42 and the amounts of \$8 000, \$6 840 and \$5 910 mentioned in the said section 1029.8.43 shall be replaced by \$90, \$50, \$25 and \$15, respectively, in the case of section 1029.8.42 and by \$7 570, \$6 560 and \$5 455, respectively, in the case of section 1029.8.43 and where section 1029.8.42 of the said Act, enacted by this section, applies to the taxation year 1992, the amounts of \$120, \$60, \$40 and \$25 mentioned therein shall be replaced by \$105, \$55, \$33 and \$20, respectively.

(4) This section, where it enacts Division II.8 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, applies in respect of retroactive disability pension payments received after 31 December 1990.

(5) This section, where it enacts Division II.9 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, has effect from 20 June 1991.

c. I-3,
s. 1029.9,
repealed

178. (1) Section 1029.9 of the said Act is repealed.

(2) This section applies from the taxation year 1993. Furthermore, where section 1029.9 of the Taxation Act, repealed by this section, applies to the taxation year 1992, the amount of “\$500” mentioned in the first paragraph of the said section 1029.9 shall be replaced by “\$250”.

c. I-3,
ss. 1029.14-
1029.19,
added

179. (1) The said Act is amended by inserting, after section 1029.13, the following sections:

Refundable
tax credit

“1029.14 Where an individual files a prescribed form with the fiscal return referred to in section 1000 which he is required to file for his taxation year the end of which coincides with 31 December 1990 or would be required to file if tax were payable by him for the year under this Part, he is deemed to have paid on 31 December 1990 to the Minister, as partial payment of his tax payable under this Part for the year, an amount equal to the aggregate of

(a) \$90, if he was resident in Québec and at least 65 years of age on 31 December 1990 and if he was entitled, during the year 1990, to a supplement under the Old Age Security Act (Statutes of Canada), and

(b) \$90 if, during the year 1990, he had a spouse who was resident in Québec and at least 65 years of age on 31 December 1990 and who was entitled, during the year 1990, to a supplement under the Old Age Security Act (Statutes of Canada).

Credit
claimed
by both
spouses

“1029.15 Where a particular individual referred to in section 1029.14 has, during the year 1990, a spouse who is also an individual referred to in the said section, the following rules apply:

(a) the amount the particular individual is deemed to have paid to the Minister for the year under the said section 1029.14, determined without reference to this section, shall be reduced by such portion of the amount as is determined in his respect, in prescribed form, by the particular individual and the spouse;

(b) the amount the spouse is deemed to have paid to the Minister for the year under the said section 1029.14, determined without reference to this section, shall be reduced by the amount determined for the year under paragraph *a* in respect of the particular individual;

(c) where the particular individual and the spouse cannot agree on the portion of the amount that may be determined for the year in accordance with paragraph *a* in respect of the particular individual, the Minister may determine such portion and, for the purposes of paragraph *a*, the determination is deemed to have been made in prescribed form by the particular individual and the spouse;

(d) the amount determined for the year under paragraph *a* in respect of the particular individual and the amount determined for the year under paragraph *b* in respect of his spouse during the year are deemed to be the amount the particular individual is deemed to have paid to the Minister for the year under section 1029.14 and the amount his spouse during the year is deemed to have so paid for the year, respectively.

Meaning of
the word
“spouse”

“1029.16 For the purposes of sections 1029.14 to 1029.19, “spouse” of an individual during the taxation year 1990 means the person who, during the year, lives with and is married to the individual or has been cohabiting with the individual for at least one year.

More than
one spouse

“1029.17 For the purposes of sections 1029.14 to 1029.19, where an individual had more than one spouse during the year 1990,

(a) the individual is deemed to have had only one spouse during the year 1990;

(b) the person who was the spouse of the individual on 31 December 1990 or, if the individual had no spouse on that date, the last person to have been his spouse during the year is deemed to have been the spouse of the individual during the year; and

(c) the individual is deemed not to have been the spouse during the year 1990 of any person other than the person referred to in paragraph *b*.

Certificate
from
spouse

"1029.18 An individual who has a spouse during the taxation year 1990 may be deemed to have paid to the Minister, for the year, an amount under section 1029.14 only if he files with the Minister a certificate from the spouse in prescribed form.

Individual
exempt
from tax

"1029.19 No individual may be deemed to have paid to the Minister an amount under section 1029.14 for his taxation year 1990 if he or his spouse during the year, where applicable, is exempt from tax for that year under section 982 or 983 or paragraphs *a* to *c* of section 96 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31)."

(2) This section has effect from 30 August 1990.

c. I-3,
s. 1036.1,
am.

180. (1) Section 1036.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

Joint lia-
bility
where
penalty is
exigible
from a
corpora-
tion

"1036.1 Where a penalty becomes exigible from a corporation as a result of the application of any of sections 1049.2.4 to 1049.2.4.2, the corporation and its subsidiary corporation referred to in paragraph *b* of section 965.11.6 are jointly and severally liable for the payment of the amount of the penalty."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1038,
am.

181. (1) Section 1038 of the said Act, amended by section 83 of chapter 8 of the statutes of 1991, is again amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

"(a) its tax payable for the year or its first basic provisional account, within the meaning of the regulations under subparagraph *i* of the said subparagraph, for the year; or"

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 1045.2,
added

182. (1) The said Act is amended by inserting, after section 1045.1, the following section:

Penalty
for failure
to file a
return

“1045.2 Where a corporation the gross revenue of which, for a taxation year, is greater than \$20 000 000 fails to file a fiscal return for that year in prescribed form and within the prescribed time, in accordance with section 1000, 1001 or 1004, it is liable, in addition to the penalty under section 1045, to a penalty equal to 0.25 % of the total of the tax payable under this Part for the year for each complete month, not exceeding 40 months, in the period between the time when the return must be filed and the time when it is actually filed.”

(2) This section applies in respect of fiscal returns that must be filed for any taxation year ending after 1 June 1991.

c. I-3,
ss 1049.1.0.3-
1049.1.0.5,
added

183. (1) The said Act is amended by inserting, after section 1049.1.0.2, the following sections:

False
statement

“1049.1.0.3 Where a corporation stipulates falsely, in a final prospectus relating to an issue of non-guaranteed convertible securities, within the meaning of paragraph j.4 of section 965.1, that the issued non-guaranteed convertible security may be included in a stock savings plan described in section 965.2, it is liable to a penalty equal to 25 % of the adjusted cost that would be determined under section 965.6.0.5 if the stipulation of the corporation were true, of each non-guaranteed convertible security of the issue distributed in Québec to an individual other than a trust, to an investment group or to an investment fund.

False
statement

“1049.1.0.4 Where a corporation stipulates, in a final prospectus relating to an issue of a non-guaranteed convertible security, within the meaning of paragraph j.4 of section 965.1, in respect of non-guaranteed convertible securities that may be included in a stock savings plan described in section 965.2, an adjusted cost other than that determined in their respect under section 965.6.0.5, it is liable to a penalty equal to 25 % of the amount by which the adjusted cost so stipulated in respect of each non-guaranteed convertible security of the issue distributed in Québec to an individual other than a trust, to an investment group or to an investment fund exceeds the adjusted cost determined under section 965.6.0.5 in respect of each such non-guaranteed convertible security.

Failure to
provide
information

“1049.1.0.5 Where a corporation issues a share that is not a qualifying share by reason only of section 965.9.7.0.3, and the corporation does not take appropriate measures to inform the first purchaser or the dealer with whom it has made a stock savings plan arrangement, it is liable to a penalty equal to 25 % of the adjusted cost, that would be determined under section 965.6 but for section 965.9.7.0.3, of each such share distributed in Québec to an individual, other than a trust, to an investment group or to an investment fund.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.1.3,
added **184.** (1) The said Act is amended by inserting, after section 1049.1.2, the following section:

Non-
guaranteed
convertible
security
issue

“1049.1.3 Where a corporation makes a non-guaranteed convertible security issue, within the meaning of paragraph *g.1* of section 965.1, with the stipulation that the non-guaranteed convertible securities may be included in a stock savings plan and where the non-guaranteed convertible securities are not listed on the Montréal Stock Exchange within 90 days of the date of the receipt for the final prospectus pertaining to their issue, the corporation is liable to a penalty equal to 25 % of the adjusted cost, determined under section 965.6.0.5, of each non-guaranteed convertible security of the issue distributed in Québec to an individual, other than a trust, to an investment group or to an investment fund.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.2.0.2,
added **185.** (1) The said Act is amended by inserting, after section 1049.2.0.1, the following section:

Contra-
vening
corpora-
tion

“1049.2.0.2 Where a corporation described in section 965.11.1 has made a non-guaranteed convertible security issue, within the meaning of paragraph *g.1* of section 965.1, and it contravenes section 965.11.2 in respect of that non-guaranteed convertible security issue, it is liable to a penalty equal to 25 % of the adjusted cost, determined under section 965.6.0.5, of each non-guaranteed convertible security of the issue distributed in Québec to an individual, other than a trust, to an investment group or to an investment fund.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.2.2.3,
am. **186.** (1) Section 1049.2.2.3 of the said Act is amended by replacing the first paragraph by the following paragraph:

Replacement
of shares
or non-
guaranteed
convertible
securities

“1049.2.2.3 Where particular shares of the capital stock of a corporation or particular non-guaranteed convertible securities, within the meaning of paragraph *j.4* of section 965.1, of a corporation issued with the stipulation that they could be included in a stock savings plan or issued as a replacement for shares or for non-guaranteed convertible securities, within the meaning of the said paragraph *j.4*, issued with such a stipulation or issued in substitution for such shares or non-guaranteed convertible securities, are, after 16 December 1986 and in the year in which the shares or the non-guaranteed convertible securities issued with such a stipulation

were issued or in the two years following that year, the subject of a replacement, without any consideration other than a share or a non-guaranteed convertible security, as the case may be, following a transaction described in section 536, 541 or 544, the corporation is liable to a penalty equal to 25 % of the amount, if any, by which the aggregate of the average adjusted cost of each such particular share or particular non-guaranteed convertible security distributed in Québec to an individual, other than a trust, to an investment group or to an investment fund, exceeds the aggregate of the adjusted cost of each share or each non-guaranteed convertible security, as the case may be, issued as a replacement for such particular shares or particular non-guaranteed convertible securities, which would have been determined under section 965.6, taking section 965.9.1 or 965.9.1.0.0.1 into account, or under section 965.6.0.5, as the case may be, if the share or the non-guaranteed convertible security issued as a replacement had been issued at the same time as the particular share or the particular non-guaranteed convertible security.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.2.2.4,
replaced

187. (1) Section 1049.2.2.4 of the said Act is replaced by the following section:

Adjusted
cost of
shares or
non-
guaranteed
convertible
securities

“1049.2.2.4 For the purposes of the first paragraph of section 1049.2.2.3, the average adjusted cost

(a) of a particular share of the capital stock of a corporation is equal to the adjusted cost, determined under section 965.6, of the aggregate of the shares of the capital stock of the corporation issued with the stipulation that they could be included in a stock savings plan, divided by the number of such shares;

(b) of a particular non-guaranteed convertible security issued by a corporation is equal to the adjusted cost, determined under section 965.6.0.5, of the aggregate of the non-guaranteed convertible securities issued by the corporation with the stipulation that they could be included in a stock savings plan, divided by the number of such non-guaranteed convertible securities.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 1049.2.2.5.1,
1049.2.2.5.2,
added

188. (1) The said Act is amended by inserting, after section 1049.2.2.5, the following sections:

Replace-
ment,

“1049.2.2.5.1 Where a particular corporation has issued a qualifying non-guaranteed convertible security, within the meaning

redemption or repayment of a non-guaranteed convertible security

of paragraph *j.5* of section 965.1, that may be redeemed or repaid by the particular corporation or purchased by anyone in any manner whatever, under the conditions pertaining to its issue, and, at a particular time before the maturity date of the security or, if there is none, before the date that is 1 825 days after the date of its issue, the security, referred to in this section as a “reference security”, or an accepted security, is either replaced by a security other than an accepted security, or redeemed or repaid by the particular corporation or, where the accepted security has been issued by another corporation, by the other corporation, or purchased by anyone in any manner whatever, the particular corporation, or the other corporation, as the case may be, is, in respect of the reference security or the accepted security, as the case may be, except in the case provided for in the fourth paragraph, liable to a penalty equal to the amount determined in its respect under the second paragraph.

Computation

The amount of the penalty prescribed in the first paragraph in respect of a reference security or an accepted security, as the case may be, is equal to the amount determined in its respect by the formula

$$[A \times B \times C] + [A \times B \times C \times D \times E].$$

Interpretation

For the purposes of the formula set forth in the second paragraph,

(a) A is

i. 12 %, where the reference security is contemplated in paragraph *a* of section 965.6.0.5 or where the accepted security would be contemplated therein had it been issued by the particular corporation referred to in the first paragraph at the same time as the reference security, and in its place, as the case may be, or

ii. 6 %, where the reference security is contemplated in paragraph *b* of section 965.6.0.5 or where the accepted security would be contemplated therein had it been issued by the particular corporation referred to in the first paragraph at the same time as the reference security, and in its place, as the case may be;

(b) B is the fraction represented by the ratio between, on the one hand, the number of qualifying non-guaranteed convertible securities, within the meaning of paragraph *j.5* of section 965.1, issued as part of the non-guaranteed convertible security issue to which the reference security relates, the custody of which has been entrusted to a dealer under a stock savings plan, which number must correspond to the fraction indicated to that effect by the particular corporation referred to in the first paragraph, in accordance with section

965.24.1.3, at the particular time referred to in the first paragraph, and, on the other hand, the total number of such qualifying non-guaranteed convertible securities issued as part of the non-guaranteed convertible security issue;

(c) C is the par value of the reference security or, where this section applies in respect of an accepted security issued as part of an issue of several accepted securities as a replacement for a reference security, the result obtained by dividing that par value by the number of such accepted securities so issued, referred to in this paragraph as the “new par value”, or, where this section applies in respect of an accepted security issued as part of an issue of several securities in substitution for such a security so issued, the result obtained by dividing the new par value by the number of such accepted securities so issued;

(d) D is the rate that would be calculated in accordance with section 1129.8 in respect of the non-guaranteed convertible security issue as part of which the reference security was issued if the said section were read as though the reference therein to subparagraph d of the second paragraph of section 1129.7 were a reference to this subparagraph;

(e) E is the number of full calendar years included in the period beginning on 1 January in the year following that in which the receipt for the final prospectus pertaining to the non-guaranteed convertible security issue as part of which the reference security was granted and ending on the date that includes the particular time referred to in the first paragraph.

Exception

The case to which the first paragraph refers in respect of a reference security or an accepted security is that which would be provided for in section 1129.9 if that section were read as though the reference therein to section 1129.6 were a reference to the first paragraph of this section.

Accepted security

“1049.2.2.5.2 For the purposes of section 1049.2.2.5.1, an accepted security is a particular security issued by a corporation following a transaction described in section 536, 541 or 544, as a replacement for a qualifying non-guaranteed convertible security, within the meaning of paragraph 7.5 of section 965.1, referred to in this section as a “replaced security”, or in substitution for such a security so issued, and meeting the requirements set forth in its respect in the second paragraph.

Requirements

The requirements referred to in the first paragraph, in respect of a particular security, are as follows:

(a) the conditions pertaining to its issue provide that it may be redeemed or repaid by the corporation or purchased by anyone in any manner whatever;

(b) it is identical, as to the conditions, rights or other characteristics attached thereto, to the replaced security;

(c) it carries no maturity date if the replaced security carried none, and if the replaced security carried a maturity date, it carries the same one."

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 1049.2.2.10,
1049.2.2.11,
replaced

189. (1) Sections 1049.2.2.10 and 1049.2.2.11 of the said Act are replaced by the following sections:

Cancellation
or reduction
by the
Minister

"1049.2.2.10 The Minister may cancel or reduce the amount of a penalty that would, but for this section, be determined under any of sections 1049.1.0.5 and 1049.2.1 to 1049.2.2.5.1 in respect of a corporation, if he considers that, having regard to all the circumstances, the amount would otherwise be excessive.

Amount of
penalty

"1049.2.2.11 For the purposes of this Part, except section 1049.2.2.10 and this section, where the Minister reduces to a particular amount the amount of the penalty determined under any of sections 1049.1.0.5 and 1049.2.1 to 1049.2.2.5.1 in respect of a transaction, the particular amount is deemed to be the amount determined under that section in respect of the transaction."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.2.4.2,
added

190. (1) The said Act is amended by inserting, after section 1049.2.4.1, the following section:

Contrave-
ning
corporation

"1049.2.4.2 Where a corporation described in section 965.11.6 has made a non-guaranteed convertible security issue, within the meaning of paragraph *g.1* of section 965.1 and it contravenes section 965.11.7 in respect of that non-guaranteed convertible security issue, it is liable to a penalty equal to 25 % of the adjusted cost, determined under section 965.6.0.5, of each non-guaranteed convertible security of the issue distributed in Québec to an individual, other than a trust, to an investment group or to an investment fund."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.2.6,
replaced

191. (1) Section 1049.2.6 of the said Act, replaced by section 84 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Investment
fund

“1049.2.6 Where, in a year, as a result of the administration of an investment fund by an administrator or trustee, the investment fund is unable to fulfill its undertaking under paragraph *b* of section 965.6.23, the administrator or trustee is liable to a penalty equal to 25 % of the amount by which the adjusted cost of the aggregate of the qualifying securities issued in the year that are valid qualifying securities exceeds the adjusted cost of the qualifying shares or qualifying non-guaranteed convertible securities owned by the investment fund on 31 December in the year and acquired by it during the year with the proceeds of the issue of such qualifying securities or, in the case of qualifying shares, acquired by it during the year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the year by the investment fund with the proceeds of the issue of such qualifying securities, other than qualifying shares or qualifying non-guaranteed convertible securities having already been used, in respect of the year, for the purposes of the said paragraph *b*.”

(2) This section has effect from 3 May 1991.

c. I-8,
s. 1049.2.7,
replaced

192. (1) Section 1049.2.7 of the said Act is replaced by the following section:

Penalty

“1049.2.7 Where, on 31 December in a year, as a result of the administration of an investment fund by an administrator or trustee, the investment fund is unable to fulfill its undertaking under paragraph *c* of section 965.6.23, the administrator or trustee is liable to a penalty equal to 25 % of the amount by which the adjusted cost of the aggregate of the qualifying securities issued in the year and in the preceding two years that are not redeemed by the investment fund on or before 31 December in the year exceeds the adjusted cost of the qualifying shares, valid shares or qualifying non-guaranteed convertible securities owned by the investment fund on 31 December in the year.”

(2) This section has effect from 3 May 1991.

c. I-8,
s. 1049.2.7.1,
replaced

193. (1) Section 1049.2.7.1 of the said Act, enacted by section 85 of chapter 8 of the statutes of 1991, is replaced by the following section:

Penalty

“1049.2.7.1 Where, on 31 December in a particular year, as a result of the administration of an investment fund by an administrator or trustee, the investment fund is unable to fulfill its undertaking under paragraph *a* of section 965.6.23.1, the administrator or trustee is liable to a penalty equal to 25 % of such proportion of the excess of that portion, which should have been the

subject of the undertaking under the said paragraph *a*, of the proceeds, for the year preceding the particular year, of the public security issue over the greater of the particular amount referred to in paragraph *b* of that section in respect of the year preceding the particular year and the adjusted cost of the aggregate of the qualifying shares or qualifying non-guaranteed convertible securities described in the said paragraph *a* acquired by the investment fund during the particular year or the year preceding that year with the proceeds, for the year preceding the particular year, of the public security issue or, in the case of qualifying shares, acquired by it during the particular year or the year preceding that year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased by the investment fund in the particular year or the year preceding that year with the proceeds, for the year preceding the particular year, of the public security issue, other than any such qualifying shares or qualifying non-guaranteed convertible securities having already been used, in respect of the particular year or the year preceding that year, for the purposes of paragraph *b* of section 965.6.23.1 or a qualifying share or qualifying non-guaranteed convertible security referred to in section 965.6.0.4 in respect of the particular year, as is represented by the ratio between that portion of the proceeds, for the year preceding the particular year, of the public security issue derived from the issue of qualifying securities and the proceeds of the issue.”

(2) This section has effect from 3 May 1991.

c. 1-3,
s. 1049.2.7.2,
am.

194. (1) Section 1049.2.7.2 of the said Act, enacted by section 85 of chapter 8 of the statutes of 1991, is amended by replacing paragraph *b* by the following paragraph:

“(b) the adjusted cost of the qualifying shares or qualifying non-guaranteed convertible securities owned by the investment fund on 31 December in the year and acquired by it during the year with that portion of the proceeds of the issue of valid qualifying securities issued in the year that exceeds the particular amount referred to in the said paragraph *b* in respect of the year, or, in the case of qualifying shares, acquired by it during the year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased in the year by the investment fund with that portion of the proceeds of the issue, other than qualifying shares or qualifying non-guaranteed convertible securities having already been used, in respect of the year, for the purposes of paragraph *c* of section 965.6.23.1 or a qualifying share or qualifying non-guaranteed convertible security referred to in section 965.6.0.4 in respect of the year.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 1049.2.7.3-
1049.2.7.5,
replaced

195. (1) Sections 1049.2.7.3 to 1049.2.7.5 of the said Act, enacted by section 85 of chapter 8 of the statutes of 1991, are replaced by the following sections:

Penalty

“1049.2.7.3 Where, in a particular year, as a result of the administration of an investment fund by an administrator or trustee, the investment fund is unable to fulfill its undertaking under paragraph *c* of section 965.6.23.1, the administrator or trustee is liable to a penalty equal to 25 % of the amount by which the particular amount referred to in paragraph *b* of the said section in respect of the year preceding the particular year, exceeds the adjusted cost of the qualifying shares or qualifying non-guaranteed convertible securities described in paragraph *a* of the said section, owned by the investment fund on 31 December in the particular year and acquired by it during the particular year or the year preceding that year with the proceeds, for the year preceding the particular year, of the public security issue or, in the case of qualifying shares, acquired by it during the particular year or the year preceding that year as a result of the exercise of a conversion right conferred on the holder of a convertible security purchased by the investment fund in the particular year or the year preceding that year with the proceeds of the issue, other than any such qualifying shares or qualifying non-guaranteed convertible securities having already been used, in respect of the particular year or the year preceding that year, for the purposes of paragraph *b* of section 965.6.23.1 or a qualifying share or qualifying non-guaranteed convertible security referred to in section 965.6.0.4 in respect of the particular year.

Penalty

“1049.2.7.4 Where, on 31 December in a year, as a result of the administration of an investment fund by an administrator or trustee, the investment fund is unable to fulfill its undertaking under paragraph *d* of section 965.6.23.1, the administrator or trustee is liable to a penalty equal to 25 % of the amount by which the excess of the adjusted cost of the aggregate of the qualifying securities issued in the year and the preceding two years that are not redeemed by the investment fund on or before 31 December in the year over the aggregate of amounts each of which is a particular amount referred to in paragraph *b* of section 965.6.23.1 in respect of the year or any of the preceding two years, exceeds the adjusted cost of the qualifying shares, valid shares or qualifying non-guaranteed convertible securities owned by the investment fund on 31 December in the year, other than qualifying shares, valid shares or qualifying non-guaranteed convertible securities having already been used, in respect of the year, for the purposes of paragraph *e* of section

965.6.23.1 or a qualifying share or qualifying non-guaranteed convertible security referred to in section 965.6.0.4 in respect of the year.

Penalty

“1049.2.7.5 Where, on 31 December in a year, as a result of the administration of an investment fund by an administrator or trustee, the investment fund is unable to fulfill its undertaking under paragraph *e* of section 965.6.23.1, the administrator or trustee is liable to a penalty equal to 25 % of the amount by which the aggregate of amounts each of which is a particular amount referred to in paragraph *b* of the said section in respect of any of the preceding three years, exceeds the adjusted cost of the qualifying shares, valid shares or qualifying non-guaranteed convertible securities owned by the investment fund on 31 December in the year, other than qualifying shares, valid shares or qualifying non-guaranteed convertible securities having already been used, in respect of the year, for the purposes of paragraph *d* of section 965.6.23.1 or a qualifying share or qualifying non-guaranteed convertible security referred to in section 965.6.0.4 in respect of the year.”

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.2.7.6,
added

196. (1) The said Act is amended by inserting, after section 1049.2.7.5, the following section:

Failure to
file the
prescribed
form

“1049.2.7.6 Where a corporation is required to meet the obligation provided for in the first paragraph of section 965.24.1.3 and it omits to file with the Minister the prescribed form contemplated in the said paragraph within the time prescribed, it is liable to a penalty of \$10 a day for every day the omission continues, up to the amount of \$2 500.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 1049.2.9,
1049.2.10,
replaced

197. (1) Sections 1049.2.9 and 1049.2.10 of the said Act are replaced by the following sections:

Failure to
file the
written
notice

“1049.2.9 Where a corporation is, in a year, authorized to issue shares of its capital stock under an exemption from filing a prospectus granted under subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1), with the stipulation that they can be included in a stock savings plan, and it is, in that year, a corporation described in the first paragraph of section 965.24.2, and it omits to file with the Commission des valeurs mobilières du Québec and the Minister the written notice contemplated in the first paragraph of the said section 965.24.2 within the time prescribed, and it should have certified in that notice, had it been filed, that, on 30

June in that year, as a result of a transaction other than a particular transaction contemplated in section 965.11.9.1 or 965.19.1 in respect of which the corporation is not bound to meet the requirement prescribed in the second paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17, it would not have been a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17, had that first paragraph applied on that date, and it issues a share under such exemption from filing a prospectus in the year following that year, it is liable to a penalty equal to 25 % of the adjusted cost, determined under section 965.6, of each share distributed in Québec, in the year following that year under the exemption from filing a prospectus, to an individual other than a trust, to an investment group or to an investment fund.

False
statement

"1049.2.10 Where a corporation is, in a year, a corporation described in the first paragraph of section 965.24.2 and it certifies falsely in the written notice contemplated in the first paragraph of the said section that, on 30 June in the year, it would not have been a qualified corporation by reason of the first paragraph of section 965.11.8, 965.11.9, 965.11.11, 965.11.13 or 965.11.17, had that first paragraph applied on that date, it is liable to a penalty equal to 25 % of the adjusted cost, determined under section 965.6, of each share distributed in Québec, in the year following that year, to an individual other than a trust, to an investment group or to an investment fund under the exemption from filing a prospectus contemplated in the first paragraph of that section."

(2) This section has effect from 16 May 1989.

c. I-3,
s. 1049.5.1,
replaced

198. (1) Section 1049.5.1 of the said Act, enacted by section 88 of chapter 8 of the statutes of 1991, is replaced by the following section:

Cancellation or
reduction
by the
Minister

"1049.5.1 The Minister may cancel or reduce the amount of a penalty that, but for this section, would be determined under any of sections 1049.4 to 1049.5 in respect of a transaction, if he considers that, having regard to the circumstances, the amount would be otherwise excessive."

(2) This section has effect from 3 May 1991.

c. I-3,
s. 1049.5.2,
added

199. (1) The said Act is amended by inserting, after section 1049.5.1, the following section:

Amount of
penalty

"1049.5.2 For the purposes of this Part, except section 1049.5.1 and this section, where the Minister reduces to a particular

amount the amount of the penalty determined under any of sections 1049.4 to 1049.5 in respect of a transaction, the particular amount is deemed to be the amount determined under that section in respect of the transaction.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 1049.11.1.3,
added

200. (1) The said Act is amended by inserting, after section 1049.11.1.2, the following section:

Inclusion
in the total
amount of a
qualified
investment

“1049.11.1.3 For the purpose of determining the amount of a penalty provided for in sections 1049.3 to 1049.11.1.2, the total amount of a qualified investment is deemed to include the portion, attributable under section 965.31.5 to the qualified investment, of the amount the Québec business investment company having made the qualified investment has renounced under the said section 965.31.5 in respect of a share issue the proceeds of which have been used to make the qualified investment.”

(2) This section has effect from 3 May 1991.

c. I-3,
ss. 1049.29-
1049.32,
added

201. (1) The said Act is amended by inserting, after section 1049.28, the following sections:

Renuncia-
tion in
respect of
a non-
conforming
Québec film
production

“1049.29 A corporation that has renounced, in accordance with section 726.4.8.7, an amount under any of sections 726.4.8.4 to 726.4.8.6 in respect of a property that is a Québec film production within the meaning of the regulations under section 130 is liable to a penalty equal to 25 % of the amount by which the aggregate of all qualified expenditures, within the meaning of section 726.4.8.1, in respect of which it has so renounced an amount in respect of the property, exceeds 400 % of the aggregate of all amounts each of which is a penalty to which the corporation was liable in respect of the property under section 1049.30 or 1049.31 for any taxation year preceding a particular taxation year, where

(a) the property ceased, in the particular year, to be considered as a Québec film production by reason of the fact that the favourable advance ruling issued by the Société générale des industries culturelles in respect of the property ceased to be in force at that time and no certificate was issued by the Société in respect of the property, or of the fact that the certificate issued by the Société in respect of the property was revoked at that time; or

(b) section 1029.8.35 did not apply in respect of the qualified manpower expenditure, within the meaning of section 1029.8.34, of

the corporation for the particular year in respect of the property by reason of subparagraph *b* of the third paragraph of the said section 1029.8.35 or, where applicable, would not have applied in respect of such an expenditure of the corporation for the particular year in respect of the property by reason of that subparagraph *b* had the expenditure not been nil or the renunciation not been made by the corporation.

Joint and
several
liability
for payment
of the
penalty

Furthermore, the directors of the corporation referred to in the first paragraph who were in office on the date the Ministère du Revenu issued the favourable advance ruling contemplated in section 726.4.8.14 in respect of the property and, where applicable, the corporation by which it is controlled, directly or indirectly in any manner whatever, as well as its directors in office on that date, are liable, severally with the corporation referred to in the first paragraph, for payment of the penalty contemplated in the first paragraph.

Renuncia-
tion in
respect of
a non-
conforming
Québec film
production

“1049.30 Where, in accordance with section 726.4.8.7, a corporation has renounced an amount under any of sections 726.4.8.4 to 726.4.8.6 in respect of a property that is a Québec film production, within the meaning of the regulations under section 130, and, on the one hand, the situations described in subparagraphs *a* and *b* of the first paragraph of section 1049.29 are not encountered in a particular taxation year in respect of the property nor have been in any preceding taxation year and, on the other hand, for the particular year and in respect of the property, the amount determined under subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34 exceeds the aggregate determined under subparagraph i of paragraph *a* of the said definition, the corporation is liable to a penalty equal to 25 % of the lesser of

(a) that part of that excess amount that exceeds 250 % of the amount of the tax under Part III.1 which the corporation is required to pay for the particular year by reason of subparagraph *b* of the first paragraph of section 1129.2 in respect of the property; and

(b) the amount by which the aggregate of the qualified expenditures, within the meaning of section 726.4.8.1, in respect of which the corporation has so renounced an amount in respect of the property exceeds 400 % of the aggregate of all amounts each of which is a penalty to which the corporation was liable in respect of the property under this section or section 1049.31 for any taxation year preceding the particular year.

Joint and
several
liability
for payment
of the
penalty

Furthermore, the directors of the corporation referred to in the first paragraph who were in office on the date the Ministère du Revenu issued the favourable advance ruling contemplated in section 726.4.8.14 in respect of the property and, where applicable, the corporation by which it is controlled, directly or indirectly in any manner whatever, as well as its directors in office on that date, are liable, severally with the corporation referred to in the first paragraph, for payment of the penalty contemplated in the first paragraph.

Renuncia-
tion in
respect of
a non-
conforming
Québec film
production

“1049.31 Where, in accordance with section 726.4.8.7, a corporation has renounced an amount under any of sections 726.4.8.4 to 726.4.8.6 in respect of a property that is a Québec film production, within the meaning of the regulations under section 130, and, on the one hand, the situations described in subparagraphs *a* and *b* of the first paragraph of section 1049.29 are not encountered in a particular taxation year in respect of the property nor have they been in any preceding taxation year and, on the other hand, any government assistance or non-government assistance attributable to production costs, other than a manpower expenditure within the meaning of the said section 1029.8.34, that the corporation has received, is entitled to receive, or can reasonably expect to receive at the time of filing its fiscal return for the particular year under this Part must be taken into account, from the particular year and in respect of the property, in computing the amount determined under subparagraph *i* of paragraph *b* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, the corporation is liable to a penalty equal to 25 % of the amount by which the aggregate of all qualified expenditures, within the meaning of section 726.4.8.1, in respect of which it has so renounced an amount in respect of the property for the particular year or any preceding taxation year, exceeds the aggregate of

(*a*) the lesser, for the corporation, of

i. the amount determined in respect of the property for the particular year under subparagraph *i* of paragraph *b* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, and

ii. the amount by which the aggregate of all amounts each of which is, for the particular year or any preceding taxation year, an amount determined in respect of the property under subparagraph 1 or, to the extent that it relates to a manpower expenditure within the meaning of section 1029.8.34, subparagraph 2 of subparagraph *i* of paragraph *a* of the definition of “qualified manpower expenditure”

set forth in the first paragraph of section 1029.8.34, exceeds the aggregate of all amounts each of which is, for the particular year or any preceding taxation year, an amount determined in respect of the property under subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34; and

(b) 400 % of the aggregate of all amounts each of which is a penalty to which the corporation was liable, in respect of the property, for the particular year or any preceding taxation year under section 1049.30 or for any taxation year preceding the particular year under this section.

Joint and
several
liability
for payment
of the
penalty

Furthermore, the directors of the corporation referred to in the first paragraph who were in office on the date the Ministère du Revenu issued the favourable advance ruling contemplated in section 726.4.8.14 in respect of the property and, where applicable, the corporation by which it is controlled, directly or indirectly in any manner whatever, as well as its directors in office on that date, are liable, severally with the corporation referred to in the first paragraph, for payment of the penalty contemplated in the first paragraph.

Unauthori-
zed use of
a qualified
investment

“1049.32 Where a share or debenture issued as part of a qualified investment in respect of which the corporation having issued the share or debenture is deemed, under section 1029.8.52, to have paid an amount to the Minister, is assigned or transferred by a qualified investor to a person who is not a qualified investor and it may reasonably be considered that the qualified investment in the corporation was made primarily to enable it to benefit from the provisions of the said section 1029.8.52 in respect of that qualified investment, the qualified investor is liable to a penalty equal to 30 % of the amount of the qualified investment.

Particular
case

Notwithstanding the foregoing, where the qualified investor referred to in the first paragraph in respect of the qualified investment is not a corporation at the time of the assignment or transfer referred to in the first paragraph in respect of the qualified investment, the following rules apply:

(a) every person who, at that time, is a member or participant of the qualified investor is liable to a penalty equal to such proportion of the penalty that, but for subparagraph *b*, would be incurred pursuant to the first paragraph by the qualified investor in respect of the qualified investment as is represented by the ratio, at that time, between the financial interest of the person in the qualified investor

and the financial interest in the qualified investor of all members or participants thereof;

(b) the qualified investor is deemed not to incur the penalty contemplated in the first paragraph in respect of the qualified investment.

Interpre-
tation

For the purposes of this section, the expressions “qualified investor” and “qualified investment” have the meaning assigned thereto by section 1029.8.51.”

(2) This section, where it enacts sections 1049.29 to 1049.31 of the Taxation Act, has effect from 20 December 1990 and, where it enacts section 1049.32 of the said Act, has effect from 20 June 1991.

c. I-3,
s. 1050,
replaced

202. (1) Section 1050 of the said Act, replaced by section 92 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Burden of
proof

“1050. For the purposes of an appeal brought under this Part respecting a penalty, the burden of establishing the facts contemplated in sections 1049 to 1049.32 is on the Minister.”

(2) This section has effect from 20 December 1990. However, where section 1050 of the Taxation Act, enacted by this section, applies after 19 December 1990 but before 20 June 1991, the figure “1049.32” contained therein shall read as the figure “1049.31”.

c. I-3,
s. 1128,
am.

203. (1) Section 1128 of the said Act, amended by section 94 of chapter 8 of the statutes of 1991, is again amended by replacing the first paragraph by the following paragraph:

Non-
resident
owned in-
vestment
corporation
having no
establish-
ment in
Canada

“1128. A non-resident owned investment corporation which does not have, at any time in a taxation year, an establishment in Canada and which disposes of a taxable Québec property within the meaning of paragraphs *a* and *b* of section 1094 or property which would be such property if the corporation had not been resident in Canada at any time in the year must pay tax for the year at the rate established in subsection 1 of section 771 on the amount by which its taxable capital gains for the year resulting from the disposition of such property exceeds the aggregate of its allowable capital losses for the year resulting from the disposition of such property and the net capital losses incurred by it in respect of the disposition of such property during the preceding taxation years and the three taxation years following the taxation year.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
ss. 1129.1-
1129.15,
added

204. (1) The said Act is amended by inserting, after section 1129, the following:

“PART III.1

“SPECIAL TAX IN RESPECT OF QUÉBEC FILM PRODUCTIONS

“BOOK I

“DEFINITIONS

Definitions	“ 1129.1 In this Part, unless the context indicates otherwise,
“corporation”	“corporation” has the meaning assigned by section 1;
“Minister”	“Minister” means the Minister of Revenue;
“Québec film production”	“Québec film production” has the meaning assigned by the regulations under section 130;
“taxation year”	“taxation year” has the meaning assigned by section 1.

“BOOK II

“LIABILITY FOR AND AMOUNT OF THE TAX

Liability
for tax

“**1129.2** Any corporation that is deemed, under section 1029.8.35, to have paid to the Minister an amount as partial payment of its tax payable for any taxation year under Part I, in respect of a property that is a Québec film production, shall pay tax, for a particular taxation year, equal to the aggregate of

(a) the amount by which the aggregate of all amounts each of which is an amount it is deemed, under the said section 1029.8.35, to have so paid to the Minister in respect of the property for a taxation year preceding the particular year, exceeds the aggregate of all amounts each of which is tax the corporation is required to pay under this Part in respect of the property for a taxation year preceding the particular year, where

i. the property ceases, in the particular year, to be considered as a Québec film production by reason of the fact that the favourable advance ruling issued by the Société générale des industries culturelles in respect of the property, ceases to be in force at that time and that no certificate is issued by the Société in respect of the property, or of the fact that the certificate issued by the Société in respect of the property is revoked at that time, or

ii. the particular year is the first year for which subparagraph *b* of the third paragraph of section 1029.8.35 applies in respect of the property or, where applicable, would have been such first year had the qualified manpower expenditure of the corporation for the particular year in respect of the property not been nil;

(b) where the situations described in subparagraphs i and ii of subparagraph *a* are not encountered in the particular year in respect of the property nor have been in any preceding taxation year and, for the particular year and in respect of the property, the amount determined under subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34 exceeds the aggregate determined under subparagraph i of paragraph *a* of the said definition, an amount equal to the lesser of

i. 40 % of that excess amount, and

ii. the amount by which the aggregate of all amounts each of which is an amount it is deemed to have so paid to the Minister, under section 1029.8.35, in respect of the property for a taxation year preceding the particular year, exceeds the aggregate of all amounts each of which is tax the corporation is required to pay under this Part in respect of the property for a taxation year preceding the particular year; and

(c) where the situations described in subparagraphs i and ii of subparagraph *a* are not encountered in the particular year in respect of the property nor have been in any preceding taxation year and any government assistance or non-government assistance attributable to production costs, other than a manpower expenditure within the meaning of the said section 1029.8.34, that the corporation has received, is entitled to receive, or can reasonably expect to receive at the time of filing its fiscal return for the particular year under Part I must be taken into account, from the particular year and in respect of the property, in computing the amount determined under subparagraph i of paragraph *b* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, an amount equal to the amount by which the aggregate of all amounts each of which is an amount the corporation is deemed to have paid to the Minister, under section 1029.8.35, in respect of the property, exceeds the aggregate of

i. 40 % of the amount by which the lesser of the following amounts, for the corporation, exceeds the aggregate of the qualified expenditures, within the meaning of section 726.4.8.1, in respect of which the corporation has renounced an amount under sections

726.4.8.4 to 726.4.8.6, in accordance with section 726.4.8.7, in respect of the property:

(1) the amount determined in respect of the property for the particular year under subparagraph i of paragraph b of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, and

(2) the amount by which the aggregate of all amounts each of which is, for the particular year or any preceding taxation year, an amount determined in respect of the property under subparagraph 1 or, to the extent that it relates to a manpower expenditure within the meaning of section 1029.8.34, subparagraph 2 of subparagraph i of paragraph a of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, exceeds the aggregate of all amounts each of which is, for the particular year or any preceding taxation year, an amount determined in respect of the property under subparagraph ii of paragraph a of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34; and

ii. the aggregate of all amounts each of which is tax the corporation is required to pay under this Part, in respect of the property, for the particular year or any preceding taxation year by reason of subparagraph b or for any taxation year preceding the particular year by reason of this subparagraph.

Joint and
several
liability

Furthermore, where applicable, the corporation that controls, directly or indirectly in any manner whatever, the corporation referred to in the first paragraph is liable, severally with that corporation, for payment of the tax under the first paragraph.

“BOOK III

“MISCELLANEOUS PROVISIONS

Deemed re-
payment of
assistance

“1129.3 The tax paid, at any time in a taxation year, by a corporation to the Minister under this Part in respect of property is deemed, for the purposes of Part I, except section 1029.8.34, to be assistance repaid by it at that time in respect of the property pursuant to a legal obligation to repay all or any part of that assistance.

Applicable
provisions

“1129.4 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to that first paragraph, and sections 1000 to 1029 and 1030 to 1079.16 apply, with such modifications as the circumstances require, to this Part.

“PART III.2

“SPECIAL TAX IN RESPECT OF QUALIFYING NON-GUARANTEED
CONVERTIBLE SECURITIES

“BOOK I

“DEFINITIONS

Definitions	“1129.5 In this Part, unless the context indicates otherwise,
“corporation”	“corporation” has the meaning assigned by section 1;
“Minister”	“Minister” means the Minister of Revenue;
“non-guaranteed convertible security”	“non-guaranteed convertible security” has the meaning assigned by paragraph <i>j.4</i> of section 965.1;
“non-guaranteed convertible security issue”	“non-guaranteed convertible security issue” has the meaning assigned by paragraph <i>g.1</i> of section 965.1;
“qualifying non-guaranteed convertible security”	“qualifying non-guaranteed convertible security” has the meaning assigned by paragraph <i>j.5</i> of section 965.1;
“taxation year”	“taxation year” has the meaning assigned by section 1.

“BOOK II

“LIABILITY FOR AND AMOUNT OF THE TAX

Liability for tax	“1129.6 Where a particular corporation has issued a qualifying non-guaranteed convertible security that may be redeemed or repaid by the particular corporation or purchased by anyone in any manner whatever, under the conditions pertaining to its issue, and, before the maturity date of the security or, if there is none, before the date that is 1 825 days after the date of its issue, the security, referred to in this section as a “reference security”, or an accepted security, has not been either replaced by a security other than an accepted security, or redeemed or repaid by the particular corporation or, where the accepted security has been issued by another corporation, by the other corporation, or purchased by anyone in any manner whatever, the particular corporation, or the other corporation, as the case may be, shall pay, in respect of the reference security or the accepted security, as the case may be, except in the case provided for in section 1129.9 or 1129.10, a tax equal to the amount determined under section 1129.7 in respect of the security, for its taxation year in which
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(a) the reference security or accepted security, as the case may be, becomes due, where it carried a maturity date, or

(b) the date that is 1 825 days after the date of issue of the reference security occurs, where the reference security, or the accepted security, as the case may be, carried no maturity date.

Amount of
the tax

“1129.7 The amount of the tax referred to in section 1129.6 in respect of a reference security or accepted security, as the case may be, is equal to the amount determined in its respect by the formula

$$[A \times B \times C] + [A \times B \times C \times D \times E].$$

Interpreta-
tion

For the purposes of the formula set forth in the first paragraph,

(a) A is 3 %;

(b) B is the fraction represented by the ratio between, on the one hand, the number of qualifying non-guaranteed convertible securities issued as part of the non-guaranteed convertible security issue to which the reference security relates, the custody of which has been entrusted to a dealer under a stock savings plan, which number must correspond to the fraction indicated to that effect by the particular corporation referred to in section 1129.6, in accordance with section 965.24.1.3, at the particular time referred to in the said section 1129.6 and, on the other hand, the total number of such qualifying non-guaranteed convertible securities issued as part of the non-guaranteed convertible security issue;

(c) C is the par value of the reference security or, where section 1129.6 applies in respect of an accepted security issued as part of an issue of several accepted securities as a replacement for a reference security, the result obtained by dividing that par value by the number of such accepted securities so issued, referred to in this paragraph as the “new par value”, or, where section 1129.6 applies in respect of an accepted security issued as part of an issue of several securities in substitution for such a security so issued, the result obtained by dividing the new par value by the number of such accepted securities so issued;

(d) D is the rate calculated in accordance with section 1129.8 in respect of the non-guaranteed convertible security issue as part of which the reference security was issued;

(e) E is the number of full calendar years included in the period beginning on 1 January in the year following that in which the receipt for the final prospectus pertaining to the non-guaranteed convertible security issue as part of which the reference security was granted and ending either on the date of the occurrence referred to in paragraph a of section 1129.6 or on the date referred to in paragraph b of the said section, as the case may be.

Reference
rate

“1129.8 The rate referred to in subparagraph *d* of the second paragraph of section 1129.7 in respect of a non-guaranteed convertible security issue to which a qualifying non-guaranteed convertible security relates is equal to the long-term weighted average yield of provincial bonds as indicated in the weekly bulletin of financial statistics of the Bank of Canada for the third week preceding that during which a favourable advance ruling was granted by the Ministère du Revenu in respect of the issue, which rate must be confirmed by the Ministère du Revenu in the advance ruling.

Exception

“1129.9 Section 1129.6 does not apply in respect of a reference security or accepted security referred to therein that is replaced, redeemed or repaid at maturity where, under the conditions pertaining to its issue, the consideration received by its holder consists only in shares identical, as to the number and the terms and conditions, rights or other characteristics attached thereto, to those that he would have obtained had he exercised the conversion right conferred on him by the security.

Exception

“1129.10 Section 1129.6 does not apply in respect of a reference security or accepted security referred to therein where, under the conditions pertaining to its issue, the consideration which its holder is entitled to receive at the time of redemption, repayment or replacement, as the case may be, consists only in shares identical, as to the number and the terms and conditions, rights or other characteristics attached thereto, to those he would be entitled to obtain if he exercised the conversion right conferred on him by the security.

Accepted
security

“1129.11 For the purposes of this book, an accepted security is a particular security issued by a corporation, following a transaction described in section 536, 541 or 544, as a replacement for a qualifying non-guaranteed convertible security, referred to in this section as a “replaced security”, or in substitution for such a security so issued, and meeting the requirements set forth in its respect in the second paragraph.

Require-
ments

The requirements referred to in the first paragraph, in respect of a particular security, are as follows:

(a) the conditions pertaining to its issue provide that it may be redeemed or repaid by the corporation or purchased by anyone in any manner whatever;

(b) it is identical, as to the conditions, rights or other characteristics attached thereto, to the replaced security;

(c) it carries no maturity date if the replaced security carried none, and if the replaced security carried a maturity date, it carries the same one.

“BOOK III

“MISCELLANEOUS PROVISIONS

Applicable
provisions

“1129.12 Except where inconsistent with this Part, sections 1.2, 1000 to 1029 and 1030 to 1079.16 apply, with such modifications as the circumstances require, to this Part.

“PART III.3

“SPECIAL TAX IN RESPECT OF THE CAPITALIZATION OF SMALL AND MEDIUM-SIZED BUSINESSES

“BOOK I

“DEFINITIONS

Definitions

“1129.13 In this Part, unless the context indicates otherwise,

“corpora-
tion”

“corporation” has the meaning assigned by section 1;

“Minister”

“Minister” means the Minister of Revenue;

“qualified
investment”

“qualified investment” has the meaning assigned by section 1029.8.51;

“taxation
year”

“taxation year” has the meaning assigned by section 1.

“BOOK II

“LIABILITY FOR AND AMOUNT OF THE TAX

Liability
for and
amount of
the tax

“1129.14 Where a corporation is deemed, under section 1029.8.52 to have paid to the Minister an amount, in respect of a qualified investment, as partial payment of its tax payable for a particular taxation year pursuant to Part I, and where the validation certificate granted by the Société de développement industriel du Québec in respect of the qualified investment is revoked in any subsequent taxation year, the corporation shall pay for that subsequent year an amount equal to,

(a) where the validation certificate is revoked by reason of the purchase or redemption by the corporation of a share or debenture issued as part of the qualified investment, the amount that the corporation is deemed, under section 1029.8.52, to have so paid to the

Minister for the particular year, in respect of the qualified investment, or

(b) where the validation certificate is revoked for any other reason, 30 % of the amount of the qualified investment.

Exception

Notwithstanding the foregoing, the first paragraph does not apply in respect of a qualified investment where the revocation of the validation certificate related thereto has been cancelled by the Société de développement industriel du Québec.

“BOOK III

“MISCELLANEOUS PROVISIONS

Applicable provisions

“**1129.15** Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the said first paragraph of section 549 and sections 1000 to 1029 and 1030 to 1079.16 apply, with such modifications as the circumstances require, to this Part.”

(2) This section, where it enacts Part III.1 of the Taxation Act, has effect from 19 December 1990.

(3) This section, where it enacts Part III.2 of the Taxation Act, has effect from 3 May 1991.

(4) This section, where it enacts Part III.3 of the Taxation Act, has effect from 20 June 1991.

c. I-3,
s. 1132,
am.

205. (1) Section 1132 of the said Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) in the case of a bank, loan corporation, trust corporation or a corporation dealing in securities, to 1.12 % of its paid-up capital;

“(b) in the case of a mining corporation which has not reached the production stage, to \$125;

“(c) in the case of any other corporation, except an insurance corporation within the meaning assigned by the Act respecting insurance (R.S.Q., chapter A-32), a savings and credit union within the meaning of section 797, a cooperative governed by the Cooperatives Act (R.S.Q., chapter C-67.2) or a cooperative syndicate governed by the Cooperative Syndicates Act (R.S.Q., chapter S-38), to 0.56 % of its paid-up capital.”

(2) This section applies to taxation years ending after 31 August 1991. However, where subparagraphs *a* and *c* of the first paragraph of section 1132 of the Taxation Act, enacted by this section, apply to such taxation years that include that date, the following rules apply:

(a) the percentage “1.12 %” in subparagraph *a* shall read as such percentage as is represented by the aggregate of

i. such proportion of 1.035 % as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

ii. such proportion of 1.12 % as the number of days following 31 August 1991 is of the number of days in the year;

(b) the percentage “0.56 %” in subparagraph *c* shall read as such percentage as is represented by the aggregate of

i. such proportion of 0.5175 % as the number of days in the year preceding 1 September 1991 is of the number of days in the year, and

ii. such proportion of 0.56 % as the number of days following 31 August 1991 is of the number of days in the year.

c. I-3,
s. 1132.3,
am.

206. (1) Section 1132.3 of the said Act, enacted by section 96 of chapter 8 of the statutes of 1991, is amended by replacing the first paragraph by the following paragraph:

Additional
tax payable

“**1132.3** Every corporation contemplated in section 1131 shall add to its tax payable contemplated in section 1132, for a taxation year ending after 26 April 1990 but before 1 September 1991, an amount equal to 15 % of that tax.”

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 1133,
replaced

207. (1) Section 1133 of the said Act is replaced by the following section:

Corporation
having an
establish-
ment
outside
Québec

“**1133.** Where a corporation contemplated in section 1131 has an establishment situated outside Québec, the tax payable by that corporation is equal to that part of the tax established pursuant to section 1132 represented by the ratio between the business carried on by it in Québec and the aggregate of the business carried on by it in Québec and elsewhere, as determined by regulation.”

(2) This section applies to taxation years ending after 16 May 1989. However, where section 1133 of the Taxation Act, enacted by this section, applies

(a) to taxation years ending after 16 May 1989 but before 27 April 1990, the reference therein to "section 1132" shall read as a reference to "sections 1132 and 1132.2";

(b) to taxation years ending after 26 April 1990 but before 1 September 1991, the reference therein to "section 1132" shall read as a reference to "sections 1132 and 1132.3".

c. I-3,
s. 1135,
replaced

208. (1) Section 1135 of the said Act, replaced by section 97 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Minimum
amount
of tax

"1135. In no case can the tax payable by a corporation other than a farming corporation, a corporation whose activities consist mainly in carrying on a fishing business, a corporation that operates only an international financial centre, a tax exempt corporation under sections 1143 and 1144 or the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) be less than \$125 nor can the tax payable by a farming corporation or a corporation whose activities consist mainly in carrying on a fishing business be less than \$62.50."

(2) This section applies to taxation years ending after 31 August 1991.

c. I-3,
s. 1165,
am.

209. (1) Section 1165 of the said Act, amended by section 103 of chapter 8 of the statutes of 1991, is again amended by striking out the second paragraph.

(2) This section applies in respect of instalments to be made by a corporation after 31 August 1991.

c. I-3,
s. 1175,
am.

210. (1) Section 1175 of the said Act, amended by section 105 of chapter 8 of the statutes of 1991, is again amended by striking out the second paragraph.

(2) This section applies in respect of instalments to be made by an insurance corporation after 31 August 1991.

c. L-3,
s. 79.11.2,
added

211. (1) The Licenses Act (R.S.Q., chapter L-3) is amended by inserting, after section 79.11.1, the following section:

Exception

"79.11.2 The holder of a reunion permit issued under the Act respecting liquor permits (R.S.Q., chapter P-9.1) which authorizes the sale of alcoholic beverages for consumption at the place indicated on it is not required to pay the duty provided for in paragraph a of section 79.11."

(2) This section has effect from 1 January 1992.

c. M-31,
s. 12.2,
am.

212. (1) Section 12.2 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended

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

Negotiable
instrument

“12.2 Every person who remits to the Minister a negotiable instrument which is subsequently refused on account of insufficient funds by the financial institution upon which it is drawn shall pay a fee of \$25.”;

(2) by striking out the fourth paragraph.

(2) This section applies in respect of any negotiable instrument refused by a financial institution after 2 May 1991.

c. M-31,
s. 14, am.

213. (1) Section 14 of the said Act is amended by replacing the first paragraph by the following paragraph:

Prior
notice of
distribu-
tion of
property

“14. Before distributing the property under his control, every assignee or any other person, with the exception of a trustee in bankruptcy, who winds up, administers or controls the property, business, succession or income of another person on behalf of that other person or a creditor of that other person shall give the Minister written notice, by registered or certified mail, of his intention to make such distribution; in the case of a succession, the notice shall be given by means of the prescribed form.”

(2) This section is declaratory, except in respect of cases pending before the court on 10 May 1991. However, from the date of coming into force of the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67), the first paragraph of section 14 of the Act respecting the Ministère du Revenu shall read as follows:

Prior
notice of
distribu-
tion of
property

“14. Before distributing the property under his control, every assignee or any other person, with the exception of a trustee in bankruptcy, who winds up, administers or controls the property, business, succession, income or commercial activities of another person on behalf of that other person or a creditor of that other person shall give the Minister written notice, by registered or certified mail, of his intention to make such distribution; in the case of a succession, the notice shall be given by means of the prescribed form.”

c. M-31,
s. 24.0.1,
am.

214. (1) Section 24.0.1 of the said Act, amended by section 568 of chapter 67 of the statutes of 1991, is again amended by replacing

that part preceding subparagraph *a* of the first paragraph by the following:

Joint and
several
debtors

"24.0.1 Where a corporation has omitted to remit to the Minister an amount referred to in section 24 or to deduct, withhold or collect an amount that it was required to deduct, withhold or collect under a fiscal law, or to pay its employer's contribution under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9), its directors in office on the date of the omission shall become joint and several debtors with the corporation for that amount and for interest and penalties related thereto in the following cases:"

(2) This section applies in respect of amounts to be deducted, withheld, collected or paid after 2 May 1991.

c. M-31,
s. 28, am.

215. (1) Section 28 of the said Act, amended by section 570 of chapter 67 of the statutes of 1991, is again amended

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

Rules for
determining
rate

"Any refund due by the Minister under a fiscal law shall also bear interest at the rate determined according to the rules provided by regulation in respect of refunds.";

(2) by adding, after the second paragraph, the following paragraph:

Retroactive
effect

"Such regulations may, if they so provide, apply to any period prior to their publication."

(2) This section has effect from 1 July 1991.

c. M-31,
s. 30, am.

216. (1) Section 30 of the said Act, amended by section 106 of chapter 8 of the statutes of 1991, is again amended by striking out the second paragraph.

(2) This section has effect from 1 July 1991. However, from the date of coming into force of the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67), section 30 of the Act respecting the Ministère du Revenu shall read as follows:

Computation
of interest
payable on
a refund

"30. The interest payable on a refund under a fiscal law or on the amount of such a refund allocated in accordance with section 31 to a payment that the person to whom the refund is owing must make under a fiscal law, is computed for the period ending on the date the amount is refunded or allocated and commencing,

(a) in the case of an application for a refund, on the thirty-first day after the Minister receives the application;

(b) in the case of a refund, without an application, determined by the Minister, on the date of the notice sent in that regard; and

(c) in the case of a repayment of duties paid following a notice of assessment, the day on which the duties were paid.

Exception However, no interest is payable if the amount thereof is less than \$1."

c. M-31,
s. 62, am.

217. (1) Section 62 of the said Act, amended by section 593 of chapter 4 of the statutes of 1990, is again amended

(1) by replacing the comma and the word "or" at the end of paragraph *d* by a semicolon;

(2) by adding the word "; or" at the end of paragraph *e*;

(3) by adding, after paragraph *e*, the following paragraph:

"(f) wilfully, in any manner, while knowing he is not entitled thereto, obtains or attempts to obtain a refund under a fiscal law,".

(2) However, from the date of coming into force of the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67), section 62 of the Act respecting the Ministère du Revenu shall read as follows:

"62. Whoever

Offences
and
penalties

(a) makes or participates in, assents to or acquiesces in the making of false or deceptive statements in a return, report, certificate, statement, answer, application for a refund or other document filed or made as required under a fiscal law or a regulation made under such a law;

(b) to evade payment of a duty imposed by a fiscal law, destroys, alters, mutilates or secretes or otherwise disposes of the registers, books of account or other documents of a person subject to a fiscal law;

(c) makes, or assents to or acquiesces in the making of, false or deceptive entries, or omits or assents to or acquiesces in the omission to enter a material particular in the records or books of account of a person subject to a fiscal law;

(d) wilfully, in any manner, evades or attempts to evade compliance with a fiscal law or payment of a duty imposed under such a law;

(e) conspires with a person to commit an offence described in paragraphs *a* to *d*; or

(f) wilfully, in any manner, while knowing he is not entitled thereto, obtains or attempts to obtain a refund under a fiscal law,

is guilty of an offence and, in addition to any other penalty otherwise provided, is liable to a fine of not less than \$1 000 nor more than \$25 000 or, notwithstanding article 231 of the Code of Penal Procedure (1987, chapter 96), to both the fine and imprisonment for a term not exceeding two years."

c. R-5,
s. 34, am.

218. (1) Section 34 of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5), amended by section 107 of chapter 8 of the statutes of 1991, is again amended

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

Contribution
of
employers

"34. On the dates, for the periods and according to the terms and conditions prescribed in section 1015 of the Taxation Act (R.S.Q., chapter I-3), every employer shall pay to the Minister of Revenue a contribution equal to 3.75 % of the wages that he pays and that he is deemed to pay under the second paragraph of section 979.3 and section 1015.2 of the said Act to his employee who reports for work at his establishment in Québec or to whom those wages, if the employee is not required to report for work at an establishment of his employer, are paid or deemed paid from such an establishment in Québec.";

(2) by striking out the second paragraph.

(2) This section applies in respect of wages paid or deemed to be paid after 31 August 1991.

c. R-5,
s. 34.0.1,
am.

219. (1) Section 34.0.1 of the said Act, enacted by section 108 of chapter 8 of the statutes of 1991, is amended by replacing that part preceding paragraph *a* by the following:

Deemed
employer

"34.0.1 For the purposes of this division, where a particular employer pays wages, other than an amount described in section 43 of the Taxation Act (R.S.Q., chapter I-3), in respect of which no employer would be bound, but for this section, to pay a contribution under section 34 and the person to whom the particular employer pays such wages is not required, in respect of those wages, to report for

work at an establishment of the particular employer, the following rules apply:”.

(2) This section applies in respect of wages paid after 26 April 1990.

c. R-9,
s. 50.1,
am.

220. (1) Section 50.1 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9), enacted by section 109 of chapter 8 of the statutes of 1991, is amended

(1) by replacing that part preceding paragraph *a* by the following:

Deemed
employer

“50.1 For the purposes of this title, where a person has made a payment, other than the payment of an amount described in section 43 of the Taxation Act (R.S.Q., chapter I-3), that constitutes an income computed according to the provisions of Chapters I and II of Title II of Book III of Part I of the said Act and in respect of which the person who receives it, at the same time, is not required to report for work at an establishment of the payer and would not be bound, but for this section, to pay a contribution under section 50, the following rules apply:”;

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

“ii. to carry out work in Québec, where the employer’s establishment from which he receives his remuneration is in Québec.”

(2) This section applies in respect of payments made after 26 April 1990.

c. R-20.1,
s. 7.1,
replaced

221. (1) Section 7.1 of the Act respecting real estate tax refund (R.S.Q., chapter R-20.1), replaced by section 111 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Essential
needs

“7.1 The amount equivalent to essential needs contemplated in section 7 is equal to the aggregate of \$280 each for the person contemplated in section 2 and his spouse during the year, where such is the case.”

(2) This section applies in respect of the computation of real estate tax refunds for the year 1992 and for subsequent years.

c. R-20.1,
s. 8,
replaced

222. (1) Section 8 of the said Act, replaced by section 112 of chapter 8 of the statutes of 1991, is again replaced by the following section:

Maximum
amount

“8. The amount in excess mentioned first in section 7 must not be greater than \$1 205 for the year 1991 or than \$1 260 for subsequent years.”

(2) This section applies in respect of the computation of real estate tax refunds for the year 1991 and for subsequent years.

c. R-20.1,
s. 9, am.

223. (1) Section 9 of the said Act is amended by replacing the first and second paragraphs by the following paragraphs:

Increase

“9. The amount determined under section 7 for a year in respect of a person, regarding the dwelling in which he lives, is increased by \$100 where the person or that person’s spouse during the year, where such is the case, but not both, is at least 60 years of age on 31 December in the year and receives a supplement or a spouse’s allowance during the year in accordance with the Old Age Security Act (Statutes of Canada) and that person or his spouse during the year, where such is the case, has paid or is billed for real estate taxes, for the year, in respect of the dwelling.

Increase

If on 31 December in the year each spouse is at least 60 years of age, if both spouses receive a supplement or a spouse’s allowance during the year in accordance with the Old Age Security Act, and if one of them has paid or is billed for real estate taxes, for the year, related to the dwelling, the amount so determined under section 7 for the year is increased by \$200.”

(2) This section applies in respect of the computation of real estate tax refunds for the year 1991 and for subsequent years.

c. R-20.1,
s. 10, am.

224. (1) Section 10 of the said Act, amended by section 113 of chapter 8 of the statutes of 1991, is again amended

(1) by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) \$8 000 if the person contemplated in section 2 has a spouse and a dependent person during the year;

“(b) \$6 840 if the person contemplated in section 2

(1) has a dependent person during the year, and

(2) has no spouse and ordinarily lives, throughout the year, in a self-contained domestic establishment, within the meaning of section 1 of the Taxation Act (R.S.Q., chapter I-3), in which no person other than himself or his dependent person lives during the year;

“(c) \$5 910 if the person contemplated in section 2 is not contemplated in subparagraphs *a* and *b* and has a dependent person during the year;”;

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

“(c.1) \$4 000 if the person contemplated in section 2

(1) has not reached 65 years of age before the end of the year, and

(2) throughout the year, has neither a spouse nor a dependent person and ordinarily lives in a self-contained domestic establishment, within the meaning of section 1 of the Taxation Act (R.S.Q., chapter I-3), in which no other person lives; and”.

(2) This section applies in respect of the computation of real estate tax refunds for the year 1991 and for subsequent years. However, where subparagraphs *a* to *c* of the first paragraph of section 10 of the Act respecting real estate tax refund, enacted by this section, apply in respect of the computation of real estate tax refunds for the year 1991, the figures “\$8 000”, “\$6 840” and “\$5 910” stated therein shall read as “\$7 570”, “\$6 560” and “\$5 455”, respectively.

c. R-20.1,
s. 14.2,
am.

225. Section 14.2 of the said Act, amended by section 114 of chapter 8 of the statutes of 1991, is again amended by replacing the first paragraph by the following paragraph:

Indexing

“**14.2** The amounts of \$8 000, \$6 840, \$5 910 and \$4 000 mentioned in section 10 shall be indexed annually so that each of these amounts to be used for a year subsequent to the year 1992 becomes that obtained by adding to that amount the amount obtained by multiplying by the same ratio as that prescribed for the purposes of section 752.0.20 of the Taxation Act (R.S.Q., chapter I-3) for the taxation year contemplated therein corresponding to that subsequent year, the amount that would have been applicable for that subsequent year but for this section.”

1990, c. 7,
s. 11, am.

226. Section 11 of the Act to amend the Taxation Act and other fiscal legislation (1990, chapter 7) is amended,

(1) by striking out the word “or” in paragraph *a* of subsection 2;

(2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;

(3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling respecting the application of section 223.1 of the Taxation Act, enacted by this section, has been given by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 12, am.

227. Section 12 of the said Act is amended

(1) by striking out the word “or” in paragraph *a* of subsection 2;

(2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;

(3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling respecting the application of paragraph *b.1* of section 225 of the Taxation Act, enacted by this section, has been given by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 13, am.

228. Section 13 of the said Act is amended

(1) by striking out the word “or” in paragraph *a* of subsection 2;

(2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;

(3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du

Revenu on or before 30 June 1991 and a favourable ruling respecting the application of section 226.1 of the Taxation Act, enacted by this section, has been given by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 148, am.

229. Section 148 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 3;
- (2) by replacing the period at the end of paragraph *b* of subsection 3 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 3, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of subparagraph *a* of the third paragraph of section 1029.7 of the Taxation Act, enacted by paragraph 2 of subsection 1 of this section, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 152, am.

230. Section 152 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 4;
- (2) by replacing the period at the end of paragraph *b* of subsection 4 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 4, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of subparagraph *a* of the third paragraph of section 1029.8 of the Taxation Act, enacted by paragraph 2 of subsection 1 of this section, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 153, am.

231. Section 153 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 4;
- (2) by replacing the period at the end of paragraph *b* of subsection 4 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 4, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of subparagraph *b* of the fourth paragraph of section 1029.8.0.2 of the Taxation Act, enacted by paragraph 3 of subsection 1 of this section, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 154, am.

232. Section 154 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 3;
- (2) by replacing the period at the end of paragraph *b* of subsection 3 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 3, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of paragraph *d.1* of section 1029.8.1 of the Taxation Act, enacted by paragraph 2 of subsection 1 of this section, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 156, am.

233. Section 156 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;

(3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of sections 1029.8.5.1 and 1029.8.5.2 of the Taxation Act, enacted by this section, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 157, am.

234. Section 157 of the said Act is amended by replacing that part of subsection 9 preceding the first paragraph of section 1029.8.6 of the Taxation Act (R.S.Q., chapter I-3), enacted by the said subsection 9, by the following subsection:

“(9) Notwithstanding subsection 2, where the first paragraph of section 1029.8.6 of the Taxation Act, in the version enacted by subsection 1, applies in respect of expenditures made for scientific research and experimental development after 15 December 1987, other than expenditures referred to in subsection 5, and before 17 May 1989 or in respect of expenditures made for scientific research and experimental development after 16 May 1989 in respect of a scientific research and experimental development project the elaboration of which was complete on 17 May 1989 and in respect of which expenditures for scientific research and experimental development were made before that date, or the elaboration of which was sufficiently well advanced on 17 May 1989 and in respect of which both an application for an advance ruling was filed with the Ministère du Revenu on or before 15 June 1989 and a favourable decision on the application of the said first paragraph, where it refers to a qualified expenditure, was rendered by the Ministère du Revenu, or which replaces a particular project contemplated lastly, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of the said first paragraph, where it refers to a qualified expenditure, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project, the said first paragraph shall read as follows and subsections 7 and 8 apply adapted as required:”.

1990, c. 7,
s. 158, am.

235. Section 158 of the said Act is amended by replacing that part of subsection 9 preceding the first paragraph of section 1029.8.7

of the Taxation Act (R.S.Q., chapter I-3), enacted by the said subsection 9, by the following subsection:

“(9) Notwithstanding subsection 2, where the first paragraph of section 1029.8.7 of the Taxation Act, in the version enacted by subsection 1, applies in respect of expenditures made for scientific research and experimental development after 15 December 1987, other than expenditures referred to in subsection 5, and before 17 May 1989 or in respect of expenditures made for scientific research and experimental development after 16 May 1989 in respect of a scientific research and experimental development project the elaboration of which was complete on 17 May 1989 and in respect of which expenditures for scientific research and experimental development were made before that date, or the elaboration of which was sufficiently well advanced on 17 May 1989 and in respect of which both an application for an advance ruling was filed with the Ministère du Revenu on or before 15 June 1989 and a favourable decision on the application of the said first paragraph, where it refers to a qualified expenditure, was rendered by the Ministère du Revenu, or which replaces a particular project contemplated lastly, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of the said first paragraph, where it refers to a qualified expenditure, was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project, the said first paragraph shall read as follows and subsections 7 and 8 apply adapted as required:”.

1990, c. 7,
s. 161, am.

236. Section 161 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of section

1029.8.9.1 of the Taxation Act, enacted by this section, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 162, am.

237. Section 162 of the said Act, amended by section 117 of chapter 8 of the statutes of 1991, is again amended by replacing that part of subsection 5 preceding the first paragraph of section 1029.8.10 of the Taxation Act (R.S.Q., chapter I-3), enacted by the said subsection 5, by the following subsection:

“(5) Notwithstanding subsection 2, where the first paragraph of sections 1029.8.10 and 1029.8.11 of the Taxation Act, in its version enacted by subsection 1, applies in respect of expenditures for scientific research and experimental development made after 16 May 1989 in respect of a scientific research and experimental development project the preparation of which was terminated on 17 May 1989 and for which expenditures in respect of scientific research and experimental development were made before that date, or the preparation of which had reached a sufficiently advanced stage on 17 May 1989 and in respect of which both an application for an advance ruling was filed with the Ministère du Revenu on or before 15 June 1989 and a favourable ruling has been given by the Ministère du Revenu regarding the application of the said first paragraph where it refers to a qualified expenditure, or which replaces a particular project contemplated lastly, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of the said first paragraph where it refers to a qualified expenditure, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project, that first paragraph shall read as follows:”.

1990, c. 7,
s. 163, am.

238. Section 163 of the said Act is amended by replacing subsection 2 by the following subsection:

“(2) This section applies in respect of expenditures for scientific research and experimental development made after 16 May 1989 other than such expenditures made in respect of a scientific research and experimental development project the preparation of which was terminated on 17 May 1989 and for which expenditures in respect of scientific research and experimental development were made before that date, or the preparation of which had reached a sufficiently advanced stage on 17 May 1989 and in respect of which both an application for an advance ruling was filed with the Ministère du Revenu on or before 15 June 1989 and a favourable ruling has been

given by the Ministère du Revenu regarding the application of sections 1029.8.12 to 1029.8.15 of the Taxation Act, repealed by this section, or which replaces a particular project contemplated lastly, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of sections 1029.8.12 to 1029.8.15 of the Taxation Act, repealed by this section, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project, in which cases the reference, in those sections 1029.8.12 to 1029.8.14, to 1 January 1993 shall be replaced by a reference to 1 January 1996.”

1990, c. 7,
s. 164, am.

239. Section 164 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of sections 1029.8.15.1 and 1029.8.15.2 of the Taxation Act, enacted by this section, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 166, am.

240. Section 166 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently

advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of this section, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 168, am.

241. Section 168 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of section 1029.8.18 of the Taxation Act, enacted by this section, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 7,
s. 169, am.

242. Section 169 of the said Act is amended

- (1) by striking out the word “or” at the end of paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a semicolon;
- (3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of that section 1029.8.19, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”;

(4) by striking out the word “or” at the end of paragraph *a* of subsection 3;

(5) by replacing the period at the end of paragraph *b* of subsection 3 by a semicolon;

(6) by adding, after paragraph *b* of subsection 3, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the preparation of which had reached a sufficiently advanced stage on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable ruling has been given by the Ministère du Revenu regarding the application of that section 1029.8.20, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1990, c. 59,
s. 251, am.

243. Section 251 of the Act to again amend the Taxation Act and other fiscal legislation (1990, chapter 59) is amended by replacing subsection 2 by the following subsection:

“(2) This section applies in respect of shares disposed of or exchanged or rights in respect of shares transferred or otherwise disposed of after 31 December 1987. However, where section 725.2 of the Taxation Act, enacted by this section, applies in respect of shares disposed of or exchanged or rights in respect of shares transferred or otherwise disposed of after 31 December 1987 and before 1 January 1990, the reference therein to “1/4” shall read as a reference to “1/3”.”

1991, c. 8,
s. 77, am.

244. Section 77 of the Act to amend the Taxation Act and other fiscal legislation (1991, chapter 8) is amended

(1) by striking out the word “or” in paragraph *a* of subsection 2;

(2) by replacing the period at the end of paragraph *b* of subsection 2 by a comma and the word “or”;

(3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June

1991 and a favourable decision on the application of sections 1029.8.5.1 and 1029.8.5.2 of the Taxation Act was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1991, c. 8,
s. 80, am.

245. Section 80 of the said Act is amended

- (1) by striking out the word “or” in paragraph *a* of subsection 2;
- (2) by replacing the period at the end of paragraph *b* of subsection 2 by a comma and the word “or”;
- (3) by adding, after paragraph *b* of subsection 2, the following paragraph:

“(c) which replaces a particular project contemplated in paragraph *b*, the elaboration of which was sufficiently well advanced on 31 December 1989, in respect of which an application for an advance ruling was filed with the Ministère du Revenu on or before 30 June 1991 and a favourable decision on the application of sections 1029.8.15.1 and 1029.8.15.2 of the Taxation Act was rendered by the Ministère du Revenu, and the budget of which as established and disclosed to the Ministère du Revenu does not exceed that of the particular project.”

1991, c. 25,
s. 67, am.

246. Section 67 of the Act to again amend the Taxation Act and other fiscal legislation (1991, chapter 25) is amended by replacing subparagraph 3 of subparagraph ii of paragraph *f* of section 339 of the Taxation Act, enacted by paragraph *b* of subsection 5, by the following subparagraph:

“(3) the lesser of the amount paid by him or on his behalf to acquire an annuity that would be described in that part preceding subparagraph *i* if that part were read without reference to “an annuity described in section 339.4 under which he is the annuitant or” and as though the words “the said section” were replaced by the word and figure “section 339.4”, and the amount, other than any portion thereof included in the amount determined under subparagraph 2, included in computing his income for the year as a payment, other than a payment that is part of a series of periodic payments or that relates to an actuarial surplus, received by him out of or under a registered pension plan, or as a refund of premiums out of or under a registered retirement savings plan, as a consequence of the death of an individual, where the taxpayer is a child or grandchild of the individual, and”.

1991, c. 25,
s. 68, am.

247. Section 68 of the said Act is amended by replacing subparagraph *a* of the first paragraph of section 339.4 of the Taxation Act, enacted by paragraph *b* of subsection 2, by the following subparagraph:

““(a) for the life of the taxpayer, or for the lives jointly of the taxpayer and his spouse, either with a guaranteed period that is not greater than 90 years minus his age, or the age of his spouse, “spouse” having the meaning assigned by section 905.3 for the purposes of this section and paragraph *f* of section 339, at the time of its acquisition, or without a guaranteed period;” ”.

1991, c. 67,
ss. 561,
571 and 592,
repealed

248. Sections 561, 571 and 592 of the Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67) are repealed.

Coming into
force

249. This Act comes into force on 18 March 1992.