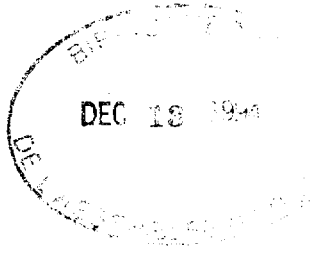
NATIONAL ASSEMBLY

FIRST SESSION THIRTY-FIFTH LEGISLATURE

Bill 38

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

Introduction



Introduced by
Mr Jean Campeau
Minister of Revenue

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EXPLANATORY NOTES

This bill amends various Acts to give effect primarily to the Budget Speech delivered by the Minister of Finance on 12 May 1994, to the Minister's Statements of 24 November 1992 and 30 November 1993, and to Information Bulletins 91-1, 93-1, 93-2, 93-3, 93-5, 93-7, 94-1 and 94-4 published by the Ministère des Finances respectively on 27 March 1991, 23 April 1993, 28 June 1993, 20 August 1993, 25 November 1993, 16 December 1993, 31 January 1994 and 4 November 1994.

Amendments are also introduced by the bill to bring the fiscal legislation in Québec into harmony with that of Canada. It consequently gives effect to various harmonization measures contained in the Budget Speech delivered by the Minister of Finance on 20 May 1993 and in Information Bulletins 92-12 and 94-3 published by the Ministère des Finances respectively on 23 December 1992 and 31 March 1994.

Firstly, the bill amends the Land Transfer Duties Act to exempt, subject to certain conditions, transfers of land for the benefit of corporations that are actively operating a business in Québec and that have had at least five full-time employees for more than one year, as well as transfers of land following a succession. It also amends the Act to empower the Minister of Revenue to cancel or reduce duties whose payment has been deferred if the transferee was unable to fulfil the prescribed conditions owing to circumstances independent of and beyond his control.

Secondly, the bill amends the Act respecting municipal taxation primarily to enable a partnership operating a gas distribution or telecommunications network in determining its income from the operation of the network to deduct part of the tax on capital paid by a corporation that is a member of the partnership.

Thirdly, the bill amends the Tobacco Tax Act to increase the amounts and the rate of tax applicable to tobacco products in light

of the reduction in the Québec sales tax rate, and to amend the formula for sharing receipts with the special olympic fund to ensure the fund receives sums sufficient to finance the olympic debt following the substantial tax reduction that took effect on 8 February 1994.

Fourthly, the bill amends the Taxation Act primarily to amend or introduce a number of fiscal measures specific to Québec, but also to introduce measures reflecting similar amendments brought to the Income Tax Act of Canada by Bill C-9 (S.C. 1994, chapter 8) and by Bill C-27 (S.C. 1994, chapter 21), assented to respectively on 12 May 1994 and 15 June 1994.

These measures concern the following matters in particular:

(1) the conversion of the child care expense deduction into a refundable tax credit;

(2) the fiscal treatment applicable to loans granted within the framework of the Accent on Renovation Program ("Virage Rénovation");

(3) the elimination of the annual 20% ceiling on net income in relation to gifts of land having undeniable ecological value;

(4) the increase in the tax credit for dependent children;

(5) the introduction of a tax reduction for individuals;

(6) the possibility for an annuitant under a self-directed registered retirement savings plan to benefit from a deduction for securities held in the plan that qualify for the cooperative investment plan;

(7) the rules governing provisional accounts, so that an individual's obligation to pay by instalment depends on the amount of tax not deducted at source rather than on the proportion of income for which no at-source deductions have been made;

(8) the fiscal rules pertaining to scientific research and experimental development, in particular as concerns the new proxy amount, the one-year extension of improved tax credits and the rules applicable, within the tax credit framework, to contracts entered into with persons dealt with at arm's length;

(9) the rules relating to the refundable training tax credit, including the two-year extension of the increased credit rate, the

eligibility of training activities aimed at re-employing laid-off workers and the eligibility of costs paid to the Société québécoise de développement de la main-d'oeuvre in certain circumstances;

(10) the introduction of a refundable tax credit for on-the-job training periods;

(11) the introduction of a refundable tax credit for design;

(12) the introduction of a refundable tax credit for adoption expenses;

(13) abolition of the $20 fee for service of a notice of objection;

(14) various amendments of a technical nature, including consequential and terminology-related amendments.

Fifthly, the bill amends the Licenses Act to adjust the duties payable on alcoholic beverages in light of the reduction in the Québec sales tax.

Sixthly, the bill amends the Act respecting the Ministère du Revenu to provide, in particular,

(1) an increase from 30 to 45 days in the time granted by law to an individual to pay tax claimed in a notice of assessment;

(2) the possibility for a person to make payment directly to a financial institution and to consider the payment to have been made to the Minister;

(3) that a person required to remit or pay an amount of at least $50 000 under the Act respecting the Québec sales tax is required to make remittance or payment of that amount at a financial institution;

(4) rules relating to the transmission to the Minister of Revenue of documents and information by electronic filing or on a computer-generated medium;

(5) for penalties to apply to taxpayers who fail to provide certain information relating to work carried out on certain immovables situated in Québec.

Seventhly, the bill amends the Act respecting the Régie de l'assurance-maladie du Québec, in particular to specify that the tax base used in determining the contribution payable by an employer under that Act includes the amount of taxable benefits included in

determining the income of his employees under the Taxation Act, and to exclude the old age security pension from the income subject to the 1% contribution payable by individuals to the Québec health services fund.

Eighthly, the bill amends the Act respecting the Québec Pension Plan, in particular to specify that the tax base used in determining the contribution payable by an employee and his employer under that Act includes the amount of taxable benefits included in determining the income of the employee under the Taxation Act.

Ninthly, the bill amends the Act respecting real estate tax refund, in particular to make a technical adjustment to the determination of the property tax distribution between lessees in the same building if one or more dwellings in the building is subsidized.

Tenthly, the bill amends the Act respecting income security, in particular to enable the child care expense tax credit to be paid in advance by families receiving benefits under the parental wage assistance program.

Eleventhly, the bill amends the Act respecting the Québec sales tax in two respects: it brings amendments to the rules specific to the Québec taxation system, and it introduces measures to bring that Act into harmony with the goods and services taxation system.

These amendments are brought, in particular,

(1) to implement a single tax rate;

(2) to set aside, until the implementation of a single tax rate, certain rules of the Civil Code of Québec having an incidence on the determination of the tax rate;

(3) to exempt, on certain conditions, transfers between municipalities of certain road vehicles;

(4) to zero-rate pilotage services performed to a person not resident in Québec;

(5) to zero-rate certain hotel packages;

(6) to extend the rules governing change in use to certain property acquired exempt from tax under the former the Retail Sales Tax Act system;

(7) to preclude duplicate taxation of property upon a move of residence to another province;

(8) to secure the integrity of the taxation system as it applies to flea markets and sales of used road vehicles.

Amendments are also brought to bring the Québec sales tax scheme into harmony with the changes brought to the goods and services tax scheme primarily by Bill C-13 (S.C. 1994, chapter 9) assented to on 12 May 1994.

These amendments pertain, in particular, to

(1) the distribution of input tax refunds;

(2) the status of small supplier;

(3) the exemption and zero-rating of certain supplies;

(4) designated reporting periods;

(5) direct deliveries.

Twelfthly, the bill amends the Fuel Tax Act to increase the amounts of tax payable on fuel in light of the reduction in the Québec sales tax.

Lastly, the bill amends various other Acts having amended the Taxation Act and the Act respecting the Québec sales tax, primarily to make changes of a technical nature and to adjust the dates of application of various sections of those amending Acts.

ACTS AMENDED BY THIS BILL:

(1) Land Transfer Duties Act (R.S.Q., chapter D-17);

(2) Act respecting municipal taxation (R.S.Q., chapter F-2.1);

(3) Tobacco Tax Act (R.S.Q., chapter I-2);

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

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

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

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

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

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

(10) Act respecting income security (R.S.Q., chapter S-3.1.1);

(11) Act respecting fiscal incentives to industrial development (R.S.Q., chapter S-34);

(12) Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);

(13) Fuel Tax Act (R.S.Q., chapter T-1);

(14) Act to amend the Taxation Act and other legislation and to make certain provisions respecting retail sales tax (1989, chapter 5);

(15) Act respecting the computation of interest applicable to tax claims (1990, chapter 58);

(16) Act to amend the Taxation Act and other fiscal legislation (1993, chapter 16);

(17) Act to again amend the Taxation Act and various legislative provisions (1993, chapter 64);

(18) Act to amend the Taxation Act, the Act respecting the Québec sales tax and other fiscal provisions (1994, chapter 22).

Bill 38

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THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

LAND TRANSFER DUTIES ACT

1. (1) Section 1 of the Land Transfer Duties Act (R.S.Q., chapter D-17), amended by section 570 of chapter 57 of the statutes of 1992 and by section 2 of chapter 22 of the statutes of 1994, is again amended in the definition of "transferee" by adding the following:

"however, "transferee" excludes a corporation which, at the time of the transfer,

(*a*) has actively operated a business in Québec for more than one year;

(*b*) has had for more than one year at least five full-time employees who report for work to one of its establishments situated in Québec; and

(*c*) owns capital property situated in Québec, other than land, the aggregate value of which exceeds the value of the consideration."

(2) Subsection 1 applies to transfers relating to land made after 12 May 1994. It also applies to transfers relating to land made before 13 May 1994 where, on that date, there was a deferred payment of duties which, on that date, either were not paid, or were paid and an objection was notified or an appeal was brought and no decision has been rendered.

2. (1) The said Act is amended by inserting, after section 37.1, the following section:

"**37.2** Notwithstanding section 37, where the payment of duties has been deferred and the conditions provided for by this chapter have not been fulfilled, the Minister may, on request by a transferee establishing that he was unable to fulfill the conditions provided for herein owing to circumstances independent of and beyond the transferee's control, make a new assessment cancelling or reducing the obligation to pay the duties in question."

(2) Subsection 1 applies to transfers relating to land made after 12 May 1994. It also applies to transfers relating to land made before 13 May 1994 where, on that date, there was a deferred payment of duties which, on that date, either were not paid, or were paid and an objection was notified or an appeal was brought and no decision has been rendered.

3. (1) Section 44 of the said Act, amended by section 20 of chapter 22 of the statutes of 1994, is again amended by adding, at the end, the following paragraph:

"(*i*) the deed is in relation to the transfer of land devolved under the will or other act or testamentary disposition of the deceased or under the deceased's intestate succession."

(2) Subsection 1 applies to transfers relating to land made following the opening of a succession after 12 May 1994.

4. (1) Section 45 of the said Act, amended by section 22 of chapter 22 of the statutes of 1994, is again amended by adding, at the end, the following paragraph:

"(*c*) by reason of a transfer of shares, interest or participation, as the case may be, devolved under the will or other act or testamentary disposition of the deceased or under the deceased's intestate succession."

(2) Subsection 1 applies to transfers relating to land made following the opening of a succession after 12 May 1994.

ACT RESPECTING MUNICIPAL TAXATION

5. Section 227 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) is amended by replacing the second paragraph by the following paragraph:

"Where a corporation contemplated in section 221 or 222 ceases to exist for any other reason, before paying the tax, the obligations

binding on the corporation are binding solidarily on its directors in office at the time when it ceases to exist."

6. (1) The said Act is amended by inserting, after section 228.1, the following section:

"**228.1.1** A partnership may deduct, in computing the revenue or loss of the partnership from the operation of a system for a fiscal period, the amount of tax which a corporation that has an interest in the partnership at the end of that fiscal period has paid under Part IV of the Taxation Act (R.S.Q., chapter I-3) in respect of that interest, for the fiscal period of the corporation the end of which coincides with the end of the fiscal period of the partnership or is immediately prior to it, to the extent that the amount

(*a*) is attributable to the operation, by the partnership, of a gas distribution or telecommunications system; and

(*b*) has not been deducted by the corporation in computing the revenue or loss of the corporation from the operation of a system."

(2) Subsection 1 applies to fiscal periods of partnerships ending after 14 May 1992.

7. (1) Section 229 of the said Act, amended by section 28 of chapter 22 of the statutes of 1994, is again amended by replacing the first paragraph by the following paragraph:

"**229.** Sections 220.2 to 220.13, 221, 224 to 228.2 and 265 are considered to be fiscal law within the meaning of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31)."

(2) Subsection 1 applies to fiscal periods ending after 14 May 1992.

TOBACCO TAX ACT

8. (1) Section 7.12 of the Tobacco Tax Act (R.S.Q., chapter I-2) is replaced by the following section:

"**7.12** The Minister may require a vendor to submit a report, on the form prescribed by the Minister and within the time fixed by him, of the inventory of all or certain tobacco products he has in stock on a date the Minister determines.

For the purposes of this section, the tobacco products a vendor has in stock on the date that the Minister determines include the

tobacco products he has acquired but which on that date have not been delivered."

(2) Subsection 1 has effect from 13 May 1994.

9. (1) Section 8 of the said Act, amended by section 7 of chapter 79 of the statutes of 1993, replaced by section 1 of chapter 42 of the statutes of 1994 and amended by section 39 of chapter 22 of the statutes of 1994, is again amended by replacing paragraphs *a* to *d* by the following paragraphs:

"(*a*) $0.0152 per cigarette and per cigar sold at a retail price of $0.15 or less;

"(*b*) $0.0072 per gram of any loose tobacco;

"(*b*.1) $0.0033 per gram of any leaf tobacco;

"(*c*) 52% of the retail price of each cigar other than a cigar sold at a retail price of $0.15 or less;

"(*d*) $0.0165 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars."

(2) Subsection 1 has effect from 13 May 1994.

10. (1) Section 18 of the said Act is replaced by the following section:

"**18.** With a view to assisting in the financing of the olympic installations, the Minister shall pay monthly into the special olympic fund established by the Act to establish a special olympic fund (1976, chapter 14), an amount determined by the formula

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

For the purposes of this formula,

(*a*) A is an amount equal to $0.00164, which shall be increased by $0.00065, on 1 April of each year from 1995, up to a maximum amount of $0.00817;

(*b*) B is the amount of tax prescribed by this Act, on the first day of each month, in respect of a cigarette; and

(*c*) C is the amount of tax collected under this Act during the preceding month.

The Government may, to the extent it determines, reduce any amount paid or to be paid under the first paragraph, to the extent of the net proceeds resulting from the disposition of immovable assets of the Régie des installations olympiques. Such reduction applies to any amount paid from 1 April preceding the day of the disposition and to any amount to be paid after that day."

(2) Subsection 1 has effect from 1 June 1994.

TAXATION ACT

11. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 4 of chapter 64 of the statutes of 1993, by section 15 of chapter 13 of the statutes of 1994 and by section 41 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing the definition of "certified archival centre" by the following definition:

" "certified archival centre" means an archival centre certified by the Minister of Culture and Communications and the certification of which is in force;";

(2) by inserting, after the definition of "small business corporation", the following definition:

" "specified employee" of a person means an employee of the person who is a specified shareholder of the person or who does not deal at arm's length with the person;";

(3) by replacing the definition of "accredited museum" by the following definition:

" "accredited museum" means a museum accredited by the Minister of Culture and Communications and the accreditation of which is in force;";

(4) by replacing the definition of "salary or wages" by the following definition:

" "salary or wages", except in section 32 and in paragraph *a* of the definition of "earned income" set out in section 1029.8.67, means the income of a taxpayer from an office or employment as computed under Title II of Book III and includes all fees received by the taxpayer for services not rendered in the course of the taxpayer's business, but does not include pension benefits or retiring allowances;".

(2) Paragraphs 1 and 3 of subsection 1 have effect from 17 June 1994.

(3) Paragraph 2 of subsection 1 applies to taxation years ending after 2 December 1992.

(4) Paragraph 4 of subsection 1 applies from the taxation year 1994.

12. (1) Section 2 of the said Act, replaced by section 42 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**2.** In this Part and the regulations, unless the context indicates otherwise, words referring to the father or mother of a taxpayer include a person whose child the taxpayer is, a person whose child the taxpayer had previously been within the meaning of paragraph *b* of the definition of "child" in section 1 or a person who is the father or mother of the taxpayer's spouse."

(2) Subsection 1 has effect from 1 January 1993.

13. (1) Section 2.2.1 of the said Act, enacted by section 44 of chapter 22 of the statutes of 1994, is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(*a*) words referring to a spouse at any time of a taxpayer include the person of the opposite sex who cohabits at that time with the taxpayer in a conjugal relationship and has so cohabited with the taxpayer throughout a 12-month period ending before that time, or is the father or mother of a child of whom the taxpayer is the father or mother;".

(2) Subsection 1 has effect from 1 January 1993.

14. (1) Section 25 of the said Act, amended by section 8 of chapter 64 of the statutes of 1993, is again amended by replacing the second paragraph by the following paragraph:

"The tax payable under sections 750 and 751 by an individual contemplated in the first paragraph is equal to the proportion, which cannot exceed 1, of the tax that he would pay, but for this paragraph, under those sections on his taxable income as it would be determined under section 24 if he were resident in Québec, that his income earned in Québec is of the excess of what his income would have been, computed without reference to sections 36.1, 309.1, 334.1 and 1029.8.50, if he had resided in Québec on the last day of the taxation

year, over any amount he deducted under section 737.16, 737.16.1, 737.21 or 737.25 in computing such taxable income."

(2) Subsection 1 applies from the taxation year 1994. However, where the second paragraph of section 25 of the Taxation Act, as enacted by subsection 1, applies to the taxation year 1994, it shall be read by replacing therein ",737.16.1, 737.21 or 737.25" by "or 737.21".

15. (1) Section 29 of the said Act, amended by section 60 of chapter 22 of the statutes of 1994, is again amended by replacing the second paragraph by the following paragraph:

"The deductions allowed by sections 334 to 350 shall, notwithstanding the first paragraph, be applied to the whole income of the taxpayer. However, for the purposes of Part II and sections 772 and 772.1, in the case of income or loss from an office, employment or business performed or carried on partly in Canada and partly in another place, the allowable deductions, except those provided in paragraphs *a* to *b* or paragraph *c* of subsection 1 of section 336 or in paragraph *b* of section 339, shall be applied separately to the income from each of such places."

(2) Subsection 1 applies from the taxation year 1994.

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

"**36.1** Notwithstanding section 36, an individual is not required to include in computing his income for the year from an office or employment, if he so elects, the portion, relating to one or more preceding taxation years, of the aggregate of all amounts each of which is an amount described in the second paragraph that he receives in the year, where that portion is at least $300.

The amount referred to in the first paragraph is an amount received on account or in lieu of payment of, or in satisfaction of, income from an office or employment, under the terms of a court judgment, arbitration award or a contract by which the parties prevent a future contestation, put an end to a lawsuit or settle difficulties arising in the execution of a judgment, by way of mutual concessions or reservations.

Furthermore, this section shall not be taken into account in applying Chapter III.1 of Title III of Book IX."

(2) Subsection 1 applies in respect of amounts received after 31 December 1993.

17. (1) Section 41.2 of the said Act, amended by section 61 of chapter 22 of the statutes of 1994, is again amended

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

"(*a*) the amount that would be required under section 37, except where it pertains to a benefit described in section 37.0.1.1, or under section 41 to be included in computing his income for the year in respect of a supply, other than a zero-rated supply or an exempt supply, of property or a service if no amount were paid to the employer or to a person related to the employer in respect of that amount, exceeds

"(*b*) the amount included in the amount referred to in subparagraph *a* in respect of the property or service that may reasonably be attributed to tax levied under an Act of the legislature of a province or of the Northwest Territories or the Yukon Territory that is a prescribed tax for the purposes of section 154 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).";

(2) by adding, at the end, the following paragraph:

"In this section, "supply", "zero-rated supply" and "exempt supply" have the meanings assigned by Part IX of the Excise Tax Act."

(2) Subsection 1 applies from the taxation year 1991. However, where subparagraph *a* of the first paragraph of section 41.2 of the Taxation Act, as enacted by paragraph 1 of subsection 1, applies

(*a*) to the taxation year 1991, it shall be read as follows:

"(*a*) the amount required under section 37 or 41 to be included in computing his income for the year in respect of a supply, other than a zero-rated supply or an exempt supply, of property or a service, exceeds";

(*b*) to the taxation year 1992, it shall be read without reference to ", except where it pertains to a benefit described in section 37.0.1.1, or under section".

18. (1) Section 41.2.1 of the said Act, enacted by section 62 of chapter 22 of the statutes of 1994, is amended

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

"**41.2.1** An individual shall include in computing his income for a taxation year from an office or employment the aggregate of all amounts each of which is equal to 6.5% of the total of

(*a*) the amount that would be required under section 37 or 41 to be included in computing his income for the year in respect of a supply, other than a zero-rated supply or an exempt supply, of property or a service if no amount were paid to the employer or to a person related to the employer in respect of that amount; and

(*b*) the amount included under section 41.2 in computing his income for the year in respect of a supply of property or a service referred to in subparagraph *a*.";

(2) by replacing subparagraphs *b* and *c* of the second paragraph by the following subparagraphs:

"(*b*) a supply of property, at any particular time, in respect of which the Québec sales tax that would be paid by the individual referred to in the first paragraph if he himself were the recipient of the supply at that time, would be subject to compensation under section 406 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1); or

"(*c*) a benefit described in section 37.0.1.1 or 41.2.2.";

(3) by adding, after the second paragraph, the following paragraph:

"In this section, "supply", "zero-rated supply" and "exempt supply" have the meanings assigned by section 1 of the Act respecting the Québec sales tax."

(2) Paragraph 1, paragraph 2, where it replaces subparagraph *b* of the second paragraph of section 41.2.1 of the Taxation Act, and paragraph 3 of subsection 1 apply in respect of benefits an individual is required to include in computing his income under section 37 of the said Act and enjoyed by him after 12 May 1994, and in respect of benefits an individual is required to include in computing his income under section 41 of the said Act for a taxation year subsequent to the taxation year 1993. However, in their application before 1 March 1994,

(*a*) subparagraph *b* of the second paragraph of section 41.2.1 of the said Act, as enacted by paragraph 2 of subsection 1, shall be read as if the reference therein to the "Act respecting the Québec sales tax (R.S.Q., chapter T-0.1)" were a reference to the "Act respecting the Québec sales tax and amending various fiscal legislation (1991, chapter 67)";

(*b*) the third paragraph of section 41.2.1 of the said Act, as enacted by paragraph 3 of subsection 1, shall be read as if the reference therein to the "Act respecting the Québec sales tax" were a reference to the "Act respecting the Québec sales tax and amending various fiscal legislation".

(3) Paragraph 2 of subsection 1, where it replaces subparagraph *c* of the second paragraph of section 41.2.1 of the Taxation Act, applies from the taxation year 1993.

(4) In addition, where section 41.2.1 of the Taxation Act, as amended by subsection 1, applies in respect of benefits enjoyed by an individual

(*a*) before 1 July 1992, subparagraph *a* of the first paragraph of the said section 41.2.1 shall be read by replacing therein "an exempt supply within the meanings" by "an exempt supply, within the meanings";

(*b*) after 30 June 1992, subparagraph i of subparagraphs *a* and *b* of the first paragraph of the said section 41.2.1 shall be read by replacing therein "an exempt supply within the meanings" by "an exempt supply, within the meanings".

19. (1) Section 42 of the said Act is amended by replacing the part preceding paragraph *a* by the following:

"**42.** Notwithstanding sections 36 and 37, an individual who is not entitled to the deduction provided for in section 737.25 is not required to include, in computing his income for a taxation year from an office or employment, any amount received or enjoyed by him by reason of or in the course of his office or employment that is the value of, or an allowance, not in excess of a reasonable amount, in respect of expenses incurred by him".

(2) Subsection 1 applies from the taxation year 1995.

20. (1) Sections 79.0.1 to 79.3 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 1995.

21. (1) Section 87 of the said Act, amended by section 64 of chapter 22 of the statutes of 1994, is again amended

(1) 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, subparagraph i of subparagraphs *a* and *b* of the first paragraph of section 1029.8.33.3, subparagraph *e* of the second paragraph of section 1029.8.34 or section 1029.8.36.18 or 1029.8.36.19, 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) by replacing paragraph *x* by the following paragraph:

"(*x*) an amount that, where the taxpayer is an individual who is a member of a partnership or an employee of a member of the partnership and the partnership makes an automobile available in the year to the taxpayer or to a person related to him, would be included, by reason of section 41 or by reason of section 41.2 or 41.2.1 if those sections were read without reference to section 37, in computing the taxpayer's income for the year if the taxpayer were employed by the partnership;".

(2) Paragraph 1 of subsection 1 has effect from 1 January 1994. However, where subparagraph ii of paragraph *w* of section 87 of the Taxation Act, as enacted by paragraph 1 of subsection 1, applies before 1 February 1994, it shall be read as follows:

"ii. except as provided for in section 1029.8.18 or 1029.8.32, subparagraph *e* of the second paragraph of section 1029.8.34 or section 1029.8.36.18 or 1029.8.36.19, 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,".

(3) Paragraph 2 of subsection 1 applies from the taxation year 1992.

22. (1) Section 104.2 of the said Act is replaced by the following section:

"**104.2** For the purposes of sections 104.1 and 104.1.1, the following rules apply:

(*a*) the computation of income earned in Québec and of income earned in Québec and elsewhere is made in the manner prescribed in the regulations made pursuant to section 22, adapted as required; and

(*b*) the computation of business carried on in Canada, business carried on in Québec and business carried on in Québec and elsewhere is made in the manner prescribed in the regulations made pursuant to section 771, adapted as required."

(2) Subsection 1, where it replaces paragraph *b* of section 104.2 of the Taxation Act, is declaratory, except in respect of cases pending not later than 8:00 p.m., Eastern Daylight Saving Time, on 12 May 1994 and notices of objection served on the Minister of Revenue not later than that time, where in respect of the cases or notices, the grounds for contesting, expressly raised not later than that time, allege that the manner of determining business carried on in various jurisdictions as prescribed in the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) does not comply with the manner of determining such business as prescribed in the Taxation Act.

23. (1) Section 112.2 of the said Act, replaced by section 78 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**112.2** A taxpayer shall include in computing his income for a taxation year the aggregate of all amounts each of which is equal to 7% of the amount by which

(*a*) the amount or value of the benefit, other than the value of a benefit determined under section 117, that would be required under section 111 to be included in computing his income for the year in respect of a supply, other than a zero-rated supply or an exempt supply, of property or a service if no amount were paid to the corporation or to a person related to the corporation in respect of the amount or value, exceeds

(*b*) the amount included in the amount referred to in subparagraph *a* in respect of the property or service that may reasonably be attributed to tax levied under an Act of the legislature of a province or of the Northwest Territories or the Yukon Territory that is a prescribed tax for the purposes of section 154 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

In this section, "supply", "zero-rated supply" and "exempt supply" have the meanings assigned by Part IX of the Excise Tax Act."

(2) Subsection 1 applies from the taxation year 1991. However, where subparagraph *a* of the first paragraph of section 112.2 of the Taxation Act, as enacted by subsection 1, applies to the taxation year 1991, it shall be read as follows:

"(*a*) the amount or value of the benefit, other than the value of a benefit determined under section 117, that is required under section

111 to be included in computing his income for the year in respect of a supply, other than a zero-rated supply or an exempt supply, of property or a service, exceeds".

24. (1) Section 112.2.1 of the said Act, enacted by section 79 of chapter 22 of the statutes of 1994, is amended

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

"**112.2.1** A taxpayer shall also include in computing his income for a taxation year the aggregate of all amounts each of which is equal to 6.5% of the total of

(*a*) the amount or value of the benefit, other than the value of a benefit determined under section 117, that would be required under section 111 to be included in computing his income for the year in respect of a supply, other than a zero-rated supply or an exempt supply, of property or a service if no amount were paid to the corporation or to a person related to the corporation in respect of the amount or value; and

(*b*) the amount included in computing his income for the year under section 112.2 in respect of a supply of property or a service referred to in subparagraph *a*.";

(2) by replacing subparagraph *b* of the second paragraph by the following subparagraph:

"(*b*) of property, at any particular time, in respect of which the Québec sales tax that would be paid by the taxpayer referred to in the first paragraph if he himself were the recipient of the supply at that time, would be subject to compensation under section 406 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1).";

(3) by adding, after the second paragraph, the following paragraph:

"In this section, "supply", "zero-rated supply" and "exempt supply" have the meanings assigned by section 1 of the Act respecting the Québec sales tax."

(2) Subsection 1 applies in respect of benefits enjoyed by a taxpayer after 12 May 1994.

(3) In addition, where that part which precedes subparagraph *a* of the first paragraph of section 112.2.1 of the Taxation Act, as replaced by paragraph 1 of subsection 1, applies in respect of benefits enjoyed by a taxpayer

(*a*) before 1 July 1992, it shall be read by replacing therein "an exempt supply within the meanings" by "an exempt supply, within the meanings";

(*b*) after 30 June 1992, it shall be read by replacing therein "is required", "an exempt supply within the meanings" and "the taxpayer" by "would be required", "an exempt supply, within the meanings" and "if no amount were paid to the corporation or to a person related to the corporation in respect of that amount or value, the taxpayer", respectively.

25. (1) Section 146.1 of the said Act, amended by section 104 of chapter 22 of the statutes of 1994, is again amended by replacing paragraph *f* by the following paragraph:

"(*f*) do not include the proportion of the tax so paid in respect of income from employment abroad that the amount deducted by the taxpayer under section 737.25 in respect of that income in computing his taxable income for the year is of that income for the year as determined under Chapters I and II of Title II;".

(2) Subsection 1 applies from the taxation year 1995. In addition, where paragraph *f* of section 146.1 of the Taxation Act, as replaced by subsection 1, applies to taxation years 1991 to 1994, it shall be read by replacing therein "under sections 32 to 58" by "under Chapters I and II of Title II".

26. (1) Section 156.4 of the said Act is replaced by the following section:

"**156.4** For the purposes of sections 156.1 to 156.3, the following rules apply:

(*a*) the computation of income earned in Québec and of income earned in Québec and elsewhere is made in the manner prescribed in the regulations made pursuant to section 22, adapted as required; and

(*b*) the computation of business carried on in Canada, business carried on in Québec and business carried on in Québec and elsewhere is made in the manner prescribed in the regulations made pursuant to section 771, adapted as required."

(2) Subsection 1, where it replaces paragraph *b* of section 156.4 of the Taxation Act, is declaratory, except in respect of cases pending not later than 8:00 p.m., Eastern Daylight Saving Time, on 12 May 1994 and notices of objection served on the Minister of Revenue not later than that time, where in respect of the cases or notices, the grounds for contesting, expressly raised not later than that time,

allege that the manner of determining business carried on in various jurisdictions as prescribed in the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) does not comply with the manner of determining such business as prescribed in the Taxation Act.

27. (1) Section 230 of the said Act is amended

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

"(*b*) in cases other than those referred to in section 226, expenditures incurred by a taxpayer in a taxation year, other than a taxation year for which the taxpayer has elected under subparagraph *c*, each of which is

i. an expenditure of a current nature all or substantially all of which was attributable to the prosecution, or to the provision of premises, facilities or equipment for the prosecution, of scientific research and experimental development carried on in Canada,

ii. an expenditure of a current nature directly attributable, as determined by regulation, to the prosecution, or to the provision of premises, facilities or equipment for the prosecution, of scientific research and experimental development carried on in Canada, or

iii. an expenditure of a capital nature that at the time it was incurred was for the provision of premises, facilities or equipment, where at that time it was intended

(1) that such premises, facilities or equipment would be used during all or substantially all of their operating time in their expected useful life for the prosecution of scientific research and experimental development carried on in Canada, or

(2) that all or substantially all of their value would be consumed in the prosecution of scientific research and experimental development carried on in Canada; and";

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

"(*c*) in cases other than those referred to in section 226, where a taxpayer has elected in prescribed form and in accordance with section 230.0.0.4 for a taxation year, expenditures incurred by the taxpayer in the year each of which is

i. an expenditure of a current nature for, and all or substantially all of which was attributable to, the lease of premises, facilities or

equipment for the prosecution of scientific research and experimental development carried on in Canada, other than an expenditure in respect of general purpose office equipment or furniture,

ii. an expenditure for the prosecution of scientific research and experimental development carried on in Canada, directly undertaken on behalf of the taxpayer,

iii. an expenditure described in subparagraph iii of subparagraph *b*, other than an expenditure in respect of general purpose office equipment or furniture,

iv. that portion of an expenditure incurred in respect of the salary or wages of an employee who is directly engaged in scientific research and experimental development in Canada that can reasonably be considered to relate to such work having regard to the time spent by the employee thereon, and, for this purpose, if the employee spends all or substantially all of his time on such scientific research and experimental development, that portion is deemed to be the amount of the expenditure,

v. an expenditure incurred in relation to the cost of materials consumed in the prosecution of scientific research and experimental development carried on in Canada, or

vi. one-half of any other expenditure of a current nature in respect of the lease of premises, facilities or equipment used primarily for the prosecution of scientific research and experimental development carried on in Canada, other than an expenditure in respect of general purpose office equipment or furniture."

(2) Subsection 1 applies to taxation years ending after 2 December 1992.

28. (1) Section 230.0.0.2 of the said Act, amended by section 24 of chapter 64 of the statutes of 1993, is again amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

"(*b*) any outlay or expense made or incurred for the use of, or the right to use, a building other than a prescribed special-purpose building, within the meaning of the regulations;".

(2) Subsection 1 applies to taxation years ending after 2 December 1992.

29. (1) The said Act is amended by inserting, after section 230.0.0.2, the following sections:

"**230.0.0.3** For the purposes of subparagraphs *b* and *c* of the first paragraph of section 230, an expenditure of a taxpayer does not include remuneration based on profits or a bonus, where the remuneration or bonus, as the case may be, is in respect of a specified employee of the taxpayer.

"**230.0.0.4** Any election under subparagraph *c* of the first paragraph of section 230 made by a taxpayer for a taxation year shall be filed, in prescribed form, with the taxpayer's fiscal return under this Part for the year."

(2) Subsection 1 applies to taxation years ending after 2 December 1992.

30. (1) Section 309.1 of the said Act is replaced by the following section:

"**309.1** Notwithstanding section 309, an individual, other than a trust, is not required to include in computing his income for a taxation year, if he so elects, the portion, relating to one or more preceding taxation years, of the aggregate of all amounts each of which is an amount described in the second paragraph that he receives in the year, where that portion is at least $300.

The amount referred to in the first paragraph is an amount received on account or in lieu of payment of, or in satisfaction of,

(*a*) a benefit under the Labour Adjustment Benefits Act (Revised Statutes of Canada, 1985, chapter L-1), under the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or a similar plan within the meaning of the said Act;

(*b*) an amount referred to in paragraphs *a* to *b*.2 of section 312; or

(*c*) any other amount that would be, in the opinion of the Minister, an additional undue tax burden on the individual were he to include it in computing his income for the year in which he receives it."

(2) Subsection 1 applies in respect of amounts received after 31 December 1993.

31. (1) Section 311.1 of the said Act is replaced by the following section:

"**311.1** A taxpayer shall also include any amount received by him in the year as a social assistance payment based on a means, needs or income test or any such amount received in the year by his spouse who resided with him at the time the payment was received and whose income for the year, determined without reference to this section, section 313.1 and paragraph *d*.1 of subsection 1 of section 336, is less than the taxpayer's income so determined for the year, except where the taxpayer resided with his spouse at the time the payment was received and the taxpayer's income for the year, determined without reference to this section, section 313.1 and paragraph *d*.1 of subsection 1 of section 336, is less than the taxpayer's spouse's income so determined for the year, to the extent that such amount is not otherwise required to be included in computing the income for a taxation year from a business or property of the taxpayer or the taxpayer's spouse."

(2) Subsection 1 applies from the taxation year 1994.

32. (1) Section 312 of the said Act, amended by section 27 of chapter 64 of the statutes of 1993 and by section 139 of chapter 22 of the statutes of 1994, is again amended by replacing paragraph *b*.2 by the following paragraph:

"(*b*.2) an amount received under a decree, order or judgment of a competent tribunal as a repayment of an amount that was deducted, or that could have been deducted but for section 334.1, under any of paragraphs *a* to *b* of subsection 1 of section 336 in computing the income of the taxpayer for the year or a preceding taxation year;".

(2) Subsection 1 applies in respect of amounts received after 31 December 1993.

33. (1) Section 313.1 of the said Act is replaced by the following section:

"**313.1** A taxpayer shall also include the amount of any grant received by him in the year under a prescribed program relating to home insulation or energy conversion or so received in the year by his spouse who resided with him at the time of payment and whose income for the year, determined without reference to this section, section 311.1 and paragraph *d*.1 of subsection 1 of section 336, is less than the taxpayer's income so determined for the year, to the extent that paragraph *s* of section 87 does not require the inclusion of such amount in computing the taxpayer's income or that of his spouse for the year or a subsequent year, except where the taxpayer resided with his spouse at the time of payment and the taxpayer's income for the year, determined without reference to this section, section 311.1

and paragraph *d*.1 of subsection 1 of section 336, is less than the taxpayer's spouse's income so determined for the year."

(2) Subsection 1 applies from the taxation year 1994.

34. (1) Section 314 of the said Act is replaced by the following section:

"**314.** A payment or transfer to another person, by or with the consent of the taxpayer, of money, rights or property for the benefit of the taxpayer or for that of the other person, otherwise than by partition of a retirement pension pursuant to sections 158.3 to 158.8 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or any comparable provision of a similar plan, within the meaning of that Act, or of a prescribed provincial pension plan, is deemed received by the taxpayer and shall be included in computing the taxpayer's income to the extent that it would be if the payment or transfer had been made to the taxpayer."

(2) Subsection 1 has effect from 1 January 1994. In addition, where section 314 of the Taxation Act, as replaced by subsection 1, applies after 31 December 1986, the reference therein to "section 64.1" shall be read as a reference to "section 65.1".

35. (1) Section 316 of the said Act is replaced by the following section:

"**316.** A taxpayer who transferred or assigned to a person with whom the taxpayer was not dealing at arm's length at that time the right to an amount that would otherwise be included in computing the taxpayer's income for a taxation year as a payment received or receivable in that year is deemed to have received it and shall include it in computing the taxpayer's income for that year, unless the income is from property that the taxpayer also assigned or transferred or from the portion of a retirement pension partitioned under sections 158.3 to 158.8 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or any comparable provision of a similar plan, within the meaning of that Act, or of a prescribed provincial pension plan."

(2) Subsection 1 has effect from 1 January 1994. In addition, where section 316 of the Taxation Act, as replaced by subsection 1, applies after 31 December 1986, the reference therein to "section 64.1" shall be read as a reference to "section 65.1".

36. (1) The said Act is amended by inserting, after section 334, the following section:

"**334.1** Notwithstanding section 334, a taxpayer may not deduct in computing his income for a taxation year, the portion, relating to one or more preceding taxation years, of the aggregate of all amounts he pays in the year on account or in lieu of, or in satisfaction of, an amount referred to in paragraphs *a* to *b*.0.1 of subsection 1 of section 336, where that portion is at least $300."

(2) Subsection 1 applies in respect of amounts paid after 31 December 1993.

37. (1) Section 335 of the said Act is amended

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

"**335.** Where an individual is, throughout all or part of a taxation year, absent from Canada but resident in Québec, Chapters III, VII and IX.0.1 apply in his respect for the year or that part of the year, taking into account the following rules:";

(2) by striking out paragraph *b*;

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

"(*c*) the second paragraph of section 358.0.1 shall be read without reference to ",including, where the payee is an individual, the social insurance number of the latter individual" where the expenses contemplated therein have been paid to a person not resident in Canada."

(2) Subsection 1 applies from the taxation year 1994.

38. (1) Section 336 of the said Act, amended by section 95 of chapter 15 of the statutes of 1993, by section 29 of chapter 64 of the statutes of 1993 and by section 143 of chapter 22 of the statutes of 1994, is again amended by replacing paragraph *b*.0.1 of subsection 1 by the following paragraph:

"(*b*.0.1) an amount paid by an individual in the year or one of the two preceding taxation years pursuant to a decree, order or judgment of a competent tribunal, as a repayment of an amount that was included, or that should have been included but for section 309.1, under any of paragraphs *a* to *b*.1 of section 312 in computing the income of the individual for the year or a preceding taxation year, to the extent that the amount was not so deducted for a preceding taxation year;".

(2) Subsection 1 applies in respect of amounts paid after 31 December 1993.

39. (1) Chapter VIII of Title VI of Book III of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1994. In addition,

(*a*) where section 351 of the Taxation Act, repealed by subsection 1, applies to the taxation year 1993, subparagraph ii of paragraph *d* of the said section 351 shall be read as follows:

"ii. the amount by which all amounts included in computing his income or that would be included, but for paragraphs *e*, *k*, *w* and *y* of section 488R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), under sections 34 to 58.3 and paragraph *e*, *g* or *h* of section 312, exceed the amount deducted in computing his income or that would be deducted, but for paragraphs *e* and *k* of the said section 488R1, under section 78.6;";

(*b*) where section 352 of the Taxation Act, repealed by subsection 1, applies to the taxation year 1993, it shall be read as follows:

"**352.** For the purposes of paragraph *b* of section 351, child care expenses shall not include expenses paid in a taxation year for a child's attendance at a boarding school or camp which exceed the total amount of $150 per week for each child who either is under seven years of age on 31 December of that year or would have been had he then been living, or is described in section 355.1, and $90 per week for any other child, for each week in the year during which the child attended the school or camp, nor shall they include the medical expenses contemplated in sections 752.0.11 to 752.0.13 or other expenses paid for medical or hospital care, clothing, transport or education or for board or lodging other than those described in the said paragraph *b*.";

(*c*) where Chapter VIII of Title VI of Book III of Part I of the Taxation Act, repealed by subsection 1, applies to the taxation years 1992 and 1993, it shall be read by inserting therein, after section 353, the following section:

"**353.1** Where in a taxation year a person resides in Canada near the boundary between Canada and the United States and while so resident incurs expenses for child care services that would be child care expenses if paragraph *b* of section 351 were read without reference to "in Canada" and "resident in Canada",

(*a*) those expenses, other than expenses paid for a child's attendance at a boarding school or camp outside Canada, shall be deemed to be child care expenses for the purposes of this chapter if the child care services are provided at a place that is closer to the

person's principal place of residence by a reasonably accessible route, having regard to the circumstances, than any place in Canada where such child care services are available; and

(*b*) where those expenses are deemed, under paragraph *a*, to be child care expenses, the second paragraph of section 353, in respect of those expenses, shall be read without reference to ",including, where the payee is an individual, the social insurance number of the latter individual"."

40. (1) Section 421.1 of the said Act, amended by section 33 of chapter 64 of the statutes of 1993, is again amended by replacing the part preceding paragraph *a* by the following:

"**421.1** For the purposes of this Part, except sections 347 to 350, 752.0.11 to 752.0.13.3 and 1029.8.67 to 1029.8.82, an amount paid or payable in respect of food, beverages or entertainment consumed or enjoyed by a person is deemed to be equal to 50% of the lesser of".

(2) Subsection 1 applies from the taxation year 1994.

41. Section 421.2 of the said Act is amended, in the French text, by replacing paragraph *e* by the following paragraph:

"*e*) soit engagé par la personne pour de la nourriture, des boissons ou des divertissements offerts de façon générale à tous les particuliers qu'elle emploie, à une de ses places d'affaires donnée, et consommées par ces particuliers ou dont ceux-ci jouissent."

42. (1) Section 462.1 of the said Act is replaced by the following section:

"**462.1** Where an individual has transferred or loaned property, otherwise than by partition of a retirement pension pursuant to sections 158.3 to 158.8 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or any comparable provision of a similar plan, within the meaning of that Act, or of a prescribed provincial pension plan, either directly or indirectly, by means of a trust or otherwise, to or for the benefit of a person who is, or who has since become, the spouse of the individual, any income or loss of that person for a taxation year from the property or from property substituted therefor, that relates to the period in the year throughout which the individual is resident in Canada and that person is his spouse, is deemed to be income or a loss of the individual for the year and not of that person."

(2) Subsection 1 has effect from 1 January 1994. In addition, where section 462.1 of the Taxation Act, as replaced by subsection 1, applies after 21 May 1985, the reference therein to "section 64.1" shall be read as a reference to "section 65.1".

43. (1) Section 485 of the said Act is amended

(1) by striking out the word "or" at the end of paragraph *e* of subsection 3;

(2) by adding, after paragraph *f* of subsection 3, the following paragraph:

"(*g*) remittance of the principal amount of the obligation is made in accordance with the first paragraph of section 39 of the residential renovation incentive program implemented by the Société d'habitation du Québec pursuant to Order in Council 153-94 dated 19 January 1994."

(2) Subsection 1 has effect from 19 January 1994.

44. (1) Section 493 of the said Act is replaced by the following section:

"**493.** An individual who is an elected member of a municipal council, a member of the council or executive committee of an urban community, regional county municipality or other similar body constituted by an Act of Québec or a member of a municipal utilities commission or corporation or any other similar body administering such a service or a member of a public or separate school board or any other similar body administering a school district, is not required to include in computing his income for the year the allowance which he receives in the year from such municipality or body for expenses incident to the discharge of his duties, other than an allowance he is not otherwise required to include in computing his income, to the extent that such allowance does not exceed one-half of the amount, determined without reference to that allowance, that was so paid to him in the year as salary or other remuneration."

(2) Subsection 1 applies in respect of allowances received after 31 December 1989.

45. (1) The said Act is amended by inserting, after section 493, the following section:

"**493.0.1** An individual who is a member of the council of a regional county municipality is not required to include in computing

his income for the year an amount received in the year from the municipality as an allowance for, or reimbursement of, travelling expenses other than those incurred in the performance of his duties, to the extent that the amount does not exceed a reasonable amount."

(2) Subsection 1 applies in respect of allowances or reimbursements received after 31 December 1989.

46. (1) Sections 494 to 496 of the said Act are replaced by the following sections:

"**494.** An individual is not required to include in computing his income the income for the year from property acquired by or on behalf of a person as indemnity for, or pursuant to an action for, damages in respect of physical or mental injury to the person, or from any property substituted for the first property and any taxable capital gain for the year from the disposition of any such property,

(*a*) where the income was income from the property, if the income was earned in respect of a period before the end of the taxation year in which the person attained the age of 21 years; and

(*b*) in any other case, if the person was less than 21 years of age during any part of the year.

"**495.** An individual is not required to include in computing his income the income for the year from any income that is by virtue of section 494 or this section not required to be included in computing his income, unless the income is attributable to any period after the end of the taxation year in which the person on whose behalf the income was earned attained the age of 21 years.

"**496.** An individual contemplated in section 494 may, in his fiscal return for the taxation year in which the person who suffered physical or mental injury attained the age of 21 years, elect to be deemed to have disposed of the property described therein on the day preceding the day on which the person attained the age of 21 years for proceeds of disposition equal to the fair market value of the property on that day and to have reacquired it immediately thereafter at a cost equal to those proceeds."

(2) Subsection 1 applies from the taxation year 1984.

47. (1) Section 603 of the said Act, amended by section 212 of chapter 22 of the statutes of 1994, is again amended by replacing the part preceding paragraph *a* by the following:

"**603.** Where a taxpayer who was a member of a partnership during a fiscal period has, for the purpose of computing the taxpayer's income from the partnership for the fiscal period, made an election provided for by the regulations made under section 104 or by any of sections 96, 110.1, 119.15 to 119.22, 156, 180 to 182, 184, 199, 215, 216, 230, 279, 280.3, 299 and 614, and where the election would, but for this section, be valid, the following rules apply:".

(2) Subsection 1 applies to fiscal periods ending after 2 December 1992.

48. (1) Section 693 of the said Act, amended by section 41 of chapter 64 of the statutes of 1993, is again amended by replacing the second paragraph by the following paragraph:

"However, the taxpayer shall apply the provisions of this book in the following order: sections 737.8 and 737.17, Titles V, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.4, VI.3.1.1, VII, VI.5, VI.5.1 and VI.6 and sections 737.14 to 737.16.1, 737.21 and 737.25."

(2) Subsection 1 applies from the taxation year 1995.

49. (1) Section 710 of the said Act, amended by section 43 of chapter 64 of the statutes of 1993, by section 34 of chapter 14 of the statutes of 1994 and by section 243 of chapter 22 of the statutes of 1994, is again amended

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

"(*c*) a registered charity, other than a charity described in paragraph *k*, where the object of the gift made to the charity is property described in section 710.0.1;";

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

"(*f*) a Canadian municipality, other than a municipality described in paragraph *l*, where the object of the gift made to the municipality is property described in section 710.0.1;";

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

"(*k*) a registered charity whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of the Environment and Wildlife, in the conservation of the ecological heritage, where the object of the gift is property described in section 710.0.1;

"(*l*) a Québec municipality, where the object of the gift is property described in section 710.0.1."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

50. (1) The said Act is amended by inserting, after section 710, the following section:

"**710.0.1** The property to which paragraphs *c*, *f*, *k* and *l* of section 710 refer is

(*a*) land situated in Québec which, in the opinion of the Minister of the Environment and Wildlife, has undeniable ecological value; or

(*b*) a real servitude granted for the benefit of land belonging to an entity referred to in paragraph *k* or *l* of section 710, as the case may be, and encumbering the whole or part of a land situated in Québec which, in the opinion of the Minister of the Environment and Wildlife, has undeniable ecological value."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

51. (1) Section 711 of the said Act, replaced by section 44 of chapter 64 of the statutes of 1993, is again replaced by the following section:

"**711.** The deductions allowed by paragraphs *c* to *i* of section 710 must not exceed in aggregate 20% of the income of the corporation for the year, computed before any deduction under section 800, the deductions allowed by paragraphs *k* and *l* of the said section 710 must not exceed in aggregate the corporation's income for the year decreased by the amounts deducted under paragraphs *c* to *i* of the said section 710, the deduction allowed by paragraph *a* of the said section 710 must not exceed the corporation's income for the year decreased by the amounts deducted under paragraphs *c* to *l* thereof, the deduction allowed by paragraph *b* of the said section 710 must not exceed the corporation's income for the year decreased by the amounts deducted under paragraphs *a* and *c* to *l* thereof, and the deduction allowed by paragraph *b*.1 of the said section 710 must not exceed the corporation's income for the year decreased by the amounts deducted under paragraphs *a*, *b* and *c* to *l* thereof."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

52. (1) The said Act is amended by inserting, after section 712.0.1, the following section:

"**712.0.2** No corporation may deduct, for a taxation year, an amount under paragraphs *k* and *l* of section 710 unless it files with the Minister, together with the fiscal return it is required to file under section 1000 for the year, a certificate issued by the Minister of the Environment and Wildlife certifying that the land referred to in paragraph *a* of section 710.0.1 or the land encumbered with a servitude referred to in paragraph *b* of the said section, as the case may be, has undeniable ecological value and, where such is the case, that the mission in Québec of a charity referred to in paragraph *k* of section 710 consists mainly, at the time of the gift, in the conservation of the ecological heritage."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

53. (1) Section 716 of the said Act, replaced by section 50 of chapter 64 of the statutes of 1993 and by section 246 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**716.** Where, at any time, a corporation makes a gift of capital property to a donee contemplated in paragraphs *a* or *c* to *l* of section 710 or, if the corporation is not resident in Canada, a gift of immovable property situated in Canada to a prescribed donee who provides an undertaking, in a form satisfactory to the Minister, to the effect that such property will be held for use in the public interest, and the fair market value of the capital property or immovable property, as the case may be, exceeds its adjusted cost base to the corporation at that time, the corporation may designate in the fiscal return it is required to file under section 1000 for the year in which the gift is made, an amount which is deemed to be both the corporation's proceeds of disposition of the capital property or immovable property, as the case may be, and, for the purposes of section 710, the fair market value of the gift, and which, at that time, must not be greater than the fair market value nor less than the adjusted cost base to the corporation of the capital property or immovable property, as the case may be."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

54. Section 726.4.10 of the said Act, amended by section 55 of chapter 64 of the statutes of 1993, 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 later than 31 December 1996, 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".

55. Section 726.4.12 of the said Act, amended by section 56 of chapter 64 of the statutes of 1993, 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 1996, 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 later than 31 December 1996, 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".

56. Section 726.4.17.2 of the said Act, amended by section 57 of chapter 64 of the statutes of 1993, 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 later than 31 December 1996, 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".

57. Section 726.4.17.4 of the said Act, amended by section 58 of chapter 64 of the statutes of 1993, 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 1996, 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 later than 31 December 1996, 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".

58. (1) Section 726.4.17.11 of the said Act, amended by section 59 of chapter 64 of the statutes of 1993, is again amended by replacing subparagraphs i and ii of subparagraph *a* of the second paragraph by the following subparagraphs:

"i. the amount of the consideration paid by the individual to acquire shares at the time of the share issue; and

"ii. where the amount, or part of the amount, is an amount included in the issue base by reason of the individual's being a partner

in a particular partnership, the amount that may reasonably be considered to be the individual's share in the consideration that the particular partnership, or, as the case may be, another partnership, paid to acquire shares at the time of the share issue; exceeds".

(2) Subsection 1 has effect from 15 June 1993. However, it does not apply in respect of a public share issue the offering memorandum, preliminary prospectus or final prospectus of which was filed on or before that date with the Commission des valeurs mobilières du Québec, or the exemption from filing a prospectus of which was obtained from the Commission on or before that date.

59. (1) Section 726.4.17.12 of the said Act is amended

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

"**726.4.17.12** A corporation which makes a public issue of shares, including 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

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

(2) by replacing subparagraphs i and ii of subparagraph *a* of the second paragraph by the following subparagraphs:

"i. the aggregate of the expenses incurred by the corporation, in the course of the share issue and out of the proceeds thereof, 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 out of the proceeds thereof, 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 shares it intends to issue after that time as part of the share issue;";

(3) by replacing subparagraphs *b* and *c* of the second paragraph by the following subparagraphs:

"(*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 shares it intends to issue after that time as part of the share issue, exceeds the amount used for A."

(2) Subsection 1 has effect from 15 June 1993. However, it does not apply in respect of a public share issue the offering memorandum, preliminary prospectus or final prospectus of which was filed on or before that date with the Commission des valeurs mobilières du Québec, or the exemption from filing a prospectus of which was obtained from the Commission on or before that date.

60. Section 726.4.43 of the said Act, amended by section 63 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *a* by the following paragraph:

"(*a*) "university research contract" means a contract that a partnership carrying on a business in Canada, or a prescribed linkage agency acting for the benefit of such a partnership in accordance with an agreement between them, enters into between 30 April 1987 and 1 January 1997 with an eligible university entity, under which the eligible university entity binds itself to make in Québec, before 1 January 1999, on behalf of the partnership, expenditures in respect of scientific research and experimental development directly undertaken by the entity, related to a business of the partnership or of the other partnership or the taxpayer contemplated in the third paragraph of section 726.4.50 with which the partnership is in relation, where the latter are entitled to exploit the results thereof;".

61. Section 726.4.45 of the said Act, amended by section 64 of chapter 64 of the statutes of 1993, is again amended by replacing the part of paragraph *b* preceding subparagraph i by the following:

"(*b*) include only, subject to paragraph *c*, the following expenditures made before 1 January 1999:".

62. (1) Section 726.20.1 of the said Act, amended by section 65 of chapter 64 of the statutes of 1993, is again amended

(1) by replacing paragraph *a* of the definition of "resource property" by the following paragraph:

"(*a*) a flow-through share issued to an individual or a partnership, as the case may be, pursuant to an agreement in writing entered into during the period, referred to in this definition as the "particular period", commencing on 15 May 1992 and ending on 31 December 1996, as part of a public share issue, where the flow-through share was issued as part of such an issue, in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted during the particular period;";

(2) by replacing paragraph *c* of the definition of "eligible taxable capital gain amount" by the following paragraph:

"(*c*) nil, where the particular property is property described in section 726.7 or 726.7.1 and the amount by which $375 000 exceeds the aggregate of all amounts determined in respect of the individual for the year under subparagraphs i to iii of paragraph *a* of section 726.7 and the amount, if any, deducted under Title VI.5 by the individual in computing the individual's taxable income for the year is not nil."

(2) Paragraph 2 of subsection 1 applies from the taxation year 1994.

63. (1) Section 726.20.2 of the said Act is amended by replacing paragraph *e* by the following paragraph:

"(*e*) the amount by which the cumulative gains limit, within the meaning of subparagraph *c* of the first paragraph of section 726.6, of the individual at the end of the year exceeds the aggregate of the amount deducted under Title VI.5 by the individual in computing the individual's taxable income for the year and the amounts deducted under this title by the individual in computing the individual's taxable income for the preceding taxation years."

(2) Subsection 1 applies from the taxation year 1992.

64. (1) Section 737.13 of the said Act is amended

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

"**737.13** In this title,

"allowance" means any amount paid as such to an individual by his employer, other than an amount that is not required to be included by the individual, pursuant to section 39 or 40, in computing the individual's income;

"eligible allowance" means an allowance paid to the individual in a taxation year by a corporation and attributable to a particular period included in the year or in the preceding taxation year, no part of which is included in the period prescribed for the purposes of the first paragraph of section 737.16 in respect of the individual and throughout which the individual is working almost exclusively for the corporation and where the individual's duties with the corporation are devoted almost exclusively to the activities of the corporation's international financial centre;

"international financial centre" means any business or part of a business";

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

" "eligible basic salary" of an individual from employment for a taxation year means the part, attributable to a particular period referred to, in respect of the individual in relation to the employment, in the definition of "eligible allowance", of the income of the individual for the year from the employment, computed without taking into account any eligible allowance or any amount that is not required to be included by the individual, pursuant to section 39 or 40, in computing the individual's income and before any deduction under Chapter III of Title II of Book III, except a deduction allowed pursuant to Division III of the said chapter.

In the definition of "allowance" set out in the first paragraph, where an allowance is required to be included in computing an individual's income from employment, only the part of the allowance which exceeds the amounts deductible under Division III of Chapter III of Title II of Book III in respect of the allowance shall be considered as an amount paid as an allowance to the individual by his employer."

(2) Subsection 1 applies from the taxation year 1995.

65. (1) Section 737.13.1 of the said Act is replaced by the following section:

"**737.13.1** The requirements set out in paragraphs *c* and *d* of the definition of "international financial centre" in the first paragraph 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) Subsection 1 applies from the taxation year 1995.

66. (1) Section 737.14 of the said Act is amended by replacing the second paragraph by the following paragraph:

"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 (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), 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 the definition of "international financial centre" in the first paragraph of section 737.13, the separate place referred to in paragraph *d* of the said definition in respect of the international financial centre of the corporation, the amount on account of income, in respect of that international financial centre, that is not required, in accordance with the said section 33.1, to be included in computing the corporation's income for the year for the purposes of that Act."

(2) Subsection 1 applies from the taxation year 1995.

67. (1) The said Act is amended by inserting, after section 737.16, the following section:

"**737.16.1** An individual who holds a certificate issued by the Minister of Finance may deduct, in computing the individual's taxable income for a taxation year, an amount not exceeding the lesser of

(*a*) 50% of the individual's eligible basic salary for the year from an employment held by the individual with a corporation operating an international financial centre; and

(*b*) the aggregate of the eligible allowances received by the individual from the corporation in the year."

(2) Subsection 1 applies from the taxation year 1995.

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

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

"(*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 1997 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 paragraph *e* by the following paragraph:

"(*e*) "eligible income" of a foreign researcher for a taxation year means the aggregate of all such amounts paid to him as wages in the year by his eligible employer as may reasonably be considered to be attributable to his research activity period and which constitute, for the eligible employer, research and development expenditures of a current nature, within the meaning of section 222, made in Québec before 1 January 1999;".

(2) Paragraph 1 of subsection 1 applies in respect of an employment contract entered into by a foreign researcher after 31 December 1993.

69. (1) The said Act is amended by inserting, after section 737.23, the following:

"TITLE VII.5

"DEDUCTION FOR EMPLOYMENT OUT OF CANADA

"CHAPTER I

"DEFINITIONS

"**737.24** In this title,

"basic allowance" of an individual for a period means, in respect of an employment, the part of the out-of-Canada living allowance received by the individual in respect of the employment for that period, which does not exceed one-half of the individual's basic income for that period in respect of that employment;

"basic income" means, in respect of an employment, the income from an employment, computed before any deduction under Chapter III of Title II of Book III and without taking into account any out-of-Canada living allowance or, except in the definition of "basic

allowance", the part of any other amount included in computing that income, which corresponds to the deduction granted in respect of that other amount, otherwise than under this title, in computing the taxable income;

"specified employer" means a person resident in Canada, a corporation that is a foreign affiliate of such a person, or a partnership whose members, resident in Canada, including a corporation controlled by persons resident in Canada, are the owners of interests in that partnership having a fair market value in excess of 10% of the fair market value of all interests in the partnership.

"CHAPTER II

"DEDUCTION

"**737.25** An individual resident in Québec in a taxation year who, throughout a period of not less than 30 consecutive days that commenced in the year or a preceding taxation year, performed substantially all the duties of the individual's employment outside Canada may deduct, in computing the individual's taxable income for the year, the amount determined in respect of the individual for the year under section 737.26 in respect of that period where

(*a*) the individual was employed throughout that period by a specified employer; and

(*b*) such duties were performed in connection with a contract under which the specified employer carried on business outside Canada with respect to the exploration for or exploitation of petroleum, natural gas, minerals or other similar resources, any agricultural, construction, installation or engineering activity, or any prescribed activity, or for the purpose of obtaining such a contract on behalf of the specified employer.

However, the first paragraph does not apply in respect of an individual who, throughout the period described in the said paragraph, is deemed to have been resident in Québec under paragraph *d* of section 8 or who performed his duties in the employ of the Government of Canada or the government of a province, or of a municipality, a school board, an educational institution or an establishment providing health services or social services that receives or is entitled to receive financial assistance from a government.

"**737.26** The amount referred to in the first paragraph of section 737.25 in respect of an individual for a taxation year in respect

of a particular period throughout which the individual performed substantially all the duties of the individual's employment outside Canada is the aggregate of

(*a*) the proportion of the out-of-Canada living allowance in respect of that employment received in the year by the individual in respect of the particular period that the individual's basic allowance in respect of that employment for the particular period is of the individual's total out-of-Canada living allowance in respect of the individual's employment for the particular period; and

(*b*) the proportion of the aggregate of the basic income from that employment received in the year by the individual in respect of the particular period and the amount by which the out-of-Canada living allowance in respect of that employment received in the year by the individual in respect of the particular period exceeds the amount computed under paragraph *a*, that the number of consecutive periods of 30 full days, not exceeding 12, worked outside Canada by the individual in respect of that employment during the particular period, is of 12."

(2) Subsection 1 applies from the taxation year 1995.

70. (1) Section 749.1 of the said Act is replaced by the following section:

"**749.1** In this Book, except for the purposes of sections 752.1 to 752.5, other than subparagraph *b* of the first paragraph of section 752.2, and sections 772 and 772.1, tax, whether referred to as tax payable under this Part or tax otherwise payable under this Part or called by any other similar expression, shall be computed as if this Part were read without reference to Book V.1 or Book V.2."

(2) Subsection 1 applies from the taxation year 1994.

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

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

"(*c*) $2 400 for each person described in paragraph *b* in respect of whom the individual does not make any deduction under the said paragraph *b*;";

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

"(*f*) $2 400 for each person".

(2) Subsection 1 applies from the taxation year 1994.

72. (1) Section 752.0.2 of the said Act is amended by adding, at the end, the following paragraph:

"However, where an individual is living apart from his spouse at the end of a taxation year because of the breakdown of their marriage, the amount to which the individual is entitled for that year under paragraph *a* of section 752.0.1 in respect of the spouse shall be reduced only by the amount of the income of that spouse for the year during the marriage and while not so living apart from the individual."

(2) Subsection 1 applies from the taxation year 1994.

73. (1) Section 752.0.10.1 of the said Act, enacted by section 67 of chapter 64 of the statutes of 1993 and amended by section 350 of chapter 22 of the statutes of 1994, is again amended

(1) by inserting, before the definition of "total charitable gifts", the following definition:

" "qualified property" means property that is

(*a*) land situated in Québec which, in the opinion of the Minister of the Environment and Wildlife, has undeniable ecological value, or

(*b*) a real servitude granted for the benefit of land belonging to an entity referred to in paragraph *a* or *b* of the definition of "total gifts of qualified property", as the case may be, and encumbering the whole or part of a land situated in Québec which, in the opinion of the Minister of the Environment and Wildlife, has undeniable ecological value;";

(2) by inserting, after the definition of "total cultural gifts", the following definition:

" "total gifts of qualified property" of an individual for a taxation year means the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the total Crown gifts or the total cultural gifts of the individual for the year, or would have been so included for a preceding taxation year if this chapter had applied to that preceding year, made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2 are met in respect of that amount, to

(*a*) a registered charity whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of the

Environment and Wildlife, in the conservation of the ecological heritage, if the object of the gift is qualified property, or

(*b*) a Québec municipality, if the object of the gift is qualified property,";

(3) by replacing, in the definition of "total charitable gifts", the part preceding paragraph *a* by the following:

" "total charitable gifts" of an individual for a taxation year means the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the total Crown gifts, the total gifts of qualified property or the total cultural gifts of the individual for the year, or would have been so included for a preceding taxation year if this chapter had applied to that preceding year, made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2 are met in respect of that amount, to".

(4) by replacing paragraph *c* of the definition of "total charitable gifts" by the following paragraph:

"(*c*) an artistic organization recognized by the Minister on the recommendation of the Minister of Culture and Communications,".

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of gifts made after 12 May 1994.

(3) Paragraph 4 of subsection 1 has effect from 17 June 1994.

74. (1) Section 752.0.10.2 of the said Act, enacted by section 67 of chapter 64 of the statutes of 1993, is amended by adding, after paragraph *b*, the following paragraph:

"(*c*) the amount was not taken into account in determining an amount which the individual or his spouse is deemed to have paid to the Minister under section 1029.8.63 for a preceding taxation year."

(2) Subsection 1 applies from the taxation year 1994.

75. (1) Section 752.0.10.3 of the said Act, enacted by section 67 of chapter 64 of the statutes of 1993 and replaced by section 258 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**752.0.10.3** The amount representing the fair market value of a gift shall not be included in the total Crown gifts, the total gifts of

qualified property, the total cultural gifts or the total charitable gifts of an individual for a taxation year, unless the making of the gift is proven by filing with the Minister a receipt therefor that meets the prescribed requirement and contains in a clear and unalterable manner the prescribed particular and the prescribed information."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

76. (1) Section 752.0.10.6 of the said Act, enacted by section 67 of chapter 64 of the statutes of 1993, is amended by inserting, after paragraph *a*, the following paragraph:

"(*a*.1) the individual's total gifts of qualified property for the year,".

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

77. (1) The said Act is amended by inserting, after section 752.0.10.7, enacted by section 67 of chapter 64 of the statutes of 1993, the following section:

"**752.0.10.7.1** No individual may deduct, for a taxation year, an amount under section 752.0.10.6 in respect of a gift of a qualified property unless he files with the Minister, together with the fiscal return referred to in section 1000 he is required to file for the year, a certificate issued by the Minister of the Environment and Wildlife certifying that the land referred to in paragraph *a* of the definition of "qualified property" in section 752.0.10.1 or the land encumbered with a servitude referred to in paragraph *b* of the definition of that expression, as the case may be, has undeniable ecological value and, where such is the case, that the mission in Québec of a charity referred to in paragraph *a* of the definition of "total gifts of qualified property" in the said section 752.0.10.1 consists mainly, at the time of the gift, in the conservation of the ecological heritage."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

78. (1) Section 752.0.10.12 of the said Act, enacted by section 67 of chapter 64 of the statutes of 1993 and replaced by section 261 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**752.0.10.12** Where, at any time, an individual makes a gift of capital property to a donee described in the definitions of "total

Crown gifts", "total gifts of qualified property" and "total charitable gifts" in section 752.0.10.1 or, if the individual is not resident in Canada, a gift of immovable property situated in Canada to a prescribed donee who provides an undertaking, in a form satisfactory to the Minister, to the effect that such property will be held for use in the public interest, and the fair market value of the capital property or immovable property, as the case may be, exceeds its adjusted cost base to the individual at that time, the individual or his legal representative may designate in the fiscal return which must be filed by or for the individual under section 1000 for the year in which the gift is made, an amount which is deemed to be both the individual's proceeds of disposition of the capital property or immovable property, as the case may be, and for the purposes of section 752.0.10.1, the fair market value of the gift, and which, at that time, must not be greater than the fair market value nor less than the adjusted cost base to the individual of the capital property or immovable property, as the case may be."

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

79. (1) Section 752.0.11.1 of the said Act, amended by section 262 of chapter 22 of the statutes of 1994, is again amended by replacing subparagraph i of paragraph *m*.1 by the following subparagraph:

"i. no amount is included in computing an amount deducted in respect of the person under Chapter IX.0.1 of Title VI of Book III or paragraph *k*, *l*, *m* or *n* for the taxation year in which the remuneration was paid, or taken into consideration in computing an amount deemed to have been paid to the Minister for that year in respect of the person under Division II.13 of Chapter III.1 of Title III of Book IX;".

(2) Subsection 1 applies from the taxation year 1994.

80. (1) The said Act is amended by inserting, after section 752.0.12, the following section:

"**752.0.12.1** For the purposes of subparagraph *b* of the second paragraph of section 752.0.11, the expenses taken into account in determining an amount which an individual or his spouse is deemed to have paid to the Minister under section 1029.8.63 for a preceding taxation year shall not be included as medical expenses of the individual for a taxation year."

(2) Subsection 1 applies from the taxation year 1994.

81. (1) Section 752.0.15 of the said Act, amended by section 72 of chapter 64 of the statutes of 1993 and by section 264 of chapter 22 of the statutes of 1994, is again amended by replacing the part preceding paragraph *a* by the following:

"**752.0.15** An individual may deduct from his tax otherwise payable for a taxation year under this Part the excess of 20% of an amount of $2 200 over the tax payable for the year under this Part, computed before making any deduction contemplated in this book, other than those contemplated in sections 752.0.1 to 752.0.10, 752.0.13.4 and 752.0.18.1, by any person, other than a person in respect of whom the person's spouse deducts for the year an amount under Chapter I.0.1 or I.0.4, who is resident in Canada at any time in the year and in respect of whom the individual has claimed a deduction for the year under section 752.0.1, pursuant to paragraphs *b* to *g* of the said section, or could have claimed such a deduction if such person had had no income during the year, if".

(2) Subsection 1 applies from the taxation year 1993.

82. (1) Section 752.0.18 of the said Act is amended by replacing the part of the first paragraph preceding subparagraph *a* by the following:

"**752.0.18** For the purposes of sections 752.0.11 to 752.0.16 and 1029.8.67 to 1029.8.82, any reference to a dentist, nurse, physician, optometrist, pharmacist or practitioner is a reference to such a person authorized to practise as such,".

(2) Subsection 1 applies from the taxation year 1994.

83. (1) Section 752.0.20 of the said Act, replaced by section 75 of chapter 64 of the statutes of 1993, is again replaced by the following section:

"**752.0.20** The amounts of $1 050, $1 300, $1 650, $2 400, $2 600 and $5 900 referred to in section 752.0.1 shall be indexed annually so that each of these amounts to be used for a taxation year subsequent to the taxation year 1994 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."

(2) Subsection 1 applies from the taxation year 1994.

84. (1) Section 766.2 of the said Act is replaced by the following section:

"**766.2** Where, by reason of section 36.1 or 309.1, an individual does not include a particular amount in computing his income, or his taxable income earned in Canada as determined under Part II, for a taxation year, the individual shall add to his tax otherwise payable under this Part for that year the aggregate of all amounts each of which is the amount by which

(*a*) the amount that would have been the tax payable by him under this Part for a preceding taxation year to which the particular amount relates, if the portion of the particular amount that relates to that preceding year had been included in computing his taxable income or his taxable income earned in Canada, as the case may be, for that preceding year, exceeds

(*b*) the tax payable by him under this Part for the preceding year referred to in subparagraph *a*.

For the purpose of determining the excess described in the first paragraph in respect of a particular preceding taxation year, the following rules apply:

(*a*) the proportion referred to in the second paragraph of section 22 or 26, whichever applies, for the particular preceding year is deemed to be equal to 1; and

(*b*) where an individual was resident in Canada but outside Québec on the last day of the particular preceding year, the individual is deemed to have been resident in Québec on the last day of that preceding year.

Lastly, an amount that is not deducted elsewhere by an individual in computing his taxable income, taxable income earned in Canada or tax payable under this Part for a particular taxation year, but that is deducted for the purpose of determining his tax referred to in subparagraph *a* of the first paragraph for that year, is deemed, for the purpose of applying this Part to subsequent taxation years, to have been deducted by the individual in computing his taxable income, taxable income earned in Canada or tax payable under this Part, as the case may be, for the particular year."

(2) Subsection 1 applies to amounts received after 31 December 1993.

85. (1) The said Act is amended by inserting, after section 766.2, the following:

"**766.3** Section 766.2 applies, for a taxation year, to an individual contemplated in Book II for that year.

In addition, the proportion referred to for the year in the second paragraph of section 22, 25 or 26, whichever applies, in respect of the individual applies to the amount otherwise determined for the year in respect of the individual under section 766.2.

"CHAPTER II.2

"DEDUCTION IN RESPECT OF RETROACTIVE PAYMENTS

"**766.4** Where, by reason of section 334.1, an individual cannot deduct a particular amount in computing his income for a taxation year, he may deduct from his tax otherwise payable under this Part for that year, the aggregate of all amounts each of which is the amount by which

(*a*) the tax payable by him under this Part for a preceding taxation year to which the amount relates exceeds

(*b*) the amount that would have been the tax payable by him under this Part for the preceding year referred to in subparagraph *a* if the portion of the particular amount relating to that preceding year had been deducted in computing his taxable income or his taxable income earned in Canada as determined under Part II, as the case may be, for that preceding year.

However, if the individual is an individual referred to in the second paragraph of section 22 or 25, he may so deduct from his tax otherwise payable under this Part for the year only that portion of the amount determined in respect of him under the first paragraph that is the proportion determined in the second paragraph of section 22 or 25, whichever applies, in respect of the individual for the year.

In addition, for the purpose of determining the excess described in the first paragraph in respect of a particular preceding taxation year, the following rules apply:

(*a*) the proportion referred to in the second paragraph of section 22 or 26, whichever applies, for the particular preceding year is deemed to be equal to 1; and

(*b*) where an individual was resident in Canada but outside Québec on the last day of the particular preceding year, the individual is deemed to have been resident in Québec on the last day of that preceding year."

(2) Subsection 1, where it enacts section 766.3 of the Taxation Act, applies in respect of amounts received after 31 December 1993, and where it enacts Chapter II.2 of Title I of Book V of Part I of the said Act, it applies in respect of amounts paid after that date.

86. (1) Section 776.29 of the said Act, amended by section 85 of chapter 64 of the statutes of 1993 and by section 272 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing subparagraph iii of subparagraph *c* of the first paragraph by the following subparagraph:

"iii. any other amount included or deducted in computing his income for the year under this Part, except an amount deducted under paragraph *b* of section 339 and any amount included under paragraph *k*.1 of section 311 where that amount is received under Division IV or V of the Workmen's Compensation Act (R.S.Q., chapter A-3) or under Division IV of Chapter III or Chapter IV or V of the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001);";

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

"iii.0.1 any amount which, but for section 334.1, would have been deductible in computing his income for the year by reason of paragraphs *a* to *b*.0.1 of subsection 1 of section 336;";

(3) by replacing subparagraphs iii.1 and iv of subparagraph *c* of the first paragraph by the following subparagraphs:

"iii.1 the part of any amount received by the individual in the year, which he has elected, under section 36.1 or 309.1, not to include in computing his income for the year;

"iv. any other amount received and not included in computing income under paragraphs *a* and *b* of section 489, sections 491 and 494 to 496 and the regulations under section 488, except any indemnity received under Chapter V of Title II of the Automobile Insurance Act (R.S.Q., chapter A-25), any benefit received under Chapter III of the Act respecting income security (R.S.Q., chapter S-3.1.1), any amount received under a program of subsidies for children in day care centres established under the Act respecting child day care (R.S.Q., chapter S-4.1), any amount determined under Division IV or V of the Workmen's Compensation Act and received under the Act to promote good citizenship (R.S.Q., chapter C-20) or under the Crime Victims Compensation Act (R.S.Q., chapter I-6);".

(2) Paragraph 1 of subsection 1 applies in respect of amounts received after 31 December 1989. However, where subparagraph iii of subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act, as enacted by paragraph 1 of subsection 1, applies to a taxation year prior to the taxation year 1993, it shall be read as follows:

"iii. any other amount included in computing his income for the year under this Part, before any deduction under paragraph *b* of section 339, except an amount included under paragraph *k*.1 of section 311 where that amount is received under Division IV or V of the Workmen's Compensation Act (R.S.Q., chapter A-3) or under Division IV of Chapter III or Chapter IV or V of the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001);".

(3) Paragraph 2 of subsection 1 applies in respect of amounts paid after 31 December 1993.

(4) Paragraph 3 of subsection 1, where it replaces subparagraph iii.1 of subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act, applies in respect of amounts received after 31 December 1993.

(5) Paragraph 3 of subsection 1, where it replaces subparagraph iv of subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act, applies in respect of amounts received after 31 December 1989. However, where subparagraph iv of the said subparagraph *c*, as enacted by paragraph 3 of subsection 1, applies

(*a*) before 1 October 1992, it shall be read as follows:

"iv. any other amount received and not included in computing income under paragraphs *a* and *b* of section 489, sections 491 and 494 to 496 and the regulations under section 488, except any indemnity received under Chapter V of Title II of the Automobile Insurance Act (R.S.Q., chapter A-25), any benefit received under Chapter III of the Act respecting income security (R.S.Q., chapter S-3.1.1), any amount received under a program of subsidies for children in day care centres established under the Act respecting health services and social services (R.S.Q., chapter S-5) or by the Act respecting child day care (R.S.Q., chapter S-4.1), any amount determined under Division IV or V of the Workmen's Compensation Act and received under the Act to promote good citizenship (R.S.Q., chapter C-20) or under the Crime Victims Compensation Act (R.S.Q., chapter I-6);";

(*b*) in respect of the computation of the work income supplement for a calendar year prior to the calendar year 1990, it shall be read as follows:

"iv. any other amount received and not included in computing income under paragraphs *a* and *b* of section 489, sections 491 and 494 to 496 and the regulations under section 488, except any indemnity received under Chapter V of Title II of the Automobile Insurance Act (R.S.Q., chapter A-25), any income supplement received under the Act respecting work income supplement (R.S.Q., chapter S-37.1), any benefit received under Chapter III of the Act respecting income security (R.S.Q., chapter S-3.1.1), any amount received under a program of subsidies for children in day care centres established under the Act respecting health services and social services (R.S.Q., chapter S-5) or by the Act respecting child day care (R.S.Q., chapter S-4.1), any amount determined under Division IV or V of the Workmen's Compensation Act and received under the Act to promote good citizenship (R.S.Q., chapter C-20) or under the Crime Victims Compensation Act (R.S.Q., chapter I-6);".

87. (1) Section 776.30 of the said Act is amended, in the French text, by replacing paragraph *b* by the following paragraph:

"*b*) la personne qui est le conjoint du particulier le dernier jour de l'année ou, s'il n'a pas de conjoint à ce moment, la dernière personne en date qui, pendant l'année, a été son conjoint, est réputée être le conjoint du particulier pendant l'année;".

(2) Subsection 1 applies from the taxation year 1994.

88. (1) Section 776.34 of the said Act is amended by replacing subparagraph i of paragraph *a* by the following subparagraph:

"i. the excess amount of the aggregate of the total income of the individual contemplated therein for the year and, as the case may be, of the total income, for the year, of his spouse during the year or, where the individual is living apart from his spouse at the end of the year because of the breakdown of their marriage, of the total income of that spouse for the year during the marriage and while not so living apart from the individual, over the amount determined under section 776.35, exceeds".

(2) Subsection 1 applies from the taxation year 1994.

89. (1) Section 776.42 of the said Act is amended by replacing the part preceding paragraph *a* by the following:

"**776.42** Notwithstanding any other provision of this Act, except section 776.66, where the amount that would represent the tax otherwise payable by an individual for a taxation year if it were computed under Book V and without reference to sections 752.1 to 752.5 and 776.66 is less than the excess amount determined under 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) Subsection 1 applies from the taxation year 1994.

90. (1) Section 776.43 of the said Act is amended by replacing the second paragraph by the following paragraph:

"In such a case, section 776.42 shall be construed as if the proportion referred to in the second paragraph of the said sections applied to the tax otherwise payable by the individual for the taxation year if it were computed under Book V and without reference to sections 752.1 to 752.5 and 776.66."

(2) Subsection 1 applies from the taxation year 1994.

91. (1) The said Act is amended by inserting, after section 776.65, the following:

"BOOK V.2

"TAX REDUCTION IN RESPECT OF INDIVIDUALS

"**776.66** An individual may deduct from his tax otherwise payable under this Part for a taxation year an amount equal to 2% of the amount by which $10 000 exceeds his tax otherwise payable under this Part for the year.

In the first paragraph, "tax otherwise payable" under this Part by an individual for a taxation year means the tax payable under this Part by the individual for the year, computed without reference to this Book or sections 1183 and 1184."

(2) Subsection 1 applies from the taxation year 1994.

92. (1) Section 779 of the said Act, replaced by section 276 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**779.** Except for the purposes of Title VII of Book V, sections 935.4 and 935.9 and Division II.13 of Chapter III.1 of Title III of Book IX, the taxation year of the bankrupt is deemed to commence on the date of the bankruptcy and the current taxation year is deemed to end on the day before such date."

(2) Subsection 1 applies from the taxation year 1994.

93. (1) Section 850 of the said Act is amended by replacing paragraph *c* by the following paragraph:

"(*c*) the gifts made by the insurer to a person or organization described in paragraphs *a* or *c* to *l* of section 710; and".

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

94. (1) Section 851.33 of the said Act, amended by section 95 of chapter 64 of the statutes of 1993, is again amended by replacing the part of the first paragraph preceding subparagraph *a* by the following:

"**851.33** For the purposes of sections 752.0.10.1 to 752.0.10.14, where a gift made in a taxation year by an *inter vivos* trust referred to in section 851.25 the fair market value of which would, but for this section, be included in the total Crown gifts, the total gifts of qualified property, the total cultural gifts or the total charitable gifts of the trust for the year under section 752.0.10.1, and the trust so elects in its fiscal return under this Part for the year,".

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

95. Section 931.1 of the said Act is amended by replacing the part preceding paragraph *a* by the following:

"**931.1** Where, at any time in a taxation year, a particular amount in respect of a registered retirement savings plan that is a spousal plan in relation to an individual is required, by reason of section 914 or 929, to be included in computing the income of the individual's spouse before the date provided for the first payment of benefits under the plan or as a payment in full or partial commutation of a retirement income under the plan and the individual is not an individual who is living apart from his spouse at that time because of the breakdown of their marriage, the individual shall include at that time, in computing his income for the year, the lesser of the following amounts:".

96. Section 961.17.0.1 of the said Act is amended by replacing the part preceding paragraph *a* by the following:

"**961.17.0.1** Where, at any time in a taxation year, a particular amount in respect of a registered retirement income fund that is a spousal plan, within the meaning of paragraph *f* of section 905.1, in relation to an individual is required to be included in computing the income of the individual's spouse and the individual is not an individual who is living apart from his spouse at that time because of the breakdown of their marriage, the individual shall include, at that time, in computing his income for the year, the least of the following amounts:".

97. (1) Section 965.1 of the said Act, amended by section 97 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *j*.5 by the following paragraph:

"(*j*.5) "qualifying non-guaranteed convertible security" means a non-guaranteed convertible security not referred to in section 965.9.8.5 or 965.9.8.10 and meeting the requirements of section 965.9.8.1;".

(2) Subsection 1 has effect from 21 May 1993.

98. (1) Section 965.2 of the said Act is amended by replacing the second paragraph by the following paragraph:

"A stock savings plan is also an arrangement made between an individual who is not a trust and a dealer or an investment fund, under which the individual entrusts

(*a*) to the dealer the custody of such of his qualifying securities as he may indicate that are not included in any other plan of any kind for the purposes of this Act, except a prescribed plan; or

(*b*) to the investment fund the custody of such of his qualifying securities, issued by the investment fund, as he may indicate that are not included in any other plan of any kind for the purposes of this Act, except a prescribed plan."

(2) Subsection 1 has effect from 28 June 1993.

99. (1) Section 965.6.11 of the said Act is replaced by the following section:

"**965.6.11** A stock ownership plan may provide that an individual is not an eligible employee of a corporation if, at the time

of acquisition of the shares of the corporation, the individual cannot prove three consecutive months of service with the corporation, with a subsidiary referred to in section 965.6.9, with a company referred to in section 965.6.10 or with a subsidiary or company referred to in section 965.6.10.1 where the stock ownership plan provides that the employees of such a subsidiary or company are eligible employees."

(2) Subsection 1 has effect from 17 May 1989.

100. (1) Section 965.9.8 of the said Act is amended by replacing paragraph *d* by the following paragraph:

"(*d*) the certificate attesting to it is

i. kept, according to the terms of an arrangement provided for in the second paragraph of section 965.2, by the investment fund that issued the security, or

ii. given directly to the dealer referred to in the second paragraph of section 965.2 by the issuer of the certificate or by another dealer who certifies that it has been held continuously, since its issue, by a dealer acting as an intermediary or as a firm underwriter, or issued and registered in the name of the dealer or a person designated by the dealer."

(2) Subsection 1 has effect from 28 June 1993.

101. (1) Section 965.9.8.1 of the said Act, amended by section 109 of chapter 64 of the statutes of 1993, is again amended by replacing paragraphs *a* and *b* by the following paragraphs:

"(*a*) it is issued by a growth corporation and, before the issue of the receipt for the final prospectus relating to the non-guaranteed convertible security issue, 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 growth corporation which states, in the final prospectus relating to the non-guaranteed convertible security issue, that the non-guaranteed convertible security issue 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;".

(2) Subsection 1 applies in respect of issues of non-guaranteed convertible securities for which the receipt for the final prospectus was granted after 20 May 1993, except where the receipt for the preliminary prospectus was granted before 21 May 1993 and the receipt for the final prospectus was granted before 1 January 1994.

102. (1) Section 965.9.8.10 of the said Act, enacted by section 110 of chapter 64 of the statutes of 1993, is replaced by the following section:

"**965.9.8.10** Notwithstanding section 965.9.8.1, a qualifying non-guaranteed convertible security does not include a non-guaranteed convertible security that is acquired after 31 December 1993 and that is issued by a corporation, other than a growth corporation, as part of a non-guaranteed convertible security issue in respect of which the receipt for the final prospectus was granted before 21 May 1993, or in respect of which the receipt for the preliminary prospectus was granted before 21 May 1993 and the receipt for the final prospectus was granted after 20 May 1993 but before 1 January 1994."

(2) Subsection 1 has effect from 21 May 1993.

103. (1) Section 965.10.1.1 of the said Act is amended by inserting, after paragraph *a*, the following paragraph:

"(*a*.1) paragraph *d* of the said section 965.10 shall be read without reference to "promissory notes, debentures, bonds, any other debt securities, guaranteed investment certificates," and "or cash in hand or on deposit";".

(2) Subsection 1 applies in respect of a public share issue, a convertible security issue and a non-guaranteed convertible security issue the receipt for the final prospectus or the exemption from filing a prospectus of which was granted after 12 May 1994.

104. (1) Section 965.18 of the said Act is amended by replacing the part preceding paragraph *a* by the following:

"**965.18** An individual resident in Québec on 31 December of a 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".

(2) Subsection 1 has effect from 1 January 1994.

105. (1) Section 965.20 of the said Act is amended

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

"**965.20** An individual resident in Québec on 31 December of a year who, in the year, withdraws a share, a security or a 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";

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

"(*b*) the amounts deducted by him under section 726.1 for the preceding two 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 of the following year."

(2) Subsection 1 has effect from 1 January 1994.

106. (1) The said Act is amended by inserting, after section 965.36.1, the following section:

"**965.36.2** For the purposes of this title, where, at any time, a trust governed by a registered retirement savings plan, of the type commonly called self-directed, acquires, as first purchaser, a qualifying security of a qualified cooperative, the following rules apply:

(*a*) the annuitant, within the meaning of paragraph *b* of section 905.1, under the plan at that time is deemed to be the person who acquires the qualifying security at that time as first purchaser and the trust is deemed not to be that person, to the extent that the annuitant at that time is an individual who is a qualified investor, within the meaning of the cooperative investment plan, in respect of the qualified cooperative; and

(*b*) the cost to the annuitant referred to in subparagraph *a* of the qualifying security is deemed to be the same as the cost to the trust."

(2) Subsection 1 applies from the taxation year 1992.

107. (1) Section 985.1 of the said Act, amended by section 122 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *b* by the following paragraph:

"(*b*) "qualified donee" means a donee referred to in any of paragraphs *a* and *c* to *l* of section 710 and in any of the definitions of

"total Crown gifts", "total gifts of qualified property" and "total charitable gifts" in section 752.0.10.1;".

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

108. (1) Section 985.14 of the said Act, amended by section 124 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *c* by the following paragraph:

"(*c*) any gift or portion of a gift, other than that contemplated in paragraph *b*, made by a donor who is not a charity and in respect of which he has not deducted any amount under paragraphs *c* to *l* of section 710 or paragraph *a*.1 or *c* of section 752.0.10.6, or was not liable for tax under sections 22 to 27 for the taxation year in which the gift was made; or".

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

109. (1) Section 1000 of the said Act, amended by section 127 of chapter 64 of the statutes of 1993 and by section 313 of chapter 22 of the statutes of 1994, is again amended by replacing paragraph *e* of subsection 2 by the following paragraph:

"(*e*) in the case of any other person, on or before 30 April in the next year, by that person or, if he is unable for any reason to file the return, by his adviser, curator, tutor or other legal representative, including the Public Curator; and,".

(2) Subsection 1 applies to taxation years ending after 15 April 1990.

110. (1) Section 1015 of the said Act is amended

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

"**1015.** Every person who at any time during a taxation year pays, alloeates, grants or awards";

(2) by replacing the part following paragraph *r* by the following:

"shall, even if the amount paid, allocated, granted or awarded results from a judgment, deduct or withhold therefrom the prescribed amount and pay to the Minister, on the dates, for the periods and according to terms and conditions prescribed, an amount equal to the deducted or withheld amount on account of the tax payable by the payee for the same taxation year or, in the case of an amount

contemplated in paragraph *p* and paid to a payee who carries on a business as a market-maker, for the taxation year in which the fiscal period of the business during which the payment is made ends or with which that fiscal period coincides."

(2) Subsection 1 has effect from 12 May 1994.

111. (1) Section 1015.1 of the said Act is replaced by the following section:

"**1015.1** For the purposes of section 1015, where a trustee who is winding up, distributing, controlling or administering, in any manner whatever, the property, business, estate or income of another person, authorizes or otherwise causes an amount, referred to in the said section 1015, to be paid, allocated, granted or awarded on behalf of that other person, the trustee is deemed to be a person paying, allocating, granting or awarding the amount and the trustee and that other person are solidarily liable for the payment of the amount required under the said section, in respect of the amount paid, allocated, granted or awarded, to be deducted or withheld and to be remitted on account of the tax to be paid by the beneficiary.

For the purposes of the first paragraph, a trustee includes a liquidator, receiver, receiver-manager, trustee in bankruptcy, administrator, sequestrator, assignee and any other person performing a similar function."

(2) Subsection 1, where it replaces the first paragraph of section 1015.1 of the Taxation Act, has effect from 12 May 1994, and where it replaces the second paragraph of the said section, it has effect from 1 January 1994.

112. (1) Section 1018 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1995. In addition, where section 1018 of the Taxation Act, repealed by subsection 1, applies to the taxation year 1994, it shall be read as follows:

"**1018.** Subject to sections 1025 to 1026.2, where an amount has been deducted or withheld in accordance with section 1015 from an amount received by an individual during a taxation year and the latter amount is equal to or greater than 3/4 of his income for the same year, such individual shall, on or before the day on or before which the individual is required to file his fiscal return for the year under section 1000, pay to the Minister the remainder of his tax for the year as estimated under section 1004."

113. (1) Section 1025 of the said Act, amended by section 131 of chapter 64 of the statutes of 1993, is replaced by the following section:

"**1025.** Subject to section 1026.1, every individual whose chief source of income for a taxation year is farming or fishing shall pay to the Minister for the year, on or before 31 December in the year, an amount equal to 2/3 of his tax for the year estimated in accordance with section 1004 or of his basic provisional account, established in prescribed manner, for the preceding taxation year."

(2) Subsection 1 applies from the taxation year 1994.

114. (1) Section 1026 of the said Act, replaced by section 132 of chapter 64 of the statutes of 1993, is amended

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

"**1026.** Subject to section 1026.1, every individual not contemplated in section 1025 shall pay to the Minister for each taxation year";

(2) by striking out the second paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of payments to be made after 30 June 1994.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1994.

115. (1) The said Act is amended by inserting, after section 1026, the following sections:

"**1026.0.1** Every individual shall, on or before the date on or before which he is required to file his fiscal return for the year under section 1000, pay to the Minister for each taxation year the amount by which the individual's tax payable for the year under this Part, estimated in accordance with section 1004, exceeds the aggregate of all amounts deducted or withheld under section 1015 in respect of his income for the year and of all other amounts paid or deemed to be paid to the Minister on or before that date as partial payment of the individual's tax payable under this Part for the year.

"**1026.0.2** In section 1026.1,

"instalment threshold" of an individual for a taxation year means an amount equal to $1 200;

"net tax owing" by an individual for a taxation year means the amount by which

(*a*) the total tax payable by the individual for the year under this Part and Part I.1, determined without taking into account the amounts referred to in the first paragraph of section 1044, exceeds

(*b*) the aggregate of all amounts deducted or withheld under section 1015 in respect of the individual's income for the year and all amounts the individual is deemed, under Chapter III.1, to have paid to the Minister as partial payment of the individual's tax payable under this Part for the year."

(2) Subsection 1, where it enacts section 1026.0.1 of the Taxation Act, applies from the taxation year 1994, and where it enacts section 1026.0.2 of the said Act, it applies in respect of payments to be made after 30 June 1994.

116. (1) Section 1026.1 of the said Act, replaced by section 133 of chapter 64 of the statutes of 1993, is again replaced by the following section:

"**1026.1** Sections 1025 and 1026 do not apply to an individual for a particular taxation year where

(*a*) the individual's chief source of income for the particular year is farming or fishing and the individual's net tax owing for the particular year, or for either of the two preceding taxation years, does not exceed the individual's instalment threshold for that year; or

(*b*) the individual's net tax owing for the particular year, or for each of the two preceding taxation years, does not exceed the individual's instalment threshold for that year."

(2) Subsection 1 applies in respect of payments to be made after 30 June 1994.

117. (1) Section 1026.2 of the said Act, replaced by section 134 of chapter 64 of the statutes of 1993, is again replaced by the following section:

"**1026.2** Where an individual has died in a taxation year, sections 1025 and 1026 shall not require the payment of any amount in respect of the individual that would otherwise become due under either of the said sections on or after the day on which the individual died."

(2) Subsection 1 applies from the taxation year 1994.

118. (1) The said Act is amended by inserting, after section 1029.6, the following:

"DIVISION I.1

"RULES APPLICABLE TO CERTAIN REFUNDABLE TAX CREDITS

"**1029.6.0.1** Subject to any special provisions in this chapter, the following rules apply:

(*a*) where a taxpayer is, under any of Divisions II to II.6.2, deemed to have paid to the Minister an amount for a taxation year in respect of a particular expenditure, and the amount that is deemed to have been paid was assessed by the Minister pursuant to section 1005 or was reassessed by the Minister pursuant to section 1010, the taxpayer may not be deemed to have paid an amount to the Minister for any taxation year under another of the said divisions in respect of all or part of a cost or expenditure comprised in the particular expenditure; and

(*b*) where a taxpayer is, under any of Divisions II to II.6.2, deemed to have paid to the Minister an amount for a taxation year in respect of a particular expenditure incurred within the framework of a contract, and the amount that is deemed to have been paid was assessed by the Minister pursuant to section 1005 or was reassessed by the Minister pursuant to section 1010, no other taxpayer may be deemed to have paid to the Minister an amount for any taxation year under one of the said divisions in respect of all or part of a cost or expenditure incurred in performing the contract that may reasonably be considered to relate to the particular expenditure.

For the purposes of subparagraph *b* of the first paragraph, a contract includes any subcontract incident to the contract."

(2) Subsection 1 has effect from 1 January 1994.

119. (1) Section 1029.7 of the said Act, amended by section 138 of chapter 64 of the statutes of 1993, is again amended by replacing all that part which precedes subparagraph *b* of the third paragraph by the following:

"**1029.7** A taxpayer, other than a tax-exempt taxpayer, who carries on a business in Canada and undertakes or causes to be undertaken on his behalf in Québec, as part of a contract, scientific research and experimental development within the meaning of the

regulations made pursuant to section 222, is deemed, subject to the second paragraph, to have paid to the Minister, on the last day of the taxation year in which the research and development was undertaken, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20% of the aggregate of

(*a*) the wages paid by the taxpayer in respect of the research and development undertaken in the year to his employees of an establishment situated in Québec;

(*b*) that portion of the consideration paid under the contract by the taxpayer in respect of the research and development undertaken in the year to a person to whom the taxpayer was related at the time the contract was entered into and who has undertaken all or part of the research and development, that can reasonably be attributed to the wages paid to the employees of an establishment of that person situated in Québec or that could be so attributed if that person had such employees; and

(*c*) one-half of that portion of the consideration paid under the contract by the taxpayer to a person to whom he was not related at the time the contract was entered into that can reasonably be attributed to such research and development undertaken in the year by the person.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175, where they refer to subparagraph *a* of the first paragraph of section 1027, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

For the purposes of the first paragraph, the wages and consideration paid by the taxpayer referred to therein include only the wages and consideration that

(*a*) constitute, for the taxpayer, an expenditure referred to in subsection 1 of section 222 or in paragraph *a* of section 223, other than

an expenditure referred to in paragraph *e* of the said subsection 1 which, but for subsection 3 of section 175.1, would not be deductible;".

(2) Subsection 1, where it replaces the first paragraph of section 1029.7 of the Taxation Act and the part of the third paragraph of the said section preceding subparagraph *b*, applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

(3) Subsection 1, where it replaces the second paragraph of section 1029.7 of the Taxation Act, applies from the taxation year 1994.

120. (1) Section 1029.7.2 of the said Act is replaced by the following section:

"**1029.7.2** Where the taxpayer referred to in section 1029.7 is a corporation that has been, throughout the taxation year contemplated therein, a corporation that is not controlled, directly or indirectly, by one or more persons not resident in Canada and the assets or the 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 and not more than $10 000 000, respectively, the rate of 20% mentioned in the said section shall be replaced by a rate of 40%, to the extent that it is applied to the aggregate of all amounts referred to in the first paragraph of the said section 1029.7 which does not exceed the expenditure limit of the corporation for the year."

(2) Subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

121. (1) Section 1029.8 of the said Act, amended by section 139 of chapter 64 of the statutes of 1993, is again amended by replacing all that part which precedes subparagraph *b* of the third paragraph by the following:

"**1029.8** Where a partnership carries on a business in Canada and undertakes or causes to be undertaken on its behalf in Québec, as part of a contract, scientific research and experimental development within the meaning of the regulations made pursuant to section 222, 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 the research and development was undertaken and who is not a specified member of the partnership during the said fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister on the last day of his taxation year in which the fiscal period ends, as partial payment of his tax payable for that year pursuant to this Part, his portion of an amount equal to 20% of the aggregate of

(*a*) the wages paid by the partnership in respect of the research and development undertaken in that fiscal period to its employees of an establishment situated in Québec;

(*b*) that portion of the consideration paid under the contract by the partnership in respect of the research and development undertaken in that fiscal period to a person related to a member of the partnership at the time the contract was entered into and who has undertaken all or part of the research and development, that can reasonably be attributed to the wages of the employees of an establishment of that person situated in Québec or that could be so attributed if that person had such employees; and

(*c*) one-half of that portion of the consideration paid under the contract by the partnership to a person not related to any member of the partnership at the time the contract was entered into, that can reasonably be attributed to such research and development undertaken in that fiscal period by the person.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175, where they refer to subparagraph *a* of the first paragraph of section 1027, for his taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in his respect under the first paragraph, either on the date on which the fiscal period ends where the date coincides with the date on or before which the taxpayer is required to make such a payment or, in other cases, on the first date following the end of the fiscal period which is the date on or before which he is required to make such a payment.

For the purposes of the first paragraph, the wages and consideration paid by a partnership include only the wages and consideration that

(*a*) constitute, for the partnership, an expenditure referred to in subsection 1 of section 222 or in paragraph *a* of section 223, other than an expenditure referred to in paragraph *e* of the said subsection 1 which, but for subsection 3 of section 175.1, would not be deductible;".

(2) Subsection 1, where it replaces the first paragraph of section 1029.8 of the Taxation Act and the part of the third paragraph of the said section preceding subparagraph *b*, applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

(3) Subsection 1, where it replaces the second paragraph of section 1029.8 of the Taxation Act, applies from the taxation year 1994.

122. (1) Section 1029.8.1 of the said Act, amended by section 141 of chapter 64 of the statutes of 1993 and by section 51 of chapter 16 of the statutes of 1994, is again amended

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

"(*a*.1) "eligible public research centre" means a prescribed government research centre, a prescribed college centre for technology transfer or any other prescribed body;";

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

"(*a*.2) "eligible research contract" means a contract entered into after 2 May 1991 and before 1 January 1997 between a taxpayer or partnership carrying on a business in Canada or a prescribed linkage agency acting for the benefit of such a taxpayer or partnership in accordance with an agreement entered into between the taxpayer or partnership, as the case may be, and the linkage agency, and an eligible public research centre, or after 14 May 1992 and before 1 January 1997 between such a taxpayer, partnership or agency and an eligible research consortium under which the eligible public research centre or the eligible research consortium, as the case may be, binds itself to undertake directly, in Québec, before 1 January 1999, 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 are entitled to exploit the results thereof;

"(*b*) "university research contract" means a contract entered into after 30 April 1987 and before 1 January 1997 between a taxpayer or partnership carrying on a business in Canada or a prescribed linkage agency acting for the benefit of such a taxpayer or partnership in accordance with an agreement entered into between the taxpayer or partnership, as the case may be, and the linkage agency, and an eligible university entity under which the eligible university entity binds itself to undertake directly, in Québec, before 1 January 1999, scientific research and experimental development related to a business of the taxpayer or partnership or of the other partnership or the taxpayer contemplated in the seventh paragraph of section 1029.8.7.2 with which the partnership is in relation, where the latter are entitled to exploit the results thereof;";

(3) by replacing paragraph *f* by the following paragraph:

"(*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, a non-profit corporation under the authority of such a centre constituted principally for the prosecution or promotion of scientific research and experimental development, one of whose members is such a centre and one of whose applicants for articles of association is a member of the board of directors of the centre, or any other prescribed body;".

(2) Paragraphs 1 and 3 of subsection 1 have effect from 12 May 1994.

123. (1) Sections 1029.8.1.1 and 1029.8.1.2 of the said Act, enacted by section 142 of chapter 64 of the statutes of 1993, are replaced by the following sections:

"**1029.8.1.1** For the purposes of paragraph *b* of section 1029.8.1, where a particular eligible university entity that is a subsidiary wholly-owned corporation of another eligible university entity that is a prescribed university hospital medical research centre, or a non-profit corporation under the authority of such a centre binds itself to undertake directly, in Québec, scientific research and experimental development, as part of a university research contract, the scientific research and experimental development undertaken by the prescribed university hospital medical research centre, whose particular eligible university entity is either a subsidiary wholly-owned corporation or a non-profit corporation under its authority, on behalf of the particular eligible university entity as part of the contract are deemed to be undertaken by the latter.

For the purposes of paragraph *b* of section 1029.8.1, where a particular eligible university entity that is a prescribed university hospital medical research centre binds itself to undertake directly, in Québec, scientific research and experimental development, as part of a university research contract, the scientific research and experimental development undertaken on behalf of the particular eligible university entity as part of the contract by another eligible university entity that is a subsidiary wholly-owned corporation of the particular eligible university entity or a non-profit corporation under the authority of the eligible university entity, are deemed to be undertaken by the particular eligible university entity.

"**1029.8.1.2** Subject to Division II.4, for the purposes of subparagraph *a* of the first paragraph of sections 1029.8.6 and 1029.8.7, all or any part of the amount of a qualified expenditure paid by a taxpayer or a partnership under an eligible research contract or university research contract that can reasonably be considered to be attributable to expenditures for scientific research and experimental development that an eligible public research centre, eligible research consortium or eligible university entity, as the case may be, has made in Québec under the said contract in a taxation year of the taxpayer or a fiscal period of the partnership, is deemed not to exceed the amount that would represent the amount of a qualified expenditure of the taxpayer or partnership in respect of the scientific research and experimental development, if each expenditure, referred to in this section as a "particular expenditure", for the scientific research and experimental development, that is made in Québec in that year or period as part of the contract by the eligible public research centre, eligible research consortium or eligible university entity, as the case may be, were made by the taxpayer or the partnership, in the same circumstances and under the same conditions and were referred to in subsection 1 of section 222 or paragraph *a* of section 223 and if the aggregate of the amount of each particular expenditure, which constitutes an overhead expenditure, were limited to 65% of the aggregate of the amount of each particular expenditure which constitutes incurred wages."

(2) Subsection 1, where it enacts the first paragraph of section 1029.8.1.1 of the Taxation Act, has effect from 12 May 1994, and where it enacts the second paragraph of the said section, it applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a university research contract entered into after that date.

(3) Subsection 1, where it enacts section 1029.8.1.2 of the Taxation Act, applies in respect of expenditures made after 12 May

1994 for scientific research and experimental development undertaken after that date, under an eligible research contract or a university research contract entered into after that date.

124. (1) Section 1029.8.5.1 of the said Act, amended by section 143 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *c* by the following paragraph:

"(*c*) an expenditure of a capital nature incurred by a taxpayer or partnership to acquire property, except any such expenditure that, at the time it was incurred, was for the provision of premises, facilities or equipment if, at the time of the acquisition of the premises, facilities or equipment, it was intended

i. that the premises, facilities or equipment would be used during all or substantially all of their operating time in their expected useful life for the prosecution of scientific research and experimental development carried on in Canada, or

ii. that all or substantially all of the value of the premises, facilities or equipment would be consumed in the prosecution of scientific research and experimental development carried on in Canada;".

(2) Subsection 1 applies to property acquired after 2 December 1992.

125. (1) Section 1029.8.5.2 of the said Act is repealed.

(2) Subsection 1 applies to taxation years commencing after 22 February 1994.

126. (1) Section 1029.8.6 of the said Act, amended by section 144 of chapter 64 of the statutes of 1993, is again amended by replacing the first and second paragraphs by the following paragraphs:

"**1029.8.6** A taxpayer, other than a tax-exempt taxpayer, carrying on a business in Canada who has made a university research contract with an eligible university entity or an eligible research contract with an eligible public research centre or an eligible research consortium, or for the benefit of whom a prescribed linkage agency has made such a contract in accordance with an agreement entered into between the taxpayer and the prescribed linkage agency, is deemed, subject to the second paragraph, to have paid to the Minister, on the last day of his taxation year during which scientific research and experimental development related to a business of the taxpayer

was undertaken by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, under the contract, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 40%

(*a*) where, at the time the contract was entered into, the taxpayer was related to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, of the total or partial amount of a qualified expenditure he has paid before 1 January 1999 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that may reasonably be attributed to expenditures made for scientific research and experimental development by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, in Québec under the contract during the year; or

(*b*) where, at the time the contract was entered into, the taxpayer was not related to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, of 80% of an amount representing the total or partial amount of a qualified expenditure he has paid before 1 January 1999 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that may reasonably be attributable to expenditures made for scientific research and experimental development by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, in Québec under the contract during the year.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175, where they refer to subparagraph *a* of the first paragraph of section 1027, the taxpayer is deemed to have paid to the Minister as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI on the date on or before which each payment is required to be made, the amount which would be determined under the first paragraph if it applied only to the period covered by the payment."

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.6 of the Taxation Act, except where the reference in that first

paragraph to "1 January 1999" is substituted for "1 January 1998", applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under an eligible research contract or a university research contract entered into after that date. In addition, the reference to "1 January 1998" in the first paragraph of the said section 1029.8.6, as replaced by subsection 1, shall, from (*insert here the date of assent to this Act*), be read as a reference to "1 January 1999".

(3) Subsection 1, where it replaces the second paragraph of section 1029.8.6 of the Taxation Act, applies from the taxation year 1994.

127. (1) Section 1029.8.7 of the said Act, amended by section 145 of chapter 64 of the statutes of 1993, is again amended by replacing the first and second paragraphs by the following paragraphs:

"**1029.8.7** Where a partnership carrying on a business in Canada 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 an eligible research consortium, or where such a contract has been entered into by a prescribed linkage agency for the benefit of the partnership in accordance with an agreement entered into between the partnership and the prescribed linkage agency, every taxpayer, other than a tax-exempt taxpayer, who is a member of the partnership at the end of a fiscal period of the partnership during which scientific research and experimental development related to a business of the partnership was undertaken under the contract by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, and who is not a specified member of the partnership during the said fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister on the last day of 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%

(*a*) where, at the time the contract was entered into, a member of the partnership was related to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, of the total or partial amount of a qualified expenditure the partnership has paid before 1 January 1999 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that can reasonably be attributed to expenditures in respect of scientific research and experimental development made in Québec by the eligible university entity, the eligible public research centre or the eligible research

consortium, as the case may be, under the contract during the fiscal period; or

(*b*) where, at the time the contract was entered into, no member of the partnership was related to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, of 80% of an amount representing the total or partial amount of a qualified expenditure the partnership has paid before 1 January 1999 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that can reasonably be attributed to expenditures in respect of scientific research and experimental development made in Québec by the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, under the contract during the fiscal period.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175, where they refer to subparagraph *a* of the first paragraph of section 1027, for his taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in his respect under the first paragraph, either on the date on which the fiscal period ends where that date coincides with the date on or before which the taxpayer is required to make such a payment or, in other cases, on the first date following the end of the fiscal period which is the date on or before which he is required to make such a payment."

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.7 of the Taxation Act, except where the reference in that first paragraph to "1 January 1999" is substituted for "1 January 1998", applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under an eligible research contract or a university research contract entered into after that date. In addition, the reference to "1 January 1998" in the first paragraph of the said section 1029.8.7, as replaced by subsection 1, shall, from (*insert here the date of assent to this Act*), be read as a reference to "1 January 1999".

(3) Subsection 1, where it replaces the second paragraph of section 1029.8.7 of the Taxation Act, applies from the taxation year 1994.

128. Section 1029.8.7.2 of the said Act, amended by section 146 of chapter 64 of the statutes of 1993, is again amended by replacing the first paragraph by the following paragraph:

"**1029.8.7.2** Where a partnership carrying on a business in Canada has entered into a university research contract with an eligible university entity, or where such a contract has been entered into by a prescribed linkage agency for the benefit of the partnership in accordance with an agreement entered into between the partnership and the prescribed linkage agency, every corporation that is a member of the partnership at the end of a fiscal period of the partnership ending after 31 December 1987 during which scientific research and experimental development related to a business of the partnership was undertaken by the eligible university entity and that is not a tax-exempt corporation but is a specified member of the partnership during the said fiscal period, is deemed, subject to the third paragraph, to have paid to the Minister on the last day of its taxation year in which the said fiscal period ends, as partial payment of its tax payable for that year pursuant to this Part, its portion of an amount equal to 40% of the total or partial amount the partnership has paid before 1 January 1999 to the eligible university entity, that may reasonably be considered to be attributable to expenditures of a current nature or expenditures of a capital nature deductible under subsection 1 of section 222 or paragraph *a* of section 223 for scientific research and experimental development, made in Québec by the eligible university entity under the university research contract during that fiscal period."

129. (1) Section 1029.8.9.0.1 of the said Act is amended by replacing the part preceding paragraph *a* by the following:

"**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 another eligible university entity that is either a subsidiary wholly-owned corporation of the centre or a non-profit corporation under the authority of the centre is substituted therefor to carry on the performance of the contract, the subsidiary or the corporation, as the case may be, is deemed not to be a separate person from the centre if".

(2) Subsection 1 has effect from 12 May 1994.

130. Section 1029.8.9.0.2 of the said Act, amended by section 148 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *a* of the definition of "eligible fee" by the following paragraph:

"(*a*) the amount of the expenditures made by the eligible research consortium in respect of scientific research and experimental development related to a business of the corporation undertaken by the consortium in Québec, after 14 May 1992 and before 1 January 1999, in its fiscal period ending in the year; and".

131. (1) Section 1029.8.9.1 of the said Act, replaced by section 149 of chapter 64 of the statutes of 1993, is amended by replacing the definition of "qualified expenditure" by the following definition:

" "qualified expenditure" means an expenditure made in respect of scientific research and experimental development by a taxpayer or partnership that is an expenditure referred to in subsection 1 of section 222 or in paragraph *a* of section 223, other than such an expenditure referred to in section 1029.8.15.1, and includes a prescribed proxy amount of a taxpayer or partnership;".

(2) Subsection 1 applies to taxation years ending after 2 December 1992.

132. (1) Section 1029.8.9.1.2 of the said Act, enacted by section 150 of chapter 64 of the statutes of 1993 and replaced by section 316 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**1029.8.9.1.2** Subject to Division II.4, for the purposes of subparagraphs *a* and *b* of the first paragraph of sections 1029.8.10 and 1029.8.11, all or any part of the amount of a qualified expenditure made in Québec by a taxpayer or a partnership as part of a pre-competitive research project, catalyst project or environmental technology innovation project that can reasonably be considered to be attributable to scientific research and experimental development undertaken in Québec as part of such a project in a taxation year of the taxpayer or a fiscal period of the partnership, is deemed not to exceed the amount that would represent the aggregate of the qualified expenditures of the taxpayer or partnership that are made in Québec in that year or period as part of that project if each expenditure, referred to in this section as a "particular expenditure", that is made in Québec either by the taxpayer or partnership for scientific research and experimental development undertaken directly by the taxpayer or partnership, or by another person for scientific research and

experimental development directly undertaken by that other person on behalf of the taxpayer or partnership, in that year or period as part of that project, were made by the taxpayer or the partnership in the same circumstances and under the same conditions and were referred to in subsection 1 of section 222 or in paragraph *a* of section 223 and if the aggregate of the amount of each particular expenditure, which constitutes an overhead expenditure, were limited to 65% of the aggregate of the amount of each particular expenditure which constitutes incurred wages."

(2) Subsection 1 applies in respect of expenditures made after 12 May 1994 as part of a pre-competitive research project, a catalyst project or an environmental technology innovation project, in accordance with a receipt or recognition obtained after that date in respect of scientific research and experimental development undertaken after that date and, as the case may be, under a contract entered into after that date.

133. (1) Section 1029.8.10 of the said Act, replaced by section 151 of chapter 64 of the statutes of 1993 and amended by section 51 of chapter 16 of the statutes of 1994, is again replaced by the following section:

"**1029.8.10** A taxpayer, other than a tax-exempt taxpayer within the meaning of paragraph *b*.1 of section 1029.8.1, who carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake or to cause to be undertaken on their behalf in Québec, as part of a contract, scientific research and experimental development and in respect of which either the Minister of Industry, Trade, Science and Technology has issued a receipt on or before 31 December 1996 recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before that date, the scientific research and experimental development contemplated therein was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, is deemed, subject to the second paragraph, to have paid to the Minister, on the last day of his taxation year during which the scientific research and experimental development related to a business of the taxpayer was undertaken, as partial payment of his tax payable for the year pursuant to this Part, an amount equal to 40% of the aggregate of

(*a*) the total or part of a qualified expenditure he has made in Québec before 1 January 1999 that can reasonably be attributed to

such scientific research and experimental development directly undertaken by the taxpayer in that year;

(*b*) the total or part of a qualified expenditure he has made in Québec before 1 January 1999 under a contract entered into with a person to whom he was related at the time the contract was entered into, that can reasonably be attributed to such scientific research and experimental development directly undertaken by the person on behalf of the taxpayer in that year; and

(*c*) 80% of an amount representing the total or part of a qualified expenditure he has made in Québec before 1 January 1999 under a contract entered into with a person to whom he was not related at the time the contract was entered into, that can reasonably be attributed to such scientific research and experimental development directly undertaken by the person on behalf of the taxpayer in that year.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175, where they refer to subparagraph *a* of the first paragraph of section 1027, the taxpayer is deemed to have paid to the Minister as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment is required to be made, the amount which would be determined under the first paragraph if it applied only to the period covered by the payment."

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.10 of the Taxation Act, except where the references in that first paragraph to "31 December 1996" and to "1 January 1999" are substituted for "31 December 1995" and "1 January 1998", respectively, applies in respect of expenditures made after 12 May 1994 as part of a pre-competitive research project, a catalyst project or an environmental technology innovation project, in accordance with a receipt or recognition obtained after that date in respect of scientific research and experimental development undertaken after that date and, as the case may be, under a contract entered into after that date. However, where the first paragraph of section 1029.8.10 of the Taxation Act, as enacted by subsection 1, applies before 17 June 1994, the reference therein to "the Minister of Industry, Trade, Science and Technology" shall be read as a reference to "the Minister of Industry,

Trade and Technology". In addition, the references to "31 December 1995" and "1 January 1998" in the first paragraph of the said section 1029.8.10, as replaced by subsection 1, shall, from (*insert here the date of assent to this Act*), be read as references to "31 December 1996" and "1 January 1999", respectively.

(3) Subsection 1, where it replaces the second paragraph of section 1029.8.10 of the Taxation Act, applies from the taxation year 1994.

134. (1) Section 1029.8.11 of the said Act, replaced by section 152 of chapter 64 of the statutes of 1993 and amended by section 51 of chapter 16 of the statutes of 1994, is again replaced by the following section:

"**1029.8.11** Where a particular partnership carries on a business in Canada and has made an agreement with a person or partnership whereby the parties agree to undertake or to cause to be undertaken on their behalf in Québec, as part of a contract, scientific research and experimental development and in respect of which either the Minister of Industry, Trade, Science and Technology has issued a receipt on or before 31 December 1996 recognizing that the scientific research and experimental development will be undertaken as part of a pre-competitive research project, or, on or before that date, the scientific research and experimental development contemplated therein was the subject of a decision of the Cabinet recognizing that such scientific research and experimental development will be undertaken as part of a catalyst project or an environmental technology innovation project, every taxpayer who is a member of the partnership at the end of a fiscal period of the latter during which the scientific research and experimental development related to a business of the partnership was undertaken and who is not a tax-exempt taxpayer within the meaning of paragraph *b*.1 of section 1029.8.1 or a specified member of the partnership during the said fiscal period, is deemed, subject to the second paragraph, to have paid to the Minister, on the last day of his taxation year in which the 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 aggregate of

(*a*) the total or part of a qualified expenditure the partnership has made in Québec before 1 January 1999 that can reasonably be attributed to such scientific research and experimental development directly undertaken by the partnership in that fiscal period;

(*b*) the total or part of a qualified expenditure the partnership has made in Québec before 1 January 1999 under a contract entered

into with a person related to a member of the partnership at the time the contract was entered into, that can reasonably be attributed to such scientific research and experimental development directly undertaken by the person on behalf of the partnership in that fiscal period; and

(*c*) 80% of an amount representing the total or part of a qualified expenditure the partnership has made in Québec before 1 January 1999 under a contract entered into with a person who was not related to any member of the partnership at the time the contract was entered into, that can reasonably be attributed to such scientific research and experimental development directly undertaken by the person on behalf of the partnership in that fiscal period.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under sections 1025 and 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175, where they refer to subparagraph *a* of the first paragraph of section 1027, for his taxation year in which the fiscal period of the partnership ends, the taxpayer is deemed to have paid to the Minister, as partial payment of the aggregate of his tax payable for the year pursuant to this Part and of his tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in his respect under the first paragraph, either on the date on which the fiscal period ends where the date coincides with the date on or before which the taxpayer is required to make such a payment or, in other cases, on the first date following the end of the fiscal period which is the date on or before which he is required to make such a payment."

(2) Subsection 1, where it replaces the first paragraph of section 1029.8.11 of the Taxation Act, except where the references in that first paragraph to "31 December 1996" and to "1 January 1999" are substituted for "31 December 1995" and "1 January 1998", applies in respect of expenditures made after 12 May 1994 as part of a pre-competitive research project, a catalyst project or an environmental technology innovation project, in accordance with a receipt or recognition obtained after that date in respect of scientific research and experimental development undertaken after that date and, as the case may be, under a contract entered into after that date. However, where the first paragraph of section 1029.8.11 of the Taxation Act, as enacted by subsection 1, applies before 17 June 1994,

the reference therein to "the Minister of Industry, Trade, Science and Technology" shall be read as a reference to "the Minister of Industry, Trade and Technology". In addition, the references to "31 December 1995" and "1 January 1998" in the first paragraph of the said section 1029.8.11, as replaced by subsection 1, shall, from (*insert here the date of assent to this Act*), be read as references to "31 December 1996" and "1 January 1999", respectively.

(3) Subsection 1, where it replaces the second paragraph of section 1029.8.11 of the Taxation Act, applies from the taxation year 1994.

135. (1) Section 1029.8.15.1 of the said Act, amended by section 153 of chapter 64 of the statutes of 1993, is again amended

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

"**1029.8.15.1** The expenditure to which the definition of "qualified expenditure" in section 1029.8.9.1 refers is";

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

"(*c*) an expenditure of a capital nature incurred by a taxpayer or partnership to acquire property, except any such expenditure that, at the time it was incurred, was for the provision of premises, facilities or equipment if, at the time of the acquisition of the premises, facilities or equipment, it was intended

i. that the premises, facilities or equipment would be used during all or substantially all of their operating time in their expected useful life for the prosecution of scientific research and experimental development carried on in Canada, or

ii. that all or substantially all of the value of the premises, facilities or equipment would be consumed in the prosecution of scientific research and experimental development carried on in Canada;".

(2) Paragraph 1 of subsection 1 has effect from 20 May 1993.

(3) Paragraph 2 of subsection 1 applies to property acquired after 2 December 1992.

136. (1) Section 1029.8.15.2 of the said Act is repealed.

(2) Subsection 1 applies to taxation years commencing after 22 February 1994.

137. (1) Section 1029.8.17 of the said Act, amended by section 317 of chapter 22 of the statutes of 1994, is again amended by replacing subparagraph i of paragraph *c* by the following subparagraph:

"i. an amount payable for scientific research and experimental development, within the meaning of the regulations made pursuant to section 222, to the extent that the research and development can reasonably be considered to have been undertaken for, or on behalf of, a person entitled to a deduction or a person carrying on a business in Canada and who would be entitled to a deduction if the person had an establishment in Québec, in respect of the amount because of paragraph *d* of subsection 1 of section 222, or pursuant to subsection 1 of section 222 by reason of the fact that the research and development is related to a business of the person and directly undertaken in Canada by, or on behalf of, the person; or".

(2) Subsection 1 applies in respect of amounts that become payable after 20 December 1991.

138. (1) Section 1029.8.18 of the said Act is replaced by the following section:

"**1029.8.18** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a taxpayer pursuant to any of sections 1029.7, 1029.8, 1029.8.0.2, 1029.8.6, 1029.8.7, 1029.8.7.2, 1029.8.9.0.3, 1029.8.10 and 1029.8.11, the amount of the wages or of part of the consideration paid, of a deductible expenditure, except a prescribed proxy amount, or of an eligible fee, as the case may be, referred to therein, shall be reduced, as the case may be, by the amount of any contract payment, government assistance or non-government assistance attributable to the wages or to part of the consideration paid, to the deductible expenditure or to the eligible fee, as the case may be, that the taxpayer or, where the taxpayer is a member of a partnership, the partnership of which he is a member has received, is entitled to receive or can reasonably be expected to receive at the time of filing of his fiscal return for that taxation year."

(2) Subsection 1, where it inserts, in section 1029.8.18 of the Taxation Act, the words ",except a prescribed proxy amount," applies to taxation years ending after 2 December 1992, and where it replaces the word "remuneration" by the word "consideration", applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

139. (1) The said Act is amended by inserting, after section 1029.8.18, the following section:

"**1029.8.18.0.1** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a taxpayer pursuant to section 1029.8.10 or 1029.8.11, the prescribed proxy amount included in the amount of the qualified expenditure referred to therein shall be reduced, as the case may be, by the amount of any contract payment, government assistance or non-government assistance that may reasonably be considered to be in respect of an expenditure, other than an expenditure referred to in subparagraph *c* of the first paragraph of section 230, that the taxpayer or, where the taxpayer is a member of a partnership, the partnership of which he is a member has received, is entitled to receive or can reasonably be expected to receive at the time of filing of his fiscal return for that taxation year."

(2) Subsection 1 applies to taxation years ending after 2 December 1992.

140. (1) Section 1029.8.18.2 of the said Act, enacted by section 318 of chapter 22 of the statutes of 1994, is amended by replacing paragraph *a* by the following paragraph:

"(*a*) was applied, because of section 1029.8.18, in reduction of the amount of the wages or part of the consideration paid, of a deductible expenditure or of an eligible fee, as the case may be, for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under Divisions II to II.3 by a taxpayer or a member of the partnership, as the case may be,".

(2) Subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

141. (1) Section 1029.8.19 of the said Act is replaced by the following section:

"**1029.8.19** Where, in respect of a scientific research and experimental development project contemplated in any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.9.0.3, 1029.8.10 and 1029.8.11, or in respect of the carrying out thereof, a person or a partnership has obtained, is entitled to obtain or can reasonably be expected to obtain a benefit or advantage, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of that

property or in any other form or manner, and it may reasonably be considered that the direct or indirect effect of such benefit or advantage is to compensate or indemnify a party to the project or to otherwise benefit such a party, in any manner whatsoever, for the purpose of computing the amount that is deemed to have been paid to the Minister, for a taxation year, by the taxpayer pursuant to any of the said sections, the amount of the wages, of the part of the consideration, of the qualified expenditure or of the eligible fee, as the case may be, shall be reduced by the amount of the benefit or advantage which the person or the partnership has obtained, is entitled to obtain or can reasonably be expected to obtain at the time the taxpayer files his fiscal return for that taxation year."

(2) Subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

142. (1) Section 1029.8.19.2 of the said Act, replaced by section 155 of chapter 64 of the statutes of 1993, is amended

(1) by replacing all that part which precedes subparagraph *a* of the second paragraph by the following:

"**1029.8.19.2** Notwithstanding sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, where, in respect of a scientific research and experimental development project contemplated in any of the said sections or in respect of the carrying out of such a project, a taxpayer, a partnership, a member of such partnership, a person not dealing at arm's length with the taxpayer, the partnership or any member thereof, or any other person designated by the Minister, has obtained, is entitled to obtain or can reasonably be expected to obtain, or, upon a determination by the Minister to that effect, is deemed to have obtained or to be entitled to obtain, from a person who is a party to the project, from a person not dealing at arm's length with that person, or from any other person designated by the Minister, a contribution, the taxpayer or any taxpayer who is a member of the partnership, as the case may be, is deemed not to be deemed to have paid to the Minister an amount under any of the said sections in respect of such a project.

In the first paragraph, a contribution in respect of a scientific research and experimental development project contemplated in any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, or in respect of the carrying out of such a project, means";

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

"Notwithstanding the second paragraph, where an eligible public research centre, an eligible research consortium or an eligible university entity, within the meaning of paragraph *a*.1, *a*.1.1 or *f* of section 1029.8.1, directly takes part in the financing of a scientific research and experimental development project as part of a contract referred to in any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 entered into between a taxpayer or a partnership and the centre, consortium or entity, where the participation does not exceed 40% of the cost of the scientific research and experimental development work specified in the contract in respect of the project and where an agreement in writing between the parties to the contract determines the terms and conditions of recovery by the centre, consortium or entity, as the case may be, of the whole of its participation, the participation is deemed not to be a contribution referred to in that second paragraph.

For the purposes of the third paragraph, the cost of the work specified in the contract referred to therein includes only the portion of the cost relating to the work to be carried out by the eligible public research centre, the eligible research consortium or the eligible university entity, as the case may be, as part of the project referred to therein, which shall be reduced by the amount of any assistance the centre, consortium or entity, as the case may be, has received, is entitled to receive or can reasonably be expected to receive as part of the project."

(2) Paragraph 1 of subsection 1 applies in respect of any consideration paid after 12 May 1994.

(3) Paragraph 2 of subsection 1 applies in respect of expenditures made after 12 May 1994 for scientific research and experimental development undertaken after that date, under a contract entered into after that date.

143. (1) Section 1029.8.19.3 of the said Act, replaced by section 155 of chapter 64 of the statutes of 1993, is again replaced by the following section:

"**1029.8.19.3** Notwithstanding section 1029.8.19.2, a taxpayer may be deemed to have paid an amount to the Minister under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 in respect of a project referred to in the said section 1029.8.19.2 in which all or part of the scientific research and experimental development is undertaken by a person other than the

taxpayer if, but for the said section 1029.8.19.2, an amount would have been deemed to have been paid to the Minister under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 and if each contribution referred to in the said section 1029.8.19.2, in respect of the project or the carrying out thereof, constitutes an expenditure made by the person to undertake all or part of such scientific research and experimental development.

Where the first paragraph applies to a taxpayer, the amount deemed to have been paid to the Minister, under any of sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, shall be determined only on the portion of the qualified expenditure in respect of which an amount was otherwise deemed to have been paid to the Minister under any of those sections, reduced by the amount of a contribution referred to in section 1029.8.19.2 in respect of the project or the carrying out thereof."

(2) Subsection 1 applies in respect of any consideration paid after 12 May 1994.

144. (1) Section 1029.8.19.5 of the said Act, enacted by section 157 of chapter 64 of the statutes of 1993, is repealed.

(2) Subsection 1 applies in respect of any consideration paid after 12 May 1994.

145. (1) The said Act is amended by inserting, after section 1029.8.21.2, the following section:

"**1029.8.21.3** Subject to the second paragraph, a taxpayer may be deemed to have paid an amount to the Minister as partial payment of his tax payable for a particular taxation year under any of sections 1029.7, 1029.8, 1029.8.0.2, 1029.8.6, 1029.8.7, 1029.8.7.2, 1029.8.9.0.3, 1029.8.10 and 1029.8.11 in respect of an expenditure that is wages or part of a consideration, or a qualified expenditure or an eligible fee, as the case may be, only if he files with the Minister the prescribed information in prescribed form on or before the day on or before which he is required to file a fiscal return for the taxation year following the particular year or, where the taxpayer is not required to file a return for the year following the particular year, on or before the day on or before which he would be required to file his fiscal return for that year if tax were payable by the taxpayer for that year.

The rule prescribed in the first paragraph does not apply in respect of a particular taxation year, where the Minister reclassifies, for that year, an expenditure referred to in the first paragraph as an expenditure in respect of scientific research and experimental

development and determines the amount deemed to have been paid by the taxpayer to the Minister as partial payment of his tax payable for that year."

(2) Subsection 1 has effect from 22 February 1994 in respect of wages or part of a consideration paid, any qualified expenditure paid or made or any eligible fee paid, as the case may be, at any time. However, where the wages, the part of a consideration or the eligible fee is or are paid, or the qualified expenditure is paid or made, in a taxation year ending before 22 February 1994, the taxpayer may file the form referred to in section 1029.8.21.3 of the Taxation Act, as enacted by subsection 1, on or before the day provided for in that section or (*insert here the date that is the 90th day following the day on which this Act is assented to*), whichever is later.

146. (1) Section 1029.8.22 of the said Act, amended by section 35 of chapter 51 of the statutes of 1993, by section 158 of chapter 64 of the statutes of 1993, by section 50 of chapter 16 of the statutes of 1994 and by section 319 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing the part of the definition of "qualified training activity" preceding paragraph *a*, in the first paragraph, by the following:

" "qualified training activity" in respect of a person who is an eligible employee or an eligible laid-off employee of a qualified corporation or qualified partnership means a course in which the person is enrolled, provided the course is given by a qualified training institution or by an employee acting as an instructor and referred to in sections 1029.8.23.1 to 1029.8.23.4, or a course in which a person who is an eligible employee is enrolled, provided the course is given by an entity outside Québec and if the course has been the subject of an authorization obtained, prior to its beginning, by the qualified corporation or the qualified partnership, as the case may be, from the Société québécoise de développement de la main-d'oeuvre, but does not include";

(2) by replacing subparagraph i of paragraph *b* of the definition of "qualified training activity", in the first paragraph, by the following subparagraph:

"i. the main objective thereof is to increase the eligible employee's or eligible laid-off employee's skills in negotiating or making contracts the object of which is the selling of property or the provision of a service;";

(3) by inserting, after the definition of "non-government assistance", in the first paragraph, the following definition:

" "committee on reclassification" means a committee on reclassification established under section 45 of the Act respecting manpower vocational training and qualification (R.S.Q., chapter F-5);";

(4) by replacing the part of paragraph *c*.1 preceding subparagraph i, in the definition of "qualified training expenditure", in the first paragraph, by the following:

"(*c*.1) in respect of a qualified training activity held in accordance with the terms of a contract in writing entered into between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, or, in the case of a qualified training activity referred to in any of sections 1029.8.23.2 and 1029.8.23.3, an entity referred to in paragraph *d* of each of those sections which is responsible for its organization, before the qualified training activity is held, the product that would be determined under paragraph *c* if";

(5) by replacing paragraphs *c*.2 to *c*.4 of the definition of "qualified training expenditure", in the first paragraph, by the following paragraphs:

"(*c*.2) the product obtained by multiplying the number of remunerated hours during which an employee referred to in section 1029.8.23.1 of the qualified corporation or qualified partnership participated in the taxation year of the qualified corporation or the fiscal period of the qualified partnership, as the case may be, in a qualified training activity offered to an eligible employee or an eligible laid-off employee as an instructor, 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 employee in respect of that part of any period for which he received a remuneration and during which he participated, in that taxation year or fiscal period, in a qualified training activity in respect of which he was acting as an instructor;

"(*c*.3) the product obtained by multiplying the number of remunerated hours during which an employee referred to in section 1029.8.23.1 of an entity referred to in the second paragraph of the said section, other than the qualified corporation or qualified partnership, participated in the taxation year of the qualified corporation or the fiscal period of the qualified partnership, as the case may be, in a qualified training activity offered to an eligible employee as an instructor, by the lesser of $30 and the portion of the expenditure paid

by the qualified corporation or the qualified partnership to that entity which may reasonably be attributed to the wages or salary, paid in currency and computed on an hourly basis, received by the employee in respect of that part of any period for which he received a remuneration and during which he participated, in that taxation year or fiscal period, in a qualified training activity in respect of which he was acting as an instructor;

"(*c*.4) the product obtained by multiplying the number of remunerated hours during which an employee referred to in sections 1029.8.23.2 to 1029.8.23.4 of an entity referred to therein which offers the qualified training activity participated in the taxation year of the qualified corporation or the fiscal period of the qualified partnership, as the case may be, in a qualified training activity offered to an eligible employee as an instructor, by the lesser of $30 and the portion of the expenditure paid by the qualified corporation or the qualified partnership to that entity which may reasonably be attributed to the wages or salary, paid in currency and computed on an hourly basis, received by the employee in respect of that part of any period for which he received a remuneration and during which he participated, in that taxation year or fiscal period, in a qualified training activity in respect of which he was acting as an instructor;";

(6) by striking out paragraph *c*.5 of the definition of "qualified training expenditure", in the first paragraph;

(7) by replacing the part of the definition of "eligible employee" preceding paragraph *a*, in the first paragraph, by the following:

" "eligible employee" of a qualified corporation or a qualified partnership at any particular time in a taxation year or a fiscal period, as the case may be, means an individual, except when he is acting as an instructor, who, at that time, is an employee of an establishment of the qualified corporation or qualified partnership located in Québec, whose contract of employment provides for at least 15 working hours per week, who, except in respect of a qualified training activity in which he participates, held under the terms of a contract in writing entered into between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, or, in the case of a qualified training activity referred to in any of sections 1029.8.23.2 and 1029.8.23.3, an entity referred to in paragraph *d* of each of those sections which is responsible for its organization, before the qualified training activity was held, at any time in the taxation year or the fiscal period, is not, where he is an eligible employee of a qualified partnership, an employee who does not deal at arm's length with a member of the partnership or, where he is an eligible employee of a qualified corporation, a specified shareholder of that corporation

or, where the qualified corporation is a cooperative, a specified member of that corporation, and who, at that particular time, is not";

(8) by inserting, after the definition of "eligible employee", in the first paragraph, the following definition:

" "eligible laid-off employee" of a qualified corporation or a qualified partnership at any particular time in a taxation year or a fiscal period, as the case may be, means an individual laid off by the corporation or partnership as part of a mass layoff who, immediately before his layoff, was an eligible employee of the qualified corporation or qualified partnership, as the case may be;";

(9) by replacing paragraphs *a* and *a*.1 of the definition of "qualified training costs", in the first paragraph, by the following paragraphs:

"(*a*) the aggregate of all amounts each of which is the cost of a qualified training activity, other than such an activity referred to in any of sections 1029.8.23.1 to 1029.8.23.4, in which an eligible employee of the qualified corporation or the qualified partnership, as the case may be, is enrolled that is incurred by the qualified corporation or the qualified partnership directly with the eligible training institution or with the entity located outside Québec offering the qualified training activity or refunded by the qualified corporation or the qualified partnership to the eligible employee where the cost of such an activity has been paid by the employee directly to the eligible training institution or to the entity located outside Québec offering it, to the extent that, in all cases, the cost may reasonably be attributed to training given to that eligible employee;

"(*a*.1) the aggregate of all amounts, other than the portion of an expenditure which may reasonably be attributed to a salary or wages and which is referred to in paragraphs *c*.3 and *c*.4 of the definition of "qualified training expenditure" and other than an amount referred to in paragraphs *d* and *e*, each of which is an amount paid by the qualified corporation or the qualified partnership, as the case may be, directly to an eligible training institution within the framework of a contract referred to in paragraph *d* of the first paragraph of section 1029.8.23.1 or of any of sections 1029.8.23.2 to 1029.8.23.4, in respect of a qualified training activity consisting of a course given to an eligible employee by an employee acting as an instructor, where the involvement of the qualified training institution in respect of that qualified training activity meets the requirements set out in paragraph *e* of the said first paragraph or of those sections, as the case may be;";

(10) by replacing paragraphs *c* to *e* of the definition of "qualified training costs", in the first paragraph, by the following paragraphs:

"(*c*) any amount as travel expenses of a person who is an employee referred to in the first paragraph of section 1029.8.23.1 of the qualified corporation or the qualified partnership, as the case may be, in respect of a qualified training activity offered to an eligible employee, if the establishment of the employer where the person usually reports for work and the place where the qualified training activity is held are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;

"(*d*) any amount which may reasonably be considered to be that portion of the expenditure referred to in section 1029.8.23.1 and paid to an entity referred to in the second paragraph of the said section, other than the qualified corporation and the qualified partnership, which may reasonably be attributed to travel expenses of a person who is an employee of such an entity, in respect of a qualified training activity offered to an eligible employee in which the person participated as an instructor, if the establishment of the employer where the person usually reports for work and the place where the qualified training activity is held are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;

"(*e*) any amount which may reasonably be considered to be that portion of the expenditure referred to in any of sections 1029.8.23.2 to 1029.8.23.4 and paid to an entity referred to therein which offers the qualified training activity, which may reasonably be attributed to travel expenses of a person who is an employee of such an entity, in respect of a qualified training activity offered to an eligible employee and in which the person participated as an instructor, if the establishment of the employer where the person usually reports for work and the place where the qualified training activity is held are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;";

(11) by striking out paragraph *f* of the definition of "qualified training costs", in the first paragraph;

(12) by adding, in the definition of "qualified training costs", in the first paragraph, the following paragraph:

"(*g*) the aggregate of all amounts each of which is costs paid by the qualified corporation or the qualified partnership, as the case may

be, directly to the Société québécoise de développement de la main-d'oeuvre

i. in respect of the filing of the statement referred to in subparagraph i of any of subparagraphs *d* to *d*.2 of the first paragraph of section 1029.8.23, in respect of a qualified training activity, or

ii. for the purpose of obtaining the authorization referred to in the definition of "qualified training activity" in respect of such a qualified training activity;";

(13) by inserting, after the definition of "qualified training costs", in the first paragraph, the following definition:

" "mass layoff " means a collective dismissal within the meaning of the Act respecting manpower vocational training and qualification (R.S.Q., chapter F-5);";

(14) by replacing the part of the third paragraph preceding subparagraph *a* by the following:

"For the purposes of paragraphs *c*.2 to *c*.4 of the definition of "qualified training expenditure", in the first paragraph, the following rules apply:".

(2) Paragraph 1, where it inserts the words "or an eligible laid-off employee" in the part of the definition of "qualified training activity" preceding paragraph *a*, in the first paragraph of section 1029.8.22 of the Taxation Act, paragraphs 2 and 3, paragraph 5, where it replaces paragraph *c*.2 of the definition of "qualified training expenditure" in the said first paragraph, and paragraphs 8 and 13 of subsection 1 apply in respect of expenditures paid after 30 November 1993 in respect of qualified training activities held in accordance with the terms of a contract in writing entered into after that date between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity.

(3) Paragraph 1, except where it inserts the words "or an eligible laid-off employee" in the part of the definition of "qualified training activity" preceding paragraph *a*, in the first paragraph of section 1029.8.22 of the Taxation Act, paragraph 4, paragraph 5, where it replaces paragraphs *c*.3 and *c*.4 of the definition of "qualified training expenditure" in the said first paragraph, paragraphs 6, 7, 9 to 11 and paragraph 14 of subsection 1 apply in respect of a qualified training activity held in accordance with the terms of a contract in writing entered into after 31 August 1993 before the qualified training activity is held.

(4) Paragraph 12 of subsection 1 applies in respect of costs paid to the Société québécoise de développement de la main-d'oeuvre after 14 September 1993.

147. (1) The said Act is amended by inserting, after section 1029.8.22, the following sections:

"**1029.8.22.1** Subject to sections 1029.8.22.2 and 1029.8.23, an expenditure is also deemed to be, from the time determined in the second paragraph, a qualified training expenditure made by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period, provided the expenditure is reasonable in the circumstances, in respect of a qualified training activity offered to an eligible laid-off employee of the qualified corporation or the qualified partnership, as the case may be, corresponding to the proportion referred to in the third paragraph of the aggregate of

(*a*) an amount equal to the cost of the qualified training activity in which an eligible laid-off employee of the qualified corporation or qualified partnership, as the case may be, is enrolled, other than such an activity referred to in any of sections 1029.8.23.1 to 1029.8.23.4, that is paid, with the approval of a committee on reclassification, by a person who is a member of the committee, directly to the qualified training institution offering the qualified training activity, or refunded by such a person, with the committee's approval, to the eligible laid-off employee where the cost of such an activity has been paid by the employee to the qualified training institution offering the activity, to the extent that the cost may reasonably be attributed to training given to that eligible laid-off employee;

(*b*) any amount, other than an amount referred to in paragraph *a*, as travel expenses of an eligible laid-off employee of the qualified corporation or qualified partnership, in respect of the qualified training activity, other than a course given at a distance by a recognized educational institution, that is refunded by a person who is a member of a committee on reclassification, with the committee's approval, to the eligible laid-off employee, provided the establishment of the qualified corporation or the qualified partnership, as the case may be, where the eligible laid-off employee usually reported for work immediately before being laid off and the place where the qualified training activity is attended are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;

(*c*) an amount equal to the product obtained by multiplying the number of remunerated hours during which an employee referred to

in section 1029.8.23.1 of an entity referred to in the second paragraph of that section, other than the qualified corporation or qualified partnership, participated in a qualified training activity as an instructor, by the lesser of $30 and the portion of the expenditure paid, with the approval of a committee on reclassification, by a person who is a member of that committee to that entity which may reasonably be attributed to the wages or salary, paid in currency and computed on an hourly basis, received by the employee in respect of that part of any period for which he received a remuneration and during which he participated in that qualified training activity in respect of which he was acting as an instructor;

(*d*) an amount equal to the product obtained by multiplying the number of remunerated hours during which an employee referred to in any of sections 1029.8.23.2 to 1029.8.23.4 of an entity referred to therein which offers the qualified training activity participated in the qualified training activity as an instructor, by the lesser of $30 and the portion of the expenditure paid, with the approval of a committee on reclassification, by a person who is a member of that committee to that entity, which may reasonably be attributed to the wages or salary, paid in currency and computed on an hourly basis, received by the employee in respect of that part of any period for which he received a remuneration and during which he participated in that qualified training activity in respect of which he was acting as an instructor;

(*e*) an amount as travel expenses of an employee referred to in section 1029.8.23.1 of the qualified corporation or qualified partnership, as the case may be, in respect of the qualified training activity in which the employee participated as an instructor, that is refunded by a person who is a member of a committee on reclassification, with the committee's approval, to the employee, provided the establishment of the employer where the employee usually reports for work and the place where the qualified training activity is held are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;

(*f*) an amount that may reasonably be considered to be equal to the portion of the expenditure referred to in section 1029.8.23.1 paid to an entity referred to in the second paragraph of the said section, other than the qualified corporation and qualified partnership, which may reasonably be attributed to travel expenses of an employee of such an entity, in respect of a qualified training activity in which the employee participated as an instructor, that is refunded by a person who is a member of a committee on reclassification, with the

committee's approval, to the employee, provided the establishment of the employer where the employee usually reports for work and the place where the qualified training activity is held are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;

(*g*) an amount that may reasonably be considered to be equal to the portion of the expenditure referred to in any of sections 1029.8.23.2 to 1029.8.23.4 paid to an entity referred to therein which offers the qualified training activity, which may reasonably be attributed to travel expenses of an employee of such an entity, in respect of a qualified training activity in which the employee participated as an instructor, that is refunded by a person who is a member of a committee on reclassification, with the committee's approval, to the employee, provided the establishment of the employer where the employee usually reports for work and the place where the qualified training activity is held are not located in the same municipality or, as the case may be, the same metropolitan region and are at least 40 kilometres apart;

(*h*) an amount, other than an amount referred to in paragraphs *c* to *g*, that is paid, with the approval of a committee on reclassification, by a person who is a member of the committee, directly to the qualified training institution within the framework of a contract referred to in paragraph *d* of the first paragraph of section 1029.8.23.1 or of any of sections 1029.8.23.2 to 1029.8.23.4, in respect of a qualified training activity consisting of a course given by an employee acting as an instructor, where the involvement of the qualified training institution in respect of that qualified training activity meets the requirements set out in paragraph *e* of the said first paragraph or of those sections, as the case may be; and

(*i*) an amount as costs paid in respect of the filing of the statement referred to in subparagraph i of any of subparagraphs *d* to *d*.2 of the first paragraph of section 1029.8.23 to the Société québécoise de développement de la main-d'oeuvre, in respect of a qualified training activity, with the approval of a committee on reclassification, by a person who is a member of that committee.

The time referred to in the first paragraph is the day in the taxation year or fiscal period referred to therein on which the Société québécoise de développement de la main-d'oeuvre issues a certificate in respect of the qualified training activity referred to in that paragraph.

The proportion to which the first paragraph refers is the proportion that the amount of the contribution of the qualified

corporation or qualified partnership referred to therein to the committee on reclassification in respect of the qualified training activity, as attested by the certificate referred to in the first paragraph and issued in respect of that activity, is of the aggregate of the contributions made to the committee on reclassification in respect of that activity.

For the purposes of subparagraphs *c* and *d* of the first paragraph, the rules set out in subparagraphs *a* to *c* of the third paragraph of section 1029.8.22 apply.

In applying the definition of "qualified corporation" in the first paragraph of section 1029.8.22 to this section, a corporation or a partnership is deemed both to carry on a business and to have an establishment in Québec where the corporation or partnership, as the case may be, carried on a business and had an establishment in Québec immediately before the mass layoff to which an eligible laid-off employee is a party.

"**1029.8.22.2** Where a qualified training activity is offered both to an eligible employee and an eligible laid-off employee of the same qualified corporation or both to an eligible employee and an eligible laid-off employee of the same qualified partnership and an expenditure referred to in section 1029.8.22.1 is incurred by the corporation or partnership, as the case may be, within the framework of the qualified training activity, that expenditure is deemed to be a qualified training expenditure determined in accordance with that section only to the extent that it does not include an expenditure or part of an expenditure, in respect of the corporation or partnership, as a qualified training expenditure related to that qualified training activity under section 1029.8.22."

(2) Subsection 1 applies in respect of expenditures paid after 30 November 1993 in respect of a qualified training activity held in accordance with the terms of a contract in writing entered into after that date between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity.

148. (1) Section 1029.8.23 of the said Act, amended by section 159 of chapter 64 of the statutes of 1993, is again amended

(1) by replacing the part of subparagraph *a* of the first paragraph preceding subparagraph ii by the following:

"(*a*) an expenditure, other than an expenditure referred to in any of sections 1029.8.23.1 to 1029.8.23.4, made by a qualified corporation

or a qualified partnership and related to a qualified training activity, where the instructor, in respect of the activity, is

i. a particular employee, a specified shareholder or a specified member of the qualified corporation or of a corporation with which the qualified corporation does not deal at arm's length,

i.1 a particular employee of the qualified partnership or a particular employee, a specified shareholder or a specified member of a qualified corporation that is a member of the qualified partnership, or of a corporation with which such a qualified corporation does not deal at arm's length, or";

(2) by replacing subparagraphs 1 and 2 of subparagraph ii of subparagraph *a* of the first paragraph by the following subparagraphs:

"(1) a particular employee, a specified shareholder or a specified member of the qualified corporation or of a corporation with which the qualified corporation does not deal at arm's length, or

"(2) a particular employee of the qualified partnership or a particular employee, a specified shareholder or a specified member of a qualified corporation that is a member of the qualified partnership, or of a corporation with which such a qualified corporation does not deal at arm's length, or";

(3) by replacing subparagraphs *b* to *c*.1 of the first paragraph by the following subparagraphs:

"(*b*) an expenditure, other than an expenditure referred to in any of sections 1029.8.23.1 to 1029.8.23.4, related to a qualified training activity offered

i. by a federation, confederation, cooperative, association, group or other form of affiliation, by a member of such an entity, other than a recognized educational institution, by a corporation with which any such entity or member does not deal at arm's length, or by a partnership one member of which does not deal at arm's length with such an entity or member, to an eligible employee or an eligible laid-off employee of such an entity or of a member of any such entity or to an eligible employee or an eligible laid-off employee of a qualified corporation or qualified partnership that is a member of such an entity that is itself a member of any such entity, or

ii. a franchisor, a person with whom the franchisor does not deal at arm's length or a franchisee, to an eligible employee or an eligible

laid-off employee of the franchisor or of a franchisee, as part of the carrying out of a distributorship contract;

"(*c*) an expenditure, other than an expenditure referred to in any of sections 1029.8.23.1 to 1029.8.23.4, of a qualified corporation related to a qualified training activity offered by an entity with which the qualified corporation or a specified shareholder or a specified member of the qualified corporation does not deal at arm's length;

"(*c*.1) an expenditure, other than an expenditure referred to in any of sections 1029.8.23.1 to 1029.8.23.4, of a qualified partnership related to a qualified training activity offered by an entity with which a member of that partnership does not deal at arm's length or with which a specified shareholder or a specified member of a corporation that is a member of that partnership does not deal at arm's length;";

(4) by replacing the part of subparagraph *d* of the first paragraph preceding subparagraph i by the following:

"(*d*) an expenditure related to a qualified training activity, other than such an activity offered by an entity outside Québec which is required to obtain an authorization referred to in the definition of "qualified training activity" set forth in the first paragraph of section 1029.8.22, attended by an eligible employee or an eligible laid-off employee of a qualified corporation in an establishment thereof or of a person with whom the qualified corporation does not deal at arm's length, or by an eligible employee or an eligible laid-off employee of a qualified partnership in an establishment thereof, any of its members or a person with whom one of its members does not deal at arm's length, if";

(5) by replacing the part of subparagraph *d*.1 of the first paragraph preceding subparagraph i by the following:

"(*d*.1) an expenditure related to a qualified training activity referred to in any of sections 1029.8.23.1 and 1029.8.23.4, if";

(6) by inserting, after subparagraph *d*.1 of the first paragraph, the following subparagraph:

"(*d*.2) an expenditure related to a qualified training activity referred to in any of sections 1029.8.23.2 and 1029.8.23.3, if

i. the statement, in respect of the qualified training activity, required to be filed with the Société québécoise de développement de la main-d'oeuvre by the entity responsible for its organization, is not filed before the qualified training activity is held, or

ii. the Société québécoise de développement de la main-d'oeuvre issues an unfavourable ruling in respect of the qualified training activity to the Minister;";

(7) by striking out subparagraph *f* of the first paragraph.

(2) Paragraph 1, where it replaces the part of subparagraph *a* of the first paragraph of section 1029.8.23 of the Taxation Act preceding subparagraph i, paragraph 3, except where it inserts, in subparagraph i of subparagraph *b* of the said first paragraph, the words ",other than a recognized educational institution," and, in subparagraphs i and ii of that subparagraph *b*, a reference to an eligible laid-off employee, paragraph 5 and paragraph 6 of subsection 1 apply in respect of a qualified training activity held in accordance with the terms of a contract in writing, entered into after 31 August 1993, between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity. However, where subparagraphs *c* and *c*.1 of the first paragraph of the said section 1029.8.23, as enacted by paragraph 3 of subsection 1, apply in respect of expenditures made as part of a qualified training activity, otherwise than in accordance with the terms of such a contract in writing, they shall be read as follows:

"(*c*) an expenditure of a qualified corporation related to a qualified training activity offered by an entity with which the qualified corporation or a specified shareholder or a specified member of the qualified corporation does not deal at arm's length;

"(*c*.1) an expenditure of a qualified partnership related to a qualified training activity offered by an entity with which a member of that partnership does not deal at arm's length or with which a specified shareholder or a specified member of a corporation that is a member of that partnership does not deal at arm's length;".

(3) Paragraph 1, except where it replaces the part of subparagraph *a* of the first paragraph of section 1029.8.23 of the Taxation Act preceding subparagraph i, paragraph 2 and paragraph 3, where it inserts, in subparagraph i of subparagraph *b* of the said first paragraph, the words ",other than a recognized educational institution,", of subsection 1 have effect from 27 April 1990.

(4) Paragraph 3, where it inserts, in subparagraphs i and ii of subparagraph *b* of the first paragraph of section 1029.8.23 of the Taxation Act, a reference to an eligible laid-off employee, and paragraph 4 of subsection 1 apply in respect of expenditures paid after

30 November 1993 in respect of a qualified training activity held in accordance with the terms of a contract in writing entered into after that date between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity.

(5) Paragraph 7 of subsection 1 has effect from 1 January 1994.

149. (1) Section 1029.8.23.1 of the said Act, enacted by section 160 of chapter 64 of the statutes of 1993, is amended, in the first paragraph, by striking out the word "and" at the end of subparagraph *d* and by adding, after subparagraph *e*, the following subparagraphs:

"(*f*) where the qualified training institution referred to in subparagraph *d* is a person, the person deals at arm's length

i. with the qualified corporation and any specified shareholder or specified member of the qualified corporation, or

ii. with any member of the qualified partnership and any specified shareholder or specified member of any corporation that is a member of that partnership; and

"(*g*) where the qualified training institution referred to in subparagraph *d* is a partnership, all the members of the partnership deal at arm's length with the persons described in subparagraph i or ii, as the case may be, of subparagraph *f*."

(2) Subsection 1 applies in respect of qualified training activities held in accordance with the terms of a contract in writing entered into after 31 August 1993.

150. (1) Section 1029.8.23.2 of the said Act, enacted by section 160 of chapter 64 of the statutes of 1993, is amended

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

"**1029.8.23.2** Subparagraph *b* of the first paragraph of section 1029.8.23 does not apply to an expenditure, for a taxation year or a fiscal period, as the case may be, relating to a qualified training activity offered by an entity that is a federation, confederation, cooperative, association, group or other form of affiliation, by a member of such an entity, by a corporation with which such an entity or such a member does not deal at arm's length, or by a partnership one of whose members does not deal at arm's length with such an entity or such a member, to an eligible employee or an eligible laid-off employee of such an entity or of a member of such an entity or to an

eligible employee or an eligible laid-off employee of a qualified corporation or a qualified partnership that is a member of such an entity which is itself a member of such an entity, where the instructor, in respect of the activity, is an employee of the entity offering the qualified training activity and";

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

"(*d*) a contract in writing, in respect of the qualified training activity, is entered into, before the activity is held, between a qualified training institution and the entity responsible for its organization;";

(3) by striking out the word "and" at the end of paragraph *e* and by inserting, after paragraph *e*, the following paragraphs:

"(*e*.1) where the qualified training institution referred to in paragraph *d* is a person, the person deals at arm's length

i. with any qualified corporation one of whose eligible employees participates in the qualified training activity and any specified shareholder or specified member of the qualified corporation, or

ii. with any member of a qualified partnership one of whose eligible employees participates in the qualified training activity and any specified shareholder or specified member of any corporation that is a member of that partnership;

"(*e*.2) where the qualified training institution referred to in paragraph *d* is a partnership, all the members of the partnership deal at arm's length with the persons described in subparagraph i or ii, as the case may be, of paragraph *e*.1; and";

(4) by replacing subparagraphs 1 to 3 of paragraph *f* by the following subparagraphs:

"i. of the entity employing him, an entity of which the entity is a member or a member of the entity,

"ii. of a corporation with which the entity employing him, an entity of which it is a member or a member of the entity does not deal at arm's length, or

"iii. of a partnership one of whose members does not deal at arm's length with the entity employing him, an entity of which it is a member or a member of the entity."

(2) Subsection 1 applies in respect of qualified training activities held in accordance with the terms of a contract in writing entered into

after 31 August 1993. However, where the part of section 1029.8.23.2 of the Taxation Act preceding paragraph *a*, as enacted by paragraph 1 of subsection 1, applies in respect of expenditures paid before 1 December 1993 in respect of qualified training activities held in accordance with the terms of a contract in writing entered into before that date between a qualified training institution and a qualified corporation or qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity, it shall be read without reference to the words "or an eligible laid-off employee", wherever they appear.

151. (1) Section 1029.8.23.3 of the said Act, enacted by section 160 of chapter 64 of the statutes of 1993, is amended

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

"**1029.8.23.3** Subparagraph *b* of the first paragraph of section 1029.8.23 does not apply to an expenditure, for a taxation year or a fiscal period, as the case may be, relating to a qualified training activity offered by a person or partnership that is a franchisor, by a person with whom the person or a person who is a member of the partnership does not deal at arm's length or by a franchisee, where the training activity may reasonably be considered not to relate to the acquisition of a franchise, where the instructor, in respect of the activity, is an employee of the entity offering the qualified training activity and";

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

"(*d*) a contract in writing, in respect of the qualified training activity, is entered into, before the activity is held, between a qualified training institution and the entity responsible for its organization;";

(3) by inserting, after paragraph *e*, the following paragraphs:

"(*e*.1) where the qualified training institution referred to in paragraph *d* is a person, the person deals at arm's length

i. with any qualified corporation one of whose eligible employees participates in the qualified training activity and a specified shareholder or specified member of the qualified corporation, or

ii. with any member of a qualified partnership one of whose eligible employees participates in the qualified training activity and any specified shareholder or specified member of any corporation that is a member of that partnership;

"(*e*.2) where the qualified training institution referred to in paragraph *d* is a partnership, all the members of the partnership deal at arm's length with the persons described in subparagraph i or ii, as the case may be, of paragraph *e*.1; and";

(4) by replacing subparagraphs 1 to 3 of paragraph *f* by the following subparagraphs:

"i. of the person or partnership employing him,

"ii. of a corporation with which the person employing him or a person who is a member of the partnership employing him does not deal at arm's length, or

"iii. of a partnership one of whose members does not deal at arm's length with the person employing him or a person who is a member of the partnership employing him."

(2) Subsection 1 applies in respect of qualified training activities held in accordance with the terms of a contract in writing entered into after 31 August 1993.

152. (1) The said Act is amended by inserting, after section 1029.8.23.3, enacted by section 160 of chapter 64 of the statutes of 1993, the following section:

"**1029.8.23.4** Subparagraphs *c* and *c*.1 of the first paragraph of section 1029.8.23 do not apply to an expenditure made in a taxation year by a qualified corporation or in a fiscal period by a qualified partnership, as the case may be, that related to a qualified training activity offered by an entity with which, in the case of a qualified corporation, the qualified corporation or a specified shareholder or a specified member of the qualified corporation does not deal at arm's length or with which, in the case of a qualified partnership, a member of that partnership does not deal at arm's length or with which a specified shareholder or a specified member of a corporation that is a member of that partnership does not deal at arm's length, where the instructor, in respect of that activity, is an employee of the entity offering the qualified training activity and

(*a*) the main duties of the employee, for the year or period, are not those of a training agent or training officer for the entity offering the training activity;

(*b*) the employee is a specialist in the field related to the training activity concerned;

(*c*) the employee is not an employee in respect of whom it may reasonably be considered

i. that one of the purposes for which he is employed by the entity offering the qualified training activity is to enable the qualified corporation or a qualified corporation that is a member of the qualified partnership to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.25 or 1029.8.25.1, as the case may be, or

ii. that the conditions of employment with the entity offering the qualified training activity have been modified mainly for the purpose of enabling the qualified corporation or a qualified corporation that is a member of the qualified partnership to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.25 or 1029.8.25.1, as the case may be, or to increase an amount which the qualified corporation or a qualified corporation that is a member of the qualified partnership would be deemed, but for this subparagraph, to have paid to the Minister under either of the said sections in respect of the employee;

(*d*) a contract in writing, in respect of the qualified training activity, is entered into, before the activity is held, between a qualified training institution and the qualified corporation or the qualified partnership, as the case may be;

(*e*) the involvement of the qualified training institution in the preparation and elaboration of the qualified training activity is real and reasonable in the circumstances, having regard to the pedagogical support offered to the employee acting as an instructor, the organization of the training activity and the preparation of the instructional material;

(*f*) where the qualified training institution referred to in paragraph *d* is a person, the person deals at arm's length

i. with the qualified corporation and a specified shareholder or specified member of the qualified corporation, or

ii. with any member of the qualified partnership and a specified shareholder or specified member of any corporation that is a member of that partnership; and

(*g*) where the qualified training institution referred to in paragraph *d* is a partnership, all the members of the partnership deal at arm's length with the persons described in subparagraph i or ii, as the case may be, of paragraph *f*."

(2) Subsection 1 applies in respect of qualified training activities held in accordance with the terms of a contract in writing entered into after 31 August 1993.

153. (1) Section 1029.8.24 of the said Act, amended by section 161 of chapter 64 of the statutes of 1993, is again amended

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

"(*a*) an amount paid or payable in respect of the consumption, by an employee or an eligible laid-off employee, of food or beverages is deemed to be equal to the amount deemed to be paid or payable in that respect under Division I of Chapter I.1 of Title VII of Book III;

"(*b*) an amount paid or payable by a corporation or a partnership in respect of an allowance for the use of an automobile by an employee, or by a person who is a member of a committee on reclassification, with the committee's approval, in respect of an allowance for the use of an automobile by an employee or an eligible laid-off employee of a corporation or partnership, in respect of a qualified training activity, is deemed to be equal, in the case of the corporation or partnership, to the amount deductible in respect thereof by the corporation or the partnership in computing its income to the extent provided for in section 133.2.1 and, in the case of the committee on reclassification, to the amount that would be deductible in respect thereof by the committee on reclassification if that committee were a taxpayer;";

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

"(*g*) any qualified training expenditure that is made by a qualified corporation or a qualified partnership and that corresponds to qualified training costs or to an expenditure referred to in section 1029.8.22.1 must be reduced by the amount of the expenditure representing consideration for the disposition of property for the benefit of the qualified corporation or a person with whom the qualified corporation does not deal at arm's length, or for the benefit of the qualified partnership, one of its members or a person with whom one of its members does not deal at arm's length, except to the extent that such consideration may reasonably be considered to relate to the portion of the property that was consumed, as the case may be, within the framework of the qualified training activity in which an employee of the qualified corporation or the qualified partnership has participated;".

(2) Subsection 1 applies in respect of expenditures paid after 30 November 1993 in respect of a qualified training activity held in

accordance with the terms of a contract in writing entered into after that date between a qualified training institution and a qualified corporation or qualified partnership, as the case may be, or an entity responsible for the organization of the qualified training activity.

154. (1) Section 1029.8.25 of the said Act, replaced by section 162 of chapter 64 of the statutes of 1993, is amended by replacing the first paragraph by the following paragraph:

"**1029.8.25** A qualified corporation that makes a qualified training expenditure in a taxation year and encloses, with its fiscal return it is required to file for the year under section 1000, a prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the last day of that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to

(*a*) 20% of the amount of that expenditure,

i. where it corresponds to the incurred portion of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, if it is made before 1 January 1997, and

ii. in other cases, if the qualified training activity to which it relates is completed before 1 January 1997; and

(*b*) 10% of the amount of that expenditure,

i. where it corresponds to the incurred portion of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, if it is made after 31 December 1996, and

ii. in other cases, if the qualified training activity to which it relates is completed after 31 December 1996."

(2) Subsection 1 applies in respect of an expenditure or the portion of a cost, incurred after 20 May 1993. However,

(*a*) where that part which precedes subparagraph *a* of the first paragraph of section 1029.8.25 of the Taxation Act, as enacted by subsection 1, applies in respect of an amount representing the portion, incurred before 17 December 1993, of the cost of a training plan, it shall be read as follows:

"**1029.8.25** A qualified corporation that makes a qualified training expenditure in a taxation year and encloses, with its fiscal

return it is required to file for the year under section 1000, a prescribed form containing the prescribed information is deemed to have paid to the Minister, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to";

(*b*) where the first paragraph of section 1029.8.25 of the Taxation Act, as enacted by subsection 1, applies before (*insert here the date of assent to this Act*),

i. any reference in subparagraph *a* thereof to "1997" shall be read as a reference to "1995", and

ii. any reference in subparagraph *b* thereof to "1996" shall be read as a reference to "1994".

155. (1) Section 1029.8.25.1 of the said Act, amended by section 163 of chapter 64 of the statutes of 1993 and by section 320 of chapter 22 of the statutes of 1994, is again amended by replacing the first paragraph by the following paragraph:

"**1029.8.25.1** Where a qualified partnership makes a qualified training expenditure at any particular time, each qualified corporation that is a member of that partnership throughout the period commencing at that particular time and ending at the end of a fiscal period of the qualified partnership in which the expenditure is made and encloses, with its fiscal return it is required to file under section 1000 for its taxation year in which the fiscal period of the partnership ends, a prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the last day of that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to

(*a*) 20% of its share of the amount of that expenditure,

i. where the expenditure corresponds to the incurred portion of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, if it is made before 1 January 1997, and

ii. in other cases, if the qualified training activity to which it relates is completed before 1 January 1997; and

(*b*) 10% of its share of the amount of that expenditure,

i. where the expenditure corresponds to the incurred portion of the cost of a training plan or of the portion of the cost of any plan that may reasonably be attributed to a training plan, if it is made after 31 December 1996, and

ii. in other cases, if the qualified training activity to which it relates is completed after 31 December 1996."

(2) Subsection 1 applies in respect of an expenditure or the portion of a cost, incurred after 20 May 1993. However,

(*a*) where that part which precedes subparagraph *a* of the first paragraph of section 1029.8.25.1 of the Taxation Act, as enacted by subsection 1, applies in respect of an amount representing the portion, incurred before 17 December 1993, of the cost of a training plan, it shall be read as follows:

"**1029.8.25.1** Where a qualified partnership makes a qualified training expenditure at any particular time, each qualified corporation that is a member of that partnership throughout the period commencing at that particular time and ending at the end of a fiscal period of the qualified partnership in which the expenditure is made and encloses, with its fiscal return it is required to file under section 1000 for its taxation year in which the fiscal period of the partnership ends, a prescribed form containing the prescribed information, is deemed to have paid to the Minister, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to";

(*b*) where the first paragraph of section 1029.8.25.1 of the Taxation Act, as enacted by subsection 1, applies before (*insert here the date of assent to this Act*),

i. any reference in subparagraph *a* thereof to "1997" shall be read as a reference to "1995", and

ii. any reference in subparagraph *b* thereof to "1996" shall be read as a reference to "1994".

156. (1) The said Act is amended by inserting, after section 1029.8.33.1, enacted by section 166 of chapter 64 of the statutes of 1993, the following:

"DIVISION II.5.1

"CREDIT FOR ON-THE-JOB TRAINING PERIODS

"§ 1.—*Definitions and general provisions*

"**1029.8.33.2** In this division,

"eligible trainee" of a qualified corporation or qualified partnership at any particular time in a taxation year or fiscal period,

as the case may be, means an individual who, at that time, is serving a training period in an establishment located in Québec of the qualified corporation or qualified partnership and who is either

(*a*) an apprentice, within the meaning of the Act respecting manpower vocational training and qualification (R.S.Q., chapter F-5), enrolled in the Régime d'apprentissage administered by the Société québécoise de développement de la main-d'oeuvre and established under section 29.1 of that Act, or

(*b*) an individual who is enrolled as a full-time student in a secondary-level or college-level education program, offered by a recognized educational institution, which provides for one or more training periods totalling at least 280 hours during the course of the program;

"eligible supervisor" of a qualified corporation or qualified partnership, at any particular time in a taxation year or fiscal period, as the case may be, means an individual who, at that time, is an employee of an establishment located in Québec of the qualified corporation or qualified partnership, whose contract of employment provides for at least 15 hours of work per week and who, at that particular time, is not

(*a*) an employee in respect of whom it may reasonably be considered that one of the main reasons of his being in the employment of the qualified corporation or qualified partnership is to allow the qualified corporation or a qualified corporation that is a member of the qualified partnership to be deemed to have paid an amount to the Minister under section 1029.8.33.6 or 1029.8.33.7, as the case may be, in respect of the employee, or

(*b*) an employee in respect of whom it may reasonably be considered that the conditions of employment with the qualified corporation or qualified partnership have been changed mainly either to allow the qualified corporation or a qualified corporation that is a member of the qualified partnership to be deemed to have paid an amount to the Minister under section 1029.8.33.6 or 1029.8.33.7, as the case may be, in respect of the employee or to increase an amount that the qualified corporation or a qualified corporation that is a member of the qualified partnership would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee;

"government assistance" means assistance from a government, municipality or other public authority, whether as a grant, subsidy,

forgivable loan, deduction from tax, investment allowance or as any other form of assistance;

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

"qualified corporation", for a taxation year, means a corporation that carries on business and has an establishment in Québec in the year and all or substantially all the gross revenue of which is derived from the carrying on of a qualified business, for the year, but does not include

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

(*b*) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985,

(*c*) a corporation all or substantially all the gross revenue of which is derived from the operation of an international financial centre, for the year, or

(*d*) 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);

"qualified expenditure" made by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period means, subject to section 1029.8.33.5, the aggregate of all amounts each of which is an expenditure, provided it is reasonable in the circumstances, incurred by the corporation in the taxation year or by the partnership in the fiscal period, as the case may be, in respect of an eligible trainee, within the framework of a qualified training period, and related to a business carried on by the corporation or partnership in Québec, corresponding to the aggregate of

(*a*) the amount determined under section 1029.8.33.3 in respect of the eligible trainee for a week completed in the taxation year or fiscal period, as the case may be,

(*b*) the least of

i. the amount of a repayment of assistance referred to in subparagraph *c* of the second paragraph of section 1029.8.33.3 paid in respect of the wages or salary of an eligible trainee,

ii. the amount by which the wages or salary of the eligible trainee in respect of which the assistance referred to in subparagraph i was paid exceeds the aggregate of all amounts each of which is an amount determined under this paragraph in respect of those wages or that salary for a preceding taxation year or fiscal period, and

iii. the amount by which the amount determined under subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.33.3 in respect of the wages or salary of the eligible trainee in respect of which the assistance referred to in subparagraph i was paid exceeds the aggregate, in respect of those wages or that salary, of the amount determined under subparagraph i of that subparagraph *a* and of all amounts each of which is an amount determined under this paragraph for a preceding taxation year or fiscal period, and

(*c*) the least of

i. the amount of a repayment of assistance referred to in subparagraph *f* of the second paragraph of section 1029.8.33.3 paid in respect of the wages or salary of an eligible supervisor,

ii. the amount by which the wages or salary of the eligible supervisor in respect of which the assistance referred to in subparagraph i was paid exceeds the aggregate of all amounts each of which is an amount determined under this paragraph in respect of those wages or that salary for a preceding taxation year or fiscal period, and

iii. the amount by which the amount determined under subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.3 in respect of the wages or salary of the eligible supervisor in respect of which the assistance referred to in subparagraph i was paid exceeds the aggregate, in respect of those wages or that salary, of the amount determined under subparagraph i of that subparagraph *b* and of all amounts each of which is an amount determined under this paragraph for a preceding taxation year or fiscal period;

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

"qualified training period" means a period of practical training served by an eligible trainee of a qualified corporation or qualified

partnership under the supervision of an eligible supervisor of the corporation or partnership, as the case may be;

"recognized educational institution", at any particular time, means an educational institution which, at that time, is

(*a*) a secondary-level or college-level educational institution under the authority of the Ministère de l'Éducation,

(*b*) an educational institution accredited for purposes of subsidies pursuant to section 77 of the Act respecting private education (R.S.Q., chapter E-9.1),

(*c*) an educational institution appearing on the list established by the Minister of Education 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), or

(*d*) an educational institution operated by a person holding a permit issued, for that educational institution, by the Minister of Education pursuant to section 12 of the Act respecting private education, provided that it offers a vocational education or vocational training program referred to in Chapter I of that Act;

"Société québécoise de développement de la main-d'oeuvre" means the Société established under section 1 of the Act respecting the Société québécoise de développement de la main-d'oeuvre (R.S.Q., chapter S-22.001).

For the purposes of the definition of "qualified expenditure" in the first paragraph, an amount of assistance referred to in subparagraph *c* or *f*, as the case may be, of the second paragraph of section 1029.8.33.3 is deemed to be repaid by a qualified corporation in a taxation year, by a qualified partnership in a fiscal period or by a qualified corporation that is a member of a qualified partnership in a taxation year in which a fiscal period of the partnership ends, as the case may be, where that amount

(*a*) in the case of assistance referred to in subparagraph *c* of the second paragraph of section 1029.8.33.3, was applied, because of subparagraph *a* of the first paragraph of that section, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the qualified corporation or a qualified corporation that is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7,

(*b*) in the case of assistance referred to in subparagraph *f* of the second paragraph of section 1029.8.33.3, was applied, because of subparagraph *b* of the first paragraph of that section, in reduction of a qualified expenditure or of a share of a qualified expenditure for the purpose of computing the amount that the qualified corporation or a qualified corporation that is a member of the qualified partnership, as the case may be, is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7,

(*c*) was not received by the qualified corporation, the qualified partnership or a qualified corporation that is a member of the qualified partnership, and

(*d*) ceased, in the taxation year, the fiscal period or the taxation year in which the fiscal period of the partnership ends, to be an amount that the qualified corporation, the qualified partnership or the qualified corporation that is a member of the qualified partnership, as the case may be, can reasonably expect to receive.

"**1029.8.33.3** The amount referred to in paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.2 is equal to the lesser of $500 and the aggregate of

(*a*) the lesser of

i. the amount determined by the formula

$$(A \times B) - C, \text{ and}$$

ii. the amount obtained by multiplying the number of hours of work done by the eligible trainee within the framework of the qualified training period during the week by $15; and

(*b*) the total of all amounts each of which represents, in respect of an eligible supervisor of the qualified corporation or qualified partnership, as the case may be, having supervised the eligible trainee during the week within the framework of the qualified training period, the lesser of

i. the amount determined by the formula

$$(D \times E) - F, \text{ and}$$

ii. the amount obtained by multiplying the number of hours, determined under section 1029.8.33.4, devoted by an eligible supervisor to the supervision of an eligible trainee during the week within the framework of the qualified training period by $30.

For the purposes of the formulas in the first paragraph,

(*a*) A is the wages or salary, paid in currency and computed on an hourly basis, received by the eligible trainee in respect of the week within the framework of the qualified training period;

(*b*) B is the number of hours of work done by the eligible trainee during the week within the framework of the qualified training period;

(*c*) C is the amount of any government assistance or non-government assistance that the qualified corporation or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of the eligible trainee's wages or salary referred to in subparagraph *a*

i. in the case of the qualified corporation, at the time of the filing of its fiscal return for that taxation year, and

ii. where a qualified corporation is a member of the qualified partnership, at the time of the filing, by the qualified corporation, of its fiscal return for the taxation year of the corporation in which the fiscal period of the qualified partnership ends;

(*d*) D is the wages or salary, paid in currency and computed on an hourly basis, received by the eligible supervisor in respect of the week for the hours of supervision referred to in paragraph *e*;

(*e*) E is the number of hours, determined under section 1029.8.33.4, devoted by the eligible supervisor to the supervision of the eligible trainee during the week within the framework of the qualified training period; and

(*f*) F is the amount of any government assistance or non-government assistance that the qualified corporation or qualified partnership, as the case may be, has received, is entitled to receive or can reasonably expect to receive in respect of the eligible supervisor's wages or salary referred to in subparagraph *d*

i. in the case of the qualified corporation, at the time of the filing of its fiscal return for that taxation year, and

ii. where a qualified corporation is a member of the qualified partnership, at the time of the filing, by the qualified corporation, of its fiscal return for the taxation year of the corporation in which the fiscal period of the qualified partnership ends.

For the purposes of this section,

(*a*) the number of hours during which an eligible trainee participated, during a week, in a qualified training period only includes the hours during which he worked, during the week, either for the qualified corporation or a person with whom it was not dealing at arm's length, or for the qualified partnership or a person with whom one of its members was not dealing at arm's length, that may reasonably be considered as necessary to complete the qualified training period;

(*b*) the wages or salary is the income computed under Chapters I and II of Title II of Book III but does not include directors' fees, premiums, incentive bonuses, overtime compensation, other than remuneration related to a qualified training period, commissions or benefits contemplated in Division II of Chapter II of Title II of Book III; and

(*c*) where the conditions of the contract of employment of an eligible trainee or eligible supervisor do not allow his wages or salary to be computed on an hourly basis, the amount thereof is deemed to be equal to the quotient obtained by dividing his wages or salary computed on an annual basis by 2 080.

"**1029.8.33.4** The number of hours referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.3 and in subparagraph *e* of the second paragraph of that section is the least of

(*a*) the number of hours devoted by the eligible supervisor to the supervision of the eligible trainee during that week,

(*b*) the number of hours obtained by multiplying such proportion as the number of hours devoted by the eligible supervisor to the supervision of the eligible trainee during that week is of the total number of hours devoted to the supervision of the eligible trainee by any eligible supervisor during that week by 10, and

(*c*) where the qualified training period is served within the framework of an education program offered by a recognized educational institution, the number of hours corresponding to such proportion of the number of hours of supervision of the eligible trainee by an eligible supervisor that are required by the recognized educational institution for that week as the number of hours devoted to the supervision of the eligible trainee by the eligible supervisor during that week is of the total number of hours devoted to the supervision of the eligible trainee by any eligible supervisor during that week.

For the purposes of subparagraphs *a* to *c* of the first paragraph, where within the framework of one or more qualified training periods, an eligible supervisor devotes an hour or part of an hour to supervising several eligible trainees simultaneously, the time the eligible supervisor devotes to each such eligible trainee is deemed to be such proportion of that hour or part of an hour as 1 is of the number of such eligible trainees.

"**1029.8.33.5** For the purposes of this division, a qualified expenditure does not include an expenditure that is, for an eligible trainee or eligible supervisor, a benefit which he is or would be required, but for the third paragraph of section 38 where it refers to a benefit in respect of counselling services, to include in computing his income for a taxation year under Division II of Chapter II of Title II of Book III or section 111.

"§ 2.—*Credit*

"**1029.8.33.6** A qualified corporation that makes a qualified expenditure in a taxation year and encloses, with its fiscal return it is required to file for the year under section 1000, a prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the last day of that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to 40% of the amount of the expenditure if the qualified training period to which it relates begins before 1 July 1997.

For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, under section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or under any of sections 1145, 1159.7 and 1175 where the latter sections refer to subparagraph *a* of the first paragraph of section 1027, the corporation is deemed to have paid to the Minister, as partial payment of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment must be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

"**1029.8.33.7** Where a qualified partnership makes a qualified expenditure at any particular time, each qualified corporation that is a member of that partnership throughout the period commencing at that particular time and ending at the end of the fiscal period of the

qualified partnership in which the expenditure is made and encloses, with its fiscal return it is required to file under section 1000 for its taxation year in which the fiscal period of the partnership ends, a prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the last day of that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to 40% of its share of the expenditure if the qualified training period to which it relates begins before 1 July 1997.

For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, under section 1159.11 if the first paragraph thereof were read without reference to "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or under any of sections 1145, 1159.7 and 1175 where the latter sections refer to subparagraph *a* of the first paragraph of section 1027, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, as partial payment of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on which the fiscal period ends where that date coincides with the date on or before which the corporation is required to make such a payment or, in other cases, on the first date following the end of that fiscal period which is the date on or before which it is required to make such a payment, the amount determined for the year in its respect under the first paragraph.

For the purposes of the first paragraph, the share of a qualified corporation in a qualified expenditure made by a qualified partnership of which it is a member is equal to such proportion of that expenditure as the interest of the qualified corporation, for the fiscal period of the partnership ending in its taxation year, in the profits of the qualified partnership is of the aggregate of the interest of all members in the profits of the qualified partnership for that fiscal period.

"**1029.8.33.8** Where, in respect of a qualified expenditure made by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period in respect of a qualified training period, a person or a partnership has obtained, is entitled to obtain or can reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the qualified training period, the following rules apply:

(*a*) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the qualified corporation under section 1029.8.33.6, the amount of the qualified expenditure shall be reduced by the amount of the benefit or advantage the person or partnership has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing of the qualified corporation's fiscal return for that taxation year; and

(*b*) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.7 by a qualified corporation that is a member of the qualified partnership for its taxation year in which that fiscal period ends, the qualified corporation's share of the amount of the qualified expenditure shall be reduced, where applicable,

i. by its share of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing, by the qualified corporation, of its fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was made ends, and

ii. by the amount of the benefit or advantage that the qualified corporation or a person with whom it does not deal at arm's length has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing of its or his fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was made ends.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of the benefit or advantage which a partnership or a person other than a person referred to in subparagraph ii of that subparagraph *b* has obtained, is entitled to obtain or can reasonably expect to obtain, is equal to such proportion of that amount as the interest of the qualified corporation in the profits of the qualified partnership, for the fiscal period of the qualified partnership ending in its taxation year, is of the aggregate of the interest of all members in the profits of the qualified partnership for that fiscal period.

"**1029.8.33.9** For the purposes of this Part and the regulations, the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.33.6 or 1029.8.33.7 is deemed not to be assistance or an inducement received by the corporation from a government.

"§ 3.—*Administration*

"**1029.8.33.10** A qualified corporation may be deemed to have paid to the Minister, for a taxation year, an amount under section 1029.8.33.6 or 1029.8.33.7 relating to a qualified expenditure or to its share of the amount of such an expenditure incurred in respect of a qualified training period of the qualified corporation or qualified partnership of which it is a member, only if not later than six months after the end of the qualified training period or within a longer period considered by the Minister to be reasonable,

(*a*) where the qualified training period is served by one or more eligible trainees referred to in paragraph *a* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the Société québécoise de développement de la main-d'oeuvre issues to the qualified corporation or qualified partnership, as the case may be, an attestation certifying that the qualified training period is within the framework of the Régime d'apprentissage it administers; and

(*b*) where the qualified training period is served by one or more eligible trainees referred to in paragraph *b* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2, the recognized educational institution offering the education program within the framework of which the qualified training period is served issues to the qualified corporation or qualified partnership, as the case may be, in prescribed form, an attestation

i. certifying that the training period is practical training constituting part of a secondary-level or college-level vocational or technical education program in respect of which a diploma, certificate or other official attestation is issued, which provides for one or more practical training periods totalling more than 280 hours,

ii. certifying that the trainees are enrolled as full-time students in the program described in subparagraph i, and

iii. stating that the number of hours per week of supervision it requires for the training period, distinguishing, where more than one eligible trainee is serving the training period, the number of hours of individual supervision from the number of hours of simultaneous supervision of each of the trainees.

The attestation described in subparagraph *a* or *b* of the first paragraph shall also contain the following information:

(*a*) the name of the qualified corporation or qualified partnership, as the case may be;

(*b*) the place where the training period is served;

(*c*) the dates of the beginning and end of the training period; and

(*d*) identification of the trainee and the supervisors who carried out the supervision of the trainee within the framework of the training period."

(2) Subject to subsection 3, subsection 1 applies

(*a*) in respect of an individual referred to in paragraph *a* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2 of the Taxation Act, as enacted by subsection 1, to a training period he serves and which begins after 31 January 1994;

(*b*) in respect of an individual referred to in paragraph *b* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2 of the Taxation Act, as enacted by subsection 1, to a training period he serves and which begins after 30 April 1994.

(3) Where the definition of "recognized educational institution" in the first paragraph of section 1029.8.33.2 of the Taxation Act, as enacted by subsection 1, applies before 17 June 1994,

(*a*) the reference therein to the "Ministère de l'Éducation" shall be read as a reference to the "Ministère de l'Éducation et de la Science";

(*b*) any reference therein to the "Minister of Education" shall be read as a reference to the "Minister of Education and Science".

157. (1) The said Act is amended by inserting, after section 1029.8.36, the following:

"DIVISION II.6.1

"CREDIT TO PROMOTE THE CAPITALIZATION OF SMALL AND MEDIUM-SIZED BUSINESSES

"§ 1.—*Interpretation*

"**1029.8.36.1** In this division, "common share with full voting rights", "qualified convertible preferred share", "qualified corporation", "qualified convertible debenture" and "qualified investor" have the meaning assigned by the Act to promote the capitalization of small and medium-sized businesses (R.S.Q., chapter A-33.01), and "qualified investment" means a qualified investment as

defined in the said Act, in respect of which a validation certificate was issued under the said Act by the Société de développement industriel du Québec.

"§ 2.—*Credit*

"**1029.8.36.2** 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 or a qualified convertible preferred share 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 issued 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, 12% of the proceeds of the issue of the qualified convertible debenture and 12% of the proceeds of the issue of the qualified convertible preferred share.

"**1029.8.36.3** For the purposes of this Part and the regulations, the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.2 is deemed not to be assistance or an inducement received by the corporation from a government.

"DIVISION II.6.2

"DESIGN CREDIT

"§ 1.—*Interpretation and general provisions*

"**1029.8.36.4** In this division,

"apparent payment" means an amount paid or payable by a certified design consultant for the use of premises, installations or equipment, or for the supply of services, that may reasonably be considered to be included in an expenditure referred to in section 1029.8.36.5 or 1029.8.36.6;

"certified design consultant", at a particular time, means a person or partnership holding, at that time, a valid certificate issued by the Minister of Industry, Trade, Science and Technology recognizing the person or the partnership as a design consultant;

"contract payment" means an amount payable

(*a*) by a person or partnership and which is, for the person or partnership, a cost or expenditure in respect of which an amount is deemed to have been paid to the Minister for a taxation year under any of sections 1029.7, 1029.8, 1029.8.10, 1029.8.11, 1029.8.25, 1029.8.25.1, 1029.8.35, 1029.8.36.5 and 1029.8.36.6, to the extent that it may reasonably be considered that the amount payable relates to an eligible design activity of a qualified corporation or qualified partnership, as the case may be, and up to the total of the amount incurred in respect of that eligible design activity by the qualified corporation or qualified partnership, as the case may be; or

(*b*) by the Government of Canada or a provincial government, a municipality or other Canadian public authority or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to an eligible design activity of a qualified corporation or qualified partnership, as the case may be, and up to the total of the amount incurred in respect of that eligible design activity by the qualified corporation or qualified partnership, as the case may be;

"eligible design activity" means an activity relating to industrial design or to fashion design;

"fashion design" means a creative process consisting in determining the formal properties of a clothing product that is to be manufactured industrially;

"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;

"industrial design" means a planning and designing process based on an economic, ergonomic and aesthetic analysis of structures, the aim of which is to determine the formal qualities of a product to be manufactured industrially, but does not include interior layout, interior design, graphic design and engineering;

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

"outside consulting contract" means a written contract entered into after 31 December 1993 between a qualified corporation or qualified partnership and a certified design consultant for the carrying out of an eligible design activity, but does not include such a contract

(*a*) entered into between a qualified corporation and a certified design consultant where the qualified corporation or a specified shareholder or specified member of that corporation does not deal at arm's length with the consultant or, where the consultant is a partnership, with a member of the partnership,

(*b*) entered into between a qualified partnership and a certified design consultant where either a member of the qualified partnership or a specified shareholder or specified member of a corporation that is a member of the partnership does not deal at arm's length with the consultant or, where the consultant is a partnership, with a member of the partnership, or

(*c*) where the individual responsible for the planning and designing or the creative processes relating to the eligible design activity is

i. a particular employee, a specified shareholder or a specified member of a qualified corporation or of a corporation with which the qualified corporation does not deal at arm's length,

ii. a particular employee of the qualified partnership or a particular employee, a specified shareholder or a specified member of a qualified corporation that is a member of the qualified partnership or of a corporation with which such a qualified corporation does not deal at arm's length, or

iii. a specified shareholder of a corporation that carries on a personal services business or an employee of such a corporation, where a shareholder thereof is both a specified shareholder of the corporation and

(1) a particular employee, a specified shareholder or a specified member of the qualified corporation or of a corporation with which the qualified corporation does not deal at arm's length, or

(2) a particular employee of the qualified partnership or a particular employee, a specified shareholder or a specified member of a qualified corporation that is a member of the qualified partnership or of a corporation with which such a qualified corporation does not deal at arm's length;

"particular designer" of a qualified corporation means an individual who is an employee of an establishment of the corporation situated in Québec;

"qualified corporation", for a taxation year, means a corporation that carries on business and has an establishment in Québec in the year

and all or substantially all the gross revenue of which is derived from the carrying on of a qualified business, for the year, but does not include

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

(*b*) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985,

(*c*) a corporation all or substantially all the gross revenue of which is derived from the operation of an international financial centre, for the year, or

(*d*) 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);

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

"qualified wages" incurred by a qualified corporation in a particular period of a taxation year, as part of an eligible design activity, means the portion of an expenditure not exceeding $60 000 for the year, incurred after 31 January 1994 and in that period as wages, in respect of a particular designer participating in that activity and that may reasonably be considered to relate to that activity;

"specified member" of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative;

"wages" means the income computed, for a particular period, pursuant to Chapters I and II of Title II of Book III.

In paragraph *c* of the definition of "outside consulting contract" in the first paragraph, "particular employee" of a corporation or partnership means an employee of the corporation or partnership, as the case may be, or a person who ceased working for the corporation or partnership, as the case may be, within the 12 months preceding the date on which the contract referred to in the definition was entered into.

For the purposes of the definition of "qualified wages" in the first paragraph, the amount of $60 000 in the definition shall be replaced

(*a*) where the taxation year of the corporation has fewer than 52 weeks, by the amount obtained by multiplying $60 000 by the proportion that the number of weeks in the taxation year is of 52; and

(*b*) where the particular designer is employed by the corporation only for part of the taxation year of the corporation, by the amount obtained by multiplying $60 000 or the amount resulting from the application of subparagraph *a* for that year, as the case may be, by the proportion that the number of days during which the particular designer is employed by the corporation in the taxation year is of the number of days in the taxation year.

"§ 2.—*Credits*

"**1029.8.36.5** A qualified corporation that enters into an outside consulting contract in respect of a business it carries on in Québec and encloses, with its fiscal return it is required to file for a taxation year under section 1000, a prescribed form containing the prescribed information is deemed, subject to the third paragraph, to have paid to the Minister on the last day of the year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to the amount obtained by applying the percentage determined in section 1029.8.36.8 to the expenditure incurred by it in the year in respect of the certified design consultant and that is a portion or the total of the contract cost, to the extent that the expenditure is paid and

(*a*) is reasonably attributable to the carrying out of the eligible design activity in the year or a preceding taxation year while the consultant holds a valid certificate, and

(*b*) is reasonable in the circumstances.

For the purposes of the first paragraph, where an expenditure incurred in a taxation year is reasonably attributable to the carrying out of an eligible design activity in a taxation year subsequent to the year, the expenditure is deemed to be incurred in that subsequent taxation year.

For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph of that section read without reference to the words "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in

accordance with section 1004" or any of sections 1145, 1159.7 and 1175 where the latter sections refer to subparagraph *a* of the first paragraph of section 1027, the corporation is deemed to have paid to the Minister, as partial payment of its tax payable for the year pursuant to this Part and of its tax payable for that year pursuant to Parts IV, IV.1 and VI, on the date on or before which each payment must be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

"**1029.8.36.6** Where a qualified partnership enters into an outside consulting contract in respect of a business it carries on in Québec and it incurs, in a fiscal period, in respect of a certified design consultant, an expenditure that is a portion or the total of the contract cost, each qualified corporation that is a member of the partnership at the end of that fiscal period and encloses, with its fiscal return it is required to file under section 1000, for its taxation year in which the fiscal period of the partnership ends, a prescribed form containing the prescribed information is deemed, subject to the third paragraph, to have paid to the Minister on the last day of that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to the amount obtained by applying the percentage determined in section 1029.8.36.8 to its share of the expenditure so incurred, to the extent that the expenditure is paid and

(*a*) is reasonably attributable to the carrying out of the eligible design activity in the fiscal period or a preceding fiscal period while the consultant holds a valid certificate, and

(*b*) is reasonable in the circumstances.

For the purposes of the first paragraph,

(*a*) where an expenditure incurred in a fiscal period is reasonably attributable to the carrying out of an eligible design activity in a fiscal period subsequent to the period, the expenditure is deemed to be incurred in that subsequent fiscal period; and

(*b*) the share of a qualified corporation of an expenditure incurred by a qualified partnership of which it is a member is equal to such proportion of the expenditure as the interest of the qualified corporation, for the fiscal period of the partnership ending in its taxation year, in the profits of the qualified partnership is of the aggregate of the interest of all members in the profits of the qualified partnership for that fiscal period.

For the purpose of computing the payments that a corporation contemplated in the first paragraph is required to make under

subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph of that section read without reference to the words "and, on or before the day that is two months after the end of the year, the remainder of that portion of the tax as estimated in accordance with section 1004" or any of sections 1145, 1159.7 and 1175 where the latter sections refer to subparagraph *a* of the first paragraph of section 1027, for its taxation year in which the fiscal period of the qualified partnership ends, the corporation is deemed to have paid to the Minister, as partial payment of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, on the date on which the fiscal period ends where that date coincides with the date on or before which the corporation is required to make such a payment or, in other cases, on the first date following the end of that fiscal period which is the date on or before which it is required to make such a payment, the amount determined for the year in its respect under the first paragraph.

"**1029.8.36.7** A qualified corporation in respect of which the Minister of Industry, Trade, Science and Technology issues a certificate, for a period of one taxation year, in connection with a business it carries on in Québec, certifying that during that period it carried out an eligible design activity that is either a fashion design or an industrial design in the furniture sector, and encloses, with its fiscal return it is required to file under section 1000, a prescribed form containing the prescribed information and a copy of the certificate, is deemed to have paid to the Minister on the last day of that year, as partial payment of its tax payable for that year pursuant to this Part, an amount equal to the amount obtained by applying the percentage determined in section 1029.8.36.9 to the qualified wages incurred by the corporation, as part of that activity and within the period described in the certificate, in respect of a particular designer whose name appears in Table 1 of Schedule A to the certificate, to the extent that the wages were paid and

(*a*) are reasonably attributable to the carrying out of the eligible design activity in that period, and

(*b*) are reasonable in the circumstances.

For the purposes of the first paragraph, where qualified wages incurred in a taxation year are reasonably attributable to the carrying out of an eligible design activity in a taxation year subsequent to the year, the qualified wages are deemed to be incurred in that subsequent taxation year.

However, the first paragraph does not apply to a qualified corporation

(*a*) whose gross revenue for the year from the carrying on of the business referred to in that paragraph is less than $300 000, and

(*b*) where the wages incurred by the corporation in the year in respect of the employees described in the certificate mentioned in that paragraph and for the carrying out, in connection with a business it carries on in Québec, of an eligible design activity that is a fashion design, represent less than 2% of its gross revenue from the carrying on of that business for the year.

For the purposes of subparagraph *a* of the third paragraph, where the taxation year of a qualified corporation has fewer than 52 weeks, the amount of $300 000 referred to therein shall be replaced by the amount obtained by multiplying $300 000 by the proportion that the number of weeks in the taxation year is of 52.

"**1029.8.36.8** The percentage referred to in the first paragraph of section 1029.8.36.5 or 1029.8.36.6 is

(*a*) 20%, where the contract is entered into before 1 January 1997, in respect of an eligible design activity carried out before 1 January 1998; and

(*b*) 10%, where the contract is entered into either before 1 January 1997, in respect of an eligible design activity carried out after 31 December 1997, or after 31 December 1996.

"**1029.8.36.9** The percentage referred to in the first paragraph of section 1029.8.36.7 is 20% where the qualified wages are incurred before 1 January 1997 and 10% where such wages are incurred after 31 December 1996.

"**1029.8.36.10** Where the corporation referred to in any of sections 1029.8.36.5 to 1029.8.36.7 is a corporation whose assets 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 and no more than $10 000 000, respectively, the references to "20%" and "10%" in sections 1029.8.36.8 and 1029.8.36.9 shall be read as references to "40%" and "20%", respectively.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph shall read without reference to the

words "net shareholders' " and as if the words "submitted to the shareholders" were replaced by the words "submitted to the members".

"**1029.8.36.11** For the purposes of section 1029.8.36.10, in computing the assets or the net shareholders' equity of a corporation at the time contemplated therein, or, where the corporation is a cooperative, its assets or its equity at that time, the amount representing the surplus reassessment of its property and the amount of its intangible assets shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of intangible assets consists of shares of the corporation's or cooperative's capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

"**1029.8.36.12** For the purposes of section 1029.8.36.10, the assets of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the assets of the corporation and of each corporation associated with it, as determined under sections 1029.8.36.10 and 1029.8.36.11, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

"**1029.8.36.13** For the purposes of section 1029.8.36.10, the net shareholders' equity of a corporation that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the net shareholders' equity of the corporation and of each corporation associated with it, as determined under sections 1029.8.36.10 and 1029.8.36.11, exceeds the amount of investments in shares the corporations own in each other.

"**1029.8.36.14** For the purposes of section 1029.8.36.10, the equity of a cooperative that is associated in a taxation year with one or more other corporations is equal to the amount by which the aggregate of the equity of the cooperative and of the equity or net shareholders' equity of each corporation associated with it, as determined under sections 1029.8.36.10 and 1029.8.36.11, exceeds the amount of investments in shares of the capital stock the corporations own in each other.

"**1029.8.36.15** For the purposes of sections 1029.8.36.10 to 1029.8.36.14, where a corporation referred to in any of sections

1029.8.36.5 to 1029.8.36.7 or a corporation associated with it reduces its assets or the net shareholders' equity or, where any of such corporations is a cooperative, its assets or equity, by any transaction in a taxation year and where, but for that reduction, the corporation referred to in any of sections 1029.8.36.5 to 1029.8.36.7 would not be contemplated in section 1029.8.36.10, the assets, the net shareholders' equity or the equity, as the case may be, are deemed not to have been so reduced unless the Minister decides otherwise.

"**1029.8.36.16** For the purposes of section 1029.8.36.7,

(*a*) a certificate that is revoked, in whole or in part, by the Minister of Industry, Trade, Science and Technology is, as far as the whole or part so revoked is concerned, null and void from the time the revocation becomes effective; and

(*b*) an amount may be deemed to have been paid to the Minister by a qualified corporation in respect of qualified wages incurred in respect of a particular designer whose name appears in Table 1 of Schedule A to the certificate referred to in that section only if the certificate is valid at the time the expenditure is incurred.

"**1029.8.36.17** The Minister may obtain the advice of the Ministère de l'Industrie, du Commerce, de la Science et de la Technologie as to whether a particular activity qualifies as an eligible design activity.

"§ 3.—*Government assistance, non-government assistance, contract payment and other matters*

"**1029.8.36.18** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a qualified corporation under section 1029.8.36.5 or 1029.8.36.6, the following rules apply:

(*a*) the expenditure referred to in section 1029.8.36.5 shall be reduced by the amount of any contract payment, government assistance or non-government assistance and by any apparent payment, attributable to the expenditure, that the qualified corporation or, in the case of an apparent payment, a person with whom the qualified corporation does not deal at arm's length has received, is entitled to receive or can reasonably expect to receive at the time of filing its or his fiscal return for the taxation year; and

(*b*) the share of a qualified corporation that is a member of a qualified partnership in an expenditure referred to in section 1029.8.36.6 shall be reduced

i. by its share of the amount of any contract payment, government assistance or non-government assistance and by any apparent payment, attributable to that expenditure, that the qualified partnership has received, is entitled to receive or can reasonably expect to receive at the time of filing, by the qualified corporation, of its fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was incurred ends, or

ii. by the amount of any contract payment, government assistance or non-government assistance and by any apparent payment, attributable to that expenditure, that the qualified corporation or, in the case of an apparent payment, a person with whom the qualified corporation does not deal at arm's length has received, is entitled to receive or can reasonably expect to receive at the time of filing its or his fiscal return for the taxation year in which the fiscal period of the partnership in which the expenditure was incurred ends.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of any contract payment, government assistance or non-government assistance and of any apparent payment that the qualified partnership has received, is entitled to receive or can reasonably expect to receive, is equal to such proportion of that amount as the interest of the qualified corporation in the profits of the qualified partnership, for the fiscal period of the qualified partnership ending in its taxation year, is of the aggregate of the interest of all members in the profits of the qualified partnership for that fiscal period.

"**1029.8.36.19** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a qualified corporation under section 1029.8.36.7, the qualified wages referred to therein shall be reduced by the amount of any contract payment, government assistance or non-government assistance, attributable to such wages, that the qualified corporation has received, is entitled to receive or can reasonably expect to receive at the time of filing its fiscal return for that taxation year.

"**1029.8.36.20** Where, in any particular taxation year, a qualified corporation pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, in accordance with subparagraph *a* of the first paragraph of section 1029.8.36.18, an expenditure incurred by the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.5 in respect of an outside

consulting contract, the particular amount is deemed to be an expenditure referred to in that section in respect of that contract, for the particular taxation year.

"**1029.8.36.21** Where, in any particular fiscal period, a qualified partnership pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.18, the share of a qualified corporation that is a member of the partnership in an expenditure incurred by the partnership for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.6 in respect of an outside consulting contract, the particular amount is deemed to be an expenditure referred to in that section, in respect of that contract, for the particular fiscal period.

"**1029.8.36.22** Where, in any particular taxation year, a qualified corporation that is a member of a qualified partnership pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, by reason of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.18, its share of an expenditure incurred by the qualified partnership for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.6 in respect of an outside consulting contract, the particular amount is deemed to be its share of an expenditure, referred to in that section, in respect of that contract, for a fiscal period of the partnership ending in the particular taxation year.

"**1029.8.36.23** Where, at any particular time, a qualified corporation pays a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, in accordance with section 1029.8.36.19, particular qualified wages for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.7, the particular amount is deemed to be qualified wages referred to in that section for the taxation year that includes the particular time and, for the purposes of section 1029.8.36.9, incurred at the time the particular qualified wages were incurred.

"**1029.8.36.24** For the purposes of sections 1029.8.36.20 to 1029.8.36.22, an amount of assistance is deemed to be repaid by a qualified corporation in a taxation year, by a qualified partnership in a fiscal period or by a qualified corporation that is a member of a

qualified partnership in a taxation year in which a fiscal period of the partnership ends, as the case may be, where that amount

(*a*) was applied, because of section 1029.8.36.18, in reduction of either the expenditure referred to in section 1029.8.36.5 or the share of the qualified corporation that is a member of the qualified partnership of the expenditure referred to in section 1029.8.36.6,

(*b*) was not received by the qualified corporation, the qualified partnership or the qualified corporation that is a member of the qualified partnership, and

(*c*) ceased, in the taxation year, the fiscal period or the taxation year in which the fiscal period of the partnership ends, to be an amount that the qualified corporation, the qualified partnership or the qualified corporation that is a member of the qualified partnership, as the case may be, can reasonably expect to receive.

"**1029.8.36.25** For the purposes of section 1029.8.36.23, an amount of assistance is deemed to be repaid by a qualified corporation in a taxation year where that amount

(*a*) was applied, because of section 1029.8.36.19, in reduction of the qualified wages referred to in section 1029.8.36.7,

(*b*) was not received by the qualified corporation, and

(*c*) ceased in the taxation year to be an amount that the qualified corporation can reasonably expect to receive.

"**1029.8.36.26** For the purposes of sections 1029.8.36.5 and 1029.8.36.6, the expenditure referred to in those sections shall be reduced by the amount of the consideration for the disposition of property either to the qualified corporation or a person with whom the qualified corporation does not deal at arm's length, or to the qualified partnership, one of its members or a person with whom one of its members does not deal at arm's length, except to the extent that such consideration may reasonably be considered to relate to property that was produced as part of the eligible design activity referred to in either of those sections.

"**1029.8.36.27** Where, in respect of an outside consulting contract, a person or a partnership has obtained, is entitled to obtain or can reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the carrying out of the eligible design activity, whether in the form of a reimbursement, compensation, guarantee or the proceeds of

disposition of property which exceed the fair market value of that property, or in any other form or manner, the following rules apply:

(*a*) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a qualified corporation under section 1029.8.36.5, the expenditure referred to therein shall be reduced by the amount of the benefit or advantage the person or partnership has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing of the qualified corporation's fiscal return for that taxation year; and

(*b*) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a qualified corporation that is a member of the qualified partnership under section 1029.8.36.6, the qualified corporation's share of the expenditure referred to therein shall be reduced

i. by its share of the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing, by the qualified corporation, of its fiscal return for that year, and

ii. by the amount of the benefit or advantage that the qualified corporation or a person with which the qualified corporation does not deal at arm's length has obtained, is entitled to obtain or can reasonably expect to obtain at the time of the filing of its or his fiscal return for the year.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation's share of the amount of the benefit or advantage which a partnership or a person other than a person referred to in subparagraph ii of that subparagraph *b* has obtained, is entitled to obtain or can reasonably expect to obtain, is equal to such proportion of that amount as the interest of the qualified corporation in the profits of the qualified partnership, for the fiscal period of the qualified partnership ending in its taxation year, is of the aggregate of the interest of all members in the profits of the qualified partnership for that fiscal period.

"**1029.8.36.28** For the purposes of this Part and the regulations, the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.5 to 1029.8.36.7 is deemed not to be assistance or an inducement received by the corporation from a government."

(2) Subsection 1, where it enacts subdivision II.6.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, applies in

respect of qualified investments for which the Société de développement industriel du Québec granted a validation certificate after 20 August 1993.

(3) Subject to subsection 4, subsection 1, where it enacts subdivision II.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, has effect from 1 January 1994. However, where section 1029.8.36.4 of the said Act, as enacted by subsection 1, applies to the taxation year of a corporation ending after 31 January 1994 and commencing before 1 February 1994, the following rules apply:

(*a*) the amount of $60 000 in the definition of "qualified wages" in the first paragraph of the said section 1029.8.36.4 shall be replaced by the amount obtained by multiplying $60 000 by the proportion that the number of days in the taxation year following 31 January 1994 is of the number of days in the taxation year;

(*b*) the third paragraph of the said section 1029.8.36.4 shall read as follows:

"For the purposes of the definition of "qualified wages" in the first paragraph, the amount appearing in the definition shall be replaced

(*a*) where the taxation year of the corporation has fewer than 52 weeks, by the amount obtained by multiplying that amount by the proportion that the number of weeks in the taxation year is of 52;

(*b*) where the particular designer is employed by the corporation only for part of the taxation year of the corporation, by the amount obtained by multiplying that amount or the amount resulting from the application of subparagraph *a* for that year, as the case may be, by the proportion that the number of days during which the particular designer is employed by the corporation in the taxation year and after 31 January 1994 is of the number of days in the taxation year following 31 January 1994."

(4) Where Division II.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, as enacted by subsection 1, applies before 17 June 1994, any reference therein to the "Minister of Industry, Trade, Science and Technology" and to the "Ministère de l'Industrie, du Commerce, de la Science et de la Technologie" shall be read, respectively, as a reference to the "Minister of Industry, Trade and Technology" and to the "Ministère de l'Industrie, du Commerce et de la Technologie".

158. (1) Section 1029.8.43 of the said Act, amended by section 169 of chapter 64 of the statutes of 1993, is again amended

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

"(*a*) 3% of the excess, over the amount determined under section 1029.8.44 in respect of the individual for the year, of the amount by which the aggregate of the total income of the individual for the year and, where applicable, the total income of his spouse for the year or, if the individual was living apart from his spouse at the end of the year because of the breakdown of their marriage, the total income of that spouse for the year during the marriage and while not so living apart from the individual, exceeds";

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

"(*b*) the aggregate of all amounts each of which is an amount received in the year by the individual and, where applicable, by his spouse during the year or, if the individual was living apart from his spouse at the end of the year because of the breakdown of their marriage, by that spouse during the marriage and while not so living apart from the individual, 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)."

(2) Subsection 1 applies from the taxation year 1994.

159. (1) Section 1029.8.50 of the said Act, amended by section 171 of chapter 64 of the statutes of 1993, is again amended

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

"**1029.8.50** Where an individual is required to repay all or part of the amount of a benefit which he received under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or under a similar plan within the meaning of that Act, or under the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) and included in computing his income for one or more preceding taxation years, the individual is deemed, except where the amount is repaid under Part VII of the Unemployment Insurance Act, to have paid to the Minister on the last day of any particular 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 the particular year pursuant to this Part, unless an amount is deducted by him for the particular 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 particular year is of the total amount to be repaid

by him, the aggregate of all amounts each of which is the amount by which

(*a*) the tax payable by the individual under this Part and, where applicable, Part I.1 for a preceding taxation year to which the amount to be repaid by him relates, exceeds

(*b*) the tax that would have been payable by the individual under this Part and, where applicable, Part I.1 for the preceding year referred to in subparagraph *a* if the part of the total amount to be repaid by him that may reasonably be considered to relate to that preceding year had been deducted in computing his taxable income for that preceding year.";

(2) by inserting, after the first paragraph, the following paragraph:

"However, in the case of an individual to which the second paragraph of section 22 applies, the individual is deemed to have so paid to the Minister for the year only such proportion as is determined in his respect under the second paragraph of section 22 of the amount determined in his respect under the first paragraph.";

(3) by adding, after the second paragraph, the following paragraph:

"Furthermore, for the purpose of determining the excess amount under the first paragraph in respect of any particular preceding taxation year, the following rules apply:

(*a*) the proportion determined under the second paragraph of section 22 for the particular preceding taxation year is deemed to be 1; and

(*b*) where an individual was resident in Canada outside Québec on the last day of the particular preceding taxation year, he is deemed to have been resident in Québec on the last day of that preceding year."

(2) Subsection 1 applies in respect of amounts repaid after 31 December 1990. However,

(*a*) subsection 1 does not apply in respect of cases pending before the courts on 11 November 1993 or to assessments in respect of which an objection is pending on that date, if the dispute concerns the application of subparagraphs *a* and *b* of the first paragraph of section 1029.8.50 of the Taxation Act as enacted by section 177 of the Act to amend the Taxation Act and other fiscal legislation (1992, chapter 1);

(*b*) where subparagraphs *a* and *b* of the first paragraph of section 1029.8.50 of the Taxation Act, as enacted by paragraph 1 of subsection 1, apply to a taxation year preceding the taxation year 1993, they shall be read without the reference to Part I.1 of that Act.

160. (1) Division II.9 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1 applies in respect of a qualified investment for which the Société de développement industriel du Québec has issued a validation certificate after 20 August 1993.

161. (1) Section 1029.8.57 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1029.8.57** An individual who is resident in Québec on 31 December of a year and who, during the year, is not dependent upon another individual is deemed to have paid to the Minister, on that date, as partial payment of his tax payable under this Part for his taxation year whose end coincides with that date, an amount equal to $550 for the year in respect of each person who, throughout the period applicable to that person for the year in relation to the individual, is a qualified parent of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment which, throughout that period, is maintained by the individual or his spouse and of which the individual or his spouse is, throughout that period, the owner, lessee or sub-lessee."

(2) Subsection 1 applies from the taxation year 1994.

162. (1) The said Act is amended by inserting, after section 1029.8.61, the following:

"DIVISION II.12

"CREDIT FOR ADOPTION EXPENSES

"§ 1.—*Interpretation*

"**1029.8.62** In this division,

"certified organization" means an organization certified by the Minister of Health and Social Services whose certification is in effect;

"eligible expenses" in respect of the adoption of a person by an individual means the following expenses, to the extent that they are reasonable:

(*a*) judicial or extrajudicial expenses incurred to obtain a qualifying certificate or a qualifying judgment, as the case may be, in respect of the adoption of the person by an individual,

(*b*) expenses relating to the psychosocial assessment referred to in the second paragraph of section 72.3 of the Youth Protection Act (R.S.Q., chapter P-34.1), made in view of the adoption of the person by the individual,

(*c*) expenses relating to the translation of documents pertaining to the adoption of the person by the individual,

(*d*) the travelling expenses in respect of the adoption of the person, in this paragraph referred to as the "adopted child", by the individual of

i. the adopted child, if the travelling enables the child to be integrated into the self-contained domestic establishment of the individual or the individual's spouse, and

ii. the person escorting the adopted child at the time of the travelling referred to in subparagraph i, if neither the individual nor the individual's spouse accompanies the child while he is being so escorted,

(*e*) the travelling and living expenses in respect of the adoption of the person, in this paragraph referred to as the "adopted child", by the individual of

i. the individual if, in respect of the travelling,

(1) the travelling enables the individual to join the adopted child in a foreign country, and

(2) the travelling enables the individual to leave the foreign country in the company of the adopted child in order that the child may be integrated into the self-contained domestic establishment of the individual or the individual's spouse, and

ii. the spouse of the individual if, in respect of the travelling, the conditions mentioned in subparagraphs 1 and 2 of subparagraph i are met,

(*f*) the fees charged by a certified organization that takes steps on behalf of the individual with a view to the adoption of the person by the individual, and

(*g*) the fees charged by a foreign institution that provides for the needs of the person during a period preceding the time at which the person ordinarily lives with the individual;

"qualifying certificate" in respect of the adoption of a person by an individual means a certificate of the registration, by the clerk of the Court of Québec, of the adoption of the person by the individual, given after 31 December 1993 to that individual pursuant to section 3 of the Act respecting adoptions of children domiciled in the People's Republic of China (R.S.Q., chapter A-7.01);

"qualifying judgment" in respect of the adoption of a person by an individual means

(*a*) a judgment rendered after 31 December 1993 by a court having jurisdiction in Québec in recognition of judgment rendered outside Québec authorizing the adoption of the person by the individual, or

(*b*) a judgment authorizing the adoption of the person by the individual rendered after 31 December 1993 by a court having jurisdiction in Québec, other than a judgment referred to in the second paragraph of section 1 of the Act respecting adoptions of children domiciled in the People's Republic of China.

For the purposes of this division, the following expenses shall not be regarded, for a taxation year, as eligible expenses in respect of the adoption of a person by an individual:

(*a*) expenses which were deducted in computing the income or the taxable income of the individual or the individual's spouse for the year or a preceding taxation year under this Part;

(*b*) expenses taken into account in computing an amount deducted, under Chapter I.0.2.1 or I.0.3 of Title I of Book V, in computing the tax payable by the individual or the individual's spouse under this Part for the year or a preceding taxation year; or

(*c*) expenses for which the individual or the individual's spouse or, as the case may be, the legal representative of either the individual or the individual's spouse, has received or is entitled to receive a refund, except to the extent that the amount of the expenses is required to be included in computing the income of the individual or the individual's spouse under this Part and is not deductible in

computing the income or the taxable income of the individual or the individual's spouse.

"§ 2.—*Credit*

"**1029.8.63** An individual who is resident in Québec on 31 December of a year in which he is given a qualifying certificate or in which a qualifying judgment is rendered in his favour, as the case may be, in respect of the adoption of a person by the 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, for the year, in respect of the adoption of the person by the individual, equal to the lesser of $1 000 and 20% of all of the eligible expenses incurred by the individual and his spouse in respect of the adoption.

For the purposes of this section, an individual who is resident in Québec immediately before his death is deemed to be resident in Québec on 31 December of the year of his death.

"**1029.8.64** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.63 for a taxation year in respect of the adoption of a person by the individual unless the individual files with the Minister, together with the fiscal return he is required to file under section 1000 for the year, or which he would be required to so file if tax were payable by the individual for the year under this Part, a copy of the qualifying certificate or qualifying judgment, as the case may be, in respect of the adoption of the person by the individual.

"**1029.8.65** An individual shall not be deemed to have paid to the Minister an amount under section 1029.8.63 for a taxation year in respect of the adoption of a person by the individual if the individual or his spouse is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *c* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

"**1029.8.66** Where, for a taxation year, more than one individual is deemed to have paid to the Minister an amount under section 1029.8.63 for the year in respect of the adoption of the same person by those individuals, no amount greater than the amount provided for in that section, for the year, in respect of the adoption of the person by those individuals shall be deemed to have been paid to the Minister, for the year, under that section in respect of such adoption.

Where those individuals cannot agree as to what portion of the amount each is deemed to have paid to the Minister, the Minister may determine each portion for the year.

"DIVISION II.13

"CREDIT FOR CHILD CARE EXPENSES

"§ 1.—*Interpretation*

"**1029.8.67** In this division,

"child care expense" means an expense that is not excluded under section 1029.8.68 and that is incurred in a taxation year for the purpose of providing in Canada, for an eligible child of an individual, child care services including baby sitting services, day nursery services or services provided at a boarding school or a camp, if the child is kept

(*a*) to enable the individual or the supporting person of the child for the year, who resides with the child at the time the expense is incurred

i. to perform the duties of an office or employment,

ii. to carry on a business, either alone or as a partner actively engaged in the business,

iii. to enroll in an occupational training course for which he received an allowance under the National Training Act (Revised Statutes of Canada, 1985, chapter N-19), or

iv. to carry on research or any similar work for which he received a grant; and

(*b*) by a person resident in Canada other than

i. the child's father or mother,

ii. a supporting person of the child or a person under 18 years of age and related to the individual, or

iii. a person in respect of whom the individual or a supporting person of the child deducts an amount under sections 752.0.1 to 752.0.7 in computing his tax payable for the year under this Part;

"earned income" of an individual means the aggregate of the following amounts:

(*a*) the aggregate of salaries, wages and other remuneration, including gratuities, received by him from an office or employment,

(*b*) the amount by which all amounts included in computing his income or that would be so included, but for paragraphs *e*, *k*, *w* and *y* of section 488R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), under sections 34 to 58.3 and paragraph *e*, *g* or *h* of section 312 exceeds the amount deducted in computing his income, or that would be so deducted but for paragraphs *e* and *k* of the said section 488R1, under section 78.6,

(*c*) all incomes from businesses carried on by him, either alone or as a partner actively engaged in them, or all amounts that would be such incomes but for paragraphs *e* and *k* of section 488R1 of the Regulation respecting the Taxation Act, and

(*d*) all amounts received by him during the year as, or in lieu of, full or partial payment of a disability pension under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or a similar plan within the meaning of paragraph *u* of section 1 of that Act;

"eligible child" of an individual for a taxation year means a child of the individual or of his spouse, or a child in respect of whom the individual deducts an amount for the year under sections 752.0.1 to 752.0.7 if, in any case, at any time during the year, the child is either under 14 years of age or is dependent on the individual or on his spouse and has a mental or physical infirmity;

"family income" of an individual for a taxation year means the amount by which the amount determined under section 1029.8.78 in respect of the individual for the year is exceeded by the aggregate of the following amounts:

(*a*) the total income of the individual for the year, and

(*b*) the total income for the year of his spouse during the year or, if the individual was, at the end of the year, living apart from his spouse during the year because of the breakdown of their marriage, the total income of the spouse for the year during the marriage and while not so living apart from the individual;

"qualified child care expense" of an individual for a taxation year means, subject to sections 1029.8.69 to 1029.8.73, an amount equal to the aggregate of all amounts each of which is an amount paid in respect of child care expenses incurred for services provided during the year for an eligible child of the individual, if the amount is paid either

(*a*) by the individual, if he is an individual to whom section 1029.8.70 applies and the supporting person of the child for the year is a person described in subparagraph iv of subparagraph *b* of the second paragraph of that section, or

(*b*) by the individual or by a supporting person of the child for the year in other cases;

"supporting person" of an eligible child of an individual for a taxation year means a person who resides with the individual at any time during the year and at any time within 60 days of the end of the year and who is

(*a*) the child's father or mother,

(*b*) the individual's spouse, or

(*c*) an individual who deducts an amount for the year under sections 752.0.1 to 752.0.7 in respect of the child;

"total income" of an individual for a taxation year means the total income of the individual for the year determined under subparagraph *c* of the first paragraph of section 776.29.

"**1029.8.68** For the purposes of the definition of "child care expense" in section 1029.8.67, child care expenses shall not include expenses paid in a taxation year for an eligible child's attendance at a boarding school or camp which exceed the total amount of $150 per week for each eligible child who either is under seven years of age on 31 December of that year or would have been had he then been living, or is a person described in section 1029.8.76, and $90 per week for any other eligible child, for each week in the year during which the child attended the school or camp, nor shall they include the medical expenses contemplated in sections 752.0.11 to 752.0.13 or other expenses paid for medical or hospital care, clothing, transport or education or for board or lodging other than those described in that definition.

"**1029.8.69** In computing his qualified child care expenses, an individual may include an amount paid in respect of child care expenses

(*a*) only if proof of payment of the amount is provided by filing with the Minister one or more receipts each of which was issued by the payee and contains where the payee is an individual, the individual's social insurance number, and

(*b*) only to the extent that the amount

i. is not taken into account in computing the amount that would, but for the fourth paragraph of section 1029.8.82, be deemed to have been paid to the Minister by another individual under section 1029.8.79, and

ii. is not an amount, other than an amount that is included in computing a taxpayer's income and that is not deductible in computing his taxable income, in respect of which any taxpayer is or was entitled to a reimbursement or any other form of assistance.

"**1029.8.70** An individual may not include, in computing his qualified child care expenses for a taxation year, in respect of the aggregate of all amounts each of which is an amount paid in respect of child care expenses for each child who is an eligible child, for the year, of the individual or the supporting person of the child, any amount in excess of the lesser of the amount determined under subparagraph *a* of the second paragraph and the amount determined under subparagraph *b* of that paragraph, where the earned income for the year of the individual exceeds the earned income, for the year, of the supporting person.

The amounts referred to in the first paragraph are the following:

(*a*) an amount equal to the aggregate of $5 000 per eligible child, for the year, of the individual, or of the supporting person of the child, who either is under seven years of age on 31 December of that year or would have been had he then been living, or is a person described in section 1029.8.76, and in respect of whom child care expenses referred to in the first paragraph were incurred, and of $3 000 for any other eligible child, for the year, of the individual, or of the supporting person of the child, in respect of whom child care expenses referred to in the first paragraph were incurred;

(*b*) an amount equal to the aggregate of $150 per week for each eligible child, for the year, of the individual, or of the supporting person of the child, who either is under seven years of age on 31 December of that year or would have been had he then been living, or is a person described in section 1029.8.76, and in respect of whom child care expenses referred to in the first paragraph were incurred, and of $90 per week for any other eligible child, for the year, of the individual, or of the supporting person of the child, in respect of whom child care expenses referred to in the first paragraph were incurred, for each week in the year during which such child care expenses were incurred and throughout which the supporting person of the child was

i. a person in full-time attendance at a prescribed educational institution,

ii. a person certified by a physician, within the meaning of section 752.0.18, to be a person who was incapable of caring for children either by reason of mental or physical infirmity which is likely to be for a long-continued period of indefinite duration, or by reason of mental or physical infirmity and his confinement, throughout a period of not less than two weeks in the year, to bed or to a wheel-chair or as a patient in a hospital center or other similar institution,

iii. a person who was confined to a prison or a similar institution throughout a period of not less than two weeks in the year, or

iv. a person who was living apart from the individual at the end of the year and for a period of not less than 90 days commencing in the year, because of the breakdown of their marriage.

"**1029.8.71** The amount of the qualified child care expenses of an individual for a taxation year shall not exceed the amount by which

(*a*) the lesser of

i. the aggregate of $5 000 per eligible child of the individual for the year who either is under seven years of age on 31 December of that year or would have been had he then been living, or is a person described in section 1029.8.76, and in respect of whom such expenses were incurred, and of $3 000 for any other eligible child of the individual for the year in respect of whom such expenses were incurred, and

ii. the earned income of the individual for the year; exceeds

(*b*) the aggregate of all amounts taken into account in computing the amount that another individual, in respect of whom section 1029.8.70 applies for the year, would be deemed, but for the fourth paragraph of section 1029.8.82, to have paid to the Minister for the year under section 1029.8.79 in respect of eligible children of the individual who are referred to in paragraph *a*.

"**1029.8.72** Where an individual who has an eligible child for a taxation year has an earned income for the year equal to the earned income for the year of a supporting person of the child, the individual and the supporting person of the child cannot include any amount in respect of the child in computing their qualified child care expenses for the year unless they jointly elect to treat the earned income of one of them as exceeding the earned income of the other for the year.

"**1029.8.73** Where an individual is resident in Canada during part of a taxation year but is not resident in Canada during another

part of the year, the definition of "qualified child care expense" in section 1029.8.67 shall, for that year in respect of that individual, be read as though the reference to "services provided during the year" were replaced by a reference to "services provided during a period of the year during which the individual is resident in Canada".

"**1029.8.74** Where an individual is absent from Canada but resident in Québec for all or part of a taxation year,

(*a*) the definition of "child care expense" in section 1029.8.67, for that year in respect of that individual, shall be read without reference to ",in Canada," and "resident in Canada"; and

(*b*) paragraph *a* of section 1029.8.69, for that year in respect of that individual, where the expenses referred to therein were paid to a person not resident in Canada, shall be read without reference to "including, where the payee is an individual, the social insurance number of that individual,".

"**1029.8.75** Where, in a taxation year, a person is resident in Canada, near the boundary between Canada and the United States and while so resident incurs expenses for child care that would be child care expenses if the definition of "child care expense" in section 1029.8.67 were read without reference to "in Canada," and to "resident in Canada",

(*a*) those expenses, other than expenses paid for a child's attendance at a boarding school or camp outside Canada, are deemed to be child care expenses for the purposes of this division if the child care services are provided at a place that is closer to the person's principal place of residence by a reasonably accessible road, in view of the circumstances, than any place in Canada where such child care services are available; and

(*b*) where the expenses are deemed under paragraph *a* to be child care expenses, paragraph *a* of section 1029.8.69, in respect of those expenses, shall be read without reference to "and contains where the payee is an individual, the individual's social insurance number,".

"**1029.8.76** The person referred to in section 1029.8.68, subparagraphs *a* and *b* of the second paragraph of section 1029.8.70 and subparagraph i of paragraph *a* of section 1029.8.71, for a taxation year, is an eligible child who is a person in respect of whom an amount is deductible by reason of sections 752.0.14 to 752.0.16 in computing the tax payable of an individual for that year under this Part.

"**1029.8.77** For the purposes of the definition of "family income" in section 1029.8.67 and of section 1029.8.78, where an individual has more than one spouse in a taxation year,

(*a*) the individual is deemed to have only one spouse during the year;

(*b*) the person who is the individual's spouse on the last day of the year or, if the individual has no spouse at that time, the last person to have been the individual's spouse during the year is deemed to be the individual's spouse during the year; and

(*c*) the individual is deemed not to be the spouse during the year of a person other than the person referred to in paragraph *b*.

"**1029.8.78** The amount referred to in the definition of "family income" in section 1029.8.67 in respect of an individual for a taxation year is equal to five times the aggregate of all amounts deducted for the year under sections 752.0.1 to 752.0.7 by the individual and, where applicable, by his spouse, except amounts deducted for the year under section 752.0.1 by virtue of paragraph *i* or *j* of that section and except amounts deducted for the year by the spouse under section 752.0.1 by virtue of paragraph *a* of that section, and under the first part of that part of that section preceding that paragraph.

For the purposes of the first paragraph, the amount deducted for the year by the individual under section 752.0.1 by virtue of paragraph *a* of that section is deemed to be equal to the amount that would be deductible for the year by the individual under that paragraph if his spouse had no income for the year.

"§ 2.—*Credit*

"**1029.8.79** An individual who either is resident in Québec on the last day of a taxation year, or is resident in Canada outside Québec on the last day of a taxation year and carried on a business in Québec at any time in the taxation year, is deemed to have paid to the Minister, on the last day of the taxation year, as partial payment of his tax payable for the year under this Part and Part I.2, an amount equal, for the year,

(*a*) where the individual is resident in Québec on the last day of the taxation year and did not carry on a business in Canada outside Québec at any time in the year, to the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to his qualified child care expenses for the year;

(*b*) where the individual is resident in Québec on the last day of the taxation year and carried on a business in Canada outside Québec at any time in the taxation year, to the product obtained by multiplying the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to his qualified child care expenses for the year by the proportion referred to in the second paragraph of section 22;

(*c*) where the individual is resident in Canada outside Québec on the last day of the taxation year and carried on a business in Québec at any time in the year, to the product obtained by multiplying the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to his qualified child care expenses for the year by the proportion referred to in the second paragraph of section 25.

For the purposes of this section, where an individual dies or ceases to be resident in Canada during a taxation year, the last day of his taxation year is deemed to be the day on which he died or the last day he was resident in Canada, as the case may be.

"**1029.8.80** The percentage referred to in the first paragraph of section 1029.8.79 in respect of an individual for a taxation year is

(*a*) 75% where the family income of the individual for the year does not exceed $1 000;

(*b*) 70% where the family income of the individual for the year exceeds $1 000 but does not exceed $2 000;

(*c*) 65% where the family income of the individual for the year exceeds $2 000 but does not exceed $3 000;

(*d*) 60% where the family income of the individual for the year exceeds $3 000 but does not exceed $4 000;

(*e*) 55% where the family income of the individual for the year exceeds $4 000 but does not exceed $5 000;

(*f*) 51% where the family income of the individual for the year exceeds $5 000 but does not exceed $6 000;

(*g*) 47% where the family income of the individual for the year exceeds $6 000 but does not exceed $7 000;

(*h*) 44% where the family income of the individual for the year exceeds $7 000 but does not exceed $10 000;

(*i*) 40% where the family income of the individual for the year exceeds $10 000 but does not exceed $34 000;

(*j*) 39% where the family income of the individual for the year exceeds $34 000 but does not exceed $35 000;

(*k*) 38% where the family income of the individual for the year exceeds $35 000 but does not exceed $36 000;

(*l*) 37% where the family income of the individual for the year exceeds $36 000 but does not exceed $37 000;

(*m*) 36% where the family income of the individual for the year exceeds $37 000 but does not exceed $38 000;

(*n*) 35% where the family income of the individual for the year exceeds $38 000 but does not exceed $39 000;

(*o*) 34% where the family income of the individual for the year exceeds $39 000 but does not exceed $40 000;

(*p*) 33% where the family income of the individual for the year exceeds $40 000 but does not exceed $41 000;

(*q*) 32% where the family income of the individual for the year exceeds $41 000 but does not exceed $42 000;

(*r*) 31% where the family income of the individual for the year exceeds $42 000 but does not exceed $43 000;

(*s*) 30% where the family income of the individual for the year exceeds $43 000 but does not exceed $44 000;

(*t*) 29% where the family income of the individual for the year exceeds $44 000 but does not exceed $45 000;

(*u*) 28% where the family income of the individual for the year exceeds $45 000 but does not exceed $47 000;

(*v*) 27% where the family income of the individual for the year exceeds $47 000 but does not exceed $48 000;

(*w*) 26.4% where the family income of the individual for the year exceeds $48 000.

"**1029.8.81** No individual who is exempt from tax for a taxation year under section 982 or 983 or under any of subparagraphs

a to *c* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) may be deemed to have paid an amount to the Minister under section 1029.8.79 for the year.

"**1029.8.82** An individual who has an eligible child for a taxation year or the spouse of the individual is deemed to have paid to the Minister for the year, in addition to the amount he is deemed to have paid to the Minister for the year under section 1029.8.79, either of the following amounts, as the case may be:

(*a*) in the case of the individual, any portion described in the second paragraph of the amount that the supporting person of the child for the year would, but for this section, be deemed to have paid to the Minister for the year under section 1029.8.79;

(*b*) in the case of the spouse of the individual, any portion described in the third paragraph of the amount that the individual would, but for this section, be deemed to have paid to the Minister for the year under section 1029.8.79.

The portion referred to in subparagraph *a* of the first paragraph is that which the person referred to in that subparagraph waives for the year on a prescribed form attached to the fiscal return that the individual referred to in that subparagraph is required to file for the year under section 1000 or would be so required to file if the individual had tax payable for the year under this Part.

The portion referred to in subparagraph *b* of the first paragraph is that which the individual referred to in that subparagraph waives for the year on a prescribed form attached to the fiscal return that the individual's spouse referred to in that subparagraph is required to file for the year under section 1000 or would be so required to file if the spouse had tax payable for the year under this Part.

The person referred to in subparagraph *a* of the first paragraph or the individual referred to in subparagraph *b* of that paragraph, as the case may be, is not deemed under section 1029.8.79 to have paid to the Minister for the year the portion of the amount waived for the year by the person or the individual, as the case may be, under this section."

(2) Subsection 1 applies from the taxation year 1994.

163. (1) Section 1030 of the said Act is repealed.

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

164. (1) Section 1031 of the said Act is amended by replacing "Notwithstanding any other provision of this Part" in the first line of the first paragraph by "Notwithstanding any other provision of a fiscal law".

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

165. (1) Section 1031.1 of the said Act, enacted by section 324 of chapter 22 of the statutes of 1994, is amended by replacing "Notwithstanding any other provision of this Part" in the first line of the first paragraph by "Notwithstanding any other provision of a fiscal law".

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

166. (1) Section 1032 of the said Act, amended by section 325 of chapter 22 of the statutes of 1994, is again amended by replacing "Notwithstanding any provision of this Part or the Act respecting the application of the Taxation Act (1972, chapter 24)" in the first and second lines of the first paragraph by "Notwithstanding any other provision of a fiscal law".

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

167. (1) Section 1033.1 of the said Act is amended by replacing "Notwithstanding any other provision of this Part" in the first line of the first paragraph by "Notwithstanding any other provision of a fiscal law".

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

168. Section 1034 of the said Act is replaced by the following section:

"**1034.** Where a person transfers property, directly or indirectly, by means of a trust or by any means whatever to a person with whom he is not dealing at arm's length, a person who is under 18 years of age, or his spouse or a person who, after the transfer, becomes his spouse, the transferee and transferor are solidarily liable to pay a part of the transferor's tax for each taxation year equal to the amount by which the tax for the year is greater than it would have been if it were not for the operation of sections 456 to 458, 462.1 to

463 and 464 to 467.1, in respect of any income from, or gain from the disposition of, the property so transferred or property substituted therefor."

169. Section 1034.0.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1034.0.1** Notwithstanding section 1034, the rules mentioned in section 1034.0.2 apply where a taxpayer transfers property to his spouse under a decree, order or judgment of a competent tribunal or under a written separation agreement and where, at the time of the transfer, the taxpayer and his spouse are living apart because of the breakdown of their marriage."

170. Section 1036.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1036.1** Where a penalty becomes exigible from a corporation as a result of the operation 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 solidarily liable for the payment of the amount of the penalty."

171. (1) Section 1038 of the said Act, amended by section 172 of chapter 64 of the statutes of 1993, is again amended

(1) by replacing the part of the second paragraph preceding subparagraph *c* by the following:

"For the purposes of this section and section 1040, any individual required to make a payment for a taxation year under section 1025 is deemed to have been liable to make a payment based on the lesser of

(*a*) his tax payable for the year, reduced by the aggregate of all amounts deducted or withheld under section 1015 in respect of the individual's income for the year and all amounts the individual is deemed, under Chapter III.1 of Title III, except Divisions II to II.4 of the said chapter, to have paid to the Minister as partial payment of the individual's tax payable for the year;

(*b*) his basic provisional account, established in accordance with the regulations under section 1025, for the preceding taxation year, reduced by the aggregate referred to in subparagraph *a*; and";

(2) by replacing, in the English text, subparagraph *c* of the second paragraph by the following subparagraph:

"(*c*) the amount stated to be the payment to be made by him for the particular year in the notice sent to him by the Minister.";

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

"For the purposes of this section and section 1040, any individual required to make a payment for a particular taxation year under section 1026 is deemed to have been liable to make payments based on one of the methods described in the said section 1026 that gives the least amount to be paid on or before each of the dates referred to in the latter section, by reference to

(*a*) his tax payable for the particular year or his basic provisional account, established in accordance with the regulations under section 1026, for the preceding taxation year, reduced by the aggregate of all amounts deducted or withheld under section 1015 in respect of the individual's income for the particular year and all amounts the individual is deemed, under Chapter III.1 of Title III, except Divisions II to II.4 of the said chapter, to have paid to the Minister as partial payment of the individual's tax payable for the particular year;

(*b*) his basic provisional account, established in accordance with the regulations under section 1026, for the second preceding taxation year and his basic provisional account, established in the same manner, for the preceding taxation year, reduced by the aggregate referred to in subparagraph *a*; or

(*c*) the amounts stated to be the amounts of instalments payable by him for the particular year in the notices sent to him by the Minister."

(2) Paragraph 1 of subsection 1 and paragraph 3 of that subsection, where it replaces the part of the third paragraph of section 1038 of the Taxation Act preceding subparagraph *a*, apply from the taxation year 1994. However, where subparagraph *b* of the second paragraph of section 1038 of the said Act, as enacted by paragraph 1 of subsection 1, applies to the taxation year 1994, it shall be read by replacing therein "referred to in subparagraph *a*" by "of all amounts deducted or withheld under section 1015 in respect of his income for the year and all amounts the individual is deemed, under Chapter III.1 of Title III, except Divisions II to II.4 and, except where no amount has been deducted under sections 351 to 356.0.1 in computing his income for that preceding taxation year, Division II.13 of the said chapter, to have paid to the Minister as partial payment of the individual's tax payable for the year".

(3) Paragraph 3 of subsection 1, where it replaces subparagraphs *a* to *c* of the third paragraph of section 1038 of the Taxation Act, applies in respect of payments to be made after 30 June 1994. However,

(*a*) where subparagraphs *a* and *b* of the third paragraph of section 1038 of the said Act, as enacted by the said paragraph 3, apply in respect of such payments to be made before 1 January 1995, they shall be read by replacing

i. in that subparagraph *a*, "except Divisions II to II.4 of the said chapter" by "except Divisions II to II.4 and, in the case of the basic provisional account for the preceding taxation year, except where no amount has been deducted under sections 351 to 356.0.1 in computing his income for that preceding taxation year, Division II.13 of the said chapter", and

ii. in that subparagraph *b*, "referred to in subparagraph *a*" by "of all amounts deducted or withheld under section 1015 in respect of his income for the particular year and all amounts the individual is deemed, under Chapter III.1 of Title III, except Divisions II to II.4 and, except where no amount has been deducted under sections 351 to 356.0.1 in computing his income, as the case may be, for that second preceding taxation year or for that preceding taxation year, Division II.13 of the said chapter, to have paid to the Minister as partial payment of the individual's tax payable for the particular year";

(*b*) where subparagraph *b* of the third paragraph of section 1038 of the said Act, as enacted by the said paragraph 3, applies in respect of payments to be made after 31 December 1994 and before 1 January 1996, it shall be read by replacing therein "referred to in subparagraph *a*" by "of all amounts deducted or withheld under section 1015 in respect of his income for the particular year and all amounts the individual is deemed, under Chapter III.1 of Title III, except Divisions II to II.4 and, in the case of the basic provisional account for the second preceding taxation year, except where no amount has been deducted under sections 351 to 356.0.1 in computing his income for that second preceding taxation year, Division II.13 of the said chapter, to have paid to the Minister as partial payment of the individual's tax payable for the particular year".

172. Section 1049.17 of the said Act is amended by replacing the third paragraph by the following paragraph:

"Where the person contemplated in the first or second paragraph or the taxpayer contemplated in the second paragraph was a

corporation, the directors of the corporation in office on the date the Ministère du Revenu issued the favourable advance ruling contemplated in the first paragraph are liable, solidarily with the corporation, for the payment of the amount of the penalty contemplated in the first or second paragraph, as the case may be."

173. Section 1049.18 of the said Act is amended by replacing the third paragraph by the following paragraph:

"Where the person contemplated in the first or second paragraph or the taxpayer contemplated in the second paragraph was a corporation, the directors of the corporation in office on the date the Ministère du Revenu issued the favourable advance ruling contemplated in the first paragraph are liable, solidarily with the corporation, for the payment of the amount of the penalty contemplated in the first or second paragraph, as the case may be."

174. (1) Section 1049.28 of the said Act is repealed.

(2) Subsection 1 applies to taxation years commencing after (*insert here the date of assent to this Act*).

175. (1) Section 1049.32 of the said Act is amended

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

"**1049.32** Where a share or debenture, other than a share or debenture in respect of which tax has been paid or is payable under section 1129.14.1, issued as part of a qualified investment in respect of which the corporation having issued the share or debenture is deemed, under section 1029.8.36.2, 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 1029.8.36.2 in respect of that qualified investment, the qualified investor is liable to a penalty equal to 30% of the amount of the qualified investment.";

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

"In this section, "qualified investor" and "qualified investment" have the meaning assigned thereto by section 1029.8.36.1."

(2) Subsection 1 applies in respect of qualified investments for which the Société de développement industriel du Québec has issued a validation certificate after 20 August 1993.

176. Section 1056.8 of the said Act is amended by adding, at the end, the following paragraph:

"The same rule applies where a provision of an Act or regulation allows the making of an election in respect of a taxation year prior to the date of coming into force of that provision."

177. (1) Section 1057 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**1057.** A taxpayer who objects to an assessment under this Part may, on or before the day that is 90 days after the day of mailing of the notice of assessment, serve on the Minister a notice of objection in duplicate in prescribed form, setting out the reasons for the objection and all relevant facts."

(2) Subsection 1 has effect from 13 May 1994.

178. (1) Section 1086.1 of the said Act, enacted by section 183 of chapter 64 of the statutes of 1993, is amended by replacing the definition of "tax under Part I" by the following definition:

" "tax under Part I" of an individual for a taxation year means the tax which the individual would be required to pay for the year under Part I were it not for sections 776.66, 1183 and 1184;".

(2) Subsection 1 applies from the taxation year 1994.

179. (1) Section 1086.3 of the said Act, enacted by section 183 of chapter 64 of the statutes of 1993, is amended by replacing subparagraph i of paragraph *b* by the following subparagraph:

"i. the amount that would have been deductible under section 772 in computing his tax under Part I for the year if the amount by which the amount of tax he would be required to pay for the year under this Part but for this paragraph and sections 1183 and 1184 had been added to his tax otherwise payable for that year, referred to in the first paragraph of section 772R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), exceeds the amount deductible under section 776.66 in computing his tax payable under Part I for the year, exceeds".

(2) Subsection 1 applies from the taxation year 1994.

180. (1) The said Act is amended by inserting, after section 1086.4, enacted by section 183 of chapter 64 of the statutes of 1993, the following:

"PART I.2

"TAX IN RESPECT OF ADVANCE PAYMENTS OF CREDIT FOR CHILD CARE EXPENSES

"BOOK I

"DEFINITIONS

"**1086.5** In this Part, unless the context indicates a different meaning,

"individual" has the meaning assigned by section 1;

"Minister" means the Minister of Revenue;

"taxation year" has the meaning assigned by section 1.

"BOOK II

"LIABILITY FOR AND AMOUNT OF TAX

"**1086.6** Every individual to whom an advance payment was made in a taxation year under the second paragraph of section 52 of the Act respecting income security (R.S.Q., chapter S-3.1.1) shall pay for the year tax equal to the aggregate of all amounts each of which is such portion of the advance payment as is attributable to the increase determined under section 48.1 of that Act.

"BOOK III

"MISCELLANEOUS PROVISIONS

"**1086.7** Except where inconsistent with this Part, sections 1000 to 1014 and 1030 to 1079.16 apply to this Part, with such modifications as the circumstances require.

"**1086.8** An individual shall pay to the Minister, for a taxation year, on or before the date on or before which the individual must file his fiscal return for the year under section 1000, his tax under this Part as estimated for the year under section 1004."

(2) Subsection 1 applies from the taxation year 1994. However, where section 1086.6 of the Taxation Act, as enacted by subsection 1, applies to the taxation year 1994, it shall be read as follows:

"**1086.6** An individual shall pay, for the taxation year 1994, tax equal to the aggregate of the following amounts:

(*a*) the aggregate of all amounts each of which represents such portion of an advance payment made to the individual for the year under the second paragraph of section 52 of the Act respecting income security (R.S.Q., chapter S-3.1.1) as is attributable to the increase determined under section 48.1 of that Act; and

(*b*) the aggregate of all amounts each of which represents such portion of an advance payment deemed to have been received by the individual for the year under the third paragraph of section 55 of the Act respecting income security as is attributable to the increase determined under section 48.1 of that Act."

181. (1) Section 1089 of the said Act, amended by section 333 of chapter 22 of the statutes of 1994, is again amended

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

"(*a*) the amount, calculated without reference to section 36.1, by which the income from the duties of offices or employments performed by him in Québec exceeds the amount which, if he is an individual contemplated in section 737.16.1 or a foreign researcher contemplated in paragraph *a* of section 737.19, would be deductible in computing his taxable income for the year under section 737.16.1 or 737.21, as the case may be, if his taxable income were determined under Part I;";

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

"(*g*) the amount by which the income determined under paragraphs *b* and *c* of section 1092 in respect of an individual exceeds the amount which, if he is an individual contemplated in section 737.16.1 or a foreign researcher contemplated in paragraph *a* of section 737.19, would be deductible in computing his taxable income for the year under section 737.16.1 or 737.21, as the case may be, if his taxable income were determined under Part I;".

(2) Subsection 1 applies from the taxation year 1995. In addition, where subparagraph *a* of the first paragraph of section 1089 of the Taxation Act, as replaced by paragraph 1 of subsection 1, applies to the taxation year 1994, it shall be read by replacing therein "the amount by which the income from an office" by "the amount, calculated without reference to section 36.1, by which the income from an office".

182. (1) Section 1090 of the said Act, amended by section 334 of chapter 22 of the statutes of 1994, is again amended

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

"(*a*) the amount, calculated without reference to section 36.1, by which the income from the duties of offices or employments performed by him in Canada exceeds the amount which, if he is an individual contemplated in section 737.16.1 or a foreign researcher contemplated in paragraph *a* of section 737.19, would be deductible in computing his taxable income for the year under section 737.16.1 or 737.21, as the case may be, if his taxable income were determined under Part I;";

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

"(*g*) the amount by which the income which would be determined under paragraphs *b* and *c* of section 1092 in respect of the individual if the word "Québec", in sections 1092 and 1093, were replaced wherever found by the word "Canada", exceeds the amount which, if he is an individual contemplated in section 737.16.1 or a foreign researcher contemplated in paragraph *a* of section 737.19, would be deductible in computing his taxable income for the year under section 737.16.1 or 737.21, as the case may be, if his taxable income were determined under Part I;".

(2) Subsection 1 applies from the taxation year 1995. In addition, where subparagraph *a* of the first paragraph of section 1090 of the Taxation Act, as replaced by paragraph 1 of subsection 1, applies to the taxation year 1994, it shall be read by replacing therein "the amount by which the income from an office" by "the amount, calculated without reference to section 36.1, by which the income from an office".

183. (1) Section 1091 of the said Act, amended by section 184 of chapter 64 of the statutes of 1993, is again amended

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

"**1091.** The taxable income earned in Canada by an individual contemplated in section 26 is equal to the amount by which the income contemplated in section 1090, calculated without reference, in subparagraph *a* of the first paragraph of the said section 1090, to ", calculated without reference to section 36.1,", exceeds the aggregate of";

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

"(*c*) where all or substantially all of the individual's income for the year, as determined under section 28, is included in the computation of his taxable income earned in Canada for the year, such of the other deductions from income, except the deductions described in sections 737.16, 737.16.1 and 737.21, permitted for the purpose of computing his taxable income as may reasonably be considered wholly applicable."

(2) Paragraph 1 of subsection 1 applies from the taxation year 1994.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1995.

184. (1) Section 1129.8 of the said Act is replaced by the following section:

"**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*) a favourable advance ruling was granted by the Ministère du Revenu in respect of the issue; or

(*b*) the receipt for the final prospectus relating to the issue was granted, where the issue is by means of a simplified prospectus.

The Ministère du Revenu shall confirm the applicable rate in the advance ruling referred to in subparagraph *a* of the first paragraph."

(2) Subsection 1 applies in respect of an issue of non-guaranteed convertible securities the receipt for the final prospectus for which was granted after 14 May 1992.

185. (1) Section 1129.13 of the said Act is amended

(1) by inserting, after the definition of "qualified investment", the following definition:

" "qualified investor" has the meaning assigned by section 1029.8.36.1;";

(2) by replacing the definition of "qualified investment" by the following definition:

" "qualified investment" has the meaning assigned by section 1029.8.36.1;".

(2) Subsection 1 applies in respect of a qualified investment for which the Société de développement industriel du Québec has issued a validation certificate after 20 August 1993.

186. (1) Section 1129.14 of the said Act, amended by section 189 of chapter 64 of the statutes of 1993 and by section 51 of chapter 16 of the statutes of 1994, is again amended by replacing the part of the first paragraph preceding subparagraph *b* by the following:

"**1129.14** Where a corporation is deemed, under section 1029.8.36.2, 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 under Part I, and where the validation certificate issued 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 1029.8.36.2, to have paid to the Minister for the particular year, in respect of the qualified investment, or".

(2) Subsection 1 applies in respect of a qualified investment for which the Société de développement industriel du Québec has issued a validation certificate after 20 August 1993.

187. (1) The said Act is amended by inserting, after section 1129.14, the following section:

"**1129.14.1** 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 1029.8.36.2, to have paid an amount to the Minister as partial payment of its tax payable under Part I for a particular taxation year, is assigned or transferred within two years from the date of the qualified investment by a qualified investor to a person who is not a qualified investor, the qualified investor shall pay tax, for the qualified investor's taxation

year in which the assignment or transfer occurred, equal to 30% of the amount of the qualified investment.

Notwithstanding the foregoing, where the qualified investor referred to in the first paragraph in respect of a 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,

(*a*) every person who, at that time, is a member or participant of the qualified investor shall pay tax, for the person's taxation year in which the assignment or transfer occurred, equal to such proportion of the tax that, but for subparagraph *b*, would be payable under 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; and

(*b*) the qualified investor is deemed not to have paid the tax provided for in the first paragraph in respect of the qualified investment."

(2) Subsection 1 applies in respect of a qualified investment for which the Société de développement industriel du Québec has issued a validation certificate after 20 August 1993.

188. (1) Section 1129.24 of the said Act, enacted by section 191 of chapter 64 of the statutes of 1993, is amended by striking out the definition of "particular period".

(2) Subsection 1 has effect from 2 March 1993.

189. (1) Section 1129.25 of the said Act, enacted by section 191 of chapter 64 of the statutes of 1993, is replaced by the following section:

"**1129.25** The Fund shall pay, for the period beginning on 2 March 1993 and ending on 1 March 1994, a tax equal to 20% of the amount by which the aggregate of all amounts each of which is an amount paid during that period for the purchase of a share as first purchaser exceeds $97 000 000."

(2) Subsection 1 has effect from 2 March 1993.

190. (1) Section 1129.26 of the said Act, enacted by section 191 of chapter 64 of the statutes of 1993, is amended

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

"**1129.26** Where the Fund is required to pay tax under this Part for the period mentioned in section 1129.25, it shall, not later than 31 March of the calendar year in which the period ends,";

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

"(*b*) estimate, in the return, the amount of its tax payable under this Part for that period, and

"(*c*) pay to the Minister the amount of its tax payable under this Part for that period."

(2) Subsection 1 has effect from 2 March 1993.

191. (1) The said Act is amended by inserting, after section 1129.33, enacted by section 191 of chapter 64 of the statutes of 1993, the following:

"PART III.8

"SPECIAL TAX RELATING TO THE CREDIT FOR TRAINING

"**1129.34** In this Part, unless the context indicates otherwise,

"corporation" has the meaning assigned by section 1;

"fiscal period" has the meaning assigned by section 1;

"Minister" means the Minister of Revenue;

"qualified training expenditure" has the meaning assigned by Division II.5 of Chapter III.1 of Title III of Book IX of Part I;

"taxation year" has the meaning assigned by section 1.

"**1129.35** Every corporation that is deemed to have paid to the Minister, under Division II.5 of Chapter III.1 of Title III of Book IX of Part I, an amount as partial payment of its tax payable under that Part for a particular taxation year shall, where during a subsequent taxation year, an amount related to a qualified training expenditure or to its share of such an expenditure, in respect of which the corporation is so deemed to have paid an amount, is, in whole or in part, directly or indirectly, refunded to the corporation or allocated to a payment to be made by the corporation, pay for that subsequent year tax equal to the amount obtained by applying to the amount so refunded or allocated, the percentage that was applied to the qualified training expenditure for the particular year under section 1029.8.25, or to its share of such an expenditure under section 1029.8.25.1.

"**1129.36** Every corporation that is a member of a partnership and that is deemed to have paid to the Minister, under section 1029.8.25.1, an amount as partial payment of its tax payable under Part I for a particular taxation year in respect of its share of a qualified training expenditure incurred by the partnership in a fiscal period of the partnership shall, where during a subsequent fiscal period of the partnership, an amount related to that expenditure is, in whole or in part, directly or indirectly, refunded to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, tax equal to the amount obtained by applying to its share of the amount so refunded or allocated, the percentage that was applied to its share of the qualified training expenditure for the particular taxation year under section 1029.8.25.1.

For the purposes of the first paragraph, the share of the corporation in an amount refunded or allocated is equal to such proportion of that amount as the interest of the corporation, for the fiscal period of the partnership ending in the particular taxation year, in the profits of the partnership is of the aggregate of the interest of all members in the profits of the partnership for the fiscal period.

"**1129.37** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1030 to 1079.16 apply to this Part, adapted as required.

"PART III.9

"SPECIAL TAX RELATING TO THE CREDIT FOR ON-THE-JOB TRAINING PERIODS

"**1129.38** In this Part, unless the context indicates otherwise,

"corporation" has the meaning assigned by section 1;

"fiscal period" has the meaning assigned by section 1;

"Minister" means the Minister of Revenue;

"qualified expenditure" has the meaning assigned by Division II.5.1 of Chapter III.1 of Title III of Book IX of Part I;

"taxation year" has the meaning assigned by section 1.

"**1129.39** Every corporation that is deemed to have paid to the Minister, under Division II.5.1 of Chapter III.1 of Title III of Book IX

of Part I, an amount as partial payment of its tax payable under this Part for a particular taxation year shall, where during a subsequent taxation year, an amount relating to a qualified expenditure or to its share of such expenditure, in respect of which it is so deemed to have paid an amount is, in whole or in part, directly or indirectly, refunded to the corporation or allocated to a payment to be made by the corporation, pay for that subsequent year tax equal to 40% of the amount so refunded or allocated.

"**1129.40** Every corporation that is a member of a partnership and that is deemed to have paid to the Minister, under section 1029.8.33.7, an amount as partial payment of its tax payable under Part I for a particular taxation year in respect of its share of a qualified expenditure incurred by the partnership in a fiscal period of the partnership, shall, where during a subsequent fiscal period of the partnership, an amount relating to that expenditure is, in whole or in part, directly or indirectly, refunded to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, tax equal to 40% of its share of the amount so refunded or allocated.

For the purposes of the first paragraph, the share of the corporation in an amount refunded or allocated is equal to such proportion of that amount as the interest of the corporation, for the fiscal period of the partnership ending in the particular taxation year, in the profits of the partnership is of the aggregate of the interest of all members in the profits of the partnership for the fiscal period.

"**1129.41** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564, where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1030 to 1079.16 apply to this Part, adapted as required.

"PART III.10

"SPECIAL TAX RELATING TO THE DESIGN TAX CREDIT

"**1129.42** In this Part, unless the context indicates otherwise,

"corporation" has the meaning assigned by section 1;

"fiscal period" has the meaning assigned by section 1;

"Minister" means the Minister of Revenue;

"taxation year" has the meaning assigned by section 1.

"**1129.43** Every corporation that is deemed to have paid to the Minister, under any of sections 1029.8.36.5 to 1029.8.36.7, an amount as partial payment of its tax payable under Part I for a particular taxation year shall, where during a subsequent taxation year, an expenditure in respect of which it is so deemed to have paid an amount, or its share of such expenditure is, in whole or in part, directly or indirectly, refunded to the corporation or allocated to a payment to be made by the corporation, pay for that subsequent year tax equal to the amount obtained by applying to the expenditure so refunded or allocated, or to its share of the expenditure, the percentage that was applied to the expenditure for the particular taxation year under section 1029.8.36.5 or 1029.8.36.7, or to its share of the expenditure for the particular taxation year under section 1029.8.36.6.

"**1129.44** Every corporation that is a member of a partnership and that is deemed to have paid to the Minister, under section 1029.8.36.6, an amount as partial payment of its tax payable under Part I for a particular taxation year in respect of its share of an expenditure incurred by the partnership in a fiscal period of the partnership, shall, where during a subsequent fiscal period of the partnership, the expenditure is, in whole or in part, directly or indirectly, refunded to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, tax equal to the amount obtained by applying to its share of the expenditure so refunded or allocated, the percentage that was applied to its share of the expenditure for the particular taxation year under that section.

For the purposes of the first paragraph, the share of the corporation in an expenditure refunded or allocated is equal to such proportion of that expenditure as the interest of the corporation, for the fiscal period of the partnership ending in the particular taxation year, in the profits of the partnership is of the aggregate of the interest of all members in the profits of the partnership for that fiscal period.

"**1129.45** Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564, where it refers to that first paragraph, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1030 to 1079.16 apply to this Part, adapted as required."

(2) Subsection 1, where it enacts Part III.8 of the Taxation Act, applies to taxation years commencing after (*insert here the date of assent to this Act*).

(3) Subsection 1, where it enacts Part III.9 of the Taxation Act, applies in respect of qualified expenditures made

(*a*) in respect of an individual referred to in paragraph *a* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2 of the said Act, as enacted by subsection 1, within the framework of a qualified training period beginning after 31 January 1994;

(*b*) in respect of an individual referred to in paragraph *b* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2 of the said Act, as enacted by subsection 1, within the framework of a qualified training period beginning after 30 April 1994.

(4) Subsection 1, where it enacts Part III.10 of the Taxation Act, has effect from 1 January 1994.

192. (1) Section 1130 of the said Act is amended by inserting, after the definition of "farming corporation", the following definition:

" "loan corporation" means a corporation, other than a trust corporation, authorized by the legislation of Canada or of a province to accept deposits from the public as well as a prescribed corporation;".

(2) Subsection 1 applies to taxation years commencing after 12 May 1994.

193. (1) Section 1131 of the said Act is replaced by the following section:

"**1131.** Any corporation having an establishment in Québec at any time in a taxation year shall pay, in respect of that year, a tax on its paid-up capital shown in the books and financial statements prepared, in respect of the year, in accordance with generally accepted accounting principles."

(2) Subsection 1 applies to taxation years commencing after 12 May 1994.

194. (1) Section 1138 of the said Act, amended by section 194 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *b* of subsection 3 by the following paragraph:

"(*b*) the amount of the assets of a partnership or a joint venture in the proportion that the interest of that corporation in the profits of the partnership or the joint venture is of the interest of all the persons in the profits of the partnership or the joint venture, minus the amount of the interest of the corporation in the partnership or joint venture shown as an asset in its financial statements."

(2) Subsection 1 applies in respect of partnerships or joint ventures the fiscal periods of which end after 26 April 1990.

195. (1) Section 1159.12 of the said Act is repealed.

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

196. (1) Section 1166 of the said Act, amended by section 348 of chapter 22 of the statutes of 1994, is again amended by inserting, after the definition of "insurance corporation" in the first paragraph, the following definition:

" "international financial centre" has the meaning assigned by section 1;".

(2) Subsection 1 has effect from 26 November 1993.

197. (1) Section 1167 of the said Act, amended by section 200 of chapter 64 of the statutes of 1993, is again amended by replacing the part of the second paragraph preceding subparagraph *a* by the following:

"The tax payable by an insurance corporation, other than such a corporation solely operating an international financial centre, shall not be less than".

(2) Subsection 1 has effect from 26 November 1993.

198. (1) Section 1185.1 of the said Act, enacted by section 210 of chapter 64 of the statutes of 1993, is amended by replacing subparagraph i of subparagraph *b* of the first paragraph by the following subparagraph:

"i. in the case of an individual, the date provided for in section 1026.0.1, and".

(2) Subsection 1 applies from the taxation year 1994.

199. (1) The said Act is amended

(1) by replacing "in Québec and elsewhere" by "in Canada or Québec and elsewhere" in the second paragraph of section 27, subparagraph ii of subparagraph *c* of the second paragraph of section 104.1, subparagraph ii of subparagraph *b* of the second paragraph of section 104.1.1, paragraph *b* of section 156.1, subparagraphs *b* and *c* of the second paragraph of section 156.3, subsection 2 of section 771,

subparagraph i of paragraph *a* of section 1029.2, sections 1133 and 1159.5 and section 1161, as it read before its repeal;

(2) by replacing "Minister of Culture" by "Minister of Culture and Communications" in sections 313.6 and 985.26;

(3) by replacing "Ministère de la Culture" by "Ministère de la Culture et des Communications" in section 712.0.1, as replaced by section 45 of chapter 64 of the statutes of 1993, section 752.0.10.7, as enacted by section 67 of chapter 64 of the statutes of 1993, and section 1129.17;

(4) by replacing "jointly and severally" by "solidarily" in the English text of sections 781 and 979.15, of subsections 1 to 2.1 of section 1034.1, of the part of section 1036 preceding paragraph *a* and of paragraph *b* of the said section 1036;

(5) by replacing "joint and several" by "solidary" in the English text of the headings of Chapter VI of Title VIII of Book VII of Part I and of Chapter V of Title III of Book IX of Part I, and in the English text of paragraph *a* of section 1036;

(6) by replacing "severally" by "solidarily" in the English text of the second paragraphs of sections 1049.29, 1049.30 and 1049.31, respectively amended by sections 179, 180 and 181 of chapter 64 of the statutes of 1993, and in the English text of the second paragraph of section 1129.2;

(7) by replacing "jointly" by "solidarily" in the English text of section 1129.32, as enacted by section 191 of chapter 64 of the statutes of 1993.

(2) Paragraph 1 of subsection 1 is declaratory, except in respect of cases pending not later than 8:00 p.m., Eastern Daylight Saving Time, on 12 May 1994 and notices of objection served on the Minister of Revenue not later than that time, where in respect of the cases or notices, the grounds for contesting, expressly raised not later than that time, allege that the manner of determining business carried on in various jurisdictions as prescribed in the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) does not comply with the manner of determining such business as prescribed in the Taxation Act.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 17 June 1994.

(4) Paragraphs 4 to 7 of subsection 1 have effect from 1 January 1994.

200. (1) Section 79.11 of the Licenses Act (R.S.Q., chapter L-3) is amended by replacing paragraphs *b* to *e* by the following paragraphs:

"(*b*) as regards every millilitre of beer he acquires, a specific duty of 0.040 of a cent and a duty equal to 6.5% of the aggregate of the specific duty, the sale price paid, or that would be payable if the beer were purchased, and an amount equal to the tax that would be paid or payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) if that tax were calculated only on the aggregate of the sale price and the specific duty, determined without reference to the input tax credit provided for in that Part that would relate to that beer;

"(*c*) as regards every millilitre of beer he makes and disposes of for consumption in his establishment, a specific duty of 0.040 of a cent and a duty equal to 6.5% of the aggregate of the specific duty, the average sale price, determined by regulation, in force at the time of the disposition, and an amount equal to the tax that would be paid or payable under Part IX of the Excise Tax Act if that tax were calculated only on the aggregate of the sale price and the specific duty, determined without reference to the input tax credit provided for in that Part that would relate to that beer;

"(*d*) as regards every millilitre of any alcoholic beverage he acquires, except beer, a specific duty of 0.089 of a cent and a duty equal to 6.5% of the aggregate of the specific duty, the sale price paid, or that would be payable if the alcoholic beverage were purchased, and an amount equal to the tax that would be paid or payable under Part IX of the Excise Tax Act if that tax were calculated only on the aggregate of the sale price and the specific duty, determined without reference to the input tax credit provided for in that Part that would relate to that alcoholic beverage;

"(*e*) as regards every millilitre of any alcoholic beverage he makes and disposes of for consumption in his establishment, except beer, a specific duty of 0.089 of a cent and a duty equal to 6.5% of the aggregate of the specific duty, the average sale price, determined by regulation, in force at the time of the disposition, and an amount equal to the tax that would be paid or payable under Part IX of the Excise Tax Act if that tax were calculated only on the aggregate of the sale price and the specific duty, determined without reference to the input

tax credit provided for in that Part that would relate to that alcoholic beverage."

(2) Subsection 1 has effect from 13 May 1994.

ACT RESPECTING THE MINISTÈRE DU REVENU

201. (1) Section 14 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31), amended by section 212 of chapter 64 of the statutes of 1993, is again amended, in the English text, by replacing the sixth paragraph by the following paragraph:

"In the case of the distribution of the assets of a corporation, all of the directors of such corporation, and its agent in the case of a corporation having its head office outside Québec, in office on the date on which the notice mentioned in the first paragraph is sent or on the date on which the distribution takes place shall be solidarily liable for the payment of such amounts if they have assented to such distribution or acquiesced or participated therein."

(2) Subsection 1 has effect from 1 January 1994.

202. (1) Section 14.4 of the said Act is amended, in the English text, by replacing the part of the first paragraph preceding subparagraph *a* by the following:

"**14.4** Where a person transfers property, directly or indirectly, by means of a trust or by any means whatever to a person with whom he is not dealing at arm's length within the meaning of the Taxation Act (R.S.Q., chapter I-3), a person who is under 18 years of age, his spouse or a person who, after the transfer, becomes his spouse, the transferee becomes solidarily liable with the transferor to pay an amount equal to the lesser of the following amounts:".

(2) Subsection 1 has effect from 1 January 1994.

203. (1) Section 14.6 of the said Act is replaced, in the English text, by the following section:

"**14.6** A payment by the transferor affects the transferee's solidary liability only where that payment operates to reduce the aggregate of the amounts contemplated in subparagraph *b* of the first paragraph of section 14.4 to an amount less than the amount in respect of which the transferee is, by the said section 14.4, made solidarily liable.

In this event, the transferee's solidary liability is reduced to that lesser amount."

(2) Subsection 1 has effect from 1 January 1994.

204. (1) Section 24.0.1 of the said Act is amended, in the English text, by replacing the part of the first paragraph preceding subparagraph *a* by the following:

"**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 solidary debtors with the corporation for that amount and for interest and penalties related thereto in the following cases:".

(2) Subsection 1 has effect from 1 January 1994.

205. (1) The said Act is amended by inserting, after section 25.1, the following section:

"**25.1.1** Notwithstanding section 25, the Minister may, following an assessment determined under the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) in respect of a period, determine or redetermine the amount of the duties, refunds, interest and penalties of any other period for the sole purposes of correlating the two periods."

(2) Subsection 1 has effect from 1 July 1992.

206. (1) The said Act is amended by inserting, after section 27, the following:

"DIVISION II.1

"PAYMENT TO THE MINISTER

"**27.0.1** Every person shall, before the twenty-first day of the month following the month during which a notice of assessment was mailed to him, pay to the Minister the duties, interest and penalties mentioned in the notice and still outstanding, whether or not an objection, appeal or summary appeal is in progress in respect of the assessment.

However, in the case of an individual, payment must be made within 45 days following the date on which the notice of assessment was mailed if the notice was issued under the following provisions:

(*a*) sections 220.2 to 220.13 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1);

(*b*) the Taxation Act (R.S.Q., chapter I-3), except sections 1034 to 1036 of that Act, where the individual is required to pay the amount other than as an agent of the Minister;

(*c*) the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9), where the individual is required to pay the amount other than as an employer;

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

(*e*) sections 358 to 360 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1).

"**27.0.2** Notwithstanding section 27.0.1, if the Minister is of the opinion that a person is attempting to avoid the payment of duties, he may order that the payment owing, including interest and penalties, be paid immediately on assessment."

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

207. (1) Section 27.1 of the said Act is replaced by the following section:

"**27.1** Every amount or negotiable instrument remitted to the Minister as payment under a fiscal law or a regulation under a fiscal law is presumed to have been received by the Minister on the date stamped by a public servant of the Ministère du Revenu on the form relating to the payment.

Similarly, every amount or negotiable instrument remitted to a financial institution as payment under a fiscal law or a regulation under a fiscal law is presumed to have been received by the Minister on the date it was so remitted."

(2) Subsection 1 has effect from 1 July 1994.

208. (1) The said Act is amended by inserting, after section 27.1, the following section:

"**27.2** Every person who is required under the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), except Title IV thereof, to remit or pay an amount to the Minister shall, where the amount is $50 000 or more, make the remittance or payment to the account

of the Minister at a financial institution in the same manner and within the same time limits as those prescribed in the said Act.

The first paragraph does not apply where another person is required under the said Act to collect that amount."

(2) Subsection 1 applies to every payment or remittance required to be made by a person after 31 August 1994.

209. (1) Section 28.2 of the said Act is replaced by the following section:

"**28.2** For the purpose of determining the interest payable, where a person pays to the Minister or to a financial institution all or part of the amount that the person is required to pay following a notice of assessment, the date of the payment is deemed to be the day of mailing of the notice of assessment if the payment is made within the time prescribed in the first or second paragraph, whichever applies, of section 27.0.1.

The same applies in the case of payment made by remitting to the Minister a negotiable instrument that becomes due within that prescribed time."

(2) Subsection 1 applies in respect of payments made following a notice of assessment issued after 30 June 1994.

210. (1) The said Act is amended by inserting the following before Division VI of Chapter III:

"DIVISION V.1

"ELECTRONIC TRANSMISSION OF DOCUMENTS AND INFORMATION

"**37.1** Every document or information required under a fiscal law may, in the cases prescribed by regulation and in accordance with the requirements determined by the Minister, be filed with the Minister by way of electronic filing or of a computer-generated medium.

"**37.2** Every person who satisfies the prescribed requirements may file any document or information required under a fiscal law by way of electronic filing or of a computer-generated medium.

"**37.3** Every document or information filed by way of electronic filing or of a computer-generated medium is, to the extent that the

Minister acknowledges receipt of it, deemed to be validly filed with the Minister on the day on which the document or information is available to him.

"**37.4** The Minister may, in respect of any document or information filed by way of electronic filing or of a computer-generated medium, waive the filing of a prescribed form, a prescribed information, a voucher or any other document which would otherwise also be required.

The Minister may subject his waiver to the observance of the conditions he determines.

"**37.5** For the purposes of section 69, a person who prepares and files any document or information required under a fiscal law, on behalf of another person, by way of electronic filing or of a computer-generated medium, is deemed to be the other person's authorized representative.

However, such a representative may not obtain communication of or examine any information unless it is directly related to the task the representative is performing on behalf of the other person and is necessary for proper performance of the task by the representative.

"**37.6** Every person required, under section 1000 of the Taxation Act (R.S.Q., chapter I-3), to file a fiscal return that is prepared on his behalf by another person who ensures the electronic transmission of the return to the Minister shall complete the prescribed form in duplicate, keep one copy and give the second copy to the other person.

Each copy is deemed to be a register referred to in section 34."

(2) Subsection 1 applies from 1 January 1995.

211. Section 59.0.2 of the said Act is amended

(1) by inserting, after the first paragraph, the following paragraph:

"Where the prescribed form is required to be filed by a lessor of a rental housing unit or a lessee or lessor of premises used for commercial purposes in respect of work carried out on an immovable, the penalty is $200 for each person in respect of whom any required information is not provided.";

(2) by replacing the part of the second paragraph preceding subparagraph *a* by the following:

"However, the penalties do not apply in the case of".

212. Section 59.0.3 of the said Act is amended

(1) by inserting, after the first paragraph, the following paragraph:

"In the case of any information required to be provided to a lessor of a rental housing unit or to a lessee or lessor of premises used for commercial purposes who is required to file a prescribed form in respect of work carried out on an immovable, the penalty is $500.";

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

"However, where the request concerns the identification number of the person, the penalties do not apply if, not later than 15 days following the request, the person himself applied for the assignment of such a number and has provided the number to the person requiring it within 15 days after receiving it."

213. Section 69.1 of the said Act, amended by section 213 of chapter 64 of the statutes of 1993 and section 44 of chapter 79 of the statutes of 1993, is again amended by adding, after subparagraph *e* of the second paragraph, the following subparagraph:

"(*f*) the Minister of Natural Resources, in respect of information respecting operators within the meaning of the Mining Duties Act (R.S.Q., chapter D-15) that is necessary for the carrying out of the said Act."

214. (1) The said Act is amended by inserting, after section 91, the following section:

"**91.1** Sections 82, 90 and 91 apply to every document that reproduces the data of any document or information filed with the Minister by way of electronic filing or of a computer-generated medium in accordance with section 37.1.

An affidavit of a functionary of the Ministère du Revenu, attesting that he is entrusted with the registers concerned and that the document is an accurate reproduction of all the data of any document or information filed with the Minister, shall be annexed to that document."

(2) Subsection 1 applies from 1 January 1995.

215. (1) Section 33 of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5), amended by section 217 of chapter 64 of the statutes of 1993, is again amended by replacing the definition of "wages" by the following definition:

" "wages" means any amount paid by an employer to a trustee or custodian, as the case may be, under a profit sharing plan, an employee trust or an employee benefit plan, within the meaning of section 1 of the Taxation Act, and the income computed in accordance with Chapters I and II of Title II of Book III of Part I of the said Act, except sections 36.1 and 43.3 of the said Act and section 58.1 thereof where it refers to an amount that must be included in computing income under sections 979.9 to 979.11 of the said Act and excluding prescribed remuneration."

(2) Subsection 1 applies from the year 1994. However, where the definition of "wages" in section 33 of the Act respecting the Régie de l'assurance-maladie du Québec, as enacted by subsection 1, applies in respect of amounts paid to a trustee or custodian before 13 May 1994, it shall be read as follows:

" "wages" means the income computed in accordance with Chapters I and II of Title II of Book III of Part I of the Taxation Act, except sections 36.1 and 43.3 of the said Act and section 58.1 thereof where it refers to an amount that must be included in computing income under sections 979.9 to 979.11 of the said Act and excluding prescribed remuneration."

216. (1) The said Act is amended by inserting, after section 33.1, enacted by section 357 of chapter 22 of the statutes of 1994, the following section:

"**33.2** In this subdivision and in subdivision 2, any reference to wages that a person or an employer pays or has paid is a reference to wages that the person or employer pays, allocates, grants or awards or has paid, allocated, granted or awarded."

(2) Subsection 1 is declaratory, except in respect of cases pending not later than 8:00 p.m., Eastern Daylight Saving Time, on 12 May 1994 and notices of objection served on the Minister of Revenue not later than that time, where in respect of the cases or notices, one of the subjects of such contestation at that time pertains to the mode of computation of the contributions payable by an employer under the Act respecting the Régie de l'assurance-maladie du Québec, and the grounds for contesting, expressly raised not later than that time

either in the motion for appeal or the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, allege that no rule similar to the rule provided for in section 33.2 of that Act, as enacted by subsection 1, is provided for in that Act.

217. (1) Section 34 of the said Act, replaced by section 219 of chapter 64 of the statutes of 1993, is again replaced by the following section:

"**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, of the wages the employer pays to a trustee or custodian in respect of such an employee and, except to the extent that it is contemplated by this section, of that part referred to in section 43.2 of the said Act of any contribution, and of the related tax, he pays to the administrator of a multi-employer insurance plan within the meaning of section 43.1 of the said Act in respect of such an employee."

(2) Subsection 1 applies in respect of amounts paid to a trustee or custodian after 12 May 1994.

218. (1) Section 34.0.1 of the said Act, amended by section 220 of chapter 64 of the statutes of 1993, is again amended by replacing the part preceding paragraph *a* by the following paragraph:

"**34.0.1** In this subdivision, where a particular employer pays wages, other than an amount described in section 43, 47 or 47.1 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) Subsection 1 has effect from 13 May 1994.

219. (1) Section 34.1.4 of the said Act, enacted by section 222 of chapter 64 of the statutes of 1993 and amended by section 358 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing subparagraphs 2 and 3 of subparagraph iv of paragraph *a* by the following subparagraphs:

"(2) paragraph *k*.1 of section 311 or section 311.1 or 317 of the said Act, if such amount is deductible in computing the individual's taxable income for the year under section 725 of the said Act by reason of paragraph *b* or *c* of the said section 725, or is an amount received as a pension under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9), or

"(3) paragraphs *a* to *b*.1 of section 312 of the said Act; and";

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

"v. the part of any amount, other than an amount contemplated in paragraphs *a* to *b*.1 of section 312 of the Taxation Act or an amount described in subparagraph *c* of the second paragraph of section 309.1 of the said Act which, but for the election provided for in the said section 309.1, would not be an amount otherwise contemplated in this paragraph for the year, received by the individual in the year that he has elected, in accordance with the said section 309.1, not to include in computing his income for the year under Part I of the said Act; exceeds";

(3) by replacing subparagraph ii of paragraph *b* by the following subparagraph:

"ii. any amount deducted in computing the individual's income for the year by reason of paragraphs *a* to *b*, *d*, *d*.1 or *f* to *i* of subsection 1 of section 336 of the Taxation Act, except to the extent that paragraph *d* of the said subsection 1 refers to an overpayment of a pension paid under the Old Age Security Act, by reason of paragraph *b* of section 339 of the Taxation Act to the extent that the said paragraph refers to an amount that is deductible under section 924, 926 or 928 of the said Act, by reason of paragraph *c* of the said section 339 to the extent that the said paragraph refers to an amount that is deductible under section 952.1 of the said Act, by reason of paragraph *d*, *d*.1, *d*.2 or *f* of the said section 339 or by reason of section 961.20 or 961.21 of the said Act;";

(4) by inserting, after subparagraph ii of paragraph *b*, the following subparagraph:

"ii.1 every amount which, but for section 334.1 of the Taxation Act, would have been deductible in computing the individual's income for the year by reason of paragraphs *a* to *b* of subsection 1 of section 336 of the said Act;".

(2) Paragraph 1 of subsection 1, where it replaces subparagraph 2 of subparagraph iv of paragraph *a* of section 34.1.4 of the Act respecting the Régie de l'assurance-maladie du Québec, and paragraph 3 of subsection 1 apply from the year 1994. However, where subparagraph ii of paragraph *b* of section 34.1.4 of the said Act, as enacted by paragraph 3 of subsection 1, applies to the year 1994, the reference therein to "an overpayment of a pension paid under the Old Age Security Act" shall be read as a reference to "an overpayment of a pension paid in the year or before 1993 under the Old Age Security Act".

(3) Paragraph 1 of subsection 1, where it replaces subparagraph 3 of subparagraph iv of paragraph *a* of section 34.1.4 of the Act respecting the Régie de l'assurance-maladie du Québec, applies from the year 1993.

(4) Paragraphs 2 and 4 of subsection 1 apply in respect of an amount received or paid, as the case may be, after 31 December 1993.

220. (1) Section 34.1.7 of the said Act, enacted by section 222 of chapter 64 of the statutes of 1993, is replaced by the following section:

"**34.1.7** Except where inconsistent with this subdivision, sections 1000 to 1002, 1004 to 1026.0.1, 1026.2 and 1030 to 1079.16 of the Taxation Act (R.S.Q., chapter I-3) apply, adapted as required, to this subdivision."

(2) Subsection 1 applies from the year 1994. However, where, by reason of section 34.1.7 of the Act respecting the Régie de l'assurance-maladie du Québec, as enacted by subsection 1, section 1026 of the Taxation Act applies, for the year 1994, to subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec, subparagraph *a* of the said section 1026 shall be read without reference to "15 March,".

ACT RESPECTING THE QUÉBEC PENSION PLAN

221. (1) The Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is amended by inserting, after the heading of Title III, the following:

"DIVISION 0.1

"GENERAL PROVISIONS

"**37.1** For the purposes of this title and the regulations enacted under section 81, a reference, in this Act, to any remuneration, wages,

pensionable salary and wages or similar amount that a person or employer pays or has paid is a reference to any remuneration, wages, pensionable salary and wages or similar amount that the person or employer pays, allocates, grants or awards or has paid, allocated, granted or awarded."

(2) Subsection 1 is declaratory, except in respect of cases pending not later than 8:00 p.m., Eastern Daylight Saving Time, on 12 May 1994 and notices of objection served on the Minister of Revenue not later than that time, where in respect of the cases or notices, one of the subjects of such contestation at that time pertains to the mode of computation of the contributions payable under the Act respecting the Québec Pension Plan and the grounds for contesting, expressly raised not later than that time either in the motion for appeal or the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, allege that no rule similar to the rule provided for in section 37.1 of that Act, as enacted by subsection 1, is provided for in that Act.

222. (1) Section 45 of the said Act, amended by section 225 of chapter 64 of the statutes of 1993, is again amended by replacing all that part which precedes subparagraph *a* of the second paragraph by the following:

"**45.** The amount of the pensionable salary and wages of a worker for a year is the total of the following amounts:

(*a*) his income for the year from pensionable employment, computed in accordance with the Taxation Act (R.S.Q., chapter I-3), without reference to sections 36.1 and 43.3 of the said Act and to section 58.1 thereof when it refers to an amount that must be included in such computation under sections 979.9 to 979.11 of the said Act, plus any deductions made in such computation except for the deduction contemplated in section 76 of the said Act;

(*b*) any amount paid in the year in respect of the worker to a trustee or custodian, as the case may be, under a profit sharing plan, an employee trust or an employee benefit plan, within the meaning of section 1 of the Taxation Act.

However, such salary and wages do not include any income received by the worker or any amount paid in respect of the worker".

(2) Subsection 1 applies from the year 1994. However, where that part of section 45 of the Act respecting the Québec Pension Plan

which precedes subparagraph *a* of the second paragraph, as enacted by subsection 1, applies in respect of amounts paid to a trustee or custodian before 13 May 1994, it shall be read as follows:

"**45.** The amount of the pensionable salary and wages of a worker for a year is his income for the year from pensionable employment, computed in accordance with the Taxation Act (R.S.Q., chapter I-3), without reference to sections 36.1 and 43.3 of the said Act and to section 58.1 thereof when it refers to an amount that must be included in such computation under sections 979.9 to 979.11 of the said Act, plus any deductions made in such computation except for the deduction contemplated in section 76 of the said Act.

However, such salary and wages do not include any income received by the worker".

223. (1) Section 50 of the said Act, amended by section 84 of chapter 15 of the statutes of 1993 and by section 226 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *a* by the following paragraph:

"(*a*) the total of his pensionable salary and wages for the year paid to him or in his regard by his employer to a trustee or custodian, the amount for the year that is deemed to be paid to him by the employer under the second paragraph of section 979.3 and section 1015.2 of the Taxation Act (R.S.Q., chapter I-3), and, except to the extent that it is otherwise contemplated by this paragraph, the amount referred to in his regard for the year in section 43.2 of the said Act with respect to any contribution, together with the related tax, that his employer has paid to the administrator of a multi-employer insurance plan, within the meaning of section 43.1 of the said Act, minus the prescribed amount of his personal exemption;".

(2) Subsection 1 applies in respect of amounts paid to a trustee or custodian after 12 May 1994.

224. (1) Section 50.1 of the said Act, amended by section 84 of chapter 15 of the statutes of 1993, is again amended by replacing the part preceding subparagraph ii of paragraph *b* by the following:

"**50.1** For the purposes of this title, where a particular person has paid an amount, other than an amount described in section 43, 47 or 47.1 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, except section 36.1 of that Act, and in respect of which the person to whom the amount is

paid by the particular person is neither required to report for work at an establishment of the particular person nor bound, but for this section, to pay a contribution under section 50, the following rules apply:

(*a*) the particular person is deemed to be an employer of the person to whom the particular person pays the amount;

(*b*) the person to whom the amount is paid is deemed, in respect of that amount,

i. to be an employee of the particular person, and".

(2) Subsection 1 applies from the year 1994. However, where that part which precedes paragraph *a* of section 50.1 of the Act respecting the Québec Pension Plan, as enacted by subsection 1, applies before 13 May 1994, it shall be read by replacing therein ",other than an amount described in section 43, 47 or 47.1 of the Taxation Act" by ",other than an amount described in section 43 of the Taxation Act".

225. (1) Section 68 of the said Act, amended by section 85 of chapter 15 of the statutes of 1993, is replaced by the following section:

"**68.** A person may object to an assessment by serving on the Minister, within 90 days from the day of mailing of the notice of assessment, a notice of objection in duplicate in prescribed form.

Such notice must be sent to the Minister by registered or certified mail."

(2) Subsection 1 has effect from 13 May 1994.

226. (1) Section 76 of the said Act, amended by section 13 of chapter 15 of the statutes of 1993 and by section 227 of chapter 64 of the statutes of 1993, is replaced by the following section:

"**76.** Except as otherwise provided in this Act or in a regulation, sections 1000 to 1026.0.1, 1026.2 and 1030 to 1065 of the Taxation Act (R.S.Q., chapter I-3) apply, adapted as required, to a contribution in respect of self-employed earnings."

(2) Subsection 1 applies from the year 1994.

227. (1) Section 1.1 of the Act respecting real estate tax refund (R.S.Q., chapter R-20.1) is amended, in the French text, by replacing paragraph *b* by the following paragraph:

"*b*) la personne qui est le conjoint de cette personne donnée le dernier jour de l'année ou, si elle n'a pas de conjoint à ce moment, la dernière personne en date qui, pendant l'année, a été son conjoint, est réputée être le conjoint de cette personne donnée pendant l'année;".

(2) Subsection 1 applies in respect of the computation of real estate tax refunds for 1994 and subsequent years.

228. (1) Section 10 of the said Act, amended by section 232 of chapter 64 of the statutes of 1993, is again amended by replacing the part of the first paragraph preceding subparagraph *a* by the following:

"**10.** The income used in computing the amount of the real estate tax refund to which the person contemplated in section 2 is entitled for a year is the amount by which the aggregate of the total income of the person for the year and, as the case may be, the total income for the year of that person's spouse during the year or, if the person is living apart from his spouse at the end of the year because of the breakdown of their marriage, the total income of that spouse for the year during the marriage and while not so living apart from the person, exceeds".

(2) Subsection 1 applies in respect of the computation of real estate tax refunds for 1994 and subsequent years.

229. (1) Section 13 of the said Act is amended by replacing subsection 1 by the following subsection:

"**13.** (1) In the case of a person who, on 31 December in a year, lives in a dwelling of which he is the sole lessee or of which he is co-lessee if no other co-lessee of that dwelling lives therein on that date, the real estate tax attributable to that dwelling is an amount equal to the proportion of real estate tax for the year in respect of the immovable in which that dwelling is situated, reduced, where such is the case, by the amount computed in accordance with section 12, represented by the proportion between

(*a*) the rent paid or payable to the owner of the immovable for the month of December of that year in respect of that dwelling; and

(*b*) the aggregate of

i. an amount representing the rents paid or payable to that owner for that month in respect of the immovable or, where at least one dwelling of the immovable is contemplated for that month in any of subparagraphs iv and v of paragraph *c* of section 1, the rents that would actually have been paid to that owner for that month in respect of the immovable if no dwelling of the immovable had been contemplated in any of the said subparagraphs during that month, and

ii. a reasonable amount representing the rents that would actually have been paid to that owner for that month in respect of any part of that immovable that is not leased, other than that contemplated in section 12, if that part had been leased during that month."

(2) Subsection 1 applies in respect of the computation of real estate tax refunds for 1995 and subsequent years.

230. (1) Section 14.1 of the said Act is amended

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

"**14.1** A person who, on 31 December in a year, is the principal lessee of a dwelling inhabited by a person contemplated in section 2 and in respect of which a rent has been paid or is payable for the month of December of the year must furnish to the owner of the immovable where the dwelling is situated, not later than 31 January of the following year, a statement indicating his name, his complete address, and, in respect of each separate dwelling inhabited on 31 December of the year by the principal lessee or by one or more sub-lessees, as the case may be, the following information:";

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

"(*c*) the name of each of the persons inhabiting it."

(2) Subsection 1 has effect from 1 January 1994.

231. (1) Section 23 of the said Act, amended by section 236 of chapter 64 of the statutes of 1993, is again amended by replacing the first paragraph by the following paragraph:

"**23.** A person who objects to the decision rendered by the Minister on his application for a real estate tax refund may, within 90 days from the day of mailing of the notice provided for in section 18 or within one year following the expiration of the period allowed for filing the fiscal return that the person is required to file under section 1000 of the Taxation Act (R.S.Q., chapter I-3), or would be

required to file if tax were payable by him under Part I of the said Act, in respect of the year for which a real estate tax refund is applied for, serve on the Minister a notice of objection in duplicate and in prescribed form, setting out the reasons for the objection and all the relevant facts."

(2) Subsection 1 has effect from 13 May 1994.

ACT RESPECTING INCOME SECURITY

232. (1) Section 2 of the Act respecting income security (R.S.Q., chapter S-3.1.1) is amended by replacing the words "have been spouses for not less than 184 consecutive days in a year" in the second line of the third paragraph by the words "were spouses at any time in that year. Where an adult has more than one spouse during a year, the following rules apply:

(1) the adult is deemed to have only one spouse during the year;

(2) the person who is the spouse of the adult on the last day of the year or, if he does not have a spouse at that time, the last person who, in the year, was his spouse, is deemed to be the spouse of the adult during the year;

(3) the adult is deemed not to be the spouse during the year of a person other than the person referred to in subparagraph 2."

(2) Subsection 1 applies in respect of determinations of benefits for 1995 and subsequent years.

233. (1) Section 48.1 of the said Act is replaced by the following section:

"**48.1** Where an adult eligible for benefits under the program or his spouse incurs, for the year, child care expenses that qualify for the child care expense credit provided for in sections 1029.8.67 to 1029.8.82 of the Taxation Act (R.S.Q., chapter I-3), and where he or his spouse is, in respect of the expenses, deemed to have paid an amount for that year under section 1029.8.79 or 1029.8.82 of that Act as partial payment of his tax payable under Parts I and I.2 of that Act, the amount of benefits determined under section 48 is, for the purposes of section 48.4 and of the second paragraph of section 52, increased by the amount deemed to have been paid.

In such case, where sections 48.2 and 48.3 refer to the amount of benefits, the amount is, for the purposes of section 48.4 and of the second paragraph of section 52, the amount increased pursuant to the first paragraph."

(2) Subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

234. (1) Section 48.2 of the said Act, amended by section 237 of chapter 64 of the statutes of 1993, is again amended

(1) by replacing that part preceding subparagraph 1 of the first paragraph by the following:

"**48.2** The amount of benefits determined under section 48 shall be reduced, up to that amount, by the sum of the following amounts:";

(2) by inserting, after the word "under" in the first line of subparagraph 3 of the second paragraph, the words "the Workmen's Compensation Act (R.S.Q., chapter A-3) or".

(2) Paragraph 1 of subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

(3) Paragraph 2 of subsection 1 applies in respect of determinations of benefits for 1993 and subsequent years.

235. (1) Section 48.3 of the said Act is amended by replacing the word "to" in the first line of the first paragraph after the figure "48" by the word "and".

(2) Subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

236. (1) Section 49 of the said Act, amended by section 238 of chapter 64 of the statutes of 1993, is again amended, in the third paragraph,

(1) by striking out the words "and increased by the child care expenses deducted under sections 353 and 356.0.1 of the said Act for the same year," in the fourth, fifth and sixth lines;

(2) by striking out subparagraph 2.

(2) Paragraph 1 of subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

(3) Paragraph 2 of subsection 1 applies in respect of determinations of benefits for 1993 and subsequent years.

237. (1) Section 51 of the said Act is amended by inserting the word and figure "and 48.2" in the second line after the figure "48".

(2) Subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

238. (1) Section 52 of the said Act, amended by section 67 of chapter 12 of the statutes of 1994, is again amended by replacing the second paragraph by the following paragraph:

"However, the Minister of Income Security may, on the terms and conditions prescribed by regulation, make advance monthly payments of benefits if the benefits estimated on the basis of information furnished by the adult for the purposes of sections 62 and 65 exceed the minimum amount determined by regulation. The payments, other than the portion thereof attributable to the amount of increase determined under section 48.1, constitute advances on the yearly benefits provided for in the first paragraph."

(2) Subsection 1 applies in respect of advance payments for 1994 and subsequent years. However, where the second paragraph of section 52 of the Act respecting income security, enacted by subsection 1, applies to the year 1994, the said section 52 shall be read as though the following paragraph were added after the second paragraph:

"For the purposes of the second paragraph, the following rules apply:

(1) section 48.1 shall be read as follows:

"**48.1** Where an adult eligible for benefits under the program or his spouse incurs, for the year, child care expenses for children which could be deducted by him or his spouse under section 353 or 356.0.1 of the Taxation Act (R.S.Q., chapter I-3) if sections 351 to 356.0.1 of that Act applied to the year 1994 as they read for the year 1993, the amount determined under section 48 shall, for the purposes of sections 48.2 to 48.4 and of the second paragraph of section 52, be increased by an amount determined according to the calculation method prescribed by regulation.";

(2) sections 48.2 and 48.3 apply as they read for the year 1993;

(3) the third paragraph of section 49 applies as if the words "and increased by the child care expenses which could be deducted under sections 353 and 356.0.1 of that Act if sections 351 to 356.0.1 of that Act applied to the year 1994 as they read for the year 1993," were inserted after the word "Act" in the fourth line.

239. (1) Section 53 of the said Act is replaced by the following section:

"**53.** Where advance payments are granted to both spouses, they shall be paid to them jointly or, at their request, to one of them. Each spouse is deemed to have received one-half of the advance payments."

(2) Subsection 1 applies in respect of advance payments for 1994 and subsequent years.

240. (1) Section 54 of the said Act is repealed.

(2) Subsection 1 applies in respect of advance payments for 1995 and subsequent years.

241. (1) Section 55 of the said Act is amended by inserting the words "of benefits" after the word "payment" in the first line of the first paragraph.

(2) Subsection 1 applies in respect of advance payments for 1995 and subsequent years.

242. (1) Section 56 of the said Act, amended by section 240 of chapter 64 of the statutes of 1993, is again amended by adding the words and figure ",distinguishing the portion attributable to benefits from the portion attributable to the amount of the increase referred to in section 48.1" after the word "spouse" at the end of subparagraph 7 of the first paragraph.

(2) Subsection 1 applies in respect of advance payments for 1994 and subsequent years.

243. (1) Section 58.1 of the said Act is amended by inserting the words "of benefits" after the word "payments" in the first line of the first paragraph.

(2) Subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

244. (1) Section 60 of the said Act is amended

(1) by inserting the words "in respect of the benefits" after the word "received" in the second line of the first paragraph;

(2) by replacing, in the French text, the word "des" in the first line of the second paragraph by the words "de ces".

(2) Subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years.

245. (1) Section 91 of the said Act, amended by section 243 of chapter 64 of the statutes of 1993, is again amended

(1) by striking out subparagraph 31.2 of the first paragraph;

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

"The regulations made during a year for the purposes of the parental wage assistance program pursuant to subparagraphs 27 to 39 of the first paragraph and the second paragraph may provide that they will have effect from the first day of the preceding year."

(2) Subsection 1 applies in respect of determinations of benefits for 1994 and subsequent years and in respect of advance payments for 1995 and subsequent years.

246. (1) The said Act is amended by inserting, after section 140, the following section:

"**140.1** The sums required to pay the portion of the advance payments provided for in the second paragraph of section 52 that is attributable to the amount of increase determined under section 48.1 are taken from the fiscal receipts received from individuals pursuant to the Taxation Act (R.S.Q., chapter I-3)."

(2) Subsection 1 has effect from 1 January 1994.

ACT RESPECTING THE QUÉBEC SALES TAX

247. (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 364 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing the definition of "taxation year" by the following definition:

" "taxation year" of a person means

(1) where the person is a taxpayer within the meaning of the Taxation Act, other than an unincorporated person exempt in accordance with Book VIII of that Act from tax under Part I of that Act, the taxation year of the person for the purposes of that Act, and

(2) in any other case, the period that would be the taxation year of the person for the purposes of that Act if the person were a corporation;";

(2) by striking out the definition of "corporeal movable property";

(3) by replacing the definitions of "consideration fraction" and "tax fraction" by the following definitions:

" "consideration fraction" means 100/106.5;

" "tax fraction" means 6.5/106.5;";

(4) by replacing the definition of "small supplier" by the following definition:

" "small supplier" means a person who, at any time, is a small supplier

(1) under sections 294 to 297, unless the person is not, at that time, a small supplier under section 148 of the Excise Tax Act, or

(2) under sections 297.0.1 and 297.0.2, unless the person is not, at that time, a small supplier under section 148.1 of the Excise Tax Act;";

(5) by inserting, after the definition of "commercial activity", the following definition:

" "commercial service", in respect of corporeal movable property, means any service in respect of the property other than a service of shipping the property supplied by a carrier and a financial service;".

(2) Paragraph 1 of subsection 1 has effect from 17 June 1994.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 13 May 1994. However, in respect of sections 235, 358, 360.3, 444 and 446 of the said Act, subsection 1 applies, with respect to paragraph 3 thereof,

(*a*) in the case of section 235 of the said Act, to the consideration for the supply by way of sale of an immovable for which the rate of tax applicable would have been 6.5% had the supply not been considered to be exempt;

(*b*) in the case of section 358 of the said Act:

i. to the amount deducted in respect of a supply for which the rate of tax applicable is 6.5%, except to the extent that the tax was calculated at the rate of 8% or 4%, in which case the tax fraction applicable is 8/108 or 4/104, or

ii. to the amount deducted in respect of a bringing into Québec after 12 May 1994;

(*c*) in the case of section 360.3 of the said Act, to the amount reimbursed in respect of the supply of an admission to a convention for which the rate of tax applicable is 6.5%, except to the extent that the tax was calculated at the rate of 4%, in which case the tax fraction applicable is 4/104;

(*d*) in the case of sections 444 and 446 of the said Act, to the bad debt in respect of a supply for which the rate of tax applicable is 6.5%, except to the extent that the tax was calculated at the rate of 8% or 4%, in which case the tax fraction applicable is 8/108 or 4/104.

(4) Paragraph 4 of subsection 1 has effect from 1 April 1993.

(5) Paragraph 5 of subsection 1 has effect from 1 July 1992.

248. (1) Section 16 of the said Act, amended by section 367 of chapter 22 of the statutes of 1994, is again amended

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

"**16.** Every recipient of a taxable supply made in Québec shall pay to the Minister of Revenue a tax in respect of the supply equal to 6.5% of the value of the consideration for the supply.";

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 13 May 1994, except in respect of supplies referred to in subsections 3 to 8.

(3) Subject to subsections 4 to 8, subsection 1 applies in respect of

(*a*) a supply of property or a service all of the consideration for which becomes due after 12 May 1994 and is not paid before 13 May 1994;

(*b*) a supply of property or a service part of the consideration for which becomes due after 12 May 1994 and is not paid before 13 May 1994; however, the tax shall be calculated on the value of any part of the consideration which becomes due or is paid before 13 May 1994, at the rate that would be applicable under section 16 of the said Act, as it read immediately before being amended by subsection 1, in respect of the supply.

(4) Where, by reason of section 86 of the said Act, tax under section 16 of the said Act, as amended by subsection 1, in respect of

a supply of corporeal movable property by way of sale, calculated on the value of all or any part of the consideration for the supply is payable before 13 May 1994, the tax shall be calculated at the rate that would be applicable under section 16 of the said Act, as it read immediately before being amended by subsection 1, in respect of the supply, except where, by reason of section 89 of the said Act, the tax calculated on the value of the consideration or part is payable after 12 May 1994, in which case the tax shall be calculated at the rate of 6.5%.

(5) Subsection 1 applies in respect of a supply of an immovable by way of sale made under an agreement in writing entered into after 12 May 1994, whereby the ownership and possession of the immovable are transferred to the recipient after that date.

(6) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 12 May 1994 for the construction, renovation or alteration of, or repair to, any immovable or any ship or other marine vessel.

(7) Subsection 1 applies in respect of a supply of property or a service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 12 May 1994.

(8) Where a supply of property or a service is made and the consideration for the supply of the property or service delivered, performed or made available during any period beginning before 13 May 1994 and ending after 12 May 1994 is paid by the recipient under a budget payment arrangement with a reconciliation of the payments to take place at or after the end of the period,

(*a*) the supplier shall, upon issuing an invoice for the reconciliation of the payments, determine the positive or negative amount determined by the formula

$$A - B;$$

(*b*) where the amount determined under paragraph *a* in respect of a supply of property or a service is a positive amount and the supplier is a registrant, the supplier shall collect, and is deemed to have collected on the day the invoice for the reconciliation of payments is issued, that amount from the recipient as tax; and

(*c*) where the amount determined under paragraph *a* in respect of a supply of property or a service is a negative amount and the supplier is a registrant, the supplier shall refund or credit that amount to the recipient and issue a credit note for that amount, unless the

recipient issues a debit note for the same amount, in accordance with section 449 of the said Act.

(9) For the purposes of the formula in paragraph *a* of subsection 8,

(*a*) A is the total tax that would be payable by the recipient in respect of the supply of the property or service delivered, performed or made available during the period, were it calculated as follows:

i. at the rate of 8% or 4%, as the case may be, on the value of the consideration attributable to the part of the property or service supplied that was delivered, performed or made available before 13 May 1994, if the consideration attributable to that part had become due or had been paid before 13 May 1994, and

ii. at the rate of 6.5% on the value of the consideration attributable to the part of the property or service supplied which was delivered, performed or made available after 12 May 1994, if the consideration attributable to that part had become due after 12 May 1994 and had not been paid before 13 May 1994; and

(*b*) B is the total tax payable by the recipient in respect of the supply of the property or service delivered, performed or made available during the period.

(10) For the purposes of subsections 7 to 9, where a supply of property or a service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made, during any period for which the supplier issues an invoice for the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which the property or a part thereof is delivered, or the time at which the service or a part thereof is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

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

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

"**17.** Every person who brings into Québec corporeal property for consumption or use in Québec by the person or at his expense by another person shall, immediately after the bringing into Québec of the property, pay to the Minister a tax equal to 6.5% of the value of the property.";

(2) by replacing subparagraph 2 of the second paragraph by the following subparagraph:

"(2) in the case of property, other than a road vehicle referred to in subparagraph 2.1, supplied to the person outside Québec by way of sale and consumed or used in Québec within 12 months after it is supplied, the value of the consideration for the supply;";

(3) by inserting, after subparagraph 2 of the second paragraph, the following subparagraph:

"(2.1) in the case of a used road vehicle supplied to the person outside Québec by way of sale that must be registered under the Highway Safety Code (R.S.Q., chapter C-24.2) following an application by the person,

(*a*) where the vehicle is used in Québec within 12 months after the supply, the value of the consideration for the supply or, if the supply is made for no consideration or for consideration less than the estimated value of the vehicle, that estimated value, and

(*b*) where the vehicle is not used in Québec within 12 months after the supply, the estimated value of the vehicle;".

(2) Paragraph 1 of subsection 1 applies in respect of a bringing into Québec after 12 May 1994.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a bringing into Québec after 31 May 1994.

250. (1) The said Act is amended by inserting, after section 17, the following sections:

"**17.0.1** For the purposes of subparagraph 2.1 of the second paragraph of section 17, the estimated value of a road vehicle is

(1) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the *Canadian Red Book* published by Maclean Hunter Ltd., that price less an amount of $500;

(2) in the case of a vehicle for which a current resale value is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the *Sanford Evans Gold Book of Motorcycle Data and Used Prices* published by Sanford Evans Communications Ltd., that value less an amount of $500;

(3) in the case of a vehicle for which a current resale value is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the *Sanford Evans Gold Book of Snowmobile Data and Used Prices* published by Sanford Evans Communications Ltd., that value less an amount of $500; and

(4) in any other case, the value of the vehicle prescribed by the Minister.

"**17.0.2** Where subparagraph *a* of subparagraph 2.1 of the second paragraph of section 17 applies in respect of a road vehicle that is damaged or that shows unusual wear at the time it is supplied to a person, that is brought into Québec by the person immediately after that time and that immediately after the bringing of the vehicle into Québec, the person provides the Minister or a person prescribed for the purposes of section 473 with a written estimate of the vehicle or of the repairs to be carried out in respect of the vehicle, made by the person referred to in the second paragraph of section 55.0.3, the value of the vehicle which corresponds to the estimated value of the vehicle described in section 17.0.1 may be reduced by an amount equal to

(1) the amount by which that value exceeds the value of the vehicle stated in the written estimate; or

(2) the value stated in the written estimate of the repairs to be carried out in respect of the vehicle."

(2) Subsection 1 applies in respect of a bringing into Québec after 31 May 1994.

251. (1) Section 17.3 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**17.3** Notwithstanding section 17, where a person to whom section 3 of the Fuel Tax Act (R.S.Q., chapter T-1) applies and who is required to hold a registration certificate under the said Act, brings into Québec fuel supplied to him outside Québec and contained in a tank feeding the engine of a road vehicle, other than a pleasure vehicle, in respect of which a registrant who acquired it could not claim an input tax refund by reason of section 206.1, the person shall pay to the Minister tax in respect of the part of the fuel used in Québec equal to 6.5% of the value of the consideration for the supply attributable to that part of the fuel."

(2) Subsection 1 applies in respect of a bringing into Québec after 12 May 1994.

252. (1) The heading of subdivision 3 of Division I of Chapter II of Title I of the said Act is replaced by the following:

"§ 3.—*Taxable supply made outside Québec or by a non-resident person who is not registered*".

(2) Subsection 1 has effect from 1 July 1992.

253. (1) Section 18 of the said Act, amended by section 370 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing the part preceding subparagraph 1 of the first paragraph by the following:

"**18.** Every recipient of a taxable supply, other than a zero-rated supply, shall pay to the Minister a tax in respect of the supply equal to 6.5% of the value of the consideration for the supply if the supply is";

(2) by striking out the word "or" at the end of subparagraph *f* of subparagraph 1 of the first paragraph and by adding, after subparagraph 2 of the first paragraph, the following subparagraphs:

"(3) a supply, other than a prescribed supply, of corporeal movable property made by a person not resident in Québec who is not registered under Division I of Chapter VIII to a recipient who is a registrant where

(*a*) physical possession of the property is transferred to the recipient in Québec by another registrant who has

i. made in Québec a supply by way of sale of the property or a supply of a service of manufacturing or producing the property to the person not resident in Québec, or

ii. acquired physical possession of the property in order to make a supply of a commercial service in respect of the property to the person not resident in Québec,

(*b*) the recipient gives to the other registrant a certificate of the recipient referred to in subparagraph 3 of the first paragraph of section 327.2,

(*c*) the property

i. is not acquired by the recipient for consumption, use or supply exclusively in the course of commercial activities of the recipient,

ii. is property in respect of which the recipient is not entitled to apply for an input tax refund by reason of section 206.1, or

iii. is a passenger vehicle which the recipient acquires for use in Québec as capital property in the course of commercial activities of the recipient and in respect of which the capital cost to the recipient exceeds the amount deemed under paragraph *d*.3 or *d*.4 of section 99 of the Taxation Act (R.S.Q., chapter I-3) to be the capital cost of the passenger vehicle to the recipient for the purposes of the said Act; or

"(4) a supply, other than a prescribed supply, of corporeal movable property made at a particular time by a person not resident in Québec who is not registered under Division I of Chapter VIII to a particular recipient resident in Québec where

(*a*) the property is delivered or made available, in Québec, to the particular recipient and the particular recipient is not a registrant who is acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the particular recipient and is entitled to claim an input tax refund in respect of the property, and

(*b*) the person not resident in Québec has previously made a taxable supply of the property by way of lease, licence or similar arrangement to a registrant with whom the person was not dealing at arm's length or who was related to the particular recipient, and

i. the property was delivered or made available, in Québec, to the registrant,

ii. the registrant was entitled to claim an input tax refund in respect of the property or was not required to pay tax under this section in respect of the supply solely because he had acquired the property for consumption, use or supply exclusively in the course of commercial activities of the registrant and the property was property in respect of which the registrant was entitled to claim an input tax refund, and

iii. the supply was the last supply made by the person not resident in Québec to a registrant before the particular time.";

(3) with respect to the second paragraph,

(*a*) by replacing the said second paragraph by the following paragraph:

"The rate of tax to which the first paragraph refers is the rate that would be applicable in respect of the supply under section 16 if

the supply were made in Québec, or 8% where the supply is a supply of corporeal movable property.";

(*b*) by striking out the said second paragraph;

(4) by replacing the third paragraph, which was the fourth paragraph before paragraph 2 of subsection 1 of section 370 of chapter 22 of the statutes of 1994 struck out the third paragraph, by the following paragraph:

"The tax under this section in respect of a taxable supply is payable by the recipient on the earlier of the day the consideration for the supply is paid and the day the consideration for the supply becomes due."

(2) Paragraph 1 and subparagraph *b* of paragraph 3 of subsection 1 have effect from 13 May 1994, except in respect of supplies referred to in subsections 3 to 5.

(3) Subject to subsections 4 and 5, paragraph 1 and subparagraph *b* of paragraph 3 of subsection 1 apply in respect of supplies in respect of which the consideration becomes due after 12 May 1994 and is not paid before 13 May 1994.

(4) Paragraph 1 and subparagraph *b* of paragraph 3 of subsection 1 apply in respect of supplies made under an agreement in writing entered into after 12 May 1994 for the construction, renovation, alteration of, or repair to, any ship or other marine vessel.

(5) Paragraph 1 and subparagraph *b* of paragraph 3 of subsection 1 apply in respect of supplies of property or a service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 12 May 1994.

(6) For the purposes of subsection 5, where a supply of property or a service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit, during any period for which the supplier issues an invoice for the supply, is made and, by reason of the method of recording the delivery of the property or the provision of the service, the time at which the property or a part thereof is delivered or the time at which the service or a part thereof is provided cannot reasonably be determined, an equal part of the whole of the property delivered or of the whole of the service provided in the period is deemed to have been delivered or provided on each day of the period.

(7) Paragraph 2 of subsection 1, where it enacts subparagraph 3 of the first paragraph of section 18 of the said Act, and paragraph 4 of subsection 1 have effect from 1 July 1992. However,

(*a*) that part of subparagraph 3 of the first paragraph of section 18 of the said Act which precedes subparagraph *a*, as enacted by paragraph 2 of subsection 1, shall be read without reference to ",other than a prescribed supply," in respect of supplies all or any part of the consideration for which is paid or becomes due before 1 October 1992;

(*b*) subparagraph 3 of the first paragraph of section 18 of the said Act, as enacted by paragraph 2 of subsection 1, shall be read without reference to subparagraph *b* in respect of supplies of property physical possession of which is transferred to the recipient before 30 October 1992.

(8) Paragraph 2 of subsection 1, where it enacts subparagraph 4 of the first paragraph of section 18 of the said Act, applies in respect of supplies the consideration for which is paid or becomes due after 31 December 1992, other than supplies the consideration for which is paid or becomes due before 1 January 1993.

(9) Subparagraph *a* of paragraph 3 of subsection 1 has effect from 1 July 1992.

254. (1) The said Act is amended by inserting, after section 18, the following:

"§ 4.—*Determination of the rate of tax applicable – Coming into force of the Civil Code of Québec*

"**18.1** Where the tax payable in respect of the taxable supply, or of the bringing into Québec, of property or a service becomes payable or is paid without having become payable after 31 December 1993, the tax shall be calculated at the rate that would be applicable in respect of the supply or bringing into Québec were it to become payable or were it paid before 1 January 1994, except where, but for this section, the tax payable must be calculated at the rate of 6.5%."

(2) Subsection 1 has effect from 1 January 1994.

255. (1) Section 21 of the said Act, amended by section 371 of chapter 22 of the statutes of 1994, is again amended by replacing the part preceding paragraph 1 by the following:

"**21.** Subject to sections 23, 24.2, 327.2 and 327.3, a supply is deemed to be made in Québec if".

(2) Subsection 1 has effect from 1 July 1992. However, where the part of section 21 of the said Act preceding paragraph 1, as enacted by subsection 1, applies during the period beginning on 1 July 1992 and ending on 31 December 1992, it shall be read by replacing "23," therein by "23, 24,".

256. (1) Section 34 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of supplies made after 12 May 1994.

257. (1) Section 34.3 of the said Act is repealed.

(2) Subsection 1 applies in respect of supplies made after 12 May 1994.

258. (1) Section 39.1 of the said Act, enacted by section 386 of chapter 22 of the statutes of 1994, is amended

(1) by striking out the word "and" at the end of paragraph 1 and by replacing paragraph 2 by the following paragraph:

"(2) feed that is a complete feed, supplement, macro-premix, micro-premix or mineral feed, other than a trace mineral salt feed, the supply of which in bulk quantities of at least 20 kg would be a zero-rated supply included in Division IV of Chapter IV; and";

(2) by adding, at the end, the following paragraph:

"(3) by-products of the food processing industry and plant or animal products, the supply of which in bulk quantities of at least 20 kg would be a zero-rated supply included in Division IV of Chapter IV."

(2) Subsection 1 applies in respect of supplies of property delivered to recipients after 10 June 1993.

259. (1) Section 41.1 of the said Act, enacted by section 388 of chapter 22 of the statutes of 1994, is amended

(1) by replacing subparagraph 4 of the first paragraph by the following subparagraph:

"(4) where at one or more times the mandatary remits to, or credits in favour of, the mandator an amount on account of the supply to the recipient, the mandator is deemed to have made a supply of the property to the mandatary, and the mandatary is deemed to have

received that supply from the mandator, for consideration, paid at the earliest of those times, equal to the amount determined by this formula

A – B.";

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

"For the purposes of this formula,

(1) A is the total of the consideration for the supply of the property to the recipient and the tax payable in respect of that supply; and

(2) B is the total of the consideration that would be determined in respect of the supply of a service relating to the supply to the recipient that, but for this section and subsection 1.1 of section 177 of the Excise Tax Act (Statutes of Canada), would be made by the mandatary to the mandator and the tax calculated on that consideration that would be payable by the mandator but for this section and subsection 1.1 of section 177 of that Act."

(2) Subsection 1 applies in respect of supplies made after 12 May 1994 by a registrant on behalf of a person.

260. (1) Section 41.4 of the said Act, enacted by section 388 of chapter 22 of the statutes of 1994, is amended

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

"(1) for the purposes of subdivision 3 of Division II of Chapter V, the property is deemed to be used corporeal movable property, and";

(2) by replacing subparagraphs *a* and *b* of subparagraph 2 of the first paragraph by the following subparagraphs:

"(*a*) where section 41.1 applies, the amount determined under subparagraph 4 of that section, and

"(*b*) where section 41.2 applies, the amount by which the amount determined under paragraph 2 of that section exceeds the total of the consideration for the supply made by the registrant to the person of a service relating to the supply of the property made on the person's behalf and the tax payable by the person in respect of the supply of that service.";

(3) by striking out the second paragraph.

(2) Subsection 1 applies in respect of supplies made after 12 May 1994 by a registrant on behalf of a person.

261. (1) The said Act is amended by inserting, before section 42.1, enacted by section 390 of chapter 22 of the statutes of 1994, the following sections:

"**42.0.1** For the purposes of sections 42.0.2 to 42.0.9, "endeavour" of a person means

(1) a business of the person, other than a business in the ordinary course of which the person has not made, and does not intend to make, supplies;

(2) an adventure or concern of the person in the nature of trade; or

(3) the making of a supply by the person of an immovable of the person, including anything done by the person in the course of or in connection with the making of the supply.

"**42.0.2** Where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person for the purpose of making taxable or non-taxable supplies in the course of that endeavour.

"**42.0.3** Where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use otherwise than in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person

(1) for the purpose of making supplies in the course of that endeavour that are not taxable or non-taxable supplies; or

(2) for a purpose other than the making of supplies in the course of that endeavour.

"**42.0.4** Where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use

is deemed to be in the course of commercial activities of the person, to the extent that the consumption or use is for the purpose of making taxable or non-taxable supplies in the course of that endeavour.

"**42.0.5** Where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use is deemed to be otherwise than in the course of commercial activities of the person, to the extent that the consumption or use is

(1) for the purpose of making supplies in the course of that endeavour that are not taxable or non-taxable supplies; or

(2) for a purpose other than the making of supplies in the course of that endeavour.

"**42.0.6** Where a supplier makes a taxable or non-taxable supply (in this section referred to as a "free supply") of property or a service for no consideration or nominal consideration in the course of a particular endeavour of the supplier and it can reasonably be regarded that among the purposes (in this section referred to as the "specified purposes") for which the free supply is made is the purpose of facilitating, furthering or promoting the acquisition, consumption or use of other property or services by any other person, or an endeavour of any person, the following rules apply:

(1) for the purposes of sections 42.0.2 and 42.0.3, the supplier is deemed to have acquired or brought into Québec a particular property or service for use in the course of the particular endeavour, and for the specified purposes and not for the purpose of making the free supply, to the extent that the supplier acquired or brought into Québec the particular property or service for the purpose of making the free supply of that property or service or for consumption or use in the course of making the free supply; and

(2) for the purposes of sections 42.0.4 and 42.0.5, the supplier is deemed to have consumed or used a particular property or service for the specified purposes and not for the purpose of making the free supply, to the extent that he consumed or used the particular property or service for the purpose of making the free supply.

"**42.0.7** The methods used by a person in a fiscal year to determine the extent to which properties or services are acquired or brought into Québec by the person for the purpose of making taxable or non-taxable supplies or for other purposes, and the extent to which the consumption or use of properties or services is for the purpose of making taxable or non-taxable supplies or for other purposes shall be fair and reasonable and shall be used consistently by the person throughout the year.

For the purposes of this section, the fiscal year of a person is the person's fiscal year within the meaning of section 458.1.

"**42.0.8** Where under a particular provision of this title, other than sections 42.0.2 to 42.0.6, certain facts or circumstances are deemed to exist, and that deeming is dependent, in whole or in part, on the particular circumstance that property or a service is or was acquired or brought into Québec for consumption or use, or consumed or used, to a certain extent in the course of, or otherwise than in the course of, commercial activities or other activities, the following rules apply:

(1) for the purpose of determining whether the particular circumstance exists, that certain extent shall be determined under sections 42.0.2 to 42.0.5; and

(2) where it is determined that the particular circumstance exists and all other circumstances necessary for the particular provision to apply exist, the deeming by the particular provision applies notwithstanding sections 42.0.2 to 42.0.5.

"**42.0.9** Where under a provision of this title, the consideration for a supply is deemed not to be consideration for the supply, a supply is deemed to be made for no consideration or a supply is deemed not to have been made by a person, that deeming does not apply for the purposes of sections 42.0.1 to 42.0.6."

(2) Subsection 1 has effect from 1 July 1992. However,

(*a*) for the period beginning on 1 July 1992 and ending on 30 September 1992, section 42.0.2 of the said Act, as enacted by subsection 1, shall be read as follows:

"**42.0.2** Notwithstanding section 42, where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person for the purpose of making taxable or non-taxable supplies in the course of that endeavour.";

(*b*) for the period beginning on 1 July 1992 and ending on 30 September 1992, that part which precedes paragraph 1 of section 42.0.3 of the said Act, as enacted by subsection 1, shall be read as follows:

"**42.0.3** Notwithstanding section 42, where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use otherwise than in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person";

(*c*) for the period beginning on 1 July 1992 and ending on 30 September 1992, section 42.0.4 of the said Act, as enacted by subsection 1, shall be read as follows:

"**42.0.4** Notwithstanding section 42, where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use is deemed to be in the course of commercial activities of the person, to the extent that the consumption or use is for the purpose of making taxable or non-taxable supplies in the course of that endeavour.";

(*d*) for the period beginning on 1 July 1992 and ending on 30 September 1992, that part which precedes paragraph 1 of section 42.0.5 of the said Act, as enacted by subsection 1, shall be read as follows:

"**42.0.5** Notwithstanding section 42, where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use is deemed to be otherwise than in the course of commercial activities of the person, to the extent that the consumption or use is";

(*e*) section 42.0.6 of the said Act, as enacted by subsection 1, does not apply for the purpose of determining

i. any amount claimed in an application filed under Chapter VII, or in a return filed under Chapter VIII, on or before 14 February 1994, or

ii. any change in use of property occurring on or before 14 February 1994.

262. (1) Section 49 of the said Act is repealed.

(2) Subsection 1 has effect from 1 July 1992.

263. (1) The said Act is amended by inserting, after section 55, the following sections:

"**55.0.1** Notwithstanding section 55, where a taxable supply by way of sale of a used road vehicle that must be registered under the Highway Safety Code (R.S.Q., chapter C-24.2) following an application by the recipient of the vehicle is made for no consideration or for consideration less than the estimated value of the vehicle, the following rules apply:

(1) if no consideration is paid for the supply, the supply is deemed to be made for consideration, paid at that time, of a value equal to the estimated value of the vehicle; and

(2) if the consideration for the supply is less than the estimated value of the vehicle, the value of the consideration is deemed to be equal to that estimated value.

This section does not apply in respect of

(1) a supply of a road vehicle made following the exercise by the recipient of a right to acquire the vehicle, conferred on him under an agreement in writing for the lease of the vehicle entered into with the supplier;

(2) a supply of a road vehicle deemed to be made or received for no consideration or for consideration equal to the fair market value of the vehicle; or

(3) a supply of a road vehicle in respect of which tax is deemed to be collected or paid.

"**55.0.2** For the purposes of section 55.0.1, the estimated value of a road vehicle is

(1) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is supplied, of the *Canadian Red Book* published by Maclean Hunter Ltd., that price less an amount of $500;

(2) in the case of a vehicle for which a current resale value is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is supplied, of the *Sanford Evans Gold Book of Motorcycle Data and Used Prices* published by Sanford Evans Communications Ltd., that value less an amount of $500;

(3) in the case of a vehicle for which a current resale value is listed in the most recent edition, on the first day of the month preceding the

month in which the vehicle is supplied, of the *Sanford Evans Gold Book of Snowmobile Data and Used Prices* published by Sanford Evans Communications Ltd., that value less an amount of $500; and

(4) in any other case, the value of the vehicle prescribed by the Minister.

"**55.0.3** Where section 55.0.1 applies in respect of the supply of a road vehicle that is damaged or that shows unusual wear and at the time of the supply the recipient provides the supplier of the vehicle or, in the case of a supply under section 20.1, the Minister or a person prescribed for the purposes of section 473.1, with a written estimate of the vehicle or of the repairs to be carried out in respect of the vehicle, the estimated value of the vehicle described in section 55.0.2 may be reduced by an amount equal to

(1) the amount by which that value exceeds the value of the vehicle stated in the written estimate; or

(2) the value stated in the written estimate of the repairs to be carried out in respect of the vehicle.

The written estimate shall be made by a person who has been issued an attestation of professional qualification as an estimator of automobile damage by the Groupement des assureurs automobiles."

(2) Subsection 1 applies in respect of supplies made after 31 May 1994.

264. (1) The said Act is amended by inserting, after section 69.2, enacted by section 401 of chapter 22 of the statutes of 1994, the following sections:

"**69.3** Where a registrant ordinarily uses a cash register to determine the tax payable by a recipient in respect of a taxable supply made by the registrant and the cash register does not have the capability of determining the tax by multiplying the value of the consideration for the supply by the rate of the tax or the value of the consideration determined without reference to the tax payable by the recipient under Part IX of the Excise Tax Act (Statutes of Canada), in this section referred to as the "value of the adjusted consideration", by 6.955%, or 13.955% if the registrant determines a total amount made up of both that tax and the tax under Part IX of the Excise Tax Act, the following rules apply:

(1) the registrant may, by means of the cash register, determine the tax payable by multiplying the value of the adjusted consideration by 6.95%; and

(2) the registrant may, by means of the cash register, determine the total amount made up of both that tax and the tax under Part IX of the Excise Tax Act by multiplying the value of the adjusted consideration by 13.95%.

"**69.4** Every registrant who applies the rules set out in section 69.3 in circumstances different from those referred to in the said section shall incur a penalty of 1% of the tax collected throughout the period of irregularity."

(2) Subsection 1 has effect from 13 May 1994.

265. (1) Section 80.1 of the said Act is replaced by the following section:

"**80.1** No tax is payable in respect of the supply by way of gift of a road vehicle that must be registered under the Highway Safety Code (R.S.Q., chapter C-24.2) following an application by the recipient of the vehicle, where the supply is made between related individuals."

(2) Subsection 1 applies in respect of supplies made after 12 May 1994.

266. (1) The said Act is amended by inserting, after section 80.1, the following section:

"**80.1.1** No tax is payable in respect of the supply of a road vehicle made by a municipality to another municipality where

(1) the vehicle is supplied under an agreement in writing for the provision of municipal services by the recipient in the territory of the supplier;

(2) the vehicle is supplied for use by the recipient in providing municipal services of the same nature as those in the course of which the vehicle was used by the supplier before the time the vehicle was supplied; and

(3) the recipient would not be entitled, but for this section, to claim an input tax refund, or a rebate under section 386 or 386.1, in respect of the vehicle."

(2) Subsection 1 has effect from 1 July 1992.

267. (1) Section 81 of the said Act, amended by section 410 of chapter 22 of the statutes of 1994, is again amended

(1) by replacing paragraphs 1 and 2 by the following paragraphs:

"(1) goods that are classified under heading No. 98.01, 98.02, 98.03, 98.04, 98.05, 98.06, 98.07, 98.10, 98.11, 98.12, 98.15, 98.16 or 98.19 or under subheading No. 9823.60, 9823.70, 9823.80 or 9823.90 of Schedule I to the Customs Tariff (Statutes of Canada), to the extent that the goods are not subject to duty under that Act, but not including goods that are classified under tariff item No. 9804.30.00 of that schedule and road vehicles, other than pleasure vehicles, classified under heading No. 98.01 of that schedule and in respect of which a registrant who acquired them could not claim an input tax refund by reason of section 206.1;

"(2) goods from Canada outside Québec that would, taking into account the required adaptations, be goods classified under any of the headings or subheadings mentioned in paragraph 1 if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00, 9804.40.00, 9805.00.00 or 9807.00.00 of Schedule I to the Customs Tariff and road vehicles, other than pleasure vehicles, that would be classified under heading No. 98.01 of that schedule and in respect of which a registrant who acquired them could not claim an input tax refund by reason of section 206.1;";

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

"(2.1) goods from Canada outside Québec that are for the domestic or personal use of an individual arriving in Québec to take up permanent residence, except goods acquired by the individual less than 31 days before his arrival in Québec and in respect of which the individual has not paid tax of the same nature as the tax payable under this title, imposed by another province, the Northwest Territories or the Yukon Territory, or in respect of which the individual has obtained or is entitled to obtain a rebate of such a tax;";

(3) by replacing paragraph 7 by the following paragraph:

"(7) goods to the supply of which any of Divisions I, II, III or IV of Chapter IV or paragraph 2 of section 198 applies;".

(2) Paragraph 1 of subsection 1 applies in respect of a bringing into Québec after 31 December 1993. However, for the period beginning on 1 January 1994 and ending on 12 May 1994, paragraph 2 of section 81 of the said Act, as enacted by paragraph 1 of subsection 1, shall be read as follows:

"(2) goods from Canada outside Québec that would, with such modifications as are required, be goods classified under any of the

headings or subheadings mentioned in paragraph 1 if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00 or 9804.40.00 of Schedule I to the Customs Tariff and road vehicles, other than pleasure vehicles, that would be classified under heading No. 98.01 of that schedule and in respect of which a registrant who acquired them could not claim an input tax refund by reason of section 206.1;".

(3) Paragraph 2 of subsection 1 applies in respect of a bringing into Québec after 12 May 1994.

(4) Paragraph 3 of subsection 1 applies in respect of a bringing into Québec after 30 June 1992.

268. (1) Section 101 of the said Act, replaced by section 415 of chapter 22 of the statutes of 1994, is amended, in the French text,

(1) by replacing the part preceding paragraph 1 by the following:

"**101.** La fourniture par vente d'une aire de stationnement dans un immeuble d'habitation en copropriété effectuée par un fournisseur à une personne est exonérée dans le cas où, à la fois:";

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

"2° à un moment quelconque, l'aire a été fournie par vente au fournisseur et celui-ci n'a pas demandé, après ce moment, un remboursement de la taxe sur les intrants à l'égard de l'acquisition, ou de l'apport au Québec, d'une amélioration à celle-ci."

(2) Subsection 1 has effect from 12 May 1994.

269. (1) Section 101.1 of the said Act, enacted by section 416 of chapter 22 of the statutes of 1994, is amended, in the French text,

(1) by replacing the part preceding paragraph 1 by the following:

"**101.1** La fourniture par louage, licence ou accord semblable d'une aire de stationnement pour une période d'au moins un mois est exonérée si elle est effectuée:";

(2) by replacing subparagraphs *a* and *b* of paragraph 1 by the following subparagraphs:

"*a*) l'aire fait partie de l'immeuble d'habitation ou du terrain de caravaning résidentiel;

"*b*) le fournisseur de l'aire est un propriétaire ou un occupant de l'immeuble d'habitation à logement unique, de l'habitation ou de

l'emplacement et l'utilisation de l'aire est accessoire à l'utilisation et à la jouissance de l'immeuble d'habitation, de l'habitation ou de l'emplacement à titre de résidence pour des particuliers;";

(3) by replacing paragraphs 2 and 3 by the following paragraphs:

"2° soit au propriétaire, au locataire, à l'occupant ou au possesseur d'un logement en copropriété dans un immeuble d'habitation en copropriété dans le cas où l'aire fait partie de l'immeuble d'habitation;

"3° soit par un fournisseur au propriétaire, au locataire, à l'occupant ou au possesseur d'une maison flottante dans le cas où celle-ci est amarrée à un poste d'amarrage ou à un quai en vertu d'une convention avec le fournisseur pour une fourniture exonérée visée à l'article 106.2 et que l'utilisation de l'aire est accessoire à l'utilisation et à la jouissance de la maison à titre de résidence pour des particuliers."

(2) Subsection 1 has effect from 12 May 1994.

270. (1) Section 108 of the said Act, amended by section 420 of chapter 22 of the statutes of 1994, is again amended, in the definition of "institutional health care service", by replacing paragraph 2 by the following paragraph:

"(2) a medication, biological substance or related preparation when administered, or a medical or surgical prosthesis when installed, in the facility in conjunction with the supply of a service or property included in any of paragraphs 1 and 3 to 7;".

(2) Subsection 1 has effect from 1 July 1992.

271. (1) Section 116 of the said Act is replaced by the following section:

"**116.** A supply, other than a zero-rated supply, of any property or service is exempt to the extent that the consideration for the supply is payable or reimbursed by the Government of Québec pursuant to the Health Insurance Act (R.S.Q., chapter A-29) or the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5) or by the government of another province, the Northwest Territories or the Yukon Territory under a health care plan established for the insured persons of that province or territory under an Act of the legislature of that province or territory."

(2) Subsection 1 has effect from 1 July 1992. However, it does not apply for the purpose of determining, by a method prescribed

under section 434 of the said Act, the net tax of a person for a reporting period ending before 1 June 1993.

272. (1) Section 119.1 of the said Act, enacted by section 421 of chapter 22 of the statutes of 1994, is replaced by the following section:

"**119.1** A supply of a homemaker service that is rendered to an individual in the individual's place of residence, whether the recipient of the supply is the individual or any other person, is exempt where

(1) the supplier is a government;

(2) the supplier is a municipality;

(3) a government, municipality or organization administering a government or municipal program in respect of homemaker services pays an amount

(*a*) to the supplier in respect of the supply, or

(*b*) to any person for the purpose of the acquisition of the service; or

(4) another supply of a homemaker service rendered to the individual is made in the circumstances described in paragraph 1, 2 or 3."

(2) Subsection 1 applies in respect of supplies for which consideration becomes due after 31 December 1992 or is paid after 31 December 1992 without having become due.

273. (1) Section 141 of the said Act, amended by section 431 of chapter 22 of the statutes of 1994, is again amended

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

"(2) property or a service the supply of which is deemed under this title, except section 27, to have been made by the charity;";

(2) by replacing paragraph 5 by the following paragraph:

"(5) corporeal property that was acquired, manufactured or produced by the charity for the purpose of making a supply of the property and was neither donated to the charity nor used by another person before its acquisition by the charity, or any service supplied by the charity in respect of such property, other than such property or such a service supplied by the charity under a contract for catering;";

(3) by replacing paragraph 7 by the following paragraph:

"(7) property or a service made by the charity under a contract for catering, for an event or occasion sponsored or arranged by another person who contracts with the charity for such supply;".

(2) Paragraph 1 of subsection 1 has effect from 12 May 1994.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of supplies made after 12 May 1994.

274. (1) Section 168 of the said Act, amended by section 441 of chapter 22 of the statutes of 1994, is again amended, in the French text, by replacing paragraph 8 by the following paragraph:

"8° une aire de stationnement dont la fourniture est effectuée par louage, licence ou accord semblable dans le cadre de l'exploitation d'une entreprise par l'organisme."

(2) Subsection 1 has effect from 12 May 1994.

275. (1) Section 176 of the said Act, amended by section 447 of chapter 22 of the statutes of 1994, is again amended

(1) by inserting, after paragraph 17, the following paragraph:

"(17.1) a supply of a service of modifying a motor vehicle of an individual to adapt the vehicle for the transportation of a person using a wheelchair and a supply of property, other than the vehicle, made in conjunction with, and because of, the supply of the service;";

(2) by replacing paragraph 33 by the following paragraph:

"(33) a supply of a service, other than a service the supply of which is included in any provision of Division II of Chapter III, except section 116, or a service related to the provision of a surgical or dental service that is performed for cosmetic purposes and not for medical or reconstructive purposes, of maintaining, installing, modifying, repairing or restoring a property described in any of paragraphs 1 to 31, or any part of such a property where the part is supplied in conjunction with the service;".

(2) Paragraph 1 of subsection 1 applies in respect of supplies for which consideration becomes due after 10 December 1992 or is paid after 10 December 1992 without having become due.

(3) Paragraph 2 of subsection 1 has effect from 1 July 1992. However, it does not apply for the purpose of determining, by a

method prescribed under section 434 of the said Act, the net tax of a person for a reporting period ending before 1 June 1993.

276. (1) Section 178 of the said Act, amended by section 450 of chapter 22 of the statutes of 1994, is again amended

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

"(1) a supply of bees, farm livestock, other than rabbits, or poultry that are ordinarily raised or kept to be used as or to produce food for human consumption or to produce wool;";

(2) by inserting, after paragraph 1, the following paragraph:

"(1.1) a supply of a rabbit made otherwise than in the course of a business in the course of which animals are regularly supplied as pets to consumers;".

(2) Subsection 1 has effect from 1 July 1992.

277. (1) The said Act is amended by inserting, after section 180.1, enacted by section 452 of chapter 22 of the statutes of 1994, the following section:

"**180.2** A supply of a pilotage service made to a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the supply is made is a zero-rated supply where

(1) the person carries on the business of transporting property or passengers by ship to and from places located outside Québec; and

(2) the pilotage service is acquired by the person for consumption or use in the course of such transportation."

(2) Subsection 1 has effect from 1 July 1992.

278. (1) Section 191 of the said Act, replaced by section 454 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**191.** The following supplies, made to a person not resident in Québec who is not registered under Division I of Chapter VIII, are zero-rated supplies:

(1) a supply of corporeal movable property or of a service performed in respect of corporeal movable property where the property or service is acquired by the person for the purpose of fulfilling an obligation of the person under a warranty;

(2) a supply of corporeal movable property where the supply is deemed, under section 327.1, to have been made following a transfer of possession of the property in performance of an obligation of the person under a warranty."

(2) Subsection 1 has effect from 1 July 1992.

279. (1) The said Act is amended by inserting, after section 192, the following:

"DIVISION VI.1

"HOTEL PACKAGE

"**192.1** For the purposes of this division,

"eligible package" means the following goods supplied by a person as a package to a recipient for a single consideration:

(1) short-term accommodation situated in Québec, other than accommodation whose supply is exempt, made available to the recipient for a period of two or more days for each night of which such accommodation supplied by the person is made available to the recipient;

(2) a meal intended to be served in Québec to an individual occupying the short-term accommodation, during the period of two or more days for each of which, but not necessarily for the first, two or more meals supplied by the person are intended to be served to each individual occupying the short-term accommodation; and

(3) where applicable, a meal intended to be served in Québec the day after the last day in the period of two or more days to an individual who occupied the short-term accommodation during that period;

"meal" means breakfast, brunch, lunch or dinner;

"short-term accommodation" has the meaning assigned by section 353.6;

"tour package" has the meaning assigned by section 353.6.

"**192.2** The supply of an eligible package by a registrant to a recipient is a zero-rated supply if

(1) the single consideration for the supply of the eligible package is entered separately, on every invoice relating to the supply, in such

manner that it is not mingled with any other consideration, should there be one;

(2) where the recipient of the supply of the eligible package is not resident in Québec, is not registered under Division I of Chapter VIII and is acquiring the eligible package in the ordinary course of a business of the recipient of making supplies of short-term accommodation or tour packages,

(*a*) the recipient provides the registrant with a declaration stating that the recipient is not resident in Québec, is not registered under Division I of Chapter VIII and undertakes to not make a supply of the goods included in the eligible package other than as an eligible package and only to a person who is not resident in Québec and who does not operate a business of making supplies of short-term accommodation or tour packages, and

(*b*) every invoice relating to the supply of the eligible package states that the recipient has provided the registrant with the declaration referred to in subparagraph *a*; and

(3) where, but for section 356, the recipient would have been entitled to the rebate under section 354 or 354.1 if the recipient had paid the tax in respect of the short-term accommodation included in the eligible package and had satisfied the conditions under section 357, every invoice relating to the supply of the eligible package clearly states that the short-term accommodation is included in an eligible package whose supply is a zero-rated supply under this section."

(2) Subsection 1 applies in respect of supplies made after 31 January 1994.

280. (1) Section 211 of the said Act, replaced by section 471 of chapter 22 of the statutes of 1994, is amended

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

"**211.** A person is deemed to have received a taxable supply of property or a service where

(1) the person pays an allowance to an employee of the person or, where the person is a partnership, to a member of the partnership or, where the person is a charity, to a volunteer who gives services to the charity

(*a*) for supplies all or substantially all of which are taxable supplies, other than zero-rated supplies, of property or services

acquired in Québec by the employee, member or volunteer in relation to activities engaged in by the person, or

(*b*) for the use in Québec, in relation to activities engaged in by the person, of a motor vehicle;

(2) an amount in respect of the allowance is deductible in computing the income of the person for a taxation year of the person for the purposes of the Taxation Act (R.S.Q., chapter I-3), or would have been so deductible if the person were a taxpayer under that Act and the activity were a business; and

(3) in the case of an allowance in respect of which paragraph *e* of section 39 or section 40 of the Taxation Act would apply if the allowance were a reasonable allowance for the purposes of that paragraph or that section and, where the person is a partnership and the allowance is paid to a member of the partnership, or where the person is a charity and the allowance is paid to a volunteer, if the member or volunteer were an employee of the partnership or charity, the person considered, at the time the allowance was paid, that the allowance would be a reasonable allowance for the purposes of paragraph *e* of section 39 or section 40 of that Act and it is reasonable for the person to have so considered, at that time, the allowance to be a reasonable allowance for those purposes.";

(2) by inserting, after the first paragraph, the following paragraph:

"In addition, the person is deemed to have paid, at the time the allowance was paid, tax in respect of the supply equal to the tax fraction of the allowance and to have so acquired the property or service for use in commercial activities of the person to the same extent as the property or service was acquired by the employee, member or volunteer for consumption or use in relation to commercial activities of the person."

(2) Subsection 1 has effect from 1 July 1992. However, for the period beginning on 1 July 1992 and ending on 12 May 1994, the second paragraph of section 211 of the said Act, as enacted by paragraph 2 of subsection 1, shall be read as follows:

"In addition, the person is deemed to have paid, at the time the allowance was paid, tax in respect of the supply equal to the tax fraction, determined in accordance with section 211.1, of the allowance and to have so acquired the property or service for use in commercial activities of the person to the same extent as the property or service was acquired by the employee, member or volunteer for consumption or use in relation to commercial activities of the person."

281. (1) Section 211.1 of the said Act is repealed.

(2) Subsection 1 has effect from 13 May 1994.

282. (1) Section 212 of the said Act is replaced by the following section:

"**212.** Where an employee of an employer, a member of a partnership or a volunteer who gives services to a charity acquires or brings into Québec property or a service for consumption or use in activities of the employer, partnership or charity (each of whom is referred to in this section as the "person") and in respect of which the employee, member or volunteer receives, at any time, a reimbursement from the person, the person is deemed

(1) to have received a taxable supply of the property or service;

(2) to have so acquired the property or service for use in commercial activities of the person to the same extent as the property or service was acquired or brought into Québec by the employee, member or volunteer for consumption or use in commercial activities of the person; and

(3) to have paid, at that time, tax in respect of the supply equal to the amount included in the amount reimbursed that is on account of tax paid or payable by the employee, member or volunteer in respect of the acquisition or bringing into Québec of the property or service by the employee, member or volunteer."

(2) Subsection 1 has effect from 1 July 1992.

283. (1) Section 239.2 of the said Act, enacted by section 493 of chapter 22 of the statutes of 1994, is amended

(1) by replacing the part preceding subparagraph 1 of the first paragraph by the following:

"**239.2** For the purposes of sections 239.1, 257 to 259, 261, 262, 265 and 273, a registrant who is the recipient of a taxable supply of movable property or a service made outside Québec is deemed to have paid at the time referred to in paragraph 1 tax in respect of the supply equal to 6.5% of the value of the consideration for the supply as determined in accordance with section 18, and to have claimed, in the return to be filed under Chapter VIII by the registrant for the reporting period of the registrant that includes that time, an input tax refund in respect of the property or service equal to that tax if,";

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 13 May 1994, except in respect of supplies referred to in subsections 3 to 5.

(3) Subject to subsections 4 and 5, subsection 1 applies in respect of supplies for which the consideration becomes due after 12 May 1994 and is not paid before 13 May 1994.

(4) Subsection 1 applies in respect of supplies made under an agreement in writing entered into after 12 May 1994 for the construction, renovation, alteration of, or repair to, any ship or other marine vessel.

(5) Subsection 1 applies in respect of supplies of property or a service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 12 May 1994.

(6) For the purposes of subsection 5, where a supply of property or a service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit, during any period for which the supplier issues an invoice for the supply, is made and, by reason of the method of recording the delivery of the property or the provision of the service, the time at which the property or a part thereof is delivered or the time at which the service or a part thereof is provided cannot reasonably be determined, an equal part of the whole of the property delivered or of the whole of the service provided in the period is deemed to have been delivered or provided on each day of the period.

284. (1) Section 277 of the said Act is amended by replacing, in the French text, the part preceding paragraph 1 by the following:

"**277.** Aux fins du calcul du remboursement de la taxe sur les intrants d'un inscrit, auquel l'article 279 ne s'applique pas, qui dans le cadre d'une activité commerciale de celui-ci consistant à prendre des paris ou à organiser des jeux de hasard, paie au cours d'une période de déclaration un montant d'argent à titre de prix ou de gains à un parieur ou à une personne qui joue ou participe aux jeux, les règles suivantes s'appliquent:".

(2) Subsection 1 has effect from 1 July 1992.

285. (1) Subdivision 9 of Division II of Chapter V of Title I of the said Act is repealed.

(2) Subsection 1 has effect from 1 July 1992.

286. (1) Section 288.1 of the said Act is amended by replacing the part preceding subparagraph 1 of the first paragraph by the following:

"**288.1** Where a registrant purchased, before 1 July 1992, movable property within the meaning of the Retail Sales Tax Act (R.S.Q., chapter I-1) otherwise than by way of retail sale within the meaning of the said Act, or has acquired property or a service by way of a non-taxable supply, and, at any time, the registrant begins to consume or use the property or service for any purpose not referred to in the definition of "non-taxable supply" which, by reason of section 206.1, would not entitle the registrant to claim an input tax refund in respect of the property or service if he acquired it at that time for consumption or use exclusively in commercial activities of the registrant, the following rules apply:".

(2) Subsection 1 has effect from 13 May 1994.

287. (1) Section 288.2 of the said Act is amended by replacing the part preceding paragraph 1 by the following:

"**288.2** Where a prescribed registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (R.S.Q., chapter I-1), or has acquired such a vehicle by way of a non-taxable supply, and, at any time in a particular month, the registrant uses it for any purpose not referred to in the definition of "non-taxable supply" which, by reason of section 206.1, would not entitle the registrant to claim an input tax refund in respect of the vehicle if he acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply:".

(2) Subsection 1 has effect from 13 May 1994.

288. (1) Section 294 of the said Act, amended by section 517 of chapter 22 of the statutes of 1994, is again amended by adding, at the end, the following paragraph:

"However, where the person is a charity, subparagraph 2 of the first paragraph does not apply."

(2) Subsection 1 has effect from 24 April 1993. However, amounts that became collectible and amounts collected as tax before 24 April 1993 by the charity must be included in the determination of its net tax.

289. (1) Section 295 of the said Act, amended by section 518 of chapter 22 of the statutes of 1994, is again amended by adding, at the end, the following paragraph:

"However, where the person is a charity, subparagraph 2 of the first paragraph does not apply."

(2) Subsection 1 has effect from 24 April 1993. However, amounts that became collectible and amounts collected as tax before 24 April 1993 by the charity must be included in the determination of its net tax.

290. (1) The said Act is amended by inserting, after section 297, the following sections:

"**297.0.1** For the purposes of section 297.0.2, "gross revenue" of a person for a fiscal year of the person means the amount by which the amount determined under subparagraph 1 exceeds the amount determined under subparagraph 2:

(1) the amount that is the total of the following amounts that have not already been included in determining the total under this section for a preceding fiscal year of the person and each of which is

(*a*) a gift that is received or becomes receivable depending on the method (in this section referred to as the "accounting method") followed by the person in determining the person's revenue for the year, by the person during the fiscal year,

(*b*) a grant, subsidy, forgivable loan or other assistance (other than a refund or rebate of, or credit in respect of duties, fees or taxes imposed by an Act of Québec, of another province, of the Northwest Territories, of the Yukon Territory or of the Parliament of Canada) in the form of money that is received or becomes receivable, depending on the accounting method, by the person during the fiscal year from a government, municipality or other public authority,

(*c*) revenue that is or would be, if the person were a taxpayer under the Taxation Act (R.S.Q., chapter I-3), included for the purposes of that Act in determining the person's income for the fiscal year from property, a business, an adventure or concern in the nature of trade or other source and that is not included in subparagraph *b*,

(*d*) an amount that is or would be, if the person were a taxpayer under the Taxation Act, a capital gain for the fiscal year for the purposes of that Act from the disposition of property of the person, or

(*e*) other revenue of any kind whatever (other than an amount that is or would be, if the person were a taxpayer under the Taxation Act, included in determining the amount of a capital gain or loss of the person for the purposes of that Act) that is received or becomes receivable, depending on the accounting method, by the person during the fiscal year;

(2) the total of all amounts each of which is, or would be, if the person were a taxpayer under the Taxation Act, a capital loss for the fiscal year for the purposes of that Act from the disposition of property of the person.

For the purposes of this section and of section 297.0.2, the fiscal year of a person is the fiscal year of the person within the meaning of section 458.1.

"**297.0.2** A person who is a charity at any time in a particular fiscal year of the person is a small supplier throughout the particular fiscal year if

(1) the particular fiscal year is the first fiscal year of the person;

(2) the particular fiscal year is the second fiscal year of the person and the gross revenue of the person for the first fiscal year does not exceed $175 000; or

(3) the particular fiscal year is not the first or second fiscal year of the person and the gross revenue of the person for either of the two fiscal years immediately preceding the particular fiscal year of the person does not exceed $175 000."

(2) Subsection 1 has effect from 1 April 1993. However, amounts that became collectible and amounts collected as tax before 24 April 1993 by a charity that is a small supplier solely by operation of subsection 1 must be included in the determination of its net tax.

291. (1) Section 325 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of supplies made after 12 May 1994.

292. (1) Section 327 of the said Act is replaced by the following section:

"**327.** For the purposes of this division,

"non-resident person" means a person not resident in Québec who is not registered under Division I of Chapter VIII;

"taxable supply" means a supply that is made in the course of a commercial activity."

(2) Subsection 1, except where it enacts the definition of "taxable supply", has effect from 1 July 1992.

293. (1) The said Act is amended by inserting, after section 327, the following sections:

"**327.1** Where a registrant, under an agreement between the registrant and a non-resident person, makes a taxable supply in Québec of corporeal movable property by way of sale, or a taxable supply in Québec of a service of manufacturing or producing corporeal movable property, to the non-resident person, or acquires physical possession of corporeal movable property, other than property of a person who is resident in Québec, for the purpose of making a taxable supply of a commercial service in respect of the property to the non-resident person and where, under the agreement, the registrant at any time causes physical possession of the property to be transferred, at a place in Québec, to a third person (in this section referred to as the "consignee") or to the non-resident person, the following rules apply:

(1) the registrant is deemed to have made to the non-resident person, and the non-resident person is deemed to have received from the registrant, a taxable supply of the property for consideration, that becomes due and is paid at that time, equal to

(*a*) where the registrant has caused physical possession of the property to be transferred to a consignee and no supply of the property is made to the consignee for consideration, nil,

(*b*) where the registrant has caused physical possession of the property to be transferred to a consignee and a supply of the property is made to the consignee for consideration, the total of

i. the fair market value of the property at that time, and

ii. where the registrant supplied a service in respect of the property to the non-resident person and the consideration for the supply is not included in the fair market value of the property determined under subparagraph i, the consideration for the supply of the service in respect of the property, and

(*c*) where the registrant has caused physical possession of the property to be transferred to the non-resident person or a consignee, the total of

i. the fair market value of the property at that time, and

ii. where the registrant supplied a service in respect of the property to the non-resident person and the consideration for the supply is not included in the fair market value of the property determined under subparagraph i, that consideration; and

(2) where the registrant made a supply of a service of manufacturing or producing the property or of a commercial service in respect of the property to the non-resident person, the registrant is deemed not to have made that supply of the service.

This section does not apply if the non-resident person is a consumer of the property or service supplied by the registrant under the agreement or if the property or service is a prescribed property or service supplied in prescribed circumstances.

"**327.2** Section 327.1 does not apply to a supply referred to in subparagraph *a* of subparagraph 1 where

(1) a registrant, under an agreement between the registrant and a non-resident person,

(*a*) makes a taxable supply in Québec of corporeal movable property by way of sale, or a taxable supply in Québec of a service of manufacturing or producing corporeal movable property, to the non-resident person, or acquires physical possession of corporeal movable property, other than property of a person who is resident in Québec, for the purpose of making a taxable supply of a commercial service in respect of the property to the non-resident person, and

(*b*) causes physical possession of the property to be transferred, at a place in Québec, to a third person (in this section referred to as the "consignee") who is registered under Division I of Chapter VIII;

(2) the non-resident person is not a consumer of the property or service supplied by the registrant under the agreement; and

(3) the consignee gives to the registrant, and the registrant retains, a certificate that

(*a*) states the consignee's name and registration number assigned under section 415, and

(*b*) acknowledges that the consignee, on taking physical possession of the property, is assuming liability to pay or remit any amount that is or may become payable or remittable by the consignee under section 327.1 or 18 in respect of the property.

Where the first paragraph applies, except in the case of a supply of a service of storing or shipping the property, any supply made by the registrant and referred to in subparagraph *a* of subparagraph 1 of that paragraph is deemed to have been made outside Québec.

"**327.3** Section 327.1 does not apply to a supply referred to in subparagraph 1 where

(1) a registrant, under an agreement between the registrant and a non-resident person,

(*a*) makes a taxable supply in Québec of corporeal movable property by way of sale to the non-resident person,

(*b*) makes a taxable supply in Québec of a service of manufacturing or producing corporeal movable property to the non-resident person, or

(*c*) acquires physical possession of corporeal movable property, other than property of a person who is resident in Québec, for the purpose of making a taxable supply of a commercial service in respect of the property to the non-resident person;

(2) the non-resident person is not a consumer of the property or service supplied by the registrant under the agreement; and

(3) either

(*a*) the registrant causes physical possession of the property to be transferred to a person at a place outside Québec or to a carrier, or the registrant mails the property, for shipping and delivery to a person to a place outside Québec, or

(*b*) all of the following conditions are met:

i. the registrant causes physical possession of the property to be transferred at a place in Québec to the non-resident person or any other person (each of whom is referred to in this subparagraph as the "shipper") for shipping outside Québec,

ii. after physical possession of the property is transferred to the shipper, the shipper ships the property outside Québec as soon as is

reasonable having regard to the circumstances surrounding the shipping outside Québec and, where applicable, the normal business practices of the shipper and the owner of the property,

iii. the property has not been acquired by the non-resident person or any owner of the property for consumption, use or supply in Québec at any time after physical possession of the property is transferred to the shipper and before the property is shipped outside Québec,

iv. after physical possession of the property is transferred to the shipper and before the property is shipped outside Québec, the property is not further processed, transformed or altered except to the extent reasonably necessary or incidental to its transportation, and

v. the registrant maintains evidence satisfactory to the Minister of the shipping of the property outside Québec.

Where the first paragraph applies, except in the case of a supply of a service of storing or shipping the property, any supply made by the registrant and referred to in subparagraph 1 of that paragraph is deemed to have been made outside Québec.

"**327.4** For the purposes of this division and of subparagraph 3 of the first paragraph of section 18, where a particular registrant at any time transfers ownership of corporeal movable property to a non-resident person under an agreement for the supply of the property and the particular registrant, or another registrant who has physical possession of the property at that time and who gives the particular registrant a certificate described in subparagraph 3 of the first paragraph of section 327.2, retains physical possession of the property after that time for the purpose referred to in the second paragraph, the following rules apply:

(1) where the particular registrant so retains physical possession of the property after that time, the particular registrant is deemed to have transferred physical possession of the property at that time to another registrant, to have obtained a certificate of the other registrant described in subparagraph 3 of the first paragraph of section 327.2 and to have acquired physical possession of the property at that time for the purpose referred to in the second paragraph; and

(2) where another registrant so retains physical possession of the property after that time, the particular registrant is deemed to have transferred physical possession of the property at that time to the other registrant and the other registrant is deemed to have acquired

physical possession of the property at that time for the purpose referred to in the second paragraph.

The purpose, referred to in the first paragraph, for which the particular registrant or the other registrant retains physical possession of the property is

(1) transferring physical possession of the property to the non-resident person, a person (in this paragraph referred to as a "subsequent purchaser") who subsequently acquires ownership of the property or a person designated by the non-resident person or a subsequent purchaser,

(2) making a supply of a commercial service in respect of the property to the non-resident person or a subsequent purchaser, or

(3) consumption, use or supply by that registrant under an agreement for a supply of the property by way of sale or lease to that registrant by the non-resident person, by a subsequent purchaser or by a lessee or sub-lessee of the non-resident person or of the subsequent purchaser.

"**327.5** For the purposes of this division and of subparagraph 3 of the first paragraph of section 18, where a registrant at any time transfers physical possession of corporeal movable property to a depositary solely for the purpose of storing or shipping the property and either the depositary is a carrier to whom physical possession of the property has been transferred solely for the purpose of shipping the property or the depositary has not, at or before that time, given the registrant a certificate described in subparagraph 3 of the first paragraph of section 327.2, the following rules apply:

(1) where, under the agreement with the depositary for storing or shipping the property, the depositary is required to transfer physical possession of the property to a person, other than the registrant, who is named at that time in the agreement,

(*a*) the registrant is deemed to have transferred physical possession of the property to that person at that time and that person is deemed to have acquired physical possession of the property at that time, and

(*b*) the registrant is deemed not to have transferred physical possession of the property to the depositary and the depositary is deemed not to have acquired physical possession of the property; and

(2) where, under the agreement with the depositary for storing or shipping the property, the depositary is required to transfer

physical possession of the property to the registrant or to another person (in this section referred to as the "consignee") who is to be identified at a later time,

(*a*) the registrant is deemed to retain physical possession of the property, and the depositary is deemed not to have acquired physical possession of the property, throughout the period beginning at that time and ending at the earliest of

i. the time the consignee becomes identified,

ii. the time the depositary transfers physical possession of the property to the registrant, and

iii. where the depositary is not a carrier to whom physical possession of the property has been transferred for the sole purpose of shipping the property, the time the depositary gives the registrant a certificate of the depositary described in subparagraph 3 of the first paragraph of section 327.2,

(*b*) where the depositary is not a carrier to whom physical possession of the property has been transferred for the sole purpose of shipping the property and the depositary, at a particular time before the time the consignee becomes identified, gives the registrant a certificate of the depositary described in subparagraph 3 of the first paragraph of section 327.2, the registrant is deemed to have transferred physical possession of the property to the depositary at the particular time and the depositary is deemed to have acquired physical possession of the property at the particular time for the purpose of making a supply of a commercial service in respect of the property to the owner of the property under an agreement with the owner, and

(*c*) where the consignee becomes identified at a particular time before the depositary gives the registrant a certificate of the depositary described in subparagraph 3 of the first paragraph of section 327.2 in the circumstances described in subparagraph *b*, the registrant is deemed to have transferred physical possession of the property to the consignee at the particular time and the consignee is deemed to have acquired physical possession of the property at the particular time.

For the purposes of subparagraph 2 of the first paragraph, a consignee becomes identified at the earliest of

(1) the time the registrant gives the consignee such documents in writing as are sufficient to enable the consignee to require the

depositary to transfer physical possession of the property to the consignee,

(2) the time the registrant directs the depositary in writing to transfer physical possession of the property to the consignee, and

(3) the time the depositary transfers physical possession of the property to the consignee.

"**327.6** For the purposes of this division and of subparagraph 3 of the first paragraph of section 18, where a non-resident person transfers physical possession of corporeal movable property to a depositary who is a registrant for the sole purpose of storing or shipping the property, the depositary is deemed not to have acquired physical possession of the property, if the depositary

(1) is a carrier who is acquiring physical possession of the property for the sole purpose of shipping the property, or

(2) does not claim an input tax refund in respect of the acquisition of the property.

"**327.7** For the purpose of determining an input tax refund of, or the amount of a rebate payable under subdivision 5 of Division I of Chapter VII to, a particular person, where a non-resident person makes a supply of corporeal movable property to the particular person or, if the particular person is a registrant, causes physical possession of corporeal movable property to be transferred in Québec to the particular person, where the non-resident person has paid tax in respect of the bringing into Québec of the property or has paid tax in respect of a supply of the property deemed under section 327.1 to have been made by a registrant and where the non-resident person provides to the particular person evidence, satisfactory to the Minister, that the tax has been paid, the particular person is deemed

(1) to have paid, at the time the non-resident person paid that tax, tax in respect of a supply of the property to the particular person equal to that tax, and

(2) where the particular person is a registrant and the non-resident person causes physical possession of the property to be transferred in Québec to the particular person, to have acquired the property for use exclusively in commercial activities of the particular person.

This section applies only

(1) where the non-resident person makes a supply of the property to the particular person, if the non-resident person delivers the property, or makes it available, in Québec to the particular person before the property is used in Québec by or on behalf of the non-resident person, or

(2) where the particular person is a registrant and the non-resident person causes physical possession of the property to be transferred in Québec to the particular person, if the non-resident person does so in circumstances in which the particular person is acquiring physical possession of the property for the purpose of making a taxable supply of a commercial service in respect of the property to the non-resident person."

(2) Subsection 1, except where it enacts section 327.6 of the said Act, has effect from 1 July 1992. However,

(*a*) subparagraph 3 of the first paragraph of section 327.2 of the said Act, as enacted by subsection 1, does not apply to a registrant in respect of particular property where the registrant, before 30 October 1992, transfers physical possession of the particular property to a person who is registered under Division I of Chapter VIII of Title I of the said Act;

(*b*) where section 327.4 of the said Act, as enacted by subsection 1, applies before 30 October 1992, the part of the said section preceding subparagraph 1 of the first paragraph shall be read as follows:

"**327.4** For the purposes of this division and of subparagraph 3 of the first paragraph of section 18, where a particular registrant at any time transfers ownership of corporeal movable property to a non-resident person under an agreement for the supply of the property and the particular registrant, or another registrant who has physical possession of the property at that time, retains physical possession of the property after that time for the purpose referred to in the second paragraph, the following rules apply:";

(*c*) where section 327.5 of the said Act, as enacted by subsection 1, applies before 30 October 1992, it shall be read as follows:

"**327.5** For the purposes of this division and of subparagraph 3 of the first paragraph of section 18, where a registrant at any time transfers physical possession of corporeal movable property to a carrier solely for the purpose of shipping the property, the following rules apply:

(1) where, under the agreement with the carrier for shipping the property, the carrier is required to transfer physical possession of the property to a person other than the registrant,

(*a*) the registrant is deemed to have transferred physical possession of the property to that person at that time and that person is deemed to have acquired physical possession of the property at that time, and

(*b*) the registrant is deemed not to have transferred physical possession of the property to the carrier and the carrier is deemed not to have acquired physical possession of the property; and

(2) where, under the agreement with the carrier for shipping the property, the carrier is required to transfer physical possession of the property to the registrant, the registrant is deemed to retain physical possession of the property, and the carrier is deemed not to have acquired physical possession of the property, throughout the period beginning at that time and ending at the time the carrier transfers physical possession of the property to the registrant."

(3) Subsection 1, where it enacts section 327.6 of the said Act, has effect from 30 October 1992.

294. (1) Section 337.2 of the said Act, enacted by section 552 of chapter 22 of the statutes of 1994, is amended by replacing the part of paragraph 2 preceding subparagraph *a* by the following:

"(2) would be a small supplier under paragraph 1 of the definition of "small supplier" in section 1 if".

(2) Subsection 1 has effect from 1 April 1993.

295. (1) Section 350.2 of the said Act, enacted by section 556 of chapter 22 of the statutes of 1994, is amended

(1) by replacing subparagraph 2 of the first paragraph by the following subparagraph:

"(2) the registrant is deemed to have collected, at that time, a portion of the tax collectible equal to the tax fraction of the coupon value; and";

(2) by replacing subparagraph 2 of the second paragraph by the following subparagraph:

"(2) B is the tax fraction of the coupon value."

(2) Subsection 1 has effect from 13 May 1994.

296. (1) Section 350.3 of the said Act, enacted by section 556 of chapter 22 of the statutes of 1994, is amended by replacing paragraph 2 by the following paragraph:

"(2) as a partial cash payment that does not reduce the value of the consideration, in which event section 350.2 applies and the registrant may claim an input tax refund for the reporting period of the registrant that includes that time equal to the tax fraction of the coupon value."

(2) Subsection 1 has effect from 13 May 1994.

297. (1) Section 350.5 of the said Act, enacted by section 556 of chapter 22 of the statutes of 1994, is amended

(1) by replacing the part preceding subparagraph 1 of the first paragraph by the following:

"**350.5** Where a supplier who is a registrant, in full or partial consideration for a taxable supply of property or a service, accepts a coupon that may be exchanged for the property or service or that entitles the recipient of the supply to a reduction of the price of the property or service, and a particular person at any time pays, in the course of a commercial activity of the particular person, an amount to the supplier for the redemption of the coupon, the following rules apply:";

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

"(2) where the supply is not a zero-rated supply and the coupon entitled the recipient to a reduction of the price of the property or service equal to a fixed dollar amount specified in the coupon, the particular person, if a registrant at the time of the payment, may claim an input tax refund for the reporting period of that particular person that includes that time equal to the tax fraction of that dollar amount."

(2) Subsection 1 has effect from 1 July 1992. However, for the period commencing on 1 July 1992 and ending on 12 May 1994, subparagraph 2 of the first paragraph of section 350.5 of the said Act, as enacted by subsection 1, shall be read as follows:

"(2) where the supply is not a zero-rated supply and the coupon entitled the recipient to a reduction of the price of the property or service equal to a fixed dollar amount specified in the coupon, the particular person, if a registrant at the time of the payment, may claim

an input tax refund for the reporting period of that particular person that includes that time equal to the amount obtained by multiplying the fixed dollar amount specified in the coupon by the tax fraction relating to the property or service in respect of which the coupon is used."

298. (1) Section 350.6 of the said Act, enacted by section 556 of chapter 22 of the statutes of 1994, is amended

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

"(1) the registrant may claim an input tax refund for the reporting period of the registrant that includes that time equal to the tax fraction of the amount of the rebate;";

(2) by replacing subparagraph 1 of the second paragraph by the following subparagraph:

"(1) A is the tax fraction;".

(2) Subsection 1 has effect from 13 May 1994.

299. (1) Section 350.25 of the said Act, enacted by section 556 of chapter 22 of the statutes of 1994, is amended by striking out paragraph 4.

(2) Subsection 1 applies in respect of supplies made after 12 May 1994.

300. (1) Sections 350.36 and 350.37 of the said Act, enacted by section 556 of chapter 22 of the statutes of 1994, are replaced by the following sections:

"**350.36** Where a collection officer has made a supply in the course of a commercial activity for consideration to a person with whom the collection officer was dealing at arm's length and has filed a return accounting for, and remitted the amount provided for in section 350.30 in respect of, the supply as required under Division III of Chapter VIII, to the extent that it is established that the consideration and the amount provided for in section 350.30 have become in whole or in part a bad debt, the collection officer may, in determining the net tax for the reporting period of the collection officer in which the bad debt is written off in the collection officer's books of account or for a reporting period that ends within four years after the end of that period, deduct an amount equal to 6.5/106.5 of the bad debt written off.

"**350.37** Where a collection officer recovers all or part of a bad debt in respect of which the collection officer has made a deduction under section 350.36, the collection officer shall, in determining the net tax for the collection officer's reporting period in which the bad debt or part thereof is recovered, add an amount equal to 6.5/106.5 of the bad debt or part thereof so recovered."

(2) Subsection 1 applies in respect of bad debts relating to supplies made after 12 May 1994.

301. (1) The said Act is amended by inserting, after section 350.42, enacted by section 556 of chapter 22 of the statutes of 1994, the following:

"DIVISION XX

"FLEA MARKETS

"**350.43** Where a person (in this division referred to as the "occupant") occupies space in a flea market or similar business more than five days in a calendar year for the purpose of making a supply, the person is presumed to be engaged in a commercial activity in Québec.

"**350.44** Where a person (in this division referred to as the "operator") who provides space in a flea market or similar business to an occupant, the following rules apply:

(1) the operator shall file with the Minister in prescribed form containing prescribed information a list of occupants for the following periods, on or before

(*a*) for the period commencing on the first day of a particular month and ending on the fifteenth day of that month, the last day of that month, and

(*b*) for the period commencing on the sixteenth day of a particular month and ending on the last day of that month, the fourteenth day of the month following that month; and

(2) the operator, upon filing with the Minister the list referred to in subparagraph 1, shall post in public view a list containing the names only of the occupants for the periods referred to in subparagraph 1 at his principal place of business and in a place easily accessible to the public on the premises of the flea market or similar business.

For the purposes of subparagraph 1 of the first paragraph, the list of occupants may be filed with the Minister by means of a facsimile of the prescribed form.

"**350.45** For the purposes of this division, an occupant shall furnish to an operator on his request the information referred to in subparagraph 1 of the first paragraph of section 350.44.

"**350.46** Every operator who fails either to file the prescribed form, or the facsimile thereof, containing prescribed information, or to post the list of occupants, in accordance with section 350.44, shall incur a penalty of $100 per day of failure."

(2) Subsection 1 has effect from 1 June 1994.

302. (1) The said Act is amended by inserting, after section 352, the following sections:

"**352.1** Notwithstanding section 352, an individual is entitled to a rebate of the tax paid by him under section 16 in respect of a supply of corporeal property, other than an alcoholic beverage or a tobacco product, made while he was resident in Québec where

(1) the property was acquired by the individual for his personal or domestic use less than 31 days before his leaving Québec to take up permanent residence in another province, the Northwest Territories or the Yukon Territory;

(2) the property was taken or shipped to the other province or the territory by the individual to be used on a permanent basis; and

(3) the individual has paid a tax in respect of the property, imposed by the other province or the territory, of the same nature as that payable under this title and has not obtained or is not entitled to obtain a rebate of such tax.

"**352.2** An individual is not entitled to the rebate provided for in section 352.1 in respect of the tax paid by him in respect of a supply of property unless

(1) the individual files an application for the rebate within four years after the day the tax was paid;

(2) the total of all rebates for which the application is made is at least $50; and

(3) the application for the rebate is accompanied by evidence that the individual has paid a tax in respect of the property, imposed by

the province or territory where the property was taken or shipped, of the same nature as that payable under this title."

(2) Subsection 1 applies in respect of individuals leaving Québec to take up residence in Canada outside Québec after 12 May 1994.

303. (1) Section 355 of the said Act, replaced by section 563 of chapter 22 of the statutes of 1994, is amended by replacing the first paragraph by the following paragraph:

"**355.** Where, in an application filed by a person for rebates under section 354 in respect of one or more supplies of short-term accommodation that is not included in a tour package and in respect of which tax was paid by the person, the person elects to have any of those rebates determined in accordance with the formula set out in this section, the amount of tax paid in respect of each of those supplies of short-term accommodation is deemed to be equal to

$$A \times \$5."$$

(2) Subsection 1 applies in respect of applications for a rebate filed after 30 June 1994.

304. (1) Section 355.1 of the said Act, enacted by section 564 of chapter 22 of the statutes of 1994, is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

"(1) where section 354 applies and the person elects in that application to have any of those rebates determined in accordance with the following formula, the amount determined by the formula

$$A \times \$5;\ \text{and}".$$

(2) Subsection 1 applies in respect of applications for a rebate filed after 30 June 1994.

305. (1) Section 357 of the said Act, replaced by section 567 of chapter 22 of the statutes of 1994, is amended by replacing paragraphs 6 and 7 by the following paragraphs:

"(6) the total of all rebates for which the application is made that are in respect of short-term accommodation not included in a tour package and that are determined in accordance with the formula set out in section 355 does not exceed $75; and

"(7) the total of all rebates for which the application is made that are in respect of tour packages and that are determined in accordance

with the formula set out in paragraph 1 of section 355.1 does not exceed $75."

(2) Subsection 1 applies in respect of applications for a rebate filed after 30 June 1994.

306. (1) Section 358 of the said Act, replaced by section 569 of chapter 22 of the statutes of 1994, is amended by replacing subparagraph 1 of the second paragraph by the following subparagraph:

"(1) A is the tax fraction applicable on the last day of the calendar year; and".

(2) Subsection 1 applies in respect of rebates that relate to supplies made after 12 May 1994 or to a bringing into Québec after that date.

307. (1) The said Act is amended by inserting, after section 360.2, enacted by section 570 of chapter 22 of the statutes of 1994, the following section:

"**360.2.1** An individual who is entitled to a rebate provided for in section 360.2 may, in the application for the rebate filed by him, elect to have the rebate determined by the formula

$$A \times \$4.$$

For the purposes of this formula, A is the total number of days of the convention."

(2) Subsection 1 applies in respect of rebates that relate to supplies made after 12 May 1994.

308. (1) The said Act is amended by inserting, after section 360.3, enacted by section 570 of chapter 22 of the statutes of 1994, the following section:

"**360.3.1** A public service body that is entitled to the rebate provided for in section 360.3 may, in the application for the rebate filed by the body, elect to have the rebate determined by the formula

$$A \times \$4.$$

For the purposes of this formula, A is the total number of days of the convention."

(2) Subsection 1 applies in respect of rebates that relate to supplies made after 12 May 1994.

309. (1) Section 360.4 of the said Act, enacted by section 570 of chapter 22 of the statutes of 1994, is amended by replacing paragraphs 2 and 3 by the following paragraphs:

"(2) where the application for the rebate is filed by a public service body, the application is for a minimum amount of $4; and

"(3) where the application for the rebate is filed by an individual, the application is for a minimum amount equal to $4 for each day of the convention."

(2) Subsection 1 applies in respect of rebates that relate to supplies made after 12 May 1994.

310. (1) The said Act is amended by inserting, after the heading of subdivision I of subdivision 3 of Division I of Chapter VII of Title I, the following sections:

"**360.5** For the purposes of section 362 and subdivisions II, II.1 and II.3, "single unit residential complex" includes a multiple unit residential complex that does not contain more than two residential units.

"**360.6** For the purposes of subdivision II.1, "long term lease" in respect of land means a lease of the land that has a term of at least twenty years or a lease that contains an option to purchase the land."

(2) Subsection 1 applies in respect of

(*a*) a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date;

(*b*) a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date;

(*c*) a taxable supply made under an agreement in writing for the construction or substantial renovation of a single unit residential complex if the agreement is entered into after 12 May 1994;

(*d*) the acquisition of property or services by an individual for the construction or substantial renovation of a single unit residential complex by the individual if the acquisition occurs after 12 May 1994.

311. (1) Section 362 of the said Act, replaced by section 571 of chapter 22 of the statutes of 1994, is again replaced by the following section:

"**362.** Where a supply of a single unit residential complex, a residential unit held in co-ownership or a share in a cooperative housing corporation is made to two or more individuals, or where two or more individuals construct or substantially renovate, or engage another person to construct or substantially renovate, a single unit residential complex, the references in subdivisions II to II.3 to a particular individual shall be read as references to all of those individuals as a group, but only one of those individuals may apply for a rebate under any of those subdivisions in respect of the complex, unit or share."

(2) Subsection 1 applies in respect of

(*a*) a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date;

(*b*) a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date;

(*c*) a taxable supply made under an agreement in writing for the construction or substantial renovation of a single unit residential complex if the agreement is entered into after 12 May 1994;

(*d*) the acquisition of property or services by an individual for the construction or substantial renovation of a single unit residential complex by the individual if the acquisition occurs after 12 May 1994;

(*e*) a supply of a share of the capital stock of a cooperative housing corporation if the cooperative housing corporation has paid tax at the rate of 6.5% in respect of the taxable supply of the residential complex of which the share was supplied.

312. (1) Subdivision I.1 of subdivision 3 of Division I of Chapter VII of Title I of the said Act is repealed.

(2) Subsection 1 has effect from 13 May 1994. However, it does not apply in respect of

(*a*) a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into before 13 May 1994 or the transfer of ownership or possession under the agreement occurs before that date;

(*b*) a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into before 13 May 1994 or the transfer of possession under the agreement occurs before that date;

(*c*) a taxable supply made under an agreement in writing for the construction or substantial renovation of a single unit residential complex if the agreement is entered into before 13 May 1994;

(*d*) the acquisition of property or services by an individual before 13 May 1994 for the construction or substantial renovation of a single unit residential complex by the individual;

(*e*) a supply of a share of the capital stock of a cooperative housing corporation if the cooperative housing corporation has paid tax at the rate of 4% in respect of a taxable supply of the residential complex of which the share was supplied.

313. (1) The said Act is amended by inserting, after the heading of subdivision II of subdivision 3 of Division I of Chapter VII of Title I, the following sections:

"**362.2** Subject to section 362.4, a particular individual who receives from a builder of a single unit residential complex or a residential unit held in co-ownership a taxable supply by way of sale of the complex or unit is entitled to a rebate determined in accordance with section 362.3 if

(1) at the time the particular individual becomes liable or assumes liability under an agreement of purchase and sale of the complex or unit entered into between the builder and the particular individual, the particular individual is acquiring the residential complex or unit for use as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual;

(2) the total (referred to in this section and sections 362.3 and 368.1 as the "total consideration") of all amounts, each of which is the

consideration payable for the supply to the particular individual of the complex or unit or for any other taxable supply to the particular individual of an interest in the complex or unit, excluding tax paid or payable under Part IX of the Excise Tax Act (Statutes of Canada) in respect of such supplies, is less than $200 000;

(3) the particular individual has paid all of the tax under section 16 payable in respect of the supply of the complex or unit and in respect of any other supply to the individual of an interest in the complex or unit, the total of which tax is referred to in this section and in section 362.3 as the "total tax paid by the particular individual";

(4) ownership of the complex or unit is transferred to the particular individual after the construction or substantial renovation thereof is substantially completed;

(5) after the construction or substantial renovation is substantially completed and before possession of the complex or unit is given to the particular individual under the agreement of purchase and sale of the complex or unit

(*a*) in the case of a single unit residential complex, the complex was not occupied by any individual as a place of residence or lodging, and

(*b*) in the case of a residential unit held in co-ownership, the unit was not occupied by any individual as a place of residence or lodging unless, throughout the time the unit was so occupied, it was occupied as a place of residence by an individual, another individual related to the individual or a former spouse of the individual, who was at the time of that occupancy a purchaser of the unit under an agreement of purchase and sale of the unit; and

(6) either

(*a*) the first individual to occupy the complex or unit as a place of residence at any time after substantial completion of the construction or renovation is

i. in the case of a single unit residential complex, the particular individual, an individual related to the particular individual or a former spouse of the particular individual, and

ii. in the case of a residential unit held in co-ownership, an individual, another individual related to the individual or a former spouse of the individual, who was at that time a purchaser of the unit under an agreement of purchase and sale of the unit, or

(*b*) the particular individual makes an exempt supply by way of sale of the complex or unit and ownership thereof is transferred to the recipient of the supply before the complex or unit is occupied by any individual as a place of residence or lodging.

"**362.3** For the purposes of section 362.2, the rebate to which a particular individual is entitled in respect of a supply of a single unit residential complex or a residential unit held in co-ownership is equal to

(1) where the total consideration is not more than $175 000, the amount determined by the formula

$$[36\% \times (A - B)] + B; \text{ and}$$

(2) where the total consideration is more than $175 000 but less than $200 000, the amount determined by the formula

$$\left[\$4\,278 \times \frac{(\$200\,000 - C)}{\$25\,000}\right] + B.$$

For the purposes of these formulas,

(1) A is the total tax paid by the particular individual;

(2) B is the tax paid under section 16 in respect of the amount of the rebate to which the particular individual is entitled in respect of the supply of the complex or unit under subsection 2 of section 254 of the Excise Tax Act (Statutes of Canada); and

(3) C is the total consideration.

"**362.4** A rebate under section 362.2 shall not be paid to an individual in respect of a single unit residential complex or residential unit held in co-ownership unless the individual files an application for the rebate within four years after the day ownership of the complex or unit was transferred to the individual."

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date.

314. (1) Section 366 of the said Act is amended

(1) by replacing the part preceding paragraph 1 by the following:

"**366.** The builder of a single unit residential complex or a residential unit held in co-ownership who has made a taxable supply of the complex or unit by way of sale to an individual and has transferred ownership of the complex or unit to the individual under the agreement for the supply may pay or credit to or in favour of the individual the amount of the rebate under section 362.2, if";

(2) by replacing paragraphs 2 to 4 by the following paragraphs:

"(2) the individual, within four years after the day ownership of the complex or unit was transferred to the individual under the agreement for the supply, submits to the builder, in the manner prescribed by the Minister, an application in prescribed form containing prescribed information for the rebate to which the individual would be entitled under section 362.2 in respect of the complex or unit if the individual applied therefor within the time allowed for such an application;

"(3) the builder agrees to pay or credit to or in favour of the individual any rebate under section 362.2 that is payable to the individual in respect of the complex; and

"(4) the tax payable in respect of the supply has not been paid at the time the individual submits an application to the builder for the rebate and, if the individual had paid the tax and made an application for the rebate, the rebate would have been payable to the individual under section 362.2."

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date.

315. (1) Section 367 of the said Act is amended by replacing the part preceding paragraph 1 by the following:

"**367.** Notwithstanding section 362.2, where an application of an individual for a rebate under that section in respect of a single unit residential complex or a residential unit held in co-ownership is submitted under section 366 to the builder of the complex or unit,".

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in

co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date.

316. (1) Section 368 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**368.** Where the builder pays or credits the amount of a rebate under subsection 2 of section 254 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of the complex or unit to or in favour of an individual under subsection 4 of that section, the builder shall pay or credit, pursuant to section 366, the amount of the rebate under section 362.2 in respect of the complex or unit to or in favour of the individual."

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date.

317. (1) The said Act is amended by inserting, after section 368, the following section:

"**368.1** An individual who is not entitled to a rebate under section 362.2 in respect of a single unit residential complex or a residential unit held in co-ownership because the total consideration is $200 000 or more, but who is entitled to a rebate under subsection 2 of section 254 of the Excise Tax Act (Statutes of Canada) in respect of the complex or unit, is entitled to a rebate of the tax paid under section 16 on the amount of the rebate to which the individual is entitled in respect of the complex or unit under subsection 2 of the said section 254."

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of ownership and possession under the agreement occurs after that date.

318. (1) The said Act is amended by inserting, after the heading of subdivision II.1 of subdivision 3 of Division I of Chapter VII of Title I, enacted by section 572 of chapter 22 of the statutes of 1994, the following sections:

"**370.0.1** Subject to section 370.0.3, a particular individual who receives from a builder of a single unit residential complex an exempt

supply referred to in paragraph 1 is entitled to a rebate determined in accordance with section 370.0.2 if

(1) under an agreement entered into between the builder of a single unit residential complex and the particular individual, the builder makes an exempt supply to the particular individual

(*a*) by way of a long term lease of, or by way of an assignment of a long term lease of, the land attributable to the complex, and

(*b*) by way of sale of the building or part thereof in which the residential unit forming part of the complex is situated;

(2) at the time the particular individual becomes liable or assumes liability under the agreement, the particular individual is acquiring the complex for use as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual;

(3) at the time possession of the complex is given to the particular individual under the agreement, the fair market value of the complex is less than $227 910;

(4) the builder is deemed under section 223 to have made a supply of the complex as a consequence of giving possession of the complex to the particular individual under the agreement;

(5) possession of the complex is given to the particular individual after the construction or substantial renovation of it is substantially completed;

(6) after the construction or substantial renovation is substantially completed and before possession of the complex is given to the particular individual under the agreement, the complex was not occupied by any individual as a place of residence or lodging; and

(7) either

(*a*) the first individual to occupy the complex as a place of residence after substantial completion of the construction or substantial renovation is the particular individual, an individual related to the particular individual or a former spouse of the particular individual, or

(*b*) the particular individual makes an exempt supply by way of sale or assignment of the whole of the particular individual's interest

in the complex and possession of the complex is transferred to the recipient of the supply before the complex is occupied by any individual as a place of residence or lodging.

"**370.0.2** For the purposes of section 370.0.1, the rebate to which a particular individual is entitled in respect of the supply referred to in paragraph 1 of the said section is equal to

(1) where the fair market value referred to in paragraph 3 of section 370.0.1 is not more than $199 421, the amount determined by the formula

$$[2.2\% \times (A - B)] + (6.5\% \times B); \text{ and}$$

(2) where the fair market value referred to in paragraph 3 of section 370.0.1 is more than $199 421 but less than $227 910, the amount determined by the formula

$$\left\{[2.2\% \times (A - B)] \times \left[\frac{(\$227\,910 - C)}{\$28\,489}\right]\right\} + (6.5\% \times B).$$

For the purposes of these formulas,

(1) A is the total of all amounts each of which is the consideration payable to the builder by the particular individual for the supply by way of sale to the particular individual of the building or part of a building referred to in paragraph 1 of section 370.0.1 or of any other structure that forms part of the complex, other than consideration that can reasonably be regarded as rent for the supply of the land attributable to the complex or as consideration for the supply of an option to purchase that land;

(2) B is the rebate to which the particular individual is entitled in respect of the supply of the complex under subsection 2 of section 254.1 of the Excise Tax Act (Statutes of Canada); and

(3) C is the fair market value referred to in paragraph 3 of section 370.0.1.

For the purposes of this section, the amount obtained by multiplying 2.2% by the difference between A and B shall not exceed $4 278.

"**370.0.3** A rebate under section 370.0.1 shall not be paid to an individual in respect of a residential complex unless the individual files an application for the rebate within four years after the day ownership of the complex was transferred to the individual."

(2) Subsection 1 applies in respect of a supply of a single unit residential complex in the course of which a residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date.

319. (1) Section 370.1 of the said Act, enacted by section 572 of chapter 22 of the statutes of 1994, is replaced by the following section:

"**370.1** The builder of a single unit residential complex who makes a supply of the complex to an individual under an agreement referred to in paragraph 1 of section 370.0.1 and transfers possession of the complex to the individual under the agreement may pay to, or credit in favour of, the individual the amount of the rebate under section 370.0.1 where

(1) the individual, within four years after the day possession of the complex is transferred to the individual under the agreement for the supply, submits to the builder, in the manner prescribed by the Minister, an application in prescribed form containing prescribed information for the rebate to which the individual would be entitled under section 370.0.1 in respect of the complex if the individual applied for it within the time allowed for such an application; and

(2) the builder agrees to pay to, or credit in favour of, the individual any rebate under section 370.0.1 that is payable to the individual in respect of the complex."

(2) Subsection 1 applies in respect of a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date.

320. (1) Section 370.2 of the said Act, enacted by section 572 of chapter 22 of the statutes of 1994, is amended by replacing the part preceding paragraph 1 by the following:

"**370.2** Notwithstanding section 370.0.1, where an application of an individual for a rebate under this section in respect of a residential complex is submitted under section 370.1 to the builder of the complex,".

(2) Subsection 1 applies in respect of a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date.

321. (1) Section 370.3 of the said Act, enacted by section 572 of chapter 22 of the statutes of 1994, is amended by replacing the first paragraph by the following paragraph:

"**370.3** Where the builder pays to or credits in favour of an individual under subsection 4 of section 254.1 of the Excise Tax Act (Statutes of Canada) the amount of the rebate under subsection 2 of that section in respect of the residential complex, the builder shall pay to or credit in favour of the individual, under section 370.1, the amount of the rebate under section 370.0.1 in respect of the residential complex."

(2) Subsection 1 applies in respect of a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date.

322. (1) The said Act is amended by inserting, after section 370.3, enacted by section 572 of chapter 22 of the statutes of 1994, the following section:

"**370.3.1** An individual who is not entitled to a rebate under section 370.0.1 in respect of a residential complex because the fair market value of the residential complex is $227 910 or more, but who is entitled to a rebate under subsection 2 of section 254.1 of the Excise Tax Act (Statutes of Canada) in respect of the residential complex, is entitled to a rebate of 6.5% of the amount of the rebate to which the individual is entitled in respect of the residential complex under subsection 2 of the said section 254.1."

(2) Subsection 1 applies in respect of a supply of a single unit residential complex in the course of which the residential unit is the subject of a sale and the land is the subject of a long term lease if the agreement in writing for the supply is entered into after 12 May 1994 and the transfer of possession under the agreement occurs after that date.

323. (1) The said Act is amended by inserting, after section 370.4, enacted by section 572 of chapter 22 of the statutes of 1994, the following:

"II.2—*Cooperative housing corporation*

"**370.5** Subject to section 370.7, a particular individual who receives from a cooperative housing corporation a supply of a share of the capital stock of the corporation is entitled to a rebate determined in accordance with section 370.6, if

(1) the corporation transfers ownership of the share to the particular individual;

(2) the corporation has paid tax in respect of a taxable supply to the corporation of a residential complex;

(3) at the time the particular individual becomes liable or assumes liability under an agreement of purchase and sale of the share entered into between the corporation and the particular individual, the particular individual is acquiring the share for the purpose of using a residential unit in the complex as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual;

(4) the total (referred to in this section and in sections 370.6 and 370.8 as the "total consideration") of all amounts, each of which is the consideration payable for the supply to the particular individual of the share of the corporation or an interest in the complex or unit, is less than $227 910;

(5) after the construction or substantial renovation of the complex is substantially completed and before possession of the unit is given to the particular individual as an incidence of ownership of the share, the unit was not occupied by any individual as a place of residence or lodging; and

(6) either

(*a*) the first individual to occupy the unit as a place of residence after possession of the unit is given to the particular individual is the particular individual, an individual related to the particular individual or a former spouse of the particular individual, or

(*b*) the particular individual makes a supply by way of sale of the share and ownership of the share is transferred to the recipient of that supply before the unit is occupied by any individual as a place of residence or lodging.

"**370.6** For the purposes of section 370.5, the rebate to which a particular individual is entitled in respect of a supply of a share of the capital stock of a cooperative housing corporation is equal to

(1) where the total consideration is not more than $199 421, the amount determined by the formula

$$[2.2\% \times (A - B)] + (6.5\% \times B); \text{ and}$$

(2) where the total consideration is more than $199 421 but less than $227 910, the amount determined by the formula

$$\left[\$4\,278 \times \frac{(\$227\,910 - A)}{\$28\,489}\right] + (6.5\% \times B).$$

For the purposes of these formulas,

(1) A is the total consideration; and

(2) B is the rebate to which the particular individual is entitled in respect of the supply of a share of the capital stock of the cooperative housing corporation under subsection 2 of section 255 of the Excise Tax Act (Statutes of Canada).

For the purposes of this section, the amount obtained by multiplying 2.2% by the difference between A and B shall not exceed $4 278.

"**370.7** A rebate under section 370.5 shall not be paid to an individual in respect of a share of the capital stock of a cooperative housing corporation unless the individual files an application for the rebate within four years after the day ownership of the share was transferred to the individual.

"**370.8** An individual who is not entitled to a rebate under section 370.5 in respect of a share of the capital stock of a cooperative housing corporation because the total consideration is $227 910 or more, but who is entitled to a rebate under subsection 2 of section 255 of the Excise Tax Act (Statutes of Canada) in respect of the share, is entitled to a rebate of 6.5% of the amount of the rebate to which the individual is entitled in respect of the share under subsection 2 of the said section 255.

"II.3—*Self-supply of an immovable*

"370.9 Subject to section 370.12, a particular individual who constructs or substantially renovates, or engages another person to construct or substantially renovate for the particular individual, a single unit residential complex for use as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual, is entitled to a rebate determined in accordance with section 370.10, if

(1) the fair market value of the complex, at the time the construction or substantial renovation thereof is substantially completed, is less than $200 000, excluding an amount equal to the tax that would be paid or payable by the particular individual under Part IX of the Excise Tax Act (Statutes of Canada) in respect of the complex if it were acquired at that time by the particular individual for consideration equal to the fair market value of the complex as determined in accordance with that Act;

(2) the particular individual has paid tax under section 16 in respect of a supply by way of sale to the individual of the land that forms part of the complex or an interest therein or in respect of a supply to the individual of any improvement thereto, the total of which tax is referred to in this section and section 370.10 as the "total tax paid by the particular individual"; and

(3) either

(*a*) the first individual to occupy the complex after the construction or substantial renovation is begun is the particular individual, an individual related to the particular individual or a former spouse of the particular individual, or

(*b*) the particular individual makes an exempt supply by way of sale of the complex and ownership of the complex is transferred to the recipient of the supply before the complex is occupied by any individual as a place of residence or lodging.

"370.10 For the purposes of section 370.9, the rebate to which a particular individual is entitled in respect of the construction or substantial renovation of a single unit residential complex is equal to

(1) where the fair market value referred to in paragraph 1 of section 370.9 is not more than $175 000, the amount determined by the formula

$$[36\% \times (A - B)] + B; \text{ and}$$

(2) where the fair market value referred to in paragraph 1 of section 370.9 is more than $175 000 but less than $200 000, the amount determined by the formula

$$\left\{[36\% \times (A - B)] \times \left[\frac{(\$200\,000 - C)}{\$25\,000}\right]\right\} + B.$$

For the purposes of these formulas,

(1) A is the total tax paid by the particular individual before an application for the rebate is filed with the Minister in accordance with section 370.12;

(2) B is the tax paid under section 16 in respect of the amount of the rebate to which the particular individual is entitled in respect of the construction or substantial renovation of the residential complex under subsection 2 of section 256 of the Excise Tax Act (Statutes of Canada); and

(3) C is the fair market value referred to in paragraph 1 of section 370.9.

For the purposes of this section, the amount obtained by multiplying 36% by the difference between A and B shall not exceed $4 278.

"**370.11** For the purposes of section 370.9, a particular individual is deemed to have constructed a mobile home and to have substantially completed the construction immediately before the earlier of the times referred to in paragraph 3, if

(1) the particular individual receives a supply by way of sale of a mobile home that has never been used or occupied by any individual as a place of residence or lodging and does not file with the Minister, or submit to the supplier, an application for a rebate in respect of the home under subdivision II or II.1;

(2) the particular individual is acquiring the mobile home for use as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual; and

(3) the first individual to occupy the mobile home at any time is the particular individual, an individual related to the particular individual or a former spouse of the particular individual, or the particular individual at any time transfers ownership of the home under an agreement for an exempt supply by way of sale of the home.

"**370.12** A rebate under section 370.9 shall not be paid to an individual in respect of a residential complex unless the individual files an application for the rebate within two years after the earlier of

(1) the day the complex is first occupied or ownership of the complex is transferred as described in paragraph 3 of section 370.9; and

(2) the day construction or substantial renovation of the complex is substantially completed.

"**370.13** An individual who is not entitled to a rebate under section 370.9 in respect of the construction or substantial renovation of a single unit residential complex because the fair market value referred to in paragraph 1 of section 370.9 is $200 000 or more, but who is entitled to a rebate under subsection 2 of section 256 of the Excise Tax Act (Statutes of Canada) in respect of the construction or substantial renovation of the complex, is entitled to a rebate of the tax paid under section 16 on the amount of the rebate to which the individual is entitled in respect of the construction or substantial renovation of the complex under subsection 2 of the said section 256."

(2) Subsection 1,

(*a*) where it enacts sections 370.5 to 370.8 of the said Act, applies in respect of a supply of a share of the capital stock of a cooperative housing corporation if the cooperative housing corporation has paid tax at the rate of 6.5% in respect of a taxable supply of the residential complex of which a share was supplied; and

(*b*) where it enacts sections 370.9 to 370.13 of the said Act applies

i. in respect of a taxable supply made under an agreement in writing for the construction or substantial renovation of a single unit residential complex if the agreement is entered into after 12 May 1994,

ii. in respect of the acquisition of property or services by an individual for the construction or substantial renovation of a single unit residential complex by the individual if the acquisition occurs after 12 May 1994.

324. (1) The said Act is amended by inserting, after section 402.2, the following:

"§ 6.2.—*Used road vehicle*

"**402.3** Subject to section 402.5, a person is entitled to a rebate, determined in accordance with section 402.4, in respect of the tax paid

by the person under section 16 in respect of a supply by way of sale of a used road vehicle that must be registered under the Highway Safety Code (R.S.Q., chapter C-24.2) following an application by the person, or under section 17 in respect of such a vehicle brought into Québec immediately after the time of the supply by way of sale outside Québec and used within 12 months after the supply, if

(1) the vehicle is damaged or shows unusual wear at the time of the supply;

(2) the tax paid by the person was calculated on the estimated value of the vehicle for the purposes of section 55.0.1 or of subparagraph *a* of subparagraph 2.1 of the second paragraph of section 17; and

(3) a written estimate of the vehicle or a written estimate of the repairs to be carried out in respect of the vehicle is made, within a reasonable time after the time of the supply, by the person referred to in the second paragraph of section 55.0.3.

"**402.4** The rebate to which a person is entitled under section 402.3 in respect of tax paid by the person for the supply or bringing into Québec of a road vehicle is equal to the amount determined by the formula

A − B.

For the purposes of this formula,

(1) A is the tax paid by the person;

(2) B is the tax that would have been payable by the person if it had been calculated on the estimated value of the vehicle, for the purposes of section 55.0.1 or of subparagraph *a* of subparagraph 2.1 of the second paragraph of section 17, reduced by

(*a*) the amount by which that value exceeds the value of the vehicle as shown on the written estimate referred to in paragraph 3 of section 402.3, or

(*b*) the value of the repairs to be made in respect of the vehicle as shown on the written estimate referred to in paragraph 3 of section 402.3.

"**402.5** A person is not entitled to the rebate provided for in section 402.3 in respect of tax paid by the person with respect to a supply or a bringing into Québec of a road vehicle unless

(1) the person files an application for the rebate within four years after the date the tax was paid; and

(2) the application for a rebate is accompanied by the written estimate referred to in paragraph 3 of section 402.3."

(2) Subsection 1 applies in respect of rebates that relate to supplies made after 31 May 1994 or to a bringing into Québec after that date.

325. (1) The said Act is amended by inserting, after section 411, the following section:

"**411.0.1** A person not resident in Québec, who is not required to be registered under this division and may not apply to be registered under section 411, may apply to the Minister to be registered if, under an agreement between the person and a registrant,

(1) the registrant makes in Québec a supply, other than an exempt supply, of corporeal movable property by way of sale or of a service of manufacturing or producing such property to the person not resident in Québec, or acquires physical possession of corporeal movable property, other than property of a person who is resident in Québec, for the purpose of making a supply, other than an exempt supply, of a commercial service in respect of the property to the person not resident in Québec;

(2) the registrant is required to cause physical possession of the property to be transferred, at any time, at a place in Québec, to a third person or to the person not resident in Québec;

(3) the person not resident in Québec is not a consumer of the property or service supplied by the registrant under the agreement; and

(4) the property or service is not a prescribed property or service supplied in prescribed circumstances."

(2) Subsection 1 has effect from 1 July 1992. However, where section 411.0.1 of the said Act, as enacted by subsection 1, applies before (*insert here the date of assent to this Act*), it applies only in respect of a person not resident in Québec to whom, under an agreement between the person and a registrant, the registrant makes a taxable supply of a commercial service in respect of corporeal movable property physical possession of which he is required to cause to be transferred to a consumer who is the recipient of a taxable supply of the property made for consideration by the person not resident in Québec.

326. (1) Section 435 of the said Act is amended

(1) by replacing subparagraph 2 of the first paragraph by the following subparagraph:

"(2) the day on which a revocation of the election becomes effective.";

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 1 March 1993.

327. (1) The said Act is amended by inserting, after section 435, the following sections:

"**435.1** An election made under section 434 by a registrant may be revoked by the registrant.

"**435.2** A revocation of an election made under section 434 by a registrant

(1) shall become effective on the first day of a reporting period of the registrant but not earlier than one year after the election became effective; and

(2) is not a valid revocation unless a notice of revocation of the election in prescribed form containing prescribed information is filed with and as prescribed by the Minister on or before the day on or before which the return under this chapter is required to be filed by the registrant for the last reporting period of the registrant in which the election is effective.

"**435.3** Where a registrant makes an election under section 434 and as a result of the election the net tax of the registrant is required to be determined in accordance with the provisions of the Regulation respecting the Québec sales tax, as enacted by Order in Council 1607-92 dated 4 November 1992 or as amended or replaced by any later order,

(1) subparagraph 1 of the second paragraph of section 434 does not apply to the election;

(2) notwithstanding section 434, the election shall be made before a return under this chapter is filed for the reporting period of the registrant in which the election becomes effective; and

(3) paragraph 2 of section 435.2 does not apply to a revocation of the election."

(2) Subsection 1 has effect from 1 March 1993.

328. (1) Section 444 of the said Act is replaced by the following section:

"**444.** Where a particular person has made a taxable supply, other than a zero-rated supply, in the course of a commercial activity for consideration to a person with whom the particular person was dealing at arm's length and has filed a return accounting for, and remitted tax under section 16 in respect of, the supply as required under this division, to the extent that it is established that the consideration and tax have become in whole or in part a bad debt, the particular person may, in determining the net tax for the reporting period of the particular person in which the bad debt is written off in the particular person's books of account or for a reporting period that ends within four years after the end of that period, deduct an amount equal to the tax fraction of the bad debt written off."

(2) Subsection 1 applies in respect of bad debts that relate to supplies made after 12 May 1994.

329. (1) Section 446 of the said Act is replaced by the following section:

"**446.** Where a person recovers all or part of a bad debt in respect of which the person has made a deduction under section 444 or 445, the person shall, in determining the net tax for the reporting period of the person in which the bad debt or part thereof is recovered, add an amount equal to the tax fraction of the bad debt or part thereof so recovered."

(2) Subsection 1 applies in respect of bad debts that relate to supplies made after 12 May 1994.

330. (1) Section 453 of the said Act, amended by section 610 of chapter 22 of the statutes of 1994, is again amended by replacing the part of paragraph 1 preceding subparagraph *a* by the following:

"(1) to have reduced, at that time, the total consideration for those supplies by an amount equal to the consideration fraction of".

(2) Subsection 1 has effect from 13 May 1994.

331. (1) Section 453.1 of the said Act is repealed.

(2) Subsection 1 has effect from 13 May 1994.

332. (1) Section 459.4 of the said Act, enacted by section 620 of chapter 22 of the statutes of 1994, is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

"(1) the threshold amount of the person for a particular fiscal year does not exceed $20 000; and".

(2) Subsection 1 has effect from 13 May 1994.

333. (1) Section 459.5 of the said Act, enacted by section 620 of chapter 22 of the statutes of 1994, is amended by replacing paragraphs 3 and 4 by the following paragraphs:

"(3) where the threshold amount of the person for a particular fiscal quarter exceeds $20 000, the first day of that fiscal quarter; and

"(4) where the threshold amount of the person for a particular fiscal year exceeds $20 000, the first day of that fiscal year."

(2) Subsection 1 has effect from 13 May 1994.

334. (1) Section 460 of the said Act, replaced by section 621 of chapter 22 of the statutes of 1994, is amended by replacing the first paragraph by the following paragraph:

"**460.** Where the threshold amount of a person for a particular fiscal year does not exceed $2 500, the person may make an election to have a reporting period that is a fiscal year of the person."

(2) Subsection 1 has effect from 13 May 1994.

335. (1) Section 461 of the said Act, replaced by section 623 of chapter 22 of the statutes of 1994, is amended by replacing paragraphs 1 and 2 by the following paragraphs:

"(1) where the threshold amount of the person for a particular fiscal year exceeds $2 500, the first day of that fiscal year;

"(2) where the threshold amount of the person for a particular fiscal month exceeds $2 500, the first day of that fiscal month; and".

(2) Subsection 1 has effect from 13 May 1994.

336. (1) Section 472 of the said Act, amended by section 629 of chapter 22 of the statutes of 1994, is again amended by replacing the part of the second paragraph preceding subparagraph 1 by the following:

"Every taxpayer shall file the return with the Minister or a prescribed person as prescribed by the Minister and remit to the Minister or the prescribed person the amount of tax under section 18 that became payable in the reporting period to which the return relates not later than".

(2) Subsection 1 has effect from 1 July 1992.

337. (1) Section 473.1 of the said Act is replaced by the following section:

"**473.1** Every person who is liable to pay tax under section 16 in respect of a supply referred to in section 20.1 (in this section referred to as the "taxpayer") shall, at the time of the supply, remit to the Minister or a prescribed person the tax payable in respect of the supply.

The prescribed person shall, as a mandatary of the Minister, collect the tax payable by the taxpayer in respect of the supply."

(2) Subsection 1 applies in respect of supplies made after 31 May 1994.

338. (1) The said Act is amended by inserting, after section 473.1, the following sections:

"**473.2** For the purposes of sections 473.3 to 473.9,

"cumulative amount" for a reporting period of a registrant means the total of

(1) the amount that would be the registrant's net tax for the period if it were determined without reference to section 473.5 and if no input tax refund were claimed, and no amounts were deducted, in determining that net tax, and

(2) the amount required under section 473.5 to be added in determining the net tax for the period;

"designated reporting period" of a person means a reporting period of the person in respect of which a designation under section 473.3 is in effect, but does not include a reporting period in which the person ceases to be a registrant.

"**473.3** The Minister may, on the application of a registrant and by notice in writing, designate, as an eligible reporting period for the

purposes of sections 473.2 to 473.9, a particular reporting period, other than a fiscal year, of the registrant specified in the registrant's application and ending in a fiscal year of the registrant if

(1) the Minister is satisfied that it can reasonably be expected that the cumulative amount for the particular reporting period will not exceed $1 000;

(2) the registrant's application in respect of the particular reporting period is made in prescribed form, contains prescribed information and is filed with and as prescribed by the Minister before the beginning of the particular reporting period; and

(3) at the time the application is filed,

(*a*) no designation under this section of a reporting period of the registrant ending in the fiscal year has been revoked,

(*b*) all amounts required under a fiscal law within the meaning of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) to be paid or remitted by the registrant before that time have been paid or remitted, and

(*c*) all returns required under this title to be filed with the Minister before that time by the registrant have been filed.

"**473.4** Subject to sections 39 and 95 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) and section 1001 of the Taxation Act (R.S.Q., chapter I-3), a registrant is not required to file a return under section 468 for a designated reporting period of the registrant if the cumulative amount for the period does not exceed $1 000.

"**473.5** Where the cumulative amount for a designated reporting period of a registrant does not exceed $1 000, that amount shall be added in determining the registrant's net tax for the reporting period of the registrant immediately following the designated reporting period and, notwithstanding any other provision of this title, shall not be included in determining the registrant's net tax for the designated reporting period.

"**473.6** The Minister may revoke a designation made under section 473.3 in respect of a reporting period of a registrant if

(1) the condition described in paragraph 1 of section 473.3 is no longer met in respect of the period; or

(2) the conditions described in paragraph 3 of section 473.3 would not be met if an application for such a designation were filed at the beginning of the period.

"**473.7** Where, under section 473.6, the Minister revokes a designation of a reporting period of a registrant, the Minister shall send a notice in writing of the revocation to the registrant.

"**473.8** All designations by the Minister under section 473.3 of a reporting period of a registrant which is subsequent to a particular designated reporting period of the registrant and which ends in the same fiscal year as the particular designated period are revoked where

(1) the registrant files, or is required to file, a return under section 468 for the designated reporting period; or

(2) the Minister revokes the designation of the designated reporting period.

"**473.9** For the purposes of this title, except sections 473.2 to 473.8, any reference to the day on or before which a person is required to file a return shall, where the person is, because of section 473.4, not required to file the return, be read as a reference to the day on or before which the person would, but for that section, be required to file the return."

(2) Subsection 1 applies in respect of reporting periods beginning after 31 March 1994.

339. The said Act is amended by inserting, after section 485, the following:

"CHAPTER X

"PENAL PROVISION

"**485.1** Every person who contravenes a regulatory provision made under subparagraph 22 of the first paragraph of section 677, the violation of which is an offence under a regulatory provision made under subparagraph 60 of the said paragraph, is liable to a fine of not less than $325 nor more than $10 000.

"**485.2** Where an offence to a regulatory provision referred to in section 485.1 has been committed, any person entrusted with the enforcement of this Act may draw up an offence report.

In any proceedings instituted under this Act, the offence report, signed by the person referred to in the first paragraph, shall be

accepted as *prima facie* proof of the facts ascertained by, and of the authority of, that person, without further proof of his appointment or of his signature."

340. (1) Sections 487 and 488 of the said Act are replaced by the following sections:

"**487.** Every person, at the time of making a purchase at a retail sale in Québec of any alcoholic beverage, shall pay a specific tax equal to 0.040 of a cent per millilitre of beer or 0.089 of a cent per millilitre of any other alcoholic beverage purchased by him.

"**488.** Every person who carries on business or ordinarily resides in Québec and brings or causes to be brought into Québec any alcoholic beverage for use or consumption by himself or by another person at his expense or purchases, by way of a retail sale made outside Québec, an alcoholic beverage that is in Québec shall, on the date the use or consumption of the alcoholic beverage begins in Québec, pay to the Minister a specific tax equal to 0.040 of a cent per millilitre of beer or 0.089 of a cent per millilitre of any other alcoholic beverage so brought in or purchased."

(2) Subsection 1 has effect from 13 May 1994.

341. (1) Section 489 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**489.** Every person who has purchased or produced an alcoholic beverage intended for sale or as a component of a movable property intended for sale shall, on the date he begins to use or consume the alcoholic beverage in Québec for any other purpose or arranges for it to be used or consumed in Québec at his expense by another person, pay to the Minister a specific tax equal to 0.040 of a cent per millilitre of beer or 0.089 of a cent per millilitre of any other alcoholic beverage so purchased or produced and so used or consumed by him or by the other person."

(2) Subsection 1 has effect from 13 May 1994.

342. Section 503 of the said Act is replaced by the following section:

"**503.** Every person who contravenes the third paragraph of section 492, section 493, section 495 or the fourth paragraph of section 497 is liable to a fine of not less than $200 nor more than $5 000."

343. (1) Section 631 of the said Act is amended by replacing the first paragraph by the following paragraph:

"**631.** Where a supply by way of lease of corporeal movable property that is capital property of the supplier, or a supply by way of sub-lease of corporeal movable property that is capital property of the person who supplied the property by way of lease to the sub-lessor, is made under an agreement in writing entered into before 30 August 1990, no tax is payable in respect of any consideration for the supply."

(2) Subsection 1 has effect from 1 July 1992.

344. (1) The said Act is amended by inserting, after section 635, the following sections:

"**635.1** Where a person received before 13 May 1994 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 8% or 4%, as the case may be, the person returns the property to the supplier after 12 May 1994 to exchange it for other movable property and the consideration for the supply of the other property is equal to the consideration for the supply of the returned property, the following rules apply:

(1) the person is not entitled to a refund of the tax paid in respect of the supply of the returned property; and

(2) tax under section 16 does not apply in respect of the supply of the other property.

"**635.2** Where a person received before 13 May 1994 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 8% or 4%, as the case may be, the person returns the property to the supplier after 12 May 1994 to exchange it for other movable property and the supplier refunds or credits to the person a part of the consideration for the supply of the returned property, the following rules apply:

(1) the person is entitled to obtain from the supplier a refund of the tax paid in respect of the part of the consideration for the supply of the returned property so refunded or credited and the supplier shall refund the tax to the person; and

(2) tax under section 16 does not apply in respect of the supply of the other property.

"**635.3** Where a person received before 13 May 1994 a taxable supply of movable property in respect of which the person paid tax

under section 16 at the rate of 8% or 4%, as the case may be, the person returns the property to the supplier after 12 May 1994 to exchange it for other movable property and the consideration for the supply of the other property exceeds the consideration for the supply of the returned property, the following rules apply:

(1) the person is not entitled to a refund of the tax paid in respect of the supply of the returned property; and

(2) the person shall pay tax under section 16 but only on that part of the consideration for the supply of the other property which exceeds the consideration for the supply of the returned property.

"**635.4** Where a person received before 13 May 1994 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 8% or 4%, as the case may be, the person returns the property to the supplier after 12 May 1994 without exchanging it for other movable property and the supplier refunds or credits to the person the consideration for the supply of the returned property, or a part thereof, the person is entitled to obtain from the supplier a refund of the tax paid in respect of the consideration or the part thereof so refunded or credited and the supplier shall refund the tax to the person.

This section does not apply in respect of a supply of movable property in respect of which tax under section 16 was paid at the rate of 8% where it may reasonably be regarded that the purpose sought by the person having received the supply and the supplier having made it is to allow the person to receive a new supply, similar to the initial supply, in respect of which tax under section 16 is payable at the rate of 6.5%.

"**635.5** Where a supplier refunds all or part of the tax paid by a person in respect of a supply (in this section referred to as the "amount of tax") to that person under section 635.2 or 635.4, the following rules apply:

(1) the amount of tax may be deducted in determining the net tax of the supplier for the reporting period of the supplier in which the refund is made, to the extent that the amount of tax has been included in determining the net tax of the supplier for the period or a preceding reporting period of the supplier; and

(2) the amount of tax shall be added in determining the net tax of the person for the reporting period of the person in which the refund is made, to the extent that the amount of tax has been included in determining the input tax refund of the person claimed in the return filed for the period or a preceding reporting period of the person."

(2) Subsection 1 has effect from 13 May 1994.

345. (1) Section 663 of the said Act, amended by section 637 of chapter 22 of the statutes of 1994, is again amended by replacing the definition of "estimated tax" by the following definition:

" "estimated tax" for a residential complex means the prescribed amount, specified in prescribed manner, in respect of the complex."

(2) Subsection 1 has effect from 1 July 1992.

346. (1) The said Act is amended by replacing the heading of subdivision 1 of Division III of Chapter VI of Title VI by the following heading:

"§ 1.—*Measures applicable from 25 October 1991 to 1 April 1992*".

(2) Subsection 1 has effect from 13 May 1994.

347. (1) The said Act is amended by replacing the heading of subdivision 2 of Division III of Chapter VI of Title VI by the following heading:

"§ 2.—*Measures applicable from 15 May 1992 to 1 September 1992*".

(2) Subsection 1 has effect from 13 May 1994.

348. (1) The said Act is amended by inserting, after section 674.4, the following:

"§ 3.—*Measures applicable from 13 May 1994*

"**674.4.1** Where a person received before 13 May 1994 a taxable supply of a service in respect of which the person paid tax under section 16 at the rate of 8% or 4%, as the case may be, the supplier refunds or credits to the person after 12 May 1994 the consideration for the supply of the service, or a part thereof, the person is entitled to obtain from the supplier a refund of the tax paid in respect of the consideration or the part thereof so refunded or credited and the supplier shall refund the tax to the person.

This section does not apply in respect of a supply of a service in respect of which tax under section 16 was paid at the rate of 8% where it may reasonably be regarded that the purpose sought by the person having received the supply and the supplier having made it is to allow

the person to receive a new supply, similar to the initial supply, in respect of which tax under section 16 is payable at the rate of 6.5%.

"**674.4.2** Where a supplier refunds all or part of the tax paid by a person in respect of a supply (in this section referred to as the "amount of tax")to that person under section 674.4.1, the following rules apply:

(1) the amount of tax may be deducted in determining the net tax of the supplier for the reporting period of the supplier in which the refund is made, to the extent that the amount of tax has been included in determining the net tax of the supplier for the period or a preceding reporting period of the supplier; and

(2) the amount of tax shall be added in determining the net tax of the person for the reporting period of the person in which the refund is made, to the extent that the amount of tax has been included in determining the input tax refund of the person claimed in the return filed for the period or a preceding reporting period of the person."

(2) Subsection 1 has effect from 13 May 1994.

349. (1) Section 677 of the said Act, amended by section 642 of chapter 22 of the statutes of 1994, is again amended, in the first paragraph,

(1) by replacing subparagraph 5 by the following subparagraph:

"(5) determine, for the purposes of section 18, which supplies are prescribed supplies for the purposes of subparagraph 1 of the first paragraph thereof, which supplies are prescribed supplies for the purposes of subparagraph 2 of the first paragraph thereof, which supplies are prescribed supplies for the purposes of subparagraph 3 of the first paragraph thereof and which supplies are prescribed supplies for the purposes of subparagraph 4 of the first paragraph thereof;";

(2) by inserting, after subparagraph 31.1, the following subparagraph:

"(31.2) determine, for the purposes of section 327.1, which property or services are prescribed property or prescribed services and which circumstances are prescribed circumstances;";

(3) by inserting, before subparagraph 43, the following subparagraph:

"(42.1) determine, for the purposes of section 411.0.1, which property or services are prescribed property or prescribed services and which circumstances are prescribed circumstances;";

(4) by inserting, after subparagraph 45, the following subparagraph:

"(45.1) determine, for the purposes of section 435.3, which provisions of the Regulation respecting the Québec sales tax, as enacted by Order in Council 1607-92 dated 4 November 1992 or as amended or replaced by any later order, are prescribed provisions;";

(5) by inserting, after subparagraph 49, the following subparagraph:

"(49.1) determine, for the purposes of section 472, the prescribed person;";

(6) by replacing subparagraph 56 by the following subparagraph:

"(56) determine, for the purposes of section 663, the prescribed amount and the prescribed manner;".

(2) Paragraph 1 of subsection 1 applies in respect of supplies the consideration for which is paid or becomes due after 30 September 1992, other than supplies the consideration for which is paid or becomes due before 1 October 1992. However, where paragraph 1 of subsection 1 applies in respect of supplies all or any part of the consideration for which is paid or becomes due before 1 January 1993, subparagraph 5 of the first paragraph of section 677 of the said Act, as enacted by paragraph 1 of subsection 1, shall be read as follows:

"(5) determine, for the purposes of section 18, which supplies are prescribed supplies for the purposes of subparagraph 1 of the first paragraph thereof, which supplies are prescribed supplies for the purposes of subparagraph 2 of the first paragraph thereof and which supplies are prescribed supplies for the purposes of subparagraph 3 of the first paragraph thereof;".

(3) Paragraphs 2, 3, 5 and 6 of subsection 1 have effect from 1 July 1992.

(4) Paragraph 4 of subsection 1 has effect from 1 March 1993.

FUEL TAX ACT

350. (1) Section 2 of the Fuel Tax Act (R.S.Q., chapter T-1), amended by section 645 of chapter 22 of the statutes of 1994, is again

amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

"(*a*) $0.152 per litre for gasoline;

"(*b*) $0.133 per litre for fuel oil;

"(*c*) $0.082 per litre for propane gas."

(2) Subsection 1 has effect from 13 May 1994.

ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATION AND TO MAKE CERTAIN PROVISIONS RESPECTING RETAIL SALES TAX

351. Section 86 of the Act to amend the Taxation Act and other legislation and to make certain provisions respecting retail sales tax (1989, chapter 5), amended by section 235 of chapter 7 of the statutes of 1990 and by section 246 of chapter 64 of the statutes of 1993, is again amended by replacing paragraph *b* of section 726.4.43 of the Taxation Act, as enacted by subsection 10 of the said section 86, by the following paragraph:

"(*b*) "university research contract" means a contract that an individual or a partnership, carrying on a business in Canada, enters into between 30 April 1987 and 13 May 1988 with an eligible university entity, under which the eligible university entity binds itself to make in Québec, before 1 January 1999, on behalf of the individual or the partnership, expenditures in respect of scientific research and experimental development directly undertaken by the entity, related to a business of the individual or partnership or of the other partnership or the taxpayer contemplated in the third paragraph of section 726.4.50 with whom or which the partnership is in relation, where the latter are entitled to exploit the results thereof;".

ACT RESPECTING THE COMPUTATION OF INTEREST APPLICABLE TO TAX CLAIMS

352. (1) The Act respecting the computation of interest applicable to tax claims (1990, chapter 58) is repealed.

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

ACT TO AMEND THE TAXATION ACT AND OTHER FISCAL LEGISLATION

353. (1) Section 42 of the Act to amend the Taxation Act and other fiscal legislation (1993, chapter 16) is amended by replacing subsection 2 by the following subsection:

"(2) This section applies from the taxation year 1985 in respect of individuals who left Canada after 10 May 1983 to hold employment abroad and in respect of individuals who left Canada prior to 11 May 1983 for the same reason and who entered into a new contract with an employer after 10 May 1983. However, in the latter case, it applies only for periods commencing after the new contract is entered into."

(2) Subsection 1 has effect from 15 June 1993.

354. (1) Section 43 of the said Act is amended by replacing subsection 2 by the following subsection:

"(2) This section applies from the taxation year 1985 in respect of individuals who left Canada after 10 May 1983 to hold employment abroad and in respect of individuals who left Canada prior to 11 May 1983 for the same reason and who entered into a new contract with an employer after 10 May 1983. However, in the latter case, it applies only for periods commencing after the new contract is entered into."

(2) Subsection 1 has effect from 15 June 1993.

355. (1) Section 44 of the said Act is amended by replacing subsection 2 by the following subsection:

"(2) This section applies from the taxation year 1985 in respect of individuals who left Canada after 10 May 1983 to hold employment abroad and in respect of individuals who left Canada prior to 11 May 1983 for the same reason and who entered into a new contract with an employer after 10 May 1983. However, in the latter case, it applies only for periods commencing after the new contract is entered into."

(2) Subsection 1 has effect from 15 June 1993.

ACT TO AGAIN AMEND THE TAXATION ACT AND VARIOUS LEGISLATIVE PROVISIONS

356. (1) Section 59 of the Act to again amend the Taxation Act and various legislative provisions (1993, chapter 64) is amended by replacing subsection 2 by the following subsection:

"(2) This section has effect from 15 June 1993. However, the second paragraph of section 726.4.17.11 of the Taxation Act, enacted by paragraph 1 of subsection 1, does not apply in respect of a public share issue the offering memorandum, preliminary prospectus or final prospectus of which was filed on or before that date with the Commission des valeurs mobilières du Québec, or the exemption from

filing a prospectus of which was obtained from the Commission on or before that date."

(2) Subsection 1 has effect from 17 December 1993.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER FISCAL PROVISIONS

357. (1) Section 370 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other fiscal provisions (1994, chapter 22) is amended

(1) by replacing subparagraph *e* of subparagraph 1 of the first paragraph of section 18 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as enacted by paragraph 1 of subsection 1, by the following subparagraph:

"(*e*) a transportation service, other than a freight transportation service in respect of the transportation of corporeal movable property from a place in Canada outside Québec to a place in Québec, or";

(2) by replacing subsection 2 by the following subsection:

"(2) Paragraph 1 of subsection 1, except where it enacts subparagraph 2 of the first paragraph of section 18 of the said Act, applies from 1 July 1992. However, in respect of supplies all or any part of the consideration for which is paid or becomes due before 1 October 1992, that part of the first paragraph of section 18 of the said Act which precedes subparagraph 1 and the said subparagraph 1, as enacted by paragraph 1 of subsection 1, shall be read as follows:

"**18.** Every recipient of a taxable supply shall pay to the Minister a tax in respect of the supply calculated at the rate prescribed in the second paragraph on the value of the consideration for the supply if the supply is

(1) a supply of incorporeal movable property or of a service made outside Québec to a recipient resident in Québec, if the recipient may reasonably be regarded as having received the property or service for use in Québec otherwise than exclusively in the course of a commercial activity;";

(3) by adding the following subsection:

"(3) Paragraph 1 of subsection 1, where it enacts subparagraph 2 of the first paragraph of section 18 of the said Act, and paragraph

2 of subsection 1 apply to supplies the consideration for which is paid or becomes due after 30 September 1992, except supplies the consideration for which is paid or becomes due before 1 October 1992."

(2) Subsection 1 has effect from 17 June 1994.

358. (1) Section 382 of the said Act is repealed.

(2) Subsection 1 has effect from 17 June 1994.

359. (1) Section 559 of the said Act is amended

(1) by inserting, after section 353.3 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as enacted by subsection 1, the following:

" "**353.3.1** Subject to sections 353.5 and 357, a person not resident in Québec who is not a registrant is entitled to a rebate of any amount paid by the person as or on account of tax in respect of the acquisition of corporeal movable property or a processing service in respect of the corporeal movable property acquired by the person, whether or not the amount was payable by the person in respect of the acquisition, if

(1) sections 327 to 327.5 apply to the supply of the property or service made to the person not resident in Québec;

(2) the property or service acquired by the person not resident in Québec is property or a service in respect of which a registrant may apply for an input tax refund; and

(3) the person not resident in Québec makes a supply of the corporeal movable property to a registrant who is not deemed, under section 327.7, to have paid tax in respect of a supply of the corporeal movable property.";

(2) by replacing the part preceding paragraph 1 of section 353.4 of the Act respecting the Québec sales tax, as enacted by subsection 1, by the following:

" "**353.4** For the purposes of sections 353.3 and 353.3.1, "processing service", in respect of corporeal movable property, means"."

(2) Subsection 1 has effect from 17 June 1994.

360. (1) Section 567 of the said Act is amended by replacing subsection 2 by the following subsection:

"(2) Subsection 1 applies from 1 July 1992. However, for the period from 1 July 1992 to 30 September 1992, the reference in section 357 of the said Act, as enacted by subsection 1, to section 353.1 shall be read as a reference to sections 353.1, 353.3 and 353.3.1."

(2) Subsection 1 has effect from 17 June 1994.

361. (1) Section 579 of the said Act is amended by replacing the part preceding section 387 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), as enacted by subsection 1, by the following:

"**579.** (1) Sections 387, 388 and 389 of the said Act are replaced by the following sections:".

(2) Subsection 1 has effect from 17 June 1994.

FINAL PROVISIONS

362. (1) The reference to section 1030 of the Taxation Act (R.S.Q., chapter I-3) is struck out in the following provisions:

(1) sections 1129.19 and 1129.23 of the Taxation Act (R.S.Q., chapter I-3) and section 1129.33 of that Act, enacted by section 191 of chapter 64 of the statutes of 1993;

(2) the seventh paragraph of section 14, amended by section 212 of chapter 64 of the statutes of 1993, sections 14.5 and 15.6, the second paragraph of section 24.0.1 and the third paragraph of section 24.1 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);

(3) the second paragraph of section 28 of the Act respecting fiscal incentives to industrial development (R.S.Q., chapter S-34).

(2) Subsection 1 applies in respect of notices of assessment issued after 30 June 1994.

363. For the purposes of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9), the Government may, by regulation, prescribe, for the years 1992 to 1994, the amount referred to in section 59 of that Act which an employer is required to deduct from the remuneration paid by the employer to an employee.

364. Every provision of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) enacted by this Act and which has effect from 1 July 1992 applies in accordance with sections 618 to 656 and section 685 of that Act, as amended, where applicable, by this Act.

365. This Act comes into force on (*insert here the date of assent to this Act*).