

NATIONAL ASSEMBLY

FIFTH SESSION

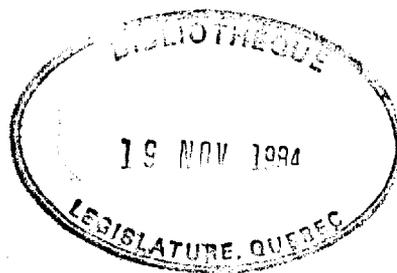
THIRTY-SECOND LEGISLATURE

Bill 5

An Act to amend various fiscal legislation

Introduction

**Introduced by
Mr Robert Dean
Minister of Revenue**



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EXPLANATORY NOTES

The object of this bill is to amend several fiscal laws, mainly for the purpose of giving effect to the Budget Speech delivered by the Minister of Finance on 22 May 1984.

First, the bill amends the Succession Duty Act to take account, in the computation of the deduction allowed on the transfer of agricultural property or shares of a private corporation, of the new deduction allowed on the inter vivos transfer of such property.

Next, it amends the Retail Sales Tax Act to preclude double taxation of certain property used both in Québec and in another province, and to eliminate the minimum threshold of 10% of the value of electricity purchased and used for the production of movable property for sale, on which the tax was applicable.

It also amends the Tobacco Tax Act to increase the rate of the tax on tobacco from 50% to 55% and to decrease the rate of the contribution to the funding of the olympics deficit from 27% to 24.545% of the tax collected.

Further, this bill amends the Taxation Act, in order

(1) to introduce a new deduction in respect of the interest on an automobile purchase loan and to raise the ceilings on automobile expenses;

(2) to allow corporations to make the deduction related to certified Québec films, and to simplify the computation of this deduction for individuals;

(3) to extend the time during which all holders of Registered Home Ownership Savings Plans on 31 December 1982 may acquire an owner-occupied home and deduct up to \$10 000, to 1 March 1986;

(4) to raise to \$1 000 the threshold above which an individual required to pay logging tax must make partial payments of the tax;

(5) to allow partners in a partnership to receive tax credit for 10% of wages paid for scientific research done in Québec;

(6) to grant a tax credit to taxi permit holders as partial compensation for fuel tax paid in respect of their taxis;

(7) to clarify administrative requirements connected with the disposition of taxable Québec property;

(8) to restrict the deduction allowed in respect of the additional 2% tax on paid up capital of a corporation operating an oil refinery in Québec to only those exploration expenses incurred before 23 May 1984;

(9) to reduce the prescribed interest rate at which a loan contracted between related persons for the acquisition of agricultural property or shares of a private corporation must be discounted for the purposes of computing gift tax;

(10) to increase the allowable deduction in the case of gifts inter vivos of property connected with agriculture to \$300 000, to include shares of private corporations in this deduction, and to introduce a tax credit for such gifts to compensate for gift tax.

Furthermore, this bill amends the provisions on Stock-Savings Plans in order, among other purposes, to introduce new rules respecting corporations associated with a government, allow the person withdrawing shares from such a plan to elect the method of evaluating their cost, to give greater flexibility to the provisions on developing corporations regarding wholly owned subsidiaries and to specify how fractions of qualifying shares are to be treated.

This bill also amends the Act respecting the Ministère du Revenu in order to enable the Minister, with Government authorization, to enter into certain agreements toward the application of any fiscal law, and to make a few technical amendments.

In addition, it amends the Fuel Tax Act in order

(1) to specify the scope of the exemption for coloured fuel oil;

(2) to provide entitlement to reimbursement of part of the tax paid by a public passenger carrier on the fuel used in his bus engine;

(3) to specify the powers of a Sûreté du Québec agent or any other person authorized by the Minister of Revenue regarding supervision and checking of fuel.

Finally, this bill amends the Telecommunications Tax Act to provide that the word "rent" does not include the installation cost of a telecommunication service.

ACTS AMENDED BY THIS BILL

- (1) the Succession Duty Act (R.S.Q., chapter D-13.2);
- (2) the Retail Sales Tax Act (R.S.Q., chapter I-1);
- (3) the Tobacco Tax Act (R.S.Q., chapter I-2);
- (4) the Taxation Act (R.S.Q., chapter I-3);
- (5) the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- (6) the Fuel Tax Act (R.S.Q., chapter T-1);
- (7) the Telecommunications Tax Act (R.S.Q., chapter T-4).

Bill 5

An Act to amend various fiscal legislation

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. (1) Section 29.1 of the Succession Duty Act (R.S.Q., chapter D-13.2) is replaced by the following section:

“29.1 Where, among the property transmitted to a beneficiary contemplated in section 27 or 29 resident or domiciled in Québec, there is property mentioned in section 37 or 39, this beneficiary may, in computing the taxable value of the property transmitted to him owing to death, deduct the lesser of the market value of the aggregate of such property so transmitted and of the amount by which \$200 000 exceeds the aggregate of the amounts already deducted by the deceased person under section 1212 of the Taxation Act (R.S.Q., chapter I-3) in respect of such property, computed in proportion to the ratio between the market value of such property transmitted to the beneficiary and the market value of the aggregate of such property so transmitted.”

(2) This section applies in respect of property transmitted after 22 May 1984.

2. (1) The Retail Sales Tax Act (R.S.Q., chapter I-1) is amended by inserting, after section 10, the following section:

“10.01 Notwithstanding sections 6 to 10, where any movable property prescribed by regulation is used wholly or partly outside Québec, the tax provided for in those sections may, to the extent prescribed by regulation, be calculated in proportion to the use of the property in Québec, or in any other similar manner determined by regulation.”

(2) This section has effect from 23 May 1984.

3. Section 17 of the said Act is amended by replacing paragraphs *l* and *l.1* by the following paragraphs:

“(*l*) Sales of medicaments on physicians’ prescriptions, sales of medicaments to an establishment within the meaning of the Act respecting health services and social services (R.S.Q., chapter S-5), sales of prostheses or orthopedic devices, sales of ophthalmic lenses to relieve or correct defects of vision, sales of the mountings supporting such lenses, sales of optical readers used by blind persons and designed to instantaneously transcribe texts printed in braille or in a form similar to braille, sales of mechanical lifts designed solely to permit handicapped persons access to the various storeys of buildings, or sales of dogs trained to serve as guides to the blind;

“(*l.1*) Sales of goods designed to alleviate a physical deficiency or a handicap, where such sales are made under the conditions prescribed by regulation to persons suffering from such a deficiency or handicap or to the father, mother or tutor of such a person;”.

4. (1) Section 19 of the said Act is replaced by the following section:

“**19.** For the purposes of paragraph *aa* of section 17, every person contemplated in the said paragraph must establish to the satisfaction of the Minister the value of electricity and that of gas subject to the exemption provided for in the said paragraph.”

(2) This section has effect from 23 May 1984.

5. Section 20.8 of the said Act is replaced by the following section:

“**20.8** A person is entitled to the reimbursement of the tax paid by him on the purchase of goods designed to alleviate a physical deficiency or a handicap where the goods are purchased for the use of a person suffering from such a deficiency or handicap.”

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

“**8.** Every person must, at the time of a retail sale of tobacco in Québec, for consumption by himself or by any other person at his expense, pay a tobacco consumer tax equal to 55% of the retail price of that tobacco.”

(2) This section has effect from 23 May 1984.

7. Section 18 of the said Act is replaced by the following section:

“18. In view of assisting the financing of the olympic installations, the Minister shall pay monthly into the special olympic fund established by the Act to establish a special olympic fund (1976, chapter 14), an amount equal, for each month, from the month of July 1984, to 24.545% of the tax collected under this Act during the preceding month.

For the month of June 1984, the amount shall be equal to 27% of the tax collected from 1 May to 22 May 1984, and to 24.545% of the tax collected from 23 May to 31 May 1984.”

8. (1) Section 64 of the Taxation Act (R.S.Q., chapter I-3) is replaced by the following section:

“64. An individual entitled to a deduction under section 62 or 63 may also deduct any interest paid by him in the year on a loan made to purchase an automobile used by him in the performance of his duties without exceeding, however, where he also uses it for his personal use, the lesser of \$500 and 20% of the amount of such interest, as well as such part of the capital cost of the automobile as regulations allow.

He may also deduct any interest paid by him in the year on a loan made to purchase an aircraft that he is required to use in the performance of his duties as well as such part of the capital cost of the aircraft as regulations allow.”

(2) This section applies from the taxation year 1984.

9. (1) Section 64.1 of the said Act is amended by replacing the second and third paragraphs by the following paragraphs:

“Moreover, he shall not deduct that part of the amounts disbursed by him in the year for the lease of such an automobile which exceeds either the lesser of \$1 050 and 20% of the amount by which such cost exceeds that part of such cost which is reasonably attributable to the cost of insurance against loss or damage or of liability insurance in respect of that automobile, where such cost is incurred pursuant to a contract made after 22 May 1984, or the lesser of \$650 and 20% of the latter excess amount where such cost is incurred pursuant to a contract made between 18 April 1978 and 23 May 1984, or 20% of the latter excess amount in any other case.

Furthermore, maintenance, repair and fuel expenses relating to the personal use of that automobile are deemed, in that computation, not to be less than \$100 for each month during which the automobile is so used in the year.”

(2) This section applies from the taxation year 1984.

10. (1) Section 133.1 of the said Act is amended by replacing the second and third paragraphs by the following paragraphs:

“Moreover, he shall not deduct that part of the amounts disbursed or paid by him in the year as the cost of the lease of such an automobile which exceeds either the lesser of \$1 050 and 20% of the amount by which such cost exceeds that part of such cost which is reasonably attributable to the cost of insurance against loss or damage or of liability insurance in respect of that automobile, where such cost is incurred pursuant to a contract made after 22 May 1984, or the lesser of \$650 and 20% of the latter excess amount, where such cost is incurred pursuant to a contract made between 18 April 1978 and 23 May 1984, or 20% of the latter excess amount in any other case.

Furthermore, maintenance, repair and fuel expenses relating to the personal use of that automobile are deemed, for the purposes of section 128, not to be less than \$100 for each month during which the automobile is so used in the year.”

(2) This section applies from the taxation year 1984.

11. (1) Section 157.4 of the said Act is replaced by the following sections:

“**157.4** A taxpayer who has acquired as the first purchaser a film certified as a Québec film within the meaning of the regulations made under section 130, may deduct, in computing his income for a taxation year at the end of which he is the owner of that film and has been so without interruption from that acquisition, an amount not exceeding the amount by which 50% of the aggregate of the amounts deducted by him in computing his income for that year or for a previous taxation year, in respect of the film, under paragraph *a* of section 130 exceeds any amount deducted under this section, in respect of the film, in computing his income for a previous taxation year.

Furthermore, where the taxpayer disposes of the film for the first time, he may deduct, in computing his income for the taxation year in which he disposes of the film, the amount by which 50% of the aggregate of the amount he could have deducted in such computation, in respect of the film, under paragraph *a* of section 130, had it not been for the disposition, and the amounts deducted by him in computing his income for a previous taxation year, in respect of the film, under the said paragraph *a*, exceeds any amount deducted under this section, in respect of the film, in computing his income for a previous taxation year.

“**157.4.1** Where a taxpayer is a member of a partnership at the end of a particular fiscal period of that partnership during which it

acquired as the first purchaser a film certified as a Québec film within the meaning of the regulations made under section 130, he may deduct, in computing his income for a taxation year in which a fiscal period of the partnership ends and at the end of which he is a member thereof and has been a member without interruption from the end of the particular fiscal year, an amount not exceeding the amount by which his share of 50% of the aggregate of the amounts deducted by the partnership in computing its income for that fiscal period or a previous fiscal period, in respect of the film, under paragraph *a* of section 130, exceeds any amount deducted by the taxpayer under this section or section 157.4, in respect of the film, in computing his income for a previous taxation year.

Furthermore, where the partnership disposes of the film for the first time, the taxpayer contemplated in the first paragraph may deduct, in computing his income for the taxation year in which the fiscal period of the partnership ends and during which the disposition occurs, the amount by which his share of 50% of the aggregate of the amount that the partnership could have deducted in computing its income for that fiscal period, in respect of the film, under paragraph *a* of section 130, had it not been for the disposition, and the amounts deducted by the partnership in computing its income for a previous fiscal period, in respect of the film, under the said paragraph *a*, exceeds any amount deducted by the taxpayer under this section or section 157.4, in respect of the film, in computing his income for a previous taxation year.

For the purposes of this section, the share of a taxpayer is deemed to be equal to the lesser of:

(a) his share in the profits of the partnership determined in the absence of this paragraph; and

(b) his share in the profits of the partnership determined in respect of the fiscal period of that partnership during which it acquired the film.”

(2) This section applies, in the case of an individual, from the taxation year 1984 and, in the case of a corporation, in respect of a film acquired after 22 May 1984.

12. (1) Section 161 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) a loan used to acquire property the income from which would be exempt from tax or to acquire a life insurance policy within the meaning of paragraph *e* of section 835 that is neither an annuity contract issued before 1 January 1978 that provides for annuity payments to commence not later than the day on which the policy holder attains 75 years of age, nor a registered retirement plan, a registered retirement

savings plan, a deferred profit sharing plan or an income-averaging annuity contract, nor a policy issued under any such plan or contract;”.

(2) This section applies from the taxation year 1984.

13. (1) The said Act is amended by inserting, after section 163.1, the following section:

“**163.2** Notwithstanding sections 160 and 163, an individual who has no permit to transport passengers for a consideration and who uses an automobile partly to gain income from a business or property and partly for his personal use, shall not deduct that part of the interest paid in the year or payable in respect of the year, depending on which method he regularly follows in computing his income, on a loan used to acquire the automobile, which exceeds the lesser of \$500 and 20% of the amount of the interest.”

(2) This section applies from the taxation year 1984.

14. Sections 530 to 533 of the said Act are replaced by the following sections:

“**530.** Sections 531 to 533 apply where section 529 applies in respect of the disposition of property of a partnership to a corporation, where the affairs of the partnership are wound-up within sixty days of the disposition and where, immediately before the winding-up of the partnership, its property includes nothing but money and property received from the corporation as consideration for the disposition.

“**531.** The partnership which, at the time of its winding-up, has distributed property contemplated in section 530 to a member of the partnership is deemed to have disposed of it for proceeds equal to the cost amount to the partnership of the property immediately before such distribution.

“**532.** The cost to each partner of each property which he receives or has the right to receive as consideration for the disposition of his partnership interest on the winding-up is deemed to be:

(a) in the case of property other than a share of the capital stock of the corporation or a right to receive such share, the fair market value of that property at the time of the winding-up;

(b) in the case of a preferred share of a given class of the capital stock of the corporation that was not accompanied by a common share, the amount determined under subparagraph ii and, if it was accompanied by a common share, the lesser of:

i. the fair market value, immediately after the winding-up, of such preferred share of that class which he receives or has the right to receive; and

ii. that proportion of the excess of the adjusted cost base to him of his partnership interest immediately before its winding-up over the aggregate of the fair market value, at the time of winding-up, of the consideration contemplated in paragraph *a* and received by him from the disposition of his partnership interest, that the fair market value, immediately after the winding-up, of such preferred share of that class that he so receives or has the right to receive is of the fair market value, at the same time, of all preferred shares of the capital stock of the corporation which he receives or also has the right to receive as consideration for the disposition; and

(c) in the case of a common share of a given class of the capital stock of the corporation, an amount equal to that proportion of the amount by which the adjusted cost base to him of his partnership interest immediately before the winding-up exceeds the aggregate of the fair market value, at the time of disposition, of the property contemplated in paragraph *a* that he receives for the disposition, and the cost to him of all the preferred shares he has the right to receive for the disposition, that the fair market value immediately after the disposition, of that common share of that class is at the same time of the fair market value of all the common shares of the capital stock of the corporation he receives or has the right to receive as consideration for the disposition.

“533. The proceeds of disposition of the interest of a partner in a partnership at its winding-up is deemed to be the cost, to him, of the property and shares he receives or has the right to receive as consideration for the disposition and the amount of money which he receives for that disposition.”

15. Section 620 of the said Act is amended by replacing the second paragraph by the following paragraph:

“However, the rules contemplated in the first paragraph apply only if each of such persons has in each such property, immediately after that time, an undivided interest equal, when expressed as a percentage, to that which he owns in any other property of the partnership, and only if all such persons have jointly so elected, in prescribed form and within the time mentioned in section 604, and where sections 530 to 533 and 626 to 631 do not apply.”

16. Section 943.2 of the said Act is replaced by the following section:

“943.2 For the taxation year 1983, 1984 or 1985, the expression “owner-occupied home” also means a housing unit situated in Québec that has never been inhabited or occupied for other purposes than its sale or the sale of similar housing units and which is acquired by an individual alone or jointly with another person and inhabited by him for the taxation year 1983 between 19 April 1983 and 1 March 1984, for the taxation year 1984 between 31 December 1983 and 2 March 1985, or for the taxation year 1985 between 31 December 1984 and 2 March 1986.

The expression also includes, in the case of a housing unit described in the first paragraph that is owned in 1983, 1984 or 1985 by a cooperative housing corporation, a share of the capital stock of the corporation acquired by the individual, alone or jointly with another person for the sole purpose of acquiring the right to inhabit the housing unit and if he inhabits it for the taxation year 1983 between 19 April 1983 and 1 March 1984, for the taxation year 1984 between 31 December 1983 and 2 March 1985, or for the taxation year 1985 between 31 December 1984 and 2 March 1986.”

17. Section 955 of the said Act is amended by replacing paragraph *a.1* by the following paragraph:

“(a.1) is a payment made to the beneficiary in 1984 or 1985 and is used by him in the year or within the following 60 days, to acquire his owner-occupied home which has never been inhabited or occupied for other purposes than its sale or the sale of similar housing units and of prescribed furnishings intended for the said housing unit;”.

18. Section 961.1.2 of the said Act is amended by replacing what precedes paragraph *a* by the following:

“961.1.2 If an individual meets the requirements set out in section 961.1.3 and uses the funds accumulated in a home ownership savings plan under which he is a beneficiary to acquire an owner-occupied home mentioned in section 943.2 or such a housing unit and prescribed furnishings within the meaning of the regulations under section 955, he may deduct in computing his income for the taxation year 1983, if he uses the funds between 19 April 1983 and 1 March 1984, for the taxation year 1984, if he uses the funds between 31 December 1983 and 2 March 1985, or for the taxation year 1985, if he uses the funds between 31 December 1984 and 2 March 1986, the lesser of”.

19. (1) Section 965.1 of the said Act, amended by section 212 of chapter 15 of the statutes of 1984, is again amended

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

“(b) “qualifying share” means a share or stock meeting the requirements of section 965.7, 965.8, 965.9 or 965.9.1 and, adapted as required, a fraction of such a share paid after 31 December 1983 and not reimbursed;”;

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

“(f) “dealer” means a dealer, within the meaning defined in section 5 of the Securities Act (R.S.Q., chapter V-1.1), having an establishment in Québec and registered with the Commission des valeurs mobilières du Québec and, after 30 September 1983, an unincorporated mutual fund or a mutual fund within the meaning of the said Act and an insurer, a corporation mentioned in paragraphs *b* to *e* of section 250.3, and any other prescribed person;”;

(3) by replacing that part of paragraph *j* which precedes subparagraph *i* by the following:

“(j) “total income” means the amount by which the earned income of an individual in a taxation year, within the meaning of section 925, and the portion, not already included in his earned income, of the amounts included by him in computing his income under paragraph *b* of section 28, paragraphs *c*, *g* and *k* to *n* of section 87, sections 92.1, 92.4, 117, 119.1 and 120 and paragraph *k* of section 311, exceeds the aggregate of”.

(2) Paragraph 3 of subsection 1 has effect from 21 December 1983.

20. Sections 965.3 to 965.4.1, 965.10 and 965.13 to 965.15 of the said Act are amended by replacing the words “application for an exemption”, wherever they appear, by the word “exemption”.

21. Section 965.4.2 of the said Act, enacted by section 213 of chapter 15 of the statutes of 1984, is replaced by the following section:

“965.4.2 For the purposes of sections 965.3 and 965.4, where any of the computations referred to therein must be made, after 10 May 1983, in respect of a corporation that is in its first fiscal period, the reference to its financial statements submitted to the shareholders for its last taxation year ended before the date of the receipt for the final prospectus or of the exemption from filing a prospectus shall be replaced by a reference to its financial statements at the beginning of its first fiscal period.”

22. (1) The said Act is amended by inserting, after section 965.4.2, the following sections:

“965.4.3 For the purposes of sections 965.3 to 965.4.1, where any of the computations referred to therein must be made in respect of a corporation described in section 965.4.4 that makes a public share issue after 22 May 1984, the computation is made without taking into account the net shareholders’ equity or the assets, as the case may be, of a government or of another corporation mentioned in section 965.4.4 which is no longer associated with it on the date on which the public share issue ends and, in the case of the other corporation, was not directly or indirectly controlled by the issuing corporation at any time in the twelve months preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus.

“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 developing corporation or a qualified corporation whose assets are less than \$1 000 000 000 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 twelve months preceding that date, and which is, on the date on which the public share issue ends, no longer associated with that government or that other corporation.

The issuing corporation is also a corporation contemplated in section 965.4.3 for the twelve months following the date on which it is no longer associated with that government or that other corporation.

“965.4.5 For the purposes of sections 965.4.3 and 965.4.4, a corporation is associated with another corporation on a date if it is so designated by regulation.”

(2) This section has effect from 23 May 1984.

23. Section 965.10.1 of the said Act, enacted by section 218 of chapter 15 of the statutes of 1984, is replaced by the following section:

“965.10.1 For the purposes of paragraph *d* of section 965.10, where the date of the receipt for the final prospectus or the exemption from filing a prospectus is prior to 21 December 1983, the words “the value of the property as shown in its financial statements submitted to the shareholders for its last taxation year ended before that date is constituted” must be replaced by the words “its property is constituted”.”

24. Section 965.16 of the said Act is amended

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

“965.16 A corporation making a public share issue after 15 November 1983 is also a developing corporation if, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus,”;

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

“(b) substantially all its property consists of shares of the capital stock of one or more corporations or of loans or advances granted to such corporations which are

(i) its wholly owned subsidiaries where the said date is before 23 May 1984; or

(ii) subsidiaries controlled by it where the said date is after 22 May 1984;”.

25. Section 965.16.1 of the said Act, replaced by section 219 of chapter 15 of the statutes of 1984, is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) on the date of the receipt for the final prospectus or the exemption from filing a prospectus it meets the requirements of paragraphs *a*, *b*, *d* and *e* of section 965.13 or *a* and *b* of the said section 965.13 and *b* and *c* of section 965.15;

“(b) it meets the requirement of paragraph *e* of section 965.10 throughout the period extending from the date of amalgamation to the date of the receipt for the final prospectus or of the exemption from filing a prospectus; and.”

26. (1) The said Act is amended by inserting, after section 965.20, the following section:

“965.20.1 For the purposes of section 965.20, an individual who, in the course of a year, withdraws from a stock savings plan shares of the same class of the capital stock of a corporation which he had included at various adjusted cost bases shall elect to evaluate the amount of the withdrawal according to a reasonable valuation method.

He shall exercise the election only once, in prescribed manner, in respect of all the shares of the same class of the capital stock of a corporation and shall use the elected method whenever any of those shares are withdrawn until all of those shares have been withdrawn from the plan.

Where an individual withdraws a share from a stock savings plan after 22 May 1984 without electing in prescribed manner, the method used in the case of that withdrawal is deemed to have been elected pursuant to this section.”

(2) This section applies in respect of the withdrawal of a share from a stock savings plan after 22 May 1984.

27. (1) Section 1029 of the said Act is amended by replacing subsection 3 by the following subsection:

“(3) Subsection 1 does not apply to an individual whose tax for the fiscal period is less than \$1 000.”

(2) This section applies in respect of a fiscal period ending after 22 May 1984.

28. (1) The said Act is amended by inserting, after section 1029.7, the following section:

“1029.8 Where a partnership carries on a business in Canada and undertakes or causes to be undertaken in Québec, after 10 May 1983, scientific research within the meaning of the regulations made pursuant to section 222, every taxpayer who is a member of the partnership at the end of a fiscal period of the latter during which the research was undertaken and who is not exempt from tax under section 984 or 985 is deemed to have paid to the Minister for the 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 10% of the wages the partnership has paid during its fiscal period and after 22 May 1984 in respect of the research to his employees of an establishment situated in Québec and of the portion of the remuneration that the partnership has paid during its fiscal period after 22 March 1984 in respect of the research to a person who has undertaken all or part of the research, that may be attributed to the wages paid after such latter date to the employees of an establishment of that person situated in Québec or would be if he had such employees.

Where a taxpayer contemplated in the first paragraph is required to make payments under section 1026 or 1027, he is deemed to have paid to the Minister the amount determined under the first paragraph on the date on which the first quarterly or monthly payment following the end of the fiscal period of the partnership must be paid.

For the purpose of this section, “wages” means the income computed pursuant to Chapters I and II of Title II of Book III of this Part.

“DIVISION III

“MISCELLANEOUS

“1029.9 The holder, on 31 December of a year, of a permit for transport by taxi, within the meaning of the regulations, for a consideration which meets the requirements set forth in the regulations, is deemed to have paid an amount determined by regulation to the Minister on the day on which he must file his fiscal return for the year, in accordance with section 1000, as partial payment of his tax payable for that year under this Part.

Where the holder of a permit mentioned in the first paragraph is a partnership, it shall ascribe an amount prescribed by regulation and each taxpayer to whom an amount shall have been so ascribed shall be deemed to have paid that amount to the Minister on the day on which he is required to file his fiscal return for the year in accordance with section 1000, as partial payment for his tax payable for that year pursuant to this Part.”

(2) This section, where it enacts section 1029.9 of the Taxation Act, applies from the taxation year 1984.

29. Section 1097 of the said Act is amended

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

“1097. An individual not resident in Canada who proposes to dispose of a taxable Québec property other than a depreciable property, a property contemplated in paragraphs *c* to *i* of section 1094, a share of the capital stock of a public corporation, or an interest therein, a unit of a mutual fund trust, a bond, debenture, bill, note, mortgage, hypothec or other similar obligation may, before such disposition, send to the Minister a notice containing:”;

(2) by adding the following paragraph:

“The same rule applies in the case of a corporation not resident in Canada which proposes to dispose of a taxable Québec property which would be contemplated in the first paragraph if the reference to paragraphs *c* to *i* of section 1094 were replaced by a reference to paragraph *i* of the said section.”

30. Section 1101 of the said Act is amended by replacing what precedes subparagraph *a* of the first paragraph by the following:

“1101. Where a person acquires a taxable Québec property contemplated in section 1097 from a person not resident in Canada, the following rules apply:”.

31. (1) Section 1140 of the said Act is amended by replacing paragraph *c* by the following paragraph:

“(c) the surpluses and the undivided profits.”

(2) This section applies to a taxation year ending after 22 May 1984.

32. Section 1162 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) Canadian exploration expenses, within the meaning of sections 395 to 397, incurred by it in Québec in the year and before 23 May 1984 in connection with an oil resource or natural gas resource situated in Québec, other than those deemed to have been incurred by it in Québec in the year under section 407 that had been incurred in Québec by a joint exploration corporation, within the meaning of section 382, either in one of its taxation years ending before 1980, or before the beginning of the third taxation year of the corporation immediately preceding the year, or which have been deducted under this section in computing the tax payable by the joint exploration corporation for any taxation year; for the purposes of computing the deduction allowable by this paragraph to such a joint exploration corporation, it must subtract from its expenses contemplated therein such as it has renounced by virtue of an election contemplated in section 406;”

33. (1) Section 1207 of the said Act is amended by adding the following paragraph:

“Notwithstanding the foregoing, where the promise or covenant was made by a descendant in the direct line as consideration for the purchase of a property contemplated in section 1212 used in the operation of a farm, excluding shares of a private corporation whose main source of revenue is not agriculture, the prescribed rate of interest is the rate he would pay if he had contracted the promise or covenant under the Farm Credit Act (R.S.Q., chapter C-75) or the Act to promote long term farm credit by private institutions (R.S.Q., chapter C-75.1).”

(2) This section has effect from 23 May 1984.

34. (1) Section 1212 of the said Act is replaced by the following section:

“**1212.** In addition to the deduction provided for in section 1211, an individual who makes a gift contemplated in the third paragraph of section 1207 or who makes a gift to a descendant in the direct line of shares of a private corporation whose main source of revenue is not agriculture, of a property used in the operation of a farm or of an interest in a partnership or of shares of a cooperative or of a corporation whose

main source of income is agriculture may deduct, in computing the taxable value of his gifts in a year, an amount not exceeding \$300 000.

That deduction may be used by an individual only twice in his lifetime, except where it concerns a gift resulting from a promise or a covenant to pay an amount of money on demand contemplated in the third paragraph of section 1207, and the amounts so deducted must not exceed \$300 000.

For the purposes of this section, a corporation is private if at least 75% of its gross revenue is derived from the carrying on of an active business and if it meets the requirements prescribed by regulation. In addition, if the corporation is a wholly owned subsidiary of another corporation whose property consists almost entirely of shares of the corporation, that other corporation is deemed to be a private corporation and the gross revenue of the subsidiary is deemed earned by that corporation.”

(2) This section applies in respect of a gift made after 22 May 1984.

35. (1) The said Act is amended by inserting, after section 1213, the following:

“BOOK VII.1

“TAX CREDITS

“**1213.1** An individual who makes a gift contemplated in section 1212 may deduct from his tax otherwise payable one-half of the tax computed on the taxable value of the gift.

Notwithstanding the foregoing, where the beneficiary, within seven years following the gift, disposes of property the gift of which has been the object of a deduction under the first paragraph, otherwise than owing to his death, an expropriation, a disposition mentioned in Chapter IV, V or VI of Title IX of Book III of Part I or a gift contemplated in section 1212, the donor or, if he is deceased, the beneficiary shall then remit to the Minister the amount so deducted, computed in proportion to the ratio between the value of the disposed property and the value of the property that was the object of the gift.

The same rule applies where the property given is a share of a private corporation and where more than 50% of the gross revenue of the corporation for a fiscal period included in the seven years following the gift is derived from the carrying on of a business other than an active business.

The deduction may be used by an individual twice in his lifetime.”

(2) This section applies in respect of a gift made after 22 May 1984.

36. (1) Section 1222 of the said Act is amended by adding the following paragraph:

“However, notwithstanding paragraph *a* of subsection 2 of section 1010, the Minister may issue a notice of additional assessment within two years following the period of seven years provided for in section 1213.1.”

(2) This section applies in respect of a gift made after 22 May 1984.

37. Section 9 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by adding the following paragraph:

“The Minister may also, with the authorization of the Government, enter into any agreement with one of its departments or bodies, or any person, association or partnership, for the purposes of application of any fiscal law.”

38. Section 60 of the said Act, replaced by section 12 of chapter (*insert here the chapter number of Bill 94*) of the statutes of 1984, is again replaced by the following section:

“**60.** Every person who fails to file a return or report in the manner, at the time and within the time limit prescribed by a fiscal law or a regulation made under such a law is guilty of an offence and, in addition to any other penalty provided by that law, is liable to a fine of at least \$25 for each day during which the failure continues.

Furthermore, each such failure following a demand or a further demand under section 39 constitutes a further offence liable to a fine of at least \$25 for each day during which the failure continues.”

39. Section 69 of the said Act is amended

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

“The third paragraph does not apply to proceedings between the interested party and the Deputy Minister of Revenue, to an application for an injunction under section 68.1, nor to an appeal to the Commission de la fonction publique under the Public Service Act (1983, chapter 55).”;

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

“Where the Commission de la fonction publique or an inquiry commission established by the Government requires a public servant to testify before it, the testimony is given and, where such is the case,

documents are produced exclusively *in camera*, and such testimony and documents shall not be mentioned in any document, report, stenographic note or recording of the Commission, nor at the other public or *in camera* sittings thereof.”;

(3) by replacing the seventh paragraph by the following paragraph:

“For the purposes of this section, the words “public servant” mean the Minister, any public servant or former public servant of the Ministère du Revenu, as well as any person acting or having acted for or on behalf of the Minister or the Deputy Minister in order to assist them in the carrying out of the objects of a fiscal law or in any other task which may be incumbent on them in the performance of their functions.”

40. Section 9 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended by replacing paragraph *d* by the following paragraph:

“(d) coloured fuel oil used only for a purpose other than that of supplying a propulsion engine not contemplated in any of paragraphs *a* and *c* to *f* of section 19;”.

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

“**10.1** A public carrier who meets the requirements prescribed by regulation is entitled to the reimbursement of the proportion of the tax exceeding 20% paid by him in the year on the fuel that was used to supply the engine of each bus while it was assigned to providing public transport within the meaning of the regulations made under the Transport Act (R.S.Q., chapter T-12), except transport provided for by regulation.

For the purposes of this section, a public carrier means a public body providing public transport, a municipality, an intermunicipal management board, an intermunicipal board of transport, any holder of a public transport permit issued under the Transport Act and any carrier which is a party to a contract entered into under section 467 of the Cities and Towns Act (R.S.Q., chapter C-19), section 525 of the Municipal Code (R.S.Q., chapter C-27.1) or section 3 of the Act respecting intermunicipal boards of transport in the area of Montréal (R.S.Q., chapter C-60.1).”

(2) This section has effect from 1 January 1984.

42. Section 39 of the said Act is replaced by the following section:

“**39.** Any officer of the Sûreté du Québec or any other person authorized for such purposes by the Minister may, without a warrant,

at any time or place, stop any motor vehicle, aircraft or vessel, measure the capacity of the fuel tanks and examine the fuel carried or to be used to supply the engine and take the necessary samples of it.

Similarly, such a person may, without a warrant, at any place, from 7 o'clock a.m. to 10 o'clock p.m., measure the capacity of the fuel tanks of any motor vehicle, aircraft or vessel, examine the fuel carried or being used to supply the engine and take the necessary samples of it."

43. (1) Section 1 of the Telecommunications Tax Act (R.S.Q., chapter T-4) is amended by replacing paragraph *c* by the following paragraph:

"(c) "rent" includes any sum payable for the use of a telecommunication service, except the installation costs of such a service if they are indicated on an invoice in such a way as not to be mistaken for any other sum;"

(2) This section has effect from 1 June 1984.

44. This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).

45. This Act comes into force on (*insert here the date of assent to this Act*).