



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FOURTH LEGISLATURE

Bill 112

**An Act to again amend the Taxation
Act and various legislative
provisions**

Introduction

Introduced by
Mr Raymond Savoie
Minister of Revenue

**Québec Official Publisher
1993**

EXPLANATORY NOTES

This bill amends various Acts to give effect to measures announced, for the most part, in the Budget Speech given by the Minister of Finance on 20 May 1993, and in Information Bulletins 93-1, 93-2 and 93-4 issued by the Ministère des Finances on 23 April 1993, 28 June 1993 and 8 October 1993, respectively.

Firstly, the bill amends the Act respecting duties on transfers of immovables to provide for the possibility of imposing special duties under the Taxation Act.

Secondly, the Act respecting municipal taxation is amended to extend the time granted to forest producers for filing an application for a partial refund of municipal and property taxes paid in respect of immovables included in an assessment unit.

Thirdly, the bill amends the Taxation Act mainly to amend or to introduce several fiscal measures applicable in Québec. These measures regard the following matters in particular:

(1) the inclusion, in the computation of income from an office or employment, of the value of benefits derived from premiums paid by employers under certain insurance plans;

(2) the abolition of the general employment income deduction;

(3) a two-year extension of the time within which expenses incurred for exploration will give access to the additional Québec tax deductions;

(4) the transformation of the deductions for gifts, unemployment insurance premiums and pension plan contributions into tax credits;

(5) the introduction of a tax credit in respect of the new contribution to the Québec health services fund;

(6) a one-year suspension of the indexation of the amounts corresponding to essential needs, as recognized in the tax system;

(7) the rules relating to the stock savings plan, in particular the limiting of the plan to investments in growth businesses;

(8) the abolition of the external scientific research and experimental development (R & D) financing mechanisms, via the stock savings plan, for Québec business investment companies and research and development venture capital corporations;

(9) the extension of the time limit within which an R & D contract may be entered into with an eligible university entity, an eligible public research centre or an eligible research consortium, the time limit within which a pre-competitive research project, catalyst project or environmental technology innovation project may be recognized, and, in all cases, the extension of the time limit set for carrying out research and development activities;

(10) the reduction of the expenses eligible for the refundable tax credit granted in respect of an R & D contract with an eligible university entity, an eligible public research centre or an eligible research consortium, or a pre-competitive research project, catalyst project or environmental technology innovation project;

(11) the rules relating to the tax credit for manpower training, including the eligibility of training courses given by certain employees, the possibility for a designated shareholder in a corporation or designated member of a cooperative to qualify as an eligible employee and the introduction of the concept of training plan;

(12) the introduction of a surtax for individuals;

(13) the introduction of a special temporary tax payable by the Fonds de solidarité des travailleurs du Québec (F.T.Q.);

(14) the introduction of special duties in respect of the transfer of immovable property exonerated under the Act respecting duties on transfers of immovables;

(15) a raising of the minimum amount of tax on capital payable by corporations;

(16) the requirement for the members of a civil partnership to pay tax on forest operations;

(17) various amendments of a technical nature, in particular amendments to ensure concordance and uniform terminology.

Fourthly, the bill amends the Act respecting the Ministère du Revenu to allow the communication of certain information to the

Minister of Finance and to exempt the Oujé-Bougoumou settlement from income tax and consumer taxes.

Fifthly, the Act respecting the Régie de l'assurance-maladie du Québec is amended mainly to introduce rules relating to the contributions made to the Québec health services fund by certain individuals.

Sixthly, with respect to the Act respecting the Québec Pension Plan, the bill introduces amendments of concordance relating to the introduction in the Taxation Act of measures to tax the value of contributions paid by an employer to certain insurance plans.

Seventhly, the bill amends the Act respecting real estate tax refund, in particular to provide for certain types of low-rental housing as dwellings that give no entitlement to property tax refunds, and to extend the time granted for filing an application for a property tax refund.

Eighthly, the Act respecting income security is amended to include the elements making up the total amount received as work income replacement in computing benefits under the PWA program.

Ninthly, with respect to the Act respecting the Québec sales tax, the bill introduces amendments of concordance relating to the introduction in the Taxation Act of measures to tax the value of contributions made by an employer under certain insurance plans.

Tenthly, the bill amends the Fuel Tax Act to replace the date on or before which a person must file a statement relating to the quantity of fuel used in Québec during a quarter.

Eleventhly, with respect to the Act to amend the Taxation Act and other legislation and to make certain provisions respecting retail sales tax, an amendment is made to the transitional version of the definition of "university research contract".

Twelfthly, with respect to the Act to amend the Act respecting the Québec Pension Plan and other legislative provisions, the bill introduces amendments of concordance relating to the introduction in the Taxation Act of a tax credit for unemployment insurance premiums and pension plan contributions.

Lastly, the Act to again amend the Taxation Act and other legislation is amended to introduce amendments of a technical nature.

ACTS AMENDED BY THIS BILL:

- (1) Act respecting duties on transfers of immovables (R.S.Q., chapter D-15.1);
- (2) Act respecting municipal taxation (R.S.Q., chapter F-2.1);
- (3) Taxation Act (R.S.Q., chapter I-3);
- (4) Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- (5) Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5);
- (6) Act respecting the Québec Pension Plan (R.S.Q., chapter R-9);
- (7) Act respecting real estate tax refund (R.S.Q., chapter R-20.1);
- (8) Act respecting income security (R.S.Q., chapter S-3.1.1);
- (9) Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- (10) Fuel Tax Act (R.S.Q., chapter T-1);
- (11) Act to amend the Taxation Act and other legislation and to make certain provisions respecting retail sales tax (1989, chapter 5);
- (12) Act to amend the Act respecting the Québec Pension Plan and other legislative provisions (1993, chapter 15);
- (13) Act to again amend the Taxation Act and other legislation (1993, chapter 19).

Bill 112

An Act to again amend the Taxation Act and various legislative provisions

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES

1. (1) The Act respecting duties on transfers of immovables (R.S.Q., chapter D-15.1) is amended by inserting, after section 19, the following section:

“19.1 Special duties may be imposed in lieu of transfer duties on a corporation that is a transferee contemplated in section 19, in the circumstances set out in section 1129.29 of the Taxation Act (R.S.Q., chapter I-3).”

(2) This section applies in respect of immovables transferred after 8 October 1993.

ACT RESPECTING MUNICIPAL TAXATION

2. (1) Section 220.3 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1), amended by section 2 of chapter 19 of the statutes of 1993, is again amended

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

“220.3 Every individual or corporation contemplated in this subdivision may receive a reimbursement of part of the real estate taxes paid in respect of the immovables included in an assessment unit entered on the certificate contemplated in section 220.2 for a municipal or school fiscal period, if the individual or the corporation applies therefor to the Minister of Revenue, in prescribed form containing the prescribed information,

(a) in the case of an individual, within the three years after the end of the calendar year during which that fiscal period ends;

(b) in the case of a Canadian-controlled private corporation within the meaning of section 1 of the Taxation Act (R.S.Q., chapter I-3), within the three years after the end of its fiscal period during which the municipal or school fiscal period ends;

(c) in the case of any other corporation, within the four years after the end of its fiscal period during which the municipal or school fiscal period ends.”;

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

“For the purposes of subparagraphs *b* and *c* of the first paragraph, “fiscal period”, in the case of a corporation referred to therein, has the meaning assigned by section 1 of the Taxation Act.”

(2) This section applies in respect of applications for a real estate tax refund made by timber producers after 20 May 1993.

3. (1) Section 220.4 of the said Act is replaced by the following section:

“220.4 The application for reimbursement shall relate to the aggregate of all taxes payable in respect of an assessment unit for a municipal or school fiscal period to the local municipality or the school board, as the case may be.”

(2) This section applies in respect of applications for a real estate tax refund made by timber producers after 20 May 1993.

TAXATION ACT

4. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 6 of chapter 1 of the statutes of 1992, by section 1 of chapter 16 of the statutes of 1993 and by section 12 of chapter 19 of the statutes of 1993, is again amended

(1) by replacing that part preceding paragraph *a* of the definition of “personal services business” by the following:

“ “personal services business” means a personal services business carried on by a corporation in a taxation year where an employee who provides services on behalf of the corporation, called an “incorporated employee” in this definition and in sections 135.2 and 487.2, or a person

related to an incorporated employee is a specified shareholder of the corporation and where the incorporated employee may be reasonably classed, disregarding the corporation, as an employee of the person or of the partnership to whom or which he provided the services, unless”;

(2) by replacing the definition of “limited partnership loss” by the following definition:

“ “limited partnership loss” in respect of the partnership has the meaning assigned by sections 613.1 and 726.4.17.11;”;

(3) by replacing the definition of “private health services plan” by the following definition:

“ “private health services plan” means a contract of insurance in respect of medical expenses, hospital expenses or any combination of such expenses, or a medical care insurance plan or hospital care insurance plan or both a medical care and hospital care insurance plan, to the extent that the contract or plan covers expenses described in section 752.0.11.1, but does not include any such contract or plan established or prescribed by a law of a province, within the meaning of section 16.2, that establishes a health services plan in respect of which the province receives contributions, for the insured health services provided under the plan, in accordance with the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977;”;

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

“ “salary or wages”, except in section 32 and in subparagraph i of paragraph *d* of section 351, means the income of a taxpayer from an office or employment, as computed under sections 32 to 79.3, 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 retirement allowances;”.

(2) Paragraphs 1 and 4 of subsection 1 apply from the taxation year 1993.

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

(4) Paragraph 3 of subsection 1 has effect from 21 May 1993.

5. Section 1.1 of the said Act is replaced by the following section:

1.1 In this Act and the regulations, an interest in real property includes a leasehold interest in such property but does not include an interest as security only derived by virtue of a mortgage, hypothec, agreement for sale or other similar obligation.”

6. (1) Section 8 of the said Act is amended by replacing paragraph *f* by the following paragraph:

“(f) he was a child of an individual described in paragraph *b*, *c* or *d* and his income for the year did not exceed the amount in dollars referred to in that part of section 752.0.1 preceding paragraph *a* that is used by him in computing his deduction under that section.”

(2) This section applies from the taxation year 1993.

7. (1) Section 22 of the said Act is amended by replacing the second paragraph by the following paragraph:

“The tax payable under sections 750, 751 and 758 to 766.1 by an individual contemplated in the first paragraph, carrying on a business outside Québec in Canada, is equal to the proportion of the tax which would be established under those sections but for this paragraph that his income earned in Québec is of his income earned in Québec and elsewhere, as established by the regulations.”

(2) This section applies from the taxation year 1993.

8. (1) Section 25 of the said Act is amended by replacing the second paragraph by the following paragraph:

“The tax payable under sections 750, 751 and 758 to 766.1 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 if he had resided in Québec on the last day of the taxation year over any amount he deducted under section 737.16 or 737.21 in computing such taxable income.”

(2) This section applies from the taxation year 1993.

9. (1) Section 26 of the said Act is amended by replacing the second paragraph by the following paragraph:

“The tax payable under sections 750, 751 and 752.1 to 766.1 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 earned in Canada, as determined under Part II, if he were resident in Québec, that his income earned in Québec is of his income earned in Canada as determined under section 1090.”

(2) This section applies from the taxation year 1993.

10. (1) Section 28.1 of the said Act, enacted by section 21 of chapter 16 of the statutes of 1993, is replaced by the following section:

“28.1 Where the amount determined under section 28 for a taxation year in respect of a taxpayer does not exceed zero, the taxpayer is deemed, for the purposes of this Part, to have income for the year in an amount equal to zero.”

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

11. (1) The said Act is amended by inserting, after section 37.0.1, the following sections:

“37.0.1.1 For the purposes of section 37, the value of the benefit received or enjoyed by an individual for a taxation year where, by reason of his office or employment, present, past, or projected, he is provided coverage during the year under a personal insurance plan, is equal to

(a) in the case of a personal insurance plan which provides coverage through insurance with an insurer, the amount established for the year under sections 37.0.1.2 and 37.0.1.3 in respect of the individual in relation to the plan;

(b) in the case of a personal insurance plan which provides coverage otherwise than through insurance with an insurer, the amount established for the year under sections 37.0.1.4 to 37.0.1.6 in respect of the individual in relation to the plan.

For the purposes of this section and sections 37.0.1.2 to 37.0.1.6, the following rules apply:

(a) any premium paid in respect of an individual, by reason of his office or employment with an employer, under a personal insurance plan, by a person to whom the employer is related, is deemed to be a premium paid by the employer and not by the person to whom the employer is related;

(b) any amount paid as a dividend, return or refund of premiums, under a personal insurance plan, to a person to whom the employer

is related, in relation to the coverage and benefits enjoyed by the employees of the employer under the plan, is deemed to be a dividend, a return or a refund of premiums paid, to the employer and not to the person to whom the employer is related;

(c) where, in a taxation year, an employer pays, under a personal insurance plan, an additional premium in respect of the coverage or benefits under the plan enjoyed by his employees for a period prior to that year, the additional premium is deemed to be a premium paid at that time in respect of the coverage or benefits enjoyed by the employees for that year and not in respect of the coverage or benefits enjoyed by the employees for the preceding year;

(d) “tax” does not include tax payable by the employer under Part IV.1 or Part VI, if any.

“37.0.1.2 The amount contemplated in subparagraph *a* of the first paragraph of section 37.0.1.1 in respect of an individual for a taxation year in relation to a personal insurance plan, means an amount equal to the amount by which

(a) the aggregate of the premium, other than the portion of the premium which can reasonably be attributed to coverage related to the cost that would be assumed by the Régie de l’assurance-maladie du Québec on behalf of a beneficiary in respect of insured services under the Health Insurance Act (R.S.Q., chapter A-29), paid by the employer of the individual in respect of the coverage and benefits enjoyed by the individual for any period of the year under the plan, and the tax relating to that premium, exceeds

(b) the aggregate of the following amounts:

i. the portion of the aggregate described in paragraph *a* that the individual has reimbursed to his employer during the year;

ii. the amount determined for the year in respect of the individual in accordance with section 37.0.1.3 in relation to the plan.

“37.0.1.3 The amount contemplated in subparagraph ii of paragraph *b* of section 37.0.1.2 in respect of an individual for a taxation year in relation to a personal insurance plan, is the portion, hereinafter described, of the amount called “particular amount” in this section, that corresponds to the amount by which the aggregate of the amount paid during the year to the employer of the individual as a dividend, return or refund of premiums under the plan and the related tax, exceeds the portion, if any, of that aggregate that can reasonably be attributed to the share of the employer’s employees in the cost of the plan that was distributed to the employees in the year:

(a) where the amount paid to the employer as a dividend, return or refund of premiums is based on the experience of all coverage and benefits provided by the plan, the proportion of the particular amount that the premium paid by the employer in respect of the coverage and benefits enjoyed by the individual for any period of the year under the plan is of the premium paid by the employer in respect of the coverage and benefits enjoyed by all his employees for any period of the year under the plan;

(b) where the amount paid to the employer as a dividend, return or refund of premiums is based on the experience of only certain coverage and benefits provided by the plan, called “particular coverage and benefits” in this paragraph, the proportion of the particular amount that the premium paid by the employer in respect of the particular coverage and benefits enjoyed by the individual for any period of the year under the plan is of the premium paid by the employer in respect of the particular coverage and benefits enjoyed by all his employees for any period of the year under the plan.

“37.0.1.4 The amount contemplated in subparagraph *b* of the first paragraph of section 37.0.1.1 in respect of an individual for a taxation year in relation to a personal insurance plan, means the amount by which the aggregate of the following amounts exceeds the total of the amounts paid by the individual in the year for any period, after 20 May 1993, of the year or of a preceding year as a premium under the plan:

(a) the aggregate of all amounts each of which corresponds to the amount determined, in respect of the particular coverage and benefits enjoyed by the individual in the year under the plan, by the formula

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

(b) the amount determined by the formula

$$\frac{D \times E}{F}.$$

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

(a) *A* is the aggregate of the premiums paid in the year for any period, after 20 May 1993, of the year or of a previous year in respect of all the employees of the employer of the individual who enjoy the particular coverage and benefits under the plan, and the related tax;

(b) B is the number of days of the year during which the individual enjoys the particular coverage and benefits under the plan;

(c) C is the number, for each day of the year, of all the employees of the employer of the individual who enjoy the particular coverage and benefits under the plan;

(d) D is the aggregate of the expenses, except those relating to the establishment of or a modification to the plan, incurred in respect of a third person for the administration or management of the plan for any period of the year, and the related tax, if any;

(e) E is the number of days of the year during which the individual enjoys coverage under the plan;

(f) F is the number, for each day of the year, of all employees of the employer of the individual who enjoy coverage under the plan.

“37.0.1.5 For the purposes of section 37.0.1.4,

(a) the portion of a benefit, which can reasonably be considered to relate to the cost that would be assumed by the Régie de l'assurance-maladie du Québec on behalf of a beneficiary in respect of insured services under the Health Insurance Act (R.S.Q., chapter A-29), is deemed not to be a benefit contemplated in subparagraph *a* of the second paragraph of section 37.0.1.4;

(b) where the risk to an employer, or to a person to whom he is related, in relation to a particular personal insurance plan, is reduced by the fact that the employer, or the person to whom he is related, has purchased excess of loss insurance from an insurer,

i. a benefit paid by the insurer under the excess of loss insurance in relation to the particular plan is deemed not to be a benefit contemplated in subparagraph *a* of the second paragraph of section 37.0.1.4 in relation to that plan, and

ii. the portion of the aggregate of the premium paid by the employer and the related tax, which can reasonably be attributed to particular coverage and benefits under the particular plan, in relation to the excess of loss insurance for any period of a year, shall be included in the aggregate contemplated for the year in subparagraph *a* of the second paragraph of section 37.0.1.4 in relation to such coverage and benefits under the particular plan, except if the excess of loss insurance covers all the coverage and benefits provided under the particular plan, in which case the aggregate of the premium and tax shall be included in the aggregate contemplated for the year in

subparagraph *d* of the second paragraph of the said section 37.0.1.4 in respect of the particular plan.

“37.0.1.6 For the purposes of section 37.0.1.4, where the personal insurance plan provides identical coverage to the employees of the employer who are under Québec jurisdiction and to his other employees, the employer must elect, from among the following data in his possession, the data which will best reflect the coverage provided under the plan to those of his employees who are under Québec jurisdiction:

(a) actual data relating to all the employees of the employer who enjoy coverage under the plan;

(b) actual data relating to the employer's employees under Québec jurisdiction who enjoy coverage under the plan.

In the first paragraph, the expression “employee under Québec jurisdiction” of an employer means an employee of the employer who reports for work in an establishment of the employer situated in Québec, and an employee of the employer who is not required to report for work at an establishment of the employer but whose wages are paid or deemed to be paid from such an establishment situated in Québec.”

(2) This section applies from the taxation year 1993. However, for the taxation year 1993,

(a) that part of section 37.0.1.1 of the Taxation Act preceding subparagraph *a* of the first paragraph, enacted by subsection 1, shall read as follows:

“37.0.1.1 For the purposes of section 37, the value of the benefit received or enjoyed by an individual, after 20 May 1993, for a taxation year where, by reason of his office or employment, present, past, or projected, he is provided coverage during the year under a personal insurance plan, is equal to”;

(b) paragraph *a* of section 37.0.1.2 of the Taxation Act, enacted by subsection 1, shall read as follows:

“(a) the aggregate of the premium, other than the portion of the premium which can reasonably be attributed to coverage related to the cost that would be assumed by the Régie de l'assurance-maladie du Québec on behalf of a beneficiary in respect of insured services under the Health Insurance Act (R.S.Q., chapter A-29), paid by the employer of the individual in respect of the coverage and benefits

enjoyed by the individual for any period, after 20 May 1993, of the year under the plan, and the tax relating to that premium, exceeds”;

(c) section 37.0.1.3 of the Taxation Act, enacted by subsection 1, shall read as follows:

“37.0.1.3 The amount contemplated in subparagraph ii of paragraph *b* of section 37.0.1.2 in respect of an individual for a taxation year in relation to a personal insurance plan, is the portion hereinafter described, of the amount called “particular amount” in this section, that corresponds to the amount by which the aggregate of the amount paid, after 20 May 1993, during the year to the employer of the individual as a dividend, return or refund of premiums under the plan and the related tax, exceeds the portion, if any, of that aggregate that can reasonably be attributed to the share of the employer’s employees in the cost of the plan that was distributed to the employees in the year:

(a) where the amount paid to the employer as a dividend, return or refund of premiums is based on the experience of all coverage and benefits provided by the plan, the proportion of the particular amount that the premium paid by the employer in respect of the coverage and benefits enjoyed by the individual for any period, after 20 May 1993, of the year under the plan is of the premium paid by the employer in respect of the coverage and benefits enjoyed by all his employees for any period, after 20 May 1993, of the year under the plan;

(b) where the amount paid to the employer as a dividend, return or refund of premiums is based on the experience of only certain coverage and benefits provided by the plan, called “particular coverage and benefits” in this paragraph, the proportion of the particular amount that the premium paid by the employer in respect of the particular coverage and benefits enjoyed by the individual for any period, after 20 May 1993, of the year under the plan is of the premium paid by the employer in respect of the particular coverage and benefits enjoyed by all his employees for any period, after 20 May 1993, of the year under the plan.”;

(d) subparagraphs *b* to *f* of the second paragraph of section 37.0.1.4 of the Taxation Act, enacted by subsection 1, shall read as follows:

“(b) B is the number of days, after 20 May 1993, of the year during which the individual enjoys the particular coverage and benefits under the plan;

“(c) C is the number, for each day, after 20 May 1993, of the year, of all the employees of the employer of the individual who enjoy the particular coverage and benefits under the plan;

“(d) D is the aggregate of the expenses, except those relating to the establishment of or a modification to the plan, incurred in respect of a third person for the administration or management of the plan for any period, after 20 May 1993, of the year, and the related tax, if any;

“(e) E is the number of days, after 20 May 1993, of the year, during which the individual enjoys coverage under the plan;

“(f) F is the number, for each day, after 20 May 1993, of the year, of all employees of the employer of the individual who enjoy coverage under the plan.”;

(e) subparagraph ii of paragraph *b* of section 37.0.1.5 of the Taxation Act, enacted by subsection 1, shall read as follows:

“ii. the portion of the aggregate of the premium paid by the employer and the related tax, which can reasonably be attributed to particular coverage and benefits under the particular plan, in relation to the excess of loss insurance for any period, after 20 May 1993, of a year, shall be included in the aggregate contemplated for the year in subparagraph *a* of the second paragraph of section 37.0.1.4 in relation to such coverage and benefits under the particular plan, except if the excess of loss insurance covers all the coverage and benefits provided under the particular plan, in which case the aggregate of the premium and tax shall be included in the aggregate contemplated for the year in subparagraph *d* of the second paragraph of the said section 37.0.1.4 in respect of the particular plan.”

12. (1) Section 38 of the said Act, amended by section 23 of chapter 16 of the statutes of 1993, is again amended

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

“(b) a group insurance plan, in relation to coverage against a total or partial loss of income from an office or employment;”;

(2) by striking out subparagraphs *c* and *f* of the first paragraph;

(3) by adding, after subparagraph *f* of the first paragraph, the following subparagraph:

“(g) a multi-employer insurance plan.”;

(4) by replacing the second and third paragraphs by the following paragraphs:

“Similarly, he is not required to include in computing his income the value of any benefit derived from group coverage which, otherwise than under an insurance plan contemplated in subparagraph *b* of the first paragraph, is provided to him under a plan, against a total or partial loss of income from an office or employment, or the value of any benefit derived from the payment by his employer of the tax provided for under the Retail Sales Tax Act (R.S.Q., chapter I-1) or under Title III of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), in respect of such group coverage or of contributions paid in his regard by his employer under subparagraph *b* or *g* of the first paragraph.

Nor is he required to include therein the value of benefits under a retirement compensation arrangement, an employee benefit plan, an employee trust or a salary deferral arrangement, except in the last case to the extent that the value of benefits is included under section 37 by reason of section 47.11, the value of benefits related to the use of an automobile unless they are related to its operation, or the value of benefits derived from counselling services received by him or a person related to him concerning stress management or tobacco, drug or alcohol abuse, other than a benefit attributable to an outlay or expense to which section 134 applies, or counselling services concerning his re-employment or retirement.”

(2) Paragraph 1 of subsection 1 has effect from 21 May 1993.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of benefits granted to an employee for a period subsequent to 20 May 1993.

(4) Paragraph 4 of subsection 1, where it replaces the second paragraph of section 38 of the Taxation Act, has effect from 1 July 1992. However, where the second paragraph of the said section 38, enacted by the said paragraph 4, applies in respect of benefits granted to an employee for a period prior to 21 May 1993, it shall read as follows:

“Similarly, he is not required to include in computing his income the value of any benefit derived from the payment by his employer of the tax provided for under the Retail Sales Tax Act (R.S.Q., chapter I-1) or under Title III of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), in respect of contributions paid in his regard by his employer under subparagraph *b*, *c* or *f* of the first paragraph.”

(5) Paragraph 4 of subsection 1, where it replaces the third paragraph of section 38 of the Taxation Act, applies in respect of counselling services paid for or provided by an employer after 20 May 1993.

13. (1) Section 39 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) travelling, personal or living expense allowances

i. expressly established by Canadian law and which, where they are received in the year by an individual in relation to an office held by the individual as member of the Senate or of the House of Commons of Canada, exceed the amount determined in respect of the individual for that year under section 39.1,

ii. paid under the Act respecting public inquiry commissions (R.S.Q., chapter C-37), or

iii. paid under the authority of the Treasury Board of Canada to a person who was appointed or whose services were engaged pursuant to the Inquiries Act (Statutes of Canada) in respect of the discharge of his duties relating to such appointment or engagement;”.

(2) This section applies from the taxation year 1993.

14. (1) The said Act is amended by inserting, after section 39, the following section:

“39.1 The amount to which subparagraph i of paragraph *a* of section 39 refers in respect of an individual for a taxation year is equal to the least of

(a) 6 % of the individual's income for the year from an office held by him as member of the Senate or of the House of Commons of Canada, determined by taking into account travelling, personal or living expense allowances expressly established by Canadian law, which he receives in the year in relation to such office,

(b) allowances described in paragraph *a*, and

(c) \$750.”

(2) This section applies from the taxation year 1993.

15. (1) Section 43 of the said Act is amended by replacing subsection 1 by the following subsection:

“43. (1) An individual shall include in computing his income the amounts payable on a periodic basis that he receives in respect of the loss of all or part of his income from an office or employment, under an insurance plan to which his employer has made a contribution, not exceeding the limit provided for in subsection 2.”

(2) This section has effect from 21 May 1993.

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

“DIVISION III.1

“CONTRIBUTIONS TO A MULTI-EMPLOYER INSURANCE PLAN

“43.1 In this title, a multi-employer insurance plan means a personal insurance plan which is applicable by operation of law, the regulations or a government order, to an economic sector, an industry, an activity or a part of such a sector, industry or activity, and is offered jointly by employers belonging to the same economic sector, the same industry or the same activity and is managed by a common administrator.

“43.2 An individual shall, in relation to a multi-employer insurance plan, include in computing his income for a taxation year that portion, which can reasonably be attributed to a personal insurance plan other than in relation to coverage against a total or partial loss of income from an office or employment, that relates to work carried out by the individual, of the aggregate of all amounts each of which is an amount that corresponds to the sum of any contribution which, by reason of the individual’s office or employment, present, past, or projected, was paid, for any period of the year, by an employer of the individual to the administrator of the multi-employer insurance plan and the related tax, within the meaning of subparagraph *d* of the second paragraph of section 37.0.1.1.

“43.3 Where the amount established in accordance with the second paragraph for a taxation year in respect of an individual in relation to a multi-employer insurance plan exceeds the amount contemplated in section 43.2 for the year in respect of the individual in relation to that plan, the individual shall include the excess in computing his income for the year.

The amount which must be established for a taxation year in respect of an individual in relation to a multi-employer insurance plan

is equal to the amount that would be established for the year under sections 37.0.1.1 to 37.0.1.6 in respect of the individual in relation to the coverage, other than coverage against a total or partial loss of income from an office or employment, enjoyed by the individual under the plan for any period of the year, if the administrator of the plan was the employer of all the employees who enjoy coverage under the plan during the year and if those employees were employees of the administrator and enjoyed that coverage by reason of an office or employment with the latter.”

(2) This section applies from the taxation year 1993. However, for the taxation year 1993,

(a) section 43.2 of the Taxation Act, enacted by subsection 1, shall read as follows:

“43.2 An individual shall, in relation to a multi-employer insurance plan, include in computing his income for a taxation year that portion, which can reasonably be attributed to a personal insurance plan other than in relation to coverage against a total or partial loss of income from an office or employment, that relates to work carried out by the individual, of the aggregate of all amounts each of which is an amount that corresponds to the sum of any contribution which, by reason of the individual’s office or employment, present, past, or projected, was paid, for any period, after 20 May 1993, of the year, by an employer of the individual to the administrator of the multi-employer insurance plan and the related tax, within the meaning of subparagraph *d* of the second paragraph of section 37.0.1.1.”;

(b) the second paragraph of section 43.3 of the Taxation Act, enacted by subsection 1, shall read as follows:

“The amount which must be established for a taxation year in respect of an individual in relation to a multi-employer insurance plan is equal to the amount that would be established for the year under sections 37.0.1.1 to 37.0.1.6 in respect of the individual in relation to the coverage, other than coverage against a total or partial loss of income from an office or employment, enjoyed by the individual under the plan for any period, after 20 May 1993, of the year, if the administrator of the plan was the employer of all the employees who enjoy coverage under the plan during the year and if those employees were employees of the administrator and enjoyed that coverage by reason of an office or employment with the latter.”

17. (1) Division IV of Chapter II of Title II of Book III of Part I of the said Act is repealed.

(2) This section applies in respect of benefits granted to an employee for a period subsequent to 20 May 1993.

18. (1) Section 47.6 of the said Act is amended by replacing the second paragraph by the following paragraph:

“However, such a plan does not include a plan referred to in subparagraph *a*, *d* or *e* of the first paragraph of section 38 or in section 43 or 47, a group health or accident insurance plan, a private health insurance plan, a group term life insurance policy, a trust referred to in paragraph *m* of section 998, an employee trust, an arrangement the sole purpose of which is to provide education or training for employees of the employer to improve their work or work-related skills and abilities, a salary deferral arrangement in respect of an individual under which a deferred amount must be included as a benefit under section 37 in computing the income of that individual, a retirement compensation arrangement or a prescribed fund or plan.”

(2) This section has effect from 21 May 1993.

19. (1) Division II of Chapter III of Title II of Book III of Part I of the said Act is repealed.

(2) This section applies from the taxation year 1993.

20. (1) The said Act is amended by inserting, after section 62, the following section:

“62.0.1 The amount that may be deducted by an individual under section 62 in computing his income for a taxation year from an office or employment must be reduced by the least of

(a) 6 % of the commissions and other similar amounts determined by reference to the sales made or contracts negotiated, that he received in the year in relation to such office or employment,

(b) the amount that, but for this section, would be deductible by him under section 62 in computing his income for the year from such office or employment, and

(c) \$750.”

(2) This section applies from the taxation year 1993.

21. (1) Section 70 of the said Act is amended by striking out paragraphs *a* and *b*.

(2) This section applies from the taxation year 1993.

22. (1) The said Act is amended by inserting, after section 78.4, the following sections:

“78.5 An individual may deduct, in computing his income for a taxation year from all the offices and employments held by him, a single amount equal to the amount by which the aggregate of all amounts each of which is an amount determined in respect of the individual for the year under section 39.1, 62.0.1 or 492.1 exceeds \$750.

“78.6 Where the amount contemplated in section 43.2 for a taxation year in respect of an individual in relation to a multi-employer insurance plan exceeds the amount established for the year in accordance with the second paragraph of section 43.3 in respect of the individual in relation to that plan, the individual may deduct the excess amount in computing his income for the year.”

(2) This section applies from the taxation year 1993.

23. (1) Section 228 of the said Act is replaced by the following section:

“228. No deduction may be made under this division in respect of an expenditure made to acquire rights in or arising out of scientific research and experimental development and no deduction permitted under this division may be claimed under section 710 or sections 752.0.10.1 to 752.0.10.14.”

(2) This section applies from the taxation year 1993.

24. (1) Section 230.0.0.2 of the said Act is amended by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“a) any capital expenditure made in respect of the acquisition of a building, other than a special-purpose building, within the meaning of the regulations, including a leasehold interest therein;

“(b) any rental expense incurred in respect of a building other than a special-purpose building, within the meaning of the regulations;”.

(2) This section applies in respect of

(a) buildings and leasehold interests acquired after 31 December 1987, other than a building or leasehold interest acquired before 1 January 1990

i. pursuant to an obligation entered into in writing before 18 June 1987, or

ii. the construction of which was commenced before 18 June 1987 by or on behalf of the taxpayer;

(b) rental expenses incurred after 31 December 1987, other than such expenses incurred pursuant to a written lease agreement, which was renewed, extended or entered into before 18 June 1987 by the taxpayer or by a person with whom the taxpayer did not deal at arm's length at the time the lease was renewed, extended or entered into.

25. (1) Section 257 of the said Act, amended by section 29 of chapter 1 of the statutes of 1992 and by section 114 of chapter 16 of the statutes of 1993, is again amended by replacing subparagraph iii of paragraph *l* by the following subparagraph:

“iii. every amount deemed, under section 714 or 752.0.10.11, to be a gift by the taxpayer as a member of the partnership at the end of any fiscal period of the partnership ending before that time;”.

(2) This section applies from the taxation year 1993.

26. Section 310 of the said Act is replaced by the following section:

“310. The amounts a taxpayer shall include in computing his income under section 309 include those in respect of a registered retirement savings plan or a registered retirement income fund, to the extent provided in Title IV of Book VII, and those provided for in sections 900, 965.20, 965.49, 965.50, 968 and 968.1.”

27. (1) Section 312 of the said Act, amended by section 127 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *f* by the following paragraph:

“(f) an amount received as costs and expenses awarded by a court on an appeal relating to an assessment of tax, interest or penalties referred to in paragraph *e* of subsection 1 of section 336 or as reimbursement of costs incurred in relation to an assessment, a decision, an application, a taxation or a notice referred to in the said paragraph *e* if, with respect to any of them, an amount has been or may be deducted under the said paragraph *e* in computing the taxpayer's income;”.

(2) This section applies in respect of the reimbursement of costs incurred after 1 May 1992. However, where paragraph *f* of section 312

of the Taxation Act, enacted by subsection 1, applies before 1 January 1994, it shall read as follows:

“(f) an amount received as costs and expenses awarded by a court on an appeal relating to an assessment of tax, interest or penalties referred to in paragraph *e* of subsection 1 of section 336 or as reimbursement of costs incurred in relation to an assessment, a decision, an application or a notice referred to in the said paragraph *e* if, with respect to any of them, an amount has been or may be deducted under the said paragraph *e* in computing the taxpayer’s income;”.

28. (1) Sections 313.2 and 313.3 of the said Act are repealed.

(2) This section applies from the taxation year 1993.

29. (1) Section 336 of the said Act, amended by section 30 of chapter 1 of the statutes of 1992, by section 95 of chapter 15 of the statutes of 1993, by section 136 of chapter 16 of the statutes of 1993 and by section 21 of chapter 19 of the statutes of 1993, is again amended

(1) by adding, after subparagraph *v* of paragraph *e* of subsection 1, the following subparagraphs:

“vi. a decision under the Act respecting real estate tax refund (R.S.Q., chapter R-20.1);

“vii. a notice under the Act respecting municipal taxation (R.S.Q., chapter F-2.1);

“viii. a request for payment under the Land Transfer Duties Act (R.S.Q., chapter D-17);

“ix. a decision under the housing allowance program for the elderly adopted under the Act respecting the Société d’habitation du Québec (R.S.Q., chapter S-8);”;

(2) by striking out paragraph *h* of subsection 1.

(2) Paragraph 1 of subsection 1 applies in respect of amounts paid after 1 May 1992.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1995.

30. (1) Section 339 of the said Act is amended by striking out paragraph *a*.

(2) This section applies from the taxation year 1993.

31. (1) Section 351 of the said Act, amended by section 138 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *d* by the following paragraph:

“(d) “earned income” of an individual means the aggregate of the following amounts:

- i. the aggregate of salaries, wages and other remuneration, including gratuities, received by him from an office or employment;
- ii. 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;
- iii. all incomes from businesses carried on by him, either alone or as a partner actively engaged in them, or the amounts that would be such incomes but for paragraphs *e* and *k* of section 488R1 of the Regulation respecting the Taxation Act;
- iv. 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 the said Act.”

(2) This section applies from the taxation year 1993.

32. (1) Section 358.0.1 of the said Act, amended by section 140 of chapter 16 of the statutes of 1993, is again amended by replacing subparagraph i of subparagraph *b* of the first paragraph by the following subparagraph:

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

(2) This section applies from the taxation year 1989. However, where subparagraph i of subparagraph *b* of the first paragraph of section 358.0.1 of the Taxation Act, enacted by subsection 1, applies

(a) to the taxation years 1989 and 1990, the reference therein to “58.3” shall read as a reference to “58.1”;

(b) after 31 December 1990 and before 1 July 1992, the reference therein to “58.3” shall read as a reference to “58.2”.

33. (1) Section 421.1 of the said Act is amended by replacing that part preceding paragraph *a* by the following:

“421.1 For the purposes of this Part, except sections 347 to 356.0.1 and 752.0.11 to 752.0.13.3, 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) This section applies in respect of amounts incurred after 20 May 1993.

34. (1) Section 429 of the said Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) subject to sections 693.1 and 752.0.26, that other person were entitled to the deductions to which the individual was entitled under sections 725 to 725.7 and 752.0.1 to 752.0.18.1 in computing his taxable income or his tax payable under this Part, as the case may be, for the year.”

(2) This section applies from the taxation year 1993.

35. (1) Section 462.2 of the said Act is replaced by the following section:

“462.2 Where an individual has transferred or loaned property, either directly or indirectly, by means of a trust or otherwise, to or for the benefit of a person who was under 18 years of age and who does not deal with the individual at arm’s length, or is the niece or nephew of the individual, other than an amount received in respect of that person by reason of the application of subsection 1 of section 122.61 of the Income Tax Act (Statutes of Canada), 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, is deemed to be income or a loss of the individual for the year and not of that person unless that person has, before the end of the year, attained the age of 18 years.”

(2) This section applies from the taxation year 1993.

36. (1) Section 488 of the said Act is amended by replacing the second paragraph by the following paragraph:

“Such amounts include those excluded in computing income under sections 218 to 220 and 859.”

(2) This section applies from the taxation year 1993.

37. (1) Section 492 of the said Act is replaced by the following section:

“492. Where an individual is a Member of the National Assembly or of the Legislature of another province in Canada, the following rules apply for a taxation year:

(a) the individual is not required to include, in computing his income for the year, the amount by which

i. the portion of the allowance he receives in the year for expenses incident to the discharge of his duties, which does not exceed one-half of the maximum fixed amount provided by law as payable to him by way of salary, indemnity and other remuneration in respect of attendance at a session, exceeds

ii. the amount determined in respect of the individual for the year under section 492.1;

(b) the individual is required to include, in computing his income for the year, the aggregate of the following amounts:

i. the portion of the allowance received in the year for expenses referred to in subparagraph i of paragraph *a*, which exceeds one-half of the maximum fixed amount referred to in the said subparagraph, and

ii. the amount referred to in subparagraph ii of paragraph *a*.”

(2) This section applies from the taxation year 1993.

38. (1) The said Act is amended by inserting, after section 492, the following sections:

“492.1 The amount to which subparagraph ii of paragraph *a* of section 492 refers in respect of an individual for a taxation year is equal to the least of

(a) 6 % of the individual's income for the year as Member of the National Assembly or of the Legislature of another province in Canada, determined by taking into account the allowance he receives in the year for expenses incident to the discharge of his duties,

(b) the portion of the allowance referred to in subparagraph i of paragraph *a* of section 492, and

(c) \$750.

“492.2 For the purposes of sections 492 and 492.1, “province” includes the Yukon Territory and the Northwest Territories.”

(2) This section applies from the taxation year 1993.

39. (1) Section 643 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) except for the purposes of sections 714 and 752.0.10.11, if he holds such interest by virtue of section 641; or”.

(2) This section applies from the taxation year 1993.

40. (1) Section 681 of the said Act is amended by replacing paragraph *d* by the following paragraph:

“(d) subject to sections 693.1 and 752.0.26, that other person were entitled to the deductions to which the individual was entitled under sections 725 to 725.7 and 752.0.1 to 752.0.18.1 for the period in computing his taxable income or his tax payable under this Part, as the case may be, for the period.”

(2) This section applies from the taxation year 1993.

41. (1) Section 693 of the said Act, amended by section 249 of chapter 16 of the statutes of 1993 and by section 23 of chapter 19 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 and 737.21.”

(2) This section applies in respect of expenditures made in respect of scientific research and experimental development after 22 April 1993 as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before

31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2

of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

42. (1) Section 693.1 of the said Act is replaced by the following section:

“693.1 Where a separate fiscal return with respect to an individual is filed under any of sections 429, 681 and 1003 for a particular period and another fiscal return under this Part with respect to the same individual is filed for a period ending in the calendar year in which the particular period ends, for the purpose of computing the taxable income under this Part of the individual in such fiscal returns, the aggregate of all deductions claimed in all such returns under sections 725 to 725.7 shall not exceed the aggregate of the deductions that could be claimed thereunder for the year with respect to the individual if no separate fiscal returns were filed under sections 429, 681 and 1003.”

(2) This section applies from the taxation year 1993.

43. (1) Section 710 of the said Act, amended by section 251 of chapter 16 of the statutes of 1993 and by section 24 of chapter 19 of the statutes of 1993, is again amended

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

“710. A corporation may deduct the aggregate of all amounts each of which is the fair market value of a gift made by it in the year or in any of the five preceding taxation years to the extent that the amount thereof was not deducted for any preceding taxation year, to”;

(2) by replacing paragraph *g* of the French text by the following paragraph:

“(g) à l’Organisation des Nations unies ou à ses organismes;”;

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

“(i) a foreign charitable organization to which Her Majesty in right of Canada or a province has made a gift during the taxation year of the corporation or during the twelve months preceding that year;”;

(4) by striking out paragraph *j*.

(2) This section applies from the taxation year 1993.

44. (1) Section 711 of the said Act, replaced by section 253 of chapter 16 of the statutes of 1993 and by section 26 of chapter 19 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 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 *i* 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 *i* 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 *i* thereof.”

(2) This section applies from the taxation year 1993.

45. (1) Section 712.0.1 of the said Act, enacted by section 27 of chapter 19 of the statutes of 1993, is replaced by the following section:

“712.0.1 No corporation may deduct, for a taxation year, an amount under section 710 in respect of a gift of a property referred to in paragraph *b.1* of the said section 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 Commission des biens culturels du Québec setting forth that the property was acquired by a certified

archival centre or an accredited museum, in accordance with its acquisition and conservation policy and with the directives of the Ministère de la Culture, and indicating the fair market value of the property determined in accordance with section 710.2.”

(2) This section applies from the taxation year 1993.

46. (1) Sections 712.1 and 713 of the said Act are repealed.

(2) This section applies from the taxation year 1993.

47. (1) Section 713.1 of the said Act, enacted by section 34 of chapter 1 of the statutes of 1992, is replaced by the following section:

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

(2) This section applies from the taxation year 1993.

48. (1) Section 714 of the said Act is replaced by the following section:

“714. For the purposes of this title, where a corporation is a member of a partnership at the end of the fiscal year of such partnership, any gift made in the name of the partnership is deemed a gift made by the corporation during its taxation year in which the fiscal year of the partnership ends, up to the proportion of its share in such partnership.”

(2) This section applies from the taxation year 1993.

49. (1) Section 715 of the said Act is repealed.

(2) This section applies from the taxation year 1993.

50. (1) Section 716 of the said Act is 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 *i* 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 during 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 the amount 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) This section applies from the taxation year 1993.

51. (1) Section 716.1 of the said Act is repealed.

(2) This section applies from the taxation year 1993. In addition, where section 716.1 of the Taxation Act, repealed by subsection 1, applies in respect of gifts made after 31 December 1990, it shall read as follows:

"716.1 Subject to section 716.2, where, at any time, an individual has made a gift of a work of art created by him that is property in his inventory to a donee described in paragraph *a* or *c* to *j* of section 710, and the fair market value of the work of art at that time exceeded its cost amount to him, 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 during which the gift was made, an amount which is deemed to be both the individual's proceeds of disposition of the work of art and, for the purposes of section 710, the fair market value of the gift, which must not be greater than the fair market value nor less than the cost amount to the individual of the work of art at that time."

52. (1) Section 716.2 of the said Act, enacted by section 255 of chapter 16 of the statutes of 1993, is repealed.

(2) This section applies from the taxation year 1993.

53. (1) Section 725 of the said Act, amended by section 256 of chapter 16 of the statutes of 1993, is again amended by adding, after paragraph *c*, the following paragraph:

"(d) income from employment with a prescribed international organization."

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

54. (1) Section 726.4.8.1 of the said Act, enacted by section 36 of chapter 1 of the statutes of 1992, is amended by replacing subparagraph *l* of the first paragraph by the following subparagraph:

“(l) “Québec film production” has the meaning assigned by the regulations under section 1029.8.34;”.

(2) This section has effect from 20 December 1990.

55. Section 726.4.10 of the said Act, amended by section 37 of chapter 1 of the statutes of 1992, is again amended by replacing subparagraph *i* of paragraph *a* by the following subparagraph:

“i. the aggregate of the expenses, except those described in section 726.4.12, incurred in Québec by the individual after 30 June 1988 and before that time but not after 31 December 1995, 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”.

56. Section 726.4.12 of the said Act, amended by section 38 of chapter 1 of the statutes of 1992, 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 1995, pursuant to section 359.2 in respect of a share;”;

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

“i. to expenses incurred after 30 June 1988 and before the time referred to in section 726.4.10 but not after 31 December 1995, 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”.

57. Section 726.4.17.2 of the said Act, amended by section 39 of chapter 1 of the statutes of 1992, is again amended by replacing paragraph *a* by the following paragraph:

“(a) the aggregate of the expenses, except those described in section 726.4.17.4, incurred in Québec by the individual after 31 December 1988 and before that time but not after 31 December 1995, 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 expenses 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”.

58. Section 726.4.17.4 of the said Act, amended by section 40 of chapter 1 of the statutes of 1992, 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 1995, pursuant to section 359.2 in respect of a share;”;

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

“i. to expenses incurred after 31 December 1988 and before the time referred to in section 726.4.17.2 but not after 31 December 1995, 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”.

59. (1) Section 726.4.17.11 of the said Act, enacted by section 41 of chapter 1 of the statutes of 1992, is amended

(1) by inserting, after the first paragraph, the following paragraph:

“However, subject to the third paragraph, the amount that an individual may include for a taxation year, under subparagraph *a* of the first paragraph, in his issue base relating to certain issue expenses in relation to a share issue, shall in no case be greater than the amount by which

(a) the aggregate of

i. the amount of the consideration paid by the individual to acquire flow-through 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 flow-through shares at the time of the share issue; exceeds

(b) the aggregate of

i. the aggregate of the amounts renounced by a corporation at or before the end of the year to the individual in respect of the shares contemplated in subparagraph i of subparagraph *a* under section 359.2, 359.4 or 359.6, or that may reasonably be expected to be renounced by the corporation after the end of the year to the individual in respect of the said shares under the said sections;

ii. the individual's share and, where applicable, the share of any other person having possessed or able to acquire the individual's interest in the particular partnership contemplated in subparagraph ii of subparagraph *a*, in the aggregate of the amounts renounced by a corporation at or before the end of the year to a partnership in respect of the shares contemplated in subparagraph ii of subparagraph *a* under section 359.2, 359.4 or 359.6, or that may reasonably be expected to be renounced by the corporation after the end of the year to a partnership in respect of the said shares under the said sections; and

iii. the aggregate of the amounts previously included under this section in the individual's issue base in relation to the said share issue.”;

(2) by replacing that part of the second paragraph preceding subparagraph *a* by the following:

“Where at any time in a taxation year an individual is a limited partner, within the meaning of section 613.6, of a partnership, the following rules apply:”.

(2) This section 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. (1) Section 726.4.17.14 of the said Act, enacted by section 41 of chapter 1 of the statutes of 1992, is amended by replacing paragraph *a* by the following paragraph:

“(a) on the one hand, only if the expense is an expense that would be deductible under section 147, but for the second paragraph thereof and sections 147.1 and 147.2, in computing the income of the corporation or partnership, as the case may be, for any taxation year; and”.

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

61. (1) Title VI.3.3 of Book IV of Part I of the said Act is repealed.

(2) This section applies in respect of expenditures made in respect of scientific research and experimental development after 22 April 1993 as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the

amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final

prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

62. (1) Section 726.4.39 of the said Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) 33 1/3 % of his portion of the expenditures deductible under subsection 1 of section 222 or paragraph *a* of section 223 made by a partnership in Québec, in carrying on a business in Canada, after 30 April 1987 as part of a scientific research and experimental development project, within the meaning of the regulations under section 222, in which the partnership was involved on or before 12 May 1988, in a fiscal period of the partnership which ended on or before 31 December 1988 if the individual was a member of the partnership at the end of that fiscal period and was not a specified member of the partnership during that fiscal period, for that scientific research and experimental development undertaken in Québec by or on behalf of the partnership, except expenditures contemplated in paragraph *e* of subsection 1 of section 222 which, but for subsection 3 of section 175.1, would not be deductible in computing the partnership income for that fiscal period and expenditures deductible under section 726.4.49, exceeds”.

(2) This section has effect from 31 December 1990.

63. Section 726.4.43 of the said Act, amended by section 41 of chapter 19 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 1996 with an eligible university entity, whereunder the latter binds itself to make in Québec, before 1 January 1998, 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;”.

64. Section 726.4.45 of the said Act is amended by replacing that part of paragraph *b* preceding subparagraph *i* by the following:

“(b) include only, subject to paragraph *c*, the following expenditures made before 1 January 1998:”.

65. Section 726.20.1 of the said Act, enacted by section 43 of chapter 19 of the statutes of 1993, is amended by replacing paragraph *a* of the definition of “resource property” by the following paragraph:

“(a) a flow-through share issued to an individual or 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 1995, 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;”.

66. (1) Section 752 of the said Act is repealed.

(2) This section applies from the taxation year 1993.

67. (1) The said Act is amended by inserting, after section 752.0.10, the following:

“CHAPTER I.0.2.1

“TAX CREDIT FOR GIFTS

“752.0.10.1 In this chapter,

“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 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,
- (b) a registered Canadian amateur athletic association,
- (c) an artistic organization recognized by the Minister on the recommendation of the Minister of Culture,
- (d) a housing corporation resident in Canada and exempt from tax under paragraph *b* of section 995,
- (e) a Canadian municipality,
- (f) the United Nations or its agencies,
- (g) a prescribed foreign university the student body of which ordinarily includes students from Canada, or
- (h) a foreign charitable organization to which Her Majesty in right of Canada or a province has made a gift during the individual's taxation year or during the twelve months preceding that year;

“total Crown 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 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 to Her Majesty in right of Canada or a province, if the conditions set out in section 752.0.10.2 are met in respect of that amount;

“total cultural 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 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 prescribed institution or public authority in Canada, where the object of the gift is a cultural property referred to in section 232, or

(b) a certified archival centre or an accredited museum, where the gift is made after 30 June 1992 and has as its object a prescribed cultural property.

“752.0.10.2 The conditions referred to in section 752.0.10.1 in respect of an amount for a taxation year in relation to an individual are as follows:

(a) the amount was not deducted in computing the individual's taxable income for a taxation year ending before 1 January 1993;

(b) the amount was not taken into account in determining an amount that was deducted under this chapter in computing the individual's tax payable under this Part for a preceding taxation year.

“752.0.10.3 The amount representing the fair market value of a gift shall not be included in the total Crown gifts, total cultural gifts or 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 contains the prescribed information.

“752.0.10.4 For the purposes of the definition of “total cultural gifts” in section 752.0.10.1, the fair market value of a property contemplated in paragraph *a* of the said definition that is a prescribed cultural property that was the object of a gift after 20 February 1990 is the value determined by the Canadian Cultural Property Export Review Board, and the fair market value of a cultural property contemplated in paragraph *b* of the said definition is the value determined by the Commission des biens culturels du Québec.

“752.0.10.5 For the purposes of the definition of “total charitable gifts” in section 752.0.10.1, where, throughout a taxation year, an individual resides in Canada near the boundary between Canada and the United States and where, in that year, the individual makes a gift to a prescribed religious, scientific, literary, educational or charitable organization created or organized in or under the laws of the United States, he is deemed to have made the gift to a registered charity, if he commutes regularly between his residence and his principal place of employment or business in the United States, and his chief source of income for the year is that employment or business.

“752.0.10.6 An individual may deduct from his tax otherwise payable for a taxation year under this Part, 20 % of the aggregate of

(a) the individual's total Crown gifts for the year,

(b) the individual's total cultural gifts for the year, and

(c) the lesser of 20 % of the individual's income for the year and the individual's total charitable gifts for the year.

“752.0.10.7 No individual may deduct, for a taxation year, an amount under section 752.0.10.6 in respect of a gift of a property referred to in paragraph *b* of the definition of “total cultural gifts” set forth in section 752.0.10.1 unless he files with the Minister, together with the fiscal return he is required to file under section 1000 for the year, a certificate issued by the Commission des biens culturels du Québec setting forth that the property was acquired by a certified archival centre or an accredited museum, in accordance with its acquisition and conservation policy and with the directives of the Ministère de la Culture, and indicating the fair market value of the property determined in accordance with section 752.0.10.4.

“752.0.10.8 No individual may deduct, for a taxation year, an amount under section 752.0.10.6 in respect of a gift, after 18 December 1990, of property that is a certified Québec film or a Québec film production, within the meaning assigned to those terms by the regulations under section 130, if the gift is made by him within a period of three years commencing on the day on which the property is acquired by him.

“752.0.10.9 For the purposes of this chapter, a gift made by an individual in the taxation year in which he dies shall be deemed to have been made by him in the preceding taxation year to the extent that an amount in respect thereof is not deducted under section 752.0.10.6 for the taxation year in which he dies.

“752.0.10.10 For the purposes of this chapter, where an individual by his will makes a gift to a donee described in section 752.0.10.1, the gift is deemed to have been made by the individual immediately before his death.

“752.0.10.11 For the purposes of this chapter, where an individual is, at the end of a fiscal period of a partnership, a member of the partnership, any gift made in the name of the partnership is deemed to be a gift made by the individual in the individual's taxation year in which the fiscal period of the partnership ends, up to the proportion of his share in that partnership.

“752.0.10.12 Where, at any time, an individual makes a gift of capital property to a donee described in either of the definitions of “total Crown gifts” 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 the amount 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.

“752.0.10.13 Subject to section 752.0.10.14, where, at any time, an individual makes a gift of a work of art created by him that is property in his inventory to a donee described in either of the definitions of “total Crown gifts” and “total charitable gifts” in section 752.0.10.1, and the fair market value of the work of art at that time exceeds its cost amount to him, 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 work of art and, for the purposes of section 752.0.10.1, the fair market value of the gift, and which must not be greater than the fair market value nor less than the cost amount to the individual of the work of art at that time.

“752.0.10.14 Where, at any time, an individual makes a gift, after 31 December 1990, of a work of art that was created by him and that is a cultural property contemplated by section 232 and property in his inventory, to a donee referred to in paragraph *a* of the definition of “total cultural gifts” in section 752.0.10.1, the individual is deemed to have received, at that time, proceeds of disposition equal to the cost amount to him of the work of art at that time.”

(2) This section applies from the taxation year 1993.

68. (1) The heading of Chapter I.0.3 of Title I of Book V of Part I of the said Act, replaced by section 52 of chapter 19 of the statutes of 1993, is again replaced by the following heading:

“TAX CREDITS FOR MEDICAL EXPENSES OR CARE, FOR MENTALLY OR PHYSICALLY IMPAIRED PERSONS AND FOR CONTRIBUTIONS TO THE HEALTH SERVICES FUND”.

(2) This section applies from the taxation year 1993. However, for the period preceding 1 January 1994, the heading of Chapter I.0.3

of Title I of Book V of Part I of the Taxation Act, enacted by subsection 1, shall read as if the reference in the French text thereof to "COTISATION" were a reference to "CONTRIBUTION".

69. (1) Section 752.0.11 of the said Act is amended

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

"752.0.11 An individual may deduct from his tax otherwise payable for a taxation year under this Part an amount determined by the formula

$$A(B - C) - D."$$

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

"(d) the letter D represents 58 % of the aggregate of all amounts each of which is equal to the amount by which the income for the year of a person, other than the individual and his spouse, in respect of whom the individual includes an amount in computing the amount deducted by him under this section, exceeds the amount in dollars referred to in that part of section 752.0.1 preceding paragraph *a* that is used by the individual in computing his deduction under that section."

(2) This section applies from the taxation year 1993.

70. (1) Section 752.0.12 of the said Act is replaced by the following section:

"752.0.12 The expenses contemplated in subparagraph *b* of the second paragraph of section 752.0.11 must have been paid for the benefit of the individual, his spouse or any other person dependent upon him during the taxation year in which the expenses were incurred.

For the purposes of the first paragraph, a person dependent upon the individual during a taxation year means a person who, during the year, is described in paragraph *b* or *f* of section 752.0.1."

(2) This section applies from the taxation year 1993.

71. (1) The said Act is amended by inserting, after section 752.0.13.3, the following sections:

"752.0.13.4 Subject to section 752.0.13.5, an individual may deduct from his tax otherwise payable for a taxation year under this

Part, 20 % of the amount he is required to pay for the year as a contribution under subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5).

“752.0.13.5 The amount determined for the year under section 752.0.13.4 in respect of an individual who died in a taxation year may be deducted only in computing his tax payable as indicated in his fiscal return which is required to be filed for the year under this Part otherwise than as the result of an election made in accordance with the second paragraph of section 429 or section 681 or 1003.

Where an individual has become a bankrupt, within the meaning of section 777, during a calendar year, he may, for that year, deduct an amount under section 752.0.13.4 only in computing his tax payable as indicated in the fiscal return he is required to file under this Part for the taxation year that is deemed, under section 779, to commence on the date of the bankruptcy.”

(2) This section applies from the taxation year 1993. However, where section 752.0.13.4 of the Taxation Act, enacted by subsection 1, applies before 1 January 1994, the reference in the French text thereof to “cotisation” shall read as a reference to “contribution”.

72. (1) Section 752.0.15 of the said Act, amended by section 283 of chapter 16 of the statutes of 1993, is again amended by replacing that 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 taxes 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 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) This section applies from the taxation year 1993.

73. (1) The said Act is amended by inserting, after section 752.0.18, the following:

“CHAPTER I.0.3.1

“TAX CREDIT FOR UNEMPLOYMENT INSURANCE PREMIUMS AND CONTRIBUTIONS TO A PENSION PLAN

“**752.0.18.1** An individual may deduct from his tax otherwise payable for a taxation year under this Part an amount equal to 20 % of the aggregate of the following amounts:

(a) the aggregate of all amounts each of which is an amount payable by him as an employee’s premium for the year under the Unemployment Insurance Act (Statutes of Canada);

(b) the aggregate of all amounts each of which is an amount payable by him as an employee for the year as a contribution under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) or under any similar plan within the meaning of paragraph *u* of section 1 of the said Act; and

(c) the aggregate of all amounts each of which is an amount payable by him as a contribution for the year in respect of self-employed earnings under the Act respecting the Québec Pension Plan or under any similar plan within the meaning of paragraph *u* of section 1 of the said Act.”

(2) This section applies from the taxation year 1993. However, where paragraphs *b* and *c* of section 752.0.18.1 of the Taxation Act, enacted by subsection 1, apply before 1 January 1994, the references in the French text thereof to “cotisation” shall read as references to “contribution”.

74. (1) Section 752.0.19 of the said Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the amount of tax payable for the year by the individual’s spouse under this Part, computed before making any deduction contemplated in this book, other than the first deductions contemplated in that part of section 752.0.1 which precedes paragraph *a* and in section 752.0.18.1.”

(2) This section applies from the taxation year 1993.

75. (1) Section 752.0.20 of the said Act, replaced by section 56 of chapter 1 of the statutes of 1992 and by section 55 of chapter 19 of the statutes of 1993, is again replaced by the following section:

“**752.0.20** The amounts of \$1 050, \$1 300, \$1 650, \$2 250, \$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) This section applies from the taxation year 1993.

76. (1) Section 752.0.22 of the said Act, replaced by section 56 of chapter 19 of the statutes of 1993, is again replaced by the following section:

“752.0.22 For the purpose of computing the tax payable under this Part by an individual, the following provisions shall be applied in the following order: sections 752.0.1, 752.0.18.1, 752.0.8, 752.0.9, 752.0.14 to 752.0.16, 752.0.19, 752.0.13.4, 752.0.11 to 752.0.13.1.1, 752.0.10.6 and 767.”

(2) This section applies from the taxation year 1993.

77. (1) Section 752.0.23 of the said Act is replaced by the following section:

“752.0.23 Where an individual is contemplated in the second paragraph of section 22 or 25, the amount that he may deduct under sections 752.0.1 to 752.0.19, except section 752.0.13.4, in computing his tax payable for a taxation year under this Part shall not exceed the portion of such amount that is represented by the proportion contemplated in the second paragraph of section 22 or 25, as the case may be.”

(2) This section applies from the taxation year 1993.

78. (1) Section 752.0.24 of the said Act, replaced by section 285 of chapter 16 of the statutes of 1993 and amended by section 57 of chapter 19 of the statutes of 1993, is again amended

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

“752.0.24 Where an individual is resident in Canada during part of a taxation year and during another part of the year he is not resident in Canada, is not employed in Canada and is not carrying on business in Canada, the following rules apply for the purpose of computing his tax payable under this Part for the year:”;

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

"i. such amount deductible under sections 752.0.8, 752.0.9, 752.0.10.6, 752.0.11 to 752.0.13.4 and 752.0.18.1 as may reasonably be considered wholly applicable to any period in the year throughout which the individual is resident in Canada, employed in Canada or carrying on business in Canada, computed as if such period were a whole taxation year, and".

(2) This section applies from the taxation year 1993.

79. (1) Section 752.0.25 of the said Act, replaced by section 58 of chapter 19 of the statutes of 1993, is again replaced by the following section:

"752.0.25 Where an individual is contemplated in the second paragraph of section 26, sections 752.0.1 to 752.0.10, 752.0.11 to 752.0.13.1.1, 752.0.15, 752.0.16 and 752.0.19 do not apply for the purpose of computing his tax payable under this Part for a taxation year. However, where all or substantially all of the individual's income for the year, as determined under section 28, is included in computing his taxable income earned in Canada for the year, he may deduct, for the purpose of computing his tax payable under this Part for the year, such part of the amounts determined under the said sections as is represented by the proportion contemplated in the second paragraph of section 26."

(2) This section applies from the taxation year 1993.

80. (1) Section 752.0.26 of the said Act is replaced by the following section:

"752.0.26 Where a separate fiscal return with respect to an individual is filed under section 429, 681 or 1003 for a particular period and another fiscal return under this Part with respect to the individual is filed for a period ending in the calendar year in which the particular period ends, for the purpose of computing the tax payable under this Part by the individual in such returns, the aggregate of all deductions claimed in all such returns under sections 752.0.8 to 752.0.18.1 shall not exceed the aggregate that could be claimed thereunder for the year with respect to the individual if no separate fiscal returns were filed under sections 429, 681 and 1003."

(2) This section applies from the taxation year 1993.

81. (1) The said Act is amended by inserting, after section 752.0.26, the following:

“CHAPTER I.0.11

“INDIVIDUALS IN BANKRUPTCY

“752.0.27 Where, in a taxation year, an individual is a bankrupt, within the meaning of section 777, he shall not deduct any amount under sections 752.0.1 to 752.0.10, 752.0.14 to 752.0.18 and 752.0.19 in computing his tax payable under this Part for each of the taxation years contemplated in section 779, other than the portion of any amount deductible under sections 752.0.1 to 752.0.10, 752.0.14 to 752.0.18 and 752.0.19 that can reasonably be considered to be attributable to each of those taxation years.”

(2) This section applies to individuals who become bankrupt after 20 May 1993.

82. (1) Section 758 of the said Act is replaced by the following section:

“758. An individual who is a farmer or a fisherman contemplated in section 764 may, for a taxation year, called “year of averaging” in this division, elect to compute the income tax contemplated in sections 750 and 751 in the manner determined in sections 759 and 760 if he has sent notice of his election to the Minister, in prescribed form before the end of the period fixed to file his fiscal return for the year of averaging or of the period during which he would be required to file it if he were required to pay income tax for such year.”

(2) This section applies from the taxation year 1993.

83. (1) Section 771.1.1 of the said Act is replaced by the following section:

“771.1.1 In this title, the income or loss of a corporation for a taxation year from an eligible business carried on by it means its income or its loss from the business for the year and includes the income or loss of the corporation for the year that is incident to or pertains to that business or from any property that is used or held principally for the purpose of gaining an income from that business, but except for the purposes of subparagraph ii of paragraph *a* of section 771.1.10, does not include a dividend that is deductible under Title VIII of Book IV or under section 845 in computing the taxable income of the corporation for the year.”

(2) This section applies to taxation years ending after 20 May 1993.

84. (1) Section 771.6 of the said Act is amended by replacing subparagraph *e* of the first paragraph by the following subparagraph:

“(e) was a beneficiary of a trust; or”.

(2) This section has effect from 2 May 1986.

85. (1) Section 776.29 of the said Act, amended by section 171 of chapter 21 of the statutes of 1992 and by section 290 of chapter 16 of the statutes of 1993, 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;”;

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

“For the purposes of subparagraph iii of subparagraph *c* of the first paragraph, the amounts described in paragraphs *a* to *c* of section 752.0.18.1 in respect of an individual for a taxation year, and the amount, if any, which that individual is required to pay for the year as a contribution under subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5), are deemed to be amounts deducted in computing his income for the year under this Part.”

(2) This section applies from the taxation year 1993. However, where the third paragraph of section 776.29 of the Taxation Act, enacted by paragraph 2 of subsection 1, applies before 1 January 1994, the reference in the French text thereof to “cotisation” shall read as a reference to “contribution”.

86. (1) Section 776.33 of the said Act, amended by section 75 of chapter 1 of the statutes of 1992 and by section 66 of chapter 19 of the statutes of 1993, is again amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) \$970 in respect of the individual contemplated therein;

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

“(c) \$225 in respect of not more than one dependent person of the individual during the year if, throughout the year, the individual has

no spouse and ordinarily lives in a self-contained domestic establishment in which no person, other than himself or his dependent person, lives.”

(2) This section applies from the taxation year 1993.

87. (1) Section 776.35 of the said Act, amended by section 77 of chapter 1 of the statutes of 1992 and by section 68 of chapter 19 of the statutes of 1993, is again amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) \$8 590 where the individual referred to in section 776.32 has a spouse during the year;

“(b) \$7 445 where, throughout the year, the individual has no spouse and ordinarily lives in a self-contained domestic establishment in which no person, other than himself or his dependent person, lives; or

“(c) \$6 410 in other cases.”

(2) This section applies from the taxation year 1993.

88. Section 776.41 of the said Act, amended by section 78 of chapter 1 of the statutes of 1992 and by section 69 of chapter 19 of the statutes of 1993, is again amended

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

“776.41 The following amounts shall be indexed annually so that each of these amounts to be used for a taxation year subsequent to the taxation year 1994 becomes that obtained by adding to that amount the amount obtained by multiplying by the same ratio as that prescribed for the purposes of section 752.0.20 for that year the amount that would have been applicable for that year but for this section:

(a) the amounts of \$970, \$530 and \$225 mentioned in section 776.33;”;

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

“(c) the amounts of \$8 590, \$7 445 and \$6 410 mentioned in section 776.35.”

89. (1) Section 776.46 of the said Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the letter A represents a rate of 20 %;”.

(2) This section applies from the taxation year 1993.

90. (1) Section 776.47 of the said Act, amended by section 81 of chapter 1 of the statutes of 1992, is again amended by replacing paragraph *a* by the following paragraph:

“(a) \$40 000 in the case of an individual other than a trust;”.

(2) This section applies from the taxation year 1994. Furthermore, subparagraph ii of paragraph *a* of section 776.47 of the Taxation Act, struck out by subsection 1, shall read without reference to the references to sections 726.4.30.1 and 726.4.31, where it applies in respect of expenditures made in respect of scientific research and experimental development after 22 April 1993 as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus

was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft

prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

91. (1) Section 776.60 of the said Act, amended by section 83 of chapter 1 of the statutes of 1992 and by section 292 of chapter 16 of the statutes of 1993, is again amended by replacing the first paragraph by the following paragraph:

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

(2) This section applies in respect of expenditures made in respect of scientific research and experimental development after 22 April 1993 as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus

was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft

prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

92. (1) Section 776.65 of the said Act is replaced by the following section:

“776.65 An individual’s basic minimum tax deduction for a taxation year is the aggregate of the amounts that he may deduct under sections 752.0.1 to 752.0.7, 752.0.10.1 to 752.0.10.14, 752.0.11 to 752.0.15 and 752.0.18.1 in computing his tax payable for the year under this Part.

Where the first paragraph applies to an individual referred to in the second paragraph of section 22, 25 or 26, for the purpose of determining the basic minimum tax deduction of that individual for a taxation year, the amount that he may deduct under sections 752.0.1 to 752.0.7, 752.0.10.1 to 752.0.10.14, 752.0.11 to 752.0.15 and 752.0.18.1 in computing his tax payable for the year under this Part shall be determined without reference to the proportion referred to in section 752.0.23 or 752.0.25, as the case may be.

For the purposes of this section, the amount that an individual may deduct under section 752.0.13.4 in computing his tax payable for a taxation year under this Part is deemed to be equal to the amount that, but for the second paragraph of section 34.1.6 of the Act respecting the Régie de l’assurance-maladie du Québec (R.S.Q., chapter R-5), he could have deducted in computing his tax for the year under the said section 752.0.13.4.”

(2) This section applies from the taxation year 1993.

93. (1) Section 782 of the said Act is amended by replacing paragraph *b* by the following paragraph:

“(b) in Chapters I.0.1 to I.0.3 and I.0.4 of Title I of Book V of this Part;”.

(2) This section applies from the taxation year 1993.

94. (1) Section 784 of the said Act is replaced by the following section:

“784. The individual in bankruptcy shall file a separate fiscal return for his income other than that of the bankruptcy, for any taxation year during which he is a bankrupt and he shall not deduct from his income any loss sustained in the year through the bankruptcy

or claim any deduction under sections 727 to 737 with respect to any loss sustained in a taxation year prior to the bankruptcy. He is liable to pay any tax payable by him under this Part for that taxation year.”

(2) This section applies from the taxation year 1993.

95. (1) Section 851.33 of the said Act, enacted by section 304 of chapter 16 of the statutes of 1993, is amended by replacing that part preceding subparagraph *a* of the first paragraph 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, total cultural gifts or 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) This section applies from the taxation year 1993.

96. (1) Section 908 of the said Act is amended

(1) by striking out the second paragraph of subsection 2;

(2) by adding, after subsection 3, the following subsection:

“(4) For the purposes of paragraph *b* of subsection 2, it is assumed, unless the contrary is established, that an annuitant’s child or grandchild was not financially dependent on him at the time of his death if the income of the child or grandchild for the taxation year immediately preceding the taxation year in which the annuitant died exceeded the amount used under paragraph *c* of subsection 1 of section 118 of the Income Tax Act (Statutes of Canada) for that preceding year.”

(2) This section applies from the taxation year 1993.

97. (1) Section 965.1 of the said Act, amended by section 87 of chapter 1 of the statutes of 1992 and by section 75 of chapter 19 of the statutes of 1993, is again amended

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

“(b) “qualifying share” means a share not contemplated in section 965.9.4 or 965.9.7.0.1 or in sections 965.9.7.0.3 to 965.9.7.0.6 and meeting the requirements of section 965.7, 965.9, 965.9.1, 965.9.1.0.0.1, 965.9.1.0.1, 965.9.1.0.2 or 965.9.1.1 and, adapted as required, a fraction of such a share not reimbursed;”;

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

“(d.1) “growth corporation” means a corporation described in sections 965.17.2 to 965.17.5 that is not governed by one of the Acts mentioned in paragraph *d*.”;

(3) 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 965.9.8.9.10 and meeting the requirements of section 965.9.8.1.”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 21 May 1993.

(3) Paragraph 2 of 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 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 or where the application for an exemption from filing a prospectus was filed before 21 May 1993 and the exemption from filing a prospectus was granted before 1 January 1994.

98. (1) Section 965.4.4 of the said Act, amended by section 90 of chapter 1 of the statutes of 1992, is again amended by replacing the first paragraph by the following paragraph:

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

(2) This section 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 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 or where the application for an exemption from filing a prospectus was filed before 21 May 1993 and the exemption from filing a prospectus was granted before 1 January 1994.

99. (1) The said Act is amended by inserting, after section 965.4.4, the following section:

“965.4.4.1 For the purposes of sections 965.3 to 965.3.2 and 965.4.1.2, where any of the computations referred to therein must be made in respect of a particular corporation which is making its first public share issue, its first convertible security issue or its first non-guaranteed convertible security issue and which, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus, would be a growth corporation or a qualified corporation but for a venture capital corporation associated with it on that date, the computation is made without taking into account the assets of that venture capital corporation if, on the date on which the public share issue, the convertible security issue or the non-guaranteed convertible security issue, as the case may be, ends, the particular corporation is no longer associated with that venture capital corporation.

For the purposes of the first paragraph, a venture capital corporation means a corporation described in the second paragraph of section 965.17.”

(2) This section 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 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 or where the application for an exemption from filing a prospectus was filed before 21 May 1993 and the exemption from filing a prospectus was granted before 1 January 1994.

100. (1) Section 965.4.5 of the said Act is replaced by the following section:

“965.4.5 For the purposes of sections 965.4.3 to 965.4.4.1, a corporation is associated with another corporation on a date if it is so designated by regulation.”

(2) This section has effect from 21 May 1993.

101. (1) Section 965.5 of the said Act, replaced by section 91 of chapter 1 of the statutes of 1992, is again replaced by the following section:

“965.5 For the purposes of sections 965.3 to 965.3.2 and 965.4.1.2, where a corporation or a corporation associated with it reduces its assets by any transaction for the purpose of qualifying the corporation as a growth corporation or as a corporation whose assets are under \$250 000 000 or as a qualified corporation, as the case may be, the assets are deemed not to have been reduced unless the Minister decides otherwise.”

(2) This section 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 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 or where the application for an exemption from filing a prospectus was filed before 21 May 1993 and the exemption from filing a prospectus was granted before 1 January 1994.

102. (1) Section 965.6 of the said Act, amended by section 92 of chapter 1 of the statutes of 1992 and by section 76 of chapter 19 of the statutes of 1993, is again amended

(1) by replacing subparagraph ii of paragraph *c.4* by the following subparagraph:

“ii. is not a share referred to in paragraph *b.1*, *c*, *c.1*, *c.2* or *c.3* or in subparagraph ii of paragraph *c.8*, and”;

(2) by replacing paragraph *c.7* by the following paragraph:

“(c.7) 75 % in the case of a qualifying share that is a common share with voting rights issued by a corporation, other than a growth corporation, whose assets are under \$1 000 000 000 and that is not a share referred to in paragraph *b.1* or in subparagraph ii of paragraph *c.8*.”;

(3) by replacing paragraph *c.8* by the following paragraph:

“(c.8) 0 % in the case of a qualifying share that is a common share with voting rights issued

i. by a corporation whose assets are \$2 500 000 000 or more,

ii. by a corporation whose assets are \$250 000 000 or more, where the share is issued otherwise than under an exemption from filing a prospectus granted before 21 May 1993 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1) and is acquired after 20 May 1993 as a result of the exercise of a right to subscribe a share conferred as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted after 1 May 1986, or the exercise of a conversion right conferred on the holder of a convertible security issued as part of a convertible security issue;”.

(2) This section has effect from 21 May 1993.

103. (1) Section 965.6.0.2.0.2 of the said Act, enacted by section 93 of chapter 1 of the statutes of 1992, is replaced by the following section:

“965.6.0.2.0.2 For the purpose of computing the adjusted cost of a share that is a qualifying share by reason of the second paragraph of section 965.9.7.0.3, this title applies, with the exception of this section and section 965.6.0.2, taking into consideration that the date of the exemption from filing a prospectus pertaining to the share issue to which the share relates is the earlier of the following dates:

(a) the date on which the application for an advance ruling, in respect of that issue, was filed with the Ministère du Revenu in accordance with the said paragraph, and

(b) 20 May 1993.”

(2) This section has effect from 3 May 1991. However, where section 965.6.0.2.0.2 of the Taxation Act, enacted by subsection 1, applies before 21 May 1993, it shall read as follows:

“965.6.0.2.0.2 For the purpose of computing the adjusted cost of a share that is a qualifying share by reason of the second paragraph of section 965.9.7.0.3, this title applies, with the exception of this section and section 965.6.0.2, taking into consideration that the date of the exemption from filing a prospectus pertaining to the share issue to which the share relates is the date on which the application for an advance ruling, in respect of that issue, was filed with the Ministère du Revenu in accordance with the said paragraph.”

104. (1) The said Act is amended by inserting, after section 965.6.0.2.0.2, enacted by section 93 of chapter 1 of the statutes of 1992, the following section:

“965.6.0.2.0.3 For the purpose of computing the adjusted cost of a share that is a qualifying share by reason of the second paragraph of section 965.9.7.0.5, this title applies, with the exception of this section and section 965.6.0.2, taking into consideration that the date of the exemption from filing a prospectus pertaining to the share issue to which the share relates is the date on which the application for an advance ruling, in respect of that issue, was filed with the Ministère du Revenu in accordance with the said paragraph.”

(2) This section has effect from 21 May 1993.

105. (1) Section 965.9.1.1 of the said Act is amended

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

(2) by striking out paragraph *c*.

(2) This section applies in respect of an investment made after 28 June 1993.

106. (1) Section 965.9.7 of the said Act, amended by section 309 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *b* by the following paragraph:

“(b) a body governed by the Insurance Companies Act (Statutes of Canada) or by the Act respecting insurance (R.S.Q., chapter A-32);”.

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

107. (1) Section 965.9.7.0.3 of the said Act, enacted by section 112 of chapter 1 of the statutes of 1992, is replaced by the following section:

“965.9.7.0.3 Notwithstanding sections 965.9.1 to 965.9.3, a qualifying share does not include a share issued by a corporation after 30 June 1991 but before 1 July 1993 under an exemption from filing a prospectus granted before 3 May 1991 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1).

However, the first paragraph does not apply to such a share if the corporation obtained, in respect of the share issue to which the share relates, a favourable advance ruling from the Ministère du Revenu before 1 July 1991, or after 30 June 1991 where the share was issued on or after the date on which the advance ruling was given and not later than 30 June 1993 to the effect that the share issue respects

the objectives of this title and that the corporation would have been, in respect of that issue, a qualified corporation on the earlier of the date on which the application for an advance ruling was filed with the Ministère du Revenu and 20 May 1993, had this title applied taking into consideration that the date of the exemption relating thereto was the earlier of those two dates.”

(2) This section has effect from 21 May 1993.

108. (1) The said Act is amended by inserting, after section 965.9.7.0.4, enacted by section 112 of chapter 1 of the statutes of 1992, the following sections:

“965.9.7.0.5 Notwithstanding sections 965.9.1 to 965.9.3, a qualifying share does not include a share issued by a corporation after 30 June 1993 under an exemption from filing a prospectus granted before 21 May 1993 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1).

However, the first paragraph does not apply to such a share if the corporation obtained, in respect of the share issue to which the share relates, a favourable advance ruling from the Ministère du Revenu before 1 July 1993, or after 30 June 1993 where the share was issued on or after the date on which the advance ruling was given to the effect that the share issue respects the objectives of this title and that the corporation would have been, in respect of that issue, a qualified corporation on the date on which the application for an advance ruling was filed with the Ministère du Revenu had this title applied taking into consideration that the date of the exemption relating thereto was that latter date.

“965.9.7.0.6 Notwithstanding sections 965.9.1 to 965.9.3, a qualifying share does not include a share that is acquired after 31 December 1993, otherwise than as a result of the exercise of a right to subscribe a share first acquired before 1 January 1994 or the exercise of a conversion right conferred on the holder of a convertible security first acquired before 1 January 1994, and that is issued by a corporation as part of a public share issue in respect of which the receipt for the final prospectus or, as the case may be, the exemption from filing a prospectus was granted after 2 May 1991 but 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, or in respect of which the application for an exemption from filing a prospectus was filed before 21 May 1993 and the exemption from filing a prospectus was granted after 20 May 1993 but before 1 January 1994, other than such a share issued under an exemption from filing

a prospectus granted before 21 May 1993 pursuant to subparagraph 2, 3 or 5 of the first paragraph of section 52 of the Securities Act (R.S.Q., chapter V-1.1).”

(2) This section has effect from 21 May 1993.

109. (1) Section 965.9.8.1 of the said Act, enacted by section 113 of chapter 1 of the statutes of 1992 and amended by section 84 of chapter 19 of the statutes of 1993, is again amended

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

“(a) it is issued by a qualified 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;”;

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

“(c) it is acquired for money consideration, before 1 January 1995, by an individual, an investment group or an investment fund as first purchaser thereof, other than a dealer acting as an intermediary or as a firm underwriter;”.

(2) Paragraph 1 of subsection 1 applies in respect of a non-guaranteed convertible security issue the receipt for the final prospectus of which 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.

(3) Paragraph 2 of subsection 1 has effect from 21 May 1993.

110. (1) The said Act is amended by inserting, after section 965.9.8.9, enacted by section 113 of chapter 1 of the statutes of 1992, 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 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) This section has effect from 21 May 1993.

111. (1) Section 965.10 of the said Act, amended by section 114 of chapter 1 of the statutes of 1992, is again amended by replacing paragraph *a.1* by the following paragraph:

“(a.1) its assets are under \$250 000 000;”.

(2) This section 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 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 or where the application for an exemption from filing a prospectus was filed before 21 May 1993 and the exemption from filing a prospectus was granted before 1 January 1994.

112. (1) Section 965.11 of the said Act, amended by section 310 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *c* by the following paragraph:

“(c) promissory notes or other debt securities obtained in the ordinary course of its business and held by a bank, a body governed by the Insurance Companies Act (Statutes of Canada) or by the Act respecting insurance (R.S.Q., chapter A-32), a corporation holding a licence or otherwise authorized by the laws of Canada or a province to offer its services there as a trustee, or any other corporation whose principal business is the lending of money or the purchasing of debts;”.

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

113. (1) Section 965.17.6 of the said Act, enacted by section 123 of chapter 1 of the statutes of 1992, is repealed.

(2) This section 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 of which 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.

114. (1) Section 965.24.2 of the said Act, replaced by section 136 of chapter 1 of the statutes of 1992, is amended by adding, after the third paragraph, the following paragraph:

“Furthermore, a corporation whose assets would have been \$250 000 000 or more if the exemption from filing a prospectus referred to in the first paragraph had been granted on 30 June 1993 is not required to fulfill the requirement of that paragraph for any year, subsequent to the year 1992, preceding the year in which, where such is the case, it obtains a favourable advance ruling referred to in section 965.9.7.0.5 from the Ministère du Revenu in respect of that exemption from filing a prospectus.”

(2) This section has effect from 21 May 1993.

115. (1) Section 965.29 of the said Act, amended by section 139 of chapter 1 of the statutes of 1992, is again amended by striking out paragraphs *b.0.1* and *d.1*.

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds of which are used by the research and development corporation to make an expenditure in respect of scientific research and experimental development, if those funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft

prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

116. (1) Sections 965.30 and 965.31 of the said Act are replaced by the following sections:

“965.30 The unused adjusted qualified investment deduction of an individual for a taxation year is the amount by which the aggregate of the amounts which represent his adjusted interest in a qualified investment for each of the preceding five taxation years exceeds the aggregate of the amounts deducted under this title for the said preceding taxation years in respect of those amounts.

“965.31 The unused adjusted qualified investment deduction of a venture capital corporation for a taxation year is the amount by which 20 % of the aggregate of the amounts which represent its adjusted interest in a qualified investment for each of the preceding five taxation years exceeds the aggregate of the amounts deducted under this title for the said preceding taxation years in respect of those amounts.”

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds of which are used by the research and development corporation to make an expenditure in respect of scientific research and experimental development, if those funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the

amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final

prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

117. (1) Section 965.31.6 of the said Act, enacted by section 143 of chapter 1 of the statutes of 1992, is amended by replacing paragraph *a* by the following paragraph:

“(a) on the one hand, only if the expense is an expense that would be deductible under section 147, but for the second paragraph thereof and section 147.1, in computing the income of the Québec business investment company for any taxation year; and”.

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

118. (1) Section 965.32 of the said Act is amended by replacing the first paragraph by the following paragraph:

“965.32 An individual, other than a trust, who is resident in Québec on 31 December of a year may deduct in computing his taxable income for that year an amount not exceeding the sum of the aggregate of the amounts representing his adjusted interest in a qualified investment for the year and the unused portion of his deduction relating to an adjusted interest in a qualified investment for the year.”

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds of which are used by the research and development corporation to make an expenditure in respect of scientific research and experimental development, if those funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for

the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

119. (1) Section 965.33 of the said Act, amended by section 87 of chapter 19 of the statutes of 1993, is replaced by the following section:

“965.33 A venture capital corporation may deduct, from its tax otherwise payable for a taxation year under this Part computed without reference to this title, an amount not exceeding the sum of the unused portion of its deduction in respect of an adjusted interest in a qualified investment for the year and 20 % of the aggregate of the amounts representing its adjusted interest in a qualified investment for the year.”

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds of which are used by the research and development corporation to make an expenditure in respect of

scientific research and experimental development, if those funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

120. (1) Sections 965.33.1 to 965.33.3 of the said Act are repealed.

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds of which are used by the research and development corporation to make an expenditure in respect of scientific research and experimental development, if those funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2

of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

121. (1) Section 965.34.1 of the said Act is repealed.

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds of which are used by the research and development corporation to make an expenditure in respect of scientific research and experimental development, if those funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the

amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final

prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

122. (1) Section 985.1 of the said Act is 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 *i* of section 710 and in either of the definitions of “total Crown gifts” and “total charitable gifts” set forth in section 752.0.10.1;”.

(2) This section applies from the taxation year 1993.

123. (1) Section 985.9 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) 80 % of the aggregate of all gifts, other than a gift mentioned in section 985.9.1, for which the foundation issued a receipt contemplated in section 712 or 752.0.10.3 in its preceding taxation year;”.

(2) This section applies from the taxation year 1993.

124. (1) Section 985.14 of the said Act is 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 *i* of section 710 or paragraph *c* of section 752.0.10.6, or was not taxable under sections 22 to 27 for the taxation year in which the gift was made; or”.

(2) This section applies from the taxation year 1993.

125. (1) Section 985.16 of the said Act is replaced by the following section:

“985.16 Property accumulated by a registered charity as provided in section 985.15, including any income related thereto, that is not used for the purpose provided in the said section 985.15 before the expiration of the period specified therein or at any earlier time at which a decision has been made in such respect by the charity, is deemed to be income of the charity and a gift for which it issued a receipt contemplated in section 712 or 752.0.10.3 in its taxation year in which such period expires or such decision is made, as the case may be.”

(2) This section applies from the taxation year 1993.

126. (1) Section 985.25 of the said Act, enacted by section 320 of chapter 16 of the statutes of 1993, is amended by replacing paragraph *a* by the following paragraph:

“(a) sections 710 to 716, 752.0.10.1 to 752.0.10.14, Divisions I and III to VII of Chapter III.1, Title VIII of Book IX, and sections 1069 and 1071 to 1076;”.

(2) This section applies from the taxation year 1993.

127. (1) Section 1000 of the said Act, amended by section 325 of chapter 16 of the statutes of 1993, is again amended

(1) by replacing subsection 1 by the following subsection:

“1000. (1) A fiscal return containing prescribed information must be filed with the Minister, in prescribed form, without notice or demand therefor, for each taxation year in the case of a corporation, other than a corporation that was a registered charity throughout the year, and in the case of an individual, for each taxation year for which a tax contemplated in this Part is payable or in which the individual has a taxable capital gain or has disposed of capital property.”;

(2) by striking out paragraph *b* of subsection 2.

(2) Paragraph 1 of subsection 1 applies from the taxation year 1993.

(3) Paragraph 2 of subsection 1 applies

(a) in the case of a partnership, to its fiscal periods ending after 20 May 1993;

(b) in all other cases, from the taxation year 1993.

128. (1) Section 1003 of the said Act is amended by replacing paragraph *d* by the following paragraph:

“(d) subject to sections 693.1 and 752.0.26, that other person were entitled to the deductions to which the taxpayer was entitled under sections 725 to 725.7 and 752.0.1 to 752.0.18.1 for the period in computing his taxable income or his tax payable under this Part, as the case may be, for the period.”

(2) This section applies from the taxation year 1993.

129. (1) Section 1005 of the said Act, replaced by section 158 of chapter 1 of the statutes of 1992, is again replaced by the following section:

“**1005.** The Minister shall, with dispatch, examine a taxpayer’s fiscal return sent to him for a taxation year and assess, on the one hand, his tax payable for the year and the interest and penalties, if any, which are exigible and, on the other hand, the amount deemed to be an overpayment under section 760 and any amount deemed to have been paid under section 776.5.1 or Divisions II to III of Chapter III.1 of Title III as partial payment of his tax payable for the year pursuant to this Part.”

(2) This section applies from the taxation year 1993.

130. (1) Section 1012.1 of the said Act, amended by section 326 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *c* by the following paragraph:

“(c) sections 752.0.10.1 to 752.0.10.14 in respect of a gift made during a subsequent taxation year;”.

(2) This section applies from the taxation year 1993.

131. (1) Section 1025 of the said Act, amended by section 329 of chapter 16 of the statutes of 1993, is again amended by replacing that part preceding paragraph *b* by the following:

“**1025.** Every individual not contemplated in section 1018, whose chief source of income is farming or fishing shall pay to the Minister for each taxation year

(a) 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 the prescribed manner for the preceding taxation year, and”.

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

132. (1) Section 1026 of the said Act, amended by section 330 of chapter 16 of the statutes of 1993, is replaced by the following section:

“1026. Every individual not contemplated in section 1018 or 1025 shall pay to the Minister for each taxation year

(a) on or before 15 March, 15 June, 15 September and 15 December in the year, an amount equal to one-quarter of his tax for the year estimated in accordance with section 1004, or of his basic provisional account, established in the prescribed manner for the preceding taxation year, or

(b) on or before

i. 15 March and 15 June in the year, an amount equal to one-quarter of his basic provisional account, established in the prescribed manner for the second preceding taxation year, and

ii. 15 September and 15 December in the year, an amount equal to one-half of the amount by which his basic provisional account, established in the prescribed manner, for the preceding taxation year, exceeds one-half of his basic provisional account, established in the prescribed manner, for the second preceding taxation year.

The individual contemplated in the first paragraph shall also pay to the Minister for each taxation year, on or before the date on or before which the individual is required to file his fiscal return for the year under section 1000, the remainder of his tax for the year estimated in accordance with section 1004.”

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

(a) where that part of section 1026 of the Taxation Act preceding subparagraph *a* of the first paragraph, enacted by subsection 1, applies to the taxation year 1992, it shall read as follows:

“1026. Every individual not contemplated in section 1018, 1025 or 1029 shall pay to the Minister for each taxation year”;

(b) where the second paragraph of section 1026 of the Taxation Act, enacted by subsection 1, applies before 15 June 1993, it shall read as follows:

“The individual contemplated in the first paragraph shall also pay to the Minister for each taxation year, on or before 30 April of the following taxation year, the remainder of his tax for the year estimated in accordance with section 1004.”

133. (1) Section 1026.1 of the said Act is replaced by the following section:

“1026.1 Paragraph *a* of section 1025 and the first paragraph of section 1026 do not apply to an individual where the total of the taxes payable by him for the year under this Part and Part I.1, or the total of his basic provisional accounts for the preceding taxation year in respect of such tax is less than the amount determined by regulation; the amount may be greater in the case of an individual 60 years of age or more.

In addition, the first paragraph of section 1026 does not apply to an individual who would be referred to in section 1018 but for a taxable capital gain made by him in the year or an amount included in computing his income for the year pursuant to section 94 or 105.”

(2) This section applies from the taxation year 1992. However, where section 1026.1 of the Taxation Act, enacted by subsection 1, applies to the taxation year 1992, the first paragraph thereof shall read as follows:

“1026.1 Paragraph *a* of section 1025 and the first paragraph of section 1026 do not apply to an individual whose tax for the year or whose basic provisional account for the preceding taxation year is less than the amount determined by regulation; the amount may be greater in the case of an individual 60 years of age or more.”

134. (1) Section 1026.2 of the said Act, enacted by section 331 of chapter 16 of the statutes of 1993, is replaced by the following section:

“1026.2 Where an individual has died in a taxation year, paragraph *a* of section 1025 and the first paragraph of section 1026 shall not require payment of any amount in respect of the individual that would otherwise become due under either of those provisions on or after the day on which the individual died.”

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

135. (1) Section 1027 of the said Act, amended by section 159 of chapter 1 of the statutes of 1992 and by section 89 of chapter 19 of

the statutes of 1993, is again amended by replacing that part preceding subparagraph *a* of the first paragraph by the following:

“1027. Every corporation subject to taxation under this Part shall pay to the Minister”.

(2) This section applies from the taxation year 1993.

136. (1) Section 1029 of the said Act is repealed.

(2) This section applies from the taxation year 1993.

137. (1) Section 1029.2.1 of the English text of the said Act is replaced by the following section:

“1029.2.1 For the purposes of computing the amount that a corporation which is an eligible corporation for a taxation year, within the meaning of sections 771.5 to 771.7, is deemed under section 1029.2 to have paid to the Minister on the last day of the taxation year, the references in section 1029.2 to the tax payable by the corporation for the year under Part IV shall be read as references to the tax that would be payable by the corporation for that year under Part IV if no reference were made to sections 1138.0.1 and 1141.3.”

(2) This section has effect from 2 May 1986.

138. Section 1029.7 of the said Act, amended by section 162 of chapter 1 of the statutes of 1992 and by section 92 of chapter 19 of the statutes of 1993, is again amended by replacing the first and second paragraphs by the following paragraphs:

“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, 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 during which the research and development were undertaken, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 20 % of the wages he has paid in respect of the research and development to his employees of an establishment situated in Québec and of the portion of the remuneration that he has paid in respect of the research and development to a person who has undertaken all or part of the research and development that may be attributed to the wages of the employees of an establishment of that person situated in Québec or would be if he had such employees.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under paragraph *a* of section 1025, the first paragraph of section 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 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 paid, the amount which would be determined under the first paragraph if it applied only to the period covered by the payment.”

139. Section 1029.8 of the said Act, amended by section 163 of chapter 1 of the statutes of 1992 and by section 93 of chapter 19 of the statutes of 1993, is again amended by replacing the first and second paragraphs by the following paragraphs:

“1029.8 Where a partnership carries on a business in Canada and undertakes or causes to be undertaken, on its behalf in Québec, 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 were 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 wages the partnership has paid in respect of the research and development to its employees of an establishment situated in Québec and of the portion of the remuneration that the partnership has paid in respect of the research and development to a person who has undertaken all or part of the research and development, that may be attributed to the wages paid to the employees of an establishment of that person situated in Québec or would be if he had such employees.

Furthermore, for the purpose of computing the payments that a taxpayer referred to in the first paragraph is required to make under paragraph *a* of section 1025, the first paragraph of section 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 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.”

140. Section 1029.8.0.2 of the said Act, amended by section 94 of chapter 19 of the statutes of 1993, is again amended

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

“1029.8.0.2 Where a partnership carries on a business in Canada and undertakes or causes to be undertaken, on its behalf in Québec, scientific research and experimental development within the meaning of the regulations made pursuant to section 222, every corporation that is a member of the partnership at the end of a fiscal period of the latter ending after 31 December 1987 during which the research and development were undertaken 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 fiscal period ends, as partial payment of its tax payable for that year pursuant to this Part, its portion of an amount equal to 20 % of the wages the partnership has paid in respect of the research and development to its employees of an establishment situated in Québec and of the portion of the remuneration that the partnership has paid in respect of the research and development to a person who has undertaken all or part of the research and development, that may be attributed to the wages paid to the employees of an establishment of that person situated in Québec or would be if he had such employees.”;

(2) by replacing the third paragraph by the following paragraph:

“Furthermore, for the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 they refer to subparagraph *a* of the first paragraph of section 1027, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in its 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 corporation 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 it is required to make such a payment.”

141. (1) Section 1029.8.1 of the said Act, amended by section 165 of chapter 1 of the statutes of 1992 and by section 96 of chapter 19 of the statutes of 1993, is again amended

(1) 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 1996 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 1996 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 1998, within the scope of its activities, scientific research and experimental development related to a business of the taxpayer or partnership, as the case may be, where the latter is entitled to exploit the results thereof;

“(b) “university research contract” means a contract entered into after 30 April 1987 and before 1 January 1996 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 1998,

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 is entitled to exploit the results thereof;”;

(2) by inserting, before paragraph *h*, the following paragraph:

“(g.1) “overhead expenditure” in respect of an eligible research contract or a university research contract entered into by a taxpayer or a partnership means an expenditure made, in respect of scientific research and experimental development, by an eligible public research centre, an eligible research consortium or an eligible university entity under such contract, other than

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 undertaken in Canada, except an expenditure in respect of general purpose office furniture or equipment;

ii. an expenditure in respect of the prosecution of scientific research and experimental development in Canada directly undertaken on behalf of the taxpayer or the partnership, as the case may be;

iii. an expenditure of a capital nature that at the time it was incurred was for the provision of premises, facilities or equipment, except an expenditure in respect of general purpose office furniture 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 undertaken in Canada, or

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

iv. that portion of an expenditure made in respect of the salary or wages and related benefits 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 to such scientific research and experimental development, that portion of the expenditure is deemed equal to 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 undertaken in Canada;

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 undertaken in Canada, except an expenditure in respect of general purpose office furniture or equipment;”;

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

“(i) “wages incurred” by an eligible public research centre, an eligible research consortium or an eligible university entity in respect of scientific research and experimental development undertaken in Québec under an eligible research contract or a university research contract means that portion of an expenditure incurred as salaries, wages or other remuneration, including gratuities, in respect of an employee who is directly engaged in scientific research and experimental development that can reasonably be considered to relate to such scientific research and experimental development, having regard to the time spent by the employee thereon.”

(2) Paragraphs 2 and 3 of subsection 1 apply in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development undertaken after that date under an eligible research contract or a university research contract entered into after that date, as part of a scientific research or experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

142. (1) The said Act is amended by inserting, before section 1029.8.2, 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 a prescribed university hospital medical research centre referred to in paragraph *f* of the said section 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 on behalf of the particular eligible university entity as part of the contract are deemed to be undertaken by the latter.

“1029.8.1.2 Subject to Division II.4, for the purposes 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) This section, where it enacts section 1029.8.1.1 of the Taxation Act, applies in respect of expenditures made after 5 July 1991 in respect of scientific research and experimental development after that date as part of a university research contract entered into after that date by a subsidiary wholly-owned corporation of a prescribed university hospital medical research centre.

(3) This section, where it enacts section 1029.8.1.2 of the Taxation Act, applies in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development after that date under an eligible research contract or a university research contract entered into after that date, as part of a scientific research or experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for

the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

143. (1) Section 1029.8.5.1 of the said Act, amended by section 332 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *f* by the following paragraph:

“(f) an expenditure related to scientific research and experimental development in respect of which an amount is deductible under sections 710 to 716 or 752.0.10.1 to 752.0.10.14 in computing taxable income or tax payable under this Part, as the case may be;”.

(2) This section applies from the taxation year 1993.

144. Section 1029.8.6 of the said Act, amended by section 167 of chapter 1 of the statutes of 1992 and replaced by section 99 of chapter 19 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 the scientific research and experimental development related to a business of the taxpayer were 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 % of the total or partial amount of a qualified expenditure he has paid before 1 January 1998 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that may reasonably be considered to 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 paragraph *a* of section 1025, the first paragraph of section 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 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.”

145. Section 1029.8.7 of the said Act, amended by section 168 of chapter 1 of the statutes of 1992 and replaced by section 100 of chapter 19 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 latter during which scientific research and experimental development related to a business of the partnership was carried on under the contract by the eligible university entity, 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 % of the total or partial amount of a qualified expenditure the partnership has paid before 1 January 1998 to the eligible university entity, the eligible public research centre or the eligible research consortium, as the case may be, that may reasonably be considered to be attributable to expenditures in respect of scientific research and experimental development made in Québec by the eligible university entity, 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 paragraph *a* of section 1025, the first paragraph of section 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 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.”

146. Section 1029.8.7.2 of the said Act, amended by section 169 of chapter 1 of the statutes of 1992 and by section 101 of chapter 19 of the statutes of 1993, is again amended

(1) 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 latter ending after 31 December 1987 during which scientific research and experimental development related to a business of the partnership was carried on 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 1998 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 carried on by the eligible university entity in Québec under the university research contract during the said fiscal period.”;

(2) by replacing the third paragraph by the following paragraph:

“Furthermore, for the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 they refer to subparagraph *a* of the first paragraph of section 1027, for its taxation year in which the fiscal period of the partnership ends, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year pursuant to this Part and of its tax payable for the year pursuant to Parts IV, IV.1 and VI, the amount determined for the year in its 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 corporation 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 it is required to make such a payment.”

147. (1) The said Act is amended by inserting, after section 1029.8.9.0.1, enacted by section 172 of chapter 1 of the statutes of 1992, the following section:

“1029.8.9.0.1.1 An individual who is a member of a partnership shall not be deemed to have paid to the Minister his portion of an amount referred to in section 1029.8 or 1029.8.7 unless a favourable advance ruling has been given by the Ministère du Revenu to the effect that the objectives of Divisions II and II.1 and, where applicable, the formalities provided for in the Securities Act (R.S.Q., chapter V-1.1) in respect of the financing have been complied with.”

(2) This section applies in respect of expenditures made in respect of scientific research and experimental development after 23 April 1993.

148. Section 1029.8.9.0.2 of the said Act, enacted by section 103 of chapter 19 of the statutes of 1993, is 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 carried on by the consortium in Québec, after 14 May 1992 and before 1 January 1998, in its fiscal period ending in the year; and”.

149. (1) Section 1029.8.9.1 of the said Act is replaced by the following section:

“1029.8.9.1 In this division,

“overhead expenditure” in respect of a pre-competitive research project, a catalyst project or an environmental technology innovation project, means an expenditure made by or on behalf of a taxpayer or a partnership in respect of scientific research and experimental development undertaken as part of such a project, other than

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 undertaken in Canada, except an expenditure in respect of general purpose office furniture or equipment;

ii. an expenditure in respect of the prosecution of scientific research and experimental development in Canada directly

undertaken on behalf of the taxpayer or the partnership, as the case may be;

iii. an expenditure of a capital nature that at the time it was incurred was for the provision of premises, facilities or equipment, except an expenditure in respect of general purpose office furniture 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 undertaken in Canada, or

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

iv. that portion of an expenditure made in respect of the salary or wages and related benefits 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 to such scientific research and experimental development, that portion of the expenditure is deemed equal to 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 undertaken in Canada;

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 undertaken in Canada, except an expenditure in respect of general purpose office furniture or equipment;

“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;

“scientific research and experimental development” means scientific research and experimental development within the meaning of the regulations under section 222;

“wages incurred” in respect of scientific research and experimental development undertaken in Québec as part of a

pre-competitive research project, a catalyst project or an environmental technology innovation project, by a taxpayer referred to in section 1029.8.10, by a partnership referred to in section 1029.8.11 or by another person on behalf of the taxpayer or partnership, means that portion of an expenditure incurred as salaries, wages or other remuneration, including gratuities, in respect of an individual, other than a trust, who is directly engaged in scientific research and experimental development that can reasonably be considered to relate to such scientific research and experimental development, having regard to the time spent by the individual thereon."

(2) This section applies in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development undertaken after that date in accordance with a receipt or recognition obtained after that date regarding a pre-competitive research project, a catalyst project or an environmental technology innovation project, as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May

1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if

the scientific research and experimental development project is the same.

150. (1) The said Act is amended by inserting, after section 1029.8.9.1, the following sections:

“1029.8.9.1.1 In the definition of “wages incurred” set out in section 1029.8.9.1 and for the purposes of section 1029.8.9.1.2, where scientific research and experimental development are undertaken as part of a pre-competitive research project, a catalyst project or an environmental technology innovation project and where no expenditure is incurred as salaries, wages or other remuneration, including gratuities, to remunerate the work of an individual, other than a trust, who is directly engaged in such scientific research and experimental development, an amount not exceeding an amount, reasonable in the circumstances, as wages that can reasonably be considered to relate to such work having regard to the time spent by the individual thereon is deemed to constitute an expenditure incurred as wages as part of the project.

“1029.8.9.1.2 Subject to Division II.4, for the purposes of the first paragraph of sections 1029.10 and 1029.11, 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 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) This section applies in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development undertaken after that date in accordance with a receipt or recognition obtained after that date regarding a pre-competitive research project, a catalyst project or an environmental technology innovation project, as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus

was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

151. Section 1029.8.10 of the said Act, amended by section 104 of chapter 19 of the statutes of 1993, is 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 in Québec

scientific research and experimental development and in respect of which either the Minister of Industry, Trade and Technology has issued a receipt on or before 31 December 1995 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 were 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 were undertaken, as partial payment of his tax payable for the year pursuant to this Part, an amount equal to 40 % of the total or part of a qualified expenditure he has made in Québec before 1 January 1998 that may reasonably be considered to be attributable to such scientific research and experimental development undertaken 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 paragraph *a* of section 1025, the first paragraph of section 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 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 paid, the amount which would be determined under the first paragraph if it applied only to the period covered by the payment.”

152. Section 1029.8.11 of the said Act, amended by section 105 of chapter 19 of the statutes of 1993, is 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 in Québec scientific research and experimental development and in respect of which either the Minister of Industry, Trade and Technology has issued a receipt on or before 31 December 1995 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 were 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 scientific research and experimental development related to a business of the partnership were 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 total or part of a qualified expenditure the partnership has made in Québec before 1 January 1998 that may reasonably be considered to be attributable to such scientific research and experimental development undertaken 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 paragraph *a* of section 1025, the first paragraph of section 1026, subparagraph *a* of the first paragraph of section 1027, section 1159.11 if the first paragraph thereof were 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 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.”

153. (1) Section 1029.8.15.1 of the said Act, amended by section 333 of chapter 16 of the statutes of 1993, is again amended by replacing paragraph *f* by the following paragraph:

“(f) an expenditure related to scientific research and experimental development in respect of which an amount is deductible

under sections 710 to 716 or 752.0.10.1 to 752.0.10.14 in computing taxable income or tax payable under this Part, as the case may be;”.

(2) This section applies from the taxation year 1993.

154. (1) The said Act is amended by inserting, after section 1029.8.16, the following section:

“1029.8.16.1 An individual who is a member of a partnership shall not be deemed to have paid to the Minister his portion of an amount referred to in section 1029.8.11 unless a favourable advance ruling has been given by the Ministère du Revenu to the effect that the objectives of this division and, where applicable, the formalities provided for in the Securities Act (R.S.Q., chapter V-1.1) in respect of the financing have been complied with.”

(2) This section applies in respect of expenditures made in respect of scientific research and experimental development after 23 April 1993.

155. (1) Sections 1029.8.19.2 and 1029.8.19.3 of the said Act, enacted by section 108 of chapter 19 of the statutes of 1993, are replaced by the following sections:

“1029.8.19.2 Notwithstanding sections 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 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, or in respect of the carrying out of such a project, means

(a) a contribution whether in the form of a payment in currency, a transfer of ownership of a property, an assignment of the use or of a right to use a property or in any other form or manner, other than a property resulting from scientific research and experimental development undertaken as part of the project;

(b) a former, present or future right in the proceeds of disposition of part or all of the intellectual property arising from the project;

(c) property designated by the Minister as being a contribution.

“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 1029.8.6, 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 1029.8.6, 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 1029.8.6, 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) Subject to subsection 3, this section applies in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development undertaken after that date, either under an eligible research contract or a university research contract entered into after that date, or in accordance with a receipt or recognition obtained after that date regarding a pre-competitive research project, a catalyst project or an environmental technology innovation project, as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2

of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

(3) This section, where it strikes out the reference in sections 1029.8.19.2 and 1029.8.19.3 of the Taxation Act to sections 1029.7 and 1029.8 of that Act along with all applications thereunder, applies in respect of expenditures made either as part of a single-phase scientific research and experimental development project if the project began before 20 May 1993, or as part of one of the phases of a multi-phase project, if the phase began before that date, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before

31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft

prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

156. (1) Section 1029.8.19.4 of the said Act, enacted by section 108 of chapter 19 of the statutes of 1993, is repealed.

(2) Subject to subsection 3, this section applies in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development undertaken after that date in accordance with a receipt or recognition obtained after that date regarding a pre-competitive research project, a catalyst project or an environmental technology innovation project, as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May

1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if

the scientific research and experimental development project is the same.

(3) This section, where it repeals section 1029.8.19.4 of the Taxation Act in relation to its application to sections 1029.7 and 1029.8 of that Act, applies in respect of expenditures made either as part of a single-phase scientific research and experimental development project if the project began before 20 May 1993, or as part of one of the phases of a multi-phase project, if the phase began before that date, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount

of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

157. (1) The said Act is amended by inserting, after section 1029.8.19.4, enacted by section 108 of chapter 19 of the statutes of 1993, the following sections:

“1029.8.19.5 Notwithstanding sections 1029.7 and 1029.8, 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 project, a taxpayer, a partnership, a member of that 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 the project.

For the purposes of the first paragraph, a contribution in respect of a scientific research and experimental development project contemplated in any of sections 1029.7 and 1029.8 or in respect of the carrying out of such a project means

(a) a former, present or future right in the proceeds of disposition of part or all of the intellectual property arising from the project;

(b) property designated by the Minister as being a contribution.

“1029.8.19.6 For the purposes of section 1029.8.19.2, where, in respect of a scientific research and experimental development project or in respect of the carrying out of such project, a taxpayer or a partnership causes scientific research and experimental development to be undertaken for his or its benefit pursuant to an agreement contemplated in section 1029.8.10 or 1029.8.11 to which the taxpayer or the partnership is a party, an expenditure made to undertake such scientific research and experimental development does not constitute, for the taxpayer or partnership, a contribution in respect of the project or the carrying out thereof, subject to a determination to the contrary by the Minister as provided for in section 1029.8.19.2, insofar as the expenditure constitutes for the taxpayer or partnership a transaction occurring in the ordinary course of a business carried on by the taxpayer or partnership, as the case may be, and would have constituted a qualified expenditure for the taxpayer or partnership if the expenditure had been made by the taxpayer or the partnership.”

(2) This section, where it enacts section 1029.8.19.5 of the Taxation Act, applies in respect of expenditures made either as part of a single-phase scientific research and experimental development project if the project began before 20 May 1993, or as part of one of the phases of a multi-phase project, if the phase began before that date, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before

31 May 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention

of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

(3) This section, where it enacts section 1029.8.19.6 of the Taxation Act, applies in respect of expenditures made after 20 May 1993 in respect of scientific research and experimental development undertaken after that date in accordance with a receipt or recognition obtained after that date regarding a pre-competitive research project, a catalyst project or an environmental technology innovation project, as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for the final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft

prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

158. (1) Section 1029.8.22 of the said Act, amended by section 174 of chapter 1 of the statutes of 1992, by section 64 of chapter 44 of the statutes of 1992, by section 142 of chapter 68 of the statutes of 1992 and by section 111 of chapter 19 of the statutes of 1993, is again amended

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

“ “qualified training activity” in respect of an eligible employee of a qualified corporation or qualified partnership means a course in which the eligible employee is enrolled, provided the course is given by a qualified training institution, by an employee acting as an instructor and referred to in sections 1029.8.23.1 to 1029.8.23.3 or by another entity outside Québec if, in the latter case, 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 *v* of paragraph *b* of the definition of “qualified training activity” by the following subparagraph:

“v. it is given by an employers’ association, an employees’ association or a similar association and designed for a member of such an association or for a person who is in the process of becoming such a member;”;

(3) by replacing, in the definition of “qualified training expenditure”, that part preceding subparagraph *i* of paragraph *a* by the following:

“ “qualified training expenditure” made by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period means, subject to section 1029.8.23, a cost to, or an expenditure incurred by, the qualified corporation or the qualified partnership, as the case may be, in the year or period, as the case may be, provided the cost or expenditure is reasonable under the circumstances, and related to a business carried on by the corporation or partnership in Québec, corresponding to

(a) the lesser of \$10 000 and the amount by which the aggregate of all amounts each of which is, for the qualified corporation or the qualified partnership, as the case may be, the portion incurred, after 20 May 1993, of the cost of a training plan or, where the cost of a training plan is included in the cost of any plan whatsoever, of the portion of the cost of the latter plan that may reasonably be attributable to the training plan, exceeds the amount of any government assistance or non-government assistance in respect thereof that the qualified corporation or the qualified partnership has received, is entitled to receive or can reasonably expect to receive”;

(4) by replacing, in paragraph *c* of the definition of “qualified training expenditure”, that part preceding subparagraph *i* by the following:

“(c) except where paragraph *c.1* applies, the product obtained by multiplying the number of hours, without exceeding 180, during which an eligible employee of the qualified corporation or qualified partnership has participated, in the taxation year of the corporation or the fiscal period of the partnership, as the case may be, and during his normal working hours, in a qualified training activity in which he was enrolled, other than a course given at a distance by a recognized educational institution, by the lesser of \$30 and the amount of the wages or salary, paid in currency and computed on an hourly basis, received by the eligible employee in respect of 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 which he was enrolled and, for the purposes of this paragraph,”;

(5) by replacing subparagraph *ii* of paragraph *c* of the definition of “qualified training expenditure” by the following subparagraph:

“*ii.* the amount of 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, commissions or benefits contemplated in Division II of Chapter II of Title II of Book III;”;

(6) by inserting, after paragraph *c* of the definition of “qualified training expenditure”, the following paragraphs:

“(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, before the qualified training activity is held, the product that would be determined under paragraph *c* if

i. that part of the said paragraph *c* preceding subparagraph i read as follows :

“(c) the product obtained by multiplying the number of remunerated hours during which an eligible employee of the qualified corporation or qualified partnership participated, in the taxation year of the corporation or the fiscal period of the partnership, as the case may be, in a qualified training activity in which he was enrolled, other than a course given at a distance by a recognized educational institution, by the lesser of \$30 and the amount of the wages or salary, paid in currency and computed on an hourly basis, received by the eligible employee in respect of 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 which he was enrolled and, for the purposes of this paragraph,”;

ii. subparagraph i of the said paragraph *c* read without reference to the words “and during his normal working hours”;

iii. subparagraph ii of the said paragraph *c* read as follows :

“ii. the amount of 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 a remuneration related to a qualified training activity, commissions or benefits contemplated in Division II of Chapter II of Title II of Book III;” and

iv. the said paragraph *c* read without reference to subparagraphs iii, iv, vi and vii thereof;

“(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 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

referred to in the first paragraph of that section, 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 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 attributable 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 section 1029.8.23.2 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 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 attributable 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.5) the product obtained by multiplying the number of remunerated hours during which an employee, referred to in section 1029.8.23.3, of a franchisor or a person with whom the franchisor does not deal at arm’s length, 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 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 franchisor or the person with whom the franchisor does not deal at arm’s length which may reasonably be attributable 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;”;

(7) by replacing paragraph *d* of the definition of “qualified training expenditure” by the following paragraph:

“(d) a refund of any form of assistance referred to in paragraph *a*, except to the extent that such assistance has not reduced the cost of a training plan to less than \$10 000, or in section 1029.8.32;”;

(8) by replacing, in the definition of “eligible employee”, that part preceding paragraph *a* 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, 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”;

(9) by replacing paragraph *a* of the definition of “qualified training costs” by the following paragraph:

“(a) the aggregate of amounts, other than that portion of an expenditure which may reasonably be attributable to a salary or wages and which is referred to in paragraphs *c.3* to *c.5* of the definition of “qualified training expenditure” and other than an amount referred to in paragraphs *d* to *f*, each of which is the cost of a qualified training activity 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 an entity 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 him directly to the entity offering it, to the extent that, in all cases, the cost may reasonably be attributable to training given to that eligible employee, and”;

(10) by adding, after paragraph *b* of the definition of “qualified training costs”, the following paragraphs:

“(c) any amount, other than an amount referred to in paragraph *a*, as travel expenses of an employee referred to in 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, if 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;

“(d) any amount, other than an amount referred to in paragraph *a*, which may reasonably be considered to be that portion of the expenditure referred to in the first paragraph of 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 attributable 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, if 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;

“(e) any amount, other than an amount referred to in paragraph *a*, which may reasonably be considered to be that portion of the expenditure paid to an entity referred to in section 1029.8.23.2 offering the qualified training activity, which may reasonably be attributable 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, if 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) any amount, other than an amount referred to in paragraph *a*, which may reasonably be considered to be that portion of the expenditure paid to a franchisor or a person referred to in section 1029.8.23.3, which may reasonably be attributable to travel expenses of an employee of the franchisor or person, in respect of a qualified training activity in which the employee participated as an instructor, if 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;”;

(11) by replacing the definition of “specified member” by the following definition:

“ “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;”;

(12) by striking out the definition of “human resources development plan”;

(13) by inserting, after the definition of “human resources development plan”, the following definition:

“ “training plan” means a document prepared, in respect of a qualified corporation or a qualified partnership, by a qualified training institution other than the qualified corporation or qualified partnership, as the case may be, other than such an institution when it does not deal at arm’s length with the qualified corporation, a specified shareholder or a specified member of the qualified corporation, a member of the qualified partnership, a specified shareholder or a specified member of a corporation that is a member of the partnership, or other than an entity referred to in subparagraph i or ii of subparagraph *b* of the first paragraph of section 1029.8.23, and in which the following information is set out:

(a) an analysis and the identification of its training needs;

(b) the identification of the contribution expected from the fulfilment of training needs towards achieving the corporation’s or partnership’s strategic objectives;

(c) the identification of training priorities;

(d) a schedule of implementation of the training activities;

(e) specifications for each training activity;”;

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

“For the purposes of paragraphs *c.2* to *c.5* of the definition of “qualified training expenditure” set forth in the first paragraph, the following rules apply:

(a) the number of hours during which an employee has participated, in a taxation year of the qualified corporation or a fiscal period of the qualified partnership, as the case may be, in a qualified training activity in respect of which he was acting as an instructor,

does not include the hours of practical application, related to that activity, worked by him in the taxation year or fiscal period to produce property or provide services for the benefit of the qualified corporation or a person with whom it was not dealing at arm's length or of the qualified partnership or a person with whom one of its members was not dealing at arm's length, except to the extent that they may reasonably be considered to be necessary to complete the training provided by the employee;

(b) the amount of 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 a remuneration related to a qualified training activity, commissions or benefits contemplated in Division II of Chapter II of Title II of Book III;

(c) where the conditions of the contract of employment of an employee 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."

(2) Paragraph 1, paragraph 6, where it enacts paragraphs c.2 to c.5 of the definition of "qualified training expenditure" set forth in section 1029.8.22 of the Taxation Act, paragraph 8, where it inserts, in that part of the definition of "eligible employee" set forth in the said section which precedes paragraph a, the words ", except when he is acting as an instructor," and paragraphs 9, 10 and 14 of subsection 1 apply to 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, after 31 August 1993 before the qualified training activity is held.

(3) Paragraphs 3, 7, 12 and 13 of subsection 1 apply to an amount representing the portion, incurred after 20 May 1993, of the cost of a training plan. In addition, where the definition of "human resources development plan" set forth in section 1029.8.22 of the Taxation Act, struck out by paragraph 12 of subsection 1, applies to a human resources development plan acquired before 21 May 1993, the definition shall read as follows:

" "human resources development plan" means a study prepared by a person or company registered with the Société québécoise de développement de la main-d'oeuvre or by a recognized educational institution, the results of which suggest the action to be taken to

satisfy the manpower vocational training needs of a corporation or partnership and in respect of which the Société québécoise de développement de la main-d'oeuvre issued, on or before 31 August 1993, a registration receipt that is not revoked;”.

(4) Paragraph 4, paragraph 6, where it enacts paragraph c.1 of the definition of “qualified training expenditure” set forth in section 1029.8.22 of the Taxation Act, and paragraph 8, except where it inserts, in that part of the definition of “eligible employee” set forth in the said section which precedes paragraph *a*, the words “, except when he is acting as an instructor,”, of subsection 1 apply to a qualified training activity held in accordance with the terms of a contract in writing entered into after 20 May 1993.

(5) Paragraph 5 of subsection 1 applies in respect of an expenditure made

(a) after 26 April 1990 by a qualified corporation, where the expenditure relates to a qualified training activity beginning after that date, in which an eligible employee of the qualified corporation was enrolled after that date and attended at a recognized training institution under a contract entered into after that date;

(b) after 31 August 1990 by a qualified corporation, where the expenditure relates to a qualified training activity beginning after that date, in which an eligible employee of the qualified corporation was enrolled after that date and attended at a registered private training company or attended at another entity and authorized, prior to its beginning by a manpower vocational training commission, where the authorization was obtained before 1 April 1993, or by the Société québécoise de développement de la main-d'oeuvre, where the authorization was obtained after 31 March 1993, if, in each case, the qualified training activity is attended under a contract entered into after 31 August 1990;

(c) after 14 May 1992 by a qualified partnership.

(6) Paragraph 11 of subsection 1 has effect from 27 April 1990.

159. (1) Section 1029.8.23 of the said Act, amended by section 65 of chapter 44 of the statutes of 1992 and by section 112 of chapter 19 of the statutes of 1993, is again amended

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

“(a) subject to sections 1029.8.23.1 to 1029.8.23.3, an expenditure 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 or a specified shareholder 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 or a specified shareholder 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

ii. a specified shareholder of a corporation that carries on a personal services business or an employee of such a corporation, where a shareholder of the corporation is a specified shareholder thereof and

(1) a particular employee or a specified shareholder 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 or a specified shareholder 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 that part of subparagraph *b* of the first paragraph preceding subparagraph ii by the following:

"(b) subject to sections 1029.8.23.2 and 1029.8.23.3, an expenditure 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, 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 of a member of any such entity or to an eligible 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";

(3) by replacing subparagraphs *c* to *d* of the first paragraph by the following subparagraphs:

"(c) an expenditure made by a qualified corporation, other than an expenditure which corresponds to a product referred to in

paragraphs *c.3* to *c.5* of the definition of “qualified training expenditure” set forth in the first paragraph of section 1029.8.22 or which is an amount referred to in paragraphs *d* to *f* of the definition of “qualified training expenditure” set forth in the said first paragraph of section 1029.8.22, which relates to a qualified training activity offered by an entity with which the qualified corporation, a specified shareholder or a specified member thereof does not deal at arm’s length;

“(c.1) an expenditure made by a qualified partnership, other than an expenditure which corresponds to a product referred to in paragraphs *c.3* to *c.5* of the definition of “qualified training expenditure” set forth in the first paragraph of section 1029.8.22 or which is an amount referred to in paragraphs *d* to *f* of the definition of “qualified training expenditure” set forth in the said first paragraph of section 1029.8.22, which relates to a qualified training activity offered by an entity with which a member of the 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 the partnership does not deal at arm’s length;

“(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 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 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

i. the statement required to be filed by the qualified corporation or the qualified partnership, as the case may be, with the Société québécoise de développement de la main-d’oeuvre in respect of the qualified training activity 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;”;

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

“(d.1) an expenditure related to a qualified training activity referred to in any of sections 1029.8.23.1 to 1029.8.23.3, if

i. the statement required to be filed by the qualified corporation or the qualified partnership, as the case may be, with the Société québécoise de développement de la main-d'oeuvre in respect of the qualified training activity 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;”;

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

“(f) an expenditure in respect of which an amount is deemed to have been paid to the Minister by a qualified corporation for a taxation year under section 1029.7, 1029.8, 1029.8.0.2, 1029.8.10 or 1029.8.11.”;

(6) by replacing the second paragraph by the following paragraph:

“For the purposes of subparagraph *a* of the first paragraph, the expression “particular employee” of a corporation or a partnership means an employee of the corporation or partnership, as the case may be, or a person, other than a person who would have been an employee referred to in section 1029.8.23.1 if the qualified training activity had been held while he was an employee of the corporation or partnership, as the case may be, who has ceased to work for the corporation or the partnership, as the case may be, within the 12 months preceding the time when the provision of the training activity referred to therein began.”

(2) Paragraph 1, where it replaces that part of subparagraph *a* of the first paragraph of section 1029.8.23 of the Taxation Act preceding subparagraph *i*, paragraph 2, where it replaces that part of subparagraph *b* of the first paragraph of the said section 1029.8.23 preceding subparagraph *i*, paragraph 3, where it replaces subparagraphs *c* and *c.1* of the first paragraph of the said section 1029.8.23, and paragraphs 4 and 6 of subsection 1 apply to 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, before the qualified training activity is held. However, where subparagraphs *c* and *c.1* of the first paragraph of section 1029.8.23 of the Taxation Act, enacted by paragraph 3 of subsection 1, apply to an expenditure made otherwise

than in accordance with the terms of such a contract in writing, they shall read as follows:

“(c) an expenditure made by a qualified corporation in respect of a qualified training activity offered by an entity with which the qualified corporation, a specified shareholder or a specified member thereof does not deal at arm’s length;

“(c.1) an expenditure made by a qualified partnership in respect of a qualified training activity offered by an entity with which a member of the 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 of subsection 1, where it replaces subparagraphs i to ii of subparagraph *a* of the first paragraph of section 1029.8.23 of the Taxation Act, applies to qualified training expenditures made after 31 August 1993.

(4) Paragraph 3 of subsection 1, where it replaces subparagraph *d* of the first paragraph of section 1029.8.23 of the Taxation Act, applies to a qualified training activity attended after 31 August 1993. However, where the qualified training activity is attended after 31 August 1993 and prior authorization was obtained in respect thereof from the Société québécoise de développement de la main-d’oeuvre before 1 September 1993, the said subparagraph *d* shall read as follows:

“(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 the expression “qualified training activity” set forth in the first paragraph of section 1029.8.22, attended by an eligible 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 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 the Société québécoise de développement de la main-d’oeuvre issues an unfavourable ruling in respect of the qualified training activity to the Minister;”.

(5) Paragraph 5 of subsection 1 applies in respect of expenditures made after 22 April 1993 in respect of scientific research and experimental development as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for

a final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for a final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

160. (1) The said Act is amended by inserting, after section 1029.8.23, the following sections:

“1029.8.23.1 Subparagraph *a* of the first paragraph of section 1029.8.23 does not apply to an expenditure made, in a taxation year or fiscal period, as the case may be, by a qualified corporation or a qualified partnership, as the case may be, and which is related to a qualified training activity, where the instructor, in respect of the activity, is an employee referred to in the second paragraph and

(a) the main duties of the employee, for the year or period, are not those of a training agent or training officer for a corporation or partnership mentioned in the second paragraph;

(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; and

(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.

The employee contemplated in the first paragraph is

(a) an employee of the qualified corporation or of a corporation with which the qualified corporation does not deal at arm's length, who is neither a specified shareholder nor a specified member of such a corporation;

(b) an employee of the qualified partnership, 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, who is neither a specified shareholder nor a specified member of such a corporation; or

(c) an employee of a corporation carrying on a personal services business, where a shareholder of the corporation is both a specified shareholder of the corporation and

i. a particular employee of the qualified corporation or of a corporation with which it does not deal at arm's length, who is neither a specified shareholder nor a specified member of such a corporation, or

ii. a particular employee of the qualified partnership, 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, who is neither a specified shareholder nor a specified member of such a corporation.

For the purposes of this section, "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 to work for the corporation or the partnership, as the case may be, within the 12 months preceding the time when the training activity referred to therein began.

"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 a federation, confederation, cooperative, association, group or any 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 a qualified employee of a member of such an entity or to an eligible 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

(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 employing him, for an entity of which the entity is a member, for a member of the entity, for a corporation with which the entity, an entity of which it is a member or a member of the entity does not deal at arm's length or for a partnership one of whose members does not deal at arm's length with the entity, an entity of which it is a member or a member of the entity;

(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 that

i. one of the purposes for which he is employed by the entity is to enable a qualified corporation that is a member of the entity or a qualified corporation that is a member of a qualified partnership which is itself a member of the entity, 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;

ii. the conditions of employment with the entity have been modified mainly for the purpose of enabling a qualified corporation that is a member of the entity or a qualified corporation that is a member of a qualified partnership which is itself a member of the entity, 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 a qualified corporation that is a member of the entity or a qualified corporation that is a member of a qualified partnership which is itself a member of the entity, would be deemed, but for this subparagraph, to have paid to the Minister under either section 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, whose eligible employees participate in the qualified training activity;

(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; and

(f) the employee is not a specified shareholder, a specified member or a person directly or indirectly holding more than 10 % of the shares, as the case may be,

(1) of the entity employing him, an entity of which the entity is a member or a member of the entity,

(2) 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

(3) 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.

“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, a person with whom the person or a person who is a member of the partnership does not deal at arm’s length or a partnership one of whose members does not deal at arm’s length with the person or a person who is a member of the partnership, 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

(a) the main duties of the employee, for the year or period, are not those of a training agent or training officer for the person or partnership employing him, for a person with whom the person or a person who is a member of the partnership does not deal at arm’s length or for a partnership one of whose members does not deal at arm’s length with the person or a person who is a member of the partnership;

(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 that

i. one of the purposes for which he is employed by the entity is to enable a qualified corporation to which the qualified training activity is offered or to a qualified corporation that is a member of a qualified partnership to which the qualified training activity is offered, 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;

ii. the conditions of employment with the entity have been modified mainly for the purpose of enabling a qualified corporation to which the qualified training activity is offered or to a qualified corporation that is a member of a qualified partnership to which the qualified training activity is offered, 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 a qualified corporation to which the qualified training activity is offered or a qualified corporation that is a member of a qualified partnership to which the qualified training activity is offered would be deemed, but for this subparagraph, to have paid to the Minister under either section 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, whose eligible employees participate in the qualified training activity;

(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) the employee is not a specified shareholder, a specified member or a person directly or indirectly holding more than 10 % of the shares, as the case may be,

(1) of the person or partnership employing him,

(2) 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

(3) 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) This section applies to qualified training activities held in accordance with the terms of a contract in writing entered into after 31 August 1993.

161. (1) Section 1029.8.24 of the said Act, amended by section 66 of chapter 44 of the statutes of 1992 and by section 113 of chapter 19 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, of food or beverages is deemed to be equal to the amount deemed to be paid or payable in that respect under Division 1 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, in respect of a qualified training activity, is deemed to be equal to the amount deductible in respect thereof by the corporation or the partnership under section 128 to the extent provided for in section 133.2.1;"

(2) by striking out paragraph *c*;

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

“(d) the cost, to a qualified corporation or a qualified partnership, as the case may be, of a training plan that is completed for more than one person or partnership is deemed to be equal to such portion of the cost of the training plan for all persons and partnerships for whom or which it was completed as may reasonably be considered both to have been assumed by the qualified corporation or the qualified partnership and to be attributable to the training of the eligible employees of the corporation or partnership;”;

(4) by striking out paragraphs *e* and *f*;

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

“(g) any qualified training expenditure that is made by a qualified corporation or a qualified partnership and corresponds to qualified training costs 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, as part of the qualified training activity in which an eligible employee of the qualified corporation or the qualified partnership has participated;

“(h) a qualified training expenditure corresponding to qualified training costs shall not be considered to have been made in a taxation year or a fiscal period, as the case may be, to the extent that it may reasonably be considered to have been made in respect of a qualified training activity offered to an employee after the end of the year or fiscal period or of travel expenses incurred by such an employee after the end of the year or fiscal period;”.

(2) Paragraph 1 of subsection 1, where it replaces paragraph *a* of section 1029.8.24 of the Taxation Act, applies, subject to subsection 4, to amounts incurred after 20 May 1993.

(3) Paragraph 1 of subsection 1, where it replaces paragraph *b* of section 1029.8.24 of the Taxation Act, applies, subject to subsection 4, to the use of an automobile after 20 May 1993.

(4) Paragraphs 1, where it strikes out the word “eligible” in paragraphs *a* and *b* of section 1029.8.24 of the Taxation Act, enacted by it, and 5 of subsection 1 apply to a qualified training activity held in accordance with the terms of a written contract between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, entered into after 31 August 1993 before the qualified training activity is held.

(5) Paragraphs 2 and 4 of subsection 1 apply to an amount representing the portion, incurred after 20 May 1993, of the cost of a training plan.

(6) Paragraph 3 of subsection 1 applies to training expenditures made after 14 May 1992. However, where paragraph *d* of section 1029.8.24 of the Taxation Act, enacted by paragraph 3, applies in respect of an amount not representing the portion, incurred after 20 May 1993, of the cost of a training plan, it shall read as follows:

“(d) the cost, to a qualified corporation or a qualified partnership, as the case may be, of a human resources development plan that is completed for more than one person or partnership is deemed to be equal to such portion of the cost of the human resources development plan for all persons and partnerships for whom or which it was completed as may reasonably be considered both to have been assumed by the qualified corporation or the qualified partnership and to be attributable to the development of the human resources of the corporation or partnership;”.

162. (1) Section 1029.8.25 of the said Act, amended by section 114 of chapter 19 of the statutes of 1993, is again amended

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

“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 the aggregate of the following amounts:

(a) where the qualified training expenditure corresponds to the cost of a training plan, 30 % of the amount of that expenditure if it is made before 1 January 1995, and 20 % of the amount of that expenditure if it is made after 31 December 1994, and”;

(2) by replacing the second paragraph by the following paragraph:

“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 thereof were 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 they 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 the aggregate 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.”

(2) Paragraph 1 of subsection 1, where it replaces subparagraph *a* of the first paragraph of section 1029.8.25 of the Taxation Act, applies to an amount representing the portion, incurred after 20 May 1993, of the cost of a training plan.

163. (1) Section 1029.8.25.1 of the said Act, enacted by section 115 of chapter 19 of the statutes of 1993, is amended

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

“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 the aggregate of the following amounts:

(*a*) where the qualified training expenditure corresponds to the cost of a training plan, its share of an amount equal to 30 % of the amount of that expenditure if it is made before 1 January 1995, and its share of an amount equal to 20 % of the amount of that expenditure if it is made after 31 December 1994, and”;

(2) by replacing the second paragraph by the following paragraph:

“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 thereof were 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 they 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 the aggregate 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, the amount determined for the year in its respect under the first paragraph, 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.”;

(3) by replacing the fourth paragraph by the following paragraph:

“Where, at any particular time, a qualified partnership referred to in the first paragraph makes a qualified training expenditure relating to a training activity which, on the one hand, is attended by a person who is both an eligible employee of the qualified partnership and a specified shareholder or a specified member of a qualified corporation that is a member of the qualified partnership, and, on the other hand, is held otherwise than in accordance with the terms of a contract in writing entered into, after 20 May 1993, before the said training activity is held, between a qualified training institution and a qualified corporation or a qualified partnership, as the case may be, the qualified corporation shall not be deemed to have paid an amount to the Minister under the first paragraph in respect of its share in such an expenditure.”

(2) Paragraph 1 of subsection 1, where it replaces subparagraph *a* of the first paragraph of section 1029.8.25.1 of the Taxation Act, applies to an amount representing the portion, incurred after 20 May 1993, of the cost of a training plan.

164. (1) Section 1029.8.32 of the said Act, replaced by section 119 of chapter 19 of the statutes of 1993, is amended

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

“(a) the amount of a qualified training expenditure referred to in section 1029.8.25 shall be reduced, as the case may be, by the amount of any government assistance or non-government assistance, other than any such assistance related to a training plan, and by any apparent payment, attributable to the qualified training expenditure, that the qualified corporation or, in the case of an apparent payment, a person with whom it 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;”;

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

“i. by its share of the amount of any government assistance or non-government assistance, other than any such assistance related to a training plan, and by any apparent payment, attributable to the qualified training 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 training expenditure was made ends;

“ii. by the amount of any government assistance or non-government assistance, other than any such assistance related to a training plan, and by any apparent payment, attributable to the qualified training expenditure, that the qualified corporation or, in the case of an apparent payment, a person with whom it 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 training expenditure was made ends.”;

(3) by replacing the second paragraph by the following paragraph:

“For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the qualified corporation’s share of the amount of any government assistance or non-government assistance, other than any such assistance related to a training plan, 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.”

(2) This section applies to an amount representing the portion, incurred after 20 May 1993, of the cost of a training plan.

165. (1) The said Act is amended by inserting, after section 1029.8.33, the following section:

“1029.8.33.1 A qualified corporation shall not be deemed to have paid to the Minister, for a taxation year, an amount under section 1029.8.25 or 1029.8.25.1, as the case may be, in respect of a qualified training expenditure made by the said corporation or by a qualified partnership of which it is a member, relating to a qualified training activity in respect of which the statement referred to in subparagraph i of subparagraph d or d.1 of the first paragraph of section 1029.8.23, as the case may be, has been filed with the Société québécoise de développement de la main-d’oeuvre, unless it includes with the prescribed form it is required to file under the said section 1029.8.25 or 1029.8.25.1, as the case may be, for that taxation year, a copy of that statement, duly certified by the Société québécoise de développement de la main-d’oeuvre.”

(2) This section applies to qualified training activities pursued after 31 August 1993. However, where the qualified training activity is pursued after 31 August 1993 and a prior authorization was obtained in respect thereof from the Société québécoise de développement de la main-d’oeuvre before 1 September 1993, section 1029.8.33.1 of the Taxation Act, enacted by subsection 1, shall read as follows:

“1029.8.33.1 A qualified corporation shall not be deemed to have paid to the Minister, for a taxation year, an amount under section 1029.8.25 or 1029.8.25.1, as the case may be, in respect of a qualified training expenditure made by the said corporation or by a qualified partnership of which it is a member, relating to a qualified training activity in respect of which a prior authorization was obtained from the Société québécoise de développement de la main-d’oeuvre before 1 September 1993, unless it includes with the prescribed form it is required to file under the said section 1029.8.25 or 1029.8.25.1, as the case may be, for that taxation year, a copy of that prior authorization.”

166. (1) Section 1029.8.34 of the said Act, enacted by section 177 of chapter 1 of the statutes of 1992 and amended by section 122 of chapter 19 of the statutes of 1993, is again amended

(1) by replacing, in the French text thereof, subparagraph 2 of subparagraph ii of paragraph *b* of the definition of “dépense de main-d’œuvre admissible” set forth in the first paragraph by the following subparagraph:

“2° 400 % de l’ensemble des montants dont chacun est une pénalité que la corporation a encourue à l’égard de ce bien, en vertu des articles 1049.30 ou 1049.31, pour une année d’imposition antérieure à l’année;”;

(2) by replacing the definition of “Québec film production” set forth in the first paragraph by the following definition:

“ “Québec film production” has the meaning assigned by the regulations;”.

(2) This section has effect from 19 December 1990.

167. Section 1029.8.35 of the said Act, enacted by section 177 of chapter 1 of the statutes of 1992 and amended by section 123 of chapter 19 of the statutes of 1993, is again amended by replacing the first and second paragraphs by the following paragraphs:

“1029.8.35 A corporation that is a qualified corporation for a taxation year and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the favourable advance ruling in force at the end of the year or, as the case may be, of the certificate, unrevoked at the end of the year, that was issued in favour of the corporation by the Société générale des industries culturelles in respect of a property that is a Québec film production, a prescribed form containing the prescribed information and any other prescribed document is deemed, subject to the second paragraph, where the main filming and taping of the property began before the end of the year, 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 qualified manpower expenditure for the year in respect of that property.

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 thereof were 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 they 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 the aggregate 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 one hand, on the date on or before which the first payment must be made, the portion, referred to in this paragraph as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a manpower expenditure of the corporation for a preceding taxation year and, on the other hand, on the date on or before which each payment must be made, the amount which would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.”

168. (1) Section 1029.8.43 of the said Act, enacted by section 177 of chapter 1 of the statutes of 1992 and amended by section 126 of chapter 19 of the statutes of 1993, is again amended

(1) by replacing that part preceding subparagraph 1 of subparagraph ii of paragraph *a* 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, of the total income of his spouse for the year exceeds

i. \$8 590 if, during the year, the individual has a spouse and a dependent person;

ii. \$7 445 if the individual”;

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

“iii. \$6 410 if the individual is not contemplated in subparagraphs i and ii and has a dependent person during the year;”.

(2) This section applies from the taxation year 1993.

169. Section 1029.8.49 of the said Act, enacted by section 177 of chapter 1 of the statutes of 1992 and amended by section 127 of chapter 19 of the statutes of 1993, is again amended

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

“**1029.8.49** The following amounts shall be indexed annually so that each of these amounts to be used for a taxation year subsequent

to the taxation year 1994 becomes that obtained by adding to that amount the amount obtained by multiplying by the same ratio as that prescribed for the purposes of section 752.0.20 for that subsequent taxation year the amount that would have been applicable for that year but for this section.”;

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

“(b) the amounts of \$8 590, \$7 445, \$6 410 and \$4 000 mentioned in section 1029.8.43.”

170. (1) Section 1029.8.50 of the said Act, enacted by section 177 of chapter 1 of the statutes of 1992, is amended by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) the aggregate of all amounts each of which is the tax payable by the individual under this Part for a year to which the retroactive payment relates, exceeds

“(b) the aggregate of all amounts each of which would be the tax payable by the individual under this Part for a 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 year, were deductible in computing his income for that year.”

(2) This section applies in respect of retroactive disability pension payments received after 31 December 1990.

171. (1) Section 1038 of the said Act, amended by section 181 of chapter 1 of the statutes of 1992, is again amended

(1) by replacing the first and second paragraphs by the following paragraphs:

“1038. In addition to the interest payable under section 1037, the taxpayer liable to make a payment under sections 1025 to 1028 shall pay interest, on every payment or part of a payment which he has not made on or before the date of expiry of the time granted for making it, at the rate fixed in section 28 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31), for the period extending from that date to the day of payment or to the day when he becomes liable to pay interest under section 1037, whichever is earlier.

For the purposes of this section and of section 1040, any individual required to make a payment for a taxation year under paragraph *a*

of section 1025 is deemed to have been liable to make a payment based on the lesser of the following amounts:

(a) his tax payable for the year, less the withholdings contemplated in section 1015;

(b) his basic provisional account, established in accordance with the regulations under section 1025, for the preceding taxation year, less the withholdings contemplated in section 1015;

(c) the amount which represents, according to the notice sent to him by the Minister, the payment that he is required to make for the year.”;

(2) by inserting, after the second paragraph, the following paragraph:

“For the purposes of this section and of section 1040, any individual required to make a payment for a taxation year under section 1026 is deemed to have been liable to make payments based on one of the methods described in the first paragraph of the said section 1026 that gives the lowest amount to be paid on or before each of the dates referred to in that paragraph, by reference to

(a) his tax payable for the year or his basic provisional account, established according to the regulations under section 1026, for the preceding taxation year, less the withholdings contemplated in section 1015;

(b) his basic provisional account, established according to 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, less the withholdings contemplated in section 1015; or

(c) the amounts which represent, according to the notice sent to him by the Minister, the payments he is required to make for the year.”;

(3) by replacing that part of the third paragraph preceding subparagraph *a* by the following:

“For the purposes of this section and of section 1040, any corporation required to make a payment for a taxation year under section 1027 is deemed to have been liable to make payments based on one of the methods described in subparagraph *a* of the first

paragraph of the said section 1027 that gives the lowest amount to be paid on or before the dates referred to in the said subparagraph by reference to”;

(4) by striking out the fourth paragraph.

(2) Paragraph 1 of subsection 1, where it replaces the first paragraph of section 1038 of the Taxation Act, and paragraph 4 of that subsection apply from the taxation year 1993.

(3) Paragraph 1 of subsection 1, where it replaces the second paragraph of section 1038 of the Taxation Act, and paragraph 2 of that subsection apply from the taxation year 1992. However, where the second and third paragraphs of the said section 1038, enacted by the said paragraphs 1 and 2, apply in respect of payments to be made before 11 June 1993, they shall read without reference to the words “and of section 1040”.

(4) Paragraph 3 of subsection 1 applies in respect of payments to be made after 10 June 1993.

172. (1) Section 1040 of the said Act, amended by section 2 of chapter 31 of the statutes of 1992 and replaced by section 133 of chapter 19 of the statutes of 1993, is again amended by replacing the first paragraph by the following paragraph:

“**1040.** Every taxpayer required to make a payment pursuant to sections 1025 to 1028 shall, in addition to interest payable under section 1038, pay additional interest at the rate of 10 % per annum, for the period for which interest is payable under section 1038, on any unpaid payment or part of a payment.”

(2) This section applies from the taxation year 1993.

173. (1) Section 1044 of the said Act is amended by replacing the first paragraph by the following paragraph:

“**1044.** Where, for a particular taxation year, a taxpayer is entitled to exclude from his income under sections 294 to 298 an amount in respect of an option exercised in a subsequent taxation year or to deduct an amount relating to a subsequent taxation year and contemplated in paragraphs *b*, *b.1* or *b.2* to *f* of section 1012.1, or to deduct an amount relating to a preceding taxation year and contemplated in any of sections 727 to 737 where the deduction is claimed after the expiry of the period provided for in section 1000 applicable to the particular taxation year, his tax payable under this Part for the particular taxation year is deemed, for purpose of

computing interest payable under sections 1037 to 1040, to be equal to that which the taxpayer would pay if he were not entitled to exclude from his income or deduct any of those amounts.”

(2) This section applies in respect of applications to carry back a loss made after 20 May 1993.

174. (1) Section 1045 of the said Act, amended by section 3 of chapter 31 of the statutes of 1992, is again amended

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

“1045. Every person who fails to make a fiscal return on the prescribed form and within the prescribed time, in accordance with section 1000, 1001, 1003 or 1004, is liable to a penalty equal to 5 % of the tax unpaid at the time when the return must be filed and, when the taxpayer is not an individual, an additional penalty of 1 % of that unpaid tax for each complete month, not exceeding 12 months, in the period between the time when the return must be filed and the time when it is actually filed.”;

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

“Similarly, where a taxpayer has deducted an amount relating to a preceding taxation year and contemplated in any of sections 727 to 737, his unpaid tax is deemed to be equal to the tax he would have had to pay if he had not deducted that amount.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 1993.

(3) Paragraph 2 of subsection 1 applies to applications to carry back a loss made after 20 May 1993.

175. (1) Section 1049.1.0.5 of the said Act, enacted by section 183 of chapter 1 of the statutes of 1992, is replaced by the following section:

“1049.1.0.5 Where a corporation issues a share that is not a qualifying share by reason only of section 965.9.7.0.3 or 965.9.7.0.5, and the corporation does not take appropriate measures to inform the first purchaser or the dealer with whom the first purchaser has made a stock savings plan arrangement, it is liable to a penalty equal to 25 % of the adjusted cost, that would be determined under section 965.6 but for section 965.9.7.0.3 or 965.9.7.0.5, as the case may be, of each such share distributed in Québec to an individual, other than a trust, to an investment group or to an investment fund.”

(2) This section has effect from 21 May 1993.

176. (1) Section 1049.11.4 of the said Act is repealed.

(2) This section applies in respect of a qualified investment made by a Québec business investment company after 20 May 1993 in a research and development corporation as part of a scientific research and experimental development project, other than such a qualified investment the funds for which are used by the research and development corporation to make an expenditure in respect of scientific research and experimental development, if the funds have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for a final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for a final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

177. (1) Sections 1049.20 to 1049.27 of the said Act are repealed.

(2) This section applies in respect of expenditures made after 22 April 1993 in respect of scientific research and experimental

development as part of a scientific research and experimental development project, other than such an expenditure the funds for which have been collected as part of the project

(a) following a distribution in accordance with a final prospectus for which the receipt was granted before 23 April 1993 or with an exemption from filing a prospectus granted before that date;

(b) following a distribution in accordance with a final prospectus for which the receipt was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the receipt for the preliminary prospectus was granted before 23 April 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(c) following a distribution in accordance with a final prospectus for which the receipt was granted after 23 April 1993 but on or before 31 December 1993, if the receipt for the preliminary prospectus was granted on 23 April 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the preliminary prospectus;

(d) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed before 23 April 1993 and the exemption from filing a prospectus was granted after 22 April 1993 but on or before 31 May 1993 or, where a pre-competitive research receipt was issued by the Minister of Industry, Trade and Technology before 20 May 1993, on or before 31 August 1993, if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus and, where applicable, if the amount of the expenditure does not exceed the amount provided for in that respect in the pre-competitive research receipt issued;

(e) following a distribution under an exemption from filing a prospectus, if the application for an exemption from filing a prospectus was filed on 23 April 1993 and the exemption from filing a prospectus was granted after 23 April 1993 but on or before 31 December 1993 and if the funds collected through the distribution do not exceed the amount provided for in that respect in the application for an exemption from filing a prospectus;

(f) in respect of which a favourable advance ruling from the Ministère du Revenu was given before 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for a final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 30 June 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act (R.S.Q., chapter V-1.1), if all the research and development shares issued as part of the project are issued before 1 January 1994;

(g) in respect of which a favourable advance ruling from the Ministère du Revenu was given on 23 April 1993, if the amount of the expenditure does not exceed the amount provided for in that respect in the application for an advance ruling and if the receipt for a final prospectus or the exemption from filing a prospectus, as the case may be, is granted on or before 31 December 1993 or, where the obtention of a receipt for a final prospectus or an exemption from filing a prospectus, as the case may be, is not required under paragraph 2 of section 3 of the Securities Act, if all the research and development shares issued as part of the project are issued before 1 January 1994;

(h) in respect of which both a favourable advance ruling from the Ministère du Revenu was given before 24 April 1993 and a draft prospectus was filed before that date, if the amount of the expenditure does not exceed the amount provided for in that respect in the draft prospectus or the application for an advance ruling, if the receipt for the final prospectus is granted on or before 31 December 1993 and if the scientific research and experimental development project is the same.

178. (1) Section 1049.29 of the said Act, enacted by section 201 of chapter 1 of the statutes of 1992, is amended by replacing that part preceding subparagraph *a* of the first paragraph by the following:

“1049.29 A corporation that has renounced, in accordance with section 726.4.8.7, an amount under any of sections 726.4.8.4 to 726.4.8.6 in respect of a property that is a Québec film production, within the meaning of the regulations under section 1029.8.34, is liable to a penalty equal to 25 % of the amount by which the aggregate of all qualified expenditures, within the meaning of section 726.4.8.1, in respect of which it has so renounced an amount in respect of the property, exceeds 400 % of the aggregate of all amounts each of which is a penalty to which the corporation was liable in respect of the property under section 1049.30 or 1049.31 for any taxation year preceding a particular taxation year, where”.

(2) This section has effect from 20 December 1990.

179. (1) Section 1049.30 of the said Act, enacted by section 201 of chapter 1 of the statutes of 1992, is amended by replacing that part preceding subparagraph *a* of the first paragraph by the following:

“1049.30 Where, in accordance with section 726.4.8.7, a corporation has renounced an amount under any of sections 726.4.8.4 to 726.4.8.6 in respect of a property that is a Québec film production, within the meaning of the regulations under section 1029.8.34, and, on the one hand, the situations described in subparagraphs *a* and *b* of the first paragraph of section 1049.29 are not encountered in a particular taxation year in respect of the property nor have been in any preceding taxation year and, on the other hand, for the particular year and in respect of the property, the amount determined under subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34 exceeds the aggregate determined under subparagraph i of paragraph *a* of the said definition, the corporation is liable to a penalty equal to 25 % of the lesser of”.

(2) This section has effect from 20 December 1990.

180. (1) Section 1049.31 of the said Act, enacted by section 201 of chapter 1 of the statutes of 1992, is amended by replacing that part preceding subparagraph *a* of the first paragraph by the following:

“1049.31 Where, in accordance with section 726.4.8.7, a corporation has renounced an amount under any of sections 726.4.8.4 to 726.4.8.6 in respect of a property that is a Québec film production, within the meaning of the regulations under section 1029.8.34, and, on the one hand, the situations described in subparagraphs *a* and *b* of the first paragraph of section 1049.29 are not encountered in a particular taxation year in respect of the property nor have been in any preceding taxation year and, on the other hand, any government assistance or non-government assistance attributable to production costs, other than a manpower expenditure within the meaning of the said section 1029.8.34, that the corporation has received, is entitled to receive, or can reasonably expect to receive at the time of filing its fiscal return for the particular year under this Part must be taken into account, from the particular year and in respect of the property, in computing the amount determined under subparagraph i of paragraph *b* of the definition of “qualified manpower expenditure” set forth in the first paragraph of section 1029.8.34, the corporation is liable to a penalty equal to 25 % of the amount by which the aggregate of all qualified expenditures, within the meaning of section 726.4.8.1, in respect of which it has so renounced an amount in respect of the

property for the particular year or any preceding taxation year, exceeds the aggregate of”.

(2) This section has effect from 20 December 1990.

181. (1) Section 1053 of the said Act, amended by section 5 of chapter 31 of the statutes of 1992, is again amended by replacing that part preceding paragraph *a* by the following:

“1053. For the purposes of section 1052, the part of an overpayment of the tax payable by a taxpayer for a taxation year, resulting from the exclusion from his income under sections 294 to 298 of an amount in respect of an option exercised within a subsequent taxation year, from the deduction of an amount relating to a subsequent taxation year and contemplated in paragraphs *b*, *b.1* or *b.2* to *f* of section 1012.1, or from the deduction of an amount relating to a preceding taxation year and contemplated in any of sections 727 to 737 where that deduction is claimed after the expiry of the period prescribed in section 1000 which is applicable to the taxation year, is deemed to have been paid to the Minister on the latest of the following dates:”.

(2) This section applies to applications to carry back a loss made after 20 May 1993.

182. (1) The said Act is amended by inserting, after section 1086, the following:

“PART I.1

“ADDITIONAL TAX FOR INDIVIDUALS

“BOOK I

“DEFINITIONS

“1086.1 In this Part, unless the context indicates otherwise, “individual” has the meaning assigned by Part I;

“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 1183 and 1184;

“taxation year” has the meaning assigned by section 1.

“BOOK II

“LIABILITY FOR AND AMOUNT OF TAX

“1086.2 Every individual whose tax under Part I for a taxation year exceeds \$5 000 shall pay for that year a tax equal to the aggregate of the following amounts:

(a) 5 % of that part of his tax under Part I for the year which exceeds \$5 000;

(b) 5 % of that part of his tax under Part I for the year which exceeds \$10 000.

“1086.3 An individual may deduct from his tax otherwise payable for a taxation year under this Part the following amounts:

(a) where the individual is referred to in section 772.1, an amount equal to the proportion that the tax he would be required to pay for the year under this Part but for this section and sections 1183 and 1184 is of the ratio applicable to him for the year under the first paragraph of section 772.1;

(b) the amount by which

i. the amount that would have been deductible under section 772 in computing his tax under Part I for the year if 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

ii. the amount deductible under section 772 in computing his tax under Part I for the year.

“BOOK III

“MISCELLANEOUS PROVISIONS

“1086.4 Except where inconsistent with this Part, sections 1000 to 1026.2 and 1030 to 1079.16 apply to this Part, with such modifications as the circumstances require.”

(2) This section applies from the taxation year 1993. However,

(a) where section 1086.4 of the Taxation Act, enacted by subsection 1, applies before 1 July 1993, the reference therein to “1000 to 1026.2” shall read as a reference to “1000 to 1014, 1015.1 to 1026.2”;

(b) where, by reason of section 1086.4 of the Taxation Act, enacted by subsection 1, section 1026 of the said Act applies, for the taxation year 1993, to Part I.1 of the said Act, enacted by subsection 1, subparagraph *a* of the first paragraph of the said section 1026 shall read without reference to “15 March, 15 June,” and as if the reference therein to “one-quarter” were a reference to “one-half”, and subparagraph *b* of the first paragraph of the said section 1026 shall read as follows:

“(b) on or before 15 September and 15 December in the year, an amount equal to one-half of his basic provisional account, established in the prescribed manner for the preceding taxation year.”

(3) In addition, for the application of section 1025 of the Taxation Act for the taxation year 1993 and section 1026 of the said Act for the taxation years 1993 and 1994, by reason of section 1086.4 of the said Act, enacted by subsection 1, to Part I.1 of the said Act, enacted by subsection 1, the said Part I.1 is deemed to have been in force also for the taxation year 1992.

183. (1) Section 1091 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the deductions permitted by sections 725 and 725.2 to 725.4;”.

(2) This section applies from the taxation year 1989. However, where paragraph *a* of section 1091 of the Taxation Act, enacted by subsection 1, applies to the taxation years 1989 to 1992, it shall read as follows:

“(a) the deductions permitted by sections 710 to 725 and 725.2 to 725.4;”.

184. (1) Section 1092 of the said Act is amended

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

“(b) a un revenu, pour l'application du paragraphe *g* de chacun des articles 1089 et 1090, égal à l'ensemble des montants suivants;”;

(2) by striking out subparagraph *iv* of paragraph *b*.

(2) This section applies from the taxation year 1993.

185. (1) Section 1129.1 of the said Act, enacted by section 204 of chapter 1 of the statutes of 1992, is amended by replacing the definition of “Québec film production” by the following definition:

“ “Québec film production” has the meaning assigned by the regulations under section 1029.8.34;”.

(2) This section has effect from 19 December 1990.

186. Section 1129.4 of the said Act, enacted by section 204 of chapter 1 of the statutes of 1992 and replaced by section 143 of chapter 19 of the statutes of 1993, is again replaced by the following section:

“**1129.4** Except where inconsistent with this Part, section 21.25, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1030 to 1079.16 apply, with such modifications as the circumstances require, to this Part.”

187. Section 1129.12 of the said Act, enacted by section 204 of chapter 1 of the statutes of 1992, is replaced by the following section:

“**1129.12** Except where inconsistent with this Part, sections 1.2 and 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1030 to 1079.16 apply, with such modifications as the circumstances require, to this Part.”

188. (1) Section 1129.14 of the said Act, enacted by section 204 of chapter 1 of the statutes of 1992, is amended by replacing the second paragraph by the following paragraph:

“Notwithstanding the foregoing, the first paragraph does not apply in respect of a qualified investment where the revocation of the validation certificate related thereto has been cancelled by the Minister of Industry, Trade and Technology.”

(2) This section has effect from 20 June 1991.

189. Section 1129.15 of the said Act, enacted by section 204 of chapter 1 of the statutes of 1992, is replaced by the following section:

“**1129.15** Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1030 to 1079.16 apply, with such modifications as the circumstances require, to this Part.”

190. (1) The said Act is amended by inserting, after section 1129.23, enacted by section 144 of chapter 19 of the statutes of 1993, the following:

“PART III.6

“SPECIAL TAX RELATING TO THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC

“BOOK I

“DEFINITIONS

“1129.24 In this Part, unless the context indicates otherwise,

“Fund” means the corporation, within the meaning of section 1, governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);

“Minister” means the Minister of Revenue;

“particular period” means a period beginning on 2 March 1993 and ending on 1 March 1994, or beginning on 2 March 1994 and ending on 1 March 1995;

“share” means a class “A” share or a class “A” fractional share in the share capital of the Fund.

“BOOK II

“LIABILITY FOR AND AMOUNT OF TAX

“1129.25 The Fund shall pay for a particular period a tax equal to 20 % of the amount by which the aggregate of all amounts each of which is an amount paid during the particular period for the purchase of a share as first purchaser exceeds \$75 000 000.

“1129.26 Where the Fund is required to pay tax under this Part for a particular period, it shall, not later than 31 March of the calendar year in which the period ends,

(a) file with the Minister, without notice or demand therefor, a return under this Part in prescribed form containing the prescribed information,

(b) estimate, in the return, the amount of its tax payable under this Part for the particular period, and

(c) pay to the Minister the amount of its tax payable under this Part for the particular period.

“BOOK III

“MISCELLANEOUS PROVISIONS

“1129.27 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.

“PART III.7

“SPECIAL DUTIES RELATING TO THE TRANSFER OF AN IMMOVABLE IN CERTAIN CIRCUMSTANCES

“1129.28 In this Part, unless the context indicates otherwise,

“corporation” means a corporation within the meaning assigned by section 1;

“immovable” means an immovable within the meaning assigned by section 1 of the Act respecting duties on transfers of immovables (R.S.Q., chapter D-15.1);

“Minister” means the Minister of Revenue;

“person” means a person within the meaning assigned by section 1;

“transfer” means a transfer within the meaning assigned by section 1 of the Act respecting duties on transfers of immovables;

“transfer duties” means the duties payable under section 2 of the Act respecting duties on transfers of immovables.

“1129.29 Where, at any particular time, control of a corporation is acquired by a person or group of persons, where an immovable has been transferred to the corporation in the 24 months preceding that time, where the deed of transfer respecting the immovable contains a clause to the effect that the transfer is exempt from the payment of transfer duties under section 19 of the Act respecting duties on transfers of immovables (R.S.Q., chapter D-15.1) and where it may reasonably be considered that the immovable was transferred in contemplation of the acquisition of control of the corporation by the person or group of persons, the corporation shall pay to the Minister, within thirty days from the date of mailing of a notice of assessment, special duties equal to 125 % of the amount of

the transfer duties that would have been payable following the transfer if the said section 19 had not been applicable in respect of the transfer and, where the deed of transfer is not registered, if it had been registered.

“1129.30 The Minister shall pay to the Minister of Municipal Affairs an amount representing four-fifths of the special duties collected under section 1129.29 and shall transmit to him any information he may need in order to forward such amount to the municipality in whose territory the immovable transferred is situated.

“1129.31 A taxpayer who acquires a right contemplated in paragraph *b* of section 20 is thereby deemed to acquire the shares to which the right applies if it may reasonably be concluded that one of the principal aims of the acquisition of the right was to avoid the application of section 1129.29.

“1129.32 Any director of a particular corporation contemplated in section 1129.29 who was in office immediately before the immovable contemplated in that section is again disposed of or transferred, whether in the context of a winding-up or otherwise, and, where applicable, any other corporation by which the particular corporation is controlled, in any manner whatsoever, and any director of that other corporation who was in office at that time, are jointly liable with the particular corporation for the payment of the special duties prescribed by the said section 1129.29.

“1129.33 Except where inconsistent with this Part, sections 21.2 and 21.3, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, and sections 1010, 1014, 1030, 1057 to 1062 and 1066 to 1079 apply to this Part, with such modifications as the circumstances require.

For the purposes of section 21.3, paragraph *a* of section 21 shall read as if the reference therein to “if one is the child, other descendant, brother or sister of the other” were a reference to “if one is the child or other descendant of the other”.

(2) This section, where it enacts Part III.6 of the Taxation Act, has effect from 2 March 1993.

(3) This section, where it enacts Part III.7 of the Taxation Act, applies in respect of immovables transferred after 8 October 1993.

191. (1) Section 1132 of the said Act, amended by section 205 of chapter 1 of the statutes of 1992, is again amended by replacing subparagraph *b* of the first paragraph by the following subparagraph :

“(b) in the case of a mining corporation which has not reached the production stage, to \$250;”.

(2) This section applies to taxation years ending after 20 May 1993. However, where subparagraph *b* of the first paragraph of section 1132 of the Taxation Act, enacted by subsection 1, applies to such a taxation year which includes that date, it shall read by replacing therein the amount of \$250 by the amount that is the aggregate of

(a) the proportion of \$125 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

(b) the proportion of \$250 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year.

192. (1) Section 1135 of the said Act, replaced by section 208 of chapter 1 of the statutes of 1992, is again replaced by the following section:

“1135. In no case can the tax payable by a corporation other than a farming corporation, a corporation whose activities consist mainly in carrying on a fishing business, a corporation that operates only an international financial centre, a tax exempt corporation under sections 1143 and 1144 or the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) be less than \$250 nor can the tax payable by a farming corporation or a corporation whose activities consist mainly in carrying on a fishing business be less than \$125.”

(2) This section applies to a taxation year ending after 20 May 1993. However, where section 1135 of the Taxation Act, enacted by subsection 1, applies to such a taxation year which includes that date,

(a) it shall read by replacing therein the amount of \$250 by the amount that is the aggregate of

i. the proportion of \$125 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

ii. the proportion of \$250 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year;

(b) it shall read by replacing therein the amount of \$125 by the amount that is the aggregate of

i. the proportion of \$62.50 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

ii. the proportion of \$125 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year.

193. (1) Section 1138 of the said Act, amended by section 146 of chapter 19 of the statutes of 1993, is again amended

(1) by replacing subsection 1 by the following subsection:

“1138. (1) The paid-up capital of a corporation computed after the application of sections 1136 and 1137 shall be reduced in the proportion that the aggregate of the following value and amounts is of the total of its assets:

(a) the value of its investments in shares and bonds of other corporations,

(b) the amounts of the loans and advances to other corporations,

(c) the amounts of the loans and advances to a partnership or joint venture, to the extent that the amounts of the loans or advances are included in computing the paid-up capital of a corporation that has an interest in the partnership or joint venture,

(d) the amounts of the bankers' acceptances and other similar securities accepted by a bank or any other person which are assets thereof, to the extent that such acceptances and other securities are for the benefit of a corporation, and

(e) the amount referred to in section 1138.4.”;

(2) by inserting, after subsection 1, the following subsection:

“(1.1) For the purposes of subsection 1, the value of a share is deemed equal to its cost where the amount included in the assets is less than that cost; in such a case, the amount by which the cost exceeds that amount must be included in the paid-up capital of the corporation if it is not already included therein under section 1136.”

(2) This section applies to taxation years ending after 14 May 1992.

194. (1) Section 1138.0.1 of the English text of the said Act is replaced by the following section:

“1138.0.1 Every corporation that is an eligible corporation for a taxation year, within the meaning of sections 771.5 to 771.7, may deduct \$2 000 000 in computing its paid-up capital for that year, following the application of section 1138.”

(2) This section has effect from 2 May 1986.

195. (1) Section 1141.3 of the English text of the said Act is replaced by the following section:

“1141.3 Every corporation contemplated in this title that is an eligible corporation for a taxation year, within the meaning of sections 771.5 to 771.7, may deduct \$2 000 000 in computing its paid-up capital for that year.”

(2) This section has effect from 2 May 1986.

196. (1) Section 1145 of the said Act is replaced by the following section:

“1145. Except where inconsistent herewith, sections 1000 to 1028 and 1030 to 1079.16 apply to this Part, with such modifications as the circumstances require.”

(2) This section applies from the taxation year 1993.

197. (1) Section 1159.7 of the said Act, enacted by section 148 of chapter 19 of the statutes of 1993, is amended by replacing the first paragraph by the following paragraph:

“1159.7 Except where inconsistent with this Part, sections 1000 to 1028 and 1030 to 1079.16 apply to this Part, with such modifications as the circumstances require.”

(2) This section applies from the taxation year 1993.

198. (1) Section 1165 of the said Act, amended by section 209 of chapter 1 of the statutes of 1992, is replaced by the following section:

“1165. Except where inconsistent with this Part, sections 17 to 21, 1000 to 1028, 1030 to 1079.16, 1130, 1134 and 1144 apply to this Part, with such modifications as the circumstances require.”

(2) This section applies from the taxation year 1993.

199. (1) Section 1167 of the said Act is amended by replacing subparagraphs *a* to *c* of the second paragraph by the following subparagraphs:

“(a) \$500 in the case of marine insurance corporations;

“(b) \$200 in the case of reciprocal or mutual insurance corporations;

“(c) \$600 in the case of life insurance corporations, corporations transacting both in marine insurance and another kind of insurance except life insurance, and in the case of any other insurance corporation.”

(2) This section applies to taxation years ending after 20 May 1993. However,

(a) where subparagraph *a* of the second paragraph of section 1167 of the Taxation Act, enacted by subsection 1, applies to such a taxation year which includes that date, it shall read by replacing therein the amount of \$500 by the amount that is the aggregate of

i. the proportion of \$250 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

ii. the proportion of \$500 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year;

(b) where subparagraph *b* of the second paragraph of section 1167 of the Taxation Act, enacted by subsection 1, applies to such a taxation year which includes that date, it shall read by replacing therein the amount of \$200 by the amount that is the aggregate of

i. the proportion of \$100 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

ii. the proportion of \$200 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year;

(c) where subparagraph *c* of the second paragraph of section 1167 of the Taxation Act, enacted by subsection 1, applies to such a taxation year which includes that date, it shall read by replacing therein the amount of \$600 by the amount that is the aggregate of

i. the proportion of \$300 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

ii. the proportion of \$600 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year.

200. (1) Section 1173.1 of the said Act, enacted by section 152 of chapter 19 of the statutes of 1993, is amended by replacing the third paragraph by the following paragraph:

“In no case may the amount of the tax determined under the first paragraph be less than \$600.”

(2) This section applies to taxation years ending after 20 May 1993. However, where the third paragraph of section 1173.1 of the Taxation Act, enacted by subsection 1, applies to such a taxation year which includes that date, it shall read by replacing therein the amount of \$600 by the amount that is the aggregate of

(a) the proportion of \$300 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

(b) the proportion of \$600 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year.

201. (1) Section 1173.2 of the said Act, enacted by section 152 of chapter 19 of the statutes of 1993, is amended by replacing paragraph *a* by the following paragraph:

“(a) to the portion of a taxable premium, other than a taxable premium that is a fund of an uninsured employee benefit plan, that corresponds to the payment, by an insurance corporation, of an amount, paid by reason of the total or partial loss of income from an office or employment and that is income from an office or employment for which a contribution established under the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001), the Act respecting the Régie de l’assurance-maladie du Québec (R.S.Q., chapter R-5) or the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is paid; or”.

(2) This section applies in respect of amounts paid, under an uninsured employee benefit plan, for a period after 20 May 1993. However, where paragraph *a* of section 1173.2 of the Taxation Act, enacted by subsection 1, applies before 1 January 1994, the reference

in the French text thereof to “une cotisation” shall read as a reference to “une contribution ou cotisation”.

202. (1) Sections 1173.3 and 1173.4 of the said Act, enacted by section 152 of chapter 19 of the statutes of 1993, are replaced by the following sections:

“1173.3 Where an insurance corporation is required to pay, for a 12-month period ending in a taxation year, an amount determined under the second paragraph of section 1167 and, for that taxation year, the amount determined under the third paragraph of section 1173.1, the aggregate of all amounts payable under the said paragraphs shall be equal to \$600.

“1173.4 For the purposes of this Part and sections 1000 to 1028 and 1030 to 1079.16, where those sections apply to this Part by reason of section 1175, an insurance corporation that is not a corporation is deemed to be a corporation and, for the purposes of Book III, its fiscal period is deemed to be its taxation year.”

(2) This section, where it replaces section 1173.3 of the Taxation Act, applies to taxation years ending after 20 May 1993. However, where section 1173.3 of the said Act, enacted by subsection 1, applies to such a taxation year which includes that date, it shall read by replacing therein the amount of \$600 by the amount that is the aggregate of

(a) the proportion of \$300 that the number of days in the taxation year which precede 21 May 1993 is of the number of days in the taxation year, and

(b) the proportion of \$600 that the number of days in the taxation year which follow 20 May 1993 is of the number of days in the taxation year.

(3) This section, where it replaces section 1173.4 of the Taxation Act, applies from the taxation year 1993.

203. (1) Section 1175 of the said Act, amended by section 210 of chapter 1 of the statutes of 1992 and replaced by section 154 of chapter 19 of the statutes of 1993, is again replaced by the following section:

“1175. Except where inconsistent with this Part, sections 1000 to 1028 and 1030 to 1079.16 apply to this Part, with such modifications as the circumstances require.”

(2) This section applies from the taxation year 1993.

204. (1) Section 1176 of the said Act is amended

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

“(b) “taxpayer” means any person carrying on logging operations in Québec and includes his testamentary executors, trustees and agents;”;

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

“(c.1) “fiscal period” has the meaning assigned by section 1;”.

(2) Paragraph 1 of subsection 1 applies to fiscal periods of a partnership ending after 20 May 1993.

(3) Paragraph 2 of subsection 1 applies from the taxation year 1993.

205. (1) Section 1178 of the said Act is replaced by the following section:

“**1178.** For the purposes of this Part,

(a) the income of a taxpayer from logging operations for a taxation year is equal to the excess of the aggregate of all his income over the aggregate of his losses, determined in the following manner:

i. when the taxpayer carries on the operations described in paragraph *a* of section 1177, his income or loss, as determined under Part I for the year, from the cutting, acquiring, transportation and sale of forest products;

ii. when the taxpayer carries on the operations described in paragraph *b* of section 1177, his income or loss, as determined under Part I for the year, from the cutting, acquiring, transportation and sale of forest products, computed on the value of the forest products sold as established by the Minister, less the cost of cutting, acquisition, transportation and sale;

iii. when the taxpayer carries on the operations described in paragraph *c* of section 1177, his income or loss, as determined under Part I for the year, from such operations;

iv. when the taxpayer carries on the operations described in paragraph *d* of section 1177, his income or loss from all sources, as determined under Part I, without taking into account any amount included or deducted in computing the income or loss contemplated in subparagraphs i to iii or from sources other than logging operations and the processing in Québec by him or on his behalf, transportation

and sale of forest products, timber and products derived therefrom, minus the deduction described in subparagraph v;

v. a taxpayer may deduct from the income determined under subparagraph iv an amount equal to 8 % of the original cost to him of the depreciable property under Part I used by him during the year for the processing of forest products or products derived therefrom; but such amount shall not be less than 35 % nor more than 65 % of that income before the deduction under this subparagraph;

vi. when subparagraph iv applies and the taxpayer cuts standing timber outside Québec or acquires forest products derived therefrom, he may deduct from the income resulting from the application of subparagraph iv a portion equal to such proportion that the quantity of such timber cut outside Québec is of the total quantity of standing timber cut and forest products acquired by him during the year;

(b) the share of a taxpayer in the income of a partnership carrying on logging operations of which he is a member is equal to the proportion of the income of the partnership, computed under paragraph *a* as if the partnership were, for the purposes of paragraph *d* of section 1177 and of this section, a taxpayer and as if paragraphs *a* to *c* and *g* of section 600 applied to this Part, that his interest, for the fiscal period of the partnership ending in his taxation year, in the profits of the partnership is of the aggregate of the interest of all the members in the profits of the partnership for that fiscal period.”

(2) This section applies from the taxation year 1993. However, section 1178 of the Taxation Act, enacted by subsection 1, does not apply to a person's share of the income of a partnership of which it is a member and the fiscal period of which ends before 21 May 1993.

206. (1) Sections 1179 to 1183 of the said Act are replaced by the following sections:

“**1179.** Subject to section 1180, every taxpayer shall pay, for a taxation year, a tax of 10 % of the aggregate of his income from logging operations and of his share of the income of a partnership which carries on logging operations for a fiscal period of the partnership ending in that taxation year.

“**1180.** No tax shall be payable for a taxation year in respect of

(a) the income of a taxpayer, computed in the manner prescribed in paragraph *a* of section 1178, if that income does not exceed \$10 000 for that taxation year;

(b) the share of a taxpayer in the income of a partnership carrying on logging operations of which he is a member, if the income of the partnership, computed in the manner prescribed in paragraph *b* of section 1178, for a fiscal period of the partnership ending in that taxation year, does not exceed \$10 000.

Where the taxation year referred to in subparagraph *a* of the first paragraph or the fiscal period referred to in subparagraph *b* of that paragraph is less than twelve months, the reference in the said subparagraphs to the amount of \$10 000 shall read as a reference to the amount which bears the same proportion to \$10 000 that the number of days in the taxation year or fiscal period, as the case may be, bears to 365.

“1181. For the purposes of section 1180, all logging operations carried on by the same taxpayer as owner, lessee or operator, or of which the income from logging operations accrues to the benefit of the same taxpayer, are deemed to constitute a single logging operation and not separate operations.

“1182. When logging operations are carried on by two or more affiliated or associated corporations, under the same general management, or of which the bulk of the profit accrues to the same shareholders, the income from logging operations of each such corporation shall be regarded as the income from logging operations of a same taxpayer for the purposes of section 1180.

“1183. Every taxpayer may deduct from the aggregate, for a taxation year, of the tax payable by him under Part I, computed without taking account of sections 752.1 to 752.5, and of the tax payable by him under Part I.1, one-third of the tax paid or, but for paragraph *a* of section 1184, payable by him for the same taxation year under this Part.”

(2) This section applies from the taxation year 1993. However, sections 1179 to 1182 of the Taxation Act, enacted by subsection 1, do not apply to a person's share of the income of a partnership of which it is a member and the fiscal period of which ends before 21 May 1993.

207. (1) Section 1184 of the said Act is amended by replacing paragraph *b* by the following paragraph:

“(b) in any other case, the excess must be applied in reduction, in addition to the amount provided for in section 1183, of the aggregate, for the year or for a subsequent taxation year, of the tax otherwise payable under Part I, computed without taking account of

sections 752.1 to 752.5, and of the tax otherwise payable under Part I.1.”

(2) This section applies from the taxation year 1993.

208. (1) Section 1185 of the said Act is replaced by the following section:

“1185. Except where inconsistent with this Part, sections 17 to 21, 422 to 424, 1000 to 1024, 1030 to 1079.16 and paragraph *a* of section 1144 apply, with such modifications as the circumstances require, to this Part.”

(2) This section applies from the taxation year 1993.

209. (1) The said Act is amended by inserting, after section 1185, the following sections:

“1185.1 Every taxpayer shall, subject to the second paragraph, pay to the Minister

(*a*) one-half of the tax for the taxation year, estimated in accordance with section 1004, at or before the end of the taxpayer’s taxation year, and

(*b*) the remainder of the tax so estimated for the taxation year, on or before

i. in the case of an individual, the date provided for in the second paragraph of section 1026, and

ii. in the case of a corporation, the day provided for in subparagraph *b* of the first paragraph of section 1027.

However, subparagraph *a* of the first paragraph does not require, where an individual dies in a taxation year, the payment of an amount, in respect of that individual, which would otherwise become payable under the said subparagraph on the day of his death or after that day.

“1185.2 The taxpayer required to make a payment under section 1185.1 is deemed, for the purposes of sections 1038 and 1040, to have been liable to make payments based on the lesser of

(*a*) the taxpayer’s tax payable for the taxation year, and

(*b*) the taxpayer’s tax payable for the preceding taxation year.”

(2) This section applies, subject to subsections 3 and 4, from the taxation year 1993.

(3) Where section 1185.1 of the Taxation Act, enacted by subsection 1, applies

(a) to a fiscal period of a partnership ending before 21 May 1993, paragraph *b* of the said section 1185.1 shall read by adding, after subparagraph ii, the following subparagraph:

“iii. in the case of a partnership, the date on which it is required to file its fiscal return in accordance with paragraph *b* of subsection 2 of section 1000.”;

(b) to the taxation year 1993 of a corporation, subparagraph ii of paragraph *b* of the said section 1185.1 shall read as follows:

“ii. in the case of a corporation, the last day of the sixth month from the end of its taxation year.”

(4) Where section 1185.2 of the Taxation Act, enacted by subsection 1, applies to payments payable before 11 June 1993, the reference therein to “sections 1038 and 1040” shall read as a reference to “section 1038”.

ACT RESPECTING THE MINISTÈRE DU REVENU

210. (1) The Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by inserting, after section 12, the following section:

“**12.0.1** Notwithstanding any inconsistent provision, the Minister shall not require the payment of an amount of duties of less than \$2 and is not bound to reimburse such an amount.”

(2) This section applies from 1 January 1994.

211. (1) Section 14 of the said Act, amended by section 213 of chapter 1 of the statutes of 1992 and by section 357 of chapter 16 of the statutes of 1993, is again amended by replacing the eighth paragraph by the following paragraph:

“Notwithstanding this section, in the case of a succession, property of a value not in excess of \$6 000 may be distributed before the notice referred to in the first paragraph is transmitted to the Minister.”

(2) This section applies in respect of a distribution of property carried out after 20 May 1993.

212. (1) Section 69.1 of the said Act, amended by section (*insert here the section number of the section of Bill 90 that amends section 69.1 of the Act respecting the Ministère du Revenu*) of chapter (*insert here the chapter number of Bill 90*) of the statutes of (*insert here the year of assent to Bill 90*), is again amended by adding, after subparagraph *d* of the second paragraph, the following subparagraph:

“(e) the Minister of Finance, in respect of the information needed to evaluate and formulate the tax policy of the Government.”

(2) This section applies to applications for information formulated after (*insert here the date of assent to this Act*).

213. (1) Section 96 of the said Act, amended by section 606 of chapter 67 of the statutes of 1991 and by section (*insert here the section number of the section of Bill 90 that amends section 96 of the Act respecting the Ministère du Revenu*) of chapter (*insert here the chapter number of Bill 90*) of the statutes of (*insert here the year of assent to Bill 90*), is again amended

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

“(c) representatives of member States on prescribed international bodies and the members of their families and personnel;”;

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

“(e) an Indian or person of Indian descent, within the meaning of the regulations, and any prescribed person.”

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

(3) Paragraph 2 of subsection 1

(a) applies from the taxation year 1985 in respect of an exemption from duties provided for by the Taxation Act (R.S.Q., chapter I-3);

(b) has effect from 1 January 1991 in respect of an exemption from duties provided for by a fiscal law other than the Taxation Act.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

214. (1) The heading of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5) is replaced by the following heading:

“CONTRIBUTIONS”.

(2) This section applies from the year 1993. However, for the period preceding 1 January 1994, the French text of the heading of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1, shall read as follows:

“CONTRIBUTIONS”.

215. (1) The said Act is amended by inserting, before section 33, the following:

“§ 1.— *Interpretation*”.

(2) This section applies from the year 1993.

216. (1) Section 33 of the said Act, amended by section 158 of chapter 19 of the statutes of 1993, is again amended

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

“ “employee” means an employee within the meaning of section 1 of the Taxation Act (R.S.Q., chapter I-3);”;

(2) by replacing the definition of “establishment” by the following definition:

“ “establishment” means an establishment, including an establishment within the meaning of Chapter III of Title II of Book I of Part I of the Taxation Act;”;

(3) by inserting, after the definition of “establishment”, the following definition:

“ “individual” means an individual within the meaning of Part I of the Taxation Act, other than a trust within the meaning of section 1 of the said Act;”;

(4) by striking out the definition of “prescribed”;

(5) by replacing the definition of “wages” by the following definition:

“ “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 section 43.3 of the said Act and section 58.1 thereof where it refers to an amount that shall be included in computing income under sections 979.9 to 979.11 of the said Act and excluding prescribed remuneration.”

(2) This section applies from the year 1993.

217. (1) The said Act is amended by inserting, after section 33, the following:

“§ 2.— *Contribution payable by employers*”.

(2) This section applies from the year 1993. However, for the period preceding 1 January 1994, the heading of subdivision 2 of Division I of Chapter IV of the Act respecting the Régie de l’assurance-maladie du Québec, enacted by subsection 1, shall read as if the reference in the French text thereof to “*Cotisation*” were a reference to “*Contribution*”.

218. (1) Section 34 of the said Act, amended by section 218 of chapter 1 of the statutes of 1992, is 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 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 administrators of a multi-employer insurance plan within the meaning of section 43.1 of the said Act in respect of such an employee.”

(2) This section applies from the year 1993. However, where section 34 of the Act respecting the Régie de l’assurance-maladie du Québec, enacted by subsection 1, applies before 1 January 1994, the reference in the French text thereof to “*cotisation*” shall read as a reference to “*contribution*”.

219. (1) Section 34.0.1 of the said Act, amended by section 219 of chapter 1 of the statutes of 1992, is again amended by replacing that part preceding paragraph *a* by the following:

“34.0.1 In this subdivision, where a particular employer pays wages, other than an amount described in section 43 of the Taxation Act (R.S.Q., chapter I-3), in respect of which no employer would be bound, but for this section, to pay a contribution under section 34 and the person to whom the particular employer pays such wages is not required, in respect of those wages, to report for work at an establishment of the particular employer, the following rules apply:”.

(2) This section applies from the year 1993. However, where that part of section 34.0.1 of the Act respecting the Régie de l'assurance-maladie du Québec preceding paragraph *a*, enacted by subsection 1, applies before 1 January 1994, the reference in the French text thereof to “cotisation” shall read as a reference to “contribution”.

220. (1) Section 34.0.2 of the said Act, enacted by section 159 of chapter 19 of the statutes of 1993, is replaced by the following section:

“34.0.2 For the purposes of this subdivision, where, in a period, an employee is, within the meaning of an agreement on social security providing for the reciprocal coverage of health insurance plans, entered into between the Government of Québec and the government of a foreign country, a worker seconded to that country by an employer having an establishment in Québec and, under the agreement, the employee is subject to the legislation of Québec only where reciprocity applies, he is deemed, for that period, to report for work at the establishment, situated in Québec, of the employer by whom he was so seconded and, where his wages for that period are not paid by the employer by whom he was seconded, the following rules apply:

(a) the employee must inform that employer in writing, on or before the sixtieth day following the end of a year, of the aggregate of all amounts paid to him as wages during all or part, as the case may be, of the period included in that year, as a worker seconded by the employer, within the meaning of the agreement;

(b) the amounts so paid to the employee as wages during all or part, as the case may be, of the period included in the year, are deemed to be wages paid by the employer to his employee, on the sixtieth day following the end of the year.”

(2) This section applies from the year 1993.

221. (1) The said Act is amended by inserting, after section 34.1, the following:

“§ 3.— *Contribution payable by individuals*

“34.1.1 Every individual resident in Québec on the last day of a year, other than an individual who, under section 982 or 983 of the Taxation Act (R.S.Q., chapter I-3) or 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) is exempt from the tax provided for under Part I of the Taxation Act for the year, shall pay a contribution on his total income for the year.

“34.1.2 For the purposes of section 34.1.1, where, in a year, an individual has died or has ceased to be resident in Canada, the last day of that year is deemed to be the day of his death or the last day of his being resident in Canada, as the case may be.

“34.1.3 Where, for the purposes of Part I of the Taxation Act (R.S.Q., chapter I-3), an individual is deemed to have been resident in Québec throughout a year, he is deemed, for the purposes of this subdivision, to have been resident in Québec throughout the year.

“34.1.4 In this subdivision, subject to section 34.1.5, the total income of an individual for a year means the amount by which

(a) the aggregate of

i. any amount that, for the purposes of Part I of the Taxation Act (R.S.Q., chapter I-3), the individual is required to include in computing his income for the year from an office or employment under

(1) section 42.1 of the said Act, other than an amount contemplated in section 1015.2 of the said Act,

(2) section 43 of the said Act, or

(3) section 58.2 or 58.3 of the said Act by reason of paragraph *a* of those sections;

ii. any amount representing the individual's income for the year derived from a business or property, computed in accordance with Part I of the Taxation Act without taking into account subsection 2 of section 497 of the said Act;

iii. any amount representing an amount determined for the year in respect of the individual under paragraph *b* of section 28 of the Taxation Act, in respect of capital gains and capital losses;

iv. any amount, other than income derived from an office, an employment, a business or property, computed in accordance with Part I of the Taxation Act, and other than an amount contemplated in subparagraph iii, that is included in computing the individual's income for the year under Part I of the said Act, except any amount included in the computation by reason of

(1) section 310 of the said Act, to the extent that section 310 refers to sections 931.1, 965.20 or 965.49 of the said Act,

(2) paragraph *k.1* of section 311 or section 311.1 or 317 of the said Act, to the extent that 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

(3) paragraph *a*, *b* or *b.1* of section 312 of the said Act; and

v. the part of any amount received by the individual in the year that he has elected, in accordance with section 309.1 of the Taxation Act, not to include in computing his income for the year under Part I of the said Act; exceeds

(b) the aggregate of

i. any amount representing the individual's loss for the year derived from a business or property, computed in the manner described in subparagraph ii of paragraph *a*;

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 *j* of subsection 1 of section 336 of the Taxation Act, by reason of paragraph *b* of section 339 of the said Act to the extent that the said paragraph refers to an amount that is deductible under section 924 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, or by reason of paragraph *d*, *d.1*, *d.2* or *f* of the said section 339;

iii. the part of any allowable business investment loss, within the meaning of section 1 of the Taxation Act, of the individual for the year, deducted by the individual in computing his income for the year under subparagraph ii of paragraph *c* of section 28 of the said Act;

iv. where the individual is contemplated by section 737.15 of the Taxation Act, that part of the aggregate determined under paragraph *a* that can reasonably be considered to entitle the individual to a deduction under section 737.16 of the said Act in computing his taxable income for the year; and

v. any amount included in the aggregate determined under paragraph *a* that is

(1) an amount exempt from income tax in Québec or in Canada that is deducted by the individual in computing his taxable income for the year under section 725 of the Taxation Act by reason of paragraph *a* thereof, or

(2) income derived from employment that is deducted by the individual in computing his taxable income for the year under section 725 of the Taxation Act by reason of paragraph *d* thereof.

“34.1.5 For the purpose of determining an individual’s total income for the year, the following rules apply:

(*a*) in the case of an individual who has been resident in Canada during part of the year only and, during some other part of the year, has not held employment, within the meaning of section 1 of the Taxation Act (R.S.Q., chapter I-3), in Canada or has not carried on a business, within the meaning of the said section 1, in Canada, only the amounts contemplated in section 34.1.4 that are included or deducted in computing the amount determined for the year in respect of the individual under subparagraph *a* of the second paragraph of section 23 of the said Act shall be taken into account;

(*b*) in the case of an individual who has died in the year, only the amounts included or deducted in computing his income as indicated in a separate fiscal return filed for the year as a result of an election made in accordance with the second paragraph of section 429 of the Taxation Act or section 681 or 1003 of the said Act, shall be taken into account.

“34.1.6 The contribution payable by an individual for a year under this subdivision is as follows:

(*a*) if his total income for the year does not exceed \$40 000, the lesser of \$150 and 1 % of the amount by which his total income exceeds \$5 000;

(*b*) if his total income for the year exceeds \$40 000, the lesser of \$1 000 and the aggregate of \$150 and 1 % of the amount by which his total income exceeds \$40 000.

However, the contribution payable under this subsection for a year by an individual who carries on a business, within the meaning of section 1 of the Taxation Act (R.S.Q., chapter I-3), outside Québec but within Canada, is equal to the part of the contribution that would, but for this paragraph, be established for the year under this section in respect of the individual, and corresponding to the proportion between his income earned in Québec and his income earned in Québec and elsewhere, as established by regulation.

“34.1.7 Except where inconsistent with this subdivision, sections 1000 to 1002, 1004 to 1026, 1026.2 and 1030 to 1079.16 of the Taxation Act (R.S.Q., chapter I-3) apply, adapted as required, to this subdivision.

“34.1.8 An individual who is not required, under Part I of the Taxation Act (R.S.Q., chapter I-3), to make partial payments of the tax payable by him under that Part for a year, is not required to make such payments on his contribution for the year under this subdivision.

“§ 4.— Miscellaneous provisions”.

(2) This section applies from the year 1993. However,

(a) for the period preceding 1 January 1994, the heading of subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec and sections 34.1.1, 34.1.6 and 34.1.8 of the said Act, enacted by subsection 1, shall read as if the references in the French text thereof to “cotisation” were references to “contribution”;

(b) where section 34.1.2 of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1, applies to the year 1993, it shall read as follows:

“34.1.2 For the purposes of section 34.1.1, where, after 20 May 1993, an individual has died or has ceased to be resident in Canada in the course of a year, the last day of that year is deemed to be the day of his death or the last day of his being resident in Canada, as the case may be.”;

(c) where, by reason of section 34.1.7 of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1,

i. section 1025 of the Taxation Act applies, for the year 1993, to subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1, it shall read without reference to paragraph *a* thereof;

ii. section 1026 of the Taxation Act applies, for the years 1993 and 1994, to subdivision 3 of Division I of Chapter IV of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1, it shall read, for the year 1993, without reference to subparagraphs *a* and *b* of the first paragraph thereof and, for the year 1994, without reference to "15 March" in subparagraph *a* of the first paragraph thereof.

222. (1) Section 34.2 of the said Act is replaced by the following section:

"34.2 Where an amount, other than an amount relating to the contribution contemplated in subdivision 3, is refunded or applied to another liability, interest shall be paid on such amount, at the rate fixed under section 28 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) and for the period determined in section 30 of the said Act."

(2) This section applies from the year 1993. However, where section 34.2 of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1, applies before 1 January 1994, the reference in the French text thereof to "cotisation" shall read as a reference to "contribution".

223. (1) Section 39 of the said Act is amended by replacing the first paragraph by the following paragraph:

"39. The Minister of Revenue shall, at least once a month, remit the contributions contemplated in sections 34 and 34.1.1 to the health services fund."

(2) This section applies from the year 1993. However, where the first paragraph of section 39 of the Act respecting the Régie de l'assurance-maladie du Québec, enacted by subsection 1, applies before 1 January 1994, the reference in the French text thereof to "cotisations" shall read as a reference to "contributions".

ACT RESPECTING THE QUÉBEC PENSION PLAN

224. (1) Section 45 of the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9), amended by section 9 of chapter 15 of the statutes of 1993, is again amended by replacing the first paragraph by the following paragraph:

"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 section 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.”

(2) This section applies from the year 1993.

225. (1) Section 50 of the said Act, amended by section 84 of chapter 15 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 by his employer and the amount for the year that is deemed to be paid by him 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, of 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) This section applies from the year 1993.

226. (1) Section 76 of the said Act, amended by section 13 of chapter 15 of the statutes of 1993, is again amended by replacing the words “the provisions of Book IX of Part I of the Taxation Act” by the words “sections 1000 to 1026, 1026.2 and 1030 to 1065 of the Taxation Act (R.S.Q., chapter I-3)”.

(2) This section applies from the year 1993.

ACT RESPECTING REAL ESTATE TAX REFUND

227. (1) Section 1 of the Act respecting real estate tax refund (R.S.Q., chapter R-20.1), amended by section 299 of chapter 21 of the statutes of 1992, is again amended

(1) by striking out subparagraph *i* of paragraph *c*;

(2) by adding, after subparagraph *iii* of paragraph *c*, the following subparagraphs:

“iv. a dwelling in low-rental housing within the meaning of article 1984 of the Civil Code of Québec;

“v. a dwelling for which an amount is paid in discharge of rent under the National Housing Act (Statutes of Canada);”.

(2) This section applies in respect of the computation of real estate tax refunds for the year 1993 and for subsequent years. However, where subparagraph iv of paragraph c of section 1 of the Act respecting real estate tax refund, enacted by paragraph 2 of subsection 1, applies for the year 1993, it shall read as follows:

“iv. a dwelling in low rental housing within the meaning of article 1662 of the Civil Code of Lower Canada;”.

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

“**7.** The amount of the real estate tax refund to which the person contemplated in section 2 is entitled for a year, in respect of the dwelling in which he lives on 31 December in the year, is equal to 40 % of the amount by which the real estate tax ascribed to the dwelling for the same year exceeds the amount equivalent to essential needs, less 3 % of the amount by which his income for that year, as established under section 10, exceeds the amount established under section 10.1.”

(2) This section applies in respect of the computation of real estate tax refunds for the year 1993 and for subsequent years.

229. (1) Section 7.1 of the said Act, replaced by section 221 of chapter 1 of the statutes of 1992 and by section 160 of chapter 19 of the statutes of 1993, is again replaced by the following section:

“**7.1** The amount equivalent to essential needs contemplated in section 7 is equal to the aggregate of \$430 each for the person contemplated in section 2 and his spouse during the year, where such is the case.”

(2) This section applies in respect of the computation of real estate tax refunds for the year 1993 and for subsequent years.

230. (1) Section 9 of the said Act is repealed.

(2) This section applies in respect of the computation of real estate tax refunds for the year 1993 and for subsequent years.

231. (1) Section 10 of the said Act, amended by section 224 of chapter 1 of the statutes of 1992 and by section 162 of chapter 19 of the statutes of 1993, is again amended

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

“(a) \$8 590 if the person contemplated in section 2 has a spouse and a dependent person during the year;”;

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

“(b) \$7 445 if the person contemplated in section 2”;

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

“(c) \$6 410 if the person contemplated in section 2 is not contemplated in subparagraphs *a* and *b* and has a dependent person during the year;”.

(2) This section applies in respect of the computation of real estate tax refunds for the year 1993 and for subsequent years.

232. Section 14.2 of the said Act, amended by section 225 of chapter 1 of the statutes of 1992 and by section 163 of chapter 19 of the statutes of 1993, is again amended by replacing the first paragraph by the following paragraph:

“**14.2** The amounts of \$8 590, \$7 445, \$6 410 and \$4 000 mentioned in section 10 must be indexed annually so that each of these amounts to be used for a year subsequent to the year 1994 becomes that obtained by adding to that amount the amount obtained by multiplying by the same ratio as that prescribed for the purposes of section 752.0.20 of the Taxation Act (R.S.Q., chapter I-3) for the taxation year contemplated therein corresponding to that subsequent year, the amount that would have been applicable for that subsequent year but for this section.”

233. (1) Section 15 of the said Act is replaced by the following section:

“**15.** Every person who wishes to receive a real estate tax refund in respect of the dwelling in which he lives on 31 December in a year must make an application therefor to the Minister, in prescribed form containing prescribed information, within three years from the end of that year.”

(2) This section applies in respect of applications for a real estate tax refund made after 20 May 1993.

234. (1) Section 17 of the said Act is amended by replacing the second paragraph by the following paragraph:

“However, he is not bound to examine a person’s application so long as he has not received the fiscal return contemplated in section 1000 of the Taxation Act (R.S.Q., chapter I-3) that the person is required to file, 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 and, where such is the case, the certificate contemplated in section 16.”

(2) This section applies in respect of applications for a real estate tax refund made after 20 May 1993.

235. (1) Section 23 of the said Act, amended by section 20 of chapter 31 of the statutes of 1992, 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 under section 1000 of the Taxation Act (R.S.Q., chapter I-3) that the person is required to file, 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, together with the amount of \$20 which shall be refunded to him if his objection or appeal is totally or partially successful.”

(2) This section applies in respect of applications for a real estate tax refund made after 20 May 1993.

ACT RESPECTING INCOME SECURITY

236. (1) Section 48.2 of the Act respecting income security (R.S.Q., chapter S-3.1.1) is amended

(1) by replacing paragraph 2 by the following paragraph:

“(2) the amount obtained by applying the percentage fixed by regulation to that part of the aggregate of the amounts received in the year by the adult and his spouse as work income replacement, which exceeds the aggregate of

(a) the aggregate of the excluded amounts determined by regulation in respect of the adult and, where applicable, in respect of the adult's spouse;

(b) the last resort assistance benefits received by the family in the year up to the amount determined by regulation for the purposes of subparagraph 4 of the third paragraph of section 49;

(c) the amount by which the amount applicable to the adult according to the scale of family needs prescribed by regulation exceeds the net work income of the adult's family.”;

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

“The following amounts are considered to have been received as work income replacement:

(1) last resort assistance benefits that are considered for the purposes of the computation provided for in subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act (R.S.Q., chapter I-3);

(2) compensation received under the Automobile Insurance Act (R.S.Q., chapter A-25) that is considered for the purposes of the computation provided for in subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act;

(3) indemnities received under the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001) that are considered for the purposes of the computation provided for in subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act;

(4) unemployment insurance benefits received under the Unemployment Insurance Act (Statutes of Canada).”

(2) This section applies in respect of the determination of benefits for the year 1993 and for subsequent years.

237. (1) Section 49 of the said Act is amended by replacing the first paragraph by the following paragraph:

“49. A person's work income for a year is equal to the aggregate of his income from a business, after deducting business losses, and the income from an office or employment, computed respectively in accordance with paragraphs ii and i of subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act (R.S.Q., chapter I-3), minus the premiums and contributions referred to in paragraphs *a* and *b* of section 752.0.18.1 of the said Act.”

(2) This section applies in respect of the determination of benefits for the year 1993 and for subsequent years. However, where the first paragraph of section 49 of the Act respecting income security, enacted by subsection 1, applies before 1 January 1994, the reference in the French text thereof to “cotisations” shall read as a reference to “cotisations ou contributions”.

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

“50. If, in a year, the spouse of an adult has ceased to be the spouse of that adult on 31 December of the same year, the adult shall, for the purpose of computing his benefits for the year, reduce the following amounts in respect of his spouse for such part as can reasonably be attributed to the period of the year during which he no longer had a spouse:

(1) the work income;

(2) the total income;

(3) the amounts received as work income replacement;

(4) the excluded amounts determined by regulation and referred to in subparagraph *a* of subparagraph 2 of the first paragraph of section 48.2.”

(2) This section applies in respect of the determination of benefits for the year 1993 and for subsequent years.

239. (1) Section 56 of the said Act is amended

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

“(6) the aggregate of the excluded amounts determined by regulation in respect of the adult and, where applicable, of his spouse, for the purposes of subparagraph *a* of subparagraph 2 of the first paragraph of section 48.2;”;

(2) by replacing subparagraph 15 of the first paragraph by the following subparagraph:

“(15) the amount of last resort assistance benefits to be subtracted from the total income of the adult’s family under subparagraph 4 of the third paragraph of section 49 and which is also taken into account for the purposes of subparagraph *b* of subparagraph 2 of the first paragraph of section 48.2;”.

(2) This section applies in respect of the determination of benefits for the year 1993 and for subsequent years.

240. (1) Section 61 of the said Act is amended by replacing paragraph 3 by the following paragraph:

“(3) where, following an opposition served or an appeal filed by the adult, his spouse or a dependent child in respect of an assessment established under the Taxation Act (R.S.Q., chapter I-3), the change in the assessment also affects the total income of, or the amounts received as work income replacement by, one of such persons.”

(2) This section applies in respect of the determination of benefits for the year 1993 and for subsequent years.

241. (1) Section 82 of the said Act is replaced by the following section:

“**82.** When a decision rendered under Chapter III is reviewed or appealed from, no amount established by the Minister of Revenue for the purpose of computing the total income of an adult, his spouse or a dependent child, and for the purposes of amounts received as work income replacement in respect of an adult or his spouse, may be contested.”

(2) This section applies in respect of the determination of benefits for the year 1993 and for subsequent years.

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

(1) by replacing subparagraph 31.1 of the first paragraph by the following subparagraph:

“(31.1) determine with respect to the adult or his spouse, on the basis of the amounts received by each as work income replacement described in the second paragraph of section 48.2, the amount excluded for the purposes of subparagraph 2 of the first paragraph of section 48.2;”;

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

“The regulations made pursuant to subparagraph 31.1 of the first paragraph shall come into force on the date of their publication in the *Gazette officielle du Québec* or on any subsequent date fixed therein; they may also, after being published and if they so provide, apply to any period subsequent to their publication, but not before the taxation year 1993.”

(2) Paragraph 1 of subsection 1 applies in respect of the determination of benefits for the year 1993 and for subsequent years.

ACT RESPECTING THE QUÉBEC SALES TAX

243. (1) Section 520 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 715 of chapter 57 of the statutes of 1992, is again amended

(1) by adding, after subparagraph *b* of paragraph 3, the following subparagraph:

“(c) the benefits are payable by reason of a loss of all or part of his income from an office or employment;”;

(2) by adding, after subparagraph *b* of paragraph 4, the following subparagraph:

“(c) the amount is payable by reason of a loss of all or part of his income from an office or employment;”.

(2) This section has effect from 21 May 1993.

FUEL TAX ACT

244. (1) Section 16 of the Fuel Tax Act (R.S.Q., chapter T-1), amended by section 8 of chapter 15 of the statutes of 1991, is again amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

“(c) not later than the last day of the month following each quarter ending on 31 March, 30 June, 30 September and 31 December in a year, in the case of the holder of a registration certificate described in section 23, file with the Minister, using the form prescribed by the Minister, a statement showing the quantity in litres of fuel used in Québec during the preceding quarter, and any other information prescribed by regulation.”

(2) This section applies in respect of quarters ending after 20 May 1993.

ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATION AND TO MAKE CERTAIN PROVISIONS RESPECTING RETAIL SALES TAX

245. 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, is again amended by replacing paragraph *b* of section 726.4.43

of the Taxation Act, 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, whereunder the latter binds itself to make in Québec, before 1 January 1998, 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 to whom or which the partnership is related, where the latter are entitled to exploit the results thereof;”.

ACT TO AMEND THE ACT RESPECTING THE QUÉBEC PENSION PLAN AND OTHER
LEGISLATIVE PROVISIONS

246. (1) Section 93 of the Act to amend the Act respecting the Québec Pension Plan and other legislative provisions (1993, chapter 15) is repealed.

(2) This section has effect from 15 June 1993.

247. (1) Section 94 of the said Act is amended by striking out paragraph 2.

(2) This section applies from 1 January 1994.

248. (1) Section 96 of the said Act is repealed.

(2) This section has effect from 15 June 1993.

ACT TO AGAIN AMEND THE TAXATION ACT AND OTHER LEGISLATION

249. (1) Section 96 of the Act to again amend the Taxation Act and other legislation (1993, chapter 19) is amended by replacing subsection 2 by the following subsection:

“(2) Paragraph 1 of subsection 1 has effect from 15 May 1992.”

(2) This section has effect from 15 June 1993.

250. (1) Section 148 of the said Act is amended by replacing subsection 5 by the following subsection:

“(5) This section, where it enacts section 1159.17 of the Taxation Act, applies in respect of amounts to be paid with respect to an insurance contract entered into after 30 June 1992.”

(2) This section has effect from 15 June 1993.

251. This Act comes into force on (*insert here the date of assent to this Act*).