

NATIONAL ASSEMBLY
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**AN ACT TO AMEND CERTAIN LEGISLATION TO GIVE
EFFECT TO GOVERNMENT BUDGET POLICY
FOR THE FISCAL PERIOD 1983-84**

Bill 44

Introduced by Mr Alain Marcoux, Minister of Revenue

First reading: 24 November 1983

Second reading: 13 December 1983

Third reading: 21 December 1983

Assented to: 21 December 1983

Coming into force: 21 December 1983

Acts amended:

Succession Duty Act (R.S.Q., chapter D-13.2)

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

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

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

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

Act respecting the sociétés d'entraide économique (R.S.Q., chapter S-25.1)

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

Telecommunications Tax Act (R.S.Q., chapter T-4)

Act to amend certain fiscal legislation (1983, chapter 20)





CHAPTER 44

An Act to amend certain legislation
to give effect to Government budget policy
for the fiscal period 1983-84

[Assented to 21 December 1983]

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

c. D-13.2, s.
9, replaced **1.** (1) Section 9 of the Succession Duty Act (R.S.Q., chapter D-13.2) is replaced by the following section:

Exception **“9.** Sections 7 and 8 do not apply to one or more gifts *inter vivos* in favour of the same donee except to the extent that the market value of the property so given during the same year exceeds \$5 000.”

Applicability **(2)** This section applies in respect of successions opened after 10 May 1983.

c. D-13.2, s.
26, am. **2.** (1) Section 26 of the said Act is amended by replacing the second paragraph by the following paragraph:

Deduction **“If** the consort of the deceased is not exempt from the payment of duties in respect of certain property by virtue of the first paragraph, he may deduct an amount not exceeding \$100 000 in computing the taxable value of the property.”

Applicability **(2)** This section applies in respect of successions opened after 10 May 1983.

c. D-13.2, ss.
26.1, 27,
replaced **3.** (1) Sections 26.1 and 27 of the said Act are replaced by the following sections:

Deduction **“26.1** Where the beneficiary is the father or the mother of the deceased or of his consort, he or she may deduct an amount not exceeding \$100 000 in computing the taxable value of the property transmitted to him owing to death.

Child or dependant **“27.** Where the beneficiary is the child of the deceased, or a person who, at the time of the death, was entirely dependent on the deceased, was less than 18 years of age and was in the custody and under the supervision of the deceased, or was 18 years of age or older and was attending a school or university on a full-time basis, or was dependent on him by reason of physical or mental disability, he may deduct an amount not exceeding \$100 000 in computing the taxable value of the property transmitted to him owing to death.”

Applicability (2) This section applies in respect of successions opened after 10 May 1983.

c. D-13.2, s. 29, replaced **4.** (1) Section 29 of the said Act is replaced by the following section:

Direct lineal descendant **“29.** Where the beneficiary is a direct lineal descendant of the deceased, he may, in computing the taxable value of the property transmitted to him owing to the death of the deceased, in addition to the other amounts provided for elsewhere in this division, deduct that part of the deduction provided for in section 27 which could not be used by all the other persons who are direct lineal descendants between him and the deceased, and by the beneficiary, in the direct line ascending, contemplated in section 28, whether such other persons and such beneficiary are not heirs to the estate, are deceased, or have inherited, all together, an insufficient amount to warrant the use of the allowable deduction of \$100 000.”

Applicability (2) This section applies in respect of successions opened after 10 May 1983.

c. D-13.2, s. 32, replaced **5.** (1) Section 32 of the said Act is replaced by the following section:

Deduction **“32.** Any beneficiary not contemplated in section 26, 26.1 or 27 may deduct an amount not exceeding \$20 000 in computing the taxable value of the property transmitted to him owing to death.”

Applicability (2) This section applies in respect of successions opened after 10 May 1983.

c. D-13.2, chap. V.1, ss. 42.1-42.6, added **6.** (1) The said Act is amended by inserting, after section 42, the following chapter and sections:

“CHAPTER V.1

“SUCCESSION DUTY CREDIT

Gift to organization “**42.1** An individual who makes a gift to an organization prescribed by regulation is entitled to succession duty credit equal to 90% of the value of the gift.

Presumption For the purposes of the first paragraph, a gift made in execution of the will of an individual is deemed to be a gift made by him immediately before his death.

Application “**42.2** To benefit from succession duty credit in respect of a gift made in a year, an individual must make an application therefor to the Minister on the form determined by him and forward it to him together with a receipt issued by the organization containing the information prescribed by regulation, at the same time as the fiscal return he is required to file for the year under section 1000 of the Taxation Act.

Determination “**42.3** Upon receipt of an application for succession duty credit, the Minister shall determine the amount of credit to which the individual is entitled and shall deposit the amount as payment received from the individual in an account kept by him for that purpose.

Indexation “**42.4** The amounts accumulated in an account referred to in section 42.3 are indexed annually according to the Pension Index determined under the Act respecting the Québec Pension Plan (R.S.Q., chapter R-9).

Accumulated credit “**42.5** On the death of an individual, the credit he has accumulated under section 42.1 is applicable toward payment of the duties a beneficiary is required to pay under this Act in respect of the property transmitted to him owing to death.

Distribution The credit is, in the case of this section, distributed among the beneficiaries in proportion to the duties they are required to pay.

Unassignability and unseizability “**42.6** Succession duty credit is unassignable and unseizable except for the purposes of this Act.”

(2) This section has effect from 11 May 1983.

c. I.1, s. 6, replaced **7.** (1) Section 6 of the Retail Sales Tax Act (R.S.Q., chapter I-1) is replaced by the following section:

Sales tax “**6.** Every purchaser, at the time of making a purchase at a retail sale in Québec, shall pay a tax equal to 9% of the purchase price of any movable property; in the case of a lease, the tax is payable at the time prescribed by regulation.

Video-
cassette

In addition, every purchaser, at the time of making a purchase of a blank videocassette with a tape base less than 19 millimetres in width at a retail sale in Québec, shall pay an additional tax of \$2 for each such cassette."

Applicability

(2) This section, where it enacts the first paragraph of section 6 of the Retail Sales Tax Act, has effect from 1 April 1983 and, where it enacts the second paragraph of section 6, has effect from 11 May 1983.

c. I-1, s. 7,
am.

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

Purchases
outside
Québec

"7. Every person who carries on business or ordinarily resides in Québec and who brings or causes to be brought into Québec any movable property for use or consumption in Québec by himself or by any person at his expense shall, on the date that he begins to use or consume that property, report the matter to the Minister and forward or produce to him the invoice, where applicable, and any other information required by him and shall at the same time pay the tax provided for in the first paragraph of section 6 on the value of the property, except if such tax has been collected by the retailer and, where applicable, the tax provided for in the second paragraph of the said section 6."

Applicability

(2) This section, where it refers to the tax provided for in the first paragraph of section 6 of the Retail Sales Tax Act, has effect from 1 April 1983 and, where it refers to the tax provided for in the second paragraph of the said section 6, has effect from 11 May 1983.

c. I-1, s. 10,
am.

9. (1) Section 10 of the said Act, amended by section 1 of chapter 20 of the statutes of 1983, is again amended by replacing the first paragraph by the following paragraph:

Property
used for
purposes
other than
prescribed
purposes

"10. Every person who employs for his use or consumption any movable property he has produced for one of the purposes provided in paragraph y of section 17 shall, on the date when he begins to use it or consume it for another purpose, pay the tax provided for in the first paragraph of section 6, on the value of the property referred to in paragraph y of the said section 17 and, where applicable, the tax provided for in the second paragraph of the said section 6 in respect of the same property."

Applicability

(2) This section, where it refers to the tax provided for in the first paragraph of section 6 of the Retail Sales Tax Act, has effect from 1 April 1983 and, where it refers to the tax provided for in the second paragraph of the said section 6, has effect from 11 May 1983.

c. I-1, s.
10.1, added

10. The said Act is amended by inserting, after section 10, the following section:

Rolling-stock
for mining
and forest
operations

“10.1 Every person who, after 10 May 1983, has purchased or produced in Québec or brought into Québec movable property contemplated in paragraph *z* of section 17 which is rolling-stock used solely elsewhere than on public roads for purposes of mining and forest operations within the meaning of the regulations, excluding railway equipment, shall, at the time he begins to use the property for any other purpose or on a public road, pay a tax at the rate provided in the first paragraph of section 6 on the value of the property at that time.

Railway
equipment

The same applies in respect of a person who, after 10 May 1983, has purchased or produced in Québec or brought into Québec railway equipment used only in a quarry or mine for the purposes of working that quarry or mine when he begins to use the property for any other purpose or elsewhere than in that quarry or mine.”

c. I-1, s. 17,
am.

11. (1) Section 17 of the said Act, amended by section 2 of chapter 20 of the statutes of 1983, is again amended by adding the following paragraph:

Effect

“(aj) sales of tampons and sanitary napkins.”

(2) This section has effect from 11 May 1983.

c. I-1, s.
20.6, added

12. (1) The said Act is amended by inserting, after section 20.5, the following section:

Non-profit
museum

“20.6 A person who operates a non-profit museum designed for public use and recognized by the Ministère des Affaires culturelles is entitled to the reimbursement of the tax paid by him on the purchase, for a collection, of cultural property within the meaning of the Cultural Property Act (R.S.Q., chapter B-4).”

Effect

(2) This section has effect from 11 May 1983.

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

13. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3) is amended by inserting, after the definition of the word “business”, the following definition:

“business of
providing
personal
services”

““business of providing personal services” means a business of providing services 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, in paragraph *d* of section 61 and in sections 135.2 and 487.2, or a person related to an incorporated employee is a specified shareholder of the corporation within the meaning of the regulations under section 451 and where the incorporated employee may be reasonably classed, disregarding the corporation, as an employee of the entity, within the meaning of the same regulations, to which he provided the services, unless

(a) the corporation employs in the business throughout the year more than five full-time employees who are not specified shareholders of the corporation nor related to such shareholders; or

(b) the amount received or receivable by the corporation in the year for the services provided is paid or payable by a corporation associated, within the meaning of the regulations made pursuant to section 230.2, with the corporation during that year;”.

Applicability (2) This section applies to taxation years commencing after 12 November 1981.

c. I-3, s. 37.1, replaced **14.** (1) Section 37.1 of the said Act is replaced by the following section:

Interest on employee loans **“37.1** An individual referred to in section 487.1 shall include, in computing his income for the year from an office or employment, every amount deemed in section 487.1 to be a benefit received by him during the year.”

Applicability (2) This section applies to the taxation year 1980 and subsequent taxation years; however, for the taxation years 1980 and 1981, section 37.1 of the Taxation Act reads as follows:

Interest on employee loan **“37.1** An individual referred to in paragraph *a* or *b* of section 487.2 shall include, in computing his income for the year from an office or employment, every amount deemed in section 487.1 to be a benefit received by him during that year.”

c. I-3, s. 38, am. **15.** (1) Section 38 of the said Act is amended by replacing the second paragraph by the following paragraph:

Benefit not included **“Nor is he required to include therein the value of benefits under an employee benefit plan or employee trust or the value of benefits related to the use of an automobile unless they are related to its operation and are not insurance or registration costs of an automobile contemplated in section 41.”**

Applicability (2) This section applies to the taxation year 1982 and subsequent taxation years.

c. I-3, s. 41, replaced **16.** (1) Section 41 of the said Act is replaced by the following section:

Use of automobile **“41.** Where an employer or a person related to him makes an automobile available to his employee or a person related to the employee in the year for the personal use, exclusive or otherwise, of the employee or the person, the employee shall include in computing his income the value of such right of use, even if no one used it, less the aggregate

of an amount which is not connected with the operation of the automobile and the insurance and registration costs paid by him or by the person related to him during the year to the employer or a person related to the employer for the use of the automobile.

Value of the right of use The value of such right of use is equal to 2% of the cost of the automobile for each 30-day period during which the automobile was made available to the employee or the person related to him while remaining the property of the employer or the person related to him; for such purpose, 16 days or more count as such a period.

Leased automobile Where the automobile is leased, the value of the right of use is equal to two-thirds of the excess of the cost of leasing payable to the lessor by the employer or the person related to him over that part of such cost attributable to the cost of insurance against loss, damage or liability in respect of the automobile for the number of days during which the automobile is made available to the employee or the person related to him.

Automobile salesman Where the employee is principally engaged in selling automobiles, the employer may elect that the second paragraph apply in respect of the employee as if the figure "2%" were replaced by the figure "1.5%", in which case the cost of the automobile concerned to the employer is that obtained by dividing the cost to him of all new automobiles acquired by him in the year for resale in the course of the operation of his business by the number of such automobiles."

Applicability (2) This section applies to the taxation year 1982 and subsequent taxation years.

c. 1-3, s. 60, am. **17.** (1) Section 60 of the said Act is amended by replacing paragraph *a* by the following paragraph:

"(a) his income for the year from all offices and employments other than those provided for in section 493 or the office of director of a corporation, computed before any other deduction provided for in this chapter except any deduction allowed under section 79.1; and".

Applicability (2) This section, where it refers to an office or employment provided for in section 493 of the Taxation Act, applies to the taxation year 1983 and subsequent taxation years and, where it refers to the deduction provided for in section 79.1 of the said Act, applies in respect of an individual who leaves Canada after 10 May 1983 to hold an employment abroad and in respect of an individual who left Canada before 11 May 1983 for the same reason and who, after 10 May 1983, enters into a new contract with an employer.

c. I-3, s. 61,
am.

18. (1) Section 61 of the said Act is amended

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

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

“(c) if the individual is a Member of the National Assembly or the Legislature of another province, except to the extent that the amount otherwise deductible in computing his income for the year under section 60 exceeds the amount that, but for section 492, would be included in computing that income;

“(d) if the individual is an incorporated employee and a specified shareholder, within the meaning of the regulations under section 451, of a corporation which deducted an amount described in paragraph *c* of section 135.2 in computing its income for the taxation year ending in the year.”

Applicability

(2) This section, where it amends paragraph *b* and where it enacts paragraph *d* of section 61 of the Taxation Act, applies to the taxation year 1981 and subsequent taxation years and, where it replaces paragraph *c* of the said section 61, applies to the taxation year 1983 and subsequent taxation years.

c. I-3, ss.
79.1-79.3,
replaced

19. (1) Sections 79.1 to 79.3 of the said Act are replaced by the following sections:

Employment
outside
Canada

“79.1 An individual who is resident in Québec in a taxation year, except an individual deemed to be resident in Québec under paragraph *d* of section 8, and who has performed substantially all the duties of his employment in a country other than Canada throughout a period of not less than thirty consecutive days that commenced in the year or the preceding year may deduct, in computing his income for the year from that employment, the amounts provided for in section 79.2, if he is employed throughout that period by a specified employer and if such duties are in connection with a contract under which the specified employer carries on business in such country with respect to prospecting for or exploitation of petroleum, natural gas, minerals or other similar resources, or in respect of business connected with a farming, construction, installation or engineering activity or any prescribed activity, or for the purpose of obtaining such a contract for the specified employer.

Deductions

“79.2 The amounts referred to in section 79.1 are the following in respect of each period:

(a) the amount obtained by multiplying the foreign living allowance received by the individual in the year by the ratio between his net allowance and his total foreign living allowance related to his employment;

(b) the amount obtained by multiplying the net income received by the individual in the year and that part of his foreign living allowance received by him in the year and which exceeds the amount computed under paragraph *a* by the ratio between the number of consecutive periods of thirty full days, not exceeding 12, worked abroad by the individual during that period in his employment, and 12.

Interpreta-
tion

“79.3 For the purposes of sections 79.1 and 79.2,

“specified
employer”

(a) “specified employer” means a person resident in Canada, a corporation which is a foreign affiliate of such a person or a partnership whose members, resident in Canada, including a corporation controlled by persons resident in Canada, are the owners of interests in that partnership having a fair market value in excess of 10% of the fair market value of the aggregate of the interests in the partnership;

“net
allowance”

(b) “net allowance” means that part of the foreign living allowance of an individual which does not exceed one-half of his net income;

“net
income”

(c) “net income” means the income of an individual from his employment abroad, computed without taking into account any foreign living allowance related to that employment and before any deduction made under this chapter.”

Applicability

(2) This section applies in respect of an individual who leaves Canada after 10 May 1983 to carry on an employment abroad and in respect of an individual who left Canada before 11 May 1983 for the same reason and who enters into a new contract with an employer after 10 May 1983. However, in the latter case, it applies only for a period commencing after the new contract is entered into.

c. I-3, s.
87.2, added

20. (1) The said Act is amended by inserting, after section 87.1, the following section:

Business of
providing
personal
services

“87.2 A corporation carrying on in the year the business of providing personal services or that carried on such a business in a previous taxation year is required to include in computing its income for the year every amount deemed in section 487.1 to be a benefit it receives in that year.”

Applicability

(2) This section applies to a taxation year commencing after 12 November 1981.

c. I-3, s.
119.1,
replaced

21. (1) Section 119.1 of the said Act is replaced by the following section:

Deemed
benefit to
shareholder

“119.1 For the purposes of section 111, a person or a partnership referred to in section 487.3 is deemed to receive the benefit provided for in the said section 487.3 as a shareholder.”

Applicability (2) This section applies to the taxation year 1982 and subsequent taxation years.

c. I-3, s. 135.2, added **22.** (1) The said Act is amended by inserting, after section 135.1, the following section:

Deductions of corporations providing personal services **“135.2** A corporation which carries on the business of providing personal services may deduct in respect of that business under this chapter, only the following amounts to the extent that they would otherwise be deductible:

(a) a salary, wages or other remuneration paid in the year to its incorporated employee;

(b) the cost to the corporation of an allowance or a benefit granted in the year to an incorporated employee;

(c) an expense which, had it been made by an individual, would have been deductible in computing his income for the year under section 62;

(d) an amount it pays during the year as court costs or extra-judicial fees to recover an amount owing to it for services it provided.”

Applicability (2) This section applies to the taxation year commencing after 12 November 1981.

c. I-3, s. 157.4, added **23.** (1) The said Act is amended by inserting, after section 157.3, the following section:

Acquisition of Québec film **“157.4** An individual who, in a taxation year, acquires as the first purchaser a film certified as a Québec film by the Institut québécois du cinéma, may deduct in computing his income for the year, 50% of the amount he may deduct in the computation, in respect of the film, under paragraph *a* of section 130.

Acquisition of Québec film Similarly, an individual who is a member of a partnership at the end of the fiscal period of that partnership during which it acquired such a film as the first purchaser, may also deduct in computing his income for the year in which the fiscal period ends, his portion of the amount which would be determined for the year under the first paragraph in respect of the partnership if it were an individual.”

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, s. 310, replaced **24.** (1) Section 310 of the said Act is replaced by the following section:

Amounts in
respect of an
R.R.S.P. or
an R.R.I.F.

“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 sections 906 to 935, and those provided for in sections 965.20, 968 and 968.1.”

Applicability

(2) This section applies to the taxation year 1983 and subsequent taxation years.

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

25. Section 339 of the said Act is amended by replacing paragraph *g* by the following paragraph:

“(g) any amount deductible under section 961.1.1 or 961.1.2.”

c. I-3, ss.
487.1-487.3,
replaced, ss.
487.4-487.6,
added

26. (1) Sections 487.1 to 487.3 are replaced by the following sections:

Deemed
benefit

“487.1 A corporation carrying on the business of providing personal services or an individual is deemed to receive a benefit in a taxation year equal to the amount computed under section 487.2 when a person or partnership contracts a debt by virtue of services provided or to be provided by the corporation or of the individual’s current or planned office or employment.

Computation

“487.2 The amount provided for in section 487.1 is obtained by subtracting the interest paid for the year in respect of the debt not later than 30 days after the end of the year from the aggregate of the interest, computed at the prescribed rate, in respect of the debt for the period of the year in which it was unpaid and the interest paid or payable for the year in respect of the debt

(a) by a person or a partnership that employed or planned to employ the individual;

(b) by an entity, within the meaning of the regulations made under section 451, to which or for which the corporation provided or was to provide services; or

(c) by a person who was not a debtor of the debt and who was related to the person or partnership contemplated in paragraph *a* or to the entity contemplated in paragraph *b*.

Housing
construction
program

A rate lower than the rate contemplated in the first paragraph may be prescribed in the case of an individual who has received a loan from his employer within the scope of a program prescribed to stimulate housing construction.

Deemed
benefit

“487.3 A person who is not a corporation resident in Canada or a partnership every member of which is not such a corporation is deemed to receive a benefit in a taxation year equal to the amount computed

under section 487.4 when he or it contracts a debt with a corporation by virtue of the fact that he or it is a shareholder thereof, that he or it is connected with such a shareholder or that he or it is a beneficiary or a member of a trust or partnership that is such a shareholder.

Related
corporation

The same rule applies where the person or partnership contracts a debt with a corporation related to the corporation or with a partnership of which the corporation or a corporation related to it is a member.

Person con-
nected with
shareholder

For the purposes of this section, a person is connected with a shareholder of a corporation if he is not dealing at arm's length with the shareholder and if he is not a foreign affiliate of the corporation or a foreign affiliate of a person resident in Canada who is not dealing at arm's length with the corporation.

Computation

"487.4 The amount provided for by section 487.3 is obtained by subtracting the interest paid for the year in respect of the debt 30 days after the end of the year or on 31 December 1982, whichever is later, from the interest, computed at the prescribed rate, in respect of the debt for the period of the year in which it was unpaid.

Provisions
not
applicable

"487.5 Sections 487.1 and 487.3 do not apply in respect of a debt or the portion of a debt

(a) that is included in computing the income of a person or partnership under this Part; or

(b) on which the interest is paid or payable to the creditor only by the debtor and in respect of which the rate of interest is not lower than the rate which, in view of the circumstances and the terms and conditions of the debt, would have been agreed upon, when the debt was contracted, between the parties who were dealing at arm's length, if the loan of money had been part of the creditor's normal business and if neither of the parties contracted the debt by virtue of an office or employment, or by virtue of the fact that a person or partnership is a shareholder.

Benefit
deemed
interest

"487.6 For the purposes of section 160, any benefit deemed to be received in a taxation year under section 487.1 or 487.3 is also deemed to be interest paid in the year and payable in respect of the year by the debtor in accordance with a legal obligation to pay interest on a loan."

Applicability

(2) Where subsection 1 enacts sections 487.1 and 487.2 of the Taxation Act, it applies to taxation years ending after 1981, except that part of such a year which precedes 1 January 1982.

Applicability

(3) Where subsection 1 enacts sections 487.3 and 487.4 of the Taxation Act, it applies to taxation years ending after 1981, except that part of such a year which precedes 1 January 1982; however, it does not apply before 1 July 1983 in respect of a debt contracted before

8 December 1982 by a corporation that was not resident in Canada and that was not dealing at arm's length with its creditor.

Applicability (4) Where subsection 1 enacts section 487.5 of the Taxation Act, it applies to taxation years ending after 1981.

Applicability (5) Where subsection 1 enacts section 487.6 of the Taxation Act, it applies to taxation years beginning after 1981; however, where section 487.6 applies to the taxation year 1982, the corporation or the individual deemed to receive a benefit during that year under section 487.1 of the Taxation Act may deduct, in computing its or his income for the year, the amount that the debtor would otherwise be allowed to deduct under section 160 of the said Act in respect of the benefit if the debtor elects, in his fiscal return for the year, not to deduct the amount.

c. I-3, s. 726.1, replaced **27.** (1) Section 726.1 of the said Act is replaced by the following section:

Deduction under a stock savings plan **"726.1** An individual may deduct from his income for the year the amount provided for in section 965.18."

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, s. 771.2, replaced **28.** (1) Section 771.2 of the said Act is replaced by the following section:

Rules respecting computation of tax **"771.2** Where a corporation has made an election contemplated in section 1029.1 in respect of a non-capital loss that it has sustained during a particular taxation year, the tax payable by it pursuant to subsection 1 of section 771 for any of the 7 taxation years immediately following the particular taxation year must be computed as if the corporation, for the purpose of establishing the amount used as a basis for computing the amount that the corporation may deduct for the year pursuant to subsection 1 of section 125 or subsection 3 of section 137 of the Income Tax Act (Statutes of Canada), could disregard the deduction allowed in computing its taxable income for that subsequent year in respect of the loss."

Applicability (2) This section applies to taxation years ending after 10 May 1983.

c. I-3, s. 776, am. **29.** (1) Section 776 of the said Act is amended by replacing the first paragraph by the following paragraph:

Deduction for election contribution **"776.** An individual who is an elector may deduct from his tax otherwise payable, with respect to a contribution of money during the year to the official representative of an authorized political party, authorized district association or authorized candidate, 50% of the first \$280 contributed."

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, ss. 776.1.1-776.1.5, added **30.** (1) The said Act is amended by inserting, after section 776.1, the following sections:

Shares of the Fonds de solidarité des travailleurs du Québec **“776.1.1** An individual who is not a dealer acting as an intermediary or as firm underwriter may deduct from his tax payable for a taxation year, otherwise determined under this Part, 35% of the amount he pays in the year or within the following 60 days, to such extent as he did not deduct it for a preceding taxation year, for the purchase, as first purchaser, of a class “A” share issued by the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (1983, chapter 58).

Deduction of undeducted amount **“776.1.2** An individual who did not deduct the total amount that was granted to him under section 776.1.1 may deduct from his tax payable for each subsequent taxation year, otherwise determined under this Part, the balance that has not been so deducted for a preceding taxation year.

Maximum amount **“776.1.3** In no case may the amount that an individual may deduct for a taxation year under sections 776.1.1 and 776.1.2 exceed \$1 225.

Restrictions **“776.1.4** In no case may an individual deduct an amount under section 776.1.1 or 776.1.2 if

(a) he has reached 60 years of age and availed himself of his right to retirement or early retirement;

(b) he has reached 65 years of age or, if deceased, would have reached that age in the calendar year had he lived; or

(c) during the year or within the following 120 days, he applied for the redemption of the share under subparagraph 4 of section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (1983, chapter 58).

Copy of the return of the Fund **“776.1.5** An individual who avails himself of section 776.1.1 shall file the fiscal return provided for by section 1000 and attach thereto a copy of the return, in the prescribed form, that he received from the Fund for the year.”

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, s. 943.2, added **31.** The said Act is amended by inserting, after section 943.1, the following section:

“owner-occupied home”

“943.2 For the taxation year 1983 or 1984, 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 either for the taxation year 1983 between 19 April 1983 and 1 March 1984, or for the taxation year 1984 between 31 December 1983 and 2 March 1985.

Interpretation

The expression also includes, in the case of a housing unit described in the first paragraph that is owned in 1983 or 1984 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 either for the taxation year 1983 between 19 April 1983 and 1 March 1984, or for the taxation year 1984 between 31 December 1983 and 2 March 1985.”

c. I-3, s. 944.1, added

32. The said Act is amended by inserting, after section 944, the following section:

Revocation prohibited

“944.1 Notwithstanding section 944, in no case may a plan be revoked following a payment made to a beneficiary under the plan if

(a) the payment is made between 19 April 1983 and 1 January 1984;

(b) the beneficiary was such on 19 April 1983; and

(c) the beneficiary uses the whole payment to buy prescribed furnishings within the meaning of the regulations under section 955 before 1 March 1984 for his use in Canada.”

c. I-3, s. 946, replaced

Deemed realization on revocation

33. Section 946 of the said Act is replaced by the following section:

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

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

34. Section 955 of the said Act is amended

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

Amount to include in computing income

“955. A beneficiary under a registered home ownership savings plan shall include in computing his income for a taxation year the amount by which the amount he receives in the year out of or under the plan exceeds the amount computed under section 955.1, except to the extent that the excess amount,”;

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

“(a.1) is a payment made to the beneficiary in 1984 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;”;

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

(4) by replacing the period at the end of paragraph *c* by the following: “; or”;

(5) by adding the following paragraph:

“(d) if he is a beneficiary under the plan on 19 April 1983, is a payment made to him in 1983 and used by him between 19 April 1983 and 1 March 1984 to acquire prescribed furnishings the acquisition of which he proves in the prescribed manner.”

c. I-3, s.
955.1, added

35. The said Act is amended by inserting, after section 955, the following section:

Computation

“**955.1** The amount mentioned in section 955 is obtained by subtracting from the amount received the amount by which the fair market value of the plan immediately before the withdrawal of the amount exceeds the amount by which the premiums paid after 1982 exceeds the amounts determined under this section for preceding taxation years.”

c. I-3, ss.
961.1.2,
961.1.3,
added

36. The said Act is amended by inserting, after section 961.1.1, the following sections:

Deductions
allowed

“**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 either for the taxation year 1983, if he uses the funds between 19 April 1983 and 1 March 1984, or for the taxation year 1984, if he uses the funds between 31 December 1983 and 2 March 1985, the lesser of

(a) the difference between \$10 000 and the amounts previously deducted by him under section 952, and

(b) the amount by which the cost to him of his owner-occupied home and prescribed furnishings intended therefor exceeds the aggregate of the amounts deducted by him in computing his income for the year under section 952.1 or not included by him in the computation for the year or the preceding year under section 955 and which are payments contemplated in paragraphs *a*, *a.1* and *d* of the said section 955.

Require-
ments

“961.1.3 The requirements mentioned in section 961.1.2 are the following:

(a) the individual shall be the beneficiary under a home ownership savings plan which was registered on 31 December 1982;

(b) in no case may the individual or his spouse with whom he resided during the year have owned premises used as a dwelling place after 31 December 1981;

(c) in no case may a subsidy have been paid under a program prescribed in respect of the home;

(d) in no case may a person have claimed a deduction under section 961.1.1 or 961.1.2 in respect of the home.”

c. 1-3, Part
I, Book VII,
Title VI.1,
replaced

37. Title VI.1 of Book VII of Part I of the said Act, including sections 965.1 to 965.11, is replaced by the following title:

“TITLE VI.1

“STOCK SAVINGS PLANS

“CHAPTER I

“INTERPRETATION

Interpreta-
tion

“965.1 In this title,

“assets”

(a) “assets” means the assets of a corporation as determined under section 965.3 or 965.3.1;

“qualifying
share”

(b) “qualifying share” means a share or stock of an individual meeting the requirements of section 965.7, 965.8 or 965.9;

“net share-
holders’
equity”

(c) “net shareholders’ equity” means the net shareholders’ equity of a corporation as determined under section 965.4 or 965.4.1;

“qualified corporation” (d) “qualified corporation” means a corporation mentioned in section 965.10 or 965.12 and not governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (1983, chapter 58);

“developing corporation” (e) “developing corporation” means a qualified corporation described in sections 965.13 to 965.17 and which is not governed by the Act mentioned in paragraph *d*;

“dealer” (f) “dealer” means a dealer, within the meaning defined in section 5 of the Securities Act (1982, chapter 48), having an establishment in Québec and registered with the Commission des valeurs mobilières du Québec and, after 30 September 1983, an insurer, a corporation mentioned in paragraphs *b* to *e* of section 250.3, a mutual fund corporation or a mutual fund trust and any other prescribed person;

“adjusted cost base” (g) “adjusted cost base” means the cost of a share or stock as determined under section 965.6;

“public share issue” (h) “public share issue” means the distribution of a share or subscription right in a share made in accordance with a receipt from the Commission des valeurs mobilières du Québec or an exemption from filing a prospectus provided for in section 52 or 263 of the Securities Act (1982, chapter 48);

“stock savings plan” (i) “stock savings plan” means an arrangement described in section 965.2;

“total income” (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 117, 119.1 and 120 and paragraph *k* of section 311, exceeds the aggregate of

- i. his allowable business investment losses;
- ii. the amount deducted by him in computing his income under subparagraph iii of paragraph *c* of section 28;
- iii. the portion, not already deducted in computing his earned income, of the amounts deducted by him in computing his income for the purposes of earning an income described in paragraphs *c*, *g* and *k* to *n* of section 87 or in section 120; and
- iv. his losses from a business he carries on as a partner but in which he is not actively engaged.

“CHAPTER II

“GENERALITIES

“965.2 A stock savings plan is an arrangement made between an individual who is not a trust, and a dealer, under which that individual entrusts to that dealer the custody of such of his qualifying shares as he may indicate that are not included in any other plan of any kind for the purposes of this Act, except a prescribed plan.

The arrangement described in the first paragraph may also be made with a federation of bodies governed by an Act referred to in paragraph *c* or *d* of section 965.12 in respect of qualifying shares issued by a body governed by such an Act.

“965.3 The assets of a corporation are the assets shown in its books and 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 application for an exemption from filing a prospectus, less the surplus reassessment of its property and less the amount of its intangible assets that exceeds the expenditure made in that respect.

“965.3.1 The assets of a corporation which is associated, within the meaning of the regulations under section 230.2, with another corporation in the 12 months preceding the date of the receipt for the final prospectus or of the application for an exemption from filing a prospectus, are the aggregate of the assets of the corporation and of each corporation associated with it, as determined under section 965.3, less the amount of investments the corporations own in each other, and less the balance of accounts between the corporations.

Notwithstanding the first paragraph, where a corporation has obtained a receipt for a preliminary prospectus before 21 December 1983, no account is taken, in computing its assets, of the assets of the corporations with which it is not associated at the end of its taxation year immediately preceding that in which the public share issue begins.

“965.4 The net shareholders' equity of a corporation is the one shown in its books and 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 application for an exemption from filing a prospectus, less the surplus reassessment of its property and less the amount of its intangible assets that exceeds the expenditure made in that respect.

“965.4.1 The net shareholders' equity of a corporation which is associated, within the meaning of the regulations under section 230.2, with a corporation in the 12 months preceding the date of receipt for

the final prospectus or the application for an exemption from filing a prospectus is the aggregate of the net shareholders' equity of the corporation and of each corporation associated with it, as determined under section 965.4, less the amount of investments the corporations own in each other.

Computation of the net shareholders' equity Notwithstanding the first paragraph, where the corporation has obtained a receipt for a preliminary prospectus before 21 December 1983, no account is taken, in computing its net shareholders' equity, of the net shareholder's equity of the corporations not associated with it at the end of its taxation year immediately preceding that in which the public share issue begins.

Reduction “**965.5** For the purposes of sections 965.4 and 965.4.1 where a corporation or a corporation associated with it reduces the net shareholders' equity by any transaction after 15 November 1983 for the purposes of qualifying as a developing corporation, the net shareholders' equity is deemed not to have been reduced unless the corporation shows to the satisfaction of the Minister that the transaction was necessary owing to the normal course of its business.

Adjusted cost of a share “**965.6** The adjusted cost of a share or stock for an individual is obtained by multiplying the cost of the share or stock for the individual, otherwise determined without taking into account the borrowing costs, brokerage or custody fees or other similar costs related to the share or stock, by

(a) 150% in the case of a qualifying share of a developing corporation;

(b) 150% in the case of a share issued by the corporation governed by the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (1983, chapter 58);

(c) 100%, 75% or 50% in the case of a qualifying share issued in 1983, 1984 or after 1984, respectively, by a corporation whose assets are \$1 000 000 000 or over; or

(d) 100% in every other case.

“CHAPTER III

“QUALIFYING SHARES

Qualifying shares “**965.7** A share qualifies for a stock savings plan if

(a) it is a common share which, after 10 May 1983, carries voting rights under any circumstances in the issuing corporation;

(b) the voting rights attached thereto, are, after 21 December 1983 equal to those of any other share of the capital stock of the issuing corporation;

(c) it cannot, under the conditions pertaining to its issue, be purchased or redeemed by the corporation that has issued it or by any other corporation;

(d) it is issued by a qualified corporation mentioned in section 965.10 or in paragraph *a*, *b* or *c* of section 965.12, which states, in the final prospectus or the application for an exemption from filing a prospectus, that the share may be included in a stock savings plan and entitles any person to the benefit provided for in respect of the share by this title;

(e) it is purchased within the scope of a public share issue by an individual as first purchaser, other than a dealer acting as an intermediary or as firm underwriter;

(f) it is subscribed and paid; and

(g) the certificate attesting to it is either remitted directly to the dealer contemplated in section 965.2 either by the issuer of the certificate or by another dealer who certifies that the certificate was held, without interruption from its issue, by a dealer acting as intermediary or as firm underwriter or issued and registered in the dealer's name or in the name of a person designated by him.

Qualifying
shares

“**965.8** A share or stock also qualifies for a stock savings plan if it is a share or stock of an individual, other than a membership stock or share,

(a) issued by a qualified corporation mentioned in paragraph *c* or *d* of section 965.12;

(b) that the issuer, on conditions attaching to the issue of that share, cannot purchase, redeem or reimburse, except on its winding-up or on the death of the holder of the share or stock;

(c) that does not qualify for interest or a dividend other than that decided by the general meeting of the members of the issuer or its board of directors after the end of the term for which it is paid;

(d) that is transferable;

(e) that meets the requirements of paragraphs *d* to *f* of section 965.7, *mutatis mutandis*; and

(f) the certificate for which is either remitted directly to the dealer or to the federation contemplated in section 965.2 by the issuer of the certificate, or by another dealer or federation who or which certifies

that it was held, without interruption from its issue, by a dealer or such a federation or issued and registered in the dealer's name, the federation's name or in the name of a person designated by the dealer or the federation.

Qualifying
shares

“965.9 A share also qualifies for a stock savings plan if it is

(a) a common share carrying voting rights under any circumstances in the issuing corporation or a preferred share that can be converted at any time by its holder into such a common share;

(b) a share the voting rights of which are, after 21 December 1983, equal to those of any other share of the capital stock of the issuing corporation;

(c) a share issued by a developing corporation; and

(d) a share that meets the requirements of paragraphs c to g of section 965.7, *mutatis mutandis*.

Share issued
by develop-
ing
corporation

For the purposes of this section, a share issued by a developing corporation described in section 965.14 or 965.16, is a qualifying share even where the corporation does not meet the requirements set out in paragraph e of section 965.10.

“CHAPTER IV

“QUALIFIED CORPORATIONS

Qualified
corporations

“965.10 A corporation that makes a public share issue is a qualified corporation if, on the date of the receipt for the final prospectus or of the application for an exemption from filing a prospectus,

(a) it is a Canadian corporation;

(b) common shares of its capital stock carrying voting rights were registered with a stock exchange in Québec after 5 July 1973, were or are, after that date, the object of a distribution under the conditions provided for in paragraph 1 of section 68 or 338 of the Securities Act (1982, chapter 48) or, after the same date, were distributed in accordance with an authorization granted by the Régie de l'électricité et du gaz before 22 June 1979;

(c) its central management is in Québec or it has a wage bill in respect of its employees, within the meaning of the regulations made pursuant to section 771, of which more than one-half was paid during its last taxation year ended before that date to employees of its establishment situated in Québec;

(d) not more than 50% of 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 of shares, debentures, bonds or stocks not described in section 965.11 or of guaranteed investment certificates, units of a mutual trust fund, units representing an undivided share in a project or property, subscription rights or purchasing rights to such shares or cash in hand or on deposit; and

(e) not fewer than 5 of its full-time employees are not insiders within the meaning of section 89 of the Securities Act.

Property of
a qualified
corporation

“**965.11** Property the description of which is contemplated in paragraph *d* of section 965.10 is the following:

(a) voting shares representing not less than 20% of the voting shares of a corporation meeting the requirements of paragraph *d* of section 965.10;

(b) debentures, bonds or stocks issued by a body governed by an Act mentioned in subparagraph ii or iii of paragraph *d* of section 965.12 and meeting the requirements of paragraph *d* of the said section 965.10.

Qualified
corporations

“**965.12** The following corporations, sociétés and bodies are also qualified corporations:

(a) a corporation established pursuant to the Act respecting corporations for the development of Québec business firms (R.S.Q., chapter S-28) whose registration is in force;

(b) a corporation of which more than 50% of the voting shares are owned by one or more bodies governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4);

(c) a société d'entraide économique governed by the Act respecting the sociétés d'entraide économique (R.S.Q., chapter S-25.1);

(d) a body meeting the requirements of paragraphs *b* to *c* of section 965.10, *mutatis mutandis*, and governed by

- i. the Savings and Credit Unions Act (R.S.Q., chapter C-4);
- ii. the Cooperatives Act (1982, chapter 26);
- iii. the Cooperative Syndicates Act (R.S.Q., chapter S-38).

“CHAPTER V

“DEVELOPING CORPORATIONS

Developing
corporation

“**965.13** A qualified corporation making a public share issue after 10 May 1983 is a developing corporation if, on the date of the receipt

for the final prospectus or of the application for an exemption from filing a prospectus,

- (a) its corporate seat or principal place of business is in Québec;
- (b) it carries on, as its main activity, a qualified business within the meaning of the regulations under section 451;
- (c) throughout the preceding 12 months, not fewer than 5 of its full-time employees were not insiders within the meaning of section 89 of the Securities Act (1982, chapter 48);
- (d) its assets are less than \$25 000 000; and
- (e) its assets, as determined under section 965.3, are more than \$2 000 000 or, in the case of a corporation carrying on a business of a community nature recognized by the Government, are \$2 000 000 or less.

Developing
corporation

“965.14 A corporation making a public share issue between 10 May 1983 and 16 November 1983 is also a developing corporation if, on the date of the receipt for the final prospectus or of the application for an exemption from filing a prospectus, it meets the requirements of paragraph *a* of section 965.13, and if substantially all of its property consists of shares of the capital stock of its sole wholly-owned subsidiary which is itself a developing corporation described in section 965.13 or of loans or advances granted to the subsidiary corporation.

Developing
corporation

“965.15 A qualified corporation making a public share issue after 15 November 1983 is a developing corporation if, on the date of the receipt for the final prospectus or of the application for an exemption from filing a prospectus,

- (a) it meets the requirements of paragraphs *a*, *b* and *c* of section 965.13;
- (b) the net shareholders' equity, as determined under section 965.4, is not less than \$750 000;
- (c) the net shareholders' equity is not more than \$10 000 000.

Developing
corporation

“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 application for an exemption from filing a prospectus,

- (a) its corporate seat or principal place of business is in Québec;

(b) substantially all its property consists of shares of the capital stock of one or more of its wholly-owned subsidiaries or of loans or advances granted to such subsidiaries;

(c) one of the subsidiary corporations meets the requirements of paragraphs *a* to *e* of section 965.13 or *a* to *c* of section 965.15;

(d) it acquired control of the subsidiary more than 12 months before that date; and

(e) the main activity of the corporation and of its subsidiaries is the carrying on of a qualified business within the meaning of the regulations under section 451.

Amalgamation

“965.16.1 A qualified corporation resulting from an amalgamation within the meaning of section 544 that makes a public share issue after 15 November 1983 during its first fiscal period and which, on the date of the receipt for the final prospectus, would be a developing corporation were it not for the amalgamation, is such a corporation if, on the date of the receipt, 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 and if, immediately before the amalgamation, one of the corporations replaced was a developing corporation.

Assets of the corporation

In the case of this section, the assets of the corporation or the net shareholders' equity of the corporation are those established at the beginning of its first fiscal period.

Developing corporation

“965.17 A qualified corporation making its first public share issue after 15 November 1983 and which, on the date of the receipt for the final prospectus, would be a developing corporation were it not for a venture capital corporation associated with it, is a developing corporation if, at the end of the public share issue, it is no longer associated with the venture capital corporation.

Venture capital corporation

For the purposes of this section, a venture capital corporation is a corporation

(a) whose main activity consists in investing funds in the form of shares of the capital stock of a corporation;

(b) whose administration of the funds it invests in a corporation is generally entrusted, for remuneration, to an administrator who is not related to a shareholder holding more than 10% of the shares of a class of the capital stock of the corporation;

(c) whose funds it invests in a corporation are generally not guaranteed by the assets of the corporation; and

(d) whose initial investment in a corporation does not exceed 20% of its funds available for investments of that kind.

“CHAPTER VI

“DEDUCTIONS

Deductions

“**965.18** An individual who is resident in Québec on the last day of a taxation year and who, during the year, purchases a qualifying share and includes it in a stock savings plan under which he is a beneficiary, may deduct in computing his taxable income for the year, in respect of the aggregate of the plans, an amount not exceeding the lesser of

(a) the adjusted cost of the qualifying shares purchased by him during the year and that he included in the plans not later than 31 January of the following year; and

(b) the adjusted cost of the shares included in the plans at the end of the year, including the shares purchased by him during the year and that he included in the plans during the month of January of the following year, less the amount by which the amounts deducted by him under section 726.1 for the preceding two years exceeds any amount described in section 310 that he is required to include in computing his income for the preceding year in respect of a stock savings plan.

Maximum
amount

“**965.19** In no case may the amount of the deduction provided for in section 965.18 exceed the amount obtained by subtracting the deductible amounts in computing the individual's income for the year under paragraph *c* of section 70 and paragraph *b* of section 339 and the adjusted cost of the shares mentioned in paragraph *b* of section 965.6 purchased by him and in respect of which he deducts an amount, during the year, pursuant to section 776.1.1 or 776.1.2, from the lesser of

(a) 20% of his total income for the year, and

(b) \$15 000 for the taxation year 1983 and \$20 000 for the taxation year 1984 and subsequent taxation years.

“CHAPTER VII

“INCLUDED AMOUNTS

Included
amounts

“**965.20** An individual resident in Québec on the last day of a taxation year who, during that year, withdraws a share from a stock savings plan under which he is a beneficiary, shall include in computing his income for the year, in respect of the aggregate of the plans, the lesser of

(a) the adjusted cost of the shares withdrawn by him from the plans during the year; and

(b) the amounts deducted by him under section 726.1 for the preceding two taxation years less any amount described in section 310 which he was to include in computing his income for the preceding year in respect of a stock savings plan, and less the adjusted cost of the shares included in the plans at the end of the year, including the shares purchased by him during the year and which he included in the plans during the month of January of the following year.

“CHAPTER VIII

“SPECIAL CASES

Disposition
of a share

“**965.21** The deemed disposition after 10 May 1983, under section 299, 436 or 440, of a share included in a stock savings plan does not entail the withdrawal of the share from the plan.

Splitting or
replacement
of a share

“**965.22** The splitting or replacement, without any consideration other than a share, of a share included in a stock savings plan, following a transaction described in section 536, 541 or 544 occurring after 10 May 1983, does not entail the withdrawal of the share from the plan if the requirements set out in paragraph *g* of section 965.7 are met in relation to each share issued in respect of the split or replaced share.

Share
deemed a
qualifying
share

In such a case, each new share issued is deemed to be a qualifying share that was included in the plan at the same time as the split or replaced share.

Share
deemed
withdrawn

In any other case, the split or replaced share is deemed to be withdrawn from the plan at the time of the splitting or replacement at the adjusted cost determined in respect of the share immediately before that time.

Adjusted
cost

“**965.23** In the case provided for in the first and second paragraphs of section 965.22, the adjusted cost of the split or replaced share or of each new share issued is equal to the adjusted cost of the split or replaced share determined immediately before the splitting or replacement, divided by the number of shares resulting from the splitting or replacement.

Exchange
share

“**965.24** Where a share of a corporation governed by the Act respecting corporations for the development of Québec business firms (R.S.Q., chapter S-28) included in a stock savings plan is exchanged after 21 June 1983 for a share from another such corporation following a transaction that would be described in section 536 if there were no other consideration than a share, the exchange does not entail the withdrawal of the share from the plan.

Share
deemed a
qualifying
share

In such a case, each new share issued is deemed to be a qualifying share that was included in the plan at the same time as the exchanged share, and the adjusted cost of the exchanged share or of each new share issued is equal to the adjusted cost of the exchanged share immediately before the exchange less any consideration that is not a share and that is provided for in its respect, divided by the number of shares resulting from the exchange.

Share
deemed
withdrawn

In addition, any consideration that is not a share and that is provided for in respect of the exchanged share is deemed to be a share that is withdrawn from the plan and whose adjusted cost base is equal to the difference between the adjusted cost base of the exchanged share, immediately before the exchange, and that of the new shares issued.

“CHAPTER IX

“ADMINISTRATION

Record

“**965.25** Every dealer or federation with whom an individual has made an arrangement for a stock savings plan shall keep in Québec a record indicating, in a separate account, all the transactions effected on behalf of that individual under that plan.

Duties of
dealer or
federation

“**965.26** The dealer or federation shall ensure that every share or stock to be included in a stock savings plan has been purchased within the scope of a public share issue by an individual as first purchaser, other than a dealer acting as an intermediary or firm underwriter, that the certificate for the share has been transmitted directly by the issuer of the certificate or by another dealer or federation certifying that the certificate was held, without interruption from its issue, by a dealer acting as an intermediary or firm underwriter or by such a federation, and that the qualified corporation that issued the share has stated, in the final prospectus or the application for an exemption from filing a prospectus, that the share could be included in a stock savings plan.

Fiscal return

“**965.27** An individual who avails himself of this title shall attach to his fiscal return filed for a taxation year in accordance with section 1000 a statement in the prescribed form concerning the stock savings plans under which he is a beneficiary together with a copy of the declarations in the prescribed form received by him in the year in respect of those plans from the dealers or federations mentioned in section 965.2.”

c. I-3, s.
1026, am.

38. (1) Section 1026 of the said Act is amended by replacing the second paragraph by the following paragraph:

Exception

“However, subparagraph *a* of the first paragraph does not apply to any individual whose tax for the year or whose basic provisional

account for the preceding year is less than \$600 nor to any 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.”

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, s.
1027, am. **39.** (1) Section 1027 of the said Act is amended by adding the following paragraph:

Exception “However, subparagraph *a* of the first paragraph does not apply to a corporation whose aggregate tax payable for the year or the preceding year under this Act is less than \$600.”

Applicability (2) This section applies in respect of a payment that a corporation is liable to make after 10 May 1983.

c. I-3, s.
1029.1,
replaced **40.** (1) Section 1029.1 of the said Act is replaced by the following:

“DIVISION I

“CREDIT FOR LOSSES

Election **“1029.1** A corporation that is not exempt from tax and sustains a non-capital loss for a taxation year may elect, irrevocably, in its fiscal return to be filed for the year under section 1000, not later than six months from the end of the year, that this division apply.”

Applicability (2) This section applies to taxation years ending after 10 May 1983.

c. I-3, s.
1029.2, am. **41.** (1) Section 1029.2 of the said Act is amended

(1) by replacing subparagraphs i and ii of paragraph *a* by the following subparagraphs:

“i. such proportion of 3 per cent of the amount by which such loss exceeds the part of the loss if deducted in computing its taxable income for each of the 3 preceding years, as is represented by the ratio between its business carried on in Québec during the particular year and the aggregate of its business carried on in Québec and elsewhere during the latter year as established under subsection 2 of section 771; and

“ii. the amount by which three times its tax payable for the particular year under Part IV exceeds the amount it is deemed to have paid to the Minister under paragraph *b* on the last day of the particular year in respect of each non-capital loss sustained during any of the 7 preceding taxation years, and which has been the object of an election referred to in section 1029.1; and”;

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

“(b) on the last day of any of the 7 taxation years immediately following the particular year, as partial payment of its tax payable for such subsequent year pursuant to this Part, the lesser of the following amounts:”;

(3) by replacing subparagraph ii of paragraph *b* by the following subparagraph:

“ii. the amount by which the aggregate of its tax payable pursuant to this Part and three times its tax payable pursuant to Part IV for that subsequent year exceeds the aggregate, in respect of each non-capital loss it sustained during a taxation year preceding the particular year, and which was the object of an election prescribed in section 1029.1, of the amounts it is deemed to have paid to the Minister pursuant to this paragraph on the last day of that subsequent year.”

Applicability (2) This section applies to taxation years ending after 10 May 1983.

c. I-3, s. 1029.3, replaced
42. (1) Section 1029.3 of the said Act is replaced by the following section:

Non-capital loss
“**1029.3** Section 1029.2 does not apply, for a taxation year, in respect of a corporation that is exempt from tax for that year nor in respect of a portion of a non-capital loss to which paragraph *b* of section 564.4 or 736 would apply for that year were it not for section 735.1.”

Applicability (2) This section applies to taxation years ending after 10 May 1983.

c. I-3, Sec. II, s. 1029.7, added
43. (1) The said Act is amended by inserting the following division and section after section 1029.6:

“DIVISION II

“CREDIT FOR RESEARCH AND DEVELOPMENT

Research carried out in Québec
“**1029.7** A taxpayer not mentioned in section 984 or 985, who 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, is deemed to have paid to the Minister, for the taxation year during which the research was undertaken, as partial payment of his tax payable for that year pursuant to this Part, an amount equal to 10% of the wages he has paid during the year in respect of the research to his employees of an establishment situated in Québec and of the portion of the remuneration that he has paid during the year in respect of the research to a person who has undertaken all or part of the research, 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.

Amount deemed paid Furthermore, for the purposes of computing the payments that a taxpayer is liable to make under section 1026 or 1027, the taxpayer is deemed to have paid to the Minister as partial payment of his tax payable pursuant to this Part, on the date on which each quarterly or monthly 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, and on the date the last payment is required to be paid, the balance of the amount determined under the said first paragraph.

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

Applicability (2) This section, where it refers to a payment that a taxpayer is liable to make, applies in respect of such a payment that must be made after 15 November 1983.

c. I-3, s. 1049.1, am. **44.** Section 1049.1 of the said Act is amended by replacing the first paragraph by the following paragraph:

False statements **“1049.1** A corporation that, in its final prospectus or an application for exemption from filing a prospectus, states falsely that the issued shares may be included in a stock savings plan described in section 965.2 is liable to a penalty equal to 20% of the adjusted cost base, determined pursuant to section 965.6, of each share or stock of the issue distributed in Québec to an individual other than a trust.”

c. I-3, s. 1132, am. **45.** Section 1132 of the said Act, amended by section 6 of chapter 20 of the statutes of 1983, is again amended by replacing the second paragraph by the following paragraph:

Tax payable by a bank **“Notwithstanding paragraph *a* of the first paragraph, the tax payable by a bank not referred to in Schedule B to the Bank Act (Statutes of Canada) and which has not entered into an agreement with the Government in connection with a program prescribed to stimulate housing construction is equal, for a taxation year or part of a taxation year comprised between 30 June 1982 and 16 November 1983, to 1.2% of its paid-up capital.”**

c. I-3, s. 1211, replaced **46.** (1) Section 1211 of the said Act is replaced by the following section:

Allowable deductions **“1211.** There may be deducted in computing the taxable value of a gift made by a donor in a year to an individual except a gift by settlement or the transfer of property to a trust, the lesser of the value

of the gift and the amount by which \$5 000 exceeds the value of all other gifts made by the donor to the individual in the year and before the date when the gift was made, except gifts exempt from tax under this Part and gifts made by settlement or the transfer of property to a trust.

Maximum amount However, not more than \$25 000 may thus be deducted in a year in computing the taxable value of all gifts made by the donor in the year.”

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, s. 1212, replaced **47.** (1) Section 1212 of the said Act is replaced by the following section:

Deductions in respect of farm property “**1212.** In addition to the deduction provided for in section 1211, a person who makes a gift to his children of a property used in the operation of a farm, of shares of a cooperative or corporation whose main source of revenue is farming or of an interest in a farm partnership may deduct, in computing the taxable value of his gifts in a year, an amount not exceeding \$100 000.

Maximum amount That deduction may be used by the person twice in his lifetime; however, the amounts so deducted must not exceed \$100 000 .”

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. I-3, s. 1218, am. **48.** (1) Section 1218 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the deduction of \$25 000 granted under section 1211 to the donor must be apportioned among the donees to whom the donor made gifts in the year, proportionately to the aggregate value of the gifts made to each donee, except that a deduction not exceeding \$5 000 must be granted in respect of the gifts made to a donee under this paragraph;”.

Applicability (2) This section applies to the taxation year 1983 and subsequent taxation years.

c. L-3, ss. 9, 10, 11, replaced **49.** (1) Sections 9, 10 and 11 of the Licenses Act (R.S.Q., chapter L-3) are replaced by the following section:

Validity “**9.** Any licence issued is valid only for the person, the period of time and the establishment, the vehicle or vessel mentioned therein.”

Applicability (2) This section applies from 1 May 1984.

c. L-3, s. 13, replaced **50.** (1) Section 13 of the said Act is replaced by the following section:

Displaying
licences

“13. The holder of a licence shall display it in the principal room of the establishment or in the vehicle or vessel where the rights conferred by the licence are exercised.

Penalty

If a holder does not comply with the first paragraph for the whole period for which the licence is granted, he is deemed not to hold the licence.”

Applicability

(2) This section applies from 1 May 1984.

c. L-3, s.
16.1,
replaced

51. (1) Section 16.1 of the said Act is replaced by the following section:

Unlicensed
operation

“16.1 Every person exercising an activity in respect of which a licence is required without holding such a licence shall pay to the Minister of Revenue the same duties as if he were holding such licence.”

Applicability

(2) This section applies from 1 May 1984.

c. L-3, Div.
II, IV, ss.
23-39.1,
67-79,
repealed

52. (1) The said Act is amended by striking out Divisions II and IV, comprising sections 23 to 39.1 and 67 to 79 respectively.

Applicability

(2) This section applies from 1 May 1984.

c. L-3, s.
79.2, am.

53. (1) Section 79.2 of the said Act, amended by section 7 of chapter 20 of the statutes of 1983, is again amended by replacing that part of paragraph *b* which precedes subparagraph *i* by the following:

“(b) \$0.03 for every non-returnable container of a capacity of less than 455 millilitres that he distributes between 30 June 1984 and 1 January 1985, \$0.04 for every such container that he distributes between 31 December 1984 and 1 July 1985, \$0.05 for every such container that he distributes after 30 June 1985 and \$0.05 for any other non-returnable container that he distributes, except:”.

Applicability

(2) This section applies from 1 July 1984.

c. L-3, s.
79.3, am.

54. (1) Section 79.3 of the said Act, amended by section 8 of chapter 20 of the statutes of 1983, is again amended by replacing that part of paragraph *b* which precedes subparagraph *i* by the following:

“(b) \$0.03 for every non-returnable container of a capacity of less than 455 millilitres that he distributes between 30 June 1984 and 1 January 1985, \$0.04 for every such container that he distributes between 31 December 1984 and 1 July 1985, \$0.05 for every such container that he distributes after 30 June 1985 and \$0.05 for any other non-returnable container that he distributes, except:”.

Applicability

(2) This section applies from 1 July 1984.

c. L-3, s.
79.3.1,
repealed

55. (1) Section 79.3.1 of the said Act is repealed.

Applicability

(2) This section applies from 1 July 1984.

c. L-3, Div.
VI, VII-XI,
ss. 86-88,
97-141,
repealed

56. (1) The said Act is amended by striking out Divisions VI and VIII to XI, comprising sections 86 to 88 and 97 to 141, respectively.

Applicability

(2) This section applies from 1 May 1984.

c. M-31, s.
4, am.

57. Section 4 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by striking out the second paragraph.

c. M-31, s.
68.1, am.

58. (1) Section 68.1 of the said Act is amended

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

Illicit
establish-
ments

“68.1 In addition to any recourse specially provided for any contravention of a fiscal law, the Deputy Minister may apply to a judge of the Superior Court to pronounce, against any person who keeps an establishment or carries on an activity for which a registration certificate, licence or permit is required, without holding such a certificate, licence or permit still in force, an injunction ordering the closing of the establishment or of any establishment in which that person carries on that activity, until such time as a registration certificate, licence or permit is issued to him and all the costs are paid.”;

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

Proof

“Proof that the person against whom an injunction is applied for keeps an establishment or carries on an activity for which a registration certificate, licence or permit is required, without holding such a certificate, licence or permit still in force, constitutes sufficient proof to grant the injunction.”

Applicability

(2) This section applies from 1 May 1984.

c. S-25.1, s.
53.1, am.

59. Section 53.1 of the Act respecting the sociétés d'entraide économique (R.S.Q., chapter S-25.1) is amended by replacing subparagraphs 2 and 3 of the first paragraph by the following paragraphs:

“(2) which, from the continuance, form part of funds invested in a registered home ownership savings plan, if the beneficiary has acquired either an owner-occupied home within the meaning of the Taxation Act (R.S.Q., chapter I-3), or, between 19 April 1983 and 1 March 1984, furnishings prescribed within the meaning of the regulations made pursuant to section 955 of the said Act;

“(3) which are derived from the conversion of shares of a caisse d'entraide économique that were invested between 1 June 1981 and

31 December 1981 in a registered home ownership savings plan, if the beneficiary of the plan has acquired an owner-occupied home within the meaning of the Taxation Act before 31 December 1983, or, between 19 April 1983 and 1 March 1984, furnishings prescribed within the meaning of the regulations made under section 955 of the said Act.”

c. S-25.1, s.
200.1, am.

60. Section 200.1 of the said Act is amended by replacing subparagraphs 2 and 3 of the first paragraph by the following paragraphs:

“(2) which, from the continuance, form part of funds invested in a registered home ownership savings plan, if the beneficiary has acquired an owner-occupied home within the meaning of the Taxation Act (R.S.Q., chapter I-3), or, between 19 April 1983 and 1 March 1984, furnishings prescribed within the meaning of the regulations made pursuant to section 955 of the said Act;

“(3) which, between 1 June 1981 and 31 December 1981, were shares of a caisse d’entraide économique invested in a registered home ownership savings plan, if the beneficiary has acquired an owner-occupied home within the meaning of the Taxation Act before 31 December 1983 or, between 19 April 1983 and 1 March 1984, furnishings prescribed within the meaning of the regulations made pursuant to section 955 of the said Act.”

c. T-1, s. 2,
am.

61. (1) Section 2 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended by replacing the first paragraph by the following paragraph:

Fuel tax

“**2.** Every person who in any way acquires in Québec one of the categories of fuel mentioned in section 4 for purposes other than resale shall pay to the Minister, on each litre, a tax equal to 30% of the average retail price per litre of that fuel. Such tax is, however, reduced in the proportion determined by regulation when the fuel is delivered to the purchaser by a person in the manner and in the border regions of Québec prescribed by regulation.”

Effect

(2) This section has effect from 16 November 1983.

c. T-1, s. 4,
am.

62. (1) Section 4 of the said Act is amended

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

(2) by replacing the period at the end of subparagraph *e* of the first paragraph by a semicolon;

(3) by adding, in the first paragraph, the following subparagraph:

“(f) propane gas.”;

(4) by replacing the second paragraph by the following paragraph:

Fuels sold as
gasoline

“When benzol, a mixture of benzol with another substance, butane gas or liquified petroleum gas is sold as gasoline, it is deemed to be regular leaded gasoline.”

Effect

(2) This section has effect from 11 May 1983.

c. T-1, s. 5,
am.

63. (1) Section 5 of the said Act is amended by replacing paragraphs *a* to *e* by the following paragraphs:

“(a) \$0.395 per litre for regular leaded gasoline;

“(b) \$0.430 per litre for high-octane leaded gasoline;

“(c) \$0.420 per litre for regular unleaded gasoline;

“(d) \$0.430 per litre for high-octane unleaded gasoline;

“(e) \$0.360 per litre for fuel oil;

“(f) \$0.275 per litre for propane gas.”

Effect

(2) This section has effect from 11 May 1983.

c. T-1, s. 6,
replaced

64. (1) Section 6 of the said Act is replaced by the following section:

Computing
tax

“**6.** An average retail price per litre mentioned in section 5 is used to compute the tax provided for in the first paragraph of section 2 until it is replaced by an average retail price per litre determined from time to time by the Minister in accordance with section 7.”

Effect

(2) This section has effect from 11 May 1983.

c. T-1, s. 9,
am.

65. Section 9 of the said Act is amended

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

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

(3) by adding the following paragraph:

“(g) aviation fuel acquired after 20 June 1983 and used on an international flight within the meaning of the regulations.”

c. T-4, s. 4,
am.

66. (1) Section 4 of the Telecommunications Tax Act (R.S.Q., chapter T-4) is amended by replacing the first and second paragraphs by the following paragraph:

Tax “**4.** A tax of 9% is imposed on the price of every telecommunication sent or received by a user, and on the rent due or paid by a user.”

Effect (2) This section has effect from 1 April 1983.

1983, c. 20,
ss. 7, 8, am. **67.** Sections 7 and 8 of the Act to amend certain fiscal legislation (1983, chapter 20) are amended by replacing paragraph 3 of each by the following paragraph:

 “(3) by adding, after subparagraph iii of paragraph *b*, the following subparagraph:

 “iv. containers for which a deposit is required at the time of the retail sale and which he recovers and recycles or causes to be recycled.””

Exception **68.** 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).

Coming into
force **69.** This Act comes into force on the day of its sanction.