

1982, chapter 6

**AN ACT GRANTING TO HER MAJESTY MONEYS REQUIRED
FOR THE EXPENSES OF THE GOVERNMENT FOR THE
FISCAL YEAR ENDING 31 MARCH 1983, AND FOR OTHER
PURPOSES CONNECTED WITH THE PUBLIC SERVICE**

Bill No. 57

Introduced by Mr Jacques Parizeau, Minister of Finance

First reading: 25 March 1982

Second reading: 25 March 1982

Third reading: 25 March 1982

Assented to: 26 March 1982

Coming into force: 26 March 1982

Act amended: None

expenses contemplated in this section as it read for the purposes of its application to a taxation year ending in 1980 or expenses contemplated in paragraph *a* or in paragraph *e* to the extent that the latter refers to paragraph *a*, as the case may be, or after 1980, in other cases, to the extent that such amount was not deducted under this section by any corporation for one of those preceding taxation years and does not concern expenses deemed to have been incurred by the corporation under section 407, which had been incurred by a joint exploration corporation, within the meaning of section 382, in one of the latter's taxation years ending before 1980 or before the commencement of the third taxation year of the corporation immediately preceding the year, or which were 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 under this paragraph to such a joint exploration corporation, the latter must subtract from the amount that would otherwise be determined in respect thereof under this paragraph, such portion of such amount as may be reasonably related to expenses it has renounced by virtue of an election referred to in section 406.

Principal
corpora-
tion.

“1162.1 A corporation contemplated in paragraph *d* of section 1162 is any corporation that, in the prospectus or circular respecting the issue of shares mentioned in that paragraph, stipulates that substantially all of the proceeds of such issue will be used for the construction of a unit situated in Québec of which the corporation will be the first owner, which will comprise all or substantially all of the installations of the corporation and which the corporation proposes to lease or operate as its principal business, and for the purchase of the land necessary to use such unit.

Conditions
for deduc-
tions.

“1162.2 In no case may the aggregate of the amounts deducted under section 1162 for a taxation year exceed the tax mentioned therein; nor may the aggregate of the amounts deducted under paragraph *c*, *d*, *f* or *g* of the said section 1162 for a taxation year or under paragraph *h* of that section for a taxation year, to the extent that the said paragraph *h* refers to an amount referred to either in section 1162 as it read for the purposes of its application to a taxation year ending in 1980, or in the said paragraph *c*, *d*, *f* or *g*, as the case may be, for any previous taxation year, exceed 50% of such tax.

New cor-
poration.

“1162.3 For the purposes of section 1162, a new corporation resulting from an amalgamation within the meaning of section 544 may, in respect of a deduction provided for by section 1162 for a taxation year ending after the amalgamation, include, as an amount described in any of paragraphs *a* to *h* of section 1162 that is applicable to it, any amount that would be described in that paragraph in respect of a predecessor corporation for the taxation year

of the latter that would have coincided with the year or that would have ended therein if such predecessor corporation had continued to exist after the amalgamation and if the taxation year deemed to have ended immediately before the amalgamation had not ended at that time, to the extent that such amount has not been deducted by the new corporation for a previous taxation year nor by the predecessor corporation for its taxation year deemed to have ended immediately before the amalgamation.

Exemption from tax. This section does not apply where the predecessor corporation was exempt, under subsection 3 of section 1160, from the tax provided for in subsection 1 of the said section 1160 for its taxation year deemed to have ended immediately before the amalgamation or for a previous taxation year or would have been so exempt if it had operated a unit during such a year.

Application of section 1162.3. “**1162.4** Section 1162.3 applies, *mutatis mutandis*, in respect of a deduction that may be claimed, under section 1162, by a parent whose subsidiary has been the object of a winding-up to which section 556 applied.

Exception. However, the parent may not make any deduction under section 1162 for a taxation year in respect of an amount that the subsidiary chooses to deduct, under the said section 1162, for a taxation year.”

(2) This section applies to a taxation year ending after 1979 except to the extent that it enacts sections 1162.1 to 1162.4 of the Taxation Act, in which case it applies to a taxation year ending after 1980; however, where sections 1161 and 1162 of the Taxation Act that it enacts apply to a taxation year ending before 1981, those sections must read as follows:

Proportion of tax payable. “**1161.** Where a corporation contemplated in section 1160 owns an establishment situated outside Québec in a taxation year, the tax payable for the year by such corporation under that section is equal to the portion of the tax payable for the year by such corporation otherwise determined under that section that the gross revenue that may be reasonably attributed to the establishment situated in Québec is of all of its gross revenue for the year.

Deduction of tax payable. “**1162.** A corporation may deduct from the tax payable otherwise determined under section 1160, after applying section 1161, for a taxation year, the Canadian exploration expenses, within the meaning of sections 395 to 397, incurred by it in Québec in the year in connection with an oil resource or natural gas resource situated in Québec.”

R.S.Q., c.
I-4, ss. 87,
88,
replaced.

208. (1) Sections 87 and 88 of the Act respecting the application of the Taxation Act (R.S.Q., chapter I-4) are replaced by the following sections:

Rules
applicable
in respect
of
exchange
or reorgan-
ization.

“87. The rules provided in section 86 also apply when, pursuant to an exchange or a reorganization to which sections 301, 480, 536 to 539 or 541 to 543.1 of the Taxation Act apply, a taxpayer acquires a property referred to in the said sections in consideration of a property he owned on 31 December 1971 and thereafter without interruption until the time immediately preceding the exchange or reorganization and if, in the case of a reorganization to which sections 541 to 543.1 apply, the cost, to the taxpayer, of the property so acquired is determined otherwise than under section 543.1.

Provision
not to
apply to a
predecessor
corporation.

“88. Section 86 does not apply if the taxpayer itself is a predecessor corporation and applies, in respect of shares, only when the taxpayer receives, in consideration of shares of a class of the capital stock of a predecessor corporation that it owns, only shares of one class of the capital stock of the new corporation whose cost to the taxpayer is determined otherwise than under paragraph *c* of section 553.1 of the Taxation Act.”

(2) This section applies in respect of operations occurring after 11 December 1979.

1980, c.
13, s. 3,
am.

209. (1) The Act to amend the Taxation Act and certain legislation (1980, chapter 13) is amended by replacing subsection 2 of section 3 by the following subsection:

“(2) This section, to the extent that it enacts section 21.4 of the Taxation Act, applies to the taxation year 1972 and subsequent taxation years and, to the extent that it enacts sections 21.5 to 21.16 of the said Act, has effect as from 17 November 1978.”

(2) This section has effect as from 18 June 1980.

Coming
into force.

210. This Act comes into force on the day of its sanction.