



NATIONAL ASSEMBLY

FIRST SESSION

FORTY-FIRST LEGISLATURE

Bill 146

**An Act to give effect mainly to fiscal
measures announced in the Budget
Speech delivered on 28 March 2017**

Introduction

**Introduced by
Mr. Carlos J. Leitão
Minister of Finance**

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EXPLANATORY NOTES

This bill amends various Acts to give effect mainly to fiscal measures announced in the Budget Speech delivered on 28 March 2017 and in various Information Bulletins published in 2016 and 2017.

The Taxation Act is amended to introduce or modify fiscal measures specific to Québec. More specifically, the amendments deal with

(1) general tax reduction for individuals and simplification of the calculation of personal tax credits as of 1 January 2017;

(2) reverting to 65 the age of eligibility for the tax credit with respect to age;

(3) lowering to 62 the age of eligibility for the tax credit for experienced workers;

(4) introduction of a supplement for handicapped children requiring exceptional care as part of the refundable tax credit for child assistance;

(5) relaxation of the distance standard imposed for certain tax credits related to obtaining medical care;

(6) extension to 31 March 2018 of the eligibility period for the temporary refundable tax credit for eco-friendly renovation (RénoVert);

(7) introduction of a temporary refundable tax credit for the upgrading of residential waste water treatment systems;

(8) implementation of an income-averaging mechanism for forest producers;

(9) extension to all sectors of activity of the relaxation of the rules applicable to the transfer of family businesses;

(10) increase in the additional deduction for the transportation costs of small and medium-sized businesses;

(11) introduction of a deduction for innovative manufacturing corporations;

(12) introduction of a temporary refundable tax credit for major digital transformation projects;

(13) increase in tax credits in the cultural sector;

(14) introduction of a temporary refundable tax credit for the production of biodiesel fuel; and

(15) extension of the compensation tax for financial institutions until 31 March 2024.

The Act respecting the Régie de l'assurance maladie du Québec is amended to, among other things, abolish the health contribution for low- or middle-income taxpayers as of the year 2016 and for all taxpayers as of the year 2017.

The Act respecting the Québec sales tax is amended to, among other things,

(1) cease the payment to Ville de Montréal of the compensation for the elimination of the amusement tax; and

(2) introduce a residency requirement for the purposes of the rebate of the Québec sales tax to public service bodies.

In addition, the Taxation Act and the Act respecting the Québec sales tax are amended to make amendments similar to those made to the Income Tax Act and the Excise Tax Act by federal bills assented to in 2014, 2015 and 2016. The bill gives effect mainly to harmonization measures announced in various Information Bulletins published in 2015 and 2016 and in the Budget Speeches delivered on 4 June 2014 and 26 March 2015. More specifically, the amendments deal with

(1) property used in the course of carrying on a farming or fishing business;

(2) deduction for individuals residing in certain remote areas;

(3) tax on split income;

(4) fiscal treatment of gifts in the context of death;

(5) new rules applicable to certain loans received and indebtedness incurred by corporations not resident in Canada; and

(6) zero-rated status for certain health-related supplies and taxation of purely cosmetic procedures supplied by charities.

Lastly, the bill makes various technical amendments as well as consequential and terminology-related amendments.

LEGISLATION AMENDED BY THIS BILL:

- Tax Administration Act (chapter A-6.002);
- Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);
- Act respecting duties on transfers of immovables (chapter D-15.1);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2);
- Mining Tax Act (chapter I-0.4);
- Taxation Act (chapter I-3);
- Act respecting administrative justice (chapter J-3);
- Act respecting labour standards (chapter N-1.1);
- Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);
- Act respecting the Régie de l’assurance maladie du Québec (chapter R-5);
- Act respecting the Québec Pension Plan (chapter R-9);
- Voluntary Retirement Savings Plans Act (chapter R-17.0.1);
- Business Corporations Act (chapter S-31.1);
- Act respecting the Québec sales tax (chapter T-0.1);
- Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures (2015, chapter 21);

- Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 (2017, chapter 1).

REGULATIONS AMENDED BY THIS BILL:

- Regulation respecting the Taxation Act (chapter I-3, r. 1);
- Regulation respecting pensionable employment (chapter R-9, r. 6).

Bill 146

AN ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON 28 MARCH 2017

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

TAX ADMINISTRATION ACT

1. The Tax Administration Act (chapter A-6.002) is amended by inserting the following section after section 31.1:

“31.1.0.1. The Minister may, in accordance with the terms and conditions provided for in the second paragraph and after proceeding with the allocation under sections 31 and 31.1, if applicable, allocate an amount that the Minister must refund to a person under a fiscal law to stand in lieu of the guarantee that the person failed to furnish under section 232.4 or 232.7 of the Mining Act (chapter M-13.1), up to the difference between the total amount of the required guarantees and the amount of the guarantees furnished under sections 232.4 and 232.7.

The Government may, after obtaining the opinion of the Commission d'accès à l'information, make regulations to determine the terms and conditions for the operations of the allocation provided for in the first paragraph, the information necessary for that allocation and the terms and conditions respecting communication of that information.

At the request of the Minister or a person expressly authorized by the Minister for that purpose, the information may be provided by the transfer of information files.

Where the Minister, by error or on the basis of inaccurate or incomplete information, has allocated to stand in lieu of the guarantee referred to in the first paragraph an amount greater than that which the Minister should have allocated, the excess amount is deemed, from the allocation, to stand in lieu of the guarantee.”

2. Section 31.1.6 of the Act is amended by replacing “section 31 or 31.1.5” by “any of sections 31, 31.1.0.1 and 31.1.5”.

3. Section 31.1.7 of the Act is amended by replacing “sections 31.1.1 to 31.1.6” by “sections 31.1.0.1 to 31.1.6”.

4. (1) Section 93.2.1 of the Act is amended by replacing “subparagraph *b* of the first paragraph” in the second paragraph by “subparagraph *b*”.

(2) Subsection 1 has effect from 5 January 2014.

ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

5. (1) Section 19 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) is amended

(1) by replacing “and 6” in the seventh paragraph by “, 6 and 11”;

(2) by replacing “7 to 12” in the eighth paragraph by “7 to 10 and 12”;

(3) by replacing “\$40,000,000” in subparagraph 8 of the tenth paragraph by “\$85,000,000”.

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2016.

ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES

6. (1) The Act respecting duties on transfers of immovables (chapter D-15.1) is amended by inserting the following sections after section 4.2:

“4.2.1. Despite the first paragraph of section 4.1, a transferee is not required to pay the transfer duties that would have been otherwise payable as a consequence of the application of that paragraph if, at a particular time in the 24-month period following the date of the transfer, the condition relating to the percentage of voting rights is no longer met by reason of

(a) the amalgamation of the transferee with one or more legal persons provided the transferor owns shares of the capital stock of the legal person resulting from that amalgamation that, throughout the period that begins immediately after that amalgamation and ends 24 months after the date of the transfer of the immovable, carry at least 90% of the voting rights that may be exercised under any circumstances at the annual meeting of shareholders of that legal person; or

(b) the dissolution of the transferee.

“4.2.2. Despite the second paragraph of section 4.1, a transferee is not required to pay the transfer duties that would have been otherwise payable as a consequence of the application of that paragraph if, at a particular time in the 24-month period following the date of the transfer, the transferor and the transferee that are parties to the transfer cease to be closely related legal persons by reason of

(a) the amalgamation of the transferor with the transferee;

(b) the amalgamation of the transferor with one or more legal persons, other than the transferee, provided the legal person resulting from that amalgamation is closely related to the transferee throughout the period that begins immediately after that amalgamation and ends 24 months after the date of the transfer of the immovable;

(c) the amalgamation of the transferee with one or more legal persons, other than the transferor, provided the legal person resulting from that amalgamation is closely related to the transferor throughout the period that begins immediately after that amalgamation and ends 24 months after the date of the transfer of the immovable; or

(d) the dissolution of the transferor or of the transferee.

For the purposes of subparagraphs *b* and *c* of the first paragraph, the second, third and fourth paragraphs of section 19 apply for the purpose of determining whether a legal person is closely related to a particular legal person at a particular time and, to that end, the second and third paragraphs of section 19 are to be read as if “at the time of the transfer” were replaced by “at the particular time”.

(2) Subsection 1 applies in respect of the transfer of an immovable that occurs after 17 March 2016.

7. (1) Section 4.3 of the Act is amended by replacing “section 4.2” by “sections 4.2 and 4.2.1”.

(2) Subsection 1 applies in respect of the transfer of an immovable that occurs after 17 March 2016.

8. (1) Section 10.1 of the Act is amended

(1) by striking out subparagraph *c* of the first paragraph;

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

“The information contained in the notice of disclosure is sent to the Minister of Revenue by the municipality that received the notice.”

(2) Subsection 1 applies in respect of the transfer of an immovable that occurs after 17 March 2016.

9. (1) Section 10.2 of the Act is amended

(1) by striking out subparagraph *c* of the first paragraph;

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

“The information contained in the notice of disclosure is sent to the Minister of Revenue by the municipality that received the notice.”

(2) Subsection 1 applies in respect of the transfer of an immovable that occurs after 17 March 2016.

10. (1) Section 19 of the Act is amended by inserting the following subparagraph after subparagraph *b* of the first paragraph:

“(b.1) the transfer is made by a transferor that is a legal person to a transferee who is a natural person if,

- i. subparagraph *b* does not apply in respect of the transfer,
- ii. at a particular time in the period referred to in subparagraph *b*, the transferee acquires ownership of shares of the capital stock of the transferor as a consequence of a death, and
- iii. immediately after the particular time, the transferee owns shares of the capital stock of the transferor carrying at least 90% of the voting rights that may be exercised under any circumstances at the annual meeting of shareholders of the transferor;”.

(2) Subsection 1 applies in respect of the transfer of an immovable that occurs after 17 March 2016.

**ACT TO ESTABLISH FONDACTION, LE FONDS DE
DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS
NATIONAUX POUR LA COOPÉRATION ET L’EMPLOI**

11. (1) Section 19 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2) is amended by replacing subparagraph 2.1 of the eleventh paragraph by the following subparagraph:

“(2.1) the aggregate of the investments described in subparagraph 6 of that paragraph, determined without taking the investments made in a social economy enterprise within the meaning of the Social Economy Act (chapter E-1.1.1) into account, may not exceed 10% of the Fund’s net assets at the end of the preceding fiscal year;”.

(2) Subsection 1 applies to a fiscal year that begins after 31 May 2016.

MINING TAX ACT

12. (1) Section 1 of the Mining Tax Act (chapter I-0.4) is amended, in the first paragraph,

(1) by replacing paragraph 1 of the definition of “eligible operator” by the following paragraph:

“(1) during the fiscal year, is not developing any mineral substance in reasonable commercial quantities; and”;

(2) by replacing the definition of “Near North” by the following definition:

““Near North” means the territory of Québec situated north of the 49th degree of north latitude and north of the St. Lawrence River and the Gulf of St. Lawrence, and south of the 55th degree of north latitude;”.

(2) Paragraph 1 of subsection 1 applies to a fiscal year that begins after 30 June 2016.

(3) Paragraph 2 of subsection 1 applies in respect of exploration expenses incurred after 28 March 2017.

13. (1) Section 8.1.1 of the Act is amended by replacing the third paragraph by the following paragraph:

“Where the operator’s mine-mouth output value for the fiscal year in respect of a mine it operates in the fiscal year is less than 10% of the amount that would be determined as such for the fiscal year in respect of the mine if the second paragraph were read without reference to subparagraphs *d* and *e* of its subparagraph 1 and subparagraphs *a* to *e* of its subparagraph 2, the operator’s mine-mouth output value for the fiscal year in respect of the mine is deemed to be equal to 10% of the amount so determined.”

(2) Subsection 1 applies to a fiscal year that begins after 30 June 2016.

(3) In addition, subsection 1 applies to a fiscal year that begins before 1 July 2016 if the operator so elects by notifying the Minister of Revenue in writing on or before 31 December 2016.

14. (1) Section 16.9 of the Act is amended by replacing subparagraph *a* of subparagraph 1 of the second paragraph by the following subparagraph:

“(a) subject to sections 16.14 to 16.18, the aggregate of all amounts each of which is expenses incurred by the operator, after 30 March 2010 and before that time, to determine the existence of a mineral substance in Québec, to locate such a substance or to determine the extent or quality of such a substance, including expenses incurred in prospecting, carrying out geological, geophysical or geochemical surveys, drilling and trenching or digging test pits or preliminary

sampling and expenses for environmental studies or community consultations (including, despite subparagraphs i and ii, studies or consultations that are undertaken to obtain a right, licence or privilege to determine the existence of a mineral substance in Québec, to locate such a substance or to determine the extent or quality of such a substance), but not including

- i. any pre-production development expense,
- ii. any post-production development expense, or
- iii. any expense that may reasonably be considered to be attributable to a mine which has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine.”.

(2) Subsection 1 applies in respect of expenses incurred after 28 February 2015.

TAXATION ACT

15. (1) Section 1 of the Taxation Act (chapter I-3), amended by section 63 of chapter 1 of the statutes of 2017, is again amended

(1) by striking out “, except for the purposes of Title VI.1 of Book VII,” in the definition of “share”;

(2) by replacing “except for the purposes of Titles VI.1 and VI.2 of Book VII” in the definition of “paid-up capital” by “except for the purposes of Title VI.2 of Book VII”;

(3) by replacing paragraph *b* of the definition of “balance-due day” by the following paragraph:

“(b) where the taxpayer is a trust,

i. in the case where the taxation year of the trust ended immediately before the time at which the trust was subject to a loss restriction event, the day that is

(1) if the particular time at which the taxation year ends occurs in a calendar year and after the end of another taxation year that ended on 15 December of that calendar year because of an election provided for in section 1121.7, 90 days after the end of the other taxation year,

(2) if subparagraph 1 does not apply and the trust’s particular taxation year that begins immediately after the particular time ends in the calendar year that includes the particular time, the balance-due day of the trust for the particular taxation year, and

(3) if subparagraphs 1 and 2 do not apply, 90 days after the end of the calendar year that includes the particular time, and

ii. in any other case, the day that is 90 days after the end of the taxation year;”.

(2) Paragraph 3 of subsection 1 has effect from 21 March 2013.

16. Section 1.3 of the Act is amended by replacing “For the purposes of this Part, except Title VI.1 of Book VII,” by “For the purposes of this Part,”.

17. (1) Section 6.2 of the Act, replaced by section 64 of chapter 1 of the statutes of 2017, is amended, in the first paragraph,

(1) by replacing “fait lié à une restriction de pertes” in the portion before subparagraph *a* in the French text by “fait lié à la restriction de pertes”;

(2) by striking out “subject to subparagraph *c*,” in subparagraphs *a* and *b*;

(3) by striking out subparagraph *c*.

(2) Subsection 1 has effect from 21 March 2013.

18. (1) The Act is amended by inserting the following sections after section 7.18.1:

“**7.18.2.** For the purposes of Chapters III.1 and III.1.1 of Title I of Book VIII, where a registered charity, a registered Canadian amateur athletic association or a registered Québec amateur athletic association holds an interest as a member of a partnership, the member shall not, solely because of its acquisition and holding of that interest, be considered to carry on any business of the partnership if

(a) by operation of any law governing the arrangement in respect of the partnership, the liability of the member as a member of the partnership is limited;

(b) the member deals at arm’s length with each general partner of the partnership; and

(c) the member, or the member together with persons and partnerships with which it does not deal at arm’s length, holds interests in the partnership that have a fair market value of not more than 20% of the fair market value of the interests of all members in the partnership.

“**7.18.3.** For the purposes of Chapters III.1 and III.1.1 of Title I of Book VIII, each member of a partnership at any time is deemed at that time to own the portion of each property of the partnership equal to the proportion that the fair market value of the member’s interest in the partnership at that time is of the fair market value of the interests of all members in the partnership at that time.”

(2) Subsection 1, where it enacts section 7.18.2 of the Act, applies in respect of an investment in a limited partnership that is made or acquired after 20 April 2015.

(3) Subsection 1, where it enacts section 7.18.3 of the Act, has effect from 21 April 2015.

19. (1) The Act is amended by inserting the following section after section 7.19.1:

“7.19.2. For the purposes of sections 234.1, 428 to 451 and 454 to 462.0.1 and Title VI.5 of Book IV, where at any time a person or a partnership carries on a farming business and a fishing business, a property used at that time principally in a combination of the activities of the farming business and the fishing business is deemed to be used at that time principally in the course of carrying on a farming or fishing business.”

(2) Subsection 1 applies in respect of the disposition or transfer of a property that occurs after 31 December 2013.

20. (1) Section 8 of the Act is amended by replacing “\$6,650” in paragraph *f* by “\$9,582”.

(2) Subsection 1 applies from the taxation year 2017.

21. (1) Section 8.2 of the Act is amended

(1) by replacing “2007” in the portion before the formula in the first paragraph by “2017”;

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

“If the amount that results from the adjustment provided for in the first paragraph is not a multiple of \$1, it must be rounded to the nearest multiple of \$1 or, if it is equidistant from two such multiples, to the higher multiple.”

(2) Subsection 1 applies from the taxation year 2017.

22. (1) Section 21.0.1 of the Act is amended

(1) by replacing the portion of the definition of “majority-interest beneficiary” before paragraph *a* by the following:

““majority-interest beneficiary”, of a trust at any time, means a person whose interest as a beneficiary, if any, at that time,”;

(2) by replacing paragraphs *a* and *b* of the definition of “majority-interest beneficiary” in the French text by the following paragraphs:

“*a*) la juste valeur marchande de l’ensemble de sa participation, le cas échéant, à titre de bénéficiaire au revenu de la fiducie et des participations à titre de bénéficiaire au revenu de la fiducie de toutes les personnes auxquelles elle est affiliée excède 50 % de la juste valeur marchande de l’ensemble des participations à titre de bénéficiaire au revenu de la fiducie;

“*b*) la juste valeur marchande de l’ensemble de sa participation, le cas échéant, à titre de bénéficiaire au capital de la fiducie et des participations à titre de bénéficiaire au capital de la fiducie de toutes les personnes auxquelles elle est affiliée excède 50 % de la juste valeur marchande de l’ensemble des participations à titre de bénéficiaire au capital de la fiducie;”.

(2) Subsection 1 has effect from 21 March 2013.

23. (1) Section 21.0.5 of the Act, enacted by section 72 of chapter 1 of the statutes of 2017, is amended

(1) by replacing the definition of “majority-interest beneficiary” by the following definition:

““majority-interest beneficiary” has the meaning that would be assigned by section 21.0.1 if the definition of that expression in that section were read without reference to “, if any,”;”;

(2) by inserting the following definition in alphabetical order:

““investment fund”, at a particular time, means a trust, if

(*a*) at all times throughout the period that begins at the later of 21 March 2013 and the end of the calendar year in which it is created and that ends at the particular time, the trust has a class of units outstanding that would comply with the conditions prescribed for the purposes of section 1120 if section 1120R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) were read without its paragraph *b*; and

(*b*) at all times throughout the period that begins at the later of 21 March 2013 and the date on which it was created and that ends at the particular time, the trust

i. is resident in Canada,

ii. has no beneficiaries who have, for any reason, the right to receive directly from the trust an amount from the income or capital of the trust, other than beneficiaries whose interests as beneficiaries under the trust are fixed interests described by reference to units of the trust,

iii. follows a reasonable policy of investment diversification,

- iv. limits its undertaking to the investing of its funds in property,
- v. does not alone, or as a member of a group of persons, control a corporation, and
- vi. does not hold
 - (1) property that the trust, or a person with which the trust does not deal at arm's length, uses in carrying on a business,
 - (2) immovable or real property, a real right in an immovable property or an interest in real property,
 - (3) Canadian resource property, foreign resource property, or a right or interest in Canadian resource property or foreign resource property, or
 - (4) more than 20% of the securities of any class of securities of a person (other than an investment fund or a mutual fund corporation that would meet the conditions of this paragraph, other than that of subparagraph ii, if it were a trust), unless at the particular time the securities (other than liabilities) of the person held by the trust have a total fair market value that does not exceed 10% of the equity value of the person and, at that time, the liabilities of the person held by the trust have a total fair market value that does not exceed 10% of the value of all of the liabilities of the person;";
- (3) by inserting the following definition in alphabetical order:

““fixed interest”, at a particular time of a person in a trust, means an interest of the person as a beneficiary (determined without reference to section 7.11.1) under the trust provided that no part of the income or capital of the trust to be distributed at any time in respect of any interest in the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, other than a power to appoint in respect of which it is reasonable to conclude that

 - (a) the power is consistent with normal commercial practice;
 - (b) the power is consistent with terms that would be acceptable to beneficiaries under the trust that would be dealing with each other at arm's length; and
 - (c) the exercise of, or failure to exercise, the power will not materially affect the value of an interest as a beneficiary under the trust relative to the value of other such interests as a beneficiary under the trust;”.
- (2) Subsection 1 has effect from 21 March 2013. However,

(1) if a trust makes a valid election under paragraph *a* of subsection 6 of section 65 of the Budget Implementation Act, 2016, No. 2 (Statutes of Canada, 2016, chapter 12), subsection 1 has effect only from the first day of the trust's first taxation year 2014;

(2) if a trust makes a valid election under paragraph *b* of subsection 6 of section 65 of the Budget Implementation Act, 2016, No. 2, subsection 1 has effect only from the first day of the trust's first taxation year 2015;

(3) where the definition of "investment fund" in section 21.0.5 of the Act applies in respect of a trust created before 1 January 2016, paragraph *a* of the definition is to be read as if "the end of the calendar year" were replaced by "the date corresponding to the 90th day after the end of the calendar year".

(3) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election referred to in paragraph 1 or 2 of subsection 2. For the purposes of section 21.4.7 of the Act, a trust is deemed to have complied with a requirement of section 21.4.6 of the Act if the trust complies with it on or before (*insert the date that is 180 days after the date of assent to this Act*).

24. (1) Section 21.0.7 of the Act, enacted by section 72 of chapter 1 of the statutes of 2017, is amended by adding the following paragraph:

"(f) the acquisition or disposition of equity of the particular trust at a particular time if

- i. the particular trust is an investment fund immediately before that time, and
- ii. the acquisition or disposition is not part of a series of transactions or events that includes the particular trust ceasing to be an investment fund."

(2) Subsection 1 has effect from 21 March 2013. However, if a trust makes a valid election referred to in paragraph 1 or 2 of subsection 2 of section (*insert the number of the section in this Act that amends section 21.0.5 of the Taxation Act*), subsection 1 has effect only from the first day of the trust's first taxation year 2014, in the case of an election referred to in that paragraph 1, and only from the first day of the trust's first taxation year 2015, in the case of an election referred to in that paragraph 2.

25. (1) Section 21.0.9 of the Act, enacted by section 72 of chapter 1 of the statutes of 2017, is amended by adding the following paragraph:

"(c) if, at any time as part of a series of transactions or events a person acquires a security (within the meaning assigned by the first paragraph of section 1129.70) and it can reasonably be concluded that one of the reasons for the acquisition, or for making any agreement or undertaking in respect of the acquisition, is to cause a condition in subparagraph v of paragraph *b* of the definition of "investment fund" in section 21.0.5 or in subparagraph 4 of

subparagraph vi of that paragraph *b* to be satisfied at a particular time in respect of a trust, the condition is deemed not to be satisfied at the particular time in respect of the trust.”

(2) Subsection 1 has effect from 21 March 2013. However, if a trust makes a valid election referred to in paragraph 1 or 2 of subsection 2 of section (*insert the number of the section in this Act that amends section 21.0.5 of the Taxation Act*), subsection 1 has effect only from the first day of the trust’s first taxation year 2014, in the case of an election referred to in that paragraph 1, and only from the first day of the trust’s first taxation year 2015, in the case of an election referred to in that paragraph 2.

26. (1) The Act is amended by inserting the following section after section 21.0.10, enacted by section 72 of chapter 1 of the statutes of 2017:

“21.0.11. Where a trust is subject to a loss restriction event at a particular time, the following rules apply in respect of the trust for its taxation year that ends immediately before that time:

(a) paragraph *d* of subsection 2 of section 1000 is to be read as if “within 90 days after the end of” were replaced by “on or before the trust’s balance-due day for”, and the second paragraph of section 1086R57 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is to be read as if “within 90 days following the end of” were replaced by “on or before the trust’s balance-due day for”;

(b) the first paragraph of section 1086R77 of the Regulation respecting the Taxation Act is to be read as if “within 90 days after the end of” were replaced by “on or before the reporting person’s balance-due day for”;

(c) the first paragraph of section 1120.0.1 is to be read as if “before the 91st day after the end of” were replaced by “that occurs on or before the trust’s balance-due day for”.”

(2) Subsection 1 has effect from 21 March 2013. However, if a trust makes a valid election referred to in paragraph 1 or 2 of subsection 2 of section (*insert the number of the section in this Act that amends section 21.0.5 of the Taxation Act*), subsection 1 has effect only from the first day of the trust’s first taxation year 2014, in the case of an election referred to in that paragraph 1, and only from the first day of the trust’s first taxation year 2015, in the case of an election referred to in that paragraph 2.

27. (1) Section 21.1 of the Act, amended by section 73 of chapter 1 of the statutes of 2017, is again amended by replacing the fourth paragraph by the following paragraph:

“Section 21.4.1 applies in respect of the control of a corporation for the purposes of sections 6.2 and 21.0.1 to 21.0.4, paragraph *b* of the definition of “investment fund” in section 21.0.5, paragraph *a* of section 21.0.6, paragraphs *c*

and *d* of section 21.0.7, the fifth paragraph of section 21.3.1, sections 83.0.3, 93.4, 222 to 230.0.0.2, 308.1, 384, 384.4, 384.5, 418.26 to 418.30 and 485 to 485.18, paragraph *d* of section 485.42, subparagraph *d* of the third paragraph of section 559, sections 560.1.2, 564.4, 564.4.1, 727 to 737 and 737.18.9.2, subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 771.8.5, subparagraphs *d* to *f* of the first paragraph of section 771.13, paragraph *f* of section 772.13, sections 776.1.5.6, 776.1.12 and 776.1.13, paragraph *c* of the definition of “qualified corporation” in the first paragraph of sections 1029.8.36.0.3.46 and 1029.8.36.0.3.60, subparagraph *iv* of paragraph *b* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17, subparagraph *b* of the first paragraph of sections 1029.8.36.0.21.2, 1029.8.36.0.22.1 and 1029.8.36.0.25.2, paragraph *d* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.38, paragraph *c* of the definition of “qualified corporation” in the first paragraph of sections 1029.8.36.72.1, 1029.8.36.72.29, 1029.8.36.72.56 and 1029.8.36.72.83 and sections 1029.8.36.166.49, 1029.8.36.166.50, 1029.8.36.171.3 and 1029.8.36.171.4.”

(2) Subsection 1 has effect from 21 March 2013.

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

“The tax payable under section 750 by an individual referred to in the first paragraph is equal to the portion of the tax that the individual would pay, but for this paragraph, under that section on the individual’s taxable income determined under section 24 if the individual were resident in Québec, that is the proportion, which is not to exceed 1, that that income earned in Québec is of the amount by which the aggregate of the amount that would have been the individual’s income, computed without reference to section 1029.8.50, had the individual been resident in Québec on the last day of the taxation year and the amount that the individual included in computing that taxable income under section 726.35 or 726.43, exceeds any amount deducted by the individual under any of sections 726.20.2, 726.28, 726.33, 737.14, 737.16, 737.16.1, 737.18.10, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.4.7, 737.22.0.7, 737.25 and 737.28 in computing that taxable income.”

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

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

“**77.** In computing income for a taxation year from an office or employment, an individual may deduct judicial or extrajudicial expenses paid by the individual in the year to collect, or to establish a right to, an amount owed to the individual that, if received by the individual, would be required by this Title to be included in computing the individual’s income.”

(2) Subsection 1 has effect from 1 January 2016.

30. (1) Section 99 of the Act, amended by section 89 of chapter 1 of the statutes of 2017, is again amended by replacing the portion of paragraph *f* before subparagraph *i* by the following:

“(f) where any part of a self-contained domestic establishment (in this paragraph referred to as the “work space”) in which an individual resides is the principal place of business of the individual or a partnership of which the individual is a member, or is used exclusively for the purpose of earning income from a business and on a regular and continuous basis for meeting clients, customers or patients of the individual or partnership in the course of the business, as the case may be, except a work space that relates to the operation of a private residential home or a tourist accommodation establishment that is a tourist home or bed and breakfast establishment, within the meaning of the regulations made under the Act respecting tourist accommodation establishments (chapter E-14.2), where the individual or partnership holds a classification certificate of the appropriate class to which the tourist accommodation establishment belongs, issued under that Act, the following rules apply.”.

(2) Subsection 1 has effect from 15 April 2016.

31. (1) Section 105.2.1 of the Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) where the incorporeal capital property is at that time a qualified farm or fishing property (within the meaning assigned by section 726.6) of the taxpayer, the capital property deemed to have been disposed of by the taxpayer as a consequence of the application of subparagraph *b* is deemed to be a qualified farm or fishing property of the taxpayer at that time.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

32. (1) Section 105.2.2 of the Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) where the incorporeal capital property is at that time a qualified farm or fishing property (within the meaning assigned by section 726.6) of the taxpayer, the capital property deemed to have been disposed of by the taxpayer as a consequence of the application of subparagraph *b* is deemed to be a qualified farm or fishing property of the taxpayer at that time.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

33. (1) Section 105.3 of the Act is amended

(1) by replacing the portion before subparagraph *a* of the first paragraph by the following:

“105.3. For the purposes of Title VI.5 of Book IV and of paragraph *b* of section 28 as it applies for the purposes of that Title, an amount included under paragraph *b* of section 105 in computing a taxpayer’s income for a particular taxation year from a business is deemed to be a taxable capital gain of the taxpayer for the year from the disposition in the year of a qualified farm or fishing property, within the meaning of section 726.6, to the extent of the lesser of”;

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

“iii. 1/2 of the aggregate of all amounts each of which is the taxpayer’s proceeds from a disposition in the particular year or a preceding taxation year that ends after 17 October 2000 of incorporeal capital property in respect of the business that was, at the time of disposition, a qualified farm property, a qualified fishing property or a qualified farm or fishing property of the taxpayer; and”;

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

“i. that portion of an amount deemed under subparagraph ii of paragraph *a* of section 105, as it applied in respect of the business to a fiscal period that begins after 31 December 1987 and ends before 23 February 1994, to be a taxable capital gain of the taxpayer that may reasonably be attributed to a disposition of a property that was, at the time of disposition, a qualified farm property of the taxpayer, or

“ii. an amount deemed under this division to be a taxable capital gain of the taxpayer for a taxation year preceding the particular year from the disposition of a property that was, at the time of disposition, a qualified farm property, a qualified fishing property or a qualified farm or fishing property of the taxpayer.”;

(4) by replacing subparagraph i of subparagraph *a* of the third paragraph by the following subparagraph:

“i. an incorporeal capital amount of the taxpayer in respect of the business that is payable or disbursed in relation to a property that was, at the time of disposition, a qualified farm property disposed of by the taxpayer in a preceding taxation year that begins after 31 December 1987 but that ends before 28 February 2000, or”;

(5) by replacing subparagraph i of subparagraph *b* of the third paragraph by the following subparagraph:

“i. an incorporeal capital amount of the taxpayer in respect of the business that is payable or disbursed in relation to a property that was, at the time of disposition, a qualified farm property disposed of by the taxpayer in the particular year or a preceding taxation year that ends after 27 February 2000 but before 18 October 2000, or”;

(6) by replacing subparagraph i of subparagraph *c* of the third paragraph by the following subparagraph:

“i. an incorporeal capital amount of the taxpayer in respect of the business that is payable or disbursed in relation to a property that was, at the time of disposition, a qualified farm property, a qualified fishing property or a qualified farm or fishing property disposed of by the taxpayer in the particular year or a preceding taxation year that ends after 17 October 2000, or”;

(7) by adding the following paragraph at the end:

“For the purposes of this section, “qualified farm property” and “qualified fishing property” have the meaning assigned by section 726.6, as it read before subparagraphs *a* and *a.0.1* of the first paragraph of that section were struck out.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

34. (1) Section 105.4 of the Act is repealed.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

35. (1) Section 113 of the Act is replaced by the following section:

“113. Where a person or a partnership is a shareholder of a corporation, is a person or a partnership that does not deal at arm’s length with, or is affiliated with, a shareholder of a corporation, or is a member of a partnership, or a beneficiary of a trust, that is a shareholder of a corporation and the person or partnership has in a taxation year received a loan from or become indebted to the corporation, any other corporation related to the corporation or a partnership of which the corporation or a corporation related to the corporation is a member, the amount of the loan or indebtedness (other than a pertinent loan or indebtedness) must be included in computing the income for the year of the person or partnership.”

(2) Subsection 1 applies in respect of a loan received or an indebtedness incurred after 28 March 2012.

36. (1) The Act is amended by inserting the following sections after section 113:

“113.1. For the purposes of section 113 and subject to section 127.19, “pertinent loan or indebtedness” means a loan received, or an indebtedness incurred, at any time, by a corporation not resident in Canada (in this section referred to as the “subject corporation”), or by a partnership of which the subject corporation is, at that time, a member, if the loan or indebtedness is an amount owing to a corporation resident in Canada (in this section and sections 113.2 and 113.3 referred to as the “Canadian corporation”) or to a qualifying Canadian partnership in respect of a Canadian corporation and if

(a) section 113 would, in the absence of this section, apply to the amount owing;

(b) the amount becomes owing after 28 March 2012;

(c) at that time, the Canadian corporation is controlled by

i. the subject corporation, or

ii. a corporation not resident in Canada that does not deal at arm’s length with the subject corporation; and

(d) a valid election has been made, in relation to the amount owing, under subparagraph i or ii of paragraph *d* of subsection 2.11 of section 15 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) by

i. where the amount is owing to the Canadian corporation, the Canadian corporation and a corporation not resident in Canada that controls the Canadian corporation, or

ii. where the amount is owing to the qualifying Canadian partnership, all the members of the qualifying Canadian partnership and a corporation not resident in Canada that controls the Canadian corporation.

Chapter V.2 of Title II of Book I applies in relation to an election made under subparagraph i or ii of paragraph *d* of subsection 2.11 of section 15 of the Income Tax Act.

“113.2. Where an election referred to in subparagraph *d* of the first paragraph of section 113.1 is, as a consequence of the application of subsection 2.12 of section 15 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), deemed to have been made on or before the date on which it had to be made, the Canadian corporation that is one of the electors incurs a penalty of \$100 for each month or part of a month during the period beginning on that date and ending on the day on which the election was actually made.

“113.3. For the purposes of this section and section 113.1:

(a) “qualifying Canadian partnership”, at any time, in respect of a Canadian corporation, means a partnership each member of which is, at that time, the Canadian corporation or another corporation resident in Canada to which the Canadian corporation is, at that time, related; and

(b) any person who is (or is deemed under this paragraph to be) a member of a partnership that is a member of a particular partnership is deemed to be a member of the particular partnership.”

(2) Subsection 1 applies in respect of a loan received or an indebtedness incurred after 28 March 2012.

(3) For the purposes of section 21.4.7 of the Act in respect of an election referred to in subparagraph *d* of the first paragraph of section 113.1 of the Act, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before (*insert the date that is 180 days after the date of assent to this Act*).

37. (1) The Act is amended by inserting the following after section 127.15:

“DIVISION VIII

“DEEMED INTEREST INCOME

“127.16. In this division,

“Canadian corporation” means a corporation resident in Canada;

“qualifying Canadian partnership”, at any time, in respect of a Canadian corporation, means a partnership each member of which is, at that time, the Canadian corporation or another corporation resident in Canada to which the Canadian corporation is, at that time, related.

For the purposes of this division,

(a) either of the following is a pertinent loan or indebtedness:

- i. a pertinent loan or indebtedness within the meaning of section 113.1, or
- ii. a pertinent loan or indebtedness within the meaning of subsection 11 of section 212.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(b) any person who is (or is deemed under this subparagraph to be) a member of a partnership that is a member of a particular partnership is deemed to be a member of the particular partnership.

Where a loan or indebtedness is a pertinent loan or indebtedness within the meaning of subparagraph ii of subparagraph *a* of the second paragraph, Chapter V.2 of Title II of Book I applies in relation to an election made under paragraph *c* of subsection 11 of section 212.3 of the Income Tax Act in respect of the loan or indebtedness.

“127.17. Where, at any time in a taxation year of a Canadian corporation or in a fiscal period of a qualifying Canadian partnership in respect of a Canadian corporation, a corporation not resident in Canada, or a partnership of which a corporation not resident in Canada is a member, owes an amount to the Canadian corporation or the qualifying Canadian partnership, as the case may be, and the amount owing is a pertinent loan or indebtedness, the following rules apply:

(a) Division VII does not apply in respect of the amount owing; and

(b) subject to section 127.18, the amount, if any, determined by the following formula is to be included in computing the income of the Canadian corporation for the year or of the qualifying Canadian partnership for the fiscal period, as the case may be:

A – B.

In the formula in the first paragraph,

(a) A is the amount that is the greater of

i. the amount of interest that should be included in computing the income of the Canadian corporation for the year or of the qualifying Canadian partnership for the fiscal period, as the case may be, in respect of the amount owing for the period in the year, or the fiscal period, during which the amount owing was a pertinent loan or indebtedness (in this paragraph referred to as the “particular period”) if that interest were computed at the prescribed rate for that period, and

ii. the aggregate of all amounts of interest payable for the particular period by the Canadian corporation, the qualifying Canadian partnership, a particular person resident in Canada with which the Canadian corporation did not, at the time the amount owing arose, deal at arm’s length or a partnership of which the Canadian corporation or the particular person is a member, in respect of a debt obligation—arisen as part of a series of transactions or events that includes the transaction by which the amount owing arose—to the extent that the proceeds of the debt obligation may reasonably be considered to have directly or indirectly funded, in whole or in part, the amount owing; and

(b) B is an amount included in computing the income of the Canadian corporation for the year or of the qualifying Canadian partnership for the fiscal period, as the case may be, as, or in lieu of, full or partial payment of interest on the amount owing for the particular period.

“127.18. No amount is to be included under section 127.17 in computing the income of a Canadian corporation in respect of a pertinent loan or indebtedness, within the meaning of subparagraph ii of subparagraph *a* of the second paragraph of section 127.16, for the 180-day period that begins at any time a parent referred to in section 212.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) acquires control of the Canadian corporation, if the Canadian corporation was not controlled by a corporation not resident in Canada immediately before that time.

“127.19. A particular loan or indebtedness is deemed not to be a pertinent loan or indebtedness if, because of a provision of a tax agreement, the amount that would, but for this section, be included in computing the income of the Canadian corporation for any taxation year or of the qualifying Canadian partnership for any fiscal period, as the case may be, in respect of the particular loan or indebtedness is less than it would be if no tax agreement applied.”

(2) Subsection 1 applies to a taxation year or fiscal period that ends after 28 March 2012. However, where section 127.18 of the Act applies in respect of an acquisition of control of a corporation resident in Canada that occurs before 15 October 2012, it is to be read as follows:

“127.18. No amount is to be included under section 127.17 in computing the income of a Canadian corporation in respect of a pertinent loan or indebtedness, within the meaning of subparagraph ii of subparagraph *a* of the second paragraph of section 127.16, for the period that begins on 29 March 2012 and ends on 13 April 2013, if at any time a parent referred to in section 212.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) acquires control of the Canadian corporation and the Canadian corporation was not controlled by a corporation not resident in Canada immediately before that time.”

(3) For the purposes of section 21.4.7 of the Act in respect of an election referred to in the third paragraph of section 127.16 of the Act, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before *(insert the date that is 180 days after the date of assent to this Act)*.

38. (1) Section 135.2 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) an amount it pays during the year as judicial or extrajudicial expenses to recover an amount owing to it for services it provided.”

(2) Subsection 1 has effect from 1 January 2016.

39. (1) Section 142.1 of the Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) C is the aggregate of all amounts each of which is an amount determined under any of sections 105, 105.3 and 105.4, as it read before being repealed, for the year or a preceding taxation year and in respect of which a deduction can reasonably be considered to have been claimed by the taxpayer under Title VI.5 of Book IV;”.

(2) Subsection 1 has effect from 1 January 2014.

40. Section 155 of the Act is replaced by the following section:

“155. A taxpayer may deduct any amount the taxpayer pays as expenses incurred in making any representation relating to a business carried on by the taxpayer or to obtain a license, permit, franchise or trademark relating to that business if such representation is made

(a) to the government of a country, province or state or to a municipal or public body performing a function of government in Canada; or

(b) to a mandatary of a government or body mentioned in paragraph *a*, if such a mandatary is authorized by law to make rules or regulations relating to the business carried on by the taxpayer.”

41. (1) The heading of Division VIII.5 of Chapter III of Title III of Book III of Part I of the Act is replaced by the following heading:

“ADDITIONAL DEDUCTION FOR TRANSPORTATION COSTS
INCURRED BY REMOTE SMALL AND MEDIUM-SIZED
BUSINESSES”.

(2) Subsection 1 applies to a taxation year that begins after 28 March 2017.

42. (1) Section 156.11 of the Act is amended

(1) by inserting the following definition in alphabetical order:

““cost of capital” of a qualified corporation for a taxation year means the amount determined in respect of the corporation for the year under the definition of “cost of capital” in section 5202 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);”;

(2) by inserting the following definition in alphabetical order:

““cost of labour” of a qualified corporation for a taxation year means the amount determined in respect of the corporation for the year under the definition of “cost of labour” in section 5202 of the Income Tax Regulations made under the Income Tax Act;”;

(3) by inserting the following definition in alphabetical order:

““qualified corporation” for a taxation year means a Canadian-controlled private corporation more than 50% of the cost of labour or cost of capital of which for the taxation year is attributable to a business that it operates in a special remote area;”;

(4) by replacing the portion of the definition of “additional deduction rate” before paragraph *a* by the following:

““additional deduction rate” that applies to a qualified corporation or a manufacturing corporation for a taxation year means, in the case of a qualified corporation for the year, 10% and, in the case of a manufacturing corporation for the year, subject to sections 156.12 and 156.13;”;

(5) by replacing paragraph *d* of the definition of “additional deduction rate” by the following paragraph:

“(d) 10%, if the major portion of the corporation’s cost of manufacturing and processing capital for the year is attributable to property it uses in the special remote area;”.

(2) Subsection 1 applies to a taxation year that begins after 28 March 2017.

43. (1) Section 156.14 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) the amount obtained by multiplying its gross revenue for the year by the additional deduction rate applicable to it for the year, if 10% is the additional deduction rate that would be applicable to it for the year in the absence of section 156.13; or”.

(2) Subsection 1 applies to a taxation year that begins after 28 March 2017.

44. (1) The Act is amended by inserting the following section after section 156.14.1:

“156.14.2. Subject to section 156.15, a qualified corporation for a taxation year that does not deduct any amount under section 156.14 for the year may deduct, in computing its income from a business for the year, an amount equal to the amount obtained by multiplying its gross revenue for the year by the additional deduction rate applicable to it for the year.”

(2) Subsection 1 applies to a taxation year that begins after 28 March 2017.

45. (1) Section 156.15 of the Act is amended

(1) by replacing the portion before the formula in the first paragraph by the following:

“156.15. Despite sections 156.14 and 156.14.2, the amount of the deduction to which a corporation is entitled under each of those sections is equal, for a taxation year that ends in a calendar year, to the amount by which the amount of the deduction, determined without reference to this section, exceeds the amount determined by the formula”;

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

“(a) A is the amount of the deduction to which the corporation is entitled for the taxation year under section 156.14 or 156.14.2, as the case may be, determined without reference to this section; and”.

(2) Subsection 1 applies to a taxation year that begins after 28 March 2017.

46. (1) Section 171 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, the outstanding debts referred to in sections 169 and 170 do not include an amount outstanding at the particular time in relation to a debt or other obligation that is

(a) an obligation to pay an amount to

i. an insurance corporation not resident in Canada to the extent that the amount outstanding was, for the insurance corporation’s taxation year that included the particular time, designated insurance property in relation to an insurance business carried on in Canada through an establishment, or

ii. an authorized foreign bank, if the bank uses or holds the amount outstanding at the particular time in its Canadian banking business; or

(b) a debt obligation described in subparagraph ii of subparagraph *a* of the second paragraph of section 127.17, to the extent that the proceeds of the debt obligation can reasonably be considered to directly or indirectly fund at the particular time, in whole or in part, a pertinent loan or indebtedness (as defined in subparagraph ii of subparagraph *a* of the second paragraph of section 127.16) owing to the corporation or another corporation resident in Canada that does not, at the particular time, deal at arm’s length with the corporation.”

(2) Subsection 1 applies to a taxation year that ends after 28 March 2012, unless a valid election has been made by a taxpayer under subsection 3 of section 49 of the Jobs and Growth Act, 2012 (Statutes of Canada, 2012, chapter 31), in which case it applies to a taxation year that ends after 13 August 2012.

(3) Chapter V.2 of Title II of Book I of Part I of the Taxation Act (chapter I-3) applies in relation to an election made under subsection 3 of section 49 of the Jobs and Growth Act, 2012. However, for the application of section 21.4.7 of the Taxation Act to such an election, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before (*insert the date that is 180 days after the date of assent to this Act*).

47. (1) Section 172 of the Act is amended, in the first paragraph,

(1) by replacing “174” in the portion before subparagraph *a* by “174.0.1”;

(2) by inserting the following subparagraphs after subparagraph *b.5*:

“(b.5.1) “specified right”, at any time in respect of a property, means a right to, at that time, hypothecate, mortgage, assign, pledge or in any way encumber the property to secure payment of an obligation—other than a particular debt or other particular obligation described in paragraph *a* of section 174 or a debt or other obligation described in subparagraph ii of paragraph *d* of that section—or to use, invest, sell or otherwise dispose of the property unless it is established by the taxpayer that all of the proceeds (net of costs) received, or that would be received, from exercising the right must first be applied to reduce an amount described in subparagraph i or ii of paragraph *d* of section 174;

“(b.5.2) “security interest”, in respect of a property, means a right or an interest in the property that secures payment of an obligation;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

48. (1) Section 174 of the Act is replaced by the following section:

“174. For the purposes of sections 169 to 172, the rules set out in section 174.0.1 apply at any time in respect of a taxpayer if at that time

(a) the taxpayer has a particular amount outstanding as or on account of a particular debt or other particular obligation to pay an amount to a person (in this section and section 174.0.1 referred to as the “intermediary”);

(b) the intermediary is neither

i. a person resident in Canada with whom the taxpayer does not deal at arm’s length, nor

ii. a person that is, in respect of the taxpayer, a specified person not resident in Canada;

(c) the intermediary or a person that does not deal at arm's length with the intermediary

i. has an amount outstanding as or on account of a debt or other obligation to pay an amount to a particular person that is, in respect of the taxpayer, a specified person not resident in Canada (the debt or other obligation referred to in this section and section 174.0.1 as the "intermediary debt") that meets either of the following conditions:

(1) recourse in respect of the debt or other obligation is limited in whole or in part, either immediately or in the future and either absolutely or contingently, to the particular debt or other particular obligation, or

(2) it can reasonably be concluded that all or a portion of the particular amount became owing, or was permitted to remain owing, because all or a portion of the debt or other obligation was entered into or was permitted to remain outstanding, or the intermediary anticipated that all or a portion of the debt or other obligation would become owing or remain outstanding, or

ii. has a specified right in respect of a particular property that was granted directly or indirectly by a particular person that is, in respect of the taxpayer, a specified person not resident in Canada and the existence of the specified right is required under the terms and conditions of the particular debt or other particular obligation, or it can reasonably be concluded that all or a portion of the particular amount became owing, or was permitted to remain owing, because

(1) the specified right was granted, or

(2) the intermediary anticipated that the specified right would be granted; and

(d) the aggregate of all amounts—each of which is, in respect of the particular debt or other particular obligation, an amount outstanding as or on account of an intermediary debt or the fair market value of a particular property described in subparagraph ii of paragraph c—is equal to at least 25% of the total of

i. the particular amount, and

ii. the aggregate of all amounts each of which is an amount (other than the particular amount) that the taxpayer, or a person that does not deal at arm's length with the taxpayer, has outstanding as or on account of a debt or other obligation to pay an amount to the intermediary under the agreement, or an agreement that is connected to the agreement, under which the debt or other obligation was entered into if

(1) the intermediary is granted a security interest in respect of a property that is the intermediary debt or the particular property, as the case may be, and

the security interest secures the payment of two or more debts or other obligations that include the debt or other obligation and the particular debt or other particular obligation, and

(2) each security interest that secures the payment of a debt or other obligation referred to in subparagraph 1 secures the payment of every debt or other obligation referred to in that subparagraph.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

49. (1) The Act is amended by inserting the following section after section 174:

“174.0.1. The rules to which section 174 refers in respect of a taxpayer at any time are as follows:

(a) the portion of the particular amount, at that time, referred to in paragraph *a* of section 174 that is equal to the lesser of the following amounts is deemed to be an amount outstanding as or on account of a debt or other obligation to pay an amount to the particular person referred to in subparagraph i or ii of paragraph *c* of section 174 and not to the intermediary:

i. the amount outstanding as or on account of the intermediary debt or the fair market value of the particular property referred to in subparagraph ii of paragraph *c* of section 174, as the case may be, and

ii. the proportion of the particular amount that the amount outstanding or the fair market value, as the case may be, is of the aggregate of all amounts each of which is

(1) an amount outstanding as or on account of an intermediary debt in respect of the particular debt or other particular obligation, owed to the particular person or any other person that is, in respect of the taxpayer, a specified person not resident in Canada, or

(2) the fair market value of a particular property referred to in subparagraph ii of paragraph *c* of section 174 in respect of the particular debt or other particular obligation, and

(b) the portion of the interest paid or payable by the taxpayer, in respect of a period throughout which subparagraph *a* applies, on the particular debt or other particular obligation referred to in paragraph *a* of section 174 that is equal to the amount determined by the following formula is deemed to be paid or payable by the taxpayer to the particular person, and not to the intermediary, as interest for the period on the amount deemed under subparagraph *a* to be outstanding to the particular person:

$$A \times B/C.$$

In the formula in subparagraph *b* of the first paragraph,

(a) A is the interest paid or payable;

(b) B is the average of all amounts each of which is an amount that is deemed under subparagraph *a* of the first paragraph to be outstanding to the particular person at a time during the period; and

(c) C is the average of all amounts each of which is the particular amount outstanding at a time during the period.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

50. (1) Section 174.1 of the Act is amended by replacing “174” in the portion before paragraph *a* by “174.0.1”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2014.

51. (1) Section 175.5 of the Act is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

“(b) an expenditure, other than an expenditure of a capital nature, made by the individual or partnership, that may reasonably be considered to relate to both the work space in connection with the operation of a tourist accommodation establishment that is a tourist home or bed and breakfast establishment, within the meaning of the regulations made under the Act respecting tourist accommodation establishments (chapter E-14.2), and the part of the establishment, other than the work space, is deemed to be an expenditure relating solely to the work space if the individual or partnership holds a classification certificate of the appropriate class to which the tourist accommodation establishment belongs, issued under that Act;”.

(2) Subsection 1 has effect from 15 April 2016.

52. (1) Section 231.2 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) a deemed disposition by reason of the application of Division III of Chapter III of Title VII and the property is

i. a property referred to in paragraph *a* or *b*, and

ii. the subject of a gift to which section 752.0.10.10.0.1 applies and that is made by the taxpayer’s succession to a qualified donee that, in the case of a property referred to in paragraph *b*, is not a private foundation; or”.

(2) Subsection 1 applies from the taxation year 2016.

53. Section 231.5 of the Act is repealed.

54. (1) Section 232 of the Act is amended

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

“However, the disposition of depreciable property does not give rise to a capital loss and the following dispositions do not give rise to a capital gain:

(a) the disposition of a cultural property described in the third paragraph, the disposition of the bare ownership of such property made in the course of a recognized gift with reserve of usufruct or use or the disposition of a musical instrument resulting from a gift described in paragraph *e* of section 710 or in the definition of “total musical instrument gifts” in the first paragraph of section 752.0.10.1; or

(b) a deemed disposition, by reason of the application of Division III of Chapter III of Title VII, of a property referred to in subparagraph *a* of a taxpayer, where the property is the subject of a gift in respect of which section 752.0.10.10.0.1 applies and that gift is made by the taxpayer’s succession to a donee that would be one of the following donees if the disposition were made at the time the succession makes the gift:

i. an institution or a public authority referred to in subparagraph *a* of the third paragraph,

ii. a certified archival centre,

iii. a recognized museum, or

iv. an entity referred to in any of paragraphs *a* to *e* of the definition of “total musical instrument gifts” in the first paragraph of section 752.0.10.1.”;

(2) by replacing “the second paragraph” in the portion of the third paragraph before subparagraph *a* by “subparagraph *a* of the second paragraph”;

(3) by striking out the fourth paragraph.

(2) Subsection 1 applies from the taxation year 2016.

55. (1) Section 234.1 of the Act is amended, in paragraph *c*,

(1) by replacing subparagraph ii by the following subparagraph:

“ii. a share of the capital stock of a family farm or fishing corporation of the taxpayer, within the meaning of subparagraph *a.2* of the first paragraph of section 451, or an interest in a family farm or fishing partnership of the taxpayer, within the meaning of subparagraph *h* of that paragraph, or”;

(2) by striking out subparagraph iv.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

56. (1) Section 254.1.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“254.1.1. For the purposes of section 254 and Divisions II to IV, other than section 259, if an individual encumbers a property that is the individual’s principal residence or a qualified farm or fishing property within the meaning of section 726.6 with a real servitude, the following rules apply:”.

(2) Subsection 1 applies in respect of a real servitude established after 31 December 2013.

57. Section 310 of the Act is amended by striking out “965.20,”.

58. (1) Section 312 of the Act is amended by replacing paragraph *f.1* by the following paragraph:

“(f.1) an amount received as an award or reimbursement in respect of judicial or extrajudicial expenses, other than those relating to a partition or settlement of property arising out of, or on a breakdown of, a marriage, paid to collect or establish a right to a retiring allowance or a benefit under a pension plan, other than a benefit under the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan, within the meaning of that Act, in respect of employment;”.

(2) Subsection 1 has effect from 1 January 2016.

59. (1) Section 336 of the Act is amended by replacing “legal costs or professional fees” in subparagraphs i and ii of paragraph *e.1* by “judicial or extrajudicial expenses”.

(2) Subsection 1 has effect from 1 January 2016.

60. (1) Section 336.0.5 of the Act is amended

(1) by replacing the portion before subparagraph *a* of the first paragraph by the following:

“336.0.5. A taxpayer may, in computing income for a taxation year, deduct any amount paid by the taxpayer as judicial or extrajudicial expenses incurred for any of the following purposes, to the extent that the taxpayer has not been reimbursed, is not entitled to be reimbursed, and did not deduct the amount in computing income for a preceding taxation year:”;

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

“The first paragraph applies only if the judicial or extrajudicial expenses referred to in that paragraph were incurred by the taxpayer or, where the taxpayer is required to pay such expenses under an order of a competent court, by the taxpayer’s spouse or former spouse or by the father or mother of the taxpayer’s child.”

(2) Subsection 1 has effect from 1 January 2016.

61. (1) Section 350.2 of the Act is amended by replacing “\$8.25” in subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the first paragraph by “\$11.00”.

(2) Subsection 1 applies from the taxation year 2016.

62. (1) Section 395 of the Act is amended

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

“(a) any expense incurred by the taxpayer (other than an expense incurred in drilling or completing an oil or gas well or in building a temporary access road to, or preparing a site in respect of, any such well) for the purpose of determining the existence, location, extent or quality of an accumulation of petroleum or natural gas (other than a mineral resource) in Canada, including

i. a geological, geophysical or geochemical expense, or

ii. an expense for environmental studies or community consultations (including studies or consultations that are undertaken to obtain a right, licence or privilege for the purpose of determining the existence, location, extent or quality of an accumulation of petroleum or natural gas in Canada);”;

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

“(c) any expense incurred by the taxpayer (other than an expense incurred in drilling or completing an oil or gas well or in building a temporary access road to, or preparing a site in respect of, any such well) for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada including any expense incurred in the course of prospecting, carrying out geological, geophysical or geochemical surveys, drilling and trenching or digging test pits or preliminary sampling and any expense for environmental studies or community consultations (including, despite subparagraph i, studies or consultations that are undertaken to obtain a right, licence or privilege for the purpose of determining the existence, location, extent or quality of such a mineral resource), but not including

i. any Canadian development expense, and

ii. any expense that may reasonably be related to a mine in the mineral resource that has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine;”.

(2) Subsection 1 applies in respect of expenses incurred after 28 February 2015.

63. (1) Section 422 of the Act is amended by striking out “*inter vivos*” in subparagraph ii of paragraph *c*.

(2) Subsection 1 applies from the taxation year 2016.

64. (1) Section 444 of the Act is amended

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

“i. a share of the capital stock of a family farm or fishing corporation of the individual or an interest in a family farm or fishing partnership of the individual, or”;

(2) by replacing “fishing or farming” in subparagraph ii of subparagraph *a* of the first paragraph by “farming or fishing”;

(3) by replacing subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph by the following subparagraph:

“(2) if the property is land, other than land to which subparagraph 1 applies, or a share of the capital stock of a family farm or fishing corporation of the individual, the adjusted cost base of the property to the individual immediately before the time of the disposition of the property;”;

(4) by replacing the portion of subparagraph iii of subparagraph *a* of the second paragraph before subparagraph 1 by the following:

“iii. if the property is, immediately before the individual’s death, an interest in a family farm or fishing partnership of the individual, other than an interest to which section 636 applies, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2014.

65. (1) Section 450 of the Act is amended

(1) by replacing “fishing or farming” in subparagraph i of subparagraph *c* of the first paragraph by “farming or fishing”;

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

“ii. a share of the capital stock of a Canadian corporation that would, immediately before the beneficiary’s death, be a share of the capital stock of a family farm or fishing corporation of the settlor, if the settlor owned the share at that time and subparagraph i of subparagraph *a.2* of the first paragraph of section 451 were read without reference to “in which the individual or the spouse, a child or the father or mother of the individual was actively engaged on a regular and continuous basis (or, in the case of property used in the operation of a woodlot, was engaged to the extent required by a prescribed forest management plan in respect of that woodlot)”, or”;

(3) by striking out subparagraph iii of subparagraph *c* of the first paragraph;

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

“iv. an interest in a partnership that carried on in Canada a farming or fishing business in which it used all or substantially all of the property;”;

(5) by replacing subparagraph *d* of the first paragraph by the following subparagraph:

“(d) in the case of a property referred to in subparagraph ii or iv of subparagraph *c*, the property, or a property for which the property was substituted, transferred to the trust by the settlor was, immediately before the transfer, a share of the capital stock of a family farm or fishing corporation of the settlor or an interest in a family farm or fishing partnership of the settlor;”;

(6) by replacing subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph by the following subparagraph:

“(2) if the property is land, other than land to which subparagraph 1 applies, or, immediately before the beneficiary’s death, a share referred to in subparagraph ii of subparagraph *c* of the first paragraph, the adjusted cost base of the property to the trust immediately before the time of the disposition of the property;”;

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

“iii. if the property is described in subparagraph ii or iv of subparagraph *c* of the first paragraph, section 422 does not apply to the trust and the child in respect of the transfer of the property and section 653 does not apply to the trust in respect of the property;”.

(2) Subsection 1 has effect from 1 January 2014.

66. (1) Section 450.5 of the Act is amended by replacing subparagraphs ii and iii of subparagraph *b* of the first paragraph by the following subparagraphs:

“ii. in the case of the individual referred to in section 444, the property is land, other than land to which subparagraph i applies, a share of the capital stock of a family farm or fishing corporation or an interest in a family farm or fishing partnership, the adjusted cost base of the property to the individual immediately before the time of the disposition of the property, or

“iii. in the case of the trust referred to in section 450, the property is land, other than land to which subparagraph i applies, a share referred to in subparagraph ii of subparagraph *c* of the first paragraph of that section, or an interest in a partnership described in subparagraph iv of subparagraph *c* of the first paragraph of that section, the adjusted cost base of the property to the trust immediately before the time of the disposition of the property.”

(2) Subsection 1 has effect from 1 January 2014.

67. (1) Section 450.9 of the Act is replaced by the following section:

“**450.9.** For the purposes of section 105, paragraph *b* of section 130, sections 444 and 459 and subparagraph iv of subparagraph *a.0.2* of the first paragraph of section 726.6, a property of an individual is, at a particular time, deemed to be used by the individual in a farming or fishing business carried on in Canada if, at that particular time, the property is being used, principally in the course of carrying on a farming or fishing business in Canada, by

(*a*) a corporation, a share of the capital stock of which is a share of the capital stock of a family farm or fishing corporation of the individual or of the spouse, a child or the father or mother of the individual; or

(*b*) a partnership, a partnership interest in which is an interest in a family farm or fishing partnership of the individual or of the spouse, a child or the father or mother of the individual.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

68. (1) Section 451 of the Act is amended

(1) by striking out subparagraphs *a* and *a.1* of the first paragraph;

(2) by inserting the following subparagraph after subparagraph *a.1* of the first paragraph:

“(a.2) “share of the capital stock of a family farm or fishing corporation”, of an individual at any time, means a share of the capital stock of a corporation owned by the individual at that time if, at that time, all or substantially all of the fair market value of the property owned by the corporation was attributable to

i. property that has been used principally in the course of carrying on a farming or fishing business in Canada in which the individual or the spouse, a child or the father or mother of the individual was actively engaged on a regular and continuous basis (or, in the case of property used in the operation of a woodlot, was engaged to the extent required by a prescribed forest management plan in respect of that woodlot), by

(1) the corporation or any other corporation, a share of the capital stock of which was a share of the capital stock of a family farm or fishing corporation of the individual or of the spouse, a child or the father or mother of the individual,

(2) a corporation controlled by a corporation described in subparagraph 1,

(3) the individual,

(4) the spouse, a child or the father or mother of the individual, or

(5) a partnership, a partnership interest in which was an interest in a family farm or fishing partnership of the individual or of the spouse, a child or the father or mother of the individual,

ii. shares of the capital stock or indebtedness of one or more corporations of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph iv,

iii. partnership interests in or indebtedness of one or more partnerships of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph iv, or

iv. property described in any of subparagraphs i to iii;”;

(3) by replacing subparagraph *d* of the first paragraph by the following subparagraph:

“(d) “child” of a taxpayer includes

i. a grandchild or a great grandchild of the taxpayer,

ii. a person who was a child of the taxpayer immediately before the death of the person’s spouse, and

iii. a person who, at any time before attaining the age of 19 years, was wholly dependent on the taxpayer for support and of whom the taxpayer had, at that time, in law or in fact, the custody and control;”;

(4) by striking out subparagraphs *f* and *g* of the first paragraph;

(5) by adding the following subparagraph after subparagraph *g* of the first paragraph:

“(h) “interest in a family farm or fishing partnership”, of an individual at any time, means a partnership interest owned by the individual at that time if, at that time, all or substantially all of the fair market value of the property of the partnership was attributable to

i. property that has been used principally in the course of carrying on a farming or fishing business in Canada in which the individual or the spouse, a child or the father or mother of the individual was actively engaged on a regular and continuous basis (or, in the case of property used in the operation of a woodlot, was engaged to the extent required by a prescribed forest management plan in respect of that woodlot), by the partnership or by

(1) the individual,

(2) the spouse, a child or the father or mother of the individual,

(3) a corporation, a share of the capital stock of which was a share of the capital stock of a family farm or fishing corporation of the individual or of the spouse, a child or the father or mother of the individual, or

(4) a partnership, a partnership interest in which was an interest in a family farm or fishing partnership of the individual or of the spouse, a child or the father or mother of the individual,

ii. shares of the capital stock or indebtedness of one or more corporations of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph iv,

iii. partnership interests in or indebtedness of one or more partnerships of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph iv, or

iv. property described in any of subparagraphs i to iii.”;

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

“For the purposes of subparagraph *a.2* of the first paragraph, the fair market value of a net income stabilization account or of a farm income stabilization account is deemed to be nil.”

(2) Subsection 1 has effect from 1 January 2014.

69. (1) Section 459 of the Act is amended

(1) by replacing both occurrences of “fishing or farming” in paragraph *a* by “farming or fishing”;

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

“(b) the property was, immediately before the transfer, a share of the capital stock of a family farm or fishing corporation of the individual or an interest in a family farm or fishing partnership of the individual.”

(2) Subsection 1 applies in respect of a transfer that occurs after 31 December 2013.

70. (1) Section 460 of the Act is amended

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

“(2) land, a share of the capital stock of a family farm or fishing corporation of the individual or an interest in a family farm or fishing partnership of the individual, the adjusted cost base of the property to the individual immediately before the time of the transfer, or”;

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

“(c) if, immediately before the transfer, the property was an interest in a family farm or fishing partnership of the individual and the individual receives no consideration in respect of the transfer of the property and makes a valid election under paragraph *c* of subsection 4.1 of section 73 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in the individual’s fiscal return filed under Part I of that Act for the taxation year that includes the time of the transfer, to have that paragraph *c* apply in respect of the transfer of the property, the individual is deemed, except for the purposes of section 632, not to have disposed of the property at the time of the transfer; and”.

(2) Subsection 1 applies in respect of a transfer that occurs after 31 December 2013.

71. (1) Section 462 of the Act is amended, in the first paragraph,

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

“(b) subject to subparagraph *e*, if the property is a depreciable property of a prescribed class of the individual, land, a share of the capital stock of a family farm or fishing corporation of the individual or an interest in a family farm or fishing partnership of the individual, the child is deemed to have acquired the property at a cost equal to the individual’s proceeds of disposition of the property, as determined under paragraphs *a* and *b* of section 460 and section 461;”;

(2) by replacing the portion of subparagraph *e* before subparagraph *i* by the following:

“(e) if the property was, immediately before the transfer, an interest in a family farm or fishing partnership of the individual, other than an interest to which section 636 applies, and the individual receives no consideration in respect of the transfer of the property and makes the election referred to in paragraph *c* of section 460 in respect of the transfer of the property, the following rules apply:”.

(2) Subsection 1 applies in respect of a transfer that occurs after 31 December 2013.

72. (1) Section 485.41 of the Act is replaced by the following section:

“485.41. Where, as a consequence of the disposition at any time by an individual or a partnership of a property that is a qualified farm or fishing property of the individual, within the meaning assigned by section 726.6, a qualified small business corporation share of the individual, within the meaning assigned by section 726.6.1, or a resource property of the individual or partnership, within the meaning assigned by section 726.20.1, the individual or partnership is deemed by section 485.35 to have a capital gain at that time from the disposition of another property, for the purposes of sections 28, 462.7 to 462.10 and 727 to 737, as they apply for the purposes of sections 726.6 to 726.20.4, the other property is deemed to be a qualified farm or fishing property or a qualified small business corporation share, as the case may be, of the individual, or a resource property of the individual or partnership, as the case may be.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

73. Section 490 of the Act is replaced by the following section:

“490. Paragraph *d* of section 489 applies only in the case of a public utility, if such public utility or the property described in that paragraph has been disposed of to a person resident in such other country and if the obligation received by the corporation has been issued or guaranteed by the government of that other country or any mandatary of such government.”

74. (1) Section 517.5.3 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended, in the first paragraph,

(1) by replacing the definition of “eligible primary and manufacturing sectors share” by the following definition:

““eligible share” means

(a) a share of the capital stock of a family farm or fishing corporation, within the meaning of the first paragraph of section 726.6.1; or

(b) a qualified small business corporation share, within the meaning of the first paragraph of section 726.6.1.”;

(2) by striking out the definition of “primary and manufacturing sectors corporation”;

(3) by replacing the definition of “eligible business transfer” by the following definition:

““eligible business transfer” of an individual means a series of transactions that includes the disposition of eligible shares of the individual in circumstances described in section 517.1, if the conditions of sections 517.5.6 to 517.5.11 are satisfied in respect of the series of transactions;”.

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

75. (1) Section 517.5.4 of the Act is repealed.

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

76. (1) Section 517.5.5 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is replaced by the following section:

“517.5.5. Where eligible shares of an individual, other than a trust, are disposed of in connection with an eligible business transfer of the individual and, but for this section, a dividend equal to the excess amount that corresponds to the amount by which the aggregate determined under section 517.3 exceeds the aggregate determined under section 517.3.1 would, under section 517.2, be deemed to have been paid by the purchaser corporation to the individual, and received by the individual from the purchaser corporation, at the time of the disposition of those shares, the following rules apply:

(a) the lesser of the amount of that excess amount and the amount determined in respect of the disposition of those shares under paragraph *b* of subsection 1 of section 84.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) (in this section referred to as the “deemed dividend amount”) is deemed to be a capital gain from the disposition of those shares, to the extent of the amount the individual designates to that effect in the individual’s fiscal return filed under this Part (in this section referred to as the “designated capital gain”) for the year of disposition, without, however, exceeding the amount (in this section referred to as the “particular amount”) determined in accordance with the second paragraph, and, despite any other provision of this Act,

i. for the purposes of section 234, where a reserve is claimed in accordance with subparagraph *b* of the first paragraph of that section in respect of the portion of the proceeds of disposition of the shares that is payable after the end of the year of disposition, the gain from the disposition of those shares is deemed to be equal to the amount by which the designated capital gain exceeds the amount of the reserve (which excess amount is in this subparagraph and subparagraphs ii and iii referred to as the “reduced capital gain”) and, for the purpose of determining the reserve that the individual may claim in respect of the disposition of the shares, subparagraph *b* of the first paragraph of section 234 is to be read without reference to its subparagraph iii,

ii. for the purpose of determining the tax payable under this Part by the individual for the year of disposition,

(1) section 28 is to be read, in respect of the designated capital gain or reduced capital gain, as the case may be, without reference to subparagraph ii of its paragraph *b* and, in respect of the amount the individual may subtract in accordance with its paragraph *c*, as if the designated capital gain or reduced capital gain were not taken into account for the purposes of subparagraph i of its paragraph *b*,

(2) an amount is deductible by the individual under Book IV, except Title VI.5, only to the extent that the individual’s income, determined in accordance with subparagraph 1, exceeds one-half of the amount of the designated capital gain or reduced capital gain, as the case may be,

(3) an amount is deductible by the individual under Title VI.5 of Book IV, in respect of a capital gain other than the designated capital gain or reduced capital gain, as the case may be, only to the extent that the individual’s taxable income, determined otherwise and taking subparagraphs 1 and 2 into account, exceeds one-half of the amount of the designated capital gain or reduced capital gain, and

(4) an amount is deductible by the individual under section 729 only to the extent that the excess amount referred to in paragraph *b* of section 28 that would be determined for the year, in respect of the individual, if the amount of the designated capital gain or reduced capital gain, as the case may be, were not taken into account, and

iii. the amount determined under paragraph *b* of section 28, to which paragraph *b* of section 728.0.1 refers for the purpose of determining the individual’s non-capital loss or farm loss for the year of disposition, and the amount determined under subparagraph i of paragraph *b* of section 28, to which paragraph *a* of section 730 refers for the purpose of determining the individual’s net capital loss for the year of disposition, are computed without taking the amount of the designated capital gain or reduced capital gain, as the case may be, into account; and

(b) the amount of the designated capital gain in respect of the disposition of those shares is deemed not to be a dividend paid by the purchaser corporation and received by the individual at the time of the disposition of those shares.

The particular amount to which the first paragraph refers is equal to twice the least of the amounts that would be determined in respect of the individual for the year under paragraphs *a* to *d* of section 726.7 or 726.7.1, as the case may be, if the deemed dividend amount were a capital gain realized by the individual in the year from the disposition of shares of the capital stock of a family farm or fishing corporation or of eligible small business corporation shares, as the case may be, and if subparagraph 1 of subparagraph ii of subparagraph *a* of the first paragraph were not taken into account.”

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

77. (1) Section 517.5.6 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended by replacing the first paragraph by the following paragraph:

“A series of transactions that includes the disposition by an individual of eligible shares of a corporation (in this section referred to as the “particular corporation”) may be considered to be an eligible business transfer of the individual only if the individual or the individual’s spouse was, while the individual owned those shares and during the 24-month period that immediately preceded the disposition of the shares, actively engaged in a business carried on by the particular corporation or by a corporation in which the particular corporation had a substantial interest.”

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

78. (1) Section 517.5.7 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“517.5.7. A series of transactions that includes the disposition by an individual of eligible shares of a corporation (in this section referred to as the “particular corporation”) may not be considered to be an eligible business transfer of the individual where, after the disposition of the shares, the individual or the individual’s spouse is actively engaged in a qualified business carried on by the purchaser corporation, by the particular corporation or by a corporation in which the particular corporation has a substantial interest, unless”.

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

79. (1) Section 517.5.8 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended by replacing the portion before paragraph *a* by the following:

“517.5.8. A series of transactions that includes the disposition by an individual of eligible shares of a corporation (in this section referred to as the “particular corporation”) may not be considered to be an eligible business transfer of the individual where, in the period that begins 30 days after the disposition of the shares and ends at the end of that series of transactions, the individual or the individual’s spouse controls the particular corporation or a corporation in which the particular corporation had, immediately before the disposition of those shares, a substantial interest or is a member of a group of persons that controls such a corporation, unless the corporation is”.

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

80. (1) Section 517.5.9 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended by replacing the portion before paragraph *a* by the following:

“517.5.9. A series of transactions that includes the disposition by an individual of eligible shares of a corporation (in this section referred to as the “particular corporation”) may not be considered to be an eligible business transfer of the individual where, in the period that begins 30 days after the disposition of the shares and ends at the end of that series of transactions, the individual or the individual’s spouse holds, directly or indirectly, common shares of the capital stock of the particular corporation or of a corporation in which the particular corporation had, immediately before the disposition of those shares, a substantial interest, unless they are common shares of the capital stock of such a corporation that is”.

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

81. (1) Section 517.5.10 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended, in the first paragraph,

(1) by replacing the portion before subparagraph *a* by the following:

“517.5.10. A series of transactions that includes the disposition by an individual of eligible shares of a corporation (in this section referred to as the “particular corporation”) may be considered to be an eligible business transfer of the individual only if”;

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

“i. where the particular corporation is referred to in paragraph *a* of the definition of “eligible share” in the first paragraph of section 517.5.3, 80% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation (in this section referred to as the “corporation concerned”) that is the particular corporation, the purchaser corporation or a corporation in which the particular corporation has a substantial interest at that time, or

“ii. where the particular corporation is referred to in paragraph *b* of the definition of “eligible share” in the first paragraph of section 517.5.3, 60% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation concerned;”;

(3) by replacing subparagraphs i and ii of subparagraph *b* by the following subparagraphs:

“i. where the particular corporation is referred to in paragraph *a* of the definition of “eligible share” in the first paragraph of section 517.5.3, 50% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation concerned, or

“ii. where the particular corporation is referred to in paragraph *b* of the definition of “eligible share” in the first paragraph of section 517.5.3, 30% of the aggregate of all amounts each of which is the fair market value, immediately before the beginning of the series of transactions, of a share of the capital stock of a corporation concerned;”.

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

82. (1) Section 517.5.11 of the Act, enacted by section 137 of chapter 1 of the statutes of 2017, is amended by replacing the first paragraph by the following paragraph:

“A series of transactions that includes the disposition by an individual of eligible shares of a corporation (in this section referred to as the “particular corporation”) may be considered to be an eligible business transfer of the individual only if, in the period that begins immediately after the disposition of the shares and ends at the end of that series of transactions, at least one person (other than the individual) who holds, directly or indirectly, shares of the purchaser corporation, or the person’s spouse, is actively engaged in a business carried on by the particular corporation or by a corporation in which the particular corporation had, immediately before the disposition of those shares, a substantial interest.”

(2) Subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

83. (1) Section 596 of the Act, amended by section 147 of chapter 1 of the statutes of 2017, is again amended by replacing paragraph *b* by the following paragraph:

“(b) for the purposes of subparagraph i of paragraph *b* of the definition of “investment fund” in section 21.0.5, sections 440, 454 and 597.0.6, the definition of “Canadian partnership” in the first paragraph of section 599, paragraph *c* of section 692.5, the definition of “qualified disability trust” in the first paragraph of section 768.2 and paragraph *a* of section 1120;”.

(2) Subsection 1 has effect from 21 March 2013. However, where section 596 of the Act applies to a taxation year that ends before 1 January 2016, paragraph *b* of that section is to be read without reference to “, the definition of “qualified disability trust” in the first paragraph of section 768.2”.

84. (1) Section 657 of the Act, amended by section 152 of chapter 1 of the statutes of 2017, is again amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

“ii. if the trust is a trust for which a day is to be determined in accordance with subparagraph *a* or *a.4* of the first paragraph of section 653 by reference to a particular death or later death, as the case may be, that has not occurred before the beginning of the year, the aggregate of

(1) the part of the amount that would be its income for the year, but for this paragraph and paragraph *b*, that became payable in the year to, or that was included under section 662 in computing the income of, a beneficiary (other than a beneficiary whose death is the particular death or later death), and

(2) the aggregate of all amounts each of which is an amount that is included, because of the application of any of sections 92.5.2 and 653 to 656.3, in computing the amount that, but for this paragraph and paragraph *b*, would be the trust’s income for the year—if the year is the year in which the particular death or later death, as the case may be, occurs and section 663.0.1 does not apply in respect of the trust for the year—and that is not included in computing the amount determined in accordance with subparagraph 1 for the year, and”.

(2) Subsection 1 applies from the taxation year 2016.

85. (1) The Act is amended by inserting the following section after section 657.1.2:

“**657.1.3.** No deduction may be made under paragraph *a* of section 657, for a taxation year, in computing the income of a succession that arose on and as a consequence of an individual’s death in respect of a payment to the extent that the payment is a gift in respect of which an amount is deducted by the

individual in computing the individual's tax payable for a taxation year under any of sections 752.0.10.6, 752.0.10.6.1 and 752.0.10.6.2.”

(2) Subsection 1 applies to a taxation year that ends after 28 August 2014.

86. (1) Section 663.0.1 of the Act, enacted by section 156 of chapter 1 of the statutes of 2017, is amended

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

“(b) subject to the second paragraph, the trust's income (determined without reference to section 657) for the particular taxation year is, despite section 652, deemed to have become payable in the year to the individual and not to have become payable to another beneficiary or to be included under section 662 in computing the individual's income; and”;

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

“i. subparagraph *ii* of paragraph *b* of the definition of “balance-due day” in section 1 is to be read as if “the taxation year” were replaced by “the calendar year in which the taxation year ends”,”;

(3) by adding the following paragraphs at the end:

“Subparagraph *b* of the first paragraph does not apply in respect of the trust for the particular year, unless

(a) the individual is resident in Canada immediately before the death;

(b) the trust is, immediately before the death, a testamentary trust that is a post-1971 spousal trust created by the will of a taxpayer who died before 1 January 2017; and

(c) the trust and the legal representative administering the succession of the individual that is a graduated rate estate have made a valid election under subparagraph *iii* of paragraph *b.1* of subsection 13.4 of section 104 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) to have paragraph *b* of that subsection 13.4 apply in respect of the trust for the particular year.

Chapter V.2 of Title II of Book I applies in relation to an election made under subparagraph *iii* of paragraph *b.1* of subsection 13.4 of section 104 of the Income Tax Act.”

(2) Subsection 1 applies from the taxation year 2016.

87. (1) Section 668.1 of the Act is amended

(1) by replacing the portion before the formula in subparagraph i of paragraph *b* by the following:

“668.1. Where, for the purposes of section 668, a personal trust or a trust referred to in section 53 designates an amount in respect of a beneficiary in respect of its net taxable capital gains for a taxation year (in this section and section 668.2 referred to as the “designation year”), the following rules apply:

(*a*) the trust shall in its fiscal return filed under this Part for the designation year designate an amount in respect of its eligible taxable capital gains for the designation year in respect of the beneficiary equal to the amount determined in respect of the beneficiary under each of subparagraphs i and ii of paragraph *b*;

(*b*) the beneficiary is deemed, for the purposes of sections 28, 462.8 to 462.10 and 727 to 737 as they apply for the purposes of Title VI.5 of Book IV, to have disposed of the capital property referred to in subparagraph i or ii if a capital gain is determined under either of those subparagraphs in respect of the beneficiary for the beneficiary’s taxation year in which the designation year ends and to have a taxable capital gain for that taxation year

i. from a disposition of capital property that is qualified farm or fishing property of the beneficiary equal to the amount determined by the formula”;

(2) by striking out subparagraph iii of paragraph *b*.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

88. (1) Section 668.2 of the Act is amended

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

“668.2. For the purposes of the formulas in subparagraphs i and ii of paragraph *b* of section 668.1,”;

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

“(c) *C* is the amount that would be determined under paragraph *b* of section 28 for the designation year in respect of the trust’s capital gains and capital losses if the only properties referred to in that paragraph were, at the time they were disposed of, qualified farm properties, qualified fishing properties or qualified farm or fishing properties of the trust;”;

(3) by replacing paragraphs *e* and *f* by the following paragraphs:

“(e) *E* is the aggregate of the amounts determined under paragraphs *c* and *f* for the designation year in respect of the beneficiary; and

“(f) F is the amount that would be determined under paragraph *b* of section 28 for the designation year in respect of the trust’s capital gains and capital losses if the only properties referred to in that paragraph were, at the time they were disposed of, qualified small business corporation shares of the trust, other than qualified farm properties, qualified fishing properties or qualified farm or fishing properties;”;

(4) by striking out paragraph *g*.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

89. (1) Sections 668.2.1 to 668.2.4 of the Act are repealed.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

90. (1) Section 668.4 of the Act is amended

(1) by replacing the portion before the definition of “eligible taxable capital gains” by the following:

“**668.4.** For the purposes of sections 668.1 and 668.2,”;

(2) by replacing the definition of “qualified farm property” by the following definition:

““qualified farm property” of an individual has the meaning assigned by subparagraph *a* of the first paragraph of section 726.6, as it read before being struck out;”;

(3) by inserting the following definition in alphabetical order:

““qualified farm or fishing property” of an individual has the meaning assigned by subparagraph *a.0.2* of the first paragraph of section 726.6;”;

(4) by replacing the definition of “qualified fishing property” by the following definition:

““qualified fishing property” of an individual has the meaning assigned by subparagraph *a.0.1* of the first paragraph of section 726.6, as it read before being struck out;”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

91. (1) Section 693 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, the taxpayer shall apply the provisions of this Book in the following order: Title I.0.0.1, sections 694.0.1, 694.0.2, 737.17, 737.18.12, 726.29, 726.35 and 726.43, Titles V, VI.8, V.1, VI.2, VI.3, VI.3.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VII.0.1, VI.5 and VI.5.1 and sections 725.1.2, 737.14 to 737.16.1, 737.18.10, 737.18.11, 737.18.17, 737.18.17.5, 737.18.26, 737.18.34, 737.18.40, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.4.7, 737.22.0.7, 737.22.0.10, 737.22.0.13, 737.25, 737.28, 726.28, 726.33, 726.34 and 726.42.”

(2) Subsection 1, where it inserts a reference to section 737.18.40 of the Act in the second paragraph of section 693 of the Act, applies to a taxation year that begins after 31 December 2016 and, where it inserts a reference to sections 726.42 and 726.43 of the Act in that second paragraph, applies to a taxation year that ends after 17 March 2016.

92. (1) Section 693.2 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“**693.2.** In this Book, except Titles VI.10 and VI.11, the following rules apply in respect of a taxpayer if one or more partnerships (each of which is in this section referred to as an “interposed partnership”) are interposed between the taxpayer and a given partnership, for a given fiscal period of the given partnership:”.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

93. Section 725.2.2 of the Act, amended by section 170 of chapter 1 of the statutes of 2017, is again amended by striking out the second paragraph.

94. Title VI.1 of Book IV of Part I of the Act, comprising section 726.1, is repealed.

95. (1) Section 726.4.17.18 of the Act is amended, in the definition of “northern exploration zone”,

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

“(a) the territory situated north of the 49th degree of north latitude and north of the St. Lawrence River and the Gulf of St. Lawrence, and south of the 55th degree of north latitude; and”;

(2) by striking out paragraph *b*;

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

“(c) the territory situated north of the 55th degree of north latitude;”.

(2) Subsection 1 applies in respect of exploration expenses incurred after 28 March 2017.

96. (1) Section 726.6 of the Act is amended

(1) by striking out subparagraphs *a* and *a.0.1* of the first paragraph;

(2) by inserting the following subparagraph after subparagraph *a.0.1* of the first paragraph:

“(a.0.2) “qualified farm or fishing property”, of an individual (other than a trust that is not a personal trust) at any time, means a property that is owned at that time by the individual, the spouse of the individual or a partnership, an interest in which is an interest in a family farm or fishing partnership of the individual or the individual’s spouse and that is

i. an immovable or a fishing boat that was used in the course of carrying on a farming or fishing business in Canada by

(1) the individual,

(2) where the individual is a personal trust, a beneficiary under the trust that is entitled to receive directly from the trust all or part of the income or capital of the trust,

(3) the spouse, a child or the father or mother of an individual referred to in subparagraph 1 or 2,

(4) a corporation, a share of the capital stock of which is a share of the capital stock of a family farm or fishing corporation of an individual referred to in any of subparagraphs 1 to 3, or

(5) a partnership, an interest in which is an interest in a family farm or fishing partnership of an individual referred to in any of subparagraphs 1 to 3,

ii. a share of the capital stock of a family farm or fishing corporation of the individual or the individual’s spouse,

iii. an interest in a family farm or fishing partnership of the individual or the individual’s spouse, or

iv. an incorporeal capital property used in the course of carrying on a farming or fishing business in Canada by a person or partnership referred to in any of subparagraphs 1 to 5 of subparagraph i or by a personal trust from which the individual acquired the capital property;”;

(3) by striking out subparagraphs *a.3* and *a.4* of the first paragraph;

(4) by inserting the following subparagraph after subparagraph *a.4* of the first paragraph:

“(a.5) “interest in a family farm or fishing partnership”, of an individual (other than a trust that is not a personal trust) at any time, means a partnership interest owned by the individual at that time if

i. throughout any 24-month period ending before that time, more than 50% of the fair market value of the property of the partnership was attributable to

(1) property that was used by the partnership or any of the persons or partnerships described in the third paragraph, principally in the course of carrying on a farming or fishing business in Canada in which the individual, a beneficiary referred to in subparagraph *b* of the third paragraph or the spouse, a child or the father or mother of the individual or of such a beneficiary was actively engaged on a regular and continuous basis,

(2) shares of the capital stock or indebtedness of one or more corporations of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph 4,

(3) a partnership interest in or indebtedness of one or more partnerships of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph 4, or

(4) property described in any of subparagraphs 1 to 3, and

ii. at that time, all or substantially all of the fair market value of the property of the partnership was attributable to property described in subparagraph 4 of subparagraph i;”;

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

“(2) the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28 in respect of capital gains and capital losses if the only properties referred to in that paragraph were properties that, at the time they were disposed of, were qualified farm properties or qualified fishing properties, within the meaning of subparagraphs *a* and *a.0.1*, as they read before being struck out, qualified farm or fishing properties and qualified small business corporation shares, exceeds”;

(6) by replacing the second paragraph and the portion of the third paragraph before subparagraph *a* by the following:

“For the purposes of subparagraph iv of subparagraph *a.0.2* of the first paragraph, an incorporeal capital property is deemed to include a capital property in respect of which paragraph *b* of section 437 or subparagraph *d* of the first paragraph of section 462 applies.

The persons and partnerships referred to in subparagraph 1 of subparagraph i of subparagraph *a.5* of the first paragraph are”;

(7) by replacing subparagraphs *d* and *e* of the third paragraph by the following subparagraphs:

“(d) a corporation, a share of the capital stock of which was a share of the capital stock of a family farm or fishing corporation of the individual, of a beneficiary referred to in subparagraph *b* or of the spouse, a child or the father or mother of the individual or of such a beneficiary; or

“(e) a partnership, an interest in which was an interest in a family farm or fishing partnership of the individual, of a beneficiary referred to in subparagraph *b* or of the spouse, a child or the father or mother of the individual or of such a beneficiary.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

97. (1) Section 726.6.1 of the Act is amended

(1) by striking out the definition of “share of the capital stock of a family farm corporation” in the first paragraph;

(2) by inserting the following definition in alphabetical order in the first paragraph:

““share of the capital stock of a family farm or fishing corporation”, of an individual (other than a trust that is not a personal trust) at any time, means a share of the capital stock of a corporation owned by the individual at that time if

(a) throughout any 24-month period ending before that time, more than 50% of the fair market value of the property owned by the corporation was attributable to

i. property that was used principally in the course of carrying on a farming or fishing business in Canada in which an individual referred to in any of subparagraphs 2 to 4 was actively engaged on a regular and continuous basis, by

(1) the corporation,

(2) the individual,

(3) if the individual is a personal trust, a beneficiary under the trust,

(4) the spouse, a child or the father or mother of an individual referred to in subparagraph 2 or 3,

(5) another corporation that is related to the corporation and of which a share of the capital stock was a share of the capital stock of a family farm or fishing corporation of an individual referred to in any of subparagraphs 2 to 4, or

(6) a partnership, an interest in which was an interest in a family farm or fishing partnership of an individual referred to in any of subparagraphs 2 to 4,

ii. shares of the capital stock or indebtedness of one or more corporations of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph iv,

iii. a partnership interest in or indebtedness of one or more partnerships of which all or substantially all of the fair market value of the property was attributable to property described in subparagraph iv, or

iv. property described in any of subparagraphs i to iii; and

(b) at that time, all or substantially all of the fair market value of the property owned by the corporation was attributable to property described in subparagraph iv of paragraph a.”;

(3) by striking out the definition of “share of the capital stock of a family fishing corporation” in the first paragraph;

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

“For the purposes of the definitions of “qualified small business corporation share” and “share of the capital stock of a family farm or fishing corporation” in the first paragraph, the fair market value of a net income stabilization account or of a farm income stabilization account is deemed to be nil.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

98. (1) Section 726.6.2 of the Act is amended

(1) by replacing the portion before subparagraph a of the first paragraph by the following:

“726.6.2. For the purposes of the definition of “small business corporation” in section 1, of subparagraph a.2 of the first paragraph of section 451, of the definitions of “qualified small business corporation share” and “share of the capital stock of a family farm or fishing corporation” in the first paragraph of section 726.6.1, and of the second paragraph of section 726.6.1, the following rules apply:”;

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

“ii. the total fair market value of assets described in the second paragraph—other than assets described in subparagraphs i to iii of paragraph *c* of the definition of “qualified small business corporation share” in the first paragraph of section 726.6.1, subparagraphs i to iii of paragraph *a* of the definition of “share of the capital stock of a family farm or fishing corporation” in that first paragraph, or paragraphs *a* to *c* of the definition of “small business corporation” in section 1, as the case may be—of any of those corporations not in excess of the fair market value of the assets immediately after the death of the insured is deemed, until the later of the redemption, acquisition or cancellation referred to in subparagraph *b* of the second paragraph and the day that is 60 days after the payment of the proceeds under the policy, not to exceed the cash surrender value, within the meaning of paragraph *d* of section 966, of the life insurance policy immediately before the death of the insured; and”;

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

“Subparagraph *b* of the first paragraph applies only in determining whether a share of the capital stock of another corporation with which the particular corporation referred to in that subparagraph *b* is connected is a qualified small business corporation share or a share of the capital stock of a family farm or fishing corporation and in determining whether the other corporation is a small business corporation.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

99. (1) Section 726.6.3 of the Act is amended

(1) by replacing the portion before subparagraph *a* of the first paragraph by the following:

“726.6.3. For the purposes of subparagraph *a.0.2* of the first paragraph of section 726.6, at any time, a property owned at that time by an individual, the individual’s spouse or a partnership, an interest in which is an interest in a family farm or fishing partnership of the individual or of the individual’s spouse will not be considered to have been used in the course of carrying on a farming or fishing business in Canada, unless”;

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

“(2) a partnership, an interest in which is an interest in a family farm or fishing partnership of the individual or of the individual’s spouse,”;

(3) by replacing subparagraphs 1 and 2 of subparagraph ii of subparagraph *a* of the first paragraph by the following subparagraphs:

“(1) in at least two years while the property was owned by one or more persons or partnerships referred to in subparagraph i, the property was used principally in a farming or fishing business carried on in Canada in which an individual referred to in subparagraph i, or where the individual is a personal trust, a beneficiary under the trust, was actively engaged on a regular and continuous basis, and the gross revenue of a person referred to in subparagraph i (in this subparagraph 1 referred to as the “operator”) from such a business for the period during which the property was owned by a person or partnership referred to in subparagraph i exceeded the income of the operator from all other sources for that period, or

“(2) throughout a period of at least 24 months while the property was owned by one or more persons or partnerships referred to in subparagraph i, the property was used by a corporation described in subparagraph 4 of subparagraph i of subparagraph *a.0.2* of the first paragraph of section 726.6 or by a partnership described in subparagraph 5 of that subparagraph i in a farming or fishing business in which an individual referred to in any of subparagraphs 1 to 3 of that subparagraph i was actively engaged on a regular and continuous basis; and”;

(4) by replacing subparagraphs 2 to 4 of subparagraph i of subparagraph *c* of the first paragraph by the following subparagraphs:

“(2) a beneficiary described in subparagraph 2 of subparagraph i of subparagraph *a.0.2* of the first paragraph of section 726.6, or the spouse, a child or the father or mother of that beneficiary,

“(3) a corporation described in subparagraph 4 of subparagraph i of subparagraph *a.0.2* of the first paragraph of section 726.6,

“(4) a partnership described in subparagraph 5 of subparagraph i of subparagraph *a.0.2* of the first paragraph of section 726.6, or”;

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

“If, at any time, a qualified farm or fishing property is encumbered with a real servitude, the incorporeal capital property that results from the establishment of that servitude is considered, at that time, to have been used in the course of carrying on a farming or fishing business in Canada only if the qualified farm or fishing property so encumbered satisfies the conditions set out in subparagraphs *a* and *c* of the first paragraph.”

(2) Paragraphs 1 to 4 of subsection 1 apply in respect of a disposition that occurs after 31 December 2013.

(3) Paragraph 5 of subsection 1 applies in respect of a real servitude established after 31 December 2013.

100. (1) Section 726.6.4 of the Act is repealed.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

101. (1) Section 726.7 of the Act, amended by section 172 of chapter 1 of the statutes of 2017, is again amended

(1) by replacing the portion before subparagraph *a* of the first paragraph by the following:

“726.7. In computing the taxable income for a taxation year of an individual other than a trust, there shall be deducted, if the individual was resident in Canada throughout the year and disposed of qualified farm or fishing property in the year or a preceding taxation year or disposed of qualified farm property or qualified fishing property before 1 January 2014, an amount equal to the least of”;

(2) by replacing subparagraphs *d* and *e* of the first paragraph by the following subparagraphs:

“(d) the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28 in respect of capital gains and capital losses if the only properties referred to in that paragraph were properties that, at the time they were disposed of, were qualified farm properties, qualified fishing properties or qualified farm or fishing properties; and

“(e) the amount that is allowed as a deduction in computing the individual’s taxable income for the year for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) under section 110.6 of that Act, in respect of properties referred to in this paragraph or, if the amount that is so allowed as a deduction is equal to the maximum amount that the individual may claim as a deduction in that computation under that section in respect of such properties, the amount that the individual specifies and that is not less than that maximum amount.”;

(3) by inserting the following paragraph after the third paragraph:

“For the purposes of the first paragraph, “qualified farm property” and “qualified fishing property” have the meaning assigned by section 726.6, as it read before subparagraphs *a* and *a.0.1* of the first paragraph of that section were struck out.”;

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

“For the purposes of subparagraph *e* of the first paragraph, where section 517.5.5 applies in respect of the disposition in a taxation year of eligible shares of an individual that are described in paragraph *a* of the definition of that expression in the first paragraph of section 517.5.3, the amount that would

be determined in respect of the individual for the year under paragraph *b* of section 28 if those shares were the only properties referred to in that paragraph *b* is deemed to have been allowed as a deduction in computing the individual's taxable income for the year for the purposes of the Income Tax Act under section 110.6 of that Act in respect of qualified farm or fishing properties.”;

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

“Sections 21.4.6 and 21.4.7 apply, with the necessary modifications, in relation to a claim for a deduction made under section 110.6 of the Income Tax Act in respect of properties referred to in the first paragraph.”

(2) Paragraphs 1 to 3 and 5 of subsection 1 apply in respect of a disposition that occurs after 31 December 2013.

(3) Paragraph 4 of subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

102. (1) Section 726.7.1 of the Act, amended by section 173 of chapter 1 of the statutes of 2017, is again amended

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

“(d) the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28, to the extent that that amount is not included in computing the amount determined in respect of the individual under subparagraph *d* of the first paragraph of section 726.7, in respect of capital gains and capital losses if the only properties referred to in paragraph *b* of section 28 were qualified small business corporation shares of the individual; and”;

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

“For the purposes of subparagraph *e* of the first paragraph, where section 517.5.5 applies in respect of the disposition in a taxation year of eligible shares of an individual that are described in paragraph *b* of the definition of that expression in the first paragraph of section 517.5.3, the amount that would be determined in respect of the individual for the year under paragraph *b* of section 28 if those shares were the only properties referred to in that paragraph *b* is deemed to have been allowed as a deduction in computing the individual's taxable income for the year for the purposes of the Income Tax Act under section 110.6 of that Act in respect of qualified small business corporation shares.”

(2) Paragraph 1 of subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

(3) Paragraph 2 of subsection 1 applies in respect of a disposition of shares that occurs after 17 March 2016.

103. (1) Sections 726.7.2 and 726.7.3 of the Act are repealed.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

104. (1) Section 726.9 of the Act is replaced by the following section:

“726.9. Despite sections 726.7 and 726.7.1, the total amount that may be deducted under this Title in computing an individual’s taxable income for a taxation year must not exceed the amount determined by the formula in subparagraph *a* of the first paragraph of section 726.7 in respect of the individual for the year.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

105. (1) Section 726.10 of the Act is replaced by the following section:

“726.10. For the purposes of sections 726.7 and 726.7.1, an individual is deemed to have been resident in Canada throughout a particular taxation year if the individual was resident in Canada at any time in the particular year and throughout the preceding taxation year or the following taxation year.”

(2) Subsection 1 has effect from 1 January 2014.

106. (1) Section 726.11 of the Act is amended by replacing the portion before paragraph *a* by the following:

“726.11. Despite sections 726.7 and 726.7.1, no amount may be deducted under this Title in respect of the capital gain of an individual for a particular taxation year in computing the individual’s taxable income for the particular year or any subsequent taxation year, if the individual knowingly or under circumstances amounting to gross negligence”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

107. (1) Section 726.13 of the Act is amended by replacing the portion before paragraph *a* by the following:

“726.13. Despite sections 726.7 and 726.7.1, no amount may be deducted under this Title in computing an individual’s taxable income for a taxation year in respect of a capital gain of the individual for the year, if the capital gain is from the disposition of a property, which disposition is part of a series of transactions or events”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

108. (1) Section 726.14 of the Act is replaced by the following section:

“726.14. Despite sections 726.7 and 726.7.1, where an individual has a capital gain for a taxation year from the disposition of property, no amount in respect of that capital gain shall be deducted under this Title in computing the individual’s taxable income for the year if it may reasonably be considered, having regard to all the circumstances, that a significant portion of the capital gain is attributable to the fact that dividends were not paid on a share, other than a prescribed share, or that dividends paid on such a share in the year or in any preceding taxation year were less than 90% of the average annual rate of return on that share for that year.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

109. (1) Section 726.19 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2016. In addition, where section 726.19 of the Act applies in respect of a disposition that occurs after 31 December 2013, it is to be read as if subparagraph *b* of the first paragraph were replaced by the following subparagraph:

“(b) the amount that would be determined in respect of the trust for the year under paragraph *b* of section 28 in respect of capital gains and capital losses if the only properties referred to in that paragraph were, at the time they were disposed of, qualified farm or fishing properties, qualified small business corporation shares, qualified farm properties or qualified fishing properties, within the meaning assigned to those expressions by section 726.6, as it read before subparagraphs *a* and *a.0.1* of the first paragraph of that section were struck out; and”.

110. (1) Section 726.19.1 of the Act is amended

(1) by replacing the portion before the formula in the first paragraph by the following:

“726.19.1. Where an amount is included in computing an individual’s income for a particular taxation year because of the second paragraph of section 234 in respect of a disposition of property in a preceding taxation year that, at the time of the disposition, is qualified farm property or qualified fishing property, within the meaning assigned by section 726.6, as it read before subparagraphs *a* and *a.0.1* of the first paragraph of that section were struck out, a qualified small business corporation share or qualified farm or fishing property, the total of all amounts deductible by the individual for the particular year under this Title is reduced by the amount determined by the formula”;

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

“This section does not apply in respect of a disposition of qualified farm or fishing property after 2 December 2014.”

(2) Paragraph 1 of subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2014.

III. (1) Section 726.20.1 of the Act is amended by replacing paragraph *c* of the definition of “eligible taxable capital gain amount” in the first paragraph by the following paragraph:

“(c) subject to the fourth paragraph, nil, where the particular property is property described in section 726.7 or 726.7.1 and the amount by which the amount determined in respect of the individual for the year by the formula provided for in subparagraph *a* of the first paragraph of section 726.7 exceeds the amount, if any, deducted under Title VI.5 by the individual in computing the individual’s taxable income for the year is not nil;”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2013.

II2. (1) The Act is amended by inserting the following after section 726.37:

“TITLE VI.11

“DEDUCTION FOR FOREST PRODUCERS FOR A YEAR SUBSEQUENT TO 2015

“CHAPTER I

“INTERPRETATION AND GENERAL RULES

“726.38. In this Title,

“eligible individual” for a taxation year means an individual who is resident in Québec at the end of the year;

“eligible taxpayer” for a taxation year means an eligible individual for the year or a qualified corporation for the year;

“qualified corporation” for a taxation year means a Canadian-controlled private corporation whose paid-up capital attributed to the corporation for the year, determined in accordance with section 726.39, is not greater than \$15,000,000;

“recognized commercial activity” in respect of a private forest means the sale of timber to a purchaser having an establishment in Québec, other than a retail sale, derived from the operation of the private forest.

“726.39. The paid-up capital attributed to a corporation for a taxation year that ends in a calendar year is equal to

(a) where the corporation is not associated with any other corporation in the taxation year, its paid-up capital determined as provided in section 771.2.1.9 either for its preceding taxation year or, if the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles; and

(b) where the corporation is associated with one or more other corporations in the taxation year, the aggregate of all amounts each of which is, for the corporation or any of the other corporations, the amount of its paid-up capital determined as provided in section 771.2.1.9 either for its last taxation year that ended in the preceding calendar year or, if such a corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

“726.40. In this Title, the following rules apply in respect of a taxpayer if one or more partnerships (each of which is in this section referred to as an “interposed partnership”) are interposed between the taxpayer and a given partnership that is a certified forest producer under the Sustainable Forest Development Act (chapter A-18.1) in respect of a private forest at the end of a given fiscal period of the given partnership:

(a) the taxpayer is deemed to be a member of a particular partnership at the end of a particular fiscal period of the particular partnership and that particular fiscal period is deemed to end in the taxpayer’s particular taxation year in which ends the fiscal period of the interposed partnership of which the taxpayer is directly a member (in this section referred to as the “last interposed partnership”), if

i. the particular fiscal period is that which ends in the fiscal period (in this section referred to as the “interposed fiscal period”) of the interposed partnership that is a member of the particular partnership at the end of that particular fiscal period, and

ii. the taxpayer is a member, or deemed to be a member under this paragraph, of the interposed partnership described in subparagraph i at the end of the interposed partnership's interposed fiscal period;

(b) the taxpayer is deemed to be a member of the given partnership at the end of the particular taxation year if

i. the taxpayer is a member of the last interposed partnership throughout the part of the particular taxation year that begins immediately after the end of that interposed partnership's interposed fiscal period, and

ii. in the period described in subparagraph i, the link between the taxpayer and the given partnership did not cease to exist as a result of the interposed partnership ceasing, in the part of the interposed fiscal period of an interposed partnership that begins immediately after the end of the particular fiscal period of the particular partnership referred to in paragraph *a* of which the interposed partnership was a member at that time, to be a member of that particular partnership;

(c) for the purpose of determining the taxpayer's share in an amount in respect of the given partnership for the given fiscal period, the agreed proportion in respect of the taxpayer for that fiscal period of the given partnership is deemed to be equal to the product obtained by multiplying the agreed proportion in respect of the taxpayer for the interposed fiscal period of the last interposed partnership of which the taxpayer is directly a member, by

i. if there is only one interposed partnership, the agreed proportion in respect of the interposed partnership for the given partnership's given fiscal period, or

ii. if there is more than one interposed partnership, the result obtained by multiplying together all proportions each of which is the agreed proportion in respect of an interposed partnership for the particular fiscal period of the particular partnership referred to in paragraph *a* of which the interposed partnership is a member at the end of that particular fiscal period; and

(d) the taxpayer is deemed to cease to be a member of the given partnership in a taxation year subsequent to the particular year, if any of the following events occurs and, as a result, the link between the taxpayer and that given partnership ceases to exist:

i. at a particular time in that subsequent taxation year, the taxpayer ceases to be a member of the last interposed partnership,

ii. the last interposed partnership ceases, at a particular time in its subsequent fiscal period that ends in that subsequent taxation year, to be a member of the particular partnership whose particular fiscal period ends in that subsequent fiscal period, or

iii. an interposed partnership ceases, at a particular time in its subsequent fiscal period that would be deemed to end in the subsequent taxation year if paragraph *a* were applied to that interposed partnership for that fiscal period, without reference to the event described in this subparagraph, to be a member of the particular partnership whose particular fiscal period ends in the subsequent fiscal period.

“726.41. Section 726.40 does not apply in respect of a taxpayer, in relation to a given partnership, if the Minister is of the opinion that the interposition, between the taxpayer and the given partnership, of one or more other partnerships is part of an operation or transaction or of a series of operations or transactions, one of the purposes of which is to cause the taxpayer to be able to deduct, in computing taxable income for a taxation year under this Title, an amount greater than the amount that the taxpayer could have so deducted for that taxation year, but for that interposition.

“CHAPTER II

“DEDUCTION

“726.42. An eligible taxpayer for a taxation year ending before 1 January 2021 who, at the end of the year, is a certified forest producer under the Sustainable Forest Development Act (chapter A-18.1) in respect of a private forest, or is a member of a partnership that is such a certified forest producer in respect of a private forest at the end of a fiscal period of the partnership that ends in the year, may deduct in computing taxable income for the year, if the taxpayer encloses the documents described in the third paragraph with the fiscal return the taxpayer is required to file for the year under section 1000, an amount not exceeding the lesser of \$170,000 and 85% of the aggregate of

(a) the amount determined by the formula

$A - B$; and

(b) the amount determined by the formula

$C - D$.

In the formulas in the first paragraph,

(a) *A* is the aggregate of all amounts each of which is the eligible taxpayer's income deriving from recognized commercial activities for the year in respect of a private forest;

(b) *B* is the aggregate of all amounts each of which is the eligible taxpayer's loss deriving from recognized commercial activities for the year in respect of a private forest;

(c) C is the aggregate of all amounts each of which is the eligible taxpayer's share of the partnership's income deriving from recognized commercial activities for its fiscal period that ends in the year in respect of a private forest; and

(d) D is the aggregate of all amounts each of which is the eligible taxpayer's share of the partnership's loss deriving from recognized commercial activities for its fiscal period that ends in the year in respect of a private forest.

The documents to which the first paragraph refers are

(a) the prescribed form containing prescribed information; and

(b) a copy of the valid qualification certificate issued to the eligible taxpayer or to the partnership, as the case may be, attesting to the eligible taxpayer's or the partnership's capacity as a certified forest producer in respect of the private forest.

For the purposes of subparagraphs *c* and *d* of the second paragraph, the share, for a fiscal period of a partnership, of a taxpayer who is a member of the partnership of the income or loss of the partnership deriving from recognized commercial activities for the fiscal period in respect of a private forest is equal to the agreed proportion of the income or loss in respect of the taxpayer for the fiscal period.

“CHAPTER III

“AMOUNT TO BE INCLUDED

“726.43. A taxpayer who deducted a particular amount in computing taxable income for a particular taxation year under section 726.42, as a certified forest producer under the Sustainable Forest Development Act (chapter A-18.1) in respect of a private forest, or as a member of a partnership that is such a certified forest producer in respect of a private forest, shall include in computing taxable income for each taxation year (in this paragraph referred to as an “inclusion year”) that is one of the six taxation years that follow the particular year, except a taxation year for which the taxpayer is required to include an amount in computing taxable income under the second or third paragraph in respect of the particular amount, an amount at least equal to 10% of the particular amount unless, for the inclusion year, that minimum amount is greater than the excess amount that corresponds to the amount by which the particular amount exceeds the aggregate of all amounts each of which is an amount that the taxpayer included in computing taxable income in respect of the particular amount under this section for a taxation year preceding the inclusion year or under the second or third paragraph for the inclusion year, in which case the taxpayer shall include the excess amount in computing taxable income for the inclusion year.

Where the particular amount that the taxpayer referred to in the first paragraph deducted for the particular year is in respect of a single private forest, the taxpayer shall include in computing taxable income for a taxation year referred to in the fourth paragraph an amount equal to the amount by which the particular amount exceeds the aggregate of all amounts each of which is an amount that the taxpayer included, in computing taxable income, in respect of the particular amount, under the first paragraph, for a taxation year preceding the year referred to in the fourth paragraph.

Where the particular amount that the taxpayer referred to in the first paragraph deducted for the particular year is in respect of more than one private forest, the taxpayer shall include in computing taxable income for a taxation year referred to in the fourth paragraph (in this paragraph referred to as the “year concerned”) an amount equal to the greater of the amount that the taxpayer should include in respect of the particular amount, under the first paragraph, for the year concerned but for this paragraph, and the lesser of the proportion, described in the fifth paragraph, of the particular amount and the amount by which the particular amount exceeds the aggregate of all amounts each of which is an amount that the taxpayer included in respect of the particular amount in computing taxable income, under this section, for a taxation year preceding the year concerned.

A taxation year referred to in the second or third paragraph is one of the six taxation years that follow the particular year and is

- (a) the taxation year in which the taxpayer disposes of a private forest referred to in that paragraph;
- (b) the taxation year in which ends a partnership’s fiscal period in which the partnership disposes of a private forest referred to in that paragraph; or
- (c) the taxation year in which the taxpayer ceases to be a member of a partnership referred to in the first paragraph.

The proportion to which the third paragraph refers is the proportion that the aggregate of all amounts each of which is an amount referred to in subparagraph *a* or *c* of the second paragraph of section 726.42 for the particular year in relation to a private forest in respect of which any of subparagraphs *a* to *c* of the fourth paragraph applies is of the aggregate of all amounts each of which is an amount referred to in subparagraph *a* or *c* of the second paragraph of section 726.42 for the particular year in relation to a private forest.

The taxpayer to which the first paragraph refers shall include in computing taxable income for the seventh taxation year that follows the particular year an amount equal to the amount by which the particular amount exceeds the aggregate of all amounts each of which is an amount that the taxpayer included, under any of the first, second and third paragraphs, in computing taxable income, in respect of the particular amount, for a preceding taxation year.

“726.44. Where an individual deducted a particular amount in computing taxable income for a taxation year under section 726.42, is resident in Canada outside Québec on the last day of a subsequent taxation year and should include an amount under section 726.43 in computing taxable income for the subsequent year, in respect of the particular amount, if the individual was resident in Québec on the last day of the subsequent year, the individual is deemed, for the purposes of sections 25 and 1088, to be carrying on a business through an establishment in Québec at any time in that subsequent year.”

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

II3. (1) Section 729.1 of the Act is amended

(1) by replacing “amount claimed in respect of” and “claimed under” in subparagraph iii of subparagraph *b* of the first paragraph by “amount claimed as a deduction in respect of” and “claimed as a deduction under”, respectively;

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

“(c) the amount that the Minister determines to be reasonable in the circumstances for the particular taxation year, after considering the application to the taxpayer of sections 668.7, 851.16.2, 1106 and 1113 as they read in their application to the taxpayer’s last taxation year that began before 1 November 2011.”;

(3) by replacing “For the purposes of the formula set forth in” in the portion of the second paragraph before subparagraph *a* by “In the formula in”;

(4) by replacing “amount claimed” in subparagraph *a* of the second paragraph by “amount claimed as a deduction”.

(2) Paragraphs 1 and 2 of subsection 1 apply to a taxation year that begins after 31 October 2011.

II4. (1) Sections 736.1 and 736.2 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

115. (1) The Act is amended by inserting the following after section 737.18.35:

“TITLE VII.2.7

**“DEDUCTION FOR INNOVATIVE MANUFACTURING
CORPORATIONS**

“CHAPTER I

“INTERPRETATION AND GENERAL RULES

“737.18.36. In this Title, unless the context indicates otherwise,

“cost of labour” of a corporation for a taxation year means the portion of the cost of labour of the corporation for the year, determined in accordance with the definition of that expression in section 5202 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), that may reasonably be attributed to activities carried out in Québec;

“cost of manufacturing and processing labour” of a corporation for a taxation year means the lesser of the cost of labour of the corporation for the year and the amount that would be the cost of manufacturing and processing labour of the corporation for the year, determined in accordance with the definition of that expression in section 5202 of the Income Tax Regulations, if that definition were read without reference to the portion after paragraph *b* and if the definition of “qualified activities” in that section 5202 were read as if “Canada” were replaced wherever it appears by “Québec”;

“manufacturing corporation” for a taxation year means a corporation in respect of which the proportion of the manufacturing and processing activities for the year is at least 50%;

“proportion of the manufacturing and processing activities” of a corporation for a taxation year means the proportion that the cost of manufacturing and processing labour of the corporation for the year is of the cost of labour of the corporation for the year;

“qualified manufacturing corporation” for a taxation year means a manufacturing corporation for the year whose paid-up capital determined for the year in accordance with section 737.18.37 is at least \$15,000,000;

“qualified patented part” of a qualified manufacturing corporation for a taxation year means an invention of the corporation if

(a) the corporation has made sustained innovation efforts in relation to the invention;

(b) the invention derives in whole or in part from scientific research and experimental development work undertaken in Québec by the corporation or another corporation associated with it at the time the work was undertaken, or on behalf of the corporation or the other corporation, as the case may be, and the corporation or the other corporation is deemed to have paid an amount to the Minister under any of Divisions II to II.3.0.1 of Chapter III.1 of Title III of Book IX in respect of the work; and

(c) the corporation, alone or together with other persons, holds a patent, in respect of the invention, that satisfies the following conditions:

i. it is issued under the Patent Act (Revised Statutes of Canada, 1985, chapter P-4) or an Act having the same effect of a jurisdiction other than Canada,

ii. the application by virtue of which the patent is issued is made, after 17 March 2016, in accordance with the requirements of an Act referred to in subparagraph i, and

iii. it is valid throughout the year;

“qualified property” of a qualified manufacturing corporation for a taxation year means property in respect of which the following conditions are satisfied:

(a) it incorporates at least one qualified patented part of the corporation;

(b) it is sold, leased or rented by the corporation in the year;

(c) the corporation keeps a register containing the information necessary to prepare separate accounts, in respect of the property, by virtue of which the corporation designates, in relation to the property, a portion of the corporation’s gross revenue for the year from the sale, lease or rental of the property and a portion of the expenses, reserves, allowances and other amounts otherwise deductible by the corporation in computing its income for the year that may reasonably be considered to be attributable to the property; and

(d) the gross revenue of the corporation for the year from the sale, lease or rental of the property is reasonably attributable to an establishment of the corporation situated in Québec.

A qualified manufacturing corporation is deemed to hold a patent and satisfy the conditions of paragraph c of the definition of “qualified patented part” in the first paragraph, in respect of the patent, for a taxation year if the application for a patent is made, after 17 March 2016, in accordance with the requirements of an Act referred to in subparagraph i of that paragraph c and if a decision by the competent authority regarding the application is pending in the year.

“737.18.37. The paid-up capital of a corporation for a particular taxation year of the corporation that ends in a calendar year is equal,

(a) where the corporation is not associated with any other corporation in the particular year, to the corporation’s paid-up capital determined in accordance with section 737.18.38 either for the taxation year that precedes the particular year or, if the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles; and

(b) where the corporation is associated with one or more other corporations in the particular year, to the aggregate of all amounts each of which is, for the corporation or each of the other corporations, its paid-up capital determined in accordance with section 737.18.38 either for its last taxation year that ends in the preceding calendar year or, if such a corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

“737.18.38. For the purposes of section 737.18.37, the paid-up capital of a corporation for a taxation year is the corporation’s paid-up capital that would be determined for that year in accordance with Book III of Part IV if no reference were made to section 1138.2.6.

“737.18.39. For the purposes of paragraph *a* of the definition of “qualified patented part” in the first paragraph of section 737.18.36, a corporation has made sustained innovation efforts in relation to an invention if the total of all amounts each of which is an aggregate described in any of subparagraphs *a* to *d* of the first paragraph of section 1029.8.19.13, reduced as provided in that section and determined in relation to scientific research and experimental development work undertaken in the particular period described in the second paragraph by the corporation or by another corporation with which it is associated in the taxation year in which the work was undertaken and in respect of which the corporation or the other corporation, as the case may be, is deemed to have paid an amount to the Minister under any of Divisions II to II.3.0.1 of Chapter III.1 of Title III of Book IX is at least \$500,000.

The particular period to which the first paragraph refers is the five-taxation-year period that precedes the taxation year in which the application referred to in subparagraph ii of paragraph *c* of the definition of “qualified patented part” in the first paragraph of section 737.18.36 is made in relation to the invention referred to in the first paragraph.

“CHAPTER II

“DEDUCTION

“737.18.40. Subject to the third paragraph, a qualified manufacturing corporation for a taxation year may deduct in computing its taxable income for the year an amount not exceeding the product obtained by multiplying the annual percentage determined in its respect for the year under section 737.18.42 by the aggregate of all amounts each of which is equal, in respect of a qualified property of the corporation, to the lesser of

(a) the ceiling determined under section 737.18.41 for the year in respect of the qualified property; and

(b) the portion of the particular amount described in the second paragraph, determined in respect of the qualified property for the year, that may reasonably be considered to be attributable to the added value that one or more qualified patented parts of the corporation bring to the property.

The particular amount to which the first paragraph refers, in relation to a qualified property of the corporation for a taxation year, is equal to the amount by which the portion of the corporation's gross revenue for the year from the sale, lease or rental of the property exceeds the portion of the expenses, reserves, allowances and other amounts otherwise deductible by the corporation in computing its income for the year that may reasonably be considered to be attributable to the property, such portions being determined on the basis of the separate accounts relating to the property referred to in paragraph *c* of the definition of “qualified property” in the first paragraph of section 737.18.36.

A corporation may deduct an amount under the first paragraph in computing its taxable income for a taxation year only if it encloses, with the fiscal return it is required to file for the year under section 1000,

(a) the prescribed form containing prescribed information; and

(b) in relation to each qualified property of the corporation referred to in the first paragraph, a copy of the register kept by the corporation containing the information necessary to prepare separate accounts in respect of the property for the year.

“737.18.41. The ceiling to which subparagraph *a* of the first paragraph of section 737.18.40 refers, determined for a taxation year in respect of a qualified property of a corporation, is equal to 50% of the particular amount determined under the second paragraph of section 737.18.40 in relation to that property for the year.

“737.18.42. The annual percentage determined for a taxation year of a qualified manufacturing corporation is equal to the total of

(a) the proportion of 66.1% that the number of days in the taxation year that precede 1 January 2018 is of the number of days in the taxation year;

(b) the proportion of 65.8% that the number of days in the taxation year that follow 31 December 2017 but precede 1 January 2019 is of the number of days in the taxation year;

(c) the proportion of 65.5% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year; and

(d) the proportion of 65.2% that the number of days in the taxation year that follow 31 December 2019 is of the number of days in the taxation year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

116. (1) Section 740.1 of the Act is amended

(1) by replacing “is paid” in the first paragraph by “is received”;

(2) by replacing “Aux fins” and “réputée être” in the second paragraph in the French text by “Pour l’application” and “réputée”, respectively.

(2) Paragraph 1 of subsection 1 applies in respect of a dividend received after 4 November 2010.

117. (1) Section 740.2 of the Act is amended by replacing “was paid” in the portion of paragraph *a* before subparagraph *i* by “was received”.

(2) Subsection 1 applies in respect of a dividend received after 4 November 2010.

118. (1) Section 750 of the Act is amended by replacing paragraphs *a* to *d* by the following paragraphs:

“(a) 16% of the lesser of \$42,705 and the individual’s taxable income for that year;

“(b) 20% of the amount by which the lesser of \$85,405 and the individual’s taxable income for that year exceeds \$42,705;

“(c) 24% of the amount by which the lesser of \$103,915 and the individual’s taxable income for that year exceeds \$85,405; and

“(d) 25.75% of the amount by which the individual’s taxable income for that year exceeds \$103,915.”

(2) Subsection 1 applies from the taxation year 2017.

119. (1) Section 750.1 of the Act is amended

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

“750.1. The percentage to which sections 752.0.0.1, 752.0.0.4 to 752.0.0.6, 752.0.1, 752.0.7.4, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.18.15, 776.41.14 and 1015.3 refer, as they read in their application to a taxation year preceding the year 2017, is”;

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

“(c) 20%, where the taxation year is subsequent to the year 2001 and precedes the year 2017.”;

(3) by adding the following paragraph at the end:

“The percentage to which sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.14, 776.41.14 and 1015.3 refer is 16% where the taxation year is the year 2017 or a subsequent year.”

(2) Subsection 1 applies from the taxation year 2017.

120. (1) Section 750.2 of the Act is amended

(1) by replacing the portion before the formula in the first paragraph by the following:

“750.2. Each of the amounts referred to in the fourth paragraph that must be used for a taxation year subsequent to the taxation year 2017 is to be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula”;

(2) by replacing subparagraphs *a* to *g* of the fourth paragraph by the following subparagraphs:

“(a) the amounts of \$42,705, \$85,405 and \$103,915, wherever they are mentioned in section 750;

“(b) the amount of \$14,890 mentioned in section 752.0.0.1;

“(c) the amounts of \$2,682 and \$3,907 mentioned in section 752.0.1;

“(d) the amount of \$33,755 mentioned in section 752.0.7.1;

“(e) the amounts of \$1,707, \$2,107, \$2,782 and \$3,132, wherever they are mentioned in section 752.0.7.4;

“(f) the amount of \$3,307 mentioned in section 752.0.14; and

“(g) the amounts of \$9,582 and \$2,682, wherever they are mentioned in section 776.41.14.”

(2) Subsection 1 applies from the taxation year 2017.

121. (1) Section 750.3 of the Act is replaced by the following section:

“750.3. Where the amount that results from the adjustment provided for in section 750.2, in respect of an amount mentioned in subparagraph *a* or *d* of the fourth paragraph of that section, is not a multiple of \$5, it must be rounded to the nearest multiple of \$5 or, if it is equidistant from two such multiples, to the higher multiple.

Where the amount that results from the adjustment provided for in section 750.2, in respect of an amount mentioned in any of subparagraphs *b*, *c* and *e* to *g* of the fourth paragraph of that section, is not a multiple of \$1, it must be rounded to the nearest multiple of \$1 or, if it is equidistant from two such multiples, to the higher multiple.”

(2) Subsection 1 applies from the taxation year 2018.

122. (1) Section 752.0.0.1 of the Act is amended by replacing “\$10,215” by “\$14,890”.

(2) Subsection 1 applies from the taxation year 2017.

(3) In addition, in applying section 1026 of the Act for the purpose of computing the amount of a payment that an individual is required to make for the taxation year 2017, and in applying section 1038 of the Act for the purpose of computing the interest, if any, that the individual is required to pay under that section in respect of that payment, the individual’s estimated tax or tax payable, as the case may be,

(1) must, in respect of a payment that the individual is required to make before 29 March 2017, be determined without reference to this section and as if the percentage specified in section 750.1 of the Act for the year were equal to 20%; and

(2) is, in respect of a payment that the individual is required to make after 28 March 2017, deemed to be equal to the amount by which the estimated tax or tax payable, as the case may be, for the year, determined without reference to this section and as if the percentage specified in section 750.1 of the Act for the year were equal to 20%, exceeds the product obtained by multiplying, by the proportion that 4 is of the number of payments that the individual is required

to make after 28 March 2017 under section 1026 of the Act, the amount by which the estimated tax or tax payable, as the case may be, determined without reference to this section and as if the percentage specified in section 750.1 of the Act for the year were equal to 20%, exceeds the estimated tax or tax payable, as the case may be, determined without reference to this subsection.

123. (1) Section 752.0.0.4 of the Act is amended

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

“(a) in respect of a covered benefit attributable to the year and paid by an employer for the first 14 full days following the beginning of the individual’s disability, the lesser of

i. the total of the covered benefits attributable to the year and paid by the employer for the first 14 full days following the beginning of the individual’s disability, and

ii. the amount determined by the formula

$0.90 \times A/B \times C$; and”;

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

“i. $[(0.90 \times D/E) - (F/E)] \times (1 - G)$, and

“ii. $[(0.90 \times H/E) - I] \times (1 - G)$.”;

(3) by replacing subparagraphs *a* to *i* of the second paragraph by the following subparagraphs:

“(a) A is the amount determined under the third paragraph of section 1015.3 that is applicable for the year;

“(b) B is the number of days in the year, excluding Saturdays and Sundays;

“(c) C is the number of days in the year, excluding Saturdays and Sundays, between the day on which the individual’s disability begins and the day on which the individual returns to work, but without exceeding 14 days;

“(d) D is the annual gross revenue used as a basis for determining, for the particular day, the covered benefit attributable to the year, or, if the covered benefit attributable to the year is adjusted in accordance with section 119 of the Act respecting the Québec Pension Plan (chapter R-9), the amount that would be the annual gross revenue used as a basis for determining, for the particular day, the covered benefit attributable to the year, if it were adjusted according to the same rules as those applicable to the covered benefit;

“(e) E is the number of days in the year;

“(f) F is the annual gross revenue from a suitable employment or employment held, for the particular day;

“(g) G is the percentage that applies for the purpose of reducing, for the particular day, the covered benefit attributable to the year;

“(h) H is the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Commission des normes, de l'équité, de la santé et de la sécurité du travail to establish the weighted net income for the purpose of computing, for the particular day, the covered benefit attributable to the year; and

“(i) I is the lesser of

i. the amount obtained by dividing the annual gross revenue from a suitable employment or employment held, for the particular day, by the number of days in the year, and

ii. the amount obtained by dividing, by the number of days in the year, the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Commission des normes, de l'équité, de la santé et de la sécurité du travail to establish the weighted net income from a suitable employment or employment held, for the particular day.”;

(4) by striking out subparagraphs *j* and *k* of the second paragraph;

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

“For the purposes of subparagraph *f* and subparagraph *i* of subparagraph *i* of the second paragraph, “annual gross revenue from a suitable employment or employment held”, for a particular day, means the annual gross revenue relating to a suitable employment or employment held that is taken into account in determining, for the particular day, the covered benefit attributable to the year, including the annual gross revenue from any benefit paid to the individual, because of a termination of employment, under an Act of Québec or of any other jurisdiction, other than the Act respecting industrial accidents and occupational diseases (chapter A-3.001), that is taken into account in determining, for the particular day, the covered benefit attributable to the year, or, if the covered benefit attributable to the year is adjusted in accordance with section 119 of the Act respecting the Québec Pension Plan, the amount that would be the annual gross revenue relating to a suitable employment or employment held that would be taken into account in determining, for the particular day, the covered benefit attributable to the year if, from the year following that for which that gross revenue was last established, it were adjusted according to the same rules as those applicable to the covered benefit.”;

(6) by striking out the fourth paragraph.

(2) Subsection 1 applies from the taxation year 2018. In addition, where section 752.0.0.4 of the Act applies to the taxation year 2017, it is to be read as if

(1) “an amount equal to the total of” in the portion of the first paragraph before subparagraph *a* were replaced by “an amount equal to 125% of the total of”;

(2) subparagraph *a* of the second paragraph were replaced by the following subparagraph:

“(a) A is the percentage obtained by dividing the percentage specified in paragraph *a* of section 750 that is applicable for the year by 20%;”;

(3) subparagraph *j* of the second paragraph were replaced by the following subparagraph:

“(j) J is an amount equal to \$11,635, to the extent that the amount is used by the Commission des normes, de l'équité, de la santé et de la sécurité du travail to establish the weighted net income for the purpose of computing, for the particular day, the covered benefit attributable to the year; and”;

(4) the fourth paragraph were replaced by the following paragraph:

“For the purposes of subparagraph ii of subparagraph *k* of the second paragraph, “recognized amounts used to establish the weighted net income from a suitable employment or employment held”, for a particular day, means an amount equal to \$11,635, to the extent that the amount is used by the Commission des normes, de l'équité, de la santé et de la sécurité du travail to establish the weighted net income from a suitable employment or employment held, for the particular day.”

124. (1) Section 752.0.0.5 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) $\{[(0.90 \times A/B) - (C \times D/B)] \times (1 - E)\} - F/B$; and

“(b) $\{[(0.90 \times G/B) - (C \times H)] \times (1 - E)\} - F/B$.”;

(2) by replacing subparagraphs *a* to *h* of the second paragraph by the following subparagraphs:

“(a) A is the annual gross revenue used as a basis for determining, for the particular day, the covered benefit attributable to the year, or, if the covered benefit attributable to the year is adjusted in accordance with section 119 of

the Act respecting the Québec Pension Plan (chapter R-9), the amount that would be the annual gross revenue used as a basis for determining, for the particular day, the covered benefit attributable to the year, if it were adjusted according to the same rules as those applicable to the covered benefit;

“(b) B is the number of days in the year;

“(c) C is,

i. if only part of the net income from an employment held is used to reduce, for the particular day, the covered benefit attributable to the year, the percentage attributed under the public compensation plan in respect of that net income, and

ii. in any other case, 100%;

“(d) D is the annual gross revenue from a suitable employment or employment held, for the particular day;

“(e) E is the percentage that applies for the purpose of reducing, for the particular day, the covered benefit attributable to the year;

“(f) F is the amount that is payable for the year as an old age pension or as a disability benefit payable under a plan established by a jurisdiction, other than Québec, that is equivalent to the plan established under the Act respecting the Québec Pension Plan, and that is, in determining, for the particular day, the covered benefit attributable to the year, used by the Société de l’assurance automobile du Québec to reduce the amount of that covered benefit;

“(g) G is the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Société de l’assurance automobile du Québec to establish the weighted net income for the purpose of computing, for the particular day, the covered benefit attributable to the year; and

“(h) H is the lesser of

i. the amount obtained by dividing the annual gross revenue from a suitable employment or employment held, for the particular day, by the number of days in the year, and

ii. the amount obtained by dividing, by the number of days in the year, the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Société de l’assurance automobile du Québec to establish the weighted net income from a suitable employment or employment held, for the particular day.”;

(3) by striking out subparagraph *i* of the second paragraph;

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

“For the purposes of subparagraph *d* and subparagraph *i* of subparagraph *h* of the second paragraph, “annual gross revenue from a suitable employment or employment held”, for a particular day, means the annual gross revenue relating to a suitable employment or employment held that is taken into account in determining, for the particular day, the covered benefit attributable to the year, or, if the covered benefit attributable to the year is adjusted in accordance with section 119 of the Act respecting the Québec Pension Plan, the amount that would be the annual gross revenue relating to a suitable employment or employment held that would be taken into account in determining, for the particular day, the covered benefit attributable to the year if, from the year for which that gross revenue was last established, it were adjusted according to the same rules as those applicable to the covered benefit.”;

(5) by striking out the fourth paragraph.

(2) Subsection 1 applies from the taxation year 2018. In addition, where section 752.0.0.5 of the Act applies to the taxation year 2017, it is to be read as if

(1) “an amount equal to the aggregate of all amounts” in the portion of the first paragraph before subparagraph *a* were replaced by “an amount equal to 125% of the aggregate of all amounts”;

(2) subparagraph *a* of the second paragraph were replaced by the following subparagraph:

“(a) A is the percentage obtained by dividing the percentage specified in paragraph *a* of section 750 that is applicable for the year by 20%”;

(3) subparagraph *h* of the second paragraph were replaced by the following subparagraph:

“(h) H is an amount equal to \$11,635, to the extent that the amount is used by the Société de l’assurance automobile du Québec to establish the weighted net income for the purpose of computing, for the particular day, the covered benefit attributable to the year; and”;

(4) the fourth paragraph were replaced by the following paragraph:

“For the purposes of subparagraph *ii* of subparagraph *i* of the second paragraph, “recognized amounts used to establish the weighted net income from a suitable employment or employment held”, for a particular day, means an amount equal to \$11,635, to the extent that the amount is used by the Société de l’assurance automobile du Québec to establish the weighted net income from a suitable employment or employment held, for the particular day.”

125. (1) Section 752.0.0.6 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) $\{[(A \times B/C) - (D \times E/C)] \times (1 - F)\} - G/C$; and

“(b) $\{[(A \times H/C) - I] \times (1 - F)\} - G/C$.”;

(2) by replacing subparagraphs *a* to *i* of the second paragraph by the following subparagraphs:

“(a) A is the percentage that applies to the income insured by the public compensation plan for the purpose of determining, for the particular day, the covered benefit attributable to the year;

“(b) B is the annual gross revenue used as a basis for determining, for the particular day, the covered benefit attributable to the year, or, if the covered benefit attributable to the year is adjusted in accordance with the public compensation plan, the amount that would be the annual gross revenue used as a basis for determining, for the particular day, the covered benefit attributable to the year, if it were adjusted according to the same rules as those applicable to the covered benefit;

“(c) C is the number of days in the year;

“(d) D is,

i. if only a portion of the income, other than the recognized income on the date of the event giving rise to the covered benefit attributable to the year, is taken into consideration in determining, for the particular day, the covered benefit attributable to the year, the percentage attributed under the public compensation plan in respect of that income, and

ii. in any other case, 100%;

“(e) E is the annual gross revenue from a suitable employment or employment held, for the particular day;

“(f) F is the percentage that applies for the purpose of reducing, for the particular day, the covered benefit attributable to the year;

“(g) G is the amount that is, in determining, for the particular day, the covered benefit attributable to the year, used to reduce the amount of that covered benefit;

“(h) H is the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2; and

“(i) I is the amount obtained by multiplying, by the percentage determined for the year under subparagraph *d*, the lesser of

i. the amount obtained by dividing the annual gross revenue from a suitable employment or employment held, for the particular day, by the number of days in the year, and

ii. the amount obtained by dividing, by the number of days in the year, the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2.”;

(3) by striking out subparagraph *j* of the second paragraph;

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

“For the purposes of subparagraph *e* and subparagraph *i* of subparagraph *i* of the second paragraph, “annual gross revenue from a suitable employment or employment held”, for a particular day, means the annual gross revenue relating to a suitable employment or employment held, including any other amount that replaces work income, that is taken into account in determining, for the particular day, the covered benefit attributable to the year, or, if the covered benefit attributable to the year is adjusted in accordance with the public compensation plan, the amount that would be the annual gross revenue relating to a suitable employment or employment held that would be taken into account in determining, for the particular day, the covered benefit attributable to the year if, from the year for which that gross revenue was last established, it were adjusted according to the same rules as those applicable to the covered benefit.”

(2) Subsection 1 applies from the taxation year 2017. However, where section 752.0.0.6 of the Act applies to the taxation year 2017, it is to be read as if, in the second paragraph,

(1) subparagraph *h* were replaced by the following subparagraph:

“(h) H is an amount of \$14,544; and”; and

(2) subparagraph *ii* of subparagraph *i* were replaced by the following subparagraph:

“ii. the amount obtained by dividing \$14,544 by the number of days in the year.”

126. (1) Section 752.0.1 of the Act is amended

(1) by replacing “\$1,860” in paragraph *d* by “\$2,682”;

(2) by replacing “\$2,705” in the portion of paragraph *f* before subparagraph *i* by “\$3,907”.

(2) Subsection 1 applies from the taxation year 2017.

127. (1) Section 752.0.2 of the Act is amended by replacing the first paragraph by the following paragraph:

“The amount to which an individual is entitled under section 752.0.1 in respect of one person for a taxation year must be reduced by the amount that is the person’s income for the year under this Part or, if the person was not resident in Canada throughout the year, that would be the person’s income for the year under this Part, computed as if the person had been resident in Québec and in Canada throughout the year or, if the person died in the year, throughout the period of the year preceding the time of death.”

(2) Subsection 1 applies from the taxation year 2017.

128. (1) Section 752.0.7.1 of the Act is amended

(1) by striking out the definition of “age of eligibility”;

(2) by replacing “\$29,290” in the definition of “family income” by “\$33,755”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2016.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2017.

129. (1) Section 752.0.7.4 of the Act is amended

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

“752.0.7.4. An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the amount by which the aggregate of the following amounts exceeds 18.75% of the individual’s family income for the year:”;

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

“i. \$1,707, if the following conditions are met:”;

(3) by replacing the portion of subparagraph *i.1* of paragraph *a* before subparagraph 1 by the following:

“i.1. \$2,107, if the individual meets the conditions set out in subparagraphs 2 and 3 of subparagraph *i* and”;

(4) by replacing subparagraphs *ii* and *iii* of paragraph *a* by the following subparagraphs:

“ii. the lesser of \$2,782 and the amount obtained by multiplying the amount referred to in section 752.0.8 in respect of the individual for the year by 125%; and

“iii. where the individual has reached 65 years of age before the end of the year, \$3,132; and”;

(5) by replacing the portion of subparagraph i of paragraph *b* before subparagraph 2 by the following:

“i. \$1,707, if the following conditions are met:”;

(6) by replacing the portion of subparagraph i.1 of paragraph *b* before subparagraph 1 by the following:

“i.1. \$2,107, if the eligible spouse meets the conditions set out in subparagraphs 2 and 3 of subparagraph i and”;

(7) by replacing subparagraphs ii and iii of paragraph *b* by the following subparagraphs:

“ii. the lesser of \$2,782 and the amount obtained by multiplying the amount referred to in section 752.0.8 in respect of the eligible spouse for the year by 125%; and

“iii. where the eligible spouse has reached 65 years of age before the end of the year, \$3,132.”

(2) Paragraphs 1 to 3, 5 and 6 of subsection 1 and paragraphs 4 and 7 of subsection 1, where the latter paragraphs replace subparagraph ii of paragraphs *a* and *b* of section 752.0.7.4 of the Act, apply from the taxation year 2017.

(3) Paragraphs 4 and 7 of subsection 1, where they replace subparagraph iii of paragraphs *a* and *b* of section 752.0.7.4 of the Act, apply from the taxation year 2016. However, where section 752.0.7.4 of the Act applies to the taxation year 2016, it is to be read as if “\$3,132” in subparagraph iii of paragraphs *a* and *b* were replaced by “\$2,200”.

130. (1) Section 752.0.10.0.2 of the Act is amended by replacing paragraph *d* of the definition of “excluded work income” by the following paragraph:

“(d) an amount included in computing the individual’s income for the year from an office or employment with an employer, where the individual does not deal at arm’s length with the employer or, if the latter is a partnership, with any of its members;”.

(2) Subsection 1 has effect from 1 January 2016.

131. (1) Section 752.0.10.0.3 of the Act is amended

(1) by replacing “63” in the portion before the formula in the first paragraph by “62”;

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

“ii. for the taxation year 2017, the lesser of the excess work income limit of a 63-year-old worker applicable for the year and the amount by which the individual’s eligible work income for the year that is attributable to the period in the year throughout which the individual is 63 years of age exceeds \$5,000, or”;

(3) by adding the following subparagraph after subparagraph ii of subparagraph *d* of the third paragraph:

“iii. for a taxation year following the taxation year 2017, the lesser of the excess work income limit of a 63-year-old worker applicable for the year and the aggregate of

(1) the lesser of \$4,000 and the amount by which the individual’s eligible work income for the year that is attributable to the period in the year throughout which the individual is 62 years of age exceeds \$5,000, and

(2) the amount by which the individual’s eligible work income for the year that is attributable to the period in the year throughout which the individual is 63 years of age exceeds the amount by which \$5,000 exceeds the individual’s eligible work income for the year that is attributable to the period in the year throughout which the individual is 62 years of age; or”;

(4) by adding the following subparagraph after subparagraph *d* of the third paragraph:

“(e) where the individual is 62 years of age at the end of the year or, if the individual dies in the year, on the date of the individual’s death,

i. for a taxation year preceding the taxation year 2018, zero, or

ii. for a taxation year following the taxation year 2017, the lesser of \$4,000 and the amount by which the individual’s eligible work income for the year that is attributable to the period in the year throughout which the individual is 62 years of age exceeds \$5,000.”

(2) Subsection 1 applies from 1 January 2018.

132. (1) Section 752.0.10.1 of the Act, amended by section 189 of chapter 1 of the statutes of 2017, is again amended, in the first paragraph,

(1) by replacing “paragraph *a* or *b*” in paragraph *b* of the definition of “qualified property” by “subparagraph i or ii of paragraph *b*”;

(2) by replacing “paragraph *c* or *d*” in paragraph *d* of the definition of “qualified property” by “any of subparagraphs iii to v of paragraph *b*”;

(3) by replacing the portion of the definition of “patronage gift” before paragraph *a* by the following:

““patronage gift” of an individual, other than a trust, means a gift of money made in the same taxation year by the individual after 3 July 2013, or by the individual’s succession after 31 December 2015, to an eligible cultural donee if the eligible amount of the gift is”;

(4) by replacing paragraph *b* of the definition of “excepted gift” by the following paragraph:

“(b) where the individual is the succession of a particular individual that is a graduated rate estate, the particular individual dealt at arm’s length with the donee immediately before the particular individual’s death and the succession of the particular individual that is a graduated rate estate deals at arm’s length with the donee (determined without reference to paragraph *b* of section 18), or, in any other case, the individual deals at arm’s length with the donee; and”;

(5) by replacing the portion of the definition of “major cultural gift” before paragraph *a* by the following:

““major cultural gift” of an individual, other than a trust, for a particular taxation year means the eligible amount of a gift of money, up to \$25,000, made by the individual after 3 July 2013 or by the individual’s succession after 31 December 2015, provided the gift is made before 1 January 2018 to an eligible cultural donee and the following conditions are met in respect of the gift:”;

(6) by replacing paragraph *b* of the definition of “major cultural gift” by the following paragraph:

“(b) the conditions set out in section 752.0.10.2.1 are met in respect of the eligible amount of the gift; and”;

(7) by adding the following paragraph after paragraph *b* of the definition of “major cultural gift”:

“(c) the gift is made

i. by the individual in the particular year or in any of the four preceding taxation years,

ii. by the individual in the year of the individual's death if the particular year is the taxation year that precedes the year of the death, or

iii. by the individual's succession if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is the taxation year in which the individual dies or the preceding taxation year;"

(8) by striking out the definition of "total religious order gifts";

(9) by replacing the definition of "total charitable gifts" by the following definition:

""total charitable gifts" of an individual for a particular taxation year means the aggregate of all amounts each of which is the eligible amount of a gift (other than a gift all or part of the eligible amount of which is included in the total cultural gifts, total gifts of qualified property or total musical instrument gifts of an individual for a taxation year or a gift the eligible amount of which is taken into account in computing the amount an individual deducts under section 752.0.10.6.2, for a taxation year), in respect of which the following conditions are met:

(a) the gift is made to a qualified donee;

(b) the gift is made,

i. where the individual is not a trust,

(1) by the individual in the particular year or in any of the five preceding taxation years,

(2) by the individual in the year in which the individual dies if the particular year is the taxation year that precedes the taxation year in which the individual dies, or

(3) by the individual's succession if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is the taxation year in which the individual dies or the preceding taxation year, or

ii. where the individual is a trust,

(1) by the trust in the particular year or in any of the five preceding taxation years,

(2) by the trust if the trust is an individual's succession, if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is a taxation year in which the succession is the succession of the individual that is a graduated rate estate and that precedes the taxation year in which the gift is made, or

(3) by the trust if the end of the particular year is determined under subparagraph *a* of the first paragraph of section 663.0.1 because of an individual's death, if the gift is made after the particular year and on or before the trust's filing-due date for the particular year and if the subject of the gift is property that is held by the trust at the time of the individual's death or is property that was substituted for that property; and

(c) the conditions of section 752.0.10.2 are met in respect of the eligible amount of the gift;";

(10) by replacing the definition of "total gifts of qualified property" by the following definition:

""total gifts of qualified property" of an individual for a particular taxation year means the aggregate of all amounts each of which is the eligible amount of a gift (other than a gift all or part of the eligible amount of which is included in the total cultural gifts of an individual for a taxation year), in respect of which the following conditions are met:

(a) the fair market value of the gift is certified by the Minister of Sustainable Development, Environment and Parks;

(b) the gift is made to any of the following entities that is, except in the case provided for in subparagraph v, a qualified donee:

i. a registered charity whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of Sustainable Development, Environment and Parks, in the conservation of the ecological heritage, if the subject of the gift is property referred to in paragraph *a* or *b* of the definition of "qualified property",

ii. the State, Her Majesty in right of Canada, a municipality in Québec or a municipal or public body performing a function of government in Québec, if the subject of the gift is property referred to in paragraph *a* or *b* of the definition of "qualified property",

iii. a registered charity one of whose main missions, at the time of the gift, consists, in the opinion of the Minister of the Environment of Canada, in the conservation and protection of Canada's environmental heritage and that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of "qualified property",

iv. the State, Her Majesty in right of Canada or a province, other than Québec, a municipality in Canada or a municipal or public body performing a function of government in Canada, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of "qualified property", or

v. the United States, any state of that country, a municipality in the United States or a municipal or public body performing a function of government in the United States, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”;

(*c*) the gift is made,

i. where the individual is not a trust,

(1) by the individual in the particular year or in any of the 10 preceding taxation years,

(2) by the individual in the year in which the individual dies if the particular year is the taxation year that precedes the taxation year in which the individual dies, or

(3) by the individual’s succession if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is the taxation year in which the individual dies or the preceding taxation year, or

ii. where the individual is a trust,

(1) by the trust in the particular year or in any of the 10 preceding taxation years,

(2) by the trust if the trust is an individual’s succession, if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is a taxation year in which the succession is the succession of the individual that is a graduated rate estate and that precedes the taxation year in which the gift is made, or

(3) by the trust if the end of the particular year is determined under subparagraph *a* of the first paragraph of section 663.0.1 because of an individual’s death, if the gift is made after the particular year and on or before the trust’s filing-due date for the particular year and if the subject of the gift is property that is held by the trust at the time of the individual’s death or is property that was substituted for that property; and

(*d*) the conditions of section 752.0.10.2 are met in respect of the eligible amount of the gift;”;

(11) by replacing the definition of “total cultural gifts” by the following definition:

““total cultural gifts” of an individual for a particular taxation year means the aggregate of all amounts each of which is the eligible amount of a gift (other than a gift all or part of the eligible amount of which is included in the total musical instrument gifts of an individual for a taxation year), in respect of which the following conditions are met:

(a) the gift is made to

i. an institution or public authority referred to in subparagraph *a* of the third paragraph of section 232, where the subject of the gift is a cultural property described in that paragraph, or

ii. a museum established under the Act respecting the Montréal Museum of Fine Arts (chapter M-42) or the National Museums Act, a certified archival centre or a recognized museum, if the gift has as its subject a cultural property described in subparagraph *c* of the third paragraph of section 232, unless it is also described in subparagraph *a* of that third paragraph;

(b) the gift is made,

i. where the individual is not a trust,

(1) by the individual in the particular year or in any of the five preceding taxation years,

(2) by the individual in the year in which the individual dies if the particular year is the taxation year that precedes the taxation year in which the individual dies, or

(3) by the individual's succession if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is the taxation year in which the individual dies or the preceding taxation year, or

ii. where the individual is a trust,

(1) by the trust in the particular year or in any of the five preceding taxation years,

(2) by the trust if the trust is an individual's succession, if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is a taxation year in which the succession is the succession of the individual that is a graduated rate estate and that precedes the taxation year in which the gift is made, or

(3) by the trust if the end of the particular year is determined under subparagraph *a* of the first paragraph of section 663.0.1 because of an individual's death, if the gift is made after the particular year and on or before the trust's filing-due date for the particular year and if the subject of the gift is property that is held by the trust at the time of the individual's death or is property that was substituted for that property; and

(c) the conditions of section 752.0.10.2 are met in respect of the eligible amount of the gift;";

(12) by replacing the definition of “total patronage gifts” by the following definition:

““total patronage gifts” of an individual, other than a trust, for a particular taxation year means the aggregate of all amounts each of which is the eligible amount of a patronage gift (other than a gift the eligible amount of which was taken into account in computing the amount deducted by an individual for a taxation year under section 752.0.10.6 or 752.0.10.6.1), in respect of which the following conditions are met:

(a) the gift is made

i. by the individual in the particular year or in any of the five preceding taxation years,

ii. by the individual in the year in which the individual dies if the particular year is the taxation year that precedes the taxation year in which the individual dies, or

iii. by the individual’s succession if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is the taxation year in which the individual dies or the preceding taxation year; and

(b) the conditions of section 752.0.10.2.2 are met in respect of the eligible amount of the gift.”;

(13) by replacing the definition of “total musical instrument gifts” by the following definition:

““total musical instrument gifts” of an individual for a particular taxation year means the aggregate of all amounts each of which is the eligible amount of a gift the subject of which is a musical instrument, in respect of which the following conditions are met:

(a) the gift is made to any of the following entities that is situated in Québec:

i. an elementary or secondary educational institution to which the Education Act (chapter I-13.3) or the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14) applies,

ii. a college governed by the General and Vocational Colleges Act (chapter C-29),

iii. a private educational institution accredited for purposes of subsidies under the Act respecting private education (chapter E-9.1),

iv. an educational institution at the university level within the meaning of the Act respecting educational institutions at the university level (chapter E-14.1), and

v. an institution providing instruction in music and forming part of the network of the Conservatoire de musique et d'art dramatique du Québec;

(b) the gift is made,

i. where the individual is not a trust,

(1) by the individual in the particular year or in any of the five preceding taxation years,

(2) by the individual in the year in which the individual dies if the particular year is the taxation year that precedes the taxation year in which the individual dies, or

(3) by the individual's succession if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is the taxation year in which the individual dies or the preceding taxation year, or

ii. where the individual is a trust,

(1) by the trust in the particular year or in any of the five preceding taxation years,

(2) by the trust if the trust is an individual's succession, if section 752.0.10.10.0.1 applies in respect of the gift and if the particular year is a taxation year in which the succession is the succession of the individual that is a graduated rate estate and that precedes the taxation year in which the gift is made, or

(3) by the trust if the end of the particular year is determined under subparagraph *a* of the first paragraph of section 663.0.1 because of an individual's death, if the gift is made after the particular year and on or before the trust's filing-due date for the particular year and if the subject of the gift is property that is held by the trust at the time of the individual's death or is property that was substituted for that property; and

(c) the conditions of paragraph *b* of section 752.0.10.2 are met in respect of the eligible amount of the gift;”.

(2) Subsection 1 applies from the taxation year 2016. In addition, where section 752.0.10.1 of the Act applies to a taxation year preceding the taxation year 2016 in respect of a gift made after 10 February 2014, it is to be read as if “paragraph *c* or *d*” in paragraph *d* of the definition of “qualified property” in the first paragraph were replaced by “any of paragraphs *c* to *e*”.

133. (1) Section 752.0.10.2 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the amount was not taken into account in determining an amount that was deducted under section 752.0.10.6 in computing an individual's tax payable

under this Part for a taxation year, or in determining an amount that was deducted under section 118.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing an individual's tax payable under that Act for a taxation year in respect of which the individual was not subject to tax under this Part.”

(2) Subsection 1 applies from the taxation year 2016.

134. (1) Section 752.0.10.3 of the Act, amended by section 190 of chapter 1 of the statutes of 2017, is again amended by replacing “in paragraph *a*” in subparagraph *b* of the first paragraph by “in subparagraph *i* of paragraph *a*”.

(2) Subsection 1 applies from the taxation year 2016.

135. (1) Section 752.0.10.4.0.1 of the Act is amended by striking out “, 752.0.10.13”.

(2) Subsection 1 applies from the taxation year 2016.

136. (1) Section 752.0.10.4.0.1.1 of the Act is amended by replacing “752.0.10.13” in paragraphs *a* and *b* by “752.0.10.14”.

(2) Subsection 1 applies from the taxation year 2016.

137. (1) Section 752.0.10.7 of the Act is replaced by the following section:

“752.0.10.7. No individual may deduct, for a taxation year, an amount under section 752.0.10.6 in respect of a gift of a property referred to in subparagraph *ii* of paragraph *a* of the definition of “total cultural gifts” in the first paragraph of section 752.0.10.1 unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, a certificate issued by the Conseil du patrimoine culturel du Québec stating that the property was acquired by a museum established under the Act respecting the Montréal Museum of Fine Arts (chapter M-42) or the National Museums Act (chapter M-44), a certified archival centre or a recognized museum, in accordance with its acquisition and conservation policy and with the directives of the Ministère de la Culture et des Communications, and specifying the fair market value of the property determined in accordance with section 752.0.10.4 and, if applicable, section 752.0.10.4.2.”

(2) Subsection 1 applies from the taxation year 2016.

138. (1) Section 752.0.10.7.1 of the Act is amended by replacing subparagraphs *i* and *ii* of paragraph *a* by the following subparagraphs:

“*i.* in the case of a gift whose subject is a property described in paragraph *a* or *b* of the definition of “qualified property” in the first paragraph of section 752.0.10.1, the land referred to in that paragraph *a* or the land encumbered with a servitude referred to in that paragraph *b*, as the case may

be, has undeniable ecological value and, where such is the case, that the mission in Québec of a charity referred to in subparagraph i of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1 consists mainly, at the time of the gift, in the conservation of the ecological heritage, and

“ii. in the case of a gift whose subject is a property described in paragraph *c* or *d* of the definition of “qualified property” in the first paragraph of section 752.0.10.1, the land referred to in that paragraph *c* or the land encumbered with a servitude referred to in that paragraph *d*, as the case may be, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec’s ecological heritage and, where such is the case, that a charity referred to in subparagraph iii of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1 is an appropriate donee in the circumstances; and”.

(2) Subsection 1 applies from the taxation year 2016.

139. (1) Section 752.0.10.9 of the Act is replaced by the following section:

“752.0.10.9. The gift that an individual who died before 1 January 2016 is deemed to have made at a time before the death, under this section or any of sections 752.0.10.10, 752.0.10.10.3, 752.0.10.10.5, 752.0.10.13 and 752.0.10.14 (as they read for the taxation year in which the death occurred), is deemed, for the purposes of this chapter, not to have been made by any other taxpayer or at any other time.”

(2) Subsection 1 applies from the taxation year 2016.

140. (1) Section 752.0.10.10 of the Act is replaced by the following section:

“752.0.10.10. For the purposes of this Part, except for this paragraph and section 752.0.10.10.2, the rules set out in the second paragraph apply in respect of a gift if a succession arises on and as a consequence of the death after 31 December 2015 of an individual and the gift is

(a) made by the individual by the individual’s will;

(b) deemed under section 752.0.10.10.2 to have been made in respect of the death of the individual; or

(c) made by the succession.

The rules to which the first paragraph refers, in respect of a gift, are as follows:

(a) the gift is deemed to be made by the succession and not by any other taxpayer; and

(b) subject to section 752.0.10.16, the gift is deemed to be made at the time that the property that is the subject of the gift is transferred to the donee and not at any other time.”

(2) Subsection 1 applies from the taxation year 2016.

141. (1) The Act is amended by inserting the following section after section 752.0.10.10:

“752.0.10.10.0.1. A gift in respect of which this section applies is a gift made by the succession that is a graduated rate estate, or by a succession that would be the succession that is a graduated rate estate if section 646.0.1 were read without reference to its paragraph *a*, of an individual whose death occurs after 31 December 2015, provided the gift is made no more than 60 months after the death, and either

(a) the gift is deemed under section 752.0.10.10.2 to be made in respect of the individual’s death; or

(b) the subject of the gift is property acquired by the succession on and as a consequence of the individual’s death or is property that was substituted for that property.”

(2) Subsection 1 applies from the taxation year 2016.

142. (1) Section 752.0.10.10.2 of the Act is replaced by the following section:

“752.0.10.10.2. For the purposes of this chapter, money or a negotiable instrument transferred to a qualified donee is deemed to be property that is the subject of a gift, in respect of an individual’s death, made to the qualified donee, if the death occurs after 31 December 2015, the transfer is made as a consequence of the death, and the transfer is

(a) a transfer—other than a transfer the amount of which is not included in computing the income of the individual or the individual’s succession for a taxation year but would have been included, but for section 430, in computing the income of the individual or the individual’s succession for a taxation year if the transfer had been made to the individual’s legal representative for the benefit of the individual’s succession—made

i. solely because of the obligations under a life insurance policy under which, immediately before the individual’s death, the individual’s life was insured and the individual’s consent would have been required to change the recipient of the transfer, and

ii. from an insurer to a person that is the qualified donee and that was, immediately before the individual’s death, neither a policyholder under the policy nor an assignee of the individual’s interest under the policy; or

(b) a transfer made

i. solely because of the donee's right or interest as a beneficiary under an arrangement (other than an arrangement of which a licensed annuities provider is the issuer or carrier)

(1) that is a registered retirement savings plan or registered retirement income fund or that was, immediately before the death, a tax-free savings account, and

(2) under which the individual was, immediately before the individual's death, the annuitant or holder, and

ii. from the arrangement to the qualified donee.”

(2) Subsection 1 applies from the taxation year 2016.

143. (1) Sections 752.0.10.10.3 to 752.0.10.10.5 of the Act are repealed.

(2) Subsection 1 applies from the taxation year 2016.

144. (1) Sections 752.0.10.13 and 752.0.10.14 of the Act are replaced by the following sections:

“752.0.10.13. The rules set out in section 752.0.10.14 apply in respect of a gift made by an individual of a work of art that meets any of the following conditions if the gift is described in the definition of “total charitable gifts” in the first paragraph of section 752.0.10.1 or if the work of art is a cultural property described in section 232:

(a) the work of art was created by the individual and is in the individual's inventory;

(b) the work of art was acquired by the individual under circumstances where section 430 applied; or

(c) if the individual is a succession that arose on and as a consequence of the death of another individual who created the work of art, the work of art was in the other individual's inventory immediately before the death.

“752.0.10.14. The rules to which section 752.0.10.13 refers, in respect of a gift of a work of art made by an individual, are as follows:

(a) in the case of a gift of a work of art that is a cultural property described in section 232,

i. if at the time the gift is made the fair market value of the work of art that is the subject of the gift exceeds its cost amount to the individual, the individual is deemed to receive at that time proceeds of disposition in respect of the work

of art equal to the greater of its cost amount to the individual at that time and the amount of the advantage, if any, in respect of the gift, and

ii. if the individual is the succession that is the graduated rate estate of a particular individual who created the work of art that is the subject of the gift and at the time immediately before the particular individual's death the fair market value of the work of art exceeds its cost amount to the particular individual, the particular individual is deemed to receive at that time proceeds of disposition in respect of the work of art equal to its cost amount to the particular individual at that time and the succession is deemed to have acquired the work of art at a cost equal to those proceeds of disposition; and

(b) in the case of a gift of a work of art that is property described in the definition of "total charitable gifts" in the first paragraph of section 752.0.10.1,

i. if at the time the gift is made the fair market value of the work of art that is the subject of the gift exceeds its cost amount to the individual and an amount is designated, in respect of the gift, in accordance with subparagraph i of paragraph b of subsection 7.1 of section 118.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the lesser of the fair market value of the work of art otherwise determined and the greater of the amount of the advantage in respect of the gift, the cost amount to the individual of the work of art and the amount designated in respect of the gift in accordance with that subsection 7.1 is deemed to be the individual's proceeds of disposition of the work of art and, for the purposes of section 7.21, the fair market value of the work of art, and

ii. if the individual is the succession that is the graduated rate estate of a particular individual who created the work of art that is the subject of the gift, at the time immediately before the particular individual's death the fair market value of the work of art exceeds its cost amount to the particular individual, and an amount is designated, in accordance with subsection 7.1 of section 118.1 of the Income Tax Act, in respect of the gift, the lesser of the fair market value of the work of art otherwise determined and the greater of the cost amount to the particular individual of the work of art and the amount designated in respect of the gift in accordance with that subsection 7.1 is deemed to be the value of the work of art at the time of the death and the cost to the succession of the work of art.

Chapter V.2 of Title II of Book I applies in relation to a designation made under subsection 7.1 of section 118.1 of the Income Tax Act."

(2) Subsection 1 applies from the taxation year 2016.

145. (1) Section 752.0.10.16 of the Act, amended by section 196 of chapter 1 of the statutes of 2017, is again amended by striking out "and section 752.0.10.9" in the portion before paragraph a.

(2) Subsection 1 applies from the taxation year 2016.

146. (1) Section 752.0.10.19 of the Act, amended by section 197 of chapter 1 of the statutes of 2017, is replaced by the following section:

“752.0.10.19. Subject to sections 752.0.10.21 and 752.0.10.22, if an individual has granted an option to a qualified donee in a taxation year, no amount in respect of the option is to be included in computing the total charitable gifts, total cultural gifts, total gifts of qualified property or total musical instrument gifts of an individual for a taxation year.”

(2) Subsection 1 applies from the taxation year 2016.

147. (1) Section 752.0.11 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) A is a rate of 20%;”.

(2) Subsection 1 applies from the taxation year 2017.

148. (1) Section 752.0.11.1 of the Act is amended by replacing subparagraph *i* of paragraph *q* by the following subparagraph:

“i. for reasonable expenses, other than expenses described in subparagraph *ii* but including legal fees and insurance premiums, incurred to locate a compatible donor and to arrange for the transplant, and”.

(2) Subsection 1 has effect from 1 January 2016.

149. (1) Section 752.0.13.1 of the Act, amended by section 199 of chapter 1 of the statutes of 2017, is again amended by replacing the first paragraph by the following paragraph:

“An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying 20% by the amount of the reasonable travel and lodging expenses paid in the year by either the individual or the individual’s legal representatives, in respect of a particular person referred to in section 752.0.13.2, so that the particular person may obtain in Québec medical care not available in Québec within 200 kilometres of the locality where the particular person lives, or in respect of such a particular person and the person accompanying the particular person so that the latter may obtain such medical care where, in the latter case, the particular person is under 18 years of age in the year or is unable to travel unassisted if, in either case, the individual files with the Minister the prescribed form whereon a physician certifies that care equivalent or virtually equivalent to that obtained is not available in Québec within 200 kilometres of the locality where the particular person lives and, where such is the case, that the particular person is unable to travel unassisted.”

(2) Subsection 1 applies in respect of travel and lodging expenses incurred after 30 June 2016, except where it replaces “the percentage specified in section 750.1 for the year” in the first paragraph of section 752.0.13.1 of the Act by “20%”, in which case it applies from the taxation year 2017.

150. (1) Section 752.0.13.1.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“An individual who moves from a former residence situated in Québec at which the individual ordinarily lived to a new residence, at which the individual ordinarily lives, situated in Québec not more than 80 kilometres from a health establishment situated in Québec so that a particular person referred to in section 752.0.13.2 may obtain, at that establishment, medical care not available in Québec within 200 kilometres of the locality in which the former residence of the individual is situated, may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the amount obtained by multiplying 20% by the amount of the moving expenses referred to in the second paragraph paid in the year by the individual or the individual’s legal representatives in respect of the move, if the individual files with the Minister the prescribed form whereon a physician certifies that the medical care may reasonably be expected to last at least six months and whereon that physician and the director general, or the director general’s delegate in that respect, of a health establishment that is in the area in which the former residence of the individual is situated certify that care equivalent or virtually equivalent to that obtained is not available in Québec within 200 kilometres of the locality where the former residence of the individual is situated.”

(2) Subsection 1 applies in respect of moving expenses incurred after 30 June 2016, except where it replaces “the percentage specified in section 750.1 for the year” in the first paragraph of section 752.0.13.1.1 of the Act by “20%”, in which case it applies from the taxation year 2017.

151. (1) Section 752.0.14 of the Act is amended by replacing “\$2,295” in the portion before subparagraph *a* of the first paragraph by “\$3,307”.

(2) Subsection 1 applies from the taxation year 2017.

152. (1) Section 752.0.18.15 of the Act, amended by section 200 of chapter 1 of the statutes of 2017, is again amended by replacing “the percentage specified in section 750.1 for the year” in the portion before subparagraph *a* of the first paragraph by “20%”.

(2) Subsection 1 applies from the taxation year 2017.

153. (1) Section 752.0.27 of the Act is amended

(1) by replacing subparagraph 3 of subparagraph ii of subparagraph *b.0.1* of the first paragraph by the following subparagraph:

“(3) 63 years of age or over, if the calendar year in which the individual became a bankrupt is the year 2017, or”;

(2) by adding the following subparagraph after subparagraph 3 of subparagraph ii of subparagraph *b.0.1* of the first paragraph:

“(4) 62 years of age or over, if the calendar year in which the individual became a bankrupt follows the year 2017,”;

(3) by adding the following subparagraph after subparagraph iii of subparagraph *b.0.1* of the first paragraph:

“iv. the amount of \$4,000, specified in subparagraph 1 of subparagraph iii of subparagraph *d* of the third paragraph of section 752.0.10.0.3 and subparagraph ii of subparagraph *e* of that paragraph, were replaced by the proportion of \$4,000 that the number of days in the taxation year is of the number of days in the calendar year; and”;

(4) by replacing “i and iii” in the portion of the third paragraph before subparagraph *a* by “i, iii and iv”;

(5) by replacing subparagraph *c* of the third paragraph by the following subparagraph:

“(c) 63 years of age, for the calendar year 2017; or”;

(6) by adding the following subparagraph after subparagraph *c* of the third paragraph:

“(d) 62 years of age, for a calendar year following the year 2017.”

(2) Subsection 1 applies from 1 January 2018.

154. (1) Section 766.3.3 of the Act is amended by replacing paragraphs *b* and *c* of the definition of “split income” by the following paragraphs:

“(b) a portion of an amount included because of the application of paragraph *f* of section 600 in computing the individual’s income for the year, to the extent that the portion is not included in an amount described in paragraph *a* and can reasonably be considered to be income derived

i. from the provision of property or services by a partnership or trust to, or in support of, a business carried on by

(1) a person who is related to the individual at any time in the year,

(2) a corporation of which a person related to the individual is a specified shareholder at any time in the year, or

(3) a professional corporation of which a person related to the individual is a shareholder at any time in the year, or

ii. from a business carried on by a partnership or trust or from the rental of property by a partnership or trust, if a person who is related to the individual at any time in the year is actively engaged on a regular basis in the activities of the partnership or trust that are carried on for earning income from a business or the rental of property, or in the case of a partnership, has an interest in the partnership directly or indirectly through one or more other partnerships; or

“(c) a portion of an amount included because of the application of section 662 or 663 in respect of a trust (other than a mutual fund trust or a trust referred to in section 851.25) in computing the individual’s income for the year, to the extent that the portion is not included in an amount described in paragraph *a* and can reasonably be considered

i. to be in respect of taxable dividends received in respect of shares of the capital stock of a corporation (other than shares listed on a designated stock exchange or shares of a mutual fund corporation),

ii. to arise because of the application of Division IV of Chapter II of Title III of Book III in respect of the ownership by any person of shares of the capital stock of a corporation (other than shares listed on a designated stock exchange),

iii. to be income derived from the provision of property or services by a partnership or trust to, or in support of, a business carried on by

(1) a person who is related to the individual at any time in the year,

(2) a corporation of which a person related to the individual is a specified shareholder at any time in the year, or

(3) a professional corporation of which a person related to the individual is a shareholder at any time in the year, or

iv. to be income derived from a business carried on by a partnership or trust or from the rental of property by a partnership or trust, if a person who is related to the individual at any time in the year is actively engaged on a regular basis in the activities of the partnership or trust that are carried on for earning income from a business or the rental of property.”

(2) Subsection 1 applies from the taxation year 2014.

155. (1) Section 771.1 of the Act, amended by section 212 of chapter 1 of the statutes of 2017, is again amended, in the first paragraph,

(1) by replacing the portion of the definition of “specified partnership loss” before paragraph *a* by the following:

““specified partnership loss” of a corporation for a taxation year means the aggregate of all amounts each of which is an amount, in respect of a partnership of which the corporation is a member in the year that would be a primary and manufacturing sectors corporation for the year if the partnership were a corporation for its last fiscal period that ends in the year, if that fiscal period were its taxation year and if its proportion of primary and manufacturing sectors activities for the year were determined without reference to the activities of any other partnership of which it is a member, or that is a partnership described in section 771.2.1.2.2 for the year, equal to the aggregate of”;

(2) by replacing the portion of paragraph *a* of the definition of “specified partnership income” before subparagraph *i* by the following:

“(a) the aggregate of all amounts each of which is an amount, in respect of a partnership of which the corporation is a member in the year that would be a primary and manufacturing sectors corporation for the year if the partnership were a corporation for its last fiscal period that ends in the year, if that fiscal period were its taxation year and if its proportion of primary and manufacturing sectors activities for the year were determined without reference to the activities of any other partnership of which it is a member, or that is a partnership described in section 771.2.1.2.2 for the year, equal to the lesser of”;

(3) by replacing the definition of “primary and manufacturing sectors corporation” by the following definition:

““primary and manufacturing sectors corporation” for a taxation year that begins after 31 December 2016 means a corporation whose proportion of primary and manufacturing sectors activities for the taxation year is greater than 25%”;

(4) by replacing the definition of “manufacturing corporation” by the following definition:

““manufacturing corporation” for a taxation year that begins before 1 January 2017 means a corporation whose proportion of manufacturing or processing activities for the taxation year is greater than 25%”.

(2) Paragraphs 1 and 2 of subsection 1 apply to a taxation year that begins after 31 December 2016.

(3) Paragraphs 3 and 4 of subsection 1 have effect from 1 January 2017.

156. (1) Section 771.2.1.2 of the Act, amended by section 213 of chapter 1 of the statutes of 2017, is again amended by replacing the portion of paragraph *a* before subparagraph *i* by the following:

“(a) the amount by which the aggregate of all amounts each of which is, where the corporation would be a primary and manufacturing sectors corporation for the year if its proportion of primary and manufacturing sectors activities for the year were determined without reference to the activities of any partnership of which it is a member, or if it is described in section 771.2.1.2.1 for the year, the income of the corporation for the year from an eligible business carried on by it in Canada, other than the income of the corporation for the year from a business carried on by it as a member of a partnership, and the specified partnership income of the corporation for the year exceeds the aggregate of”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

157. (1) Sections 771.2.1.2.1 and 771.2.1.2.2 of the Act, enacted by section 214 of chapter 1 of the statutes of 2017, are replaced by the following sections:

“**771.2.1.2.1.** A corporation to which paragraph *a* of section 771.2.1.2 refers for a particular taxation year is a corporation in respect of which the number of remunerated hours referred to in either of the following subparagraphs exceeds 5,000:

(a) the number of remunerated hours determined in respect of the employees of the corporation for the particular year; or

(b) the number of remunerated hours determined in respect of the employees of the corporation and of those of the corporations with which the corporation is associated in the particular year, for the taxation years of those corporations that ended in the calendar year preceding the calendar year in which the particular year ends.

For the purposes of the first paragraph,

(a) the number of remunerated hours determined in respect of a person that may be taken into account for a week may not exceed 40;

(b) subject to the third paragraph, the remunerated hours may be taken into account only to the extent that they were paid; and

(c) the remunerated hours may be taken into account for a taxation year only to the extent that the expenditure relating to those hours was incurred in that year.

For the purposes of this section, a person who holds, directly or indirectly, shares of the capital stock of a corporation carrying more than 50% of the votes that could be cast under any circumstances at the annual meeting of shareholders of the corporation is considered to be an employee of the corporation and the unremunerated hours of work the person carries out in a week to actively engage in the corporation's activities are deemed to be remunerated hours in respect of that person for which the expenditure was incurred in that week, provided that the hours are recorded in a register that the corporation keeps in that respect and according to the formula

$$1.1 \times A.$$

In the formula in the third paragraph, A is the number of unremunerated hours of work carried out by the person in a week, without exceeding 36.36.

For the purposes of subparagraph *a* of the first paragraph, where the number of days in the corporation's particular taxation year is less than 365, the number of remunerated hours determined in respect of the corporation's employees in the particular year is deemed to be equal to the product obtained by multiplying that number otherwise determined by the proportion that 365 is of the number of days in the particular taxation year.

“771.2.1.2.2. A partnership of which a corporation that is carrying on an eligible business in a taxation year as a member of the partnership is a member and to which paragraph *a* of the definition of “specified partnership income” in the first paragraph of section 771.1 refers for the taxation year is a partnership whose number of remunerated hours determined in respect of its employees for a fiscal year that ends in the taxation year exceeds 5,000.

For the purposes of this section,

(*a*) the number of remunerated hours determined in respect of a person that may be taken into account for a week may not exceed 40;

(*b*) the remunerated hours may be taken into account only to the extent that they were paid; and

(*c*) the remunerated hours may be taken into account for a fiscal year only to the extent that the expenditure relating to those hours was incurred in that fiscal year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

158. (1) Section 772.7 of the Act is amended, in subparagraph *b* of the first paragraph,

(1) by inserting “, 726.43” after “726.35” in subparagraph i;

(2) by inserting “, 726.42” after “726.33” in subparagraph ii.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

159. (1) Section 772.9 of the Act is amended, in subparagraph ii of paragraph *a*,

(1) by inserting “, 726.43” after “726.35” in subparagraph 1;

(2) by inserting “, 726.42” after “726.33” in subparagraph 2.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

160. (1) Section 772.11 of the Act is amended, in subparagraph ii of subparagraph *a* of the second paragraph,

(1) by inserting “, 726.43” after “726.35” in subparagraph 1;

(2) by inserting “, 726.42” after “726.33” in subparagraph 2.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

161. Section 776.19 of the Act is amended by replacing the first paragraph by the following paragraph:

“For the purposes of this Part, where in a taxation year a person has acquired and is the first holder of a share in respect of which an amount was designated by a corporation under subsection 4 of section 192 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the cost to the person of that share is deemed to be that provided for in the second paragraph.”

162. (1) Section 776.41.14 of the Act is amended

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

“i. \$9,582, if the eligible student began in the year at least two recognized terms of study, or

“ii. the amount by which \$9,582 exceeds \$2,682, if the eligible student began in the year only one recognized term of study;”;

(2) by replacing, in the third paragraph, subparagraphs i and ii of subparagraph *a* of the second paragraph, enacted by that third paragraph, by the following subparagraphs:

“i. \$2,682 in respect of each recognized term of study, without exceeding two, that the eligible student began in the year, and

“ii. the proportion that the number of months in the year following the month in which the eligible student reaches 18 years of age is of 12, multiplied by the amount by which \$9,582 exceeds the amount obtained by multiplying \$2,682 by 2;”.

(2) Subsection 1 applies from the taxation year 2017.

163. Section 776.54.1 of the Act is amended

(1) by striking out “726.1,” in the portion before paragraph *a*;

(2) by striking out paragraph *a*.

164. The Act is amended by inserting the following section after section 961.17.0.3:

“961.17.0.3.1. For the purposes of section 961.17.0.1, paragraph *k* of the definition of “remuneration” in section 1015R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) and subparagraph *a* of the second paragraph of section 1015R21 of that Regulation, the minimum amount under a retirement income fund for the taxation year 2015 is the amount that would be the minimum amount under the fund for the year if it were determined using the prescribed factor referred to in section 961.1.5.0.1R1 of that Regulation for the taxation year 2014.”

165. Title VI.1 of Book VII of Part I of the Act, comprising sections 965.1 to 965.28.2, is repealed.

166. Section 965.29 of the Act is amended by replacing paragraph *e* by the following paragraph:

“(e) “total income” means the total income of an individual as defined in paragraph *j* of section 965.1, as it read before being repealed;”.

167. Section 965.35 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) “total income” means the total income of an individual within the meaning of paragraph *j* of section 965.1, as it read before being repealed;”.

168. Section 965.86 of the Act is amended by striking out “and is not identified in the list established for the purposes of section 965.9.7.1” in paragraph *c*.

169. Section 965.87 of the Act is amended by striking out “and is not identified in the list established for the purposes of section 965.9.7.2” in paragraph *d*.

170. (1) Section 1015.3 of the Act is amended

(1) by replacing the second paragraph and the portion of the third paragraph before the formula by the following:

“Where a person fails to furnish the return referred to in the first paragraph, the deduction or withholding must be made in respect of the person as though the person were entitled to deduct, in computing the person’s tax payable for the year, only the amount obtained by multiplying,

(a) where the deduction or withholding is made in respect of remuneration paid in the year 2017, \$11,635 by 20%; or

(b) where the deduction or withholding is made in respect of remuneration paid in a year subsequent to the year 2017, \$14,890 by the percentage determined under section 750.1 for the year.

The amount of \$14,890 to which subparagraph *b* of the second paragraph refers and that is to be used for a taxation year subsequent to the year 2017, is to be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula”;

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

“Where the amount that results from the adjustment provided for in the third paragraph is not a multiple of \$1, it must be rounded to the nearest multiple of \$1 or, if it is equidistant from two such multiples, to the higher multiple.”;

(3) by adding the following paragraph at the end:

“Where the amount of \$14,890, to which subparagraph *b* of the second paragraph refers, is to be used for the taxation year 2018, the amount is deemed, for the purposes of the third paragraph, to be the amount used for the taxation year 2017.”

(2) Subsection 1 has effect from 1 January 2017.

171. (1) Section 1029.6.0.0.1 of the Act, amended by section 267 of chapter 1 of the statutes of 2017, is again amended, in the second paragraph,

(1) by replacing the portion before subparagraph *a* by the following:

“For the purposes of Divisions II.4 to II.5.2, II.6 to II.6.0.8, II.6.0.9.1 to II.6.0.11, II.6.2, II.6.4.2, II.6.4.2.1, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.15 and II.22 to II.26, the following rules apply:”;

(2) by inserting “II.6.0.1.10,” after “II.6.0.1.8,” in subparagraph *b*;

(3) by inserting the following subparagraph after subparagraph *i.1*:

“(i.2) in the case of Division II.6.0.9.1, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for a taxation year under that division,

ii. the amount of assistance attributable to a workforce training program, or

iii. the amount of federal government assistance directly attributable to the biodiesel fuel industry segment, in particular regarding market expansion, process improvement, energy efficiency and change in raw materials;”;

(4) by adding the following subparagraph after subparagraph *n*:

“(o) in the case of Division II.26, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for a taxation year under that division, or

ii. an amount deemed to have been paid on account of an individual’s tax payable for a taxation year, other than the amount described in subparagraph *i*, under this Part or the Income Tax Act that may reasonably be attributed to an expenditure described in the definition of “septic system repair expenditure” in section 1029.8.174.”

(2) Paragraphs 1 and 4 of subsection 1 have effect from 28 March 2017. However, where section 1029.6.0.0.1 of the Act applies before 1 April 2017, it is to be read as if “II.6.0.9.1 to II.6.0.11” in the portion of the second paragraph before subparagraph *a* were replaced by “II.6.0.10, II.6.0.11”.

(3) Paragraph 2 of subsection 1 has effect from 18 March 2016.

(4) Paragraph 3 of subsection 1 has effect from 1 April 2017.

172. (1) Section 1029.6.0.1.2 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) where the particular division is any of Divisions II.6 to II.6.0.0.5, the day that is three months after either of the following dates:

i. the date on which the favourable advance ruling or, in the absence of such a ruling, the qualification certificate is given or issued by the Société de développement des entreprises culturelles, which ruling or qualification certificate the taxpayer is required to file with the Minister in accordance with the particular division, or

ii. if it is subsequent to the date described in subparagraph *i* and the taxpayer is referred to in paragraph *a.3* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34 or in paragraph *f* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.0.4, the date on which the certificate referred to in that paragraph was issued by the Société de développement des entreprises culturelles to the taxpayer for the particular year; or”.

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

173. (1) Section 1029.6.0.6 of the Act, amended by section 268 of chapter 1 of the statutes of 2017, is again amended by replacing subparagraph *c* of the fourth paragraph by the following subparagraph:

“(c) the amount of \$9,582 mentioned in section 1029.8.67;”.

(2) Subsection 1 applies from the taxation year 2017. However, where section 1029.6.0.6 of the Act applies to the taxation year 2017, it is to be read without reference to subparagraph *c* of the fourth paragraph.

174. (1) Section 1029.6.0.7 of the Act, amended by section 269 of chapter 1 of the statutes of 2017, is again amended

(1) by replacing “*c* to *f*” in the first paragraph by “*d* to *f*”;

(2) by replacing “*g, h*” in the second paragraph by “*c, g, h*”.

(2) Subsection 1 applies from the taxation year 2017. However, where section 1029.6.0.7 of the Act applies to the taxation year 2017, it is to be read as if “*c, g, h*” in the second paragraph were replaced by “*g, h*”.

175. (1) Section 1029.8.33.7.3 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) in the case of section 1029.8.33.6, the taxation year referred to in that section is at least the third consecutive taxation year in which the eligible taxpayer makes a qualified expenditure in respect of a student trainee and the qualified expenditure made in each of those consecutive taxation years is at least \$2,500; and”.

(2) Subsection 1 applies in respect of an expenditure incurred after 26 March 2015 in relation to a training period that begins after that date.

176. Section 1029.8.36.0.0.5.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“If, at a particular time, a corporation enters into a contract with a person or partnership with whom it is not, at that time, dealing at arm’s length, under which the corporation incurs production costs as part of the production of a

property that is a qualified production and if, in the opinion of the Minister, one of the purposes of the existence of the contract is to increase the particular amount that the corporation would be deemed to have paid to the Minister, in respect of the property, on account of its tax payable for a taxation year under subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.5 if such a contract had been entered into with a person or partnership with whom it is dealing at arm's length, the Minister may determine that the particular amount is the amount that the corporation is deemed to have paid to the Minister, in respect of the property, on account of its tax payable for that year under that subparagraph *a.1*."

177. (1) Section 1029.8.36.0.3.9 of the Act, amended by section 279 of chapter 1 of the statutes of 2017, is again amended

(1) by replacing "is of the number of days in that taxation year" in the sixth paragraph by "is of 365";

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

"The sixth paragraph does not apply in respect of a salary or wages paid in consideration of services rendered by an eligible employee as part of the production of a property if

(*a*) the corporation makes an election in the prescribed form containing prescribed information in respect of a group of employees to which the employee belongs and the number of employees concerned by the election does not exceed 20% of the total number of eligible employees whose salaries or wages are taken into consideration in computing the corporation's qualified labour expenditure for the year in respect of the property; or

(*b*) where subparagraph *a* does not apply, the employee belongs to the group consisting of 20% of the total number of eligible employees whose salaries or wages taken into consideration in computing the corporation's qualified labour expenditure for the year in respect of the property are the highest."

(2) Subsection 1 applies in respect of a qualified labour expenditure incurred after 26 March 2015 or, if applicable, in respect of a qualified labour expenditure incurred under a contract entered into after 26 March 2015. However, where section 1029.8.36.0.3.9 of the Act applies to a taxation year that ends after 26 March 2015 and includes that date, the sixth paragraph of that section is to be read as follows:

"For the purposes of the first paragraph, the amount, determined after the application of sections 1029.8.36.0.3.10.1 and 1029.8.36.0.3.13, of a salary or wages referred to in paragraph *a* or *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.36.0.3.8, incurred and paid in respect of an eligible employee, may not exceed the amount obtained by multiplying \$100,000 by the proportion that the number of days in the corporation's taxation year that follow 26 March 2015 and during which the employee is an eligible employee is of 365."

178. (1) Section 1029.8.36.0.3.19 of the Act, amended by section 280 of chapter 1 of the statutes of 2017, is again amended

(1) by replacing “is of the number of days in that taxation year” in the sixth paragraph by “is of 365”;

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

“The sixth paragraph does not apply in respect of a salary or wages paid in consideration of services rendered by an eligible employee if

(a) the corporation makes an election in the prescribed form containing prescribed information in respect of a group of employees to which the employee belongs and the number of employees concerned by the election does not exceed 20% of the total number of eligible employees whose salaries or wages are taken into consideration in computing the corporation’s qualified labour expenditure for the year; or

(b) where subparagraph *a* does not apply, the employee belongs to the group consisting of 20% of the total number of eligible employees whose salaries or wages taken into consideration in computing the corporation’s qualified labour expenditure for the year are the highest.”

(2) Subsection 1 applies in respect of a qualified labour expenditure incurred after 26 March 2015 or, if applicable, in respect of a qualified labour expenditure incurred under a contract entered into after 26 March 2015. However, where section 1029.8.36.0.3.19 of the Act applies to a taxation year that ends after 26 March 2015 and includes that date, the sixth paragraph of that section is to be read as follows:

“For the purposes of the first paragraph, the amount, determined after the application of sections 1029.8.36.0.3.21 and 1029.8.36.0.3.24, of a salary or wages referred to in paragraph *a* or *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.18, incurred and paid in respect of an eligible employee, may not exceed the amount obtained by multiplying \$100,000 by the proportion that the number of days in the corporation’s taxation year that follow 26 March 2015 and during which the employee is an eligible employee is of 365.”

179. (1) The Act is amended by inserting the following after section 1029.8.36.0.3.83:

“DIVISION II.6.0.1.10

“CREDIT FOR MAJOR DIGITAL TRANSFORMATION PROJECTS

“§1.—*Interpretation and general rules*

“1029.8.36.0.3.84. In this division,

“eligibility period” of a corporation in relation to an eligible digitization contract means, subject to the third paragraph, the 24-month period that begins on the day the eligible digitization activities provided for in the eligible digitization contract began to be carried out;

“eligible digitization activity” of a corporation means an activity covered by the certificate referred to in subparagraph *b* of the third paragraph of section 1029.8.36.0.3.85 that is issued to the corporation for the purposes of this division;

“eligible digitization contract” of a corporation means a contract entered into by the corporation in respect of which a certificate has been issued for the purposes of this division;

“eligible employee” of a corporation for all or part of a taxation year means an employee of the corporation, other than an excluded employee at any time in the year, who, in the year or part of the year, reports for work at an establishment of the corporation situated in Québec and in respect of whom a certificate to the effect that the employee is an eligible employee for all or part of the year is issued to the corporation for the year for the purposes of this division;

“excluded employee” of a corporation at a particular time means an employee who, at that time, is a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of that corporation;

“qualified corporation” for a taxation year means a corporation that, in the year, carries on a business in Québec and has an establishment in Québec, and that is not

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“qualified wages” incurred by a qualified corporation in a taxation year in respect of an eligible employee for all or part of the taxation year in connection with an eligible digitization contract means the lesser of

(a) the amount obtained by multiplying \$83,333 by the proportion that the number of days in the year during which the employee qualifies as an eligible employee of the qualified corporation is of 365; and

(b) the amount by which the amount of the wages incurred by the qualified corporation in the eligibility period relating to the eligible digitization contract that is included in the year, in respect of the employee while the employee qualifies as an eligible employee of the qualified corporation, to the extent that that amount is paid, exceeds the aggregate of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such wages that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation's filing-due date for the taxation year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to work carried out by the eligible employee in connection with the qualified corporation's eligible digitization contract for the taxation year that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for that taxation year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner;

"specified member" of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative;

"wages" means the income computed under Chapters I and II of Title II of Book III.

For the purposes of the definition of "eligible employee" in the first paragraph,

(a) if, during all or part of a taxation year, an employee reports for work at an establishment of a corporation situated in Québec and at an establishment of the corporation situated outside Québec, the employee is, for that period, deemed

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside Québec; and

(b) if, during all or part of a taxation year, an employee is not required to report for work at an establishment of a corporation and the employee's wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

A corporation does not have an eligibility period in relation to an eligible digitization contract if the eligible digitization activities provided for in the contract did not begin within a reasonable time after the contract was entered into.

“§2. — *Credit*

“1029.8.36.0.3.85. A qualified corporation for a taxation year that encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the third paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 24% of the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year in connection with an eligible digitization contract.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following:

- (*a*) the prescribed form containing prescribed information;
- (*b*) a copy of the valid certificate issued to the corporation in respect of the eligible digitization contract for the purposes of this division; and
- (*c*) a copy of any valid certificate issued to the corporation for the year in respect of an eligible employee for the purposes of this division.

“§3. — *Government assistance and non-government assistance*

“1029.8.36.0.3.86. If a corporation pays in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing qualified wages incurred in a particular taxation year by

the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.85 for the particular taxation year, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance due-day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for the particular year in respect of the qualified wages under section 1029.8.36.0.3.85 if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount determined under subparagraph i of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.84, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.85 for the particular year in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of repayment of that assistance.

“1029.8.36.0.3.87. For the purposes of section 1029.8.36.0.3.86, an amount of assistance is deemed to be repaid by a corporation in a taxation year, pursuant to a legal obligation, if that amount

(a) reduced, because of subparagraph i of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.84, the amount of the wages referred to in that paragraph *b*, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.85;

(b) was not received by the corporation; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.”

(2) Subsection 1 has effect from 18 March 2016.

180. (1) Section 1029.8.36.0.94 of the Act is amended by replacing the definition of “eligibility period” in the first paragraph by the following definition:

““eligibility period” of a qualified corporation means the period that begins on 1 April 2006 or, if it is later, on the particular day on which the qualified corporation begins producing eligible ethanol in Québec to be sold in Québec to the holder of a collection officer’s permit issued under the Fuel Tax Act (chapter T-1) and that ends on 31 March 2018;”.

(2) Subsection 1 applies to a taxation year that ends after 28 March 2017.

181. (1) The Act is amended by inserting the following after section 1029.8.36.0.106:

“DIVISION II.6.0.9.1

“CREDIT FOR THE PRODUCTION OF BIODIESEL FUEL IN QUÉBEC

“§1.—*Interpretation and general rules*

“1029.8.36.0.106.1. In this division,

“associated group” in a taxation year means all the corporations that meet the following conditions:

- (a) the corporations are associated with each other in the taxation year; and
- (b) each corporation is a qualified corporation for the taxation year;

“average monthly price of crude oil” in respect of a particular month in a taxation year means the arithmetic average of the daily closing values, for the particular month, on the New York Mercantile Exchange (NYMEX) of the price per barrel of West Texas Intermediate in Oklahoma in the United States (WTI-Cushing), expressed in American dollars;

“biodiesel fuel” has the meaning assigned by subparagraph *a.2* of the first paragraph of section 1 of the Fuel Tax Act (chapter T-1);

“eligible production of biodiesel fuel” of a qualified corporation for a particular month means the total number of litres of biodiesel fuel that corresponds to all of the qualified corporation’s shipments of biodiesel fuel for the particular month;

“month” means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of biodiesel fuel, other than a corporation

- (a) that is exempt from tax for the year under Book VIII; or

(b) that would be exempt from tax for the year under section 985, but for section 192;

“shipment of biodiesel fuel” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of biodiesel fuel that the qualified corporation produces in Québec after 31 March 2017 and before 1 April 2018, that is sold in Québec in that period to the holder of a collection officer’s permit issued under the Fuel Tax Act (in subparagraph ii of subparagraph *a* of the second paragraph referred to as the “purchaser”) who takes possession of the biodiesel fuel in the particular month and before 1 April 2018, and that is intended for Québec.

For the purposes of the definition of “shipment of biodiesel fuel” in the first paragraph, the following rules apply:

- (a) a shipment of biodiesel fuel is destined for Québec only if
 - i. where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec, or
 - ii. where subparagraph i does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec; and
- (b) if a qualified corporation produces biodiesel fuel in Québec after 31 March 2017 and stores it in a reservoir with biodiesel fuel it produced before 1 April 2017 or acquired before that date (in this subparagraph referred to as “previous stock”), a particular shipment drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment.

“§2.— *Credit*

“1029.8.36.0.106.2. A corporation that is a qualified corporation for a taxation year and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the taxation year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation’s balance-due day for the taxation year, on account of its tax payable for the taxation year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.106.4 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the taxation year, by the formula

$$A \times [\$0.185 - (\$0.0082 \times B + \$0.004 \times C)].$$

In the formula in the first paragraph,

- (a) A, expressed as a number of litres, is the lesser of

i. the qualified corporation's eligible production of biodiesel fuel for the particular month, and

ii. the qualified corporation's monthly ceiling on the production of biodiesel fuel for the particular month;

(b) B is

i. if the average monthly price of crude oil in respect of the particular month is greater than US\$31, the number that represents the amount by which the average monthly price of crude oil, up to US\$43, exceeds US\$31, and

ii. in any other case, zero; and

(c) C is

i. if the average monthly price of crude oil in respect of the particular month is greater than US\$43, the number that represents the amount by which the average monthly price of crude oil, up to US\$65, exceeds US\$43, and

ii. in any other case, zero.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing prescribed information;

(b) a copy of a report specifying, in respect of each month of the taxation year, the qualified corporation's eligible production of biodiesel fuel and the average monthly price of crude oil; and

(c) if applicable, a copy of the agreement described in section 1029.8.36.0.106.3.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the taxation year under this Part and of its tax payable for the taxation year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.0.106.3. For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.106.2, the monthly ceiling on the production of biodiesel fuel of a qualified corporation, for a particular month of a taxation year, is,

(a) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(b) if subparagraph *a* does not apply, the number of litres obtained by multiplying 345,205 by the number of days in the particular month.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month.

“§3. — Government assistance, non-government assistance and other particulars

“1029.8.36.0.106.4. The amount to which the first paragraph of section 1029.8.36.0.106.2 refers is equal to the aggregate of all amounts each of which is

(a) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under subparagraph *a* of the second paragraph of that section, of a qualified corporation’s eligible production of biodiesel fuel for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

(b) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under subparagraph *a* of the second paragraph of that section, of a qualified corporation’s eligible production of biodiesel fuel for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled

to obtain, or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner.

“1029.8.36.0.106.5. A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.2, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of biodiesel fuel for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for a subsequent taxation year (in this section referred to as the “year concerned”) in which either of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:

(a) the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *a* of section 1029.8.36.0.106.4, in the aggregate determined in respect of the corporation for the particular taxation year under that section; or

(b) a person or partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *b* of section 1029.8.36.0.106.4, in the aggregate determined in respect of the corporation for the particular taxation year under that section.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.106.2 for a taxation year preceding the year concerned in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year, is exceeded by the total of

(a) the amount that the corporation would have been deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.2 if any of the events described in subparagraph *a* or *b* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.39.2, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year, had occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.39.2 for a taxation year preceding the year concerned in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year.

Section 1029.6.0.1.9 applies, with the necessary modifications, to the totality of the amount that the corporation is deemed, under this section, to have paid to the Minister on the corporation's balance-due day for the year concerned.

“1029.8.36.0.106.6. For the purposes of section 1029.8.36.0.106.5, an amount is deemed to be an amount paid by a corporation, person or partnership, as the case may be, in a particular taxation year as a repayment of an amount included in the aggregate determined for a preceding taxation year in respect of the corporation under section 1029.8.36.0.106.4, pursuant to a legal obligation, if that amount

(a) has been included in that aggregate;

(b) in the case of an amount referred to in paragraph *a* of section 1029.8.36.0.106.4, has not been received by the corporation;

(c) in the case of an amount referred to in paragraph *b* of section 1029.8.36.0.106.4, has not been obtained by the person or partnership; and

(d) ceased in the particular taxation year to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain.”

(2) Subsection 1 has effect from 1 April 2017.

182. (1) Section 1029.8.36.166.40 of the Act, amended by section 291 of chapter 1 of the statutes of 2017, is again amended, in the definition of “qualified property” in the first paragraph,

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

“*i.* in any of Classes 29, 43 and 53 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1);”;

(2) by inserting the following paragraph after paragraph *c.1*:

“(c.2) is not used in the course of operating a biodiesel fuel plant; and”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2016.

(3) Paragraph 2 of subsection 1 applies in respect of a property acquired after 31 March 2017.

183. Section 1029.8.61.8 of the Act is amended by striking out the definition of “Retraite Québec”.

184. (1) Section 1029.8.61.18 of the Act is amended

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

“ $\frac{1}{12} A + B + I$ ”;

(2) by replacing “\$161.50” in subparagraph *b* of the second paragraph by “\$190”;

(3) by adding the following subparagraph after subparagraph *b* of the second paragraph:

“(c) I is an amount (in this division referred to as the “supplement for handicapped children requiring exceptional care”) equal to the product obtained by multiplying \$954 by the number of eligible dependent children referred to in section 1029.8.61.19.1 in respect of whom the individual is, at the beginning of the particular month, an eligible individual.”;

(4) by replacing “\$2,000” in subparagraph i of subparagraph *a* of the third paragraph and in subparagraph 1 of subparagraph ii of that subparagraph *a* by “\$2,410”;

(5) by replacing “\$1,000” in subparagraph 2 of subparagraph ii of subparagraph *a* of the third paragraph by “\$1,204”;

(6) by replacing “\$1,500” in subparagraph 3 of subparagraph ii of subparagraph *a* of the third paragraph by “\$1,806”;

(7) by replacing “\$700” in subparagraph *b* of the third paragraph by “\$845”;

(8) by replacing “\$553” in subparagraph i of subparagraph *e* of the third paragraph and in subparagraph 1 of subparagraph ii of that subparagraph *e* by “\$676”;

(9) by replacing “\$510” in subparagraph 2 of subparagraph ii of subparagraph *e* of the third paragraph by “\$625”;

(10) by replacing “\$276” in subparagraph *f* of the third paragraph by “\$337”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 1 April 2016. However, where section 1029.8.61.18 of the Act applies before 1 January 2017, it is to be read as if “\$954” in subparagraph *c* of the second paragraph were replaced by “\$947”.

(3) Paragraphs 2 and 4 to 10 of subsection 1 have effect from 1 January 2017.

185. (1) Section 1029.8.61.19 of the Act is amended

(1) by replacing the portion before the fifth paragraph by the following:

“1029.8.61.19. An eligible dependent child to whom subparagraph *b* of the second paragraph of section 1029.8.61.18 refers is a child who, according to the prescribed rules, has an impairment or a mental function disability that substantially limits the child in performing the life habits of a child of his or her age during a foreseeable period of at least one year.

For the purpose of considering an amount in respect of the supplement for handicapped children under subparagraph *b* of the second paragraph of section 1029.8.61.18 for a particular month, an application must be filed with Retraite Québec no later than 11 months after the end of the particular month and be accompanied by the report of a member of a professional order assessing the child’s condition for a period that precedes the application date by no more than 12 months.

There is an exemption from filing a new application and from filing a new report of a member of a professional order for the purpose of considering an amount in respect of the supplement for handicapped children under subparagraph *b* of the second paragraph of section 1029.8.61.18, where an individual becomes an eligible individual, in respect of an eligible child who already gives rise to entitlement to an amount in respect of the supplement for handicapped children and in respect of whom the individual has filed or is deemed to have filed an application under the first paragraph of section 1029.8.61.24.

Where divergent opinions exist concerning the assessment of the child’s condition, Retraite Québec may require that the child be examined by the physician it designates or by any other member of a professional order. If valid grounds are presented to oppose the choice of the physician or the member of a professional order, Retraite Québec shall designate another physician or member of a professional order.”;

(2) by replacing “suivis sans raison valable” in subparagraph *a* of the sixth paragraph in the French text by “suivis, sans raison valable”.

(2) Paragraph 1 of subsection 1 applies in respect of an application filed with Retraite Québec after 22 June 2016 and in respect of an application filed with Retraite Québec before 23 June 2016 for which no decision has been rendered before that date. However, where section 1029.8.61.19 of the Act applies in respect of an application filed with Retraite Québec before 24 September 2016, the second paragraph of that section is to be read as follows:

“For the purpose of considering an amount in respect of the supplement for handicapped children under subparagraph *b* of the second paragraph of section 1029.8.61.18, an application must be filed with Retraite Québec and be accompanied by the report of a member of a professional order assessing the child’s condition.”

186. (1) The Act is amended by inserting the following sections after section 1029.8.61.19:

“1029.8.61.19.1. Subject to sections 1029.8.61.19.2 to 1029.8.61.19.4, an eligible dependent child to whom subparagraph *c* of the second paragraph of section 1029.8.61.18 refers is a child described in the first paragraph of section 1029.8.61.19 who is, according to the prescribed rules, in either of the following situations:

(*a*) the child, during a foreseeable period of at least one year, has an impairment or a designated mental function disability entailing serious and multiple disabilities that prevent the child from independently performing the life habits of a child of his or her age and is, at the beginning of the particular month,

- i. two years of age or over, in the case of an impairment, or
- ii. four years of age or over, in the case of a designated mental function disability; or

(*b*) the child’s state of health requires, during a foreseeable period of at least one year, specified complex medical care at home and, as the case may be,

- i. the child is less than six years of age at the beginning of the particular month,
- ii. the child is six years of age or over at the beginning of the particular month and the child’s state of health limits the child in performing the life habits of a child of his or her age, or
- iii. the child is six years of age or over at the beginning of the particular month and the child’s state of health requires specified complex medical care at home referred to in subparagraph iii of subparagraph *a* of the first paragraph of section 1029.8.61.19.3.

For the purpose of considering an amount in respect of the supplement for handicapped children requiring exceptional care under subparagraph *c* of the second paragraph of section 1029.8.61.18 for a particular month, an application must be filed with Retraite Québec no later than 11 months after the end of the particular month and be accompanied by pluridisciplinary reports made in respect of the child.

Where divergent opinions exist concerning the assessment of the child’s condition, Retraite Québec may require that the child be examined by the physician it designates or by any other member of a professional order. If valid grounds are presented to oppose the choice of the physician or the member of a professional order, Retraite Québec shall designate another physician or member of a professional order.

Retraite Québec may, at any time, require that the child’s condition be reassessed.

Despite the first paragraph, a child is not considered to be an eligible dependent child to whom subparagraph *c* of the second paragraph of section 1029.8.61.18 refers if

(*a*) without a valid reason, the treatments or measures likely to improve the child's condition are not applied or continued; or

(*b*) there is refusal or omission to comply with a request for information or an examination to assess the child's condition.

“1029.8.61.19.2. An eligible dependent child to whom subparagraph *c* of the second paragraph of section 1029.8.61.18 refers does not include a person who is lodged or sheltered under the law or a person who benefits from personal home assistance under

(*a*) section 158 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001);

(*b*) section 79 of the Automobile Insurance Act (chapter A-25); or

(*c*) section 5 of the Crime Victims Compensation Act (chapter I-6).

“1029.8.61.19.3. For the purposes of subparagraph *b* of the first paragraph of section 1029.8.61.19.1, specified complex medical care at home is as follows:

(*a*) complex respiratory care, namely

i. the non-invasive mechanical ventilation with bi-level positive airway pressure (BiPAP),

ii. care related to a tracheostomy without invasive mechanical ventilation, or

iii. care related to a tracheostomy with invasive mechanical ventilation;

(*b*) complex nutritional care, namely parenteral nutrition (intravenous hyperalimentation);

(*c*) complex cardiac care, namely the intravenous administration of inotropes; and

(*d*) complex renal care, namely peritoneal dialysis.

“1029.8.61.19.4. Subparagraph *b* of the first paragraph of section 1029.8.61.19.1 applies in respect of a child only if

(*a*) the father or mother of the child, as the case may be, has begun to administer the specified complex medical care at home to the child;

(b) the father or mother of the child, as the case may be, has been trained beforehand in a specialized center to master the specific techniques for using the required equipment and to be able to respond to any change in the child's clinical condition that may endanger the life of the child; and

(c) the child cannot self-administer the specified complex medical care at home.”

(2) Subsection 1 has effect from 1 April 2016.

187. (1) Section 1029.8.61.20 of the Act is amended

(1) by replacing “2004” in the portion before the formula in the first paragraph by “2017”;

(2) by replacing “\$161.50” in subparagraph *a* of the fourth paragraph by “\$190”;

(3) by inserting the following subparagraph after subparagraph *a* of the fourth paragraph:

“(a.1) the amount of \$954 mentioned in subparagraph *c* of the second paragraph of section 1029.8.61.18;”;

(4) by replacing “\$2,000”, “\$1,000” and “\$1,500” in subparagraph *b* of the fourth paragraph by “\$2,410”, “\$1,204” and “\$1,806”, respectively;

(5) by replacing “\$700” in subparagraph *c* of the fourth paragraph by “\$845”;

(6) by replacing “\$553” and “\$510” in subparagraph *d* of the fourth paragraph by “\$676” and “\$625”, respectively;

(7) by replacing “\$276” in subparagraph *e* of the fourth paragraph by “\$337”;

(8) by striking out the fifth paragraph.

(2) Subsection 1 has effect from 1 January 2017.

188. (1) Section 1029.8.61.24 of the Act is amended

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

“An individual may be considered to be an eligible individual, in respect of an eligible dependent child, at the beginning of a particular month only if the individual files an application for a child assistance payment, in respect of that eligible dependent child, with Retraite Québec no later than 11 months after the end of the particular month.”;

(2) by striking out the second paragraph.

(2) Subsection 1 applies in respect of an application filed with Retraite Québec after 23 September 2016.

189. (1) The Act is amended by inserting the following section after section 1029.8.61.24:

“1029.8.61.24.1. An individual who did not file an application within the time prescribed in the second paragraph of section 1029.8.61.19 or 1029.8.61.19.1 or in the first paragraph of section 1029.8.61.24 may apply in writing to Retraite Québec for an extension, setting out the reasons why the application was not filed within the prescribed time.

The application must be granted if the individual demonstrates that it was impossible in fact for that individual to act and that the application was filed as soon as circumstances permitted.

The time for filing the application may be extended for a period not exceeding 24 months.”

(2) Subsection 1 applies in respect of an application filed with Retraite Québec after 23 September 2016.

190. (1) Section 1029.8.62 of the Act is amended by replacing paragraph *a* of the definition of “eligible expenses” in the first paragraph by the following paragraph:

“(a) judicial, extrajudicial or administrative expenses incurred to obtain a qualifying certificate or a qualifying judgment, as the case may be, in respect of the adoption of the person by the individual.”.

(2) Subsection 1 has effect from 1 January 2016.

191. (1) Section 1029.8.66.1 of the Act, amended by section 305 of chapter 1 of the statutes of 2017, is again amended by replacing “250 kilometres” in subparagraph vi of paragraph *c* of the definition of “eligible expenses” in the first paragraph by “200 kilometres”.

(2) Subsection 1 applies in respect of travel and lodging expenses incurred after 30 June 2016.

192. (1) Section 1029.8.67 of the Act, amended by section 311 of chapter 1 of the statutes of 2017, is again amended by replacing “\$6,890” in the definition of “eligible child” by “\$9,582”.

(2) Subsection 1 applies from the taxation year 2017.

193. (1) Section 1029.8.167 of the Act, enacted by section 336 of chapter 1 of the statutes of 2017, is amended

(1) by replacing the portion of the definition of “qualified expenditure” in the first paragraph before paragraph *a* by the following:

““qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for a particular taxation year that is the taxation year 2016, the taxation year 2017 or the taxation year 2018 means the aggregate of all amounts each of which is an eco-friendly renovation expenditure of the individual that is paid, in relation to the eligible dwelling, by the individual or the individual’s legal representative, by a person who is the individual’s spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, owns the eligible dwelling, in any of the following periods:”;

(2) by replacing paragraph *b* of the definition of “qualified expenditure” in the first paragraph by the following paragraph:

“(b) after 31 December 2016 and before 1 January 2018, where the particular year is the taxation year 2017; or”;

(3) by adding the following paragraph after paragraph *b* of the definition of “qualified expenditure” in the first paragraph:

“(c) after 31 December 2017 and before 1 January 2019, where the particular year is the taxation year 2018;”;

(4) by replacing the portion of the definition of “eco-friendly renovation agreement” in the first paragraph before paragraph *a* by the following:

““eco-friendly renovation agreement” entered into in respect of an individual’s eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized eco-friendly renovation work in respect of the individual’s eligible dwelling that is entered into after 17 March 2016 and before 1 April 2018 between the qualified contractor and”;

(5) by replacing “was carried out” in the portion of the definition of “excluded dwelling” in the first paragraph before paragraph *a* by “began to be carried out”;

(6) by replacing “subject to the second paragraph” in the portion of the definition of “recognized eco-friendly renovation work” in the first paragraph before paragraph *a* by “subject to the second and third paragraphs”;

(7) by inserting the following paragraph after the first paragraph:

“Where the definition of “recognized eco-friendly renovation work” in the first paragraph applies in respect of a dwelling described in paragraph *a* of the definition of “eligible dwelling” in the first paragraph in connection with an

agreement entered into after 31 March 2017 and before 1 April 2018, it is to be read without reference to its paragraph z.”

(2) Subsection 1 has effect from 28 March 2017.

194. (1) Section 1029.8.171 of the Act, enacted by section 336 of chapter 1 of the statutes of 2017, is amended by inserting the following paragraph after the second paragraph:

“An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2018 is deemed to have paid to the Minister on the individual’s balance-due day for the individual’s taxation year 2018 on account of the individual’s tax payable under this Part for that year, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information, an amount equal to the lesser of

(a) the amount obtained by multiplying 20% by the amount by which the individual’s qualified expenditure for the taxation year 2018, in relation to an eligible dwelling of the individual, exceeds the amount by which \$2,500 exceeds the aggregate of all amounts each of which is the individual’s qualified expenditure, in relation to the eligible dwelling, for each of the taxation years 2016 and 2017; and

(b) the amount by which \$10,000 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under the first or second paragraph, in relation to the eligible dwelling.”

(2) Subsection 1 has effect from 28 March 2017.

195. (1) Section 1029.8.172 of the Act, enacted by section 336 of chapter 1 of the statutes of 2017, is amended by replacing the first paragraph by the following paragraph:

“For the purpose of determining the amount that an individual is deemed to have paid to the Minister for a taxation year under section 1029.8.171 in relation to an eligible dwelling of the individual, for any period between 17 March 2016 and 1 April 2018 throughout which the individual owns an intergenerational home that is the individual’s principal place of residence, each independent dwelling built in the home is deemed to be a separate eligible dwelling of the individual, if the individual so elects in the prescribed form referred to in the first, second or third paragraph of section 1029.8.171.”

(2) Subsection 1 has effect from 28 March 2017.

196. (1) The Act is amended by inserting the following after section 1029.8.173, enacted by section 336 of chapter 1 of the statutes of 2017:

“DIVISION II.26

“CREDIT FOR THE REPAIR OF SEPTIC SYSTEMS

“§1. — *Interpretation and general rules*

“1029.8.174. In this division,

“eligible dwelling” of an individual means a dwelling that is located in Québec, other than an excluded dwelling, of which construction is completed before 1 January 2017, of which the individual is the owner when the septic system repair expenditures are incurred, that is an isolated dwelling within the meaning of the Regulation respecting waste water disposal systems for isolated dwellings (chapter Q-2, r. 22) or that is part of such a dwelling, and that is

(a) the individual’s principal place of residence; or

(b) a cottage suitable for year-round occupancy that is normally occupied by the individual;

“excluded dwelling” means a dwelling that, before recognized work began to be carried out, was the subject of

(a) a notice of expropriation or a notice of intention to expropriate;

(b) a reserve for public purposes; or

(c) a prior notice of the exercise of a hypothecary right registered in the registry office or any other procedure calling the individual’s right of ownership of the dwelling into question;

“qualified contractor” in relation to a service agreement entered into in respect of an individual’s eligible dwelling means a person or a partnership meeting the following conditions:

(a) at the time the service agreement is entered into, the person or partnership has an establishment in Québec and is neither the owner of the eligible dwelling nor the spouse of one of the owners of the eligible dwelling; and

(b) at the time the recognized work is being carried out and if required for the carrying out of such work, the person or partnership is the holder of the appropriate licence issued by the Régie du bâtiment du Québec and, if applicable, has paid the licence security payable under the Building Act (chapter B-1.1);

“qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for a particular taxation year that is subsequent to the taxation year 2016 and precedes the taxation year 2023, means the aggregate of all amounts each of which is a septic system repair expenditure that is paid, in relation to the eligible dwelling, by the individual or the individual’s legal representative, by a person who is the individual’s spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, owns the eligible dwelling, in either of the following periods:

(a) after 31 March 2017 and before 1 January 2018, where the particular year is the taxation year 2017; or

(b) after 31 December of the year that precedes the particular year and on or before 31 December of the particular year, where the particular year is subsequent to the taxation year 2017 and precedes the taxation year 2023;

“recognized work” in respect of an eligible dwelling means work that is carried out in compliance with the rules set out in Québec legislation and regulations and in the applicable municipal by-laws, including necessary site restoration work, and that is work relating to the construction, renovation, modification, rebuilding, relocation or enlargement of a system for the discharge, collection or disposal of waste water, toilet effluents or grey water serving an eligible dwelling;

“septic system repair expenditure” means an expenditure that is attributable to the carrying out of recognized work provided for in a service agreement and that is

(a) the cost of a service supplied to carry out the work by a qualified contractor who is a party to the service agreement, including the amount of any goods and services tax and Québec sales tax applicable;

(b) the cost of a movable property that enters into the carrying out of recognized work provided for in the service agreement, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired after 31 March 2017 from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) and that it complies, where required, with the standards prescribed by the Regulation respecting waste water disposal systems for isolated dwellings; or

(c) the cost of a permit necessary to carry out recognized work, including the cost of studies carried out to obtain such a permit;

“service agreement” entered into in respect of an individual’s eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized work in respect of the individual’s eligible dwelling that is entered into after 31 March 2017 and before 1 April 2022 between the qualified contractor and

(a) the individual;

(b) a person who, at the time the agreement is entered into, is the individual's spouse, or another individual who is the owner of the eligible dwelling or that other individual's spouse; or

(c) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the syndicate of co-owners of the immovable.

“1029.8.175. For the purposes of paragraph *b* of the definition of “septic system repair expenditure” in section 1029.8.174, a merchant is deemed to hold a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) if the merchant is not a registrant for the purposes of that Act because the merchant is a small supplier within the meaning of section 1 of that Act.

“1029.8.176. For the purpose of determining an individual's qualified expenditure for a particular taxation year in relation to an eligible dwelling, the following rules apply:

(a) the amount of the qualified expenditure may not include

i. an amount that is used to finance the cost of recognized work,

ii. an amount that is attributable to property or services supplied by a person not dealing at arm's length with the individual or with any of the other owners of the dwelling, unless the person holds a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1),

iii. an amount that is deductible in computing an individual's income from a business or property for the year or any other taxation year, and

iv. an amount that is included in the capital cost of depreciable property;

(b) the qualified expenditure must be reduced by the portion of the amount of any government assistance that exceeds \$2,500, the amount of any non-government assistance, reimbursement or other form of assistance, including an indemnity paid under an insurance contract, attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the service agreement under which the expenditure is incurred) has received, is entitled to receive or may reasonably expect to receive in any taxation year, except to the extent that the amount has reduced the individual's qualified expenditure for a preceding taxation year;

(c) an amount paid under a service agreement in relation to recognized work carried on by a qualified contractor may be included in the individual's qualified expenditure only if the qualified contractor certifies, in the prescribed form containing prescribed information, that the property used in carrying out the work complies, where required, with the standards prescribed by the Regulation respecting waste water disposal systems for isolated dwellings (chapter Q-2, r. 22);

(d) where a service agreement entered into with a qualified contractor does not deal only with recognized work, an amount paid under the agreement may be included in the individual's qualified expenditure only if the qualified contractor gives the individual a written statement showing the breakdown of the cost of the property and services the qualified contractor supplied among the various types of work carried on under the agreement; and

(e) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the individual's qualified expenditure is deemed to include the individual's share of an expenditure paid by the syndicate of co-owners if

i. it is reasonable to consider that the expenditure would be a septic system repair expenditure of an individual if the syndicate of co-owners were an individual and the immovable were an eligible dwelling of the individual, and

ii. the syndicate of co-owners provided the individual, in the prescribed form, with information relating to the work and the amount of the individual's share of the expenditure.

“§2. — *Credits*

“1029.8.177. An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2017 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2017 on account of the individual's tax payable under this Part for that year an amount equal to the lesser of \$5,500 and the amount obtained by multiplying 20% by the amount by which the individual's qualified expenditure for the taxation year 2017 in relation to an eligible dwelling of the individual exceeds \$2,500, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information.

An individual, other than a trust, who is resident in Québec at the end of 31 December of a particular taxation year that is subsequent to the taxation year 2017 and precedes the taxation year 2023 is deemed to have paid to the Minister on the individual's balance-due day for the particular year on account of the individual's tax payable under this Part for the particular year, if the individual files with the Minister, together with the fiscal return the individual is required to file for the particular year, or would be required to so file if tax were payable for the particular year, the prescribed form containing prescribed information, an amount equal to the lesser of

(a) the amount obtained by multiplying 20% by the amount by which the individual's qualified expenditure for the particular year, in relation to an eligible dwelling of the individual, exceeds the amount by which \$2,500 exceeds the aggregate of all amounts each of which is the individual's qualified expenditure, in relation to the eligible dwelling, for a taxation year preceding the particular year; and

(b) the amount by which \$5,500 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under this section for a taxation year preceding the particular year.

For the purpose of determining the amount that an individual is deemed to have paid to the Minister for a particular taxation year under the first or second paragraph, in relation to an eligible dwelling the individual owns that is situated in an immovable under divided co-ownership or in another type of immovable that comprises more than one dwelling, the amounts of \$2,500 and \$5,500 mentioned in the first and second paragraphs must respectively be replaced by

(a) where the eligible dwelling is situated in an immovable under divided co-ownership, the amounts obtained by multiplying \$2,500 and \$5,500, as the case may be, by the individual's share of the common expenses of the immovable; and

(b) where the eligible dwelling is situated in another type of immovable that comprises more than one dwelling, the amounts obtained by multiplying \$2,500 and \$5,500, as the case may be, by the proportion that the area of the individual's eligible dwelling is of the total living area of the immovable.

For the purposes of this section, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of 31 December of that year if the individual was resident in Québec immediately before dying or, as the case may be, on the last day the individual was resident in Canada.

“1029.8.178. If, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister under section 1029.8.177 in relation to an eligible dwelling that the individuals jointly own, the following rules apply:

(a) if those individuals became owners of the eligible dwelling at the same time, the total of the amounts that each of those individuals may be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling may not exceed the particular amount that only one of those individuals could be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling if that individual were the sole owner of the eligible dwelling; and

(b) in any other case, the total of the amounts that each of those individuals may be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling may not exceed the particular amount that the individual from among those individuals who holds the oldest title of ownership or, if more than one of them holds such a title, one of those individuals, could be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling if that individual were the sole owner of the eligible dwelling.

If the individuals cannot agree as to what portion of the particular amount each would, but for this section, be deemed to have paid to the Minister under section 1029.8.177, the Minister may determine what portion of that amount is deemed to be paid to the Minister by each individual under that section.”

(2) Subsection 1 applies from the taxation year 2017.

197. Section 1035 of the Act, replaced by section 339 of chapter 1 of the statutes of 2017, is again replaced by the following section:

“1035. The Minister may at any time assess a taxpayer in respect of any amount payable under any of sections 1034 to 1034.0.0.4, any of subsections 1 to 2.1 of section 1034.1 or any of sections 1034.2, 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be, and this Book applies, with the necessary modifications, to an assessment made under this section as though it had been made under Title II.”

198. Section 1036 of the Act, replaced by section 340 of chapter 1 of the statutes of 2017, is again replaced by the following section:

“1036. If a particular taxpayer and another taxpayer are, under paragraph *g* of section 595 or any of sections 597.0.15, 1034 to 1034.0.0.4, 1034.1 to 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be, solidarily liable in respect of all or part of a liability of the other taxpayer, the following rules apply:

(*a*) a payment by, and on account of the liability of, the particular taxpayer discharges, up to the amount of the payment, their solidary liability; and

(*b*) a payment by, and on account of the liability of, the other taxpayer discharges the liability of the particular taxpayer only to the extent that the payment operates to reduce the liability of the other taxpayer to an amount less than the amount in respect of which the particular taxpayer is solidarily liable under paragraph *g* of section 595 or any of sections 597.0.15, 1034 to 1034.0.0.4, 1034.1 to 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be.”

199. Section 1036.1 of the Act is repealed.

200. Sections 1049.1 to 1049.2.11 of the Act are repealed.

201. (1) Section 1079.8.24 of the Act is replaced by the following section:

“1079.8.24. In the case of a subsequent failure during the three years after the date on which a notice of assessment imposing a penalty under any of sections 1079.8.20 to 1079.8.22 is sent, the amount of the penalty that would otherwise be determined under any of those sections in respect of the subsequent failure is doubled.”

(2) Subsection 1 has effect from 1 September 2016.

202. (1) Section 1079.8.34 of the Act is replaced by the following section:

“1079.8.34. In the case of a subsequent failure during the three years after the date on which a notice of assessment imposing a penalty under any of sections 1079.8.30 to 1079.8.32 is sent, the amount of the penalty that would otherwise be determined under any of those sections in respect of the subsequent failure is doubled.”

(2) Subsection 1 has effect from 1 September 2016.

203. (1) Section 1089 of the Act is amended by replacing the fourth paragraph by the following paragraph:

“For the purposes of the first paragraph, the amount that is determined in respect of an individual for a taxation year under the first paragraph is to be increased by the amount that would be included in computing the individual’s taxable income for the year under section 726.35 or 726.43 and reduced by the amount that the individual could deduct in computing the individual’s taxable income for the year under section 726.33, if the taxable income were determined under Part I.”

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

204. (1) Section 1090 of the Act is amended by replacing the fourth paragraph by the following paragraph:

“For the purposes of the first paragraph, the amount that is determined in respect of an individual for a taxation year under the first paragraph is to be increased by the amount that would be included in computing the individual’s taxable income for the year under section 726.35 or 726.43 and reduced by the amount that the individual could deduct in computing the individual’s taxable income for the year under section 726.33, if the taxable income were determined under Part I.”

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

205. (1) Section 1106 of the Act is amended

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

“(b) despite any other provision of this Act, where an amount is received by a taxpayer in a taxation year as the dividend, the amount

i. shall not be included in computing the taxpayer’s income for the year as income from a share of the capital stock of the corporation, and

ii. is deemed to be a capital gain of the taxpayer from the disposition by the taxpayer of a capital property in the year.”;

(2) by striking out the second and third paragraphs.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011. However, where any part of a dividend declared by a corporation is in respect of a capital gain of the corporation from a disposition of property that occurred before 18 October 2000, subparagraph *b* of the first paragraph of section 1106 of the Act and the second and third paragraphs of that section are to be read, in respect of that part of the dividend, as they read in their application to the corporation's last taxation year that began before 1 November 2011.

206. (1) Sections 1106.0.1 to 1106.0.5 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

207. (1) Section 1113 of the Act is amended

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

“(b) despite any other provision of this Act, where an amount is received by a taxpayer in a taxation year as the dividend, the amount

i. shall not be included in computing the taxpayer's income for the year as income from a share of the capital stock of the corporation, and

ii. is deemed to be a capital gain of the taxpayer from the disposition by the taxpayer of a capital property in the year.”;

(2) by striking out the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011. However, where any part of a dividend declared by a corporation is in respect of a capital gain of the corporation from a disposition of property that occurred before 18 October 2000, subparagraph *b* of the first paragraph of section 1113 of the Act and the second paragraph of that section are to be read, in respect of that part of the dividend, as they read in their application to the corporation's last taxation year that began before 1 November 2011.

208. (1) Sections 1113.1 to 1113.4 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

209. (1) Section 1116 of the Act is amended

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

“(b) despite any other provision of this Act, where an amount is received by a taxpayer in a taxation year as the dividend, the amount

i. shall not be included in computing the taxpayer's income for the year as income from a share of the capital stock of the corporation, and

ii. is deemed to be a capital gain of the taxpayer from the disposition by the taxpayer of a capital property in the year.”;

(2) by striking out the second and third paragraphs.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011. However, where any part of a dividend declared by a corporation is in respect of a capital gain of the corporation from a disposition of property that occurred before 18 October 2000, subparagraph *b* of the first paragraph of section 1116 of the Act and the second and third paragraphs of that section are to be read, in respect of that part of the dividend, as they read in their application to the corporation's last taxation year that began before 1 November 2011.

210. (1) Sections 1116.1 to 1116.5 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

211. (1) Section 1121.7 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(b) if a taxation year of the trust (determined for the purposes of the Income Tax Act) ends, because of paragraph *a* of subsection 1 of section 132.11 of that Act, on 15 December of a particular calendar year, each of its taxation years (determined for the purposes of this Act) that end after that date is deemed, subject to section 1121.7.1, to be the period that begins on 16 December of a calendar year and ends on 15 December of the following calendar year or at such earlier time as is determined under paragraph *a* or *b* of section 6.2, paragraph *a.1* of section 785.1, paragraph *b* of section 785.5 or paragraph *a.1* of section 851.22.23.”

(2) Subsection 1 has effect from 21 March 2013.

212. (1) The Act is amended by inserting the following after section 1129.4.3.39:

“PART III.1.1.10

“SPECIAL TAX RELATING TO THE CREDIT FOR MAJOR DIGITAL TRANSFORMATION PROJECTS

“**1129.4.3.40.** In this Part, “eligible digitization activity”, “eligible digitization contract”, “eligible employee”, “qualified wages” and “wages” have the meaning assigned by the first paragraph of section 1029.8.36.0.3.84.

“1129.4.3.41. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.85, on account of its tax payable for a taxation year under Part I, in relation to qualified wages incurred in respect of an eligible employee in connection with an eligible digitization contract, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “particular year”) in which the certificate that was issued to the corporation in respect of the eligible digitization contract is revoked because the corporation no longer satisfies the condition of paragraph 5 of section 17.4 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1).

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is tax the corporation is required to pay to the Minister under section 1129.4.3.42 for a taxation year that precedes the particular year in relation to qualified wages incurred in respect of an eligible employee in connection with the eligible digitization contract is exceeded by the amount obtained by applying the percentage specified in the third paragraph to the aggregate of all amounts each of which is an amount the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.85 or 1029.8.36.0.3.86 for a taxation year in relation to such qualified wages.

The percentage to which the second paragraph refers is

(a) unless any of subparagraphs *b* to *e* applies, 100%;

(b) 80%, where the failure to satisfy the condition referred to in the first paragraph occurs in the fourth year following the time the eligible digitization activities provided for in the eligible digitization contract began to be carried out;

(c) 60%, where the failure to satisfy the condition referred to in the first paragraph occurs in the fifth year following the time the eligible digitization activities provided for in the eligible digitization contract began to be carried out;

(d) 40%, where the failure to satisfy the condition referred to in the first paragraph occurs in the sixth year following the time the eligible digitization activities provided for in the eligible digitization contract began to be carried out; or

(e) 20%, where the failure to satisfy the condition referred to in the first paragraph occurs in the seventh year following the time the eligible digitization activities provided for in the eligible digitization contract began to be carried out.

“1129.4.3.42. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.85, on account of its tax payable for a particular taxation year under Part I, in relation to qualified wages incurred in the particular taxation year in respect of an eligible employee, shall pay the

tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “repayment year”) in which an amount relating to wages included in computing the qualified wages is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.85 or 1029.8.36.0.3.86, in relation to the qualified wages, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.85 or 1029.8.36.0.3.86, in relation to the qualified wages, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to wages included in computing the qualified wages, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified wages.

“1129.4.3.43. For the purposes of Part I, except Division II.6.0.1.10 of Chapter III.1 of Title III of Book IX, tax paid at any time by a corporation to the Minister under section 1129.4.3.41 or 1129.4.3.42, in relation to qualified wages, is deemed to be an amount of assistance repaid at that time by the corporation in respect of the wages, pursuant to a legal obligation.

“1129.4.3.44. Unless otherwise provided in this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 18 March 2016.

213. Parts III.2 and III.2.1 of the Act, comprising sections 1129.5 to 1129.12.7, are repealed.

214. (1) Section 1129.33.0.5 of the Act, enacted by section 383 of chapter 1 of the statutes of 2017, is replaced by the following section:

“1129.33.0.5. The Minister shall pay to the Minister of Municipal Affairs, Regions and Land Occupancy an amount representing two-thirds of the special duties collected under the first paragraph of section 1129.33.0.3 or 1129.33.0.4 and shall transmit to that Minister any information that Minister may need in order to forward such amount to the municipality in whose territory the immovable that is the subject of special duties is situated.”

(2) Subsection 1 has effect from 18 March 2016.

215. (1) The Act is amended by inserting the following after section 1129.45.3.39:

“PART III.10.1.9.1

“SPECIAL TAX RELATING TO THE CREDIT FOR THE PRODUCTION OF BIODIESEL FUEL IN QUÉBEC

“1129.45.3.39.1. In this Part, “eligible production of biodiesel fuel” has the meaning assigned by section 1029.8.36.0.106.1.

“1129.45.3.39.2. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.2, on account of its tax payable under Part I, for a particular taxation year, in relation to its eligible production of biodiesel fuel for a particular month of that taxation year, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “year concerned”) in which either of the following events occurs:

(a) an amount that may reasonably be considered to be an amount relating to its eligible production of biodiesel fuel for a particular month of the particular taxation year that, because of paragraph *a* of section 1029.8.36.0.106.4, would have been included in the aggregate determined in its respect for the particular taxation year under that section if it had been received by the corporation in that taxation year, is received by the corporation; or

(b) an amount that may reasonably be considered to be an amount relating to its eligible production of biodiesel fuel for a particular month of the particular taxation year that, because of paragraph *b* of section 1029.8.36.0.106.4, would have been included in the aggregate determined in its respect for the particular taxation year under that section if it had been obtained by a person or partnership in that taxation year, is obtained by the person or partnership.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.106.2 or 1029.8.36.0.106.5 for a taxation year preceding the year concerned in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year, exceeds the total of

(a) the amount that the corporation would have been deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.2 if any of the events described in subparagraph *a* or *b* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.106.5, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year, had occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under this section for a taxation year preceding the year concerned in relation to its eligible production of biodiesel fuel for a particular month of the particular taxation year.

“1129.45.3.39.3. For the purposes of Part I, except Division II.6.0.9.1 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.45.3.39.2, in relation to an eligible production of biodiesel fuel, is deemed to be an amount of assistance repaid at that time by the corporation in respect of the eligible production of biodiesel fuel, pursuant to a legal obligation.

“1129.45.3.39.4. Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 1 April 2017.

216. (1) Section 1129.78 of the Act is amended by replacing “7.05%” in the first paragraph by “4.47%”.

(2) Subsection 1 applies from the taxation year 2016.

217. (1) Section 1159.2 of the Act is amended by replacing “2019” by “2024”.

(2) Subsection 1 has effect from 28 March 2017.

218. (1) Section 1159.3.3 of the Act is amended by replacing “2017” by “2022” in the following provisions:

- the portion of the first paragraph before subparagraph *a*;
- the portion of the second paragraph before subparagraph *a*.

(2) Subsection 1 has effect from 28 March 2017.

219. (1) Section 1159.3.4 of the Act is amended

(1) by replacing “2017” by “2022” in the following provisions:

- the portion of the first paragraph before subparagraph *a*;
- subparagraph ii of subparagraph *b* of the first paragraph;
- subparagraph *c* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *c* of the first paragraph of that section 1159.3.4;

—subparagraph *e* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *d* of the first paragraph of that section 1159.3.4;

—the portion of the second paragraph before subparagraph *a*;

—subparagraph *a* of the second paragraph of section 1159.3 of the Act, enacted by subparagraph *a* of the second paragraph of that section 1159.3.4;

—subparagraph ii of subparagraph *b* of the second paragraph;

—subparagraph *c* of the second paragraph of section 1159.3 of the Act, enacted by subparagraph *c* of the second paragraph of that section 1159.3.4;

—subparagraph *e* of the second paragraph of section 1159.3 of the Act, enacted by subparagraph *d* of the second paragraph of that section 1159.3.4;

(2) by replacing subparagraph *a* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *a* of the first paragraph of that section 1159.3.4, by the following subparagraph:

““(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 2.8% of the amount paid as wages in the part of the year that is included, in whole or in part, in the period beginning on 1 April 2022 and ending on 31 March 2024 (in this section referred to as the “temporary contribution period”) and 4.48% of the amount paid as wages in the part of the year that precedes 1 April 2022;”;

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

“i. the proportion of 0.3% that the number of days in the taxation year that are included in the period beginning on 1 April 2022 and ending on 31 March 2024 (in this section referred to as the “temporary contribution period”) is of the number of days in the taxation year, and”.

(2) Subsection 1 has effect from 28 March 2017.

(3) In addition,

(1) in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of that section 1027, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of that section 1027 for a taxation year that ends after 31 March 2022, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation’s estimated tax or tax payable, as the case may be, for that taxation year

(a) must, in respect of a payment that the corporation is required to make before 1 April 2022, be determined as if section 1159.3.4 of the Act, amended by subsection 1, were read as if “2.8%”, “0.3%”, “2.2%” and “0.9%” were replaced wherever they appear by “4.48%”, “0.48%”, “3.52%” and “1.44%”, respectively, and

(b) is, in respect of a payment that the corporation is required to make after 31 March 2022,

i. where the taxation year began before 1 April 2022 and the corporation is not, at the time of the payment, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the amount by which the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a* exceeds the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make after 31 March 2022 for the taxation year under subparagraph *a* of the first paragraph of that section 1027, the amount by which the estimated tax or tax payable, as the case may be, so determined exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined without reference to this subsection, and

ii. where the taxation year began before 1 April 2022 and the corporation is, throughout the year, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the amount by which the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a* exceeds the product obtained by multiplying, by the proportion that 4 is of the number of payments that the corporation is required to make after 31 March 2022 for the taxation year under subparagraph *a* of the first paragraph of that section 1027, the amount by which the estimated tax or tax payable, as the case may be, so determined exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined without reference to this subsection; and

(2) in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of that section 1027, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of that section 1027 for a taxation year that ends after 31 March 2024, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation’s estimated tax or tax payable, as the case may be, for that taxation year is deemed to be equal, in respect of a payment that the corporation is required to make before 1 April 2024, to the corporation’s estimated tax or tax payable, as the case may be, otherwise determined, multiplied by the proportion that 365 is of the number of days in the taxation year that precede 1 April 2024.

220. (1) Section 1159.17 of the Act is amended, in the second paragraph,

(1) by replacing “2017” in subparagraph *d* by “2022”;

(2) by replacing “2017” and “2019” in subparagraph *e* by “2022” and “2024”, respectively.

(2) Subsection 1 has effect from 28 March 2017.

221. (1) The Act is amended by inserting the following after section 1175.28:

“PART VI.3.0.1

**“SPECIAL TAX RELATING TO THE DEDUCTION FOR INNOVATIVE
MANUFACTURING CORPORATIONS**

“1175.28.0.1. In this Part,

“corporation” has the meaning assigned by Part I;

“qualified patented part” has the meaning assigned by the first paragraph of section 737.18.36;

“qualified property” has the meaning assigned by the first paragraph of section 737.18.36;

“taxation year” has the meaning assigned by Part I.

“1175.28.0.2. Where a corporation has deducted an amount under section 737.18.40 in computing its taxable income for a taxation year (in this paragraph referred to as a “preceding year”) in relation to a qualified patented part of the corporation that is incorporated into a qualified property of the corporation and if in a subsequent taxation year (in this section referred to as the “tax liability year”) any of the circumstances described in the second paragraph applies in respect of the qualified patented part, the corporation shall pay for the tax liability year a tax equal to the aggregate of all amounts each of which is the amount by which the tax (in the second and third paragraphs referred to as the “notional tax”) that the corporation would have had to pay under Part I for a preceding year if no amount had been deducted by the corporation in computing its taxable income for that preceding year in relation to the qualified patented part exceeds the tax determined by the Minister (in the second paragraph referred to as the “real tax”) that is payable by the corporation under that Part for that preceding year.

The circumstances to which the first paragraph refers, in respect of an invention that is a qualified patented part of a corporation, are the following:

(a) the patent issued in respect of the invention is invalidated in accordance with an Act referred to in subparagraph i of paragraph c of the definition of “qualified patented part” in the first paragraph of section 737.18.36;

(b) the application for a patent, in respect of the invention that is, under the second paragraph of section 737.18.36, the qualified patented part of the corporation, has not resulted in the issue of a patent by a competent authority within five years after the day on which the application was made;

(c) a redetermination by the Minister reduces to zero the aggregate of all amounts each of which is an amount that a corporation is deemed to have paid to the Minister for a taxation year under any of Divisions II to II.3.0.1 of Chapter III.1 of Title III of Book IX of Part I in respect of the scientific research and experimental development work from which the invention derives; and

(d) a redetermination by the Minister reduces to less than \$500,000 the total described in the first paragraph of section 737.18.39 that was taken into account for the purpose of determining whether the corporation has made sustained innovation efforts in relation to the invention.

Where an amount (in this paragraph and in the fourth paragraph referred to as the “increased amount”), in respect of which the corporation could claim a deduction under a particular provision of this Act in computing its taxable income or tax payable under Part I for a preceding taxation year referred to in the first paragraph (in this paragraph and in the fourth paragraph referred to as the “computation year”) for the purpose of determining its notional tax for the computation year, is greater than the amount (in this paragraph and in the fourth paragraph referred to as the “deducted amount”) that the corporation deducted under the particular provision for the purpose of determining its real tax for the computation year, the increased amount rather than the deducted amount may be taken into account, for the purpose of determining the corporation’s notional tax for the computation year, if

(a) the corporation so requests in writing to the Minister; and

(b) it may reasonably be considered that the amount by which the increased amount exceeds the deducted amount has not been deducted under the particular provision or another provision of this Act for the purpose of determining the corporation’s tax payable under Part I for any other taxation year, nor for the purpose of determining a tax of the corporation for any taxation year that is similar in nature to the corporation’s notional tax and is provided for in another part of this Act.

If the third paragraph applies, the amount by which the increased amount exceeds the deducted amount is deemed, for the purpose of determining the corporation’s notional tax for any taxation year subsequent to the computation year and for the application of Part I to the tax liability year and to any

subsequent taxation year, to have been deducted under the particular provision in computing the corporation's taxable income or tax payable, as the case may be, under Part I for the computation year.

“1175.28.0.3. The tax paid to the Minister by a corporation at any time in a taxation year under section 1175.28.0.2 is deemed, for the purposes of the definition of “total taxes” in the first paragraph of sections 1029.8.36.166.40 and 1029.8.36.167, to be a tax paid by the corporation under Part I for that taxation year.

“1175.28.0.4. Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

222. Section 1175.28.14 of the Act, amended by section 390 of chapter 1 of the statutes of 2017, is again amended by replacing paragraphs *a* and *a.1* by the following paragraphs:

“(a) the portion of that tax that is determined under subparagraph *a* of the third paragraph of that section is deemed, for the purposes of the definition of “total taxes” in the first paragraph of sections 1029.8.36.166.40 and 1029.8.36.167, to be a tax that the person pays under Part I for that taxation year;

“(a.1) the portion of that tax that is determined under subparagraph *a* of the third paragraph of that section and that may reasonably be considered as relating to a deduction under any of Titles III.3, III.4 and III.5 of Book V of Part I in relation to an expense is deemed to be, for the purposes of Part I, except for that Title III.3, that Title III.4 and Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX or that Title III.5, as the case may be, and the definition of “total taxes” in the first paragraph of sections 1029.8.36.166.40 and 1029.8.36.167, an amount of assistance repaid at that time by the person in respect of the expense pursuant to a legal obligation;”.

ACT RESPECTING ADMINISTRATIVE JUSTICE

223. Section 21 of the Act respecting administrative justice (chapter J-3) is amended by replacing subparagraph 4 of the second paragraph by the following subparagraph:

“(4) under section 1029.8.61.41 of the Taxation Act (chapter I-3), to contest a decision determining whether a child is a child to whom the first paragraph of section 1029.8.61.19 or 1029.8.61.19.1 of that Act applies.”

ACT RESPECTING LABOUR STANDARDS

224. (1) Section 39.0.1 of the Act respecting labour standards (chapter N-1.1) is amended by adding the following paragraph after paragraph 16 of the definition of “employer subject to contribution” in the first paragraph:

“(17) an international governmental organization whose head office is in Québec;”.

(2) Subsection 1 is declaratory.

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

225. (1) Section 1.1 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), amended by section 394 of chapter 1 of the statutes of 2017, is again amended by adding the following paragraph after paragraph 15:

“(16) the tax credit for major digital transformation projects provided for in sections 1029.8.36.0.3.84 to 1029.8.36.0.3.87 of the Taxation Act.”

(2) Subsection 1 has effect from 18 March 2016.

226. (1) Section 6.4 of Schedule A to the Act is amended by replacing the third paragraph by the following paragraph:

“Similarly, a title that is part of another title produced by a corporation having no establishment in Québec is deemed to meet the conditions of the first paragraph if it is established to Investissement Québec’s satisfaction that the other title meets those conditions. This presumption also applies where the other title is produced by a corporation having an establishment in Québec, but only for the purposes of the first paragraph of section 6.3.”

(2) Subsection 1 applies in respect of an application for a certificate filed after 28 March 2017.

227. (1) Section 6.5 of Schedule A to the Act is amended by replacing the third paragraph by the following paragraph:

“Similarly, a title that is part of another title produced by a corporation having no establishment in Québec is deemed to meet the conditions of the first paragraph if it is established to Investissement Québec’s satisfaction that the other title meets those conditions. This presumption also applies where the other title is produced by a corporation having an establishment in Québec, but only for the purposes of the first paragraph of section 6.3.”

(2) Subsection 1 applies in respect of an application for a certificate filed after 28 March 2017.

228. (1) Schedule A to the Act is amended by inserting the following section after section 13.13:

“13.13.1. Investissement Québec may not issue an employee certificate in respect of an individual to a corporation for a taxation year or part of the taxation year, if a certificate in respect of the individual has been issued, for the same year or part of year, under Division III of Chapter XVII.”

(2) Subsection 1 has effect from 18 March 2016.

229. (1) Schedule A to the Act is amended by adding the following after section 16.5:

“CHAPTER XVII

“SECTORAL PARAMETERS OF TAX CREDIT FOR MAJOR DIGITAL TRANSFORMATION PROJECTS

“DIVISION I

“INTERPRETATION AND GENERAL RULES

“17.1. In this chapter, unless the context indicates otherwise,

“eligibility period” in relation to an eligible digitization contract of a corporation has the meaning assigned by section 1029.8.36.0.3.84 of the Taxation Act;

“job maintenance period” in relation to an eligible digitization contract of a corporation means the period beginning on the day that follows the last day of the eligibility period in relation to the eligible digitization contract and ending on the last day of the seven-year period that follows the time the eligible digitization activities provided for in that contract began to be carried out;

“tax credit for major digital transformation projects” means the fiscal measure provided for in Division II.6.0.1.10 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

“17.2. To benefit from the tax credit for major digital transformation projects, a corporation must obtain the following certificates from Investissement Québec:

(1) a certificate in respect of an eligible digitization contract (in this chapter referred to as a “contract certificate”); and

(2) a certificate in respect of each individual for whom the corporation claims the tax credit (in this chapter referred to as an “employee certificate”).

The employee certificate must be obtained for each taxation year for which the corporation intends to claim the tax credit.

The corporation must file an application for a certificate,

(1) in the case of a contract certificate, before the time the eligible digitization activities provided for in the contract begin to be carried out; or

(2) in the case of an employee certificate, within a reasonable time after the end of the taxation year for which the application for the certificate is made.

“DIVISION II

“CONTRACT CERTIFICATE

“17.3. A contract certificate issued to a corporation certifies that the contract referred to in the certificate is recognized as an eligible digitization contract for the purposes of the tax credit for major digital transformation projects.

“17.4. A contract entered into by a corporation may be recognized as an eligible digitization contract, if

(1) the contract is entered into after 17 March 2016 and before 1 January 2019;

(2) the contract is not a renewal or extension of an existing contract;

(3) the contract provides for the carrying out of eligible digitization activities for another person for a minimum period of seven years that begins on the day the activities begin to be carried out;

(4) the eligible digitization activities provided for in the contract result from activities that were entirely carried out outside Québec by another person for a minimum period of 24 months before the contract is entered into; and

(5) the carrying out of the contract gives rise to the creation, within a reasonable time after the eligible digitization activities provided for in the contract begin to be carried out, of at least 500 jobs in Québec held by individuals who meet the conditions of the first paragraph of section 17.10 and that minimum number of jobs is maintained until the end of a seven-year period following the time those activities begin to be carried out.

“17.5. To determine whether a corporation meets the requirements relating to the creation and maintenance of a minimum number of 500 jobs set out in paragraph 5 of section 17.4 in relation to the carrying out of a contract, the following rules must be taken into account:

(1) the creation of a job in relation to the contract materializes, following the hiring of a new employee by the corporation, only once the duties of that employee begin to be carried on;

(2) subject to paragraph 3, an individual is considered to be a new employee of a corporation only if the employee has rendered no remunerated services to the corporation for a minimum period of 24 months before the contract is entered into; and

(3) a maximum number of 100 employees may be considered to be new employees even if they have already rendered remunerated services to the corporation during the period provided for in paragraph 2.

“17.6. A corporation must send Investissement Québec, for each taxation year included in the job maintenance period in relation to an eligible digitization contract of the corporation, a prescribed form containing prescribed information to establish to Investissement Québec’s satisfaction that a minimum number of 500 jobs are being held throughout that period, by individuals who meet the conditions of the first paragraph of section 17.10.

The form must be sent to Investissement Québec within a reasonable time after the end of the taxation year referred to in the first paragraph.

The failure of a corporation to send the form in accordance with this section entails the revocation of the contract certificate issued in respect of the contract.

“17.7. The requirement relating to the maintenance of a minimum number of 500 jobs set out in paragraph 5 of section 17.4 is deemed to be met, in relation to an eligible digitization contract of a corporation, if the corporation establishes to Investissement Québec’s satisfaction that if it does not meet the requirement it is because of exceptional circumstances beyond its control, such as the departure of employees and the impossibility of immediately filling the positions left vacant.

“17.8. An eligible digitization activity is an activity provided for in a contract entered into by a corporation to allow the digital transformation of traditional functions that were previously carried out outside Québec by another person and includes the following activities:

(1) the operation of an e-business solution, such as the processing of electronic transactions through a transactional website;

(2) the management or operation of computer systems, applications or infrastructures stemming from e-business activities, including

(a) the management of e-business processing centres,

(b) the management of remote operations centres,

(c) the management of networks and systems, including systems monitoring,

(d) the operation of business process outsourcing services related to the operation of an e-business solution (back office), and

(e) the management of business processes associated with the internal operation of an e-business solution (internal back office);

(3) the operation of a customer relations centre, including

(a) the operation of an existing customer relations management service stemming from e-business activities, and

(b) the operation of a first-level administrative or technical assistance service for businesses and customers, related to the use of an e-business solution, such as taking calls or emails, user support in the use of systems, applications and features, monitoring and recording of requests, initial diagnosis and advice to resolve incidents or problems, referral of information concerning such incidents or problems to more specialized persons for resolution, and resetting passwords;

(4) hardware installation;

(5) training activities;

(6) claims processing;

(7) risk monitoring and control; and

(8) product profitability analysis.

“DIVISION III

“EMPLOYEE CERTIFICATE

“17.9. An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

“17.10. An individual may be recognized as an eligible employee of a corporation, if

(1) the individual works full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks, in the course of carrying out one or more eligible digitization contracts;

(2) the individual spends at least 75% of working time performing duties that consist in undertaking or directly supervising eligible digitization activities carried out under one or more eligible digitization contracts; and

(3) the individual is identified in respect of a single eligible digitization contract for the purpose of determining whether the corporation meets the requirements relating to the creation and maintenance of a minimum number of 500 jobs set out in paragraph 5 of section 17.4.

For the purposes of subparagraph 2 of the first paragraph, the following rules apply:

(a) where part of an individual's duties consist in undertaking or directly supervising eligible activities described in section 13.11, that part of the individual's duties is deemed to consist in the carrying out of eligible digitization activities under an eligible digitization contract; and

(b) an individual's administrative tasks may not be considered to be part of duties that consist in undertaking or directly supervising eligible digitization activities.

In this section, "administrative tasks" include tasks relating to operations management, accounting, finance, legal affairs, public relations, communications, contract solicitation, and human and physical resources management.

"17.11. For the purposes of the first paragraph of section 17.10, if an individual is temporarily absent from work for reasons Investissement Québec considers reasonable, the individual is deemed to have continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

"17.12. Investissement Québec may not issue an employee certificate in respect of an individual to a corporation for a taxation year or part of the taxation year, if a certificate in respect of the individual has been issued, for the same year or part of year, under Division III of Chapter XIII."

(2) Subsection 1 has effect from 18 March 2016.

230. (1) Section 6.7 of Schedule E to the Act is amended by inserting the following paragraph after the first paragraph:

"For the purposes of subparagraph 2 of the first paragraph, services rendered by a corporation as a manager of an investment fund that is a trust or a limited partnership are deemed to be services rendered to a client with whom the corporation is dealing at arm's length where, at no time in all or part of the taxation year for which the application for the certificate is filed, more than 10% of the securities held by the investment fund are owned, alone or collectively, by the corporation or by a person or partnership with whom the corporation is not dealing at arm's length, other than the trust or limited partnership, as the case may be."

(2) Subsection 1 has effect from 19 December 2015. In addition, where section 6.7 of Schedule E to the Act applies in respect of all or part of a taxation year that includes that date, subsection 1 applies to that taxation year or to that part of the taxation year and the certificate may be issued only for the period that follows 18 December 2015.

231. (1) Section 9.5 of Schedule H to the Act is amended by replacing subparagraph 3 of the first paragraph by the following subparagraph:

“(3) in the case of a multimedia environment, it must be produced under a contract that concerns the design and production of such an environment to be presented outside Québec and that the corporation entered into with a person with whom the corporation deals at arm’s length;”.

(2) Subsection 1 applies in respect of a production whose first presentation before an audience occurs after 28 March 2017 and for which, if applicable, an application for an advance ruling is filed after that date.

ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

232. (1) Section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is amended by adding the following subparagraph after subparagraph *e* of the seventh paragraph:

“(f) in respect of the wages paid or deemed to be paid by an employer that is an international governmental organization whose head office is situated in Québec, unless the organization consents to pay a contribution in respect of those wages.”

(2) Subsection 1 is declaratory.

233. Section 34.0.1 of the Act is amended by replacing “fifth and sixth paragraphs” in the portion before paragraph *a* by “fifth, sixth and seventh paragraphs”.

234. Section 34.1.4 of the Act is amended by replacing subparagraph 1 of subparagraph iv of paragraph *a* by the following subparagraph:

“(1) section 310 of that Act, to the extent that that section refers to section 931.1 or 961.17.0.1 of that Act,”.

235. (1) Section 34.1.5 of the Act is amended by adding the following paragraphs after paragraph *c*:

“(d) the individual may deduct, in computing the individual’s total income for the year, an amount equal to the particular amount the individual deducts for the year in computing the individual’s taxable income under section 726.42 of the Taxation Act; and

“(e) an individual who, in computing the individual’s total income for a preceding year, deducted an amount under paragraph *d* in respect of a particular amount shall include in that computation for the year an amount equal to the

amount the individual is required to include in computing the individual's taxable income for the year under section 726.43 of the Taxation Act in respect of the particular amount.”

(2) Subsection 1 applies from the year 2016.

236. (1) Section 37.4 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs i to iv by the following subparagraphs:

“i. \$15,570 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$25,230 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$28,585 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$25,230 where, for the year, the individual has an eligible spouse but has no dependent child, and”;

(2) by replacing subparagraphs 1 and 2 of subparagraph v by the following subparagraphs:

“(1) \$28,585 where the individual has one dependent child for the year, or

“(2) \$31,685 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2016.

237. (1) Section 37.17 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by striking out subparagraph i;

(2) by replacing subparagraphs ii and iii by the following subparagraphs:

“ii. if the individual's income for the year does not exceed \$134,095, an amount equal to zero, or

“iii. if the individual's income for the year is greater than \$134,095, an amount equal to the lesser of \$1,000 and 4% of the amount by which that income exceeds \$134,095;”.

(2) Subsection 1 applies from the year 2016.

ACT RESPECTING THE QUÉBEC PENSION PLAN

238. (1) Section 3 of the Act respecting the Québec Pension Plan (chapter R-9) is amended by replacing paragraph *h* by the following paragraph:

“(h) employment in Québec by another government or by an international organization, unless the employment is pensionable under a regulation made under paragraph *e* of section 4 or, in the case of employment in Québec by an international organization, if it is agreed to consider it to be pensionable employment under the terms of an agreement entered into between the Government and that organization;”.

(2) Subsection 1 is declaratory.

239. Section 4 of the Act is amended by replacing paragraph *e* by the following paragraph:

“(e) pursuant to an agreement entered into between Retraite Québec and another government or an international organization, employment in Québec by such government or organization;”.

VOLUNTARY RETIREMENT SAVINGS PLANS ACT

240. (1) Section 45 of the Voluntary Retirement Savings Plans Act (chapter R-17.0.1) is amended by replacing the third paragraph by the following paragraph:

“The obligations described in the second paragraph do not apply with respect to

(1) eligible employees who

(a) have the opportunity to make contributions, through payroll deductions, to a designated registered retirement savings plan or a designated tax-free savings account, within the enterprise of the employer; or

(b) belong to a category of employees who benefit from a registered pension plan within the meaning of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) to which the employer is party; and

(2) an employer that is an international governmental organization whose head office is in Québec.”

(2) Subsection 1 has effect from 1 July 2014.

241. (1) Section 48 of the Act is amended by replacing “subparagraph 1 or 2” in the first paragraph by “subparagraph *a* or *b* of subparagraph 1”.

(2) Subsection 1 has effect from 1 July 2014.

BUSINESS CORPORATIONS ACT

242. (1) Section 495 of the Business Corporations Act (chapter S-31.1) is amended by replacing “Minister of Revenue” by “Minister of Employment and Social Solidarity”.

(2) Subsection 1 has effect from 1 April 2017.

ACT RESPECTING THE QUÉBEC SALES TAX

243. (1) Section 1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended by replacing subparagraphs i and ii of subparagraph *a* of paragraph 2 of the definition of “pension plan” by the following subparagraphs:

“i. solely for the administration of the plan, or

“ii. for the administration of the plan and for no other purpose other than acting as trustee of, or administering, a trust governed by a retirement compensation arrangement, within the meaning of section 1 of the Taxation Act, where the terms of the arrangement provide for benefits only in respect of individuals who are provided with benefits under the plan, and”.

(2) Subsection 1 has effect from 14 December 2012.

244. (1) The Act is amended by inserting the following section after section 15.1:

“**15.2.** For the purposes of this Title, a local authority, other than a local authority referred to in subparagraph *b* of paragraph 2 of the definition of “municipality” in section 1, that files an application with the Minister of National Revenue to be determined to be a municipality under paragraph *b* of the definition of “municipality” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) shall, at that time, file an application with the Minister of Revenue to be determined to be a municipality under subparagraph *a* of paragraph 2 of the definition of “municipality” in section 1.”

(2) Subsection 1 has effect from 1 January 2014.

245. (1) Section 17.0.1 of the Act is amended by replacing “*Hebdo Mag Inc.*” in paragraph 1 by “Société Trader Corporation”.

(2) Subsection 1 has effect from 8 February 2017.

246. (1) Section 55.0.2 of the Act is amended by replacing “*Hebdo Mag Inc.*” in paragraph 1 by “Société Trader Corporation”.

(2) Subsection 1 has effect from 8 February 2017.

247. (1) Section 81 of the Act is amended by striking out “paragraph 2 of section 198” in paragraph 7.

(2) Subsection 1 has effect from 1 April 2013.

248. (1) Section 138.1 of the Act is amended by adding the following paragraph after paragraph 15:

“(16) a service rendered to an individual for the purpose of enhancing or otherwise altering the individual’s physical appearance and not for medical or reconstructive purposes or a right entitling a person to such a service.”

(2) Subsection 1 applies in respect of a supply made after 22 March 2016.

249. (1) Section 176 of the Act is amended

(1) by replacing paragraph 20 by the following paragraph:

“(20) a supply of an insulin infusion pump, insulin syringe, insulin pen or insulin pen needle;”;

(2) by inserting the following paragraph after paragraph 24:

“(24.1) a supply of an intermittent urinary catheter if the catheter is supplied on the written order of a specified professional for use by a consumer named in the order;”.

(2) Paragraph 1 of subsection 1 applies in respect of

(1) a supply made after 22 March 2016; and

(2) a supply made before 23 March 2016 unless, before that day, an amount was charged, collected or remitted as or on account of tax under Title I of the Act in respect of the supply.

(3) Paragraph 2 of subsection 1 applies in respect of a supply made after 22 March 2016.

250. (1) Section 197 of the Act is amended by replacing “paragraphs 1 to 6” in paragraph 8 by “paragraphs 2 to 6”.

(2) Subsection 1 applies in respect of a supply of a freight transportation service made after 31 December 2012.

251. (1) Section 350.50 of the Act is amended by replacing “zero-rated supplies” in subparagraph 3 of the second paragraph by “exempt supplies”.

(2) Subsection 1 has effect from 1 February 2016 or from the date, if before 1 February 2016 but after 1 September 2015, on which an operator or person referred to in section 350.52.1 of the Act activates in an establishment a device referred to in section 350.52 of the Act with regard to that establishment. In addition, where section 350.50 of the Act applies after 31 August 2010 but before 1 February 2016 or before the date, if before 1 February 2016 but after 1 September 2015, on which an operator or person referred to in section 350.52.1 of the Act activates in an establishment a device referred to in section 350.52 of the Act with regard to that establishment, it is to be read as if “zero-rated supplies” in paragraph 6 of the definition of “establishment providing restaurant services” were replaced by “exempt supplies”.

252. (1) The Act is amended by inserting the following section after section 383:

“383.1. A person, other than a person referred to in paragraph 2 of the definition of “municipality” in section 383, that files an application with the Minister of National Revenue to be designated to be a municipality for the purposes of section 259 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) shall, at that time, file an application with the Minister of Revenue to be designated to be a municipality in accordance with paragraph 1 of that definition for the purposes of this subdivision.”

(2) Subsection 1 has effect from 1 January 2014.

253. (1) Section 386 of the Act is amended by replacing the portion before subparagraph 1 of the first paragraph by the following:

“386. Subject to sections 386.2 and 387, a person who, on the last day of a claim period of the person or of the fiscal year of the person that includes that claim period, is resident in Québec and is a selected public service body, a charity or a qualifying non-profit organization is entitled to a rebate for the claim period equal to one of the following percentages, as the case may be, of the non-refundable input tax charged in respect of property or a service, other than a prescribed property or service:”.

(2) Subsection 1 applies in respect of a claim period that begins after 30 June 2016.

254. (1) Section 386.1.1 of the Act is amended by replacing the portion before the formula in the first paragraph by the following:

“386.1.1. Subject to sections 386.2, 386.3 and 387, a person that, on the last day of the person’s claim period or of the person’s fiscal year that includes that period, is resident in Québec and is designated to be a municipality for the purposes of this subdivision in respect of activities specified in the designation (in this section referred to as “specified activities”) is entitled to a rebate in respect of property or a service, other than a prescribed property or service, equal to the total of all amounts each of which is an amount determined by the formula”.

(2) Subsection 1 applies in respect of a claim period that begins after 30 June 2016.

255. (1) Section 388.2 of the Act is amended by replacing the first paragraph by the following paragraph:

“Ville de Montréal, in respect of a year that begins after 1996 and ends before 2017, Ville de Québec, in respect of a year that begins after 1996, and Ville de Laval, in respect of a year that begins after 2000, are entitled, in addition to the rebate provided for in section 386, to compensation paid by the Minister before 30 June each year.”

(2) Subsection 1 has effect from 1 January 2017.

256. (1) Section 457.2 of the Act is amended by replacing subparagraph 2 of the third paragraph by the following subparagraph:

“(2) in relation to the operation of a tourist accommodation establishment that is a tourist home or bed and breakfast establishment, within the meaning of the regulations made under the Act respecting tourist accommodation establishments (chapter E-14.2) where the registrant holds a classification certificate of the appropriate class issued under that Act.”

(2) Subsection 1 has effect from 15 April 2016.

ACT TO GIVE EFFECT TO THE BUDGET SPEECH DELIVERED ON 4 JUNE 2014 AND TO VARIOUS OTHER FISCAL MEASURES

257. (1) Section 533 of the Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures (2015, chapter 21) is amended by striking out subparagraph *b* of paragraph 2 and paragraph 3 of subsection 4.

(2) Subsection 1 has effect from 21 October 2015.

ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON 17 MARCH 2016

258. (1) Section 358 of the Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 (2017, chapter 1) is amended by replacing subsection 3 by the following subsection:

“(3) In addition, where subparagraph *a* or *b* of the second paragraph of section 1079.8.10 of the Act applies before 8 February 2017, a taxpayer is deemed to have filed the information return within the time limit provided for in that subparagraph if the taxpayer files the return on or before 9 April 2017.”

(2) Subsection 1 has effect from 8 February 2017.

REGULATION RESPECTING THE TAXATION ACT

259. (1) Section 1029.8.61.19R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is replaced by the following section:

“1029.8.61.19R1. The rules to which section 1029.8.61.19 of the Act refers for the purpose of determining if a child has an impairment or a mental function disability that substantially limits the child in performing the life habits of a child of his or her age during a foreseeable period of at least one year are those set out in sections 1029.8.61.19R2 to 1029.8.61.19R6.

For the purposes of the first paragraph, life habits are the life habits that a child should perform, for the child’s age, to take care of himself or herself and participate in social life and that consist of nutrition, personal care, mobility, communication, interpersonal relationships, responsibilities and education.”

(2) Subsection 1 applies in respect of an application filed with Retraite Québec after 22 June 2016 and in respect of an application filed with Retraite Québec before 23 June 2016 for which no decision has been rendered before that date.

260. (1) Section 1029.8.61.19R2 of the Regulation is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

“A child whose condition during a foreseeable period of at least one year corresponds to any of the cases specified in Schedule A is presumed to be handicapped within the meaning of section 1029.8.61.19R1.

In all other cases, the extent of the child’s limitations in performing the life habits of a child of his or her age is to be assessed on the basis of the outcome, for the child’s life habits in his or her various living environments, of the interaction between the following criteria:

(a) the disabilities resulting from the impairment or the mental function disability; and

(b) the environmental factors as facilitators of, or barriers to, the performance of life habits.”;

(2) by striking out the third, fourth and fifth paragraphs.

(2) Paragraph 1 of subsection 1, where it replaces the first paragraph of section 1029.8.61.19R2 of the Regulation, applies in respect of an application filed with Retraite Québec after 23 September 2016 and in respect of an application filed with Retraite Québec before 24 September 2016 for which no decision has been rendered before that date.

(3) Paragraph 1 of subsection 1, where it replaces the second paragraph of section 1029.8.61.19R2 of the Regulation, and paragraph 2 of subsection 1 apply in respect of an application filed with Retraite Québec after 22 June 2016 and in respect of an application filed with Retraite Québec before 23 June 2016 for which no decision has been rendered before that date.

261. (1) Sections 1029.8.61.19R3 to 1029.8.61.19R5 of the Regulation are replaced by the following sections:

“1029.8.61.19R3. A child whose condition corresponds to a case mentioned in Schedule A is not presumed to be handicapped within the meaning of section 1029.8.61.19R1 if the child is covered by an exclusion prescribed in that Schedule for that case or if the assessment parameters prescribed in that Schedule in relation to that case are not complied with.

“1029.8.61.19R4. An impairment is manifested by a persistent histological, anatomical or metabolic alteration of any of the organ systems or by the persistent alteration of the corresponding physiological function.

The alteration must be confirmed by objective signs through a physical examination, biological tests or medical imaging or, for the visual system or the hearing system, a recognized measurement of visual acuity or hearing. The results must be attested to by a member of a professional order.

“1029.8.61.19R5. A mental function disability is manifested by clinically significant and persistent disturbances in a child’s cognition, language, behaviour and emotional regulation that hinder or delay the integration of experiences and learning or compromise the child’s adaptation.

The disability must be assessed by a member of a professional order according to the practice guides and guidelines established by the professional order to which the member belongs.

The assessment report must include, among other things, an anamnesis, an analysis of the results of the normalized tests, the observations obtained from significant persons on the child’s functioning in his or her various living environments and a description of the child’s abilities and disabilities in connection with the diagnosed disability.

Where a normalized test is used, the derived score must be expressed in percentiles, standard deviations or quotients and the confidence interval must be stated in the professional’s report.

A normalized test is a test where the raw score is converted into a relative measure that allows the child’s profile to be ranked in relation to a normative group.

If the profile of the child assessed does not directly correspond to the normative group of reference for the tests used due to language or culture, the professional's report must include a qualitative analysis describing the child's abilities and disabilities to allow the corroboration of the scores obtained on the tests."

(2) Subsection 1, where it replaces section 1029.8.61.19R3 of the Regulation, applies in respect of an application filed with Retraite Québec after 23 September 2016 and in respect of an application filed with Retraite Québec before 24 September 2016 for which no decision has been rendered before that date.

(3) Subsection 1, where it replaces sections 1029.8.61.19R4 and 1029.8.61.19R5 of the Regulation, applies in respect of an application filed with Retraite Québec after 22 June 2016 and in respect of an application filed with Retraite Québec before 23 June 2016 for which no decision has been rendered before that date.

262. (1) Section 1029.8.61.19R6 of the Regulation is amended

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

"Impairments and mental function disabilities are not presumed to substantially limit the performance of life habits of a child before the beginning of diagnostic intervention, or if they affect a function that is not yet developed in a healthy child.";

(2) by inserting the following paragraph after the first paragraph:

"If a child's state of health can be improved by a therapeutic intervention, recognized by the scientific community, the extent of the child's limitations in performing the life habits of a child of his or her age is assessed once the treatment is implemented."

(2) Subsection 1 applies in respect of an application filed with Retraite Québec after 22 June 2016 and in respect of an application filed with Retraite Québec before 23 June 2016 for which no decision has been rendered before that date.

263. (1) The Regulation is amended by inserting the following sections after section 1029.8.61.19R6:

"1029.8.61.19.1R1. The rules to which the first paragraph of section 1029.8.61.19.1 of the Act refers for the purpose of determining if a child is in either of the situations described in subparagraphs *a* and *b* of that paragraph are the rules prescribed in sections 1029.8.61.19.1R2 to 1029.8.61.19.1R5.

“1029.8.61.19.1R2. Sections 1029.8.61.19R4 to 1029.8.61.19R6 apply, with the necessary modifications, for determining if a child has an impairment or a designated mental function disability entailing serious and multiple disabilities that prevent the child from independently performing the life habits of a child of his or her age.

For that purpose, a designated mental function disability means a mental function disability that is characterized by a severe or profound intellectual disability or by an autism spectrum disorder associated with an intellectual disability and a severe behavioural disorder.

“1029.8.61.19.1R3. A child who has an impairment or a designated mental function disability entailing serious and multiple disabilities is considered to have disabilities preventing him or her from independently performing the life habits of a child of his or her age only if the outcome of the interaction between the child’s disabilities and the environmental factors as facilitators of, and barriers to, the performance of the child’s life habits in the child’s various living environments causes,

(a) if the child is less than four years of age, an absolute limitation in performing the life habits that are nutrition, mobility and communication; and

(b) if the child is four years of age or over,

i. an absolute limitation in performing five life habits and a serious or absolute limitation in performing at least one other life habit, or

ii. an absolute limitation in performing four life habits, including mobility, and a serious or absolute limitation in performing at least two other life habits.

“1029.8.61.19.1R4. A child whose state of health requires specified complex medical care at home is considered to be limited in performing the life habits of a child of his or her age only if the child has

(a) an absolute limitation in performing a life habit, other than that relating to interpersonal relationships; or

(b) a serious limitation in performing two life habits, other than that relating to interpersonal relationships.

“1029.8.61.19.1R5. For the purposes of sections 1029.8.61.19.1R3 and 1029.8.61.19.1R4,

(a) the life habits that may be taken into consideration are those prescribed in the second paragraph of section 1029.8.61.19R1; and

(b) a limitation in performing a life habit is

i. absolute, where the child absolutely cannot independently perform the life habit according to his or her age, despite the existence of environmental factors that are facilitators, or

ii. serious, where the child always or almost always has a serious difficulty in independently performing that life habit according to his or her age, despite the existence of environmental factors that are facilitators.”

(2) Subsection 1 has effect from 1 April 2016.

264. (1) Schedule A to the Regulation is amended

(1) by replacing all occurrences of “Assessment methods” in Part 1 by “Assessment parameters”;

(2) by replacing Part 2 by the following Part:

“2. MENTAL FUNCTION DISABILITIES

2.1 Global developmental delay

Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 if the child is at least two years of age and less than six years of age and meets at least two of the following criteria:

(a) the child’s full scale intelligence quotient or the scale scores assessing the child’s level of cognitive development are in the 2nd percentile or below, for a confidence interval of 95%;

(b) the global scores on a test assessing the child’s global and fine motor skills are in the 2nd percentile or below; and

(c) the scores on a receptive vocabulary test normalized for the child’s population group are in the 2nd percentile or below.

Assessment parameters

The assessments must be conducted by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is at least two years of age and less than six years of age.

The professional’s assessment report must contain a description of the child’s abilities and disabilities and the professional’s observations and enable Retraite Québec to rule on the validity of the scores obtained.

Exclusion

A child who has not been exposed on a sustained basis, for a period of at least two years, to the language used in the assessment tests is not presumed to be handicapped due to a global developmental delay. In that respect, a child will be considered to be exposed on a sustained basis to the language used in a test if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

2.2 Intellectual disability

Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

(a) the child is six years of age or over and has a full scale intellectual quotient of 50 or less, for a confidence interval of 95%; or

(b) the child is six years of age or over and meets the following criteria:

- the child's full scale intellectual quotient is in the 2nd percentile or below, for a confidence interval of 95%;

- the assessment of the child's adaptive behaviours shows that the score on one of the three components assessed among the conceptual, social and practical components, or the overall score of those three components, is in the 2nd percentile or below, for a confidence interval of 95%, in at least two of the child's living environments.

Assessment parameters

The assessments must be conducted by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is six years of age or over.

The professional's assessment report must contain a description of the child's abilities and disabilities and the professional's observations and enable Retraite Québec to rule on the validity of the scores obtained.

Exclusion

A child who has not been exposed on a sustained basis, for a period of at least two years, to the language used in the assessment tests is not presumed to be handicapped due to an intellectual disability. In that respect, a child will be considered to be exposed on a sustained basis to the language used in a test if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

2.3 Autism spectrum disorder

Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

(a) the child is two years of age or over, has been diagnosed with an autism spectrum disorder and presents at least four of the following characteristics:

- the child does not use communicative gestures;
- the child does not show interest in other persons;
- the child does not respond to social smiles, even with people the child knows;
- the child does not have fun with others, even with people the child knows;
- the child does not share interests with other persons by showing or bringing objects;
- the child does not pay attention to an object that is pointed to by another person;
- the child does not respond verbally or non-verbally to verbal messages;
- the child does not imitate other people's behaviours;
- the child does not engage in functional play;

(b) the child is three years of age or over, has been diagnosed with an autism spectrum disorder and does not speak;

(c) the child is at least three years of age and less than six years of age, has been diagnosed with an autism spectrum disorder and meets at least two of the following criteria:

- the child's full scale intellectual quotient or the scale scores assessing the child's level of cognitive development have a standard deviation of 1.5 or more below average;
- the global scores at a test assessing the child's global and fine motor skills have a standard deviation of 1.5 or more below average;
- the scores of all the tests administered and assessing the receptive language have a standard deviation of 1.5 or more below average;

(d) the child is five years of age or over, has been diagnosed with an autism spectrum disorder and the child's full scale intellectual quotient is in the 5th percentile or below, for a confidence interval of 95%; or

(e) the child is four years of age or over, has been diagnosed with an autism spectrum disorder and, despite the application of therapeutic measures recommended by members of a professional order, the child

- throws temper tantrums in his or her various living environments, and the frequency, duration and intensity of the tantrums are high and significantly exceed the norm for the child's stage of development; or

- exhibits physically aggressive behaviours against himself or herself, or others, in his or her various living environments, the frequency and intensity of which are high and significantly exceed the norm for the child's stage of development.

Assessment parameters

The assessment leading to the diagnosis of autism spectrum disorder must be conducted when the child is two years of age or over. The disorder must be confirmed by an assessment report made by a member of a professional order.

The professional's assessment report must contain a description of the child's abilities and disabilities and the professional's observations and enable Retraite Québec to rule on the validity of the scores obtained, if applicable.

For the purposes of the analysis of a case prescribed in paragraph *a*, information on social communication and interactions must be corroborated by more than one source, in particular by the observations of the parents and childcare workers or school workers that are recorded in the professionals' assessment reports and by the observations made by those professionals during their interactions with the child.

For the purposes of the analysis of a case prescribed in paragraph *c*, the assessments must be made by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is at least three years of age and less than six years of age, and the professional's assessment report must enable Retraite Québec to rule on the validity of the scores obtained.

For the purposes of the analysis of a case prescribed in paragraph *d*, the assessment must be made by a member of a professional order, through recognized normalized tests and in accordance with the applicable standards of practice, when the child is five years of age or over, and the professional's assessment report must enable Retraite Québec to rule on the validity of the scores obtained.

For the purposes of the analysis of a case prescribed in paragraph *e*, information on the nature, intensity, duration and frequency of the disruptive behaviours must be corroborated by more than one source, in particular by the observations of the parents and childcare workers or school workers that are recorded in the professionals' assessment reports and progress notes and by intervention plans at a childcare establishment, school or rehabilitation centre.

Exclusion

In the cases prescribed in paragraphs *c* and *d*, a child who has not been exposed on a sustained basis, for a period of at least two years, to the language used in the assessment tests is not presumed to be handicapped due to an autism spectrum disorder. In that respect, a child will be considered to be exposed on a sustained basis to the language used in a test if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

2.4 Language disorders

Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1 in the following cases:

(*a*) the child is two years of age or over and does not have at least four of the following prelinguistic skills:

- joint attention;
- motor imitation;
- oral imitation;
- use of communicative gestures;
- taking turns in communication;

(*b*) the child is three years of age or over and, in various contexts, expresses himself or herself by using isolated words, and it has been shown that the child does not understand the simple questions “who?”, “what?” and “where?” in relation to familiar objects or persons present in the immediate environment;

(*c*) the child is three years of age or over and has a persistent inability to pronounce words having two different syllables;

(*d*) the child is at least four years of age and less than six years of age, the scores obtained on formal assessment tests are corroborated by a qualitative analysis of the child's daily language skills and

- with respect to receptive language, the child obtains scores that are equal to or below the 5th percentile on at least three tests normalized for the child's population group and obtains no scores above the 5th percentile on any other test; or

- with respect to expressive language, at least two of the following language components are impaired:

- regarding vocabulary, the child obtains scores that are equal to or below the 5th percentile on at least one test normalized for the child's population group;

- regarding production of sounds, the child persistently and frequently makes a wide range of mistakes that are unusual for his or her age, making the child's speech unintelligible most of the time;

- regarding sentence structure, the child's statements are agrammatical and do not contain more than three or four words;

(e) the child is six years of age or over, the scores obtained on formal assessment tests are corroborated by a qualitative analysis of the child's daily language skills and

- with respect to receptive language, the child obtains scores that are equal to or below the 5th percentile on at least three tests normalized for the child's population group and obtains no scores above the 5th percentile on any other test; or

- with respect to expressive language, at least two of the following language components are impaired:

- regarding vocabulary, the child obtains scores that are equal to or below the 5th percentile on at least one test normalized for the child's population group;

- regarding production of sounds, the child persistently and frequently makes a wide range of mistakes that are unusual for his or her age, making the child's speech unintelligible most of the time;

- regarding sentence structure, the child uses simple syntactic structures, mostly without grammatical markers, and cannot use complex syntactic structures;

(f) the child is at least 9 years of age and less than 15 years of age and the child's oral or written language disorder delays his or her acquisition of reading and mathematics skills, with the result that they are below those of a child two-thirds his or her age;

(g) the child is at least 15 years of age and the child's oral or written language disorder delays his or her acquisition of reading and mathematics skills, which are no longer progressing beyond the second cycle of elementary education despite continuous schooling.

Assessment parameters

The language disorder must be assessed by a speech-language pathologist in accordance with the applicable standards of practice.

A speech-language pathology report for a particular case must describe the child's language skills for a period that may not precede the time the child reaches the minimum age prescribed for that case. The report must also describe interpreted data of the assessment of communication, speech and all the components of receptive and expressive language. The analysis is corroborated by more than one document, in particular by intervention plans at a childcare establishment, school or rehabilitation centre.

In the cases prescribed in paragraphs *d* and *e*, the three formal tests referred to respecting receptive language must demonstrate different aspects of comprehension. In that respect, a subtest that allows demonstrating a specific aspect of comprehension may count as a test.

In the case of children exposed to more than one language, the attending speech-language pathologist interprets the child's language data by taking explicit account of the multilingualism context, and the following information must be on file:

- the mother tongue or tongues, the language or languages commonly used and the dominant language or languages;
- the age of exposure, and the duration and percentage of exposure, to each of the languages.

Exclusion

A child who is assessed only in a language he or she is learning is not presumed to be handicapped due to language disorders, unless the child has been exposed on a sustained basis to that language for a period of at least two years. In that respect, a child will be considered to be exposed on a sustained basis to the language he or she is learning if, for at least 40% of the child's waking hours, the child interacts with a person who is proficient in that language.

2.5 Severe behavioural disorders

Presumed cases of serious handicap

A child is presumed to be handicapped within the meaning of section 1029.8.61.19R1, if the following criteria are met:

(a) the child is four years of age or over and exhibits at least two of the following behaviours:

- physical aggression against himself or herself or against other persons;
- defiance of authority that results in an obstinate refusal to follow instructions and comply with the rules in effect in the child’s environment;
- temper tantrums that significantly exceed the norm for the child’s stage of development;
- deliberate destruction of material objects;

(b) despite the application of therapeutic measures recommended by members of a professional order, the behaviours exhibited present all the following characteristics:

- high level of intensity;
- high frequency;
- consistency, that is, the behaviours exist in the child’s various living environments.

Assessment parameters

A behavioural disorder must be confirmed by an assessment report made by a member of a professional order. The professional’s assessment report must contain a description of the nature and severity of the disorder and of its academic, family and social consequences, a description of the child’s abilities and disabilities and the professional’s observations.

Exclusion

A child who has an attention deficit disorder with or without hyperactivity the symptomatology of which is controlled with medication is not presumed to be handicapped due to severe behavioural disorders.”

(2) Subsection 1 applies to a decision rendered by Retraite Québec after 31 December 2016.

REGULATION RESPECTING PENSIONABLE EMPLOYMENT

265. Section 21 of the Regulation respecting pensionable employment (chapter R-9, r. 6) is amended by replacing paragraph *a* by the following paragraph:

“(a) employment described in paragraph *h* of section 3 of the Act, in section 5 and in the first paragraph of section 8, where the employer has not signed any agreement or arrangement, as the case may be;”.

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

