

NATIONAL ASSEMBLY

FIRST SESSION FORTY-FIRST LEGISLATURE

Bill 69

An Act to give effect to fiscal measures announced mainly in the Budget Speech delivered on 26 March 2015

Introduction

Introduced by
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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 26 March 2015 and in various Information Bulletins published in 2014 and 2015.

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

(1) enhancement of the tax credit for experienced workers;

(2) establishment of a fiscal shield;

(3) increase in the age of eligibility for the tax credit with respect to age;

(4) revision of the operating terms of the solidarity tax credit;

(5) increase in the rates of the tax credit for on-the-job training periods and of tax credits in the cultural field;

(6) two-year extension of the tax credit for the integration of information technologies in manufacturing SMEs and its extension to the primary sector;

(7) standardization of the rate of tax credits for scientific research and experimental development and introduction of an excluded expense amount for the purpose of computing those tax credits;

(8) revision of the refundable tax credit for the development of e-business and introduction of a non-refundable tax credit; and

(9) increase in the eligible amount of gifts of food products by a farming business.

The Act respecting the sectoral parameters of certain fiscal measures is amended to modify the conditions for issuing various documents necessary to obtain refundable tax credits intended for new financial services corporations so that tax assistance granted through those tax credits is given to corporations carrying on activities that are truly new.

The Act respecting the Régie de l'assurance maladie du Québec is amended to provide for the gradual elimination of the health contribution starting 1 January 2017.

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 2013 and 2014. The bill gives effect mainly to harmonization measures announced in various Information Bulletins published in 2013 and 2014 and in the Budget Speech delivered on 4 June 2014. More specifically, the amendments deal with

(1) rules pertaining to trusts not resident in Canada;

(2) tax treatment of awards paid under the Offshore Tax Informant Program;

(3) restricted farm losses; and

(4) pooled registered pension plans.

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);

– Taxation Act (chapter I-3);

– Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);

– Act respecting the legal publicity of enterprises (chapter P-44.1);

– Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);

– Educational Childcare Act (chapter S-4.1.1);

– Act respecting the Québec sales tax (chapter T-0.1);

– Fuel Tax Act (chapter T-1);

– Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government's 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5);

– Act to amend the Act respecting the Québec sales tax and other legislative provisions (2012, chapter 28);

– Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures (2015, chapter 21).

Bill 69

AN ACT TO GIVE EFFECT TO FISCAL MEASURES ANNOUNCED MAINLY IN THE BUDGET SPEECH DELIVERED ON 26 MARCH 2015

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

TAX ADMINISTRATION ACT

1. (1) Section 12.0.2 of the Tax Administration Act (chapter A-6.002), amended by section 2 of chapter 24 of the statutes of 2015, is again amended by inserting "an assessment relating to an additional contribution payable under section 88.2 of the Educational Childcare Act (chapter S-4.1.1)," after "(chapter R-5)," in the portion of the first paragraph before subparagraph *a*.

(2) Subsection 1 has effect from 21 April 2015.

2. (1) Section 36.0.1 of the Act is amended

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

"**36.0.1.** Section 36 does not apply in respect of the time limit for filing the prescribed form containing prescribed information provided for in sections 230.0.0.4.1, 1029.6.0.1.2 and 1029.8.0.0.1 of the Taxation Act (chapter I-3).";

(2) by striking out the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

3. (1) Section 36.1 of the Act is amended by striking out "to the extent that the time limit has not been extended in accordance with the second paragraph of section 1029.6.0.1.2 of the Taxation Act or the second paragraph of section 36.0.1" in the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

4. (1) Section 93.1.1 of the Act is amended by inserting ", an assessment relating to an additional contribution payable under section 88.2 of the Educational Childcare Act (chapter S-4.1.1)," after "(chapter R-9)" in the second paragraph.

(2) Subsection 1 has effect from 21 April 2015.

5. (1) Section 93.2 of the Act is amended by inserting the following paragraph after paragraph *m*:

"(*m*.1) an assessment relating to an additional contribution payable under section 88.2 of the Educational Childcare Act (chapter S-4.1.1);".

(2) Subsection 1 has effect from 21 April 2015.

TAXATION ACT

6. (1) Section 21.20.9 of the Taxation Act (chapter I-3), amended by section 98 of chapter 21 of the statutes of 2015, is again amended

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

"**21.20.9.** In sections 21.20.7 and 21.20.8, "specified entity" means any of the following entities:";

(2) by striking out the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

7. (1) Section 87 of the Act, amended by section 111 of chapter 21 of the statutes of 2015 and section 25 of chapter 24 of the statutes of 2015, is again amended

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

"(*l*) any amount required by Title X to be included in computing the taxpayer's income for the year;";

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

"ii. except as provided by any provision of Title III.3 or III.4 of Book V or of Chapter III.1 of Title III of Book IX, does not reduce, for the purposes of this Part, the cost or capital cost of the property or the amount of the outlay or expense, as the case may be,".

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 31 December 2006.

(3) Paragraph 2 of subsection 1 has effect from 27 March 2015.

8. (1) Section 96.2 of the Act is replaced by the following section:

"**96.2.** For the purpose of determining whether property meets the prescribed criteria in respect of prescribed energy conservation property, the Technical Guide to Class 43.1 and 43.2, as amended from time to time and published by the Department of Natural Resources of Canada, applies conclusively, with the necessary modifications, with respect to engineering and scientific matters."

(2) Subsection 1 has effect from 12 December 2014.

9. (1) Section 175.8 of the Act is amended by replacing paragraph *c* by the following paragraph:

"(*c*) the disposition is not a disposition that is deemed to have occurred under any of sections 436, 440, 444, 450, 450.6 and 653, Chapter I of Title I.1 of Book VI, paragraph *a* or *c* of section 785.5, or section 832.1 or 999.1;".

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 1998.

10. (1) Sections 205 and 206 of the Act are replaced by the following sections:

"**205.** Where a taxpayer's chief source of income for a taxation year is neither farming nor a combination of farming and some other source of income that is a subordinate source of income for the taxpayer, the loss from all farming businesses carried on by the taxpayer is deemed to be the aggregate of

(*a*) the lesser of the following amounts:

i. the amount by which the aggregate of the taxpayer's losses, determined without reference to this division and before any deduction under sections 222 to 230, from all farming businesses carried on by the taxpayer during the year exceeds the aggregate of the taxpayer's incomes, so determined, of the same nature for the same year, and

ii. $2,500 plus the lesser of $15,000 and one-half of the amount by which the amount determined under subparagraph i exceeds $2,500; and

(*b*) the amount by which the amount that would be computed under subparagraph i of paragraph *a*, if subparagraph i were read without reference to "and before any deduction under sections 222 to 230", exceeds the amount computed under that subparagraph.

"**206.** Section 205 does not apply to a taxpayer for a taxation year if the taxpayer's chief source of income for the year is a combination of farming and

manufacturing or processing in Canada of goods for sale and all or substantially all output from all farming businesses carried on by the taxpayer is used in the manufacturing or processing."

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013.

11. (1) Section 230.0.0.4.1 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

"(*a*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, favourable advance ruling, qualification certificate, rate schedule, receipt or report within the time limit provided for in the first paragraph of section 1029.6.0.1.2 that applies to the taxpayer for the taxation year, so as to be deemed to have paid an amount to the Minister for the year in respect of the expenditure under any of Divisions II.5.1 to II.6.15 of Chapter III.1 of Title III of Book IX; and".

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

12. (1) Section 238 of the Act, amended by section 146 of chapter 21 of the statutes of 2015, is again amended by replacing paragraph *a* by the following paragraph:

"(*a*) a disposition deemed to have occurred under section 242, as it read before 1 January 1993, any of sections 281, 283, 299 to 300, 436, 440, 444, 450, 450.6 and 653, Chapter I of Title I.1 of Book VI, paragraph *a* or *c* of section 785.5 or any of sections 832.1, 851.22.15, 851.22.23 to 851.22.31, 861, 862 and 999.1;".

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 1998. However, where section 238 of the Act applies to a taxation year that begins before 1 October 2006, it is to be read as if "or any of sections 832.1, 851.22.15, 851.22.23 to 851.22.31," in paragraph *a* were replaced by ", section 832.1 or 851.22.15, paragraph *b* of section 851.22.23, or any of sections".

13. (1) Section 255 of the Act, amended by section 52 of chapter 24 of the statutes of 2015, is again amended

(1) by replacing "in any of paragraphs *a*, *b* and *g* to *j*" in paragraph *c*.6 by "in any of paragraphs *a*, *b*, *e* and *g* to *j*";

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

"(*g*) where the property is a share of the capital stock of a foreign affiliate of the taxpayer, any amount required by Chapter IV of Title X to be added;";

(3) by replacing "section 231.2" in subparagraph 1 of subparagraph i of paragraph *i* by "sections 231.2 and 231.2.1";

(4) by replacing paragraph *j* by the following paragraph:

"(*j*) where the property is a capital interest in a trust, any amount that is included under section 580 or 582 in computing the taxpayer's income for a taxation year that ends at or before the particular time, in respect of that interest, or that would have been so required to have been included for such a taxation year but for sections 316.1, 456 to 458, 462.1 to 462.24.1 and 466 to 467.1;".

(2) Paragraph 1 of subsection 1 applies in respect of a disposition that occurs after 31 December 2001.

(3) Paragraph 2 of subsection 1 has effect from 21 December 2002.

(4) Paragraph 3 of subsection 1 applies in respect of a gift made after 25 February 2008.

(5) Paragraph 4 of subsection 1 applies to a taxation year that ends after 31 December 2006. However, for the purpose of computing the adjusted cost base to a taxpayer of a capital interest in a trust that is disposed of on or before 27 August 2010, paragraph *j* of section 255 of the Act is to be read as follows:

"(*j*) where the property is a capital interest in a trust, any amount that is required by section 580 or 582 to be included in computing the taxpayer's income for a taxation year that ends before the particular time, in respect of that interest, or that would have been so required by that section to have been included but for sections 316.1, 456 to 458, 462.1 to 462.24.1 and 466 to 467.1;".

(6) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 29 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to paragraph 2 of subsection 1 and subsection 3. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(7) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 6. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

14. (1) Section 257 of the Act, amended by section 148 of chapter 21 of the statutes of 2015 and section 54 of chapter 24 of the statutes of 2015, is again amended by replacing paragraph *p* by the following paragraph:

"(*p*) where the property is a capital interest in a trust, any amount that is deducted under section 581 or 583 in computing the taxpayer's income for a taxation year that ends at or before the particular time, in respect of the interest, or that could have been so deducted for such a taxation year but for sections 316.1, 456 to 458, 462.1 to 462.24.1 and 466 to 467.1;".

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006.

15. (1) Section 301 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(*a*) except for the purposes of sections 157.6, 280.10 and 280.11 and paragraph *o* of section 594, the exchange is deemed not to be a disposition of property;".

(2) Subsection 1 applies to a taxation year of a taxpayer that begins after 31 December 1999. However, where section 301 of the Act applies to a taxation year that ends before 1 January 2007, it is to be read as if subparagraph *a* of the first paragraph were replaced by the following subparagraph:

"(*a*) except for the purposes of sections 157.6, 280.10 and 280.11, the exchange is deemed not to be a disposition of property;".

16. (1) The Act is amended by inserting the following section after section 313.13, enacted by section 158 of chapter 21 of the statutes of 2015:

"**313.14.** A taxpayer shall also include any amount received in the year under a contract, to provide information to the Canada Revenue Agency, entered into by the taxpayer under a program administered by the Canada Revenue Agency to obtain information relating to tax non-compliance."

(2) Subsection 1 has effect from 19 June 2014.

17. (1) Section 336 of the Act, amended by section 166 of chapter 21 of the statutes of 2015, is again amended by inserting the following paragraph after paragraph *d*.3.0.1:

"(*d*.3.0.2) the aggregate of all amounts each of which is an amount paid in the year as a repayment of an amount that was included, because of section 313.14, in computing the taxpayer's income for the year or a preceding taxation year;".

(2) Subsection 1 has effect from 19 June 2014.

18. (1) Section 399.7 of the Act is amended by replacing the second paragraph by the following paragraph:

"For the purpose of determining whether an outlay or expense in respect of a prescribed energy conservation property meets the prescribed criteria in respect of Canadian renewable and conservation expenses, the Technical Guide to Canadian Renewable and Conservation Expenses, as amended from time to time and published by the Department of Natural Resources of Canada, applies conclusively with respect to engineering and scientific matters."

(2) Subsection 1 has effect from 21 December 2012.

19. (1) Section 467 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**467.** The income, loss, taxable capital gain or allowable capital loss attributable to property held by a trust created since 1934 that is resident in Canada is deemed, if the property or property for which it was substituted has been directly or indirectly received from a person (in this section referred to as the "transferor"), to be that of the transferor throughout the existence of the transferor as long as the transferor is resident in Canada and if either property meets any of the following conditions:".

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013. However, where section 467 of the Act has effect before (*insert the date of assent to this Act*), the portion of that section before paragraph *a* is to be read as follows:

"**467.** The income, loss, taxable capital gain or allowable capital loss from property transferred by a person (in this section referred to as the "transferor") or substituted for such property is deemed to be that of the transferor during the existence of the transferor while the transferor is resident in Canada if the property or property for which it was substituted has been transferred to a trust created since 1934, if the trust is resident in Canada and if either property meets any of the following conditions:".

20. (1) Section 467.1 of the Act, amended by section 173 of chapter 21 of the statutes of 2015, is again amended by striking out paragraph *c*.

(2) Subsection 1 applies to a taxation year that ends after 20 March 2013. In addition, where section 467.1 of the Act

(1) applies to a taxation year that ends after 4 March 2010 and before 21 March 2013, it is to be read as if the following paragraph were inserted after paragraph *c*.1:

"(*c*.2) by a trust if the person from whom the trust acquired the property is, in respect of the trust, an electing contributor within the meaning of the first paragraph of section 593; or"; or

(2) applies to a taxation year that ends after 31 December 2006 and before 21 March 2013, it is to be read as if the following paragraph were inserted after paragraph *c*.2, enacted by paragraph 1:

"(*c*.3) by a trust that is not resident in Canada, but would be resident in Canada for the purpose of computing its income for the year if the definition of "resident contributor" in the first paragraph of section 593 were read without reference to its paragraph *a*; or".

21. (1) Section 560 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

"(*b*) the amount by which the fair market value of the particular capital property, at the time the parent last acquired control of the subsidiary, exceeds the aggregate of

i. the greater of the cost amount to the subsidiary of the capital property at the time the parent last acquired control of the subsidiary and the cost amount to the subsidiary of the capital property immediately before the winding-up, and

ii. the amount prescribed for the purposes of C in the formula in subparagraph ii of paragraph *d* of subsection 1 of section 88 of the Income Tax Act."

(2) Subject to subsections 3 and 4, subsection 1 applies in respect of an amalgamation that occurs after 27 February 2004 or a winding-up that begins after that date. However, where section 560 of the Act applies in respect of an amalgamation that occurs before 21 December 2012 or a winding-up that begins before that date or an amalgamation or winding-up described in subsection 3, subparagraphs i and ii of subparagraph *b* of the first paragraph of that section 560 are to be read as follows:

"i. the cost amount to the subsidiary of the capital property immediately before the winding-up, and

"ii. the amount prescribed for the purposes of clause B of subparagraph ii of paragraph *d* of subsection 1 of section 88 of the Income Tax Act."

(3) An amalgamation or winding-up to which subsection 2 refers is an amalgamation of a taxable Canadian corporation (in this subsection and subsection 4 referred to as the "parent") that acquired control of another taxable

Canadian corporation (in this subsection and subsection 4 referred to as the "subsidiary") with the subsidiary that occurs after 20 December 2012 and before 1 July 2013 or a winding-up of the subsidiary into the parent that begins after 20 December 2012 and before 1 July 2013 if

(1) the parent acquired control of the subsidiary before 21 December 2012 or was obligated, as evidenced in writing, before that date, to acquire control of the subsidiary; and

(2) the parent had the intention, as evidenced in writing, before 21 December 2012, to amalgamate with, or wind up, the subsidiary.

(4) For the purposes of paragraph 1 of subsection 3, the parent is not considered to be obligated to acquire control of the subsidiary if, as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the parent may be excused from that obligation.

(5) Despite sections 1010 to 1011 of the Taxation Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 30 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2 in respect of the election. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(6) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 5. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

22. (1) The Act is amended by inserting the following section after section 560.2:

"**560.2.1.** If a corporation amends, in accordance with paragraph *c* of subsection 1.8 of section 88 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), a designated amount (in this section referred to as the "initial designation") referred to in subparagraph i of subparagraph *a* of the first paragraph of section 560 in respect of a share of the capital stock of a foreign affiliate of the corporation, or an interest in a partnership that, in accordance with paragraph *c* of section 600, owns a share of the capital stock of a foreign affiliate of the corporation, and subsection 1.9 of that section 88 applies in respect of the initial designation, the amended designation is deemed to have been made on the day on which the initial designation was made and the initial designation is deemed not to have been made."

(2) Subsection 1 has effect from 19 December 2009.

(3) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 30 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2 in respect of that election. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(4) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 3. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

23. (1) The Act is amended by inserting the following section after section 587.1, enacted by section 193 of chapter 21 of the statutes of 2015:

"**587.2.** A foreign affiliate of a corporation resident in Canada or a partnership of which such a foreign affiliate is a member is required to add, in computing the adjusted cost base to the foreign affiliate or partnership of a share of the capital stock of another foreign affiliate of the corporation, the amount required by subsection 1.1 of section 92 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) to be so added in that computation for the purposes of that Act."

(2) Subsection 1 has effect from 19 December 2009.

(3) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 31 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(4) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 3. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

24. (1) Section 589.2 of the Act is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

"(*b*) where section 589.3 applies, the amount prescribed by regulation for the purposes of subparagraph ii of paragraph *a* of subsection 1.2 of section 93 of the Income Tax Act."

(2) Subsection 1 applies in respect of a disposition that occurs after 30 November 1999.

(3) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 32 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(4) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 3. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

25. (1) Section 592 of the Act, amended by section 204 of chapter 21 of the statutes of 2015, is again amended by adding the following paragraph after paragraph *b*:

"(*c*) a foreign affiliate of a corporation resident in Canada is deemed to have received from another foreign affiliate of the corporation an amount equal to the amount that is described in paragraph *c* of subsection 3 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), at the time referred to in that paragraph and for the same purposes."

(2) Subsection 1 has effect from 19 December 2009.

(3) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 32 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(4) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 3. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

26. (1) Sections 593 to 597 of the Act are replaced by the following sections:

"**593.** In this chapter and Chapter VI.2,

"arm's length transfer" at any time by a person or partnership (in this definition referred to as the "transferor") means a transfer or loan (which transfer or loan is referred to in this definition as the "transfer") of property (other than restricted property) that is made at that time (in this definition referred to as the "transfer time") by the transferor to another person or partnership (in this definition referred to as the "recipient") where

(*a*) it is reasonable to conclude that none of the reasons (with reference to all the circumstances including the terms of a trust, an intention, the laws of a country or the existence of an agreement, a memorandum, a letter of wishes or any other arrangement) for the transfer is the acquisition at any time by any person or partnership of an interest as a beneficiary under a trust that is not resident in Canada; and

(*b*) the transfer is

i. a payment of interest, of dividends, of rent, of royalties or of any other return on investment, or any substitute for such a return on investment, in respect of a particular property held by the recipient, if the amount of the payment is not more than the amount that the transferor would have paid if the transferor dealt at arm's length with the recipient,

ii. a payment made by a corporation on a reduction of the paid-up capital in respect of shares of a class of its capital stock held by the recipient, if the amount of the payment is not more than the lesser of the amount of the reduction in the paid-up capital and the consideration for which the shares were issued,

iii. a transfer in exchange for which the recipient transfers or loans property to the transferor, or becomes obligated to transfer or loan property to the transferor, and for which it is reasonable to conclude

(1) having regard only to the transfer and the exchange, that the transferor would have been willing to make the transfer if the transferor dealt at arm's length with the recipient, and

(2) that the terms and conditions, and circumstances, under which the transfer was made would have been acceptable to the transferor if the transferor dealt at arm's length with the recipient,

iv. a transfer made in satisfaction of an obligation referred to in subparagraph iii and for which it is reasonable to conclude

(1) having regard only to the transfer and the obligation, that the transferor would have been willing to make the transfer if the transferor dealt at arm's length with the recipient, and

(2) that the terms and conditions, and circumstances, under which the transfer was made would have been acceptable to the transferor if the transferor dealt at arm's length with the recipient,

v. a payment of an amount owing by the transferor under a written agreement the terms and conditions of which, when entered into, were terms and conditions that, having regard only to the amount owing and the agreement, would have been acceptable to the transferor if the transferor dealt at arm's length with the recipient,

vi. a payment made before 1 January 2002 to a trust, to a corporation controlled by a trust or to a partnership of which a trust is a majority-interest partner in repayment of or otherwise in respect of a loan made by a trust, corporation or partnership to the transferor, or

vii. a payment made after 31 December 2001 to a trust, to a corporation controlled by the trust or to a partnership of which the trust is a majority-interest partner, in repayment of or otherwise in respect of a particular loan made by the trust, corporation or partnership to the transferor and either

(1) the payment is made before 1 January 2011 and they would have been willing to enter into the particular loan if they dealt at arm's length with each other, or

(2) the payment is made before 1 January 2005 in accordance with fixed repayment terms agreed to before 23 June 2000;

"beneficiary" under a trust includes

(*a*) a person or partnership that is beneficially interested in the trust; and

(*b*) a person or partnership that would be beneficially interested in the trust if subparagraph ii of subparagraph *b* of the first paragraph of section 7.11.1 were read as follows:

"ii. because of the terms or conditions of the particular trust or any agreement in respect of the particular trust at the particular time (including the terms or conditions of a share, or any agreement in respect of a share, of the capital stock of a corporation that is beneficially interested in the particular trust), the particular person or partnership becomes (or could become on the exercise of any discretion by any person or partnership), directly or indirectly, entitled to any amount derived, directly or indirectly, from the income or capital of the particular trust or might, because of the exercise of any discretion by any person or partnership, become beneficially interested in the particular trust at the particular time or at a later time, and";

"closely held corporation" at any time means any corporation, other than a corporation in respect of which

(*a*) there is at least one class of shares of its capital stock that consists of shares prescribed for the purposes of paragraph *d* of subsection 1 of section 110 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(*b*) it is reasonable to conclude that at that time, in respect of each class of shares described in paragraph *a*, shares of the class are held by at least 150 shareholders each of whom holds shares of the class that have a total fair market value of at least $500; and

(*c*) it is reasonable to conclude that at that time in no case does a particular shareholder (or a particular shareholder together with one or more other shareholders with whom the particular shareholder does not deal at arm's length) hold shares of the corporation

i. that would give the particular shareholder (or the group of other shareholders not dealing with each other at arm's length and of which the particular shareholder is a member) 10% or more of the votes that could be cast under any circumstance at an annual meeting of shareholders of the corporation if the meeting were held at that time, or

ii. that have a fair market value of 10% or more of the fair market value of all of the issued and outstanding shares of the corporation;

"connected contributor" to a trust at any time means a contributor to the trust at that time, other than a person all of whose contributions to the trust made at or before that time were made at a non-resident time of the person;

"contribution" to a trust by a particular person or partnership means

(*a*) a transfer or loan (other than an arm's length transfer) of property to the trust by the particular person or partnership;

(*b*) where a particular transfer or loan (other than an arm's length transfer) of property is made by the particular person or partnership as part of a series of transactions that includes another transfer or loan (other than an arm's length transfer) of property to the trust by another person or partnership, that other transfer or loan to the extent that it can reasonably be considered to have been made in respect of the particular transfer or loan; or

(*c*) where the particular person or partnership undertakes to make a transfer or loan (other than a transfer or loan that would, if it were made, be an arm's length transfer) of property as part of a series of transactions that includes another transfer or loan (other than an arm's length transfer) of property to the trust by another person or partnership, that other transfer or loan to the extent that it can reasonably be considered to have been made in respect of the undertaking;

"contributor" to a trust at any time means a person, including a person that has ceased to exist, that is not an exempt person and that, at or before that time, has made a contribution to the trust;

"electing contributor" to a trust at any time means a resident contributor, to the trust, who has made a valid election under the definition of "electing contributor" in subsection 1 of section 94 of the Income Tax Act to have subsection 16 of that section 94 apply in respect of the contributor and the trust for a taxation year of the contributor that includes that time or that ends before that time and for any subsequent taxation year;

"electing trust" in respect of a particular taxation year means a trust that

(*a*) holds at any time in the particular taxation year, or in a prior taxation year throughout which it was deemed, for the purpose of computing its income, to be resident in Canada under paragraph *a* of section 595, property that is at that time included in its non-resident portion; and

(*b*) has made a valid election under paragraph *b* of the definition of "electing trust" in subsection 1 of section 94 of the Income Tax Act;

"exempt foreign trust" at a particular time means either a prescribed trust at the particular time or a trust that is not resident in Canada and that

(*a*) is a trust in respect of which the following conditions are met:

i. each beneficiary under the trust at the particular time is

(1) an individual (in this paragraph referred to as an "infirm beneficiary") who, because of mental or physical infirmity, was, at the time that the trust was created, dependent on an individual who is a contributor to the trust or on an individual related to such a contributor, or

(2) a person who is entitled, only after the particular time, to receive or otherwise obtain the enjoyment of all or part of the trust's income or capital,

ii. at the particular time there is at least one infirm beneficiary under the trust who suffers from a mental or physical infirmity that causes the beneficiary to be dependent on a person,

iii. each infirm beneficiary is, at all times that the infirm beneficiary is a beneficiary under the trust during the trust's taxation year that includes the particular time, not resident in Canada, and

iv. each contribution to the trust made at or before the particular time can reasonably be considered to have been, at the time that the contribution was made, made to provide for the maintenance of an infirm beneficiary during the expected period of the beneficiary's infirmity;

(*b*) is a trust in respect of which the following conditions are met:

i. the trust was created because of the breakdown of a marriage of two particular individuals to provide for the maintenance of a beneficiary under the trust who was, during that marriage,

(1) a child of both of those particular individuals (in this paragraph referred to as a "child beneficiary"), or

(2) one of those particular individuals (in this paragraph referred to as the "adult beneficiary"),

ii. each beneficiary under the trust at the particular time is

(1) a child beneficiary under 21 years of age,

(2) a child beneficiary under 31 years of age who is enrolled at any time in the trust's taxation year that includes the particular time at an educational institution that is described in the third paragraph,

(3) the adult beneficiary, or

(4) a person who is entitled, only after the particular time, to receive or otherwise obtain the enjoyment of all or part of the trust's income or capital,

iii. each beneficiary described in any of subparagraphs 1 to 3 of subparagraph ii is, at all times that the beneficiary is a beneficiary under the trust during the trust's taxation year that includes the particular time, not resident in Canada, and

iv. each contribution to the trust, at the time that the contribution was made, was

(1) an amount paid by the particular individual other than the adult beneficiary that would be a support amount as defined in section 312.3 if it had been paid by that particular individual directly to the adult beneficiary, or

(2) a contribution made by one of those particular individuals or a person related to one of those particular individuals to provide for the maintenance of a child beneficiary while the child was either under 21 years of age or under 31 years of age and enrolled at an educational institution located outside Canada that is described in the third paragraph;

(*c*) is a trust in respect of which one of the following conditions is met:

i. at the particular time the trust is an agency of the United Nations,

ii. at the particular time the trust owns and administers a university described in subparagraph iv of paragraph *a* of the definition of "qualified donee" in subsection 1 of section 149.1 of the Income Tax Act,

iii. at any time in the trust's taxation year that includes the particular time or at any time in the preceding calendar year Her Majesty in right of Canada has made a gift to the trust, or

iv. the trust is created under the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992, or any protocol to it that has been ratified by the Government of Canada;

(*d*) is a trust in respect of which the following conditions are met:

i. throughout the particular period that began at the time the trust was created and ended at the particular time, the trust would not be resident in Canada for the purposes of the Income Tax Act if that Act were read without reference to subsection 1 of section 94 of that Act as that subsection read in its application to a taxation year that includes 31 December 2000,

ii. the trust was created exclusively for charitable purposes and has been operated throughout the particular period described in subparagraph i exclusively for charitable purposes,

iii. if the particular time is more than 24 months after the day on which the trust was created, the trust numbers at the particular time at least 20 persons (other than trusts) each of whom at that time

(1) is a contributor to the trust,

(2) exists, and

(3) deals at arm's length with at least 19 other contributors to the trust,

iv. the income of the trust (determined in accordance with the laws described in subparagraph v) for each of its taxation years that ends at or before the particular time would, if the income were not distributed and the laws described in subparagraph v did not apply, be subject to an income or profits tax in the country in which it was resident in the taxation year under consideration, and

v. the trust was, for each of its taxation years that ends at or before the particular time, exempt under the laws of the country in which it was resident from the payment of income or profits tax to the government of that country in recognition of the charitable purposes for which the trust is operated;

(*e*) is governed throughout the trust's taxation year that includes the particular time by a profit sharing plan, a retirement compensation arrangement or a foreign retirement arrangement;

(*f*) is a trust that

i. throughout the particular period that began when it was created and ended at the particular time has been operated exclusively for the purpose of

administering or providing employee benefits in respect of employees or former employees, and

ii. meets the following conditions throughout the trust's taxation year that includes the particular time:

(1) the trust is a trust governed by an employee benefit plan or is a trust described in subparagraph *a*.1 of the third paragraph of section 647,

(2) the trust is maintained for the benefit of natural persons the majority of whom are not resident in Canada, and

(3) no benefits are provided under the trust other than benefits in respect of qualifying services;

(*g*) is a trust (other than a trust described in subparagraph *a*.1 of the third paragraph of section 647 or a prescribed trust) that throughout the particular period that began when it was created and ended at the particular time

i. has been resident in a foreign country the laws of which have, throughout the particular period,

(1) imposed an income or profits tax, and

(2) exempted the trust from the payment of all income tax, and all profits tax, to the government of that country in recognition of the purposes for which the trust is operated, and

ii. has been operated exclusively for the purpose of administering or providing pension benefits that are primarily in respect of services rendered in the foreign country by natural persons who were not resident in Canada at the time those services were rendered; or

(*h*) is a trust (other than a trust that has made a valid election, described in paragraph *h* of the definition of "exempt foreign trust" in subsection 1 of section 94 of the Income Tax Act, not to be an exempt foreign trust under that paragraph *h* for the taxation year for which the election is made and for any subsequent taxation year) in respect of which the following conditions are met at the particular time:

i. the only beneficiaries under the trust who for any reason are entitled to receive, at or after the particular time and directly from the trust, an amount from the income or capital of the trust are beneficiaries that hold fixed interests in the trust, and

ii. any of the following requirements are complied with:

(1) there are at least 150 beneficiaries among those described in subparagraph i under the trust each of whose fixed interests in the trust have at the particular time a total fair market value of at least $500,

(2) all fixed interests in the trust are listed on a designated stock exchange and in the 30 days immediately preceding the particular time fixed interests in the trust were traded on a designated stock exchange on at least 10 days,

(3) each outstanding fixed interest in the trust was issued by the trust for consideration that was not less than 90% of the interest's proportionate share of the net asset value of the trust's property at the time of its issuance, or was acquired for consideration equal to the fair market value of the interest at the time of its acquisition, or

(4) the trust is governed by a Roth IRA, within the meaning of section 408A of the United States Internal Revenue Code of 1986, as amended from time to time, or by a plan or arrangement created after 21 September 2007 that is subject to that Code and that is described in subclause II of clause D of subparagraph ii of paragraph *h* of the definition of "exempt foreign trust" in subsection 1 of section 94 of the Income Tax Act, unless the Minister decides otherwise;

"exempt person" at any time means

(*a*) the State, Her Majesty in right of Canada or Her Majesty in right of a province, other than Québec;

(*b*) a person whose taxable income for the taxation year that includes that time is exempt from tax under this Part in accordance with Book VIII;

(*c*) a trust resident in Canada or a Canadian corporation

i. that was established by or arises under a law of Canada or of a province, and

ii. the principal activities of which at that time are to administer, manage or invest the monies of one or more superannuation or pension funds or plans established under a law of Canada or of a province;

(*d*) a trust or corporation established by or arising under a law of Canada or of a province in connection with a scheme or program for the compensation of workers injured in an accident arising out of or in the course of their employment;

(*e*) a trust resident in Canada all the beneficiaries under which are at that time exempt persons;

(*f*) a Canadian corporation all the shares, or rights to shares, of which are held at that time by exempt persons;

(*g*) a Canadian corporation without share capital all the property of which is held at that time exclusively for the benefit of exempt persons;

(*h*) a partnership all the members of which are at that time exempt persons; and

(*i*) a trust or corporation that is at that time a mutual fund;

"exempt service" means a service rendered at any time by a person or partnership (in this definition referred to as the "service provider") to, for or on behalf of, another person or partnership (in this definition referred to as the "recipient") where

(*a*) the recipient is a trust and the service relates to the administration of the trust; or

(*b*) the following conditions are met in respect of the service:

i. the service is rendered in the service provider's capacity at that time as an employee or agent of the recipient,

ii. in exchange for the service, the recipient transfers or loans property or undertakes to transfer or loan property, and

iii. it is reasonable to conclude

(1) having regard only to the service and the exchange, that the service provider would be willing to provide the service if the service provider were dealing at arm's length with the recipient, and

(2) that the terms, conditions and circumstances under which the service is provided would be acceptable to the service provider if the service provider were dealing at arm's length with the recipient;

"fixed interest" at any time of a person or partnership in a trust means an interest of the person or partnership as a beneficiary (in this definition, determined without reference to section 7.11.1) under the trust provided that no amount 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 or partnership of, or the failure by any person or partnership to exercise, any discretionary power, other than a discretionary power 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 the beneficiaries under the trust if the beneficiaries were 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 under the trust;

"joint contributor" at any time in respect of a contribution to a trust means, if more than one contributor has made the contribution, each of those contributors that is at that time a resident contributor to the trust;

"mutual fund" at any time means a mutual fund corporation or mutual fund trust (in this definition referred to as the "fund"), but does not include a fund in respect of which statements or representations have been made at or before that time—by the fund, or by a promoter or other representative of the fund, in respect of the acquisition or offering of an interest in the fund—that the taxes under this Act on the income, profit or gains for any taxation year—in respect of property that is held by the fund and that is, or derives its value from, an interest in a trust—are less than, or are expected to be less than, the tax that would have been applicable under this Act if the income, profits or gains from the property had been earned directly by a person who acquires an interest in the fund;

"non-resident portion" of a trust at any time means all property held by the trust to the extent that it is not at that time part of the resident portion of the trust;

"non-resident time" of a person in respect of a contribution to a trust and a particular time means a time (in this definition referred to as the "contribution time") at which the person made a contribution to a trust that is before the particular time and at which the person was not resident in Canada (or, if the person was not in existence at the contribution time, the person was not resident in Canada at any time in the 18 months before ceasing to exist), if the person was not resident in Canada or not in existence at any time in the period that began 60 months before the contribution time (or, if the person is an individual and the trust arose on and as a consequence of the death of the individual, 18 months before the contribution time) and ends at the earlier of

(*a*) the time that is 60 months after the contribution time; and

(*b*) the particular time;

"promoter" in respect of a trust or corporation at any time means

(*a*) a person or partnership that at or before that time establishes, organizes or substantially reorganizes the undertakings of the trust or corporation, as the case may be; and

(*b*) for the purposes of the definition of "mutual fund", a person or partnership described in paragraph *a* and a person or partnership who in the course of carrying on a business

i. issues or sells, or promotes the issuance, sale or acquisition of, an interest in a mutual fund corporation or mutual fund trust,

ii. acts as an agent or advisor in respect of the issuance or sale, or the promotion of the issuance, sale or acquisition of, an interest in a mutual fund corporation or mutual fund trust, or

iii. accepts, whether as a principal or agent, consideration in respect of an interest in a mutual fund corporation or mutual fund trust;

"qualifying services" means

(*a*) services that are rendered to an employer by an employee of the employer, provided that the employee was not resident in Canada at any time in the period during which the services were rendered;

(*b*) services that are rendered to an employer by an employee of the employer, other than

i. services that were rendered primarily in Canada,

ii. services that were rendered primarily in connection with a business carried on by the employer in Canada, or

iii. any combination of services described in subparagraphs i and ii;

(*c*) services that are rendered in a particular month to an employer by an employee of the employer, provided that the employee

i. was resident in Canada throughout no more than 60 months during the 72-month period that ended at the end of the particular month, and

ii. became a member of, or a beneficiary under, the plan or trust under which benefits in respect of the services may be provided (or a similar plan or trust for which the plan or the trust was substituted) before the end of the month following the month in which the employee became resident in Canada; or

(*d*) any combination of services that are qualifying services because of any of paragraphs *a* to *c*;

"resident beneficiary" under a trust at any time means a person that is, at that time, a beneficiary under the trust other than a successor beneficiary under the trust or an exempt person, if, at that time,

(*a*) the person is resident in Canada; and

(*b*) there is a connected contributor to the trust;

"resident contributor" to a trust at any time means a person that is, at that time, resident in Canada and a contributor to the trust, but—if the trust was created before 1 January 1960 by a person who was not resident in Canada when the trust was created—does not include an individual (other than a trust) who has not, after 31 December 1959, made a contribution to the trust;

"resident portion" of a trust at a particular time means all of the trust's property that is

(*a*) property in respect of which a contribution has been made at or before the particular time to the trust by a contributor that is at the particular time a resident contributor, or if there is at the particular time a resident beneficiary under the trust a connected contributor, to the trust and, for the purposes of this paragraph, the following rules apply:

i. if property is held by a contributor in common or in partnership immediately before the property is contributed to the trust, it is contributed by the contributor only to the extent that the contributor so held the property, and

ii. if the contribution to the trust is a transfer described in any of paragraphs *a*, *c*, *e* and *g* of section 594, the property in respect of which the contribution has been made is deemed to be

(1) in respect of a transfer under paragraph *a* of section 594 to which subparagraph 1 of subparagraph ii of that paragraph *a* applies, property the fair market value of which has increased because of a transfer or loan described in subparagraph i of that paragraph *a*, or, in respect of such a transfer to which subparagraph 2 of subparagraph ii of that paragraph *a* applies, property in respect of which a valid election under subclause II of clause A of subparagraph ii of paragraph *a* of the definition of "resident portion" in subsection 1 of section 94 of the Income Tax Act has been made,

(2) in respect of a transfer under paragraph *c* of section 594, property described in subparagraph ii of that paragraph *c*,

(3) in respect of a transfer under paragraph *e* of section 594, property acquired as a result of any undertaking including a guarantee, covenant or agreement given by a person or partnership other than the trust to ensure the repayment, in whole or in part, of a loan or other indebtedness incurred by the trust in accordance with that paragraph *e*, and

(4) in respect of a transfer under paragraph *g* of section 594, property in respect of which a valid election under clause D of subparagraph ii of paragraph *a* of the definition of "resident portion" in subsection 1 of section 94 of the Income Tax Act has been made;

(*b*) property that is acquired, at or before the particular time, by way of indebtedness incurred by the trust (in this paragraph referred to as the "subject property"), if

i. all or part of the indebtedness is secured on property (other than the subject property) that is held in the trust's resident portion,

ii. it was reasonable to conclude, at the time that the indebtedness was incurred, that the indebtedness would be repaid with recourse to any property

(other than the subject property) held at any time in the trust's resident portion, or

iii. a person resident in Canada or partnership of which a person resident in Canada is a member is obligated, either absolutely or contingently, to effect any undertaking including any guarantee, covenant or agreement given to ensure the repayment, in whole or in part, of the indebtedness, or provided any other financial assistance in respect of the indebtedness;

(*c*) property to the extent that it is derived, directly or indirectly, in any manner whatever, from property described in any of paragraphs *a*, *b* and *d*, and, without limiting the generality of the foregoing, including property derived from the income (computed without reference to subparagraph *f* of the first paragraph of section 597.0.14, paragraphs *a* and *b* of section 657 and section 657.1) of the trust for a taxation year of the trust that ends at or before the particular time and property in respect of which an amount would be described at the particular time in respect of the trust in the definition of "capital dividend account" in subsection 1 of section 89 of the Income Tax Act if the trust were at that time a corporation; and

(*d*) property that is at the particular time substituted for property described in any of paragraphs *a* to *c*;

"restricted property" of a person or partnership means property that the person or partnership holds and that

(*a*) is a share (or a right to acquire a share) of the capital stock of a closely held corporation if the share or right, or property for which the share or right was substituted, was at any time acquired by the person or partnership as part of a transaction or series of transactions under which

i. a specified share of the capital stock of a closely held corporation was acquired by any person or partnership in exchange for or as consideration for the disposition of any property or upon the conversion of any property and the cost of the specified share to the person who acquired it was less than the fair market value of the specified share at the time of the acquisition, or

ii. a share (other than a specified share) of the capital stock of a closely held corporation becomes a specified share of the capital stock of the corporation;

(*b*) is an indebtedness or other obligation, or a right to acquire an indebtedness or other obligation, of a closely held corporation if

i. the indebtedness, obligation or right, or property for which the indebtedness, obligation or right was substituted, became property of the person or partnership as part of a transaction or series of transactions under which

(1) a specified share of the capital stock of a closely held corporation was acquired by any person or partnership in exchange for or as consideration for the disposition of any property or upon the conversion of any property and the

cost of the specified share to the person who acquired it was less than the fair market value of the specified share at the time of the acquisition, or

(2) a share (other than a specified share) of the capital stock of a closely held corporation becomes a specified share of the capital stock of the corporation, and

ii. the amount of any payment under the indebtedness, obligation or right (whether the right to the amount is immediate or future, absolute or contingent or conditional on or subject to the exercise of a discretionary power by any person or partnership) is, directly or indirectly, determined primarily by one or more of the following criteria:

(1) the fair market value of, production from or use of any of the property of the closely held corporation,

(2) gains and profits from the disposition of any of the property of the closely held corporation,

(3) income, profits, revenue and cash flow of the closely held corporation, or

(4) any other criterion similar to a criterion referred to in any of subparagraphs 1 to 3; or

(*c*) is property

i. that the person or partnership acquired as part of a series of transactions described in paragraph *a* or *b* in respect of another property, and

ii. the fair market value of which is derived in whole or in part, directly or indirectly, from the other property referred to in subparagraph i;

"specified party" in respect of a particular person at any time means

(*a*) the particular person's spouse at that time;

(*b*) a corporation that at that time

i. is a controlled foreign affiliate of the particular person or the particular person's spouse, or

ii. would be a controlled foreign affiliate of a partnership, of which the particular person is a majority-interest partner, if the partnership were a person resident in Canada at that time;

(*c*) a person, or a partnership of which the particular person is a majority-interest partner, for which it is reasonable to conclude that the benefit referred to in subparagraph iv of subparagraph *a* of the first paragraph of section 597.0.5 was conferred

i. in anticipation of the person becoming after that time a corporation described in paragraph *b*, or

ii. to avoid or minimize a liability that arose, or that would otherwise have arisen, under this Act with respect to the particular person; or

(*d*) a corporation in which the particular person, or partnership of which the particular person is a majority-interest partner, is a shareholder if

i. the corporation is at or before that time a beneficiary under a trust, and

ii. the particular person or the partnership is a beneficiary under the trust solely because of the application of paragraph *b* of the definition of "beneficiary" in respect of the particular person or the partnership and in relation to the corporation;

"specified share" means a share of the capital stock of a corporation other than a share that is a prescribed share for the purposes of paragraph *d* of subsection 1 of section 110 of the Income Tax Act;

"specified time" in respect of a trust for a taxation year of the trust means

(*a*) if the trust exists at the end of the taxation year, the time that is the end of that taxation year; and

(*b*) in any other case, the time in that taxation year that is immediately before the time at which the trust ceases to exist;

"successor beneficiary" at a particular time under a trust means a person that is a beneficiary under the trust solely because of a right of the person to receive all or part of the trust's income or capital, provided that under that right the person may receive that income or capital only on or after the death after the particular time of an individual who, at the particular time, is alive and

(*a*) is a contributor to the trust;

(*b*) is related to (including, for the purposes of this paragraph and paragraph *c*, an uncle, aunt, niece or nephew of) a contributor to the trust; or

(*c*) would have been related to a contributor to the trust if every individual who was alive before the particular time were alive at that time;

"tax-liable taxpayer" in respect of a trust at a particular time in a taxation year means

(*a*) in the case of a taxpayer who is, at the particular time, either a resident contributor to the trust, a resident beneficiary under the trust or an electing contributor under the trust, or a joint contributor in respect of a contribution to the trust, a person (other than a corporation) who is resident in Québec at

the end of the taxation year or a corporation that has an establishment in Québec in the taxation year; or

(*b*) in the case of a taxpayer who is, at the particular time, a connected contributor to the trust, a person (other than a corporation) who was resident in Québec at a time that is before the particular time and at which the person made a contribution to the trust, or a corporation that had an establishment in Québec at a time that is before the particular time and at which the corporation made a contribution to the trust;

"transaction" includes an arrangement or event.

In this chapter, "trust" includes, for greater certainty, a succession.

An educational institution referred to in subparagraph 2 of subparagraph ii of paragraph *b* of the definition of "exempt foreign trust" in the first paragraph and in subparagraph 2 of subparagraph iv of that paragraph *b* is an educational institution located outside Canada that

(*a*) is a university, college or any other institution that provides courses at a post-secondary school level; or

(*b*) provides courses designed to furnish a person with skills for, or improve a person's skills in, an occupation.

Chapter V.2 of Title II of Book I applies in relation to an election made under the definition of "electing contributor", "electing trust", "exempt foreign trust" and "resident portion" in subsection 1 of section 94 of the Income Tax Act or in relation to an election made before 20 December 2006 under paragraph *h* of the definition of "exempt foreign trust" in the first paragraph.

"**594.** For the purposes of this chapter and Chapter VI.2, the following rules apply:

(*a*) a person or partnership is deemed to have transferred, at any time, property to a trust if

i. at that time the person or partnership transfers or loans property to another person or partnership and the transfer or loan is not an arm's length transfer, and

ii. because of that transfer or loan

(1) the fair market value of one or more properties held by the trust increases at that time, or

(2) a liability or potential liability of the trust decreases at that time;

(*b*) the fair market value, at any time, of property deemed under paragraph *a* to be transferred at that time by a person or partnership is deemed to be equal to the amount of the absolute value of the increase or decrease referred to in subparagraph ii of paragraph *a* in respect of the property, and if that time is after 27 August 2010 and the property that the person or partnership transfers or loans at that time is restricted property of the person or partnership, the property deemed under paragraph *a* to be transferred at that time to a trust is deemed to be restricted property transferred at that time to the trust;

(*c*) a person or partnership is deemed to have transferred, at any time, property to a trust if

i. at that time the person or partnership transfers restricted property, or loans property other than by way of an arm's length transfer, to another person (in this paragraph and paragraph *d* referred to as the "intermediary"),

ii. at or after that time, the trust holds property (other than property described in subparagraph *b* of the first paragraph of section 597.0.12) the fair market value of which is derived in whole or in part, directly or indirectly, from property held by the intermediary, and

iii. it is reasonable to conclude that one of the reasons the transfer or loan is made is to avoid or minimize a liability under this Act;

(*d*) the fair market value, at any time, of property deemed under paragraph *c* to be transferred at that time by a person or partnership is deemed to be equal to the fair market value of the property referred to in subparagraph i of paragraph *c*, and if that time is after 24 October 2012 and the property that the person or partnership transfers or loans to the intermediary is restricted property of the intermediary, the property deemed under paragraph *c* to be transferred at that time by the person or partnership to a trust is deemed to be restricted property transferred at that time to the trust throughout the period in which the intermediary holds the restricted property;

(*e*) where, at any time, a particular person or partnership is obligated, either absolutely or contingently, to effect any undertaking including any guarantee, covenant or agreement given to ensure the repayment, in whole or in part, of a loan or other indebtedness incurred by another person or partnership, or has provided any other financial assistance to another person or partnership,

i. the particular person or partnership is deemed to have transferred, at that time, property to that other person or partnership, and

ii. the property, if any, transferred to the particular person or partnership from the other person or partnership in exchange for the guarantee or other financial assistance is deemed to have been transferred to the particular person or partnership in exchange for the property deemed to have been transferred under subparagraph i;

(*f*) the fair market value at any time of property deemed under subparagraph i of paragraph *e* to have been transferred at that time to another person or partnership is deemed to be equal to the amount at that time of the loan or indebtedness incurred by the other person or partnership to which the property relates;

(*g*) where, at any time after 22 June 2000, a particular person or partnership renders any service (other than an exempt service) to, for or on behalf of another person or partnership,

i. the particular person or partnership is deemed to have transferred, at that time, property to that other person or partnership, and

ii. the property, if any, transferred to the particular person or partnership from the other person or partnership in exchange for the service is deemed to have been transferred to the particular person or partnership in exchange for the property deemed under subparagraph i to have been transferred;

(*h*) each of the following acquisitions of property by a particular person or partnership is deemed to be a transfer of the property, at the time of the acquisition of the property, to the particular person or partnership from the person or partnership from which the property was acquired, namely, the acquisition by the particular person or partnership of

i. a share of a corporation from the corporation,

ii. an interest as a beneficiary under a trust (otherwise than from a beneficiary under the trust),

iii. an interest in a partnership (otherwise than from a member of the partnership),

iv. a debt owing by a person or partnership from the person or partnership, and

v. a right (granted after 22 June 2000 by the person or partnership from which the right was acquired) to acquire or to be loaned property;

(*i*) the fair market value at any time of property deemed under subparagraph i of paragraph *g* to have been transferred at that time is deemed to be equal to the fair market value at that time of the service to which the property relates;

(*j*) where, at any time, a person or partnership that becomes obligated to do an act that would, if done, constitute the transfer or loan of property to another person or partnership, the person or partnership is deemed to have become obligated at that time to transfer or loan, as the case may be, property to that other person or partnership;

(*k*) where a trust acquires property of an individual as a consequence of the death of the individual and the individual was immediately before death resident

in Canada, the individual is deemed, in applying at any time the definition of "non-resident time" in the first paragraph of section 593, to have transferred the property to the trust immediately before the individual's death;

(*l*) a transfer or loan of property at any time is deemed to be made at that time jointly by a particular person or partnership and a second person or partnership (in this paragraph referred to as the "specified person") if

i. the particular person or partnership transfers or loans property at that time to another person or partnership,

ii. the transfer or loan is made at the direction, or with the consent, of the specified person, and

iii. it is reasonable to conclude that one of the reasons the transfer or loan is made is to avoid or minimize the liability, of any person or partnership, under this Act that arose, or that would otherwise have arisen, because of the application of this chapter;

(*m*) a transfer or loan of property made at any time after 8 November 2006 is deemed to be made at that time jointly by a particular person or partnership and a second person or partnership (in this paragraph referred to as the "specified person") if

i. the particular person or partnership transfers or loans property at that time to another person or partnership, and

ii. a purpose or effect of the transfer or loan may reasonably be considered to be to provide benefits in respect of services rendered by a person as an employee of the specified person (whether or not such a benefit may be received under a right that is immediate or future, absolute or contingent, or conditional on or subject to the exercise of any discretionary power by any person or partnership);

(*n*) a transfer or loan of property at a particular time is deemed to be made at the particular time jointly by a corporation and a person or partnership (in this paragraph referred to as the "specified person") if

i. the corporation transfers or loans property at the particular time to another person or partnership,

ii. the transfer or loan is made at the direction, or with the consent, of the specified person,

iii. the particular time is not, or would not be if the transfer or loan were a contribution of the specified person,

(1) a non-resident time of the specified person, or

(2) if the specified person is a partnership, a non-resident time of one or more members of the partnership, and

iv. the corporation is, at the particular time, a controlled foreign affiliate of the specified person, or would at that time be a controlled foreign affiliate of the specified person if the specified person were at the particular time resident in Canada, or it is reasonable to conclude that the transfer or loan was made in contemplation of the corporation becoming after the particular time such a controlled foreign affiliate of the specified person;

(*o*) a particular person or partnership is deemed to have transferred, at a particular time, particular property or a particular part of it, as the case may be, to a corporation described in subparagraph i or a second person or partnership described in subparagraph ii if

i. the particular property is a share of the capital stock of a corporation held at the particular time by the particular person or partnership, and as consideration for the disposition at or before the particular time of the share, the particular person or partnership received at the particular time (or became entitled at the particular time to receive) from the corporation a share of the capital stock of the corporation, or

ii. the particular property (or property for which the particular property is substituted) was acquired, before the particular time, from the second person or partnership by any person or partnership, in circumstances that are described in any of subparagraphs i to v of paragraph *h* (or would be so described if it applied at the time of that acquisition) and at the particular time,

(1) the terms or conditions of the particular property change,

(2) the second person or partnership redeems, acquires or cancels the particular property or the particular part of it,

(3) if the particular property is a debt owing by the second person or partnership, the debt or the particular part of it is settled or cancelled, or

(4) if the particular property is a right to acquire or to be loaned property, the particular person or partnership exercises the right;

(*p*) a contribution made at any time by a particular trust to another trust is deemed to be made at that time jointly by the particular trust and by each person or partnership that is at that time a contributor to the particular trust;

(*q*) a contribution made at any time by a particular partnership to a trust is deemed to be made at that time jointly by the particular partnership and by each person or partnership that is at that time a member of the particular partnership;

(*r*) subject to paragraph *s* and section 597.0.7, the amount of a contribution to a trust at the time it was made is deemed to be equal to the fair market value, at that time, of the property that was the subject of the contribution;

(*s*) a person or partnership that at any time acquires a fixed interest in a trust (or a right, issued by the trust, to acquire a fixed interest in the trust) from another person or partnership (other than from the trust that issued the interest or the right) is deemed to have made at that time a contribution to the trust and the amount of the contribution is deemed to be equal to the fair market value at that time of the interest or right, as the case may be;

(*t*) a particular person or partnership that has acquired a fixed interest in a trust because of making a contribution to the trust—or that has made a contribution to the trust because of having acquired a fixed interest in the trust or a right described in paragraph *s*—is, for the purpose of applying this chapter from the time after the time that the particular person or partnership transfers the fixed interest or the right, as the case may be, to another person or partnership (which transfer is referred to in this paragraph as the "sale"), deemed not to have made the contribution in respect of the fixed interest, or right, that is the subject of the sale if

i. in exchange for the sale, the other person or partnership transfers or loans, or undertakes to transfer or loan, property (in subparagraph ii referred to as the "consideration") to the particular person or partnership, and

ii. it is reasonable to conclude

(1) having regard only to the sale and the consideration that the particular person or partnership would be willing to make the sale if the particular person or partnership were dealing at arm's length with the other person or partnership, and

(2) that the terms and conditions made or imposed in respect of the exchange would be acceptable to the particular person or partnership if the particular person or partnership were dealing at arm's length with the other person or partnership;

(*u*) a transfer to a trust by a particular person or partnership is deemed not to be, at a particular time, a contribution to the trust if

i. the particular person or partnership has transferred, at or before the particular time and in the ordinary course of business of the particular person or partnership, property to the trust,

ii. the transfer is not an arm's length transfer, but would be an arm's length transfer if the definition of "arm's length transfer" in the first paragraph of section 593 were read without reference to paragraph *a* and subparagraphs i, ii and iv to vii of paragraph *b*,

iii. it is reasonable to conclude that the particular person or partnership was the only person or partnership that acquired, in respect of the transfer, an interest as a beneficiary under the trust,

iv. the particular person or partnership was required, in accordance with the securities law of a country or of a political subdivision of such a country in respect of the issuance by the trust of interests as a beneficiary under the trust, to acquire an interest because of the particular person or partnership's status at the time of the transfer as a manager or promoter of the trust,

v. at the particular time the trust is not an exempt foreign trust, but would be at that time an exempt foreign trust if it had not made an election under paragraph *h* of the definition of "exempt foreign trust" in the first paragraph of section 593, and

vi. the particular time is before the earliest of

(1) the first time at which the trust becomes an exempt foreign trust,

(2) the first time at which the particular person or partnership ceases to be a manager or promoter of the trust, and

(3) the time that is 24 months after the first time at which the total fair market value of consideration received by the trust in exchange for interests as a beneficiary (other than the particular person or partnership's interest referred to in subparagraph iii) under the trust is greater than $500,000;

(*v*) a transfer, by a Canadian corporation of property, that is at a particular time a contribution by the Canadian corporation to a trust, is deemed not to be, after the particular time, such a contribution to the trust if

i. the trust acquired the property before the particular time from the Canadian corporation in circumstances described in subparagraph i or iv of paragraph *h*,

ii. as a result of a transfer (in this paragraph referred to as the "sale") at the particular time by any person or partnership (in this paragraph referred to as the "seller") to another person or partnership (in this paragraph referred to as the "buyer") the trust no longer holds any property that is

(1) shares of the capital stock of, or debt issued by, the Canadian corporation, or

(2) property the fair market value of which is derived in whole or in part, directly or indirectly, from shares of the capital stock of, or debt issued by, the Canadian corporation,

iii. the buyer deals at arm's length immediately before the particular time with the Canadian corporation, the trust and the seller,

iv. in exchange for the sale, the buyer transfers or becomes obligated to transfer property (in this paragraph referred to as the "consideration") to the seller, and

v. it is reasonable to conclude

(1) having regard only to the sale and the consideration that the seller would be willing to make the sale if the seller were dealing at arm's length with the buyer,

(2) that the terms and conditions made or imposed in respect of the exchange would be acceptable to the seller if the seller were dealing at arm's length with the buyer, and

(3) that the value of the consideration is not, from the particular time, determined in whole or in part, directly or indirectly, by reference to shares of the capital stock of, or debt issued by, the Canadian corporation;

(*w*) a transfer, before 11 October 2002, to a personal trust by an individual (other than a trust) of particular property is deemed not to be a contribution of the particular property by the individual to the trust if the transfer is deemed not to be a contribution of the particular property by the individual to the trust for the purposes of section 94 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in accordance with paragraph *u* of subsection 2 of that section 94; and

(*x*) a loan made by a specified financial institution to a trust is deemed not to be a contribution to the trust if

i. the loan is made on terms and conditions that would have been agreed to by persons dealing at arm's length, and

ii. the loan is made by the specified financial institution in the ordinary course of the business carried on by it.

"**595.** Where, but for this section, a trust would not be resident in Canada at a specified time in a particular taxation year and, at that time, there is a resident contributor to the trust or a resident beneficiary under the trust, the following rules apply, unless the trust is an exempt foreign trust at that time:

(*a*) the trust is deemed to be resident in Canada throughout the particular taxation year for the purpose of

i. computing the trust's income for the particular year,

ii. applying Chapter V of Title XII (except sections 669.3 and 669.4) and section 688.1 in respect of the trust and a beneficiary under the trust,

iii. applying subparagraph 3 of subparagraph i.1 of paragraph *n* of section 257, paragraph *c* of section 597.1, section 688.0.0.2 and Part II, in respect of a beneficiary under the trust,

iv. applying section 733.1,

v. determining the rights and obligations of the trust under Book IX, and

vi. determining whether a foreign affiliate of a taxpayer (other than the trust) is a controlled foreign affiliate of the taxpayer;

(*b*) no deduction is to be made under section 146 by the trust in computing its income for the particular taxation year, and for the purpose of applying section 146.1 and Chapter I of Title III of Book V to the trust for the particular taxation year, the following rules apply:

i. in determining the non-business-income tax (within the meaning assigned by section 772.2 for the purposes of this section) paid by the trust for the particular taxation year, paragraph *b* of the definition of that expression does not apply, and

ii. where, at that specified time, the trust is resident in a country other than Canada,

(1) the trust's income for the particular taxation year is deemed to be from sources in that country and not to be from any other source, and

(2) the business-income tax (within the meaning assigned by section 772.2), and the non-business-income tax, paid by the trust for the particular taxation year are deemed to be paid by the trust to the government of that country and not to any other government;

(*c*) where section 94 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) did not apply to deem, for the purposes of that Act, the trust to be resident in Canada throughout its taxation year (in this paragraph referred to as the "preceding year") immediately preceding the particular taxation year, the trust is deemed to have

i. immediately before the end of the preceding year, disposed of each property (other than property described in any of subparagraphs i to iv of paragraph *b* of section 785.1) held by the trust at that time for proceeds of disposition equal to its fair market value at that time, and

ii. at the beginning of the particular taxation year, acquired each of the properties deemed to be disposed of in accordance with subparagraph i at a cost equal to the property's proceeds of disposition determined under subparagraph i;

(*d*) where section 94 of the Income Tax Act applied to deem, for the purposes of that Act, the trust to be resident in Canada for its last taxation year that ended

before 1 January 2007, the trust is deemed, from the particular taxation year, to have

i. disposed of each property (other than property described in any of subparagraphs i to iv of paragraph *b* of section 785.1) at the time the trust is deemed to have disposed of the property under section 128.1 of the Income Tax Act, because of the application of that section 94, for proceeds of disposition equal to the proceeds determined at that time under that section 128.1, and

ii. at the time the trust is deemed to have acquired the property under section 128.1 of the Income Tax Act, because of the application of that section 94, acquired each of the properties deemed to be disposed of in accordance with subparagraph i at a cost equal to the property's proceeds of disposition determined under subparagraph i;

(*e*) if the trust (in this paragraph referred to as the "particular trust") is an electing trust in respect of the particular taxation year, the following rules apply:

i. an inter vivos trust (in this paragraph referred to as the "non-resident portion trust") is deemed for the purposes of this Act (other than for the purposes of the first and second paragraphs of section 647) to be created at the first time at which the particular trust exists in its first taxation year in respect of which the particular trust is an electing trust and to continue in existence until the earliest of

(1) the time at which the particular trust ceases to be resident in Canada because of section 597 or 597.0.1,

(2) the time at which the particular trust ceases to exist, and

(3) the time at which the particular trust becomes resident in Canada otherwise than because of this section,

ii. all of the particular trust's property that is part of the particular trust's non-resident portion is deemed to be the property of the non-resident portion trust and not to be, except for the purposes of this paragraph and the definition of "electing trust" in the first paragraph of section 593, the particular trust's property,

iii. the terms and conditions of, and rights and obligations of beneficiaries under, the particular trust (determined with reference to all the circumstances including the terms of a trust, an intention, the laws of a country or the existence of an agreement, a memorandum, a letter of wishes or any other arrangement) are deemed to be the terms and conditions of, and rights and obligations of beneficiaries under, the non-resident portion trust,

iv. the trustees of the particular trust are deemed to be the trustees of the non-resident portion trust,

v. the beneficiaries under the particular trust are deemed to be the beneficiaries under the non-resident portion trust,

vi. the non-resident portion trust is deemed not to have a resident contributor or connected contributor to it,

vii. the non-resident portion trust is deemed to be, without affecting the liability of its trustees for their own income tax, in respect of its property an individual,

viii. if all or part of property becomes at a particular time part of the particular trust's non-resident portion and immediately before the particular time the property or that part of property was part of its resident portion, the particular trust is deemed to have transferred at the particular time the property or that part of property to the non-resident portion trust,

ix. if all or part of property becomes at a particular time part of the particular trust's resident portion and immediately before the particular time the property or that part of property was part of its non-resident portion, the non-resident portion trust is deemed to have transferred at the particular time the property or that part of property to the particular trust,

x. the particular trust and the non-resident portion trust are deemed at all times to be affiliated with each other and to not deal with each other at arm's length,

xi. the particular trust has solidarily with the non-resident portion trust the rights and obligations of the non-resident portion trust in respect of any taxation year under Book IX, and the Tax Administration Act (chapter A-6.002) applies in respect of those rights and obligations, and

xii. if the non-resident portion trust ceases to exist at a particular time determined in accordance with any of subparagraphs 1 to 3 of subparagraph i, the following rules apply:

(1) the non-resident portion trust is deemed, at the time (in this subparagraph xii referred to as the "disposition time") that is immediately before the time that is immediately before the particular time, to have disposed of each of its properties that is property described in any of subparagraphs i to iv of paragraph *b* of section 785.1 for proceeds of disposition equal to the cost amount to it of the property at the disposition time and of each of its other properties for proceeds of disposition equal to its fair market value of the property at the disposition time,

(2) the particular trust is deemed to have acquired, at the time that is immediately before the particular time, each property described in subparagraph 1 at a cost equal to the proceeds of disposition determined under subparagraph 1 in respect of the property, and

(3) each person or partnership that is at the time immediately before the particular time a beneficiary under the non-resident portion trust is deemed at the disposition time to have disposed of the beneficiary's interest as a beneficiary under the non-resident portion trust for proceeds of disposition equal to the beneficiary's cost amount in the interest at the disposition time and to have ceased to be, other than for purposes of this subparagraph 3, a beneficiary under the non-resident portion trust;

(*f*) where there is, at that time, a resident contributor to the trust that is a tax-liable taxpayer in respect of the trust or a resident beneficiary under the trust that is a tax-liable taxpayer in respect of the trust if a connected contributor to the trust at that time is a tax-liable taxpayer in respect of the trust at that time, the trust is deemed, for the purpose of applying Book II and determining the trust's tax liability under this Part, to be resident in Québec on the last day of the particular year and, where the trust is an electing trust in respect of the particular year, its income for the particular year is deemed to be equal to the portion of that income, otherwise determined, that may reasonably be considered as being attributable to property that was contributed to the trust on or before that time by a contributor that is at that time a resident contributor to the trust and a tax-liable taxpayer in respect of the trust, or, if there is at that time a resident beneficiary under the trust that is a tax-liable taxpayer in respect of the trust, a connected contributor to the trust and a tax-liable taxpayer in respect of the trust; and

(*g*) each person that at any time in the particular taxation year is a resident contributor to the trust (other than an electing contributor to the trust at the specified time) or a resident beneficiary under the trust and that is a tax-liable taxpayer in respect of the trust at any time has, solidarily with the trust and with each other such person that is such a resident contributor or such a resident beneficiary, the rights and obligations of the trust in respect of the particular taxation year under Book IX, and the Tax Administration Act applies in respect of those rights and obligations.

"**596.** For greater certainty, section 595 does not deem a trust to be resident in Canada

(*a*) for the purposes of subparagraph i of subparagraph *b* of the second paragraph of section 248;

(*b*) for the purposes of 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 and paragraph *a* of section 1120;

(*c*) for the purpose of determining whether section 467 applies;

(*d*) for the purposes of the definitions of "arm's length transfer" and "exempt foreign trust" in the first paragraph of section 593;

(*e*) for the purpose of determining whether section 692 applies in respect of a distribution of property to the trust after 17 July 2005;

(*f*) for the purpose of determining whether, in applying section 785.1, the trust becomes resident in Canada at a particular time; and

(*g*) for the purpose of determining whether, in applying section 785.2, the trust ceases to be resident in Canada at a particular time.

"**597.** A trust is deemed to cease to be resident in Canada at the earliest time at which there is neither a resident contributor to the trust nor a resident beneficiary under the trust in a particular taxation year (determined without reference to section 785.2) of the trust if

(*a*) the particular taxation year immediately follows a taxation year of the trust throughout which the trust was deemed under section 595 to be resident in Canada for the purpose of computing its income; and

(*b*) at a specified time in the particular taxation year, the trust

i. is not resident in Canada,

ii. is not an exempt foreign trust, and

iii. has no resident contributor to it or resident beneficiary under it."

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006. However,

(1) a trust's fiscal return for a taxation year at the end of which the trust was deemed to be resident in Québec under paragraph *f* of section 595 of the Act, enacted by subsection 1, or throughout which the trust was deemed to exist under paragraph *e* of that section 595, which would otherwise be required to be filed before (*insert the date of the 120th day after the date of assent to this Act*), is deemed to have been filed, for the purposes of section 1045 of the Act, with the Minister of Revenue on a timely basis if it is filed with the Minister of Revenue within 365 days after that date;

(2) where section 593 of the Act applies in respect of a taxation year of a trust that ends before 11 February 2014 or, if the conditions of subsection 3 are met, before 1 January 2015, the definitions of "connected contributor" and "resident contributor" in the first paragraph of that section 593 are to be read as follows:

""connected contributor" to a trust at any time means a contributor to the trust at that time, other than

(*a*) an individual (other than a trust and an individual who, before that time, has never been a person not resident in Canada) who, at or before that time, was resident in Canada for one or more periods not exceeding 60 months; or

(*b*) a person all of whose contributions to the trust made at or before that time were made at a non-resident time of the person;

""resident contributor" to a trust at any time means a person that is, at that time, resident in Canada and a contributor to the trust, but does not include

(*a*) an individual (other than a trust and an individual who, before that time, has never been a person not resident in Canada) who, at that time, was not resident in Canada for a period of, or periods the aggregate of which is, more than 60 months; and

(*b*) an individual (other than a trust) if

i. the trust is an inter vivos trust created before 1 January 1960 by a person who was not resident in Canada when the trust was created, and

ii. the individual has not, after 31 December 1959, made a contribution to the trust;";

(3) where section 593 of the Act applies in respect of the taxation year of a trust that ends before 1 January 2009, subparagraph 3 of subparagraph ii of paragraph *f* of the definition of "exempt foreign trust" in the first paragraph of that section 593 is to be read as follows:

"(3) no benefits are provided under the trust, other than benefits in respect of qualifying services, particular services rendered before 9 November 2006 to an employer by an employee of the employer if the employee had on 8 November 2006 a right (whether immediate or future or whether absolute or contingent) to receive the benefits in respect of the particular services under an agreement in writing that was entered into before 9 November 2006 and, if the employee was resident in Canada on 9 November 2006, in respect of which the requirements provided for in sub-subclause 2 of subclause II of clause C of subparagraph ii of paragraph *f* of the definition of "exempt foreign trust" in subsection 1 of section 94 of the Income Tax Act, enacted by paragraph *e* of subsection 2 of section 7 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) have been complied with, or a combination of such qualifying or particular services;";

(4) where section 593 of the Act has effect before 1 January 2012, subparagraph ii of paragraph *c* of the definition of "exempt foreign trust" in the first paragraph of that section 593 is to be read as follows:

"ii. at the particular time the trust owns and administers a university described in paragraph *g* of the definition of "total charitable gifts" in the first paragraph of section 752.0.10.1,";

(5) where section 593 of the Act applies in respect of a contribution made before 23 June 2000, the definition of "non-resident time" in the first paragraph of that section 593 is to be read as if "if the person is an individual and the trust arose on and as a consequence of the death of the individual, 18 months before the contribution time" in the portion before paragraph *a* were replaced by "if the contribution time is before 23 June 2000, 18 months before the end of the trust's taxation year that includes the contribution time";

(6) if a trust has made a valid election under paragraph *d* of subsection 2 of section 7 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) to have that paragraph *d* apply to the trust, the definition of "arm's length transfer" in the first paragraph of section 593 of the Act does not include, for the purposes of Chapter VI of Title X of Book III of Part I of the Taxation Act, a loan or other transfer of property that is identified in the election and that is made in a taxation year that begins before 1 January 2003;

(7) where paragraph *q* of section 594 of the Act applies in respect of a transfer made before 27 August 2010, it is to be read as follows:

"(*q*) a contribution made at any time by a particular partnership to a trust is deemed to be made at that time jointly by the particular partnership and by each person or partnership that is at that time a member of the particular partnership (other than a member of the particular partnership if the liability of the member as a member of the particular partnership is limited by operation of any law governing the partnership arrangement);";

(8) where section 596 of the Act applies to a taxation year that ends before 21 March 2013, paragraph *b* of that section 596 is to be read as if "440, 454 and 597.0.6" were replaced by "440 and 454";

(9) where section 596 of the Act applies to a taxation year that ends before 21 March 2013, paragraph *c* of that section 596 is to be read as follows:

"(*c*) for the purpose of determining whether section 467 applies to deem an amount to be an income, loss, taxable capital gain or allowable capital loss of the trust;"; and

(10) if a trust has made a valid election under paragraph *o* of subsection 2 of section 7 of the Technical Tax Amendments Act, 2012, section 597 of the Act is to be read as follows in respect of a taxation year of the trust that ends before 25 October 2012:

"**597.** A trust is deemed to cease to be resident in Canada at the earliest time at which there is neither a resident contributor to the trust nor a resident beneficiary under the trust in a period that would, but for section 785.2, be a taxation year of the trust

(*a*) that immediately follows a taxation year throughout which the trust was resident in Canada;

(*b*) at the beginning of which there was a resident contributor to the trust or a resident beneficiary under the trust; and

(*c*) at the end of which the trust is not resident in Canada."

(3) The conditions to which paragraph 2 of subsection 2 refers are as follows:

(1) no contribution was made to the trust after 10 February 2014 and before 1 January 2015; and

(2) had the trust had a particular taxation year ending after 31 December 2013 and before 11 February 2014,

(*a*) the trust would not be resident in Canada for the purpose of computing its income for the particular year; or

(*b*) the trust would be resident in Canada for the purpose of computing its income for the particular year if the definitions of "connected contributor" and "resident contributor" in the first paragraph of section 593 of the Act were read without reference to their paragraph *a*.

(4) Chapter V.2 of Title II of Book I of Part I of the Act applies, with the necessary modifications, in relation to an election described in subsection 2. In addition, for the purposes of section 21.4.7 of the Act in respect of that 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 of the 180th day after the date of assent to this Act*).

27. (1) The Act is amended by inserting the following sections after section 597:

"**597.0.1.** A trust is deemed to cease to be resident in Canada at the earliest time at which the trust becomes an exempt foreign trust in a particular taxation year (determined without reference to section 785.2) of the trust if

(*a*) the particular taxation year immediately follows a taxation year throughout which the trust was deemed under section 595 to be resident in Canada for the purpose of computing its income; and

(*b*) at a specified time in the particular taxation year,

i. there is a resident contributor to the trust or a resident beneficiary under the trust, and

ii. the trust is an exempt foreign trust.

"**597.0.2.** Where a trust is deemed under section 597 or 597.0.1 to cease to be resident in Canada at a particular time, the following rules apply in respect

of the trust in relation to the particular taxation year that is, because of that cessation of residence, deemed to end immediately before the particular time:

(*a*) the trust's fiscal return for the particular taxation year is deemed to be filed with the Minister on a timely basis if it is filed with the Minister on or before the 90th day after the end of the trust's taxation year that is deemed to start at the particular time because of that cessation of residence; and

(*b*) an amount that is included in computing the trust's income (determined without reference to paragraphs *a* and *b* of section 657 and section 657.1) for the particular taxation year but that otherwise became payable by the trust in the period after the particular taxation year and before the end of the trust's taxation year that is deemed to start at the particular time because of that cessation of residence, is deemed to have become payable by the trust immediately before the end of the particular taxation year and not at any other time.

"**597.0.3.** Where at a specified time in a taxation year a trust is an exempt foreign trust, at a particular time in the immediately following taxation year (determined without reference to this section) the trust ceases to be an exempt foreign trust (otherwise than because of becoming resident in Canada), and at the particular time there is a resident contributor to, or resident beneficiary under, the trust, the trust's taxation year (determined without reference to this section) that includes the particular time is deemed to end immediately before the particular time and a new taxation year of the trust is deemed to begin at the particular time.

"**597.0.4.** The maximum amount recoverable under paragraph *g* of section 595 at a particular time from a person in respect of a trust (other than a person that is deemed, under section 597.0.10 or 597.0.11, to be a contributor or a resident contributor to the trust) and a particular taxation year of the trust is equal to the person's recovery limit at the particular time in respect of the trust and the particular year if

(*a*) either

i. the person is liable under paragraph *g* of section 595 in respect of the trust and the particular taxation year solely because the person was a resident beneficiary under the trust that is a tax-liable taxpayer in respect of the trust at a specified time in respect of the trust in the particular taxation year, or

ii. at a specified time in respect of the trust in the particular taxation year, the aggregate of all amounts each of which is the amount, at the time it was made, of a contribution to the trust made before the specified time by the person or by another person or partnership not dealing at arm's length with the person, is not more than the greater of

(1) $10,000, and

(2) 10% of the aggregate of all amounts each of which is the amount, at the time it was made, of a contribution made to the trust before the specified time;

(*b*) the person has complied with the requirements of paragraph *b* of subsection 7 of section 94 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the particular time; and

(*c*) it is reasonable to conclude that for each transaction that occurred before the end of the particular taxation year at the direction of, or with the consent of, the person

i. none of the purposes of the transaction was to enable the person to reduce or avoid any liability under paragraph *g* of section 595 in respect of the trust, and

ii. the transaction was not part of a series of transactions any of the purposes of which was to enable the person to reduce or avoid any liability under paragraph *g* of section 595 in respect of the trust.

"**597.0.5.** The recovery limit referred to in section 597.0.4 at a particular time of a particular person in respect of a trust and a particular taxation year of the trust is equal to the amount by which the amount determined under the second paragraph is exceeded by the greater of

(*a*) the aggregate of all amounts each of which is

i. an amount received or receivable after 31 December 2000 and before the particular time by the particular person on the disposition of all or part of the person's interest as a beneficiary under the trust, or by a person or partnership (that was, when the amount became receivable, a specified party in respect of the particular person) on the disposition of all or part of the specified party's interest as a beneficiary under the trust,

ii. an amount (other than an amount described in subparagraph i) made payable by the trust after 31 December 2000 and before the particular time to the particular person because of the interest of the particular person as a beneficiary under the trust, or a person or partnership (that was, when the amount became payable, a specified party in respect of the particular person) because of the interest of the specified party as a beneficiary under the trust,

iii. an amount received after 27 August 2010 by the particular person, or a person or partnership (that was, when the amount was received, a specified party in respect of the particular person), as a loan from the trust to the extent that the amount has not been repaid,

iv. an amount (other than an amount described in any of subparagraphs i to iii) that is the fair market value of a benefit received or enjoyed, after 31 December 2000 and before the particular time, from or under the trust by the particular person, or a person or partnership (that was, when the benefit

was received or enjoyed, a specified party in respect of the particular person), or

v. the amount determined in respect of the particular person in accordance with subparagraph v of paragraph *a* of subsection 8 of section 94 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(*b*) the aggregate of all amounts each of which is the amount, when made, of a contribution to the trust before the particular time by the particular person.

The amount referred to in the first paragraph is equal to the aggregate of all amounts each of which is

(*a*) an amount recovered before the particular time from the particular person in connection with a liability of the particular person (in respect of the trust and the particular year or a preceding taxation year of the trust) that arose because of the application of section 94 of the Income Tax Act or section 595;

(*b*) an amount (other than an amount to which this subparagraph has applied in respect of any other person) recovered before the particular time from a specified party in respect of the particular person in connection with a liability of the particular person (in respect of the trust and the particular year or a preceding taxation year of the trust) that arose because of the application of section 94 of the Income Tax Act or section 595;

(*c*) the amount by which the particular person's tax payable under this Part for any taxation year in which an amount described in any of subparagraphs i to iv of subparagraph *a* of the first paragraph was paid, became payable, was received, became receivable or was enjoyed by the particular person exceeds the amount that would have been the particular person's tax payable under this Part for that taxation year if no such amount were paid, became payable, were received, became receivable or were enjoyed by the particular person in that taxation year; or

(*d*) the amount determined in respect of the particular person in accordance with paragraph *e* of subsection 8 of section 94 of the Income Tax Act.

"**597.0.6.** The rules in the second paragraph apply at a particular time in respect of a particular person, and to a particular property, in respect of a trust not resident in Canada, if at that time

(*a*) the particular person is resident in Canada; and

(*b*) the trust holds the particular property on condition that the particular property or property substituted for the particular property may revert to the particular person or pass to one or more persons or partnerships to be determined by the particular person, or may not be disposed of by the trust during the existence of the particular person, except with the particular person's consent or in accordance with the particular person's direction.

In applying this chapter in respect of the trust for a taxation year of the trust that includes the particular time, the rules referred to in the first paragraph are as follows:

(*a*) every transfer or loan made at or before the particular time by the particular person (or by a trust or partnership of which the particular person was a beneficiary or member, as the case may be) of the particular property, of another property for which the particular property is a substitute, or of property from which the particular property derives, or the other property derived, its value in whole or in part, directly or indirectly, is deemed to be a transfer or loan, as the case may be, by the particular person

i. that is not an arm's length transfer, and

ii. that is, for the purposes of paragraph *c* of section 594 and section 597.0.7, a transfer or loan of restricted property; and

(*b*) paragraph *c* of section 594 is to be read without reference to its subparagraph iii in its application to each transfer and loan described in subparagraph *a*.

"**597.0.7.** Where a person or partnership contributes at any time restricted property to a trust, the amount of the contribution at that time is deemed, for the purposes of this chapter, to be equal to the greater of

(*a*) the amount, determined without reference to this section, of the contribution at that time; and

(*b*) the amount that is the greatest fair market value of the restricted property, or property substituted for it, in the period that begins immediately after that time and ends at the end of the third calendar year that ends after that time.

"**597.0.8.** In applying this chapter at any specified time, in respect of a trust's taxation year, that is before the particular time at which a contributor to the trust becomes resident in Canada within 60 months after making a contribution to the trust, the contribution is deemed to have been made at a time other than a non-resident time of the contributor if

(*a*) in applying the definition of "non-resident time" in the first paragraph of section 593 at each of those specified times, the contribution was made at a non-resident time of the contributor; and

(*b*) in applying the definition of "non-resident time" in the first paragraph of section 593 immediately after the particular time, the contribution is made at a time other than a non-resident time of the contributor.

"**597.0.9.** Sections 597.0.10 and 597.0.11 apply to a trust or a person in respect of a trust if

(*a*) at any time property of a trust (in this section and sections 597.0.10 and 597.0.11 referred to as the "original trust") is transferred or loaned, directly or indirectly, in any manner whatever, to another trust (in this section and sections 597.0.10 and 597.0.11 referred to as the "transferee trust");

(*b*) the original trust

i. is deemed to be resident in Canada immediately before that time under paragraph *a* of section 595,

ii. would be deemed to be resident in Canada immediately before that time under paragraph *a* of section 595 if this chapter, as it read in its application to the taxation year 2013, were read without reference to paragraph *a* of the definition of "connected contributor" in the first paragraph of section 593 and paragraph *a* of the definition of "resident contributor" in that first paragraph, or

iii. is an original trust to which subparagraph iii or iv of paragraph *b* of subsection 11 of section 94 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies; and

(*c*) it is reasonable to conclude that one of the reasons the transfer or loan is made is to reduce or avoid a liability under this Part, where the liability arose, or would otherwise have arisen, because of the application of this chapter, or under Part I of the Income Tax Act, where the liability arose, or would otherwise have arisen, because of the application of section 94 of that Act.

"**597.0.10.** The original trust described in section 597.0.9 is deemed to be—at and after the time of the transfer or loan referred to in that section and for the purpose of applying this chapter in respect of the transferee trust referred to in that section—a resident contributor to the transferee trust, even if the original trust has ceased to exist.

"**597.0.11.** A person that is, at the time of the transfer or loan referred to in section 597.0.9, a contributor to the original trust referred to in that section, is deemed to be at and after that time, even if the person has ceased to exist,

(*a*) a contributor to the transferee trust referred to in section 597.0.9; and

(*b*) a connected contributor to the transferee trust, if at that time the person is a connected contributor to the original trust.

"**597.0.12.** A particular property that is, or will be, at a particular time held, loaned or transferred by a particular person or partnership is not restricted property held, loaned or transferred, as the case may be, at that time by the particular person or partnership if

(*a*) the particular property is property in respect of which the conditions of paragraph *a* of subsection 14 of section 94 of the Income Tax Act (Revised

Statutes of Canada, 1985, chapter 1, 5th Supplement) are met in respect of the particular person or partnership; or

(*b*) at the particular time

i. the particular property is

(1) a share of the capital stock of a corporation,

(2) a fixed interest in a trust, or

(3) an interest, as a member of a partnership, under which, 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,

ii. there are at least 150 persons each of whom holds at the particular time property that at that time

(1) is identical to the particular property, and

(2) has a total fair market value of at least $500,

iii. the aggregate of all amounts each of which is the fair market value, at the particular time, of the particular property (or of identical property that is held, at that time, by the particular person or partnership or a person with whom the particular person or partnership does not deal at arm's length) does not exceed 10% of the aggregate of all amounts each of which is the fair market value, at the particular time, of the particular property or of identical property held by any person or partnership,

iv. property that is identical to the particular property can normally be acquired by and sold by members of the public in the open market, and

v. the particular property, or identical property, is listed on a designated stock exchange.

Chapter V.2 of Title II of Book I applies in relation to property identified by a particular person or partnership for the purposes of subparagraph iii of paragraph *a* of subsection 14 of section 94 of the Income Tax Act.

"**597.0.13.** For the purposes of this chapter, the following rules apply:

(*a*) if it can reasonably be considered that one of the main reasons that a person or partnership

i. is at any time a shareholder of a corporation is to cause the condition of paragraph *b* of the definition of "closely held corporation" in the first paragraph of section 593 to be satisfied in respect of the corporation, the condition is deemed not to have been satisfied at that time in respect of the corporation,

ii. holds at any time an interest in a trust is to cause the condition of subparagraph 1 of subparagraph ii of paragraph *h* of the definition of "exempt foreign trust" in the first paragraph of section 593 to be satisfied in respect of the trust, the condition is deemed not to have been satisfied at that time in respect of the trust, and

iii. holds at any time a property is to cause the condition of subparagraph ii of subparagraph *b* of the first paragraph of section 597.0.12 to be satisfied in respect of the property or an identical property held by any person, the condition is deemed not to have been satisfied at that time in respect of the property or the identical property;

(*b*) where, at or before a specified time in a trust's particular taxation year, a resident contributor to the trust contributes to the trust property that is restricted property of the trust, or property for which restricted property of the trust is substituted, and the trust is at that specified time an exempt foreign trust because of paragraph *f* of the definition of "exempt foreign trust" in the first paragraph of section 593, the amount of the trust's income for the particular year from the restricted property, and the amount of any taxable capital gain from the disposition in the particular year by the trust of the restricted property, are to be included in computing the income of the resident contributor for its taxation year in which the particular taxation year of the trust ends and not in computing the income of the trust for that particular year; and

(*c*) where at a specified time in a particular taxation year a trust is an exempt foreign trust because of paragraph *h* of the definition of "exempt foreign trust" in the first paragraph of section 593, at a time immediately before a particular time in the immediately following taxation year (determined without reference to section 597.0.3) there is a resident contributor to, or resident beneficiary under, the trust, at the time that is immediately before the particular time a beneficiary under the trust holds a fixed interest in the trust, and at the particular time the interest ceases to be a fixed interest in the trust, the following rules apply:

i. the trust is deemed, other than for the purposes of section 597.0.3, not to be an exempt foreign trust at any time in the trust's taxation year (in this section referred to as the "assessment year") that ends, in accordance with section 597.0.3, at the time that is immediately before the particular time,

ii. the trust shall include in computing its income for its assessment year the amount determined by the formula

A – B – C, and

iii. if the trust has tax payable for its assessment year, then throughout the period that begins at the trust's balance-due day for each taxation year that ends in the interest gross-up period, within the meaning assigned by subparagraph *c* of the second paragraph, and ends at the trust's balance-due day for its assessment year, the trust is deemed to have unpaid tax (in addition

to any unpaid tax otherwise determined in respect of the trust under that section) for the purposes of section 1037 equal to the amount determined by the formula

D/E × 25.75%.

In the formulas in the first paragraph,

(*a*) A is the amount by which the aggregate of all amounts each of which is equal to the fair market value of a property held by the trust at the end of its assessment year exceeds the aggregate of all amounts each of which is equal to the principal amount outstanding at the end of the assessment year of a liability of the trust;

(*b*) B is the amount by which the aggregate of all amounts each of which is equal to the fair market value of a property held by the trust at the earliest time (in this paragraph referred to as the "initial time") at which there is a resident contributor to, or resident beneficiary under, the trust and at which the trust is an exempt foreign trust exceeds the aggregate of all amounts each of which is equal to the principal amount outstanding at the initial time of a liability of the trust;

(*c*) C is the aggregate of all amounts each of which is the amount of a contribution made to the trust in the period that begins at the initial time and ends at the end of its assessment year (in this paragraph referred to as the "interest gross-up period");

(*d*) D is the amount determined in accordance with subparagraph ii of subparagraph *c* of the first paragraph in respect of the trust for the assessment year; and

(*e*) E is the number of the trust's taxation years that end in the interest gross-up period.

"**597.0.14.** Where at a specified time in respect of a trust for a taxation year of the trust (in this section referred to as the "trust's year"), there is an electing contributor in respect of the trust, the following rules apply:

(*a*) the electing contributor is required to include in computing income for the contributor's taxation year (in this section referred to as the "contributor's year") in which the trust's year ends, the amount determined by the formula

A/B × (C – D);

(*b*) subject to subparagraph *c*, the amount, if any, required to be included in the electing contributor's income, in accordance with subparagraph *a*, for the contributor's year is deemed to be income from property from a source in Canada;

(*c*) for the purposes of this subparagraph, subparagraph *d* and sections 772.2 to 772.13, an amount in respect of the trust's income for the trust's year from a source in a foreign country is deemed to be income of the electing contributor for the contributor's year from that source if the amount is deemed to be such income of the contributor for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) under paragraph *c* of subsection 16 of section 94 of that Act;

(*d*) for the purposes of this subparagraph and sections 772.2 to 772.13, the electing contributor is deemed to have paid to the government of a foreign country or of a political subdivision of such a country, as business-income tax or non-business-income tax, as the case may be, for the contributor's year in respect of a particular source in that country, an amount equal to the amount determined by the formula

$E \times F/G$;

(*e*) in applying section 146.1 and sections 772.2 to 772.13 in respect of the trust's year there must be deducted

i. in computing the trust's income from a particular source for the trust's year the aggregate of all amounts each of which is an amount that, in accordance with subparagraph *c*, is deemed to be income from the particular source of the electing contributor for the contributor's year, and

ii. in computing the business-income tax or non-business-income tax paid by the trust for the trust's year in respect of a particular source the aggregate of all amounts in respect of that source each of which is an amount that, in accordance with subparagraph *d*, is deemed to be paid by the electing contributor as business-income tax or non-business-income tax in respect of the particular source;

(*f*) in computing the trust's income for the trust's year the trust may deduct an amount that does not exceed the amount included by the electing contributor, under subparagraph *a*, in computing the electing contributor's income for the contributor's year; and

(*g*) where before the specified time the electing contributor made a contribution to the trust as part of a series of transactions in which another person made the same contribution, in applying subparagraphs *a* to *f* in respect of the electing contributor and the other person, the other person is deemed not to be a joint contributor in respect of the contribution if the other person is deemed not to be a joint contributor in respect of that contribution for the purposes of the Income Tax Act under paragraph *g* of subsection 16 of section 94 of that Act.

In the formulas in the first paragraph,

(*a*) A is the aggregate of all amounts each of which is

i. where at or before the specified time the electing contributor has made a contribution to the trust and is not a joint contributor in respect of the trust and the contribution, the amount of the contribution, or

ii. where at or before the specified time the electing contributor has made a contribution to the trust and is a joint contributor in respect of the trust and the contribution, the quotient obtained when the amount of the contribution is divided by the number of joint contributors in respect of the contribution;

(*b*) B is the aggregate of all amounts each of which is the amount that would be determined in accordance with subparagraph *a* for each resident contributor, or connected contributor, to the trust at the specified time if all of those contributors were electing contributors in respect of the trust;

(*c*) C is the trust's income, computed without reference to subparagraph *f* of the first paragraph, for the trust's year;

(*d*) D is the amount deducted by the trust under sections 727 to 737 in computing its taxable income for the trust's year;

(*e*) E is the amount that, in the absence of subparagraph i of subparagraph *e* of the first paragraph, would be the business-income tax or non-business-income tax, as the case may be, paid by the trust to the government of a foreign country or of a political subdivision of such a country in respect of the particular source referred to in subparagraph *d* of the first paragraph for the trust's year;

(*f*) F is the aggregate of all amounts each of which is an amount deemed under subparagraph *c* of the first paragraph to be an income of the electing contributor for the contributor's year from the particular source referred to in subparagraph *d* of the first paragraph; and

(*g*) G is the trust's income for the trust's year from the particular source referred to in subparagraph *d* of the first paragraph.

In this section, "business-income tax" and "non-business-income tax" have the meaning assigned by section 772.2.

"**597.0.15.** Where, at or before a specified time in a trust's taxation year (in this section referred to as the "trust's year"), there is an electing contributor who is both a tax-liable taxpayer in respect of the trust and a joint contributor in respect of a contribution to the trust, the following rules apply:

(*a*) each person who is both a joint contributor in respect of the contribution and a tax-liable taxpayer in respect of the trust has, in respect of the contribution, solidarily, the rights and obligations under Book IX of each other person (in this section referred to as the "specified person") who is, at or before the specified time, a joint contributor in respect of the contribution and a tax-liable taxpayer in respect of the trust, for the specified person's taxation year in which

the trust's year ends, and the Tax Administration Act (chapter A-6.002) applies in respect of those rights and obligations; and

(*b*) the maximum amount recoverable under subparagraph *a* at a particular time from the person in respect of the contribution and a taxation year, of another person who is the specified person, in which the trust's year ends is the amount determined by the formula

A – B – C.

In the formula in the first paragraph,

(*a*) A is the aggregate of the amounts payable by the specified person under this Part for the specified person's taxation year in which the trust's year ends;

(*b*) B is the amount that would be determined in accordance with subparagraph *a* if the aggregate of the amounts payable by the specified person under this Part for the specified person's taxation year in which the trust's year ends were computed without reference to the contribution; and

(*c*) C is the amount recovered before the particular time from the specified person, and any other joint contributor in respect of the trust and the contribution, in connection with the liability of the specified person in respect of the contribution."

(2) Subsection 1, where it enacts sections 597.0.1 to 597.0.5 and 597.0.7 to 597.0.13 of the Act, applies to a taxation year that ends after 31 December 2006.

(3) Subsection 1, where it enacts section 597.0.6 of the Act, applies to a taxation year that ends after 20 March 2013.

(4) Despite subsection 2, subparagraph ii of subparagraph *b* of section 597.0.9 of the Act, enacted by subsection 1, is to be read without reference to ", as it read in its application to the taxation year 2013," where that section 597.0.9 applies, in respect of a trust, to a taxation year that ends before 11 February 2014 and, if the following conditions are met, to a taxation year that ends after 10 February 2014 and before 1 January 2015:

(1) no contribution is made to the trust after 10 February 2014 and before 1 January 2015; and

(2) if the trust had a particular taxation year that ended after 31 December 2013 and before 11 February 2014, the trust was not resident in Canada for the purpose of computing its income for the particular year but would be resident in Canada for that purpose if the definitions of "connected contributor" and "resident contributor" in the first paragraph of section 593 of the Act were read without reference to their paragraph *a*.

(5) Despite subsection 2, where section 597.0.12 of the Act has effect before 14 December 2007, subparagraph v of subparagraph *b* of its first paragraph is

to be read as if "designated stock exchange" were replaced by "Canadian stock exchange or a foreign stock exchange".

(6) Subsection 1, where it enacts sections 597.0.14 and 597.0.15 of the Act, applies to a taxation year that ends after 4 March 2010.

(7) If a trust has made a valid election under paragraph *o* of subsection 2 of section 7 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), Chapter VI of Title X of Book III of Part I of the Taxation Act is, in respect of a taxation year of the trust that ends before 25 October 2012, to be read without reference to sections 597.0.1 and 597.0.2 of the Act and section 597.0.3 of the Act is, in respect of such a taxation year, to be read as follows:

"**597.0.3.** If at any time a trust becomes or ceases to be an exempt foreign trust (otherwise than because of becoming resident in Canada), its taxation year that would otherwise include that time is deemed to have ended immediately before that time and a new taxation year of the trust is deemed to begin at that time."

(8) Chapter V.2 of Title II of Book I of Part I of the Act applies, with the necessary modifications, in relation to an election referred to in subsection 7. In addition, for the purposes of section 21.4.7 of the Act in respect of that 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 of the 180th day after the date of assent to this Act*).

28. (1) Section 597.1 of the Act is amended by replacing paragraph *c* by the following paragraph:

"(*c*) "foreign entity" at any time means a corporation that is at that time not resident in Canada, a partnership, organization, fund or entity that is at that time not resident in Canada or is not at that time situated in Canada, or an exempt foreign trust, within the meaning assigned to that expression by the first paragraph of section 593, other than a trust described in any of paragraphs *a* to *g* of the definition of that expression."

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006.

29. (1) Section 597.4 of the Act is replaced by the following section:

"**597.4.** Where in a taxation year a taxpayer holds or has an interest in an offshore investment fund property and it may reasonably be concluded, taking all the circumstances into account, that one of the main reasons for the taxpayer acquiring, holding or having the interest in such property was to derive a benefit from portfolio investments in assets listed in paragraphs *a* to *h* of section 597.2 in such a manner that the taxes on the income, profits and gains from such assets for a particular year are significantly less than the tax that would have been payable under this Part if the income, profits and gains had

been earned directly by the taxpayer, the amount determined under section 597.6 for that year in respect of that property is to be included in computing the taxpayer's income for the year."

(2) Subsection 1 applies to a taxation year that ends after 4 March 2010.

30. (1) Section 597.6 of the Act is amended

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

"**597.6.** The amount to be included in computing a taxpayer's income for a taxation year under section 597.4 in respect of an offshore investment fund property is equal to the amount by which the taxpayer's income for the year from the offshore investment fund property, determined without reference to this section or to section 597.4, is exceeded by the aggregate of all amounts each of which is the product obtained when the designated cost to the taxpayer of the offshore investment fund property at the end of a particular month in the year is multiplied by the quotient obtained when the rate of interest that is the total of the rates determined in accordance with clauses A and B of subparagraph ii of paragraph *f* of subsection 1 of section 94.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for the period including the particular month is divided by 12.";

(2) by replacing "Aux fins" in the second paragraph in the French text by "Pour l'application".

(2) Subsection 1 applies to a taxation year that ends after 4 March 2010.

31. (1) The Act is amended by inserting the following after section 597.6:

"**CHAPTER VI.2**

"FOREIGN COMMERCIAL TRUSTS

"**597.7.** Section 597.8 applies to a beneficiary under a trust, and to a particular person of which such a beneficiary is a controlled foreign affiliate, at a particular time if

(*a*) the trust is at that time an exempt foreign trust (other than a trust described in any of paragraphs *a* to *g* of the definition of "exempt foreign trust" in the first paragraph of section 593);

(*b*) either

i. the total fair market value at that time of all fixed interests of a particular class in the trust held by the beneficiary, persons or partnerships not dealing at arm's length with the beneficiary, or persons or partnerships that acquired their interests in the trust in exchange for consideration given to the trust by

the beneficiary, is at least 10% of the total fair market value at that time of all fixed interests of the particular class, or

ii. the beneficiary or the particular person has at or before that time contributed restricted property to the trust; and

(*c*) the beneficiary is at that time a

i. resident beneficiary,

ii. mutual fund,

iii. controlled foreign affiliate of the particular person, or

iv. partnership of which a person listed in any of subparagraphs i to iii is a member.

"**597.8.** If, because of section 597.7, this section applies at a particular time to a beneficiary under, or a particular person in respect of, a trust, for the purposes of sections 571 to 576.1, 578 and 579 to 583, paragraph *a* of section 597.1 and section 598, the following rules apply:

(*a*) the trust is deemed to be at that time a corporation not resident in Canada

i. controlled by each of the beneficiary and the particular person, and

ii. having, for each particular class of fixed interests in the trust, a separate class of capital stock of 100 issued shares that have the same attributes as the interests of the particular class; and

(*b*) each beneficiary under the trust is deemed to hold at that time a percentage of the number of shares of each separate class described in subparagraph ii of paragraph *a* equal to the percentage representing the proportion that the fair market value at that time of that beneficiary's fixed interests in the corresponding particular class of fixed interests in the trust is of the fair market value at that time of all fixed interests in the particular class.

"**597.9.** For the purposes of this chapter in respect of a taxpayer for a taxation year, the fair market value of interests in a trust for the purposes of sections 597.7 and 597.8 in respect of the taxpayer for the year is deemed to be equal to the fair market value determined for the year, in respect of those interests, in accordance with subsection 4 of section 94.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies to a taxation year that ends after 4 March 2010. However,

(1) in respect of a taxation year that ends before 11 February 2014, or in respect of a taxation year that ends after 10 February 2014 and before

1 January 2015, in relation to a trust, if no contribution is made to the trust after 10 February 2014 and before 1 January 2015 and, if the trust were to have a particular taxation year that ended after 31 December 2013 and before 11 February 2014, the trust would not be resident in Canada for the purpose of computing its income for the particular taxation year but would be resident in Canada for that purpose for that year if the definitions of "connected contributor" and "resident contributor" in the first paragraph of section 593 of the Act, enacted by paragraph 2 of subsection 2 of section (*insert the number of the section in this Act that replaces section 593 of the Taxation Act*) of this Act, were read without their subparagraphs *a*, the portion of section 597.7 of the Act before paragraph *a*, enacted by subsection 1, is to be read as follows:

"**597.7.** Section 597.8 applies to a beneficiary under a trust, and to a particular person of which such a beneficiary is a controlled foreign affiliate, at a particular time, except for a particular person who is an individual described in paragraph *a* of the definition of "connected contributor" in the first paragraph of section 593, if"; and

(2) in respect of a taxation year that ends before 24 October 2012, paragraph *c* of section 597.7 of the Act is to be read as follows:

"(*c*) the beneficiary is at that time a resident beneficiary or a mutual fund."

(3) In addition, where section 593 of the Act, enacted by section (*insert the number of the section in this Act that replaces section 593 of the Taxation Act*) of this Act, applies in respect of a trust for a taxation year of the trust that ends before 5 March 2010, Chapter VI.2 of Title X of Book III of Part I of the Act, enacted by subsection 1, applies in respect of a beneficiary under the trust and a person of which a beneficiary under the trust is a controlled foreign affiliate, for a taxation year of the beneficiary or person in which the preceding taxation year of the trust ends and, in respect of that preceding taxation year, sections 597.7 to 597.9 of the Act are to be read as follows:

"**597.7.** For the purposes of this chapter,

(*a*) "foreign trust" means a trust that is an exempt foreign trust in a taxation year (other than a trust described in any of paragraphs *a* to *g* of the definition of that expression in the first paragraph of section 593) and of which a beneficiary is, at any time in the year, a person resident in Canada, a corporation or trust with which such a person is not dealing at arm's length or a controlled foreign affiliate of such a person;

(*b*) "beneficiary" under a trust means a person who is beneficially interested in the trust.

"**597.8.** The rules provided for in this chapter apply for a taxation year of a foreign trust that is not an inter vivos trust created before 1 January 1960 by a person who at that time was not resident in Canada, a testamentary trust created because of the death of an individual before 1 January 1976, or a trust

governed by a foreign retirement arrangement, if in or before that year the trust, or a corporation not resident in Canada that would be, if the trust were resident in Canada, a controlled foreign affiliate of the trust, has, otherwise than because of the repayment of a loan, acquired property, directly or indirectly in any manner whatever, from

(*a*) a particular person who

i. was the beneficiary referred to in paragraph *a* of section 597.7, was related to that beneficiary or was the uncle, aunt, nephew or niece of that beneficiary,

ii. was resident in Canada in the 18 months before the end of the year or before that person ceased to exist, as the case may be, and

iii. in the case of an individual, had before the end of the year been resident in Canada for a period of, or periods the total of which is, more than 60 months; or

(*b*) a trust or corporation that acquired the property, directly or indirectly in any manner whatever, from a particular person described in subparagraph *a* with whom it was not dealing at arm's length.

The rules also apply for a taxation year of a foreign trust where, in or before the year, all or any part of the interest of the beneficiary in the trust was acquired by the beneficiary by way of purchase, gift, succession or will from a person referred to in subparagraph *a* or *b* of the first paragraph, or by way of the exercise of a power of appointment by a person referred to in either subparagraph.

"**597.9.** For the purposes of sections 571 to 576.1, 578, 579 to 583 and 598, the following rules apply:

(*a*) the trust, with respect to any beneficiary whose beneficial interest in the trust has a fair market value that is not less than 10% of the fair market value of all beneficial interests in the trust, is deemed to be a corporation not resident in Canada that is controlled by that beneficiary;

(*b*) the trust is deemed to be a corporation not resident in Canada having a capital stock of a single class of shares divided into 100 issued shares; and

(*c*) each beneficiary under the trust is deemed to own a percentage of such shares equal to the percentage representing the proportion that the fair market value of the beneficiary's beneficial interest in the trust is of the fair market value of all beneficial interests in the trust."

32. (1) Section 650 of the Act is amended by inserting ", the definition of "exempt foreign trust" in the first paragraph of section 593" after "of section 21.43".

(2) Subsection 1 applies to a taxation year of a trust that ends after 31 December 2006.

33. (1) Section 652 of the Act is replaced by the following section:

"**652.** For the purposes of subparagraph i.1 of paragraph *n* of section 257, sections 597.0.2 and 597.0.5, paragraph *a* of section 657 and sections 657.1.2, 663, 663.4 and 667, an amount is deemed not to have become payable to a beneficiary in a taxation year unless it was paid in the year to the beneficiary or the beneficiary was entitled to enforce payment of it in that year."

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006. However, where section 652 of the Act has effect before 31 October 2006, it is to be read as follows:

"**652.** For the purposes of subparagraph i.1 of paragraph *n* of section 257, sections 597.0.2 and 597.0.5, paragraph *a* of section 657 and sections 657.1.2, 663 and 667, an amount is deemed not to have become payable to a beneficiary in a taxation year unless it was paid to him in the year or the beneficiary was entitled to demand payment of it in that year."

34. (1) Section 657 of the Act, amended by section 216 of chapter 21 of the statutes of 2015, is again amended by replacing the portion before paragraph *a* by the following:

"**657.** Subject to sections 657.1.1 to 657.2, a trust may deduct, in computing its income for a taxation year, the following amounts:".

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006.

35. (1) The Act is amended by inserting the following section after section 657.1.1:

"**657.1.2.** A trust that is deemed, because of section 595, to be resident in Canada for a taxation year for the purpose of computing the trust's income for the year may not deduct, under paragraph *a* of section 657, in computing its income for the year, an amount greater than the amount determined in respect of the trust for the year in accordance with subsection 7.01 of section 104 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006.

36. (1) Section 691.1 of the Act, amended by section 226 of chapter 21 of the statutes of 2015, is again amended by replacing the portion of paragraph *b* before subparagraph i by the following:

"(*b*) section 467 was applicable, or would have been applicable if it were read without reference to "while the transferor is resident in Canada" and if section 467.1, as it read in its application before 21 March 2013, were read without reference to its paragraph *c*.2, or section 597.0.6 was applicable, or would have been applicable if the first paragraph of that section were read without reference to its subparagraph *a*, at a particular time in respect of any property of".

(2) Subsection 1 applies in respect of a distribution made after 27 August 2010. However,

(1) where section 691.1 of the Act applies in respect of a distribution made after 27 August 2010 and before 1 November 2011, the portion of paragraph *b* of that section 691.1 before subparagraph i is to be read as follows:

"(*b*) section 467 was applicable, or would have been applicable if section 467.1 were read without reference to its paragraph *c*.2, at a particular time in respect of any property of"; or

(2) where section 691.1 of the Act applies in respect of a distribution made after 31 October 2011 in a taxation year that ends before 21 March 2013, the portion of paragraph *b* of that section 691.1 before subparagraph i is to be read as follows:

"(*b*) section 467 was applicable, or would have been applicable if it were read without reference to "while the transferor is resident in Canada" and if section 467.1 were read without reference to its paragraph *c*.2, at a particular time in respect of any property of".

37. (1) The Act is amended by inserting the following section after section 716.0.1.3, enacted by section 237 of chapter 21 of the statutes of 2015:

"**716.0.1.4.** For the purpose of determining the amount deductible under paragraph *a* of section 710 in computing the taxable income of a corporation for a taxation year, the eligible amount of a gift made by a recognized farm producer of an eligible agricultural product produced by such a producer to a registered charity that is a prescribed charity is to be increased by 1/2 of that amount.

In this section, "recognized farm producer" has the meaning that would be assigned by the definition of that expression in the first paragraph of section 752.0.10.1 if "an individual" were replaced, wherever it appears, by "a corporation", and "eligible agricultural product" has the meaning assigned by that section."

(2) Subsection 1 applies in respect of a gift made after 26 March 2015.

38. (1) Section 737.22.0.12 of the Act is amended by replacing the definition of "recognized federal program" by the following definition:

""recognized federal program" means any of the following streams of the Temporary Foreign Worker Program of the Government of Canada:

(*a*) the Seasonal Agricultural Worker Program; and

(*b*) the Agricultural Stream;".

(2) Subsection 1 applies from the taxation year 2013.

39. (1) Section 752.0.7.1 of the Act is amended by inserting the following definition in alphabetical order:

""age of eligibility", in relation to a taxation year, means

(*a*) 66 years of age, for the taxation year 2016;

(*b*) 67 years of age, for the taxation year 2017;

(*c*) 68 years of age, for the taxation year 2018;

(*d*) 69 years of age, for the taxation year 2019; and

(*e*) 70 years of age, for a taxation year subsequent to the taxation year 2019;".

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

40. (1) Section 752.0.7.4 of the Act is amended by replacing "age of 65 years before the end of the year" in subparagraph iii of paragraphs *a* and *b* by ", before the end of the year, the age of eligibility in relation to that year".

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

41. (1) Section 752.0.10.0.2 of the Act, amended by section 275 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing paragraph *b* of the definition of "excess work income limit" by the following paragraph:

"(*b*) $4,000, for the taxation year 2015;";

(2) by adding the following paragraphs after paragraph *b* of the definition of "excess work income limit":

"(*c*) $6,000, for the taxation year 2016;

"(*d*) $8,000, for the taxation year 2017; and

"(*e*) $10,000, for a taxation year subsequent to the taxation year 2017;";

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

""excess work income limit of a 63-year-old worker" applicable for a taxation year means an amount equal to

(*a*) $4,000, for the taxation year 2017; and

(*b*) $6,000, for a taxation year subsequent to the taxation year 2017;

""excess work income limit of a 64-year-old worker" applicable for a taxation year means an amount equal to

(*a*) $4,000, for the taxation year 2016;

(*b*) $6,000, for the taxation year 2017; and

(*c*) $8,000, for a taxation year subsequent to the taxation year 2017;";

(4) by striking out paragraph *c* of the definition of "excluded work income";

(5) by adding the following paragraph after paragraph *c* of the definition of "excluded work income":

"(*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 individual is employed by the members of a partnership, with any of those members;";

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

""reduction threshold" applicable for a taxation year means the amount referred to in subparagraph *d* of the fourth paragraph of section 750.2 that, taking into account the application of that section, is to be used for the year."

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

42. (1) Section 752.0.10.0.3 of the Act is amended

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

"**752.0.10.0.3.** An individual who on the last day of a taxation year or, if the individual dies in the year, on the date of the individual's death is resident in Québec and is 63 years of age or over may, subject to the fourth paragraph, deduct from the individual's tax otherwise payable for the year under this Part an amount determined by the formula

[A × B × (1 – C)] – (0.05 × D).";

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

"(*b*) B is

i. for a taxation year preceding the taxation year 2016, the lesser of the excess work income limit applicable for the year and the amount by which the individual's eligible work income for the year attributable to a period when the individual is 65 years of age or over exceeds $5,000, or

ii. for a taxation year following the taxation year 2015, the amount determined under the third paragraph;";

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

"(*d*) D is

i. for a taxation year preceding the taxation year 2016, zero, or

ii. for a taxation year following the taxation year 2015, the amount by which the individual's eligible work income for the year exceeds the reduction threshold applicable for the year.";

(4) by adding the following paragraphs:

"The amount to which subparagraph ii of subparagraph *b* of the second paragraph refers is

(*a*) where the individual is 66 years of age or over at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of the excess work income limit applicable for the year and the amount by which the individual's eligible work income for the year attributable to a period when the individual is 65 years of age or over exceeds $5,000;

(*b*) where the individual is 65 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, the lesser of the excess work income limit applicable for the year and the aggregate of

i. the lesser of the excess work income limit of a 64-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 64 years of age exceeds $5,000, and

ii. 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 65 years of age exceeds 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 64 years of age exceeds $5,000;

(*c*) where the individual is 64 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 the taxation year 2016, the lesser of the excess work income limit of a 64-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 64 years of age exceeds $5,000, or

ii. for a taxation year following the taxation year 2016, the lesser of the excess work income limit of a 64-year-old worker applicable for the year and the aggregate of

(1) 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, 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 64 years of age exceeds 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

(*d*) where the individual is 63 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 the taxation year 2016, zero, or

ii. for a taxation year following the taxation year 2016, 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.

The amount that an individual born before 1 January 1951 may deduct under this section from the individual's tax otherwise payable under this Part for a particular taxation year following the taxation year 2015 cannot be less than the amount the individual could so deduct for the particular year if subparagraphs *b* and *d* of the second paragraph were read as follows:

"(*b*) B is the lesser of the excess work income limit applicable for the taxation year 2015 and the amount by which the individual's eligible work income for the particular year attributable to a period when the individual is 65 years of age or over exceeds $5,000;";

"(*d*) D is an amount equal to zero.""

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

43. (1) Section 752.0.10.1 of the Act, amended by section 277 of chapter 21 of the statutes of 2015 and section 101 of chapter 24 of the statutes of 2015, is again amended

(1) by inserting the following definitions in alphabetical order in the first paragraph:

""eligible agricultural product" means a product from a recognized farming business that is included in categories of meat or meat by-products, eggs, dairy products, fish, fruits, vegetables, grains, legumes, herbs, honey, maple syrup, mushrooms, nuts or anything else that is grown, raised or harvested and may legally be sold, distributed or offered for sale at a place other than the place where it is produced as food or drink intended for human consumption;

""recognized farm producer" means an individual who carries on a recognized farming business or an individual who is a member of a partnership that carries on such a business;

""recognized farming business" means an agricultural operation registered with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation in accordance with a regulation under section 36.15 of the Act respecting the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (chapter M-14);";

(2) by inserting the following paragraph after the second paragraph:

"For the purposes of the definition of "eligible agricultural product" in the first paragraph, a processed product may be considered to be an eligible agricultural product only if the product was processed no more than to the extent necessary so that it is permitted to be legally sold, distributed or offered for sale at a place other than the place where it is produced as food or drink intended for human consumption."

(2) Subsection 1 has effect from 27 March 2015.

44. (1) The Act is amended by inserting the following section after section 752.0.10.15.5, enacted by section 292 of chapter 21 of the statutes of 2015:

"**752.0.10.15.6.** For the purposes of the definition of "total charitable gifts" of an individual for a taxation year in the first paragraph of section 752.0.10.1, the eligible amount of a gift made by a recognized farm

producer of an eligible agricultural product produced by such a producer to a registered charity that is a prescribed charity is to be increased by 1/2 of that amount."

(2) Subsection 1 applies in respect of a gift made after 26 March 2015.

45. Section 752.0.25 of the Act, amended by section 107 of chapter 24 of the statutes of 2015, is again amended

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

"(*a*) where all or substantially all of the individual's income for the year, as determined under section 28, is included in computing the individual's taxable income earned in Canada for the year, determined with reference to the third paragraph, such portion of the amounts determined under sections 752.0.0.1 to 752.0.10, 752.0.10.0.5, 752.0.10.0.7 and 752.0.11 to 752.0.13.1.1, as is represented by the proportion described in the second paragraph of section 26; and";

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

"For the purposes of subparagraph *a* of the second paragraph, the taxable income earned in Canada by an individual for a taxation year is determined as if section 1090 were read for the year without reference to its second, third and fourth paragraphs and as if subparagraph *a* of the first paragraph of that section were replaced, for the year, by the following subparagraph:

"(*a*) the aggregate of the income from the duties of offices or employments performed by the individual in Canada and the income from the duties of offices or employments performed by the individual outside Canada if the individual was resident in Canada at the time the individual performed the duties;"."

46. (1) Section 752.0.27 of the Act, amended by section 108 of chapter 24 of the statutes of 2015, is again amended

(1) by replacing subparagraphs i and ii of subparagraph *b*.0.1 of the first paragraph by the following subparagraphs:

"i. the particular amount in dollars that is specified in any of the definitions of "excess work income limit", "excess work income limit of a 63-year-old worker" and "excess work income limit of a 64-year-old worker" in section 752.0.10.0.2 and that would otherwise be applicable for such a taxation year were replaced by the proportion of that particular amount that the number of days in that taxation year is of the number of days in the calendar year,

"ii. the amount of $5,000 wherever it is specified in section 752.0.10.0.3 were replaced, for the taxation year that is deemed to begin on the date of the bankruptcy, by an amount equal to the amount by which $5,000 exceeds the individual's eligible work income, within the meaning of section 752.0.10.0.2, for the taxation year that is deemed to end the day before the bankruptcy, and";

(2) by adding the following subparagraph after subparagraph ii of subparagraph *b*.0.1 of the first paragraph:

"iii. the particular amount of the reduction threshold, specified in subparagraph ii of subparagraph *d* of the second paragraph of section 752.0.10.0.3, that would otherwise be applicable for such a taxation year, were replaced by the proportion of that particular amount that the number of days in the taxation year is of the number of days in the calendar year; and";

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

"For the purposes of subparagraphs i and iii of subparagraph *b*.0.1 of the first paragraph in respect of each of the taxation years referred to in section 779 that end in the calendar year in which an individual becomes a bankrupt, in computing the proportion described in those subparagraphs, no account is to be taken of the days in that taxation year and that calendar year on which the individual is not at least

(*a*) 65 years of age, for a calendar year preceding the year 2016;

(*b*) 64 years of age, for the calendar year 2016; or

(*c*) 63 years of age, for a calendar year following the year 2016."

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

47. (1) Section 769 of the Act is amended by inserting the following paragraph after paragraph *d*:

"(*d*.1) was not a trust to which a contribution, within the meaning assigned by the first paragraph of section 593 as it reads in its application to a taxation year that ends after 31 December 2006, was made after 22 June 2000;".

(2) Subsection 1 applies to a taxation year of a trust that begins after 31 December 2002.

48. (1) Section 772.2 of the Act, amended by section 316 of chapter 21 of the statutes of 2015, is again amended by replacing the definition of "tax otherwise payable" by the following definition:

""tax otherwise payable" under this Part by a taxpayer for a taxation year means the tax payable by the taxpayer for the year under this Part, computed without reference to this chapter, sections 766.2 to 766.3, 767, 772.13.2, 776 to 776.1.26, 776.17, 1183 and 1184, subparagraphs i and ii.1 of paragraph *h* of subsection 1 of section 771, subparagraphs i and iii of paragraph *j* of that subsection 1 and subparagraphs i and ii of paragraph *j*.1 of that subsection 1, and, in paragraphs *d*.2 and *d*.3 of that subsection 1, the deduction provided for in respect of a Canadian-controlled private corporation;".

(2) Subsection 1 has effect from 27 March 2015.

49. (1) Section 772.5.4 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) sections 83.0.4, 83.0.5, 106.5, 106.6, 281 to 283 and 428 to 451, Chapter I of Title I.1 of Book VI, Title I.2 of Book VI, sections 832.1 and 851.22.15, paragraph *b* of section 851.22.23 and sections 851.22.23.1, 851.22.23.2 and 999.1 do not apply to deem a disposition or acquisition of property to have been made;".

(2) Subsection 1 applies in respect of a disposition or acquisition that occurs after 31 December 1998. However, where section 772.5.4 of the Act applies in respect of a disposition or an acquisition that occurs before 28 June 1999, it is to be read as if "83.0.4, 83.0.5, 106.5, 106.6," in paragraph *a* were struck out.

50. (1) Section 776.1.5.0.16 of the Act is amended, in the first paragraph,

(1) by replacing "Québec" in paragraph *e* of the definition of "recognized diploma" by "Canada";

(2) by inserting the following paragraph after paragraph *e* of the definition of "recognized diploma":

"(*e*.1) any of the following diplomas awarded by an educational institution situated outside Québec but in Canada:

i. a diploma that is considered, following a comparative assessment carried out by the Minister of Immigration and Cultural Communities before 1 July 2015, to be comparable to one of the diplomas referred to in paragraphs *a* to *c*,

ii. a diploma that, as certified in writing by the educational institution, is comparable to one of the diplomas referred to in paragraphs *a* to *c*, or

iii. an undergraduate or graduate diploma or degree awarded by a university; or";

(3) by replacing paragraphs *a* and *b* of the definition of "recognized post-secondary diploma" by the following paragraphs:

"(*a*) a diploma referred to in any of paragraphs *b* to *d* and *f* of the definition of "recognized diploma" or in subparagraph iii of paragraph *e*.1 of that definition; or

"(*b*) a diploma that is considered, under paragraph *e* of the definition of "recognized diploma" or subparagraph i or ii of paragraph *e*.1 of that definition, to be comparable to one of the diplomas referred to in paragraphs *b* to *d* of that definition;".

(2) Subsection 1 applies from the taxation year 2015.

51. (1) The Act is amended by inserting the following after section 776.1.18:

"**TITLE III.4**

"TAX CREDIT FOR THE DEVELOPMENT OF E-BUSINESS

"**776.1.19.** In this Title, "unused portion of the tax credit" of a corporation for a taxation year means the amount by which the maximum amount that the corporation could deduct under section 776.1.20 for the taxation year if it had sufficient tax payable under this Part for the taxation year exceeds the tax payable by the corporation for the taxation year under this Part, determined before the application of that section and the second paragraph of section 776.1.21.

"**776.1.20.** A corporation that is a qualified corporation for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, for a taxation year, may deduct from its tax payable under this Part for the taxation year, determined before the application of this section and the second paragraph of section 776.1.21, an amount equal to 6% of the aggregate of all amounts each of which is wages, for the purposes of that Division II.6.0.1.9, that it incurred in the year and after 26 March 2015, and in respect of which the corporation is deemed to have paid an amount to the Minister for the year under that Division II.6.0.1.9.

"**776.1.21.** A corporation may deduct, for a taxation year in respect of which the corporation is deemed to have paid an amount to the Minister under Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, from its tax payable under this Part, determined before the application of this Title, the unused portions of the tax credit of the corporation for the 20 taxation years that precede that taxation year.

Similarly, a corporation may deduct, for a taxation year that ended after 26 March 2015 and in respect of which the corporation is deemed to have paid an amount to the Minister under Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, from its tax payable under this Part, determined before the application of this paragraph, the unused portions of the tax credit of the corporation for the three taxation years that follow that taxation year.

"**776.1.22.** No amount is deductible under section 776.1.21 in respect of an unused portion of the tax credit for a taxation year until the unused portions of the tax credit for the preceding taxation years that are deductible have been deducted.

In addition, an unused portion of the tax credit may be deducted for a taxation year under section 776.1.21 only to the extent that it exceeds the aggregate of the amounts deducted in its respect for the preceding taxation years under that section.

"**776.1.23.** For the purpose of computing the amount that a corporation may deduct under section 776.1.21 for a particular taxation year in respect of the unused portion of the tax credit of the corporation for a particular preceding taxation year, that unused portion of the tax credit of the corporation, otherwise determined, is to be reduced by the amount determined under the second paragraph if, in the particular taxation year or a preceding taxation year, an amount relating to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, paid by the corporation to an individual for the particular preceding taxation year, other than an amount described in subparagraph i or ii of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79, is

(*a*) directly or indirectly refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(*b*) obtained by a person or a partnership.

The amount to which the first paragraph refers is the amount by which the maximum amount that the corporation could have deducted under section 776.1.20 for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year exceeds the aggregate of

(*a*) the maximum amount that the corporation could have deducted under that section for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year and if, for the purposes of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79,

i. any amount referred to in the first paragraph in relation to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year that is received or obtained at or before the end of the particular taxation year, had been received or obtained in the particular preceding taxation year, and

ii. any amount referred to in the first paragraph of section 776.1.24 in relation to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year that is paid or deemed to be paid under section 776.1.25 at or before the end of the particular taxation

year, had been paid or deemed to be paid in the particular preceding taxation year; and

(*b*) any portion—that may reasonably be considered as relating to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year—of the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.27.20 for the particular taxation year or a preceding taxation year.

For the purpose of computing the amount that the corporation may deduct under section 776.1.21 for the particular taxation year in respect of the unused portion of the tax credit of the corporation for a taxation year other than the particular preceding taxation year, the corporation is deemed to have deducted under that section for the taxation years preceding the particular taxation year in respect of the unused portions of the tax credit of the corporation for the taxation years other than the particular preceding taxation year that are deductible for the particular taxation year, in addition to any other amount deducted or deemed to be deducted, an amount equal to the amount by which the amount determined under the second paragraph exceeds the amount by which the unused portion of the tax credit of the corporation for the particular preceding taxation year, determined before the application of this section and section 776.1.24, exceeds the aggregate of the amounts deducted by the corporation under section 776.1.21 for the taxation years preceding the particular taxation year in respect of that unused portion of the tax credit of the corporation.

"**776.1.24.** For the purpose of computing the amount that a corporation may deduct under section 776.1.21 for a particular taxation year in respect of the unused portion of the tax credit of the corporation for a particular preceding taxation year, that unused portion of the tax credit of the corporation, otherwise determined, is to be increased by the amount determined under the second paragraph if, in the particular taxation year or a preceding taxation year, an amount relating to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, paid by the corporation to an individual for the particular preceding taxation year, described in subparagraph i or ii of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79 or in subparagraph *a* or *b* of the first paragraph of section 776.1.23, is, pursuant to a legal obligation,

(*a*) paid by the corporation, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph i or that subparagraph *a*; or

(*b*) paid by a person or a partnership, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph ii or subparagraph *b* of the first paragraph of section 776.1.23.

The amount to which the first paragraph refers is the amount by which the maximum amount that the corporation could have deducted under section 776.1.20 for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year is exceeded by the aggregate of

(*a*) the maximum amount that the corporation could have deducted under that section for the particular preceding taxation year if it had had sufficient tax payable under this Part for that taxation year and if, for the purposes of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79,

i. any amount referred to in the first paragraph in relation to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year that is paid at or before the end of the particular taxation year had been paid in the particular preceding taxation year, and

ii. any amount referred to in the first paragraph of section 776.1.23 in relation to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year that is received or obtained at or before the end of the particular taxation year, had been received or obtained in the particular preceding taxation year; and

(*b*) any portion—that may reasonably be considered as relating to wages included in computing the qualified wages paid by the corporation to an individual for the particular preceding taxation year—of the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under section 1129.27.20 for a taxation year preceding the particular taxation year.

For the purpose of computing the amount that the corporation may deduct under section 776.1.21 for the particular taxation year in respect of the unused portion of the tax credit of the corporation for a taxation year other than the particular preceding taxation year, the corporation shall also take into account the amount by which the unused portion of the tax credit of the corporation for the particular preceding taxation year is to be increased under the first paragraph.

"**776.1.25.** For the purposes of section 776.1.24, an amount attributable to qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, paid by a corporation to an individual for a preceding taxation year, described in subparagraph i or ii of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79, is deemed to be repaid by a corporation, person or partnership, as the case may be, in a particular taxation year, pursuant to a legal obligation, if that amount

(*a*) is described in that subparagraph i or ii in relation to those qualified wages;

(*b*) in the case of an amount described in that subparagraph i, was not received by the corporation;

(*c*) in the case of an amount described in that subparagraph ii, was not 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.

"**776.1.26.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a preceding taxation year in respect of an expenditure made in a taxation year preceding a particular taxation year is to be considered as received by the corporation in the particular taxation year, to the extent that the amount is not considered, under this section, as received by the corporation in a taxation year preceding the particular taxation year."

(2) Subsection 1 has effect from 27 March 2015.

52. Section 776.41.8 of the Act is amended

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

"However, where all or substantially all of the individual's income for the year, as determined under section 28, is included in computing the individual's taxable income earned in Canada for the year, determined with reference to the third paragraph, the individual may deduct, in computing the individual's tax otherwise payable for the year under this Part, such portion of the amount, as determined under section 776.41.5, that is the proportion referred to in the second paragraph of section 26.";

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

"For the purposes of the second paragraph, the taxable income earned in Canada by an individual for a taxation year is determined as if section 1090 were read for the year without reference to its second, third and fourth paragraphs and as if subparagraph *a* of the first paragraph of that section were replaced, for the year, by the following subparagraph:

"(*a*) the aggregate of the income from the duties of offices or employments performed by the individual in Canada and the income from the duties of offices or employments performed by the individual outside Canada if the individual was resident in Canada at the time the individual performed the duties;"."

53. (1) Section 776.41.14 of the Act is amended by replacing subparagraph ii of subparagraph *b* of the second paragraph by the following subparagraph:

"ii. the aggregate of all amounts each of which has been paid, in the year, to the eligible student in respect of an amount deemed under section 1029.8.116.16

to be an overpayment of the eligible student's tax payable or of another individual's tax payable; and".

(2) Subsection 1 applies from the taxation year 2015.

54. Section 776.41.18 of the Act is amended

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

"However, an individual all or substantially all of whose income for the year, determined under section 28, is included in computing the individual's taxable income earned in Canada for the year, determined with reference to the third paragraph, may deduct, from the individual's tax otherwise payable for the year under this Part, the portion of the amount, determined under section 776.41.14, that is the proportion referred to in the second paragraph of section 26.";

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

"For the purposes of the second paragraph, the taxable income earned in Canada by an individual for a taxation year is determined as if section 1090 were read for the year without reference to its second, third and fourth paragraphs and as if subparagraph *a* of the first paragraph of that section were replaced, for the year, by the following subparagraph:

"(*a*) the aggregate of the income from the duties of offices or employments performed by the individual in Canada and the income from the duties of offices or employments performed by the individual outside Canada if the individual was resident in Canada at the time the individual performed the duties;"."

55. Section 776.41.24 of the Act is amended

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

"However, an individual all or substantially all of whose income for the year, determined under section 28, is included in computing the individual's taxable income earned in Canada for the year, determined with reference to the third paragraph, may deduct, from the individual's tax otherwise payable for the year under this Part, the portion of the amount, determined under section 776.41.21, that is the proportion referred to in the second paragraph of section 26.";

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

"For the purposes of the second paragraph, the taxable income earned in Canada by an individual for a taxation year is determined as if section 1090 were read for the year without reference to its second, third and fourth paragraphs and as if subparagraph *a* of the first paragraph of that section were replaced, for the year, by the following subparagraph:

"(*a*) the aggregate of the income from the duties of offices or employments performed by the individual in Canada and the income from the duties of offices or employments performed by the individual outside Canada if the individual was resident in Canada at the time the individual performed the duties;"."

56. (1) The Act is amended by inserting the following section after section 785.1:

"**785.1.1.** Paragraph *b* of section 785.1 does not apply, at a time in a trust's taxation year, to the trust if the trust is resident in Canada for the year for the purpose of computing its income."

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006.

57. Section 785.2.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) the individual's tax payable under this Part for the year, determined without reference to the specified tax consequences for the year, section 313.11 and Chapter II.1 of Title VI of Book III, but with reference to the amount that the individual could deduct from the individual's tax otherwise payable for the year under section 776.41.5 if the individual's eligible spouse for the year were not required to include an amount in computing income for the year under section 313.11; and".

58. (1) Section 785.4 of the Act is amended

(1) by replacing paragraph *c* of the definition of "qualifying exchange" in the first paragraph by the following paragraph:

"(*c*) the funds make a valid election under paragraph *c* of the definition of "qualifying exchange" in subsection 1 of section 132.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the transfer;";

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

""first post-exchange year" of a fund in respect of a qualifying exchange means the fund's taxation year that begins immediately after the acquisition time;";

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

"Where this Title applies in respect of a transfer, the prescribed form along with a copy of every document sent to the Minister of National Revenue in respect of the transfer, in connection with the election referred to in paragraph *c* of the definition of "qualifying exchange" in the first paragraph, must be sent to the Minister on or before the last day of the six-month period following the

end of the transferor's taxation year that includes the due date of the election in respect of the transfer, within the meaning of subsection 6 of section 132.2 of the Income Tax Act, or, if it is later, the last day of the two-month period following the end of such a taxation year of the transferee."

(2) Paragraph 1 of subsection 1 applies in respect of a transfer that occurs after 30 June 1994.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a qualifying exchange that occurs after 31 December 1998.

(4) If a valid election has been made under paragraph *c* of the definition of "qualifying exchange" in subsection 2 of section 132.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), Title I.2 of Book VI of Part I of the Taxation Act, as amended from time to time, applies to the transfer.

59. (1) The Act is amended by inserting the following section after section 785.4:

"**785.4.1.** In respect of a qualifying exchange, a time referred to in the following list immediately follows the time that precedes it in the list:

(*a*) the transfer time;

(*b*) the first intervening time;

(*c*) the acquisition time;

(*d*) the beginning of the funds' first post-exchange years;

(*e*) the depreciables disposition time;

(*f*) the second intervening time; and

(*g*) the depreciables acquisition time."

(2) Subsection 1 applies in respect of a qualifying exchange that occurs after 31 December 1998.

60. (1) Section 785.5 of the Act is replaced by the following section:

"**785.5.** The following rules apply in respect of a qualifying exchange:

(*a*) each property of a fund (other than property disposed of by the transferor to the transferee at the transfer time and depreciable property) is deemed to have been disposed of, and to have been reacquired, by the fund at the first intervening time, for an amount equal to the lesser of

i. the fair market value of the property at the transfer time, and

ii. the greater of

(1) its cost amount, and

(2) the amount that the fund designates in respect of the property in a notification sent to the Minister and accompanied by the prescribed form relating to the qualifying exchange filed pursuant to the second paragraph of section 785.4;

(*b*) subject to paragraph *k*, the last taxation years of the funds that began before the transfer time are deemed to have ended at the acquisition time, and their first post-exchange years are deemed to have begun immediately after those last taxation years ended;

(*c*) each depreciable property of a fund (other than property to which section 785.5.2 applies and property to which paragraph *d* would, but for this paragraph, apply) is deemed to have been disposed of, and to have been reacquired, by the fund at the second intervening time, for an amount equal to the lesser of

i. the fair market value of the property at the depreciables disposition time, and

ii. the greater of

(1) the lesser of the property's capital cost and its cost amount to the disposing fund at the depreciables disposition time, and

(2) the amount that the fund designates in respect of the property in a notification sent to the Minister and accompanied by the prescribed form relating to the qualifying exchange filed pursuant to the second paragraph of section 785.4;

(*d*) where at the second intervening time the undepreciated capital cost to a fund of depreciable property of a prescribed class exceeds the fair market value of all the property of that class, the excess is to be deducted in computing the fund's income for the taxation year that includes the transfer time and is deemed to have been allowed as depreciation in respect of property of that class under paragraph *a* of section 130;

(*e*) the transferor's cost of any particular property received by the transferor from the transferee as consideration for the disposition of property is deemed to be

i. nil, where the particular property is a unit of the transferee, and

ii. the particular property's fair market value at the transfer time, in any other case;

(*f*) the transferor's proceeds of disposition of any units of the transferee that were disposed of by the transferor at a particular time that is within 60 days after the transfer time in exchange for shares of the transferor are deemed to be equal to the cost amount of the units to the transferor immediately before the particular time;

(*g*) where, at a particular time that is within 60 days after the transfer time, a taxpayer disposes of shares of the transferor to the transferor in exchange for units of the transferee,

i. the taxpayer's proceeds of disposition of the shares and the cost to the taxpayer of the units are deemed to be equal to the cost amount to the taxpayer of the shares immediately before the particular time,

ii. for the purpose of applying sections 1097, 1102 and 1102.1 in respect of the disposition, the shares are deemed to be excluded property of the taxpayer,

iii. where all of the taxpayer's shares of the transferor have been so disposed of, for the purpose of applying sections 251.1 to 251.7 in respect of the taxpayer after that disposition, the transferee is deemed to be the same entity as the transferor, and

iv. where the taxpayer is at the particular time affiliated with at least one of the two funds, those units are deemed not to be identical to the other units of the transferee, and

(1) if the taxpayer is the transferee, and the units cease to exist when the taxpayer acquires them (or when the taxpayer would but for that cessation have acquired them), the taxpayer is deemed to have acquired those units at the particular time and to have disposed of those units immediately after the particular time for proceeds of disposition equal to the cost amount to the taxpayer of those units at the particular time, or

(2) if subparagraph 1 does not apply, for the purpose of computing any gain or loss of the taxpayer from the taxpayer's first disposition, after the particular time, of each of those units, where that disposition is a renunciation or surrender of the unit by the taxpayer for no consideration, and is not in favour of any person other than the transferee, the taxpayer's proceeds of disposition of that unit are deemed to be equal to that unit's cost amount to the taxpayer immediately before that disposition, or, in any other case, the taxpayer's proceeds of disposition of that unit are deemed to be equal to the greater of that unit's fair market value and its cost amount to the taxpayer immediately before that disposition;

(*h*) where a share to which paragraph *g* applies would, but for this paragraph, cease to be a qualified investment (within the meaning assigned by subsection 1 of any of sections 146, 146.1, 146.3, 205 and 207.01 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or by section 204 of that Act) because of the qualifying exchange, the share is deemed to be a qualified investment until the earlier of the day that is 60 days after the day

that includes the transfer time and the time at which it is disposed of in accordance with paragraph *g*;

(*i*) no amount in respect of a non-capital loss, net capital loss, restricted farm loss, farm loss or limited partnership loss of a fund for a taxation year that begins before the transfer time is deductible in computing the taxable income of either of the funds for a taxation year that begins after the transfer time;

(*j*) where the transferor is a mutual fund trust, for the purposes of sections 1121.1, 1121.2 and 1121.4 to 1121.6, the transferee is deemed after the transfer time to be the same mutual fund trust as, and a continuation of, the transferor;

(*k*) where the transferor is a mutual fund corporation, the following rules apply, and nothing in this paragraph affects the computation of any amount determined under this Part:

i. for the purposes of section 1118, the transferor is deemed in respect of any share disposed of in accordance with paragraph *g* to be a mutual fund corporation at the time of the disposition, and

ii. for the purposes of Part IV, the transferor's taxation year that, but for this paragraph, would include the transfer time is deemed to have ended immediately before the transfer time; and

(*l*) subject to subparagraph i of paragraph *k*, the transferor is, despite sections 1117 and 1120, deemed to be neither a mutual fund corporation nor a mutual fund trust for a taxation year that begins after the transfer time."

(2) Subsection 1 applies in respect of a qualifying exchange that occurs after 31 December 1998. However,

(1) where a qualifying exchange occurred before 18 July 2005 and the transferee filed a fiscal return before that day, for any taxation year, that identified the realization of any loss that would not have been realized if paragraphs *f* and *g* of section 785.5 of the Act, as enacted by subsection 1, had applied in respect of the qualifying exchange, those paragraphs, in respect of the qualifying exchange, are to be read as follows:

"(*f*) the transferor's proceeds of disposition of any units of the transferee that were received by the transferor as consideration for the disposition of the property, and that were disposed of by the transferor within 60 days after the transfer time in exchange for shares of the transferor, are deemed to be nil;

"(*g*) where, within 60 days after the transfer time, a taxpayer disposes of shares of the transferor to the transferor in exchange for units of the transferee,

i. the taxpayer's proceeds of disposition of the shares and the cost to the taxpayer of the units are deemed to be equal to the cost amount to the taxpayer of the shares immediately before the transfer time,

ii. for the purpose of applying sections 1097, 1102 and 1102.1 in respect of the disposition, the shares are deemed to be excluded property of the taxpayer, and

iii. where all of the taxpayer's shares of the transferor have been so disposed of, for the purpose of applying sections 251.1 to 251.7 in respect of the taxpayer after that disposition, the transferee is deemed to be the same entity as the transferor;";

(2) where section 785.5 of the Act applies before the taxation year 2008, paragraph *h* of that section is to be read as follows:

"(*h*) where a share to which paragraph *g* applies would, but for this paragraph, cease to be a qualified investment (within the meaning assigned by subsection 1 of any of sections 146, 146.1 and 146.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or by section 204 of that Act) because of the qualifying exchange, the share is deemed to be a qualified investment until the earlier of the day that is 60 days after the transfer time and the time at which it is disposed of in accordance with paragraph *g*;"; and

(3) where section 785.5 of the Act applies to the taxation year 2008, paragraph *h* of that section is to be read as follows:

"(*h*) where a share to which paragraph *g* applies would, but for this paragraph, cease to be a qualified investment (within the meaning assigned by subsection 1 of any of sections 146, 146.1, 146.3 and 205 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or by section 204 of that Act) because of the qualifying exchange, the share is deemed to be a qualified investment until the earlier of the day that is 60 days after the transfer time and the time at which it is disposed of in accordance with paragraph *g*;".

(3) In addition, where section 785.5 of the Act applies in respect of a qualifying exchange that occurred after 30 June 1994 and before 1 January 1999, it is to be read as if the following paragraph were inserted after paragraph *j*:

"(*j*.1) where shares of the transferor have been disposed of by a taxpayer to the transferor in exchange for units of the transferee within 60 days after the transfer time, for the purpose of applying sections 1097, 1102 and 1102.1 in respect of the disposition, the shares are deemed to be excluded property of the taxpayer;".

61. (1) The Act is amended by inserting the following sections after section 785.5:

"**785.5.1.** Where a transferor transfers a property, other than a depreciable property, to a transferee in a qualifying exchange, the following rules apply:

(*a*) the transferee is deemed to have acquired the property at the acquisition time and not to have acquired the property at the transfer time; and

(*b*) the transferor's proceeds of disposition of the property and the transferee's cost of the property are deemed to be equal to the amount described in the first paragraph of section 785.6.

"**785.5.2.** Where a transferor transfers a depreciable property to a transferee in a qualifying exchange, the following rules apply:

(*a*) the transferor is deemed to have disposed of the property at the depreciables disposition time, and not to have disposed of the property at the transfer time;

(*b*) the transferee is deemed to have acquired the property at the depreciables acquisition time, and not to have acquired the property at the transfer time;

(*c*) the transferor's proceeds of disposition of the property and the transferee's cost of the property are deemed to be equal to the amount described in the first paragraph of section 785.6; and

(*d*) where the property's capital cost to the transferor exceeds the transferor's proceeds of disposition of the property determined in accordance with the first paragraph of section 785.6, for the purposes of sections 93 to 104, sections 130 and 130.1 and any regulations made under paragraph *a* of section 130 or section 130.1,

i. the property's capital cost to the transferee is deemed to be equal to the amount that was its capital cost to the transferor, and

ii. the excess is deemed to have been allowed to the transferee in respect of the property as depreciation under paragraph *a* of section 130 in computing the transferee's income for a taxation year that ended before the transfer time."

(2) Subsection 1 applies in respect of a qualifying exchange that occurs after 31 December 1998.

62. (1) Section 785.6 of the Act is amended

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

"**785.6.** The amount to which paragraph *b* of section 785.5.1 and paragraph *c* of section 785.5.2 refer is,

(*a*) in the case of a property referred to in section 785.5.1, the amount established as proceeds of disposition of the property to the transferor and the cost of the property to the transferee under paragraph *b* of subsection 4 of section 132.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), except where subparagraph *b* applies;";

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

"(*a*.1) in the case of a property referred to in section 785.5.2, the amount established as proceeds of disposition of the property to the transferor and the cost of the property to the transferee under paragraph *c* of subsection 5 of section 132.2 of the Income Tax Act, except where subparagraph *b* applies; or";

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

"(1) the cost amount to the transferor of the property at the transfer time or, where the property is depreciable property, the lesser of its capital cost and its cost amount to the transferor immediately before the depreciables disposition time,";

(4) by replacing "in subparagraph *a*" in the third paragraph by "in subparagraph *a* or *a*.1".

(2) Subsection 1 applies in respect of a qualifying exchange that occurs after 31 December 1998.

63. (1) Section 985 of the Act is amended by replacing subparagraph *g* of the first paragraph by the following subparagraph:

"(*g*) subject to sections 985.0.1 and 985.0.2, a corporation all of the capital, property or shares (other than directors' qualifying shares) of which is owned by one or more entities (in this subparagraph referred to as "qualifying owners") each of which is, for the period, another corporation, a commission or an association to which subparagraph *f* applies, a corporation to which this subparagraph applies, a municipality in Canada, or a municipal or public body performing a function of government in Canada, where not more than 10% of the corporation's income for the period is from activities carried on outside

i. if subparagraph *f* applies to a qualifying owner, the geographical boundaries of the territory of the municipality or municipal or public body referred to in subparagraph *f* where it applies to each such qualifying owner,

ii. if this subparagraph applies to a qualifying owner, the geographical boundaries of the territory of a municipality or municipal or public body referred to in subparagraph iii or subparagraph *f*, as the case may be, where it applies to each such qualifying owner, and

iii. if a qualifying owner is a municipality in Canada, or a municipal or public body performing a function of government in Canada, the geographical boundaries of the territory of the municipality or municipal or public body."

(2) Subsection 1 applies to a taxation year that ends after 30 April 2004.

64. (1) The Act is amended by inserting the following section after section 985.0.0.1:

"**985.0.0.2.** If there is an amalgamation (within the meaning assigned by subsections 1 and 2 of section 544) of a particular corporation and one or more other corporations, each of which is a subsidiary wholly-owned corporation of the particular corporation, and immediately before the amalgamation, the particular corporation is a person to which section 985 does not apply because of section 985.0.0.1, the new corporation is deemed, for the purposes of section 985.0.0.1, to be the same corporation as the particular corporation."

(2) Subsection 1 applies in respect of an amalgamation that occurs after 4 October 2004.

65. (1) Section 998 of the Act, amended by section 355 of chapter 21 of the statutes of 2015, is again amended by replacing paragraph *c*.2 by the following paragraph:

"(*c*.2) a corporation all of the shares, and rights to acquire shares, of the capital stock of which were owned by one or more registered pension plans, by one or more trusts all the beneficiaries of which are registered pension plans, by one or more segregated fund trusts, within the meaning of subparagraph *k* of the first paragraph of section 835, all the beneficiaries of which are registered pension plans or by one or more prescribed persons, or, in the case of a corporation without share capital, all the property of which was held exclusively for the benefit of one or more such plans and, in either case, without interruption from the later of 16 November 1978 and the date on which the corporation was incorporated, and which is a corporation that

i. was incorporated before 17 November 1978 solely for the administration of a registered pension plan or in connection with that plan, or

ii. has, without interruption from the later of 16 November 1978 and the date on which it was incorporated,

(1) limited its activities to acquiring, holding, maintaining, improving, leasing or managing capital property that is immovable property or real rights in such property — or real property or interests in such property — owned by the corporation, a registered pension plan or another corporation described in this paragraph, other than a corporation without share capital, and investing its funds in a partnership that limits its activities to acquiring, holding,

maintaining, improving, leasing or managing capital property that is immovable property or real rights in such property — or real property or interests in such property — owned by the partnership,

(2) borrowed money solely for the purpose of earning income from immovable property or a real right in such property — or real property or an interest in such property, and

(3) made no investments other than investments in immovable property or a real right in such property — or real property or an interest in such property — or investments that a pension plan is permitted to make under the Pension Benefits Standards Act, 1985 (Revised Statutes of Canada, 1985, chapter 32, 2nd Supplement) or a similar law of a province,

iii. has made no investments other than investments that a pension plan is permitted to make under the Pension Benefits Standards Act, 1985 or a similar law of a province, and whose assets where at least 98% cash and investments, that has not issued bonds, notes, debentures or similar obligations or accepted deposits, and has derived at least 98% of its income for the period referred to in section 980 that is a taxation year of the corporation from, or from the disposition of, investments, or

iv. throughout the period referred to in section 980, has limited its activities to acquiring Canadian resource properties by purchase or by incurring Canadian exploration expenses or Canadian development expenses, or holding, exploring, developing, maintaining, improving, managing, operating or disposing of its Canadian resource properties, borrowed money solely for the purpose of earning income from Canadian resource properties and made no investments other than in Canadian resource properties, in property to be used in connection with Canadian resource properties acquired by purchase or by incurring Canadian exploration expenses or Canadian development expenses, in loans secured by Canadian resource properties for the purpose of acquiring, holding, exploring, developing, maintaining, improving, managing, operating or disposing of a Canadian resource property or in investments that a pension plan is permitted to make under the Pension Benefits Standards Act, 1985 or a similar law of a province;".

(2) Subsection 1 applies to a taxation year that ends after 21 February 1994. However,

(1) where subparagraph ii of paragraph *c*.2 of section 998 of the Act applies to a taxation year that ends before 1 January 2001, it is to be read as follows:

"ii. has, without interruption from the later of 16 November 1978 and the date on which it was incorporated, limited its activities to acquiring, holding, maintaining, improving, leasing or managing capital property that is immovable property or an interest in such property owned by the corporation, a registered pension plan or another corporation described in this subparagraph, other than a corporation without share capital, borrowed money solely for the purpose of earning income from immovable property or an interest in such property, and

made no investments other than investments in immovable property or an interest in such property or investments that a pension plan is permitted to make under the Pension Benefits Standards Act, 1985 (Revised Statutes of Canada, 1985, chapter 32, 2nd Supplement) or a similar law of a province,";

(2) where subparagraphs 1 to 3 of subparagraph ii of paragraph *c*.2 of section 998 of the Act apply before 26 June 2013, they are to be read as follows:

"(1) limited its activities to acquiring, holding, maintaining, improving, leasing or managing capital property that is immovable property or an interest in such property owned by the corporation, a registered pension plan or another corporation described in this paragraph, other than a corporation without share capital, and investing its funds in a partnership that limits its activities to acquiring, holding, maintaining, improving, leasing or managing capital property that is immovable property or an interest in such property owned by the partnership,

"(2) borrowed money solely for the purpose of earning income from immovable property or an interest in such property, and

"(3) made no investments other than investments in immovable property or an interest in such property or investments that a pension plan is permitted to make under the Pension Benefits Standards Act, 1985 (Revised Statutes of Canada, 1985, chapter 32, 2nd Supplement) or a similar law of a province,".

66. (1) Section 1010 of the Act, amended by section 130 of chapter 24 of the statutes of 2015, is again amended, in paragraph *a*.1 of subsection 2,

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

"i. a redetermination of the taxpayer's tax by the Minister is required in accordance with section 1012 or 1012.2 or would have been required if the taxpayer had claimed an amount under that section within the prescribed time limit,";

(2) by adding the following subparagraph after subparagraph vii:

"viii. a redetermination of the taxpayer's tax is required to give effect to the application of any of Chapters VI to VI.2 of Title X of Book III; and".

(2) Paragraph 1 of subsection 1 applies to a taxation year that begins after 30 November 1999.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 4 March 2010.

(4) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 34 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to paragraph 1 of subsection 1 and subsection 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(5) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 4. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

67. (1) Section 1012.1 of the Act, amended by section 359 of chapter 21 of the statutes of 2015, is again amended by inserting the following paragraph after paragraph *d*.1.0.0.1:

"(*d*.1.0.0.2) section 776.1.21 in respect of the unused portion of the tax credit, within the meaning of section 776.1.19, for a subsequent taxation year;".

(2) Subsection 1 has effect from 27 March 2015.

68. (1) The Act is amended by inserting the following section after section 1012.1.1:

"**1012.1.2.** Where section 1012 does not apply to a corporation, in relation to a particular taxation year, in respect of a particular amount referred to in paragraph *d*.1.0.0.2 of section 1012.1 relating to the unused portion of the tax credit, within the meaning of section 776.1.19, of the corporation for a subsequent taxation year but would apply to the corporation if it were read without reference to ", on or before the taxpayer's filing-due date for the subsequent taxation year in respect of that amount,", section 1012 is, in relation to the particular taxation year and in respect of the particular amount, to be read as follows:

"**1012.** If a corporation has filed for a particular taxation year the fiscal return required by section 1000 and, in a subsequent taxation year, a particular amount referred to in paragraph *d*.1.0.0.2 of section 1012.1, in respect of the unused portion of the tax credit, within the meaning of section 776.1.19, of the corporation for the subsequent taxation year is claimed as a deduction in computing the corporation's tax payable for the particular taxation year by filing with the Minister, on or before the corporation's filing-due date for the taxation year that includes the day on or before which it is required to file with the Minister the prescribed form containing prescribed information and any

document issued by Investissement Québec for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in respect of the subsequent taxation year, under Division II.6.0.1.9 of Chapter III.1 of Title III, a prescribed form amending the fiscal return for the particular taxation year, the Minister shall, despite sections 1010 to 1011, for any relevant taxation year, other than a taxation year preceding the particular taxation year, redetermine the corporation's tax to take into account the particular amount so claimed as a deduction.""

(2) Subsection 1 has effect from 27 March 2015.

69. (1) The Act is amended by inserting the following section after section 1012.3:

"**1012.4.** Where a corporation has filed for a particular taxation year the fiscal return required by section 1000, the corporation is deemed to have paid an amount to the Minister under Division II.6.0.1.9 of Chapter III.1 of Title III for the particular taxation year, a document to be issued by Investissement Québec for the purpose of determining the amount that the corporation is so deemed to have paid to the Minister has been issued after the corporation's filing-due date in respect of the particular taxation year and a particular amount referred to in section 776.1.20 is claimed as a deduction in computing tax payable, by or on behalf of the corporation, for the particular taxation year by filing with the Minister, on or before the corporation's filing-due date for the taxation year that includes the day on or before which it was required to file with the Minister the prescribed form containing prescribed information and any document issued by Investissement Québec for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for the particular taxation year, under that Division II.6.0.1.9, a prescribed form amending the fiscal return for the particular taxation year, the Minister shall, despite sections 1010 to 1011, redetermine the corporation's tax for the particular taxation year to take into account the particular amount so claimed as a deduction."

(2) Subsection 1 has effect from 27 March 2015.

70. (1) Section 1015 of the Act, amended by section 361 of chapter 21 of the statutes of 2015, is again amended by inserting the following subparagraph after subparagraph *e*.3 of the second paragraph:

"(*e*.4) an amount paid under a program referred to in section 313.14;".

(2) Subsection 1 has effect from 19 June 2014.

71. Section 1026.0.2 of the Act, amended by section 362 of chapter 21 of the statutes of 2015, is again amended by replacing the definition of "net tax owing" in the first paragraph by the following definition:

""“net tax owing” by an individual for a taxation year means the amount by which the amount described in the second paragraph is exceeded by the tax payable by the individual for the year under this Part and Parts III.15 and III.15.2, determined without reference to the specified tax consequences for the year, section 313.11 and Chapter II.1 of Title VI of Book III, but with reference to the amount that the individual could deduct from the individual's tax otherwise payable for the year under section 776.41.5 if the individual's eligible spouse for the year were not required to include an amount in computing income for the year under section 313.11."

72. Section 1026.3 of the Act is replaced by the following section:

"**1026.3.** For the purposes of sections 1025 and 1026, the individual's tax for the year estimated in accordance with section 1004 is to be determined without reference to section 313.11 and Chapter II.1 of Title VI of Book III, but with reference to the amount that the individual could deduct from the individual's tax otherwise payable for the year under section 776.41.5 if the individual's eligible spouse for the year were not required to include an amount in computing income for the year under section 313.11."

73. (1) Section 1029.6.0.1 of the Act, amended by section 364 of chapter 21 of the statutes of 2015, is again amended, in the first paragraph,

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

"(*a*) where, in respect of a particular expenditure or particular costs, an amount is deducted in computing a taxpayer's tax payable for a taxation year, is deemed under any of Divisions II to II.6.0.1.6, II.6.0.1.8 to II.6.2, II.6.4.2, II.6.5, II.6.5.3, II.6.5.7 and II.6.14.2 to II.6.15 to have been paid to the Minister by the taxpayer, or is deemed under section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) to have been an overpayment to the Minister by the taxpayer, no other amount may be deemed to have been paid to the Minister by the taxpayer for any taxation year under any of those divisions, or be deemed to have been an overpayment to the Minister by the taxpayer under that section 34.1.9, in respect of all or part of a cost, an expenditure or costs included in the particular expenditure or the particular costs, except for (in the case of an amount deducted in computing a taxpayer's tax payable for a taxation year under Title III.4 of Book V) an amount deemed to have been paid by the taxpayer for the year under Division II.6.0.1.9;";

(2) by adding the following subparagraph after subparagraph *e*:

"(*f*) for the purposes of a particular division of this chapter, a particular amount included in computing an individual's income from an office or

employment under Chapter II of Title II of Book III may not be taken into account in computing a particular expenditure that includes the particular amount in respect of which an amount is deemed to have been paid by a taxpayer for a taxation year under the particular division if

i. the particular expenditure is wages, within the meaning of the first paragraph of section 1029.8.36.0.3.72, or a salary or wages, within the meaning of the first paragraph of section 1029.8.33.11.11, and

ii. the particular amount is the value of a benefit that the taxpayer did not pay in currency."

(2) Paragraph 1 of subsection 1 has effect from 27 March 2015.

(3) Paragraph 2 of subsection 1 applies to a taxation year or a fiscal period of a partnership that begins after 26 March 2015.

74. (1) Section 1029.6.0.1.2 of the Act is amended

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

"**1029.6.0.1.2.** Subject to any special provisions in this chapter, a taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer's tax payable for a particular taxation year under any of Divisions II to II.6.15 (in this paragraph referred to as the "particular division"), only if the taxpayer files with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, favourable advance ruling, qualification certificate, rate schedule, receipt or report the taxpayer is required to file in accordance with that division on or before the day that is 12 months after the taxpayer's filing-due date for the particular year or, if it is later, either of the following days:

(*a*) where a favourable advance ruling, which the taxpayer is required to file with the Minister in accordance with the particular division, is issued by the Société de développement des entreprises culturelles, the day that is 3 months after the date on which the ruling was given; or

(*b*) in any other case, the day that is 3 months after the date on which the certificate or qualification certificate that the taxpayer is required to file with the Minister in accordance with the particular division is issued.";

(2) by striking out the second paragraph;

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

"For the purposes of the first paragraph, a taxpayer is deemed to have filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph within the time limit provided for in that paragraph that applies to the taxpayer for a

taxation year so as to be deemed to have paid an amount to the Minister for the year in respect of a cost, an expenditure or any costs under a provision of any of Divisions II to II.6.15 (in this paragraph referred to as the "particular provision"), if

(*a*) the taxpayer files with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph after the expiry of that time limit so as to be deemed to have paid an amount to the Minister for the year in respect of the cost, expenditure or costs under the particular provision; and

(*b*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph within that time limit so as to be deemed to have paid an amount to the Minister for the year in respect of the cost, expenditure or costs under a provision of any of Divisions II to II.6.15 other than the particular provision."

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

75. (1) Section 1029.6.0.1.7 of the Act is replaced by the following section:

"**1029.6.0.1.7.** For the purposes of this chapter, the following rules apply:

(*a*) a partnership is deemed, at a particular time, to be a corporation whose taxation year corresponds to the partnership's fiscal period and all the voting shares in the capital stock of which are owned at that time by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership's fiscal period that includes that time; and

(*b*) a trust is deemed, at a particular time, to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this paragraph referred to as the "distribution date") and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) are owned at that time by such a beneficiary, if that beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if that time occurs before the distribution date, or

(2) are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of

all the beneficiaries, if subparagraph 1 does not apply and that time occurs before the distribution date,

ii. if a beneficiary's share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at that time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at that time by the person referred to in that section from whom property of the trust or property for which property of the trust was substituted was directly or indirectly received."

(2) Subsection 1 applies to a taxation year or a fiscal period that ends after 26 March 2015.

76. (1) The Act is amended by inserting the following section after section 1029.6.0.1.7:

"**1029.6.0.1.7.1.** Where, under a provision of this chapter, an activity, business, property or service entitles a member of a partnership to an amount deemed to have been paid to the Minister for a taxation year, for the purpose of determining such an amount under any provision of this chapter, the partnership's attributes are to be taken into account as though they were those of the member of the partnership."

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015 and in which a fiscal period of a partnership ends.

77. (1) Section 1029.6.0.6 of the Act, amended by section 98 of chapter 10 of the statutes of 2013 and section 370 of chapter 21 of the statutes of 2015, is again amended by striking out subparagraphs *h*.1 to *h*.3 of the fourth paragraph.

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

78. (1) The Act is amended by inserting the following section before section 1029.6.0.7:

"**1029.6.0.6.2.** Where the amounts listed in the second paragraph are to be used for a particular period of 12 months beginning on 1 July of a taxation

year subsequent to the taxation year 2016, they are to be adjusted annually in such a manner that each amount used for the particular period is equal to the total of the amount used for the preceding 12-month period and the product obtained by multiplying that latter amount by the factor determined under section 1029.6.0.6 for the taxation year in which the particular period begins.

The amounts to which the first paragraph refers are

(*a*) the amounts of $115, $133, $278, $354, $539, $654 and $1,637, wherever they are mentioned in section 1029.8.116.16;

(*b*) the amount of $33,145 mentioned in section 1029.8.116.16; and

(*c*) the amount of $20,210 mentioned in section 1029.8.116.34."

(2) Subsection 1 applies to a period that begins after 30 June 2017.

79. (1) Section 1029.6.0.7 of the Act, amended by section 99 of chapter 10 of the statutes of 2013 and section 371 of chapter 21 of the statutes of 2015, is replaced by the following section:

"**1029.6.0.7.** If the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *a*, *b*, *b*.1, *b*.3, *b*.6, *b*.7, *c* to *f*, *j*, *l* and *m* of the fourth paragraph of that section, or from the adjustment provided for in section 1029.6.0.6.2, in respect of the amounts mentioned in subparagraphs *b* and *c* of the second paragraph of that section, is not a multiple of $5, it is to be rounded to the nearest multiple of $5 or, if it is equidistant from two such multiples, to the higher multiple.

If the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *a*.1, *b*.2, *b*.5, *g*, *h*, *k* and *n* of the fourth paragraph of that section, or from the adjustment provided for in section 1029.6.0.6.2, in respect of the amounts mentioned in subparagraph *a* of the second paragraph of that section, is not a multiple of $1, it is to 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.

80. (1) Section 1029.8.0.0.1 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1029.8.0.0.1.** A taxpayer may be deemed to have paid to the Minister an amount on account of the taxpayer's tax payable for a taxation year under section 1029.7 or 1029.8 in respect of an expenditure that is a portion of a consideration referred to in any of subparagraphs *c*, *e*, *g* and *i* of the first paragraph of that section, only if the taxpayer files with the Minister a return,

in the prescribed form referred to in the first paragraph of section 1029.6.0.1.2 and within the time limit provided for in that paragraph that applies to the taxpayer for the year, containing the following information:".

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

81. (1) Section 1029.8.6 of the Act, amended by section 387 of chapter 21 of the statutes of 2015, is again amended by replacing "28%" in the portion of the first paragraph before subparagraph *a* by "14%".

(2) Subsection 1 applies in respect of an expenditure incurred after 2 December 2014 in relation to a contract entered into after that date.

82. (1) The Act is amended by inserting the following sections before section 1029.8.7:

"**1029.8.6.2.** Where the taxpayer to which section 1029.8.6 applies is a corporation that has been, throughout the taxation year referred to in that section, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets shown in its financial statements submitted to the shareholders or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown had such financial statements been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, if the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than $75,000,000, the percentage of 14% mentioned in the first paragraph of that section is to be replaced by the percentage determined by the following formula, to the extent that it is applied to any of the amounts described in the first paragraph of section 1029.8.6 which does not exceed the expenditure limit of the corporation for the year:

30% − {[(A − $50,000,000) × 16%]/$25,000,000}.

In the formula in the first paragraph, A is the greater of $50,000,000 and the assets of the corporation determined as provided in this division.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph is to be read as if "submitted to the shareholders" were replaced by "submitted to the members".

"**1029.8.6.3.** For the purposes of section 1029.8.6.2, in computing the assets of a corporation, the amount representing the surplus reassessment of its property and the amount of its incorporeal assets are to be subtracted, to the extent that the amount shown in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of incorporeal assets consists of shares of the corporation's or cooperative's capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

"**1029.8.6.4.** For the purposes of section 1029.8.6.2, the assets of a corporation that is associated in a taxation year with one or more other corporations are equal to the amount by which the aggregate of the assets of the corporation and those of each corporation associated with it, determined in accordance with sections 1029.8.6.2 and 1029.8.6.3, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

"**1029.8.6.5.** For the purposes of sections 1029.8.6.2 to 1029.8.6.4, where a corporation or a corporation with which it is associated reduces its assets by any transaction in a taxation year and, but for that reduction, section 1029.8.6.2 would not apply to the corporation, the assets are deemed not to have been so reduced unless the Minister decides otherwise.

"**1029.8.6.6.** For the purposes of section 1029.8.6.2, the expenditure limit of a particular corporation for a taxation year equals $3,000,000, unless the particular corporation is associated in the year with one or more other corporations that are not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada, in which case, subject to sections 1029.8.6.7 to 1029.8.6.9, its expenditure limit for the year is nil.

"**1029.8.6.7.** Where all of the corporations that are associated with each other in a taxation year and to which section 1029.8.6.6 applies have filed with the Minister, in the prescribed form, an agreement whereby, for the purposes of section 1029.8.6.2, they allocate an amount to one or more of them for the taxation year and the amount or the aggregate of the amounts so allocated, as the case may be, equals $3,000,000, the expenditure limit for the year of each of the corporations is equal to the amount so allocated to it.

"**1029.8.6.8.** Where any of the corporations that are associated with each other in a taxation year and to which section 1029.8.6.6 applies fails to file with the Minister the agreement referred to in section 1029.8.6.7 within 30 days after notice in writing by the Minister is forwarded to any of them that such an agreement is required in determining the amount deemed to have been paid to the Minister on account of the corporation's tax payable for the year under this Part, the Minister shall, for the purposes of section 1029.8.6.2, allocate an amount to one or more of them for the year, which amount or the aggregate of which amounts, as the case may be, must be equal to $3,000,000, and in any such case the expenditure limit for the year of each of the corporations equals the amount so allocated to it.

"**1029.8.6.9.** Despite any other provision of this division, the following rules apply:

(*a*) where a corporation that is not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada (in this section referred to as "the first corporation") has more than one taxation year ending in the same calendar year and it is associated in two or more of those taxation years with another such corporation that has a taxation year ending in that calendar year, the expenditure limit of the first corporation for each taxation year in which it is associated with the other corporation ending in that calendar year is, subject to paragraph *b*, an amount equal to its expenditure limit for the first such taxation year determined without reference to paragraph *b*; and

(*b*) where a corporation that is not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada has a taxation year that is less than 51 weeks, its expenditure limit for the year is equal to that proportion of its expenditure limit for the year determined without reference to this paragraph that the number of days in the year is of 365."

(2) Subsection 1 has effect from 3 December 2014.

83. (1) Section 1029.8.7 of the Act, amended by section 388 of chapter 21 of the statutes of 2015, is again amended by replacing "28%" in the portion of the first paragraph before subparagraph *a* by "14%".

(2) Subsection 1 applies in respect of an expenditure incurred after 2 December 2014 in relation to a contract entered into after that date.

84. (1) Section 1029.8.9 of the Act is amended

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

"(*a*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, favourable advance ruling, qualification certificate, rate schedule, receipt or report within the time limit provided for in the first paragraph of section 1029.6.0.1.2 that applies to the taxpayer for a taxation year, so as to be deemed to have paid an amount to the Minister for the year under any of Divisions II.5.1 to II.6.15 in respect of an expenditure incurred under the contract; and";

(2) by replacing "sixth" in the sixth paragraph by "fourth".

(2) Paragraph 1 of subsection 1 applies to a taxation year that begins after 26 March 2015.

(3) Paragraph 2 of subsection 1 applies in respect of an expenditure incurred or borne after 13 March 2008 for scientific research and experimental development undertaken after that date.

85. (1) Section 1029.8.9.0.3 of the Act, amended by section 391 of chapter 21 of the statutes of 2015, is again amended by replacing "28%" in the first paragraph by "14%".

(2) Subsection 1 applies in respect of an expenditure incurred by a taxpayer after 2 December 2014 for a taxation year that begins after that date.

86. (1) The Act is amended by inserting the following sections after section 1029.8.9.0.3:

"**1029.8.9.0.3.1.** Where the taxpayer to which section 1029.8.9.0.3 applies is a corporation that has been, throughout the taxation year referred to in that section, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets shown in its financial statements submitted to the shareholders or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown had such financial statements been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, if the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than $75,000,000, the percentage of 14% mentioned in the first paragraph of that section is to be replaced by the percentage determined by the following formula, to the extent that it is applied to the total of the amounts described in the first paragraph of section 1029.8.9.0.3 which does not exceed the expenditure limit of the corporation for the year:

$30\% - \{[(A - \$50{,}000{,}000) \times 16\%]/\$25{,}000{,}000\}$.

In the formula in the first paragraph, A is the greater of $50,000,000 and the assets of the corporation determined as provided in this division.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph is to be read as if "submitted to the shareholders" were replaced by "submitted to the members".

"**1029.8.9.0.3.2.** For the purposes of section 1029.8.9.0.3.1, in computing the assets of a corporation, the amount representing the surplus reassessment of its property and the amount of its incorporeal assets are to be subtracted, to the extent that the amount shown in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of incorporeal assets consists of shares of the corporation's or cooperative's capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

"**1029.8.9.0.3.3.** For the purposes of section 1029.8.9.0.3.1, the assets of a corporation that is associated in a taxation year with one or more other corporations are equal to the amount by which the aggregate of the assets of the corporation and those of each corporation associated with it, determined in accordance with sections 1029.8.9.0.3.1 and 1029.8.9.0.3.2, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

"**1029.8.9.0.3.4.** For the purposes of sections 1029.8.9.0.3.1 to 1029.8.9.0.3.3, where a corporation or a corporation with which it is associated reduces its assets by any transaction in a taxation year and, but for that reduction, section 1029.8.9.0.3.1 would not apply to the corporation, the assets are deemed not to have been so reduced unless the Minister decides otherwise.

"**1029.8.9.0.3.5.** For the purposes of section 1029.8.9.0.3.1, the expenditure limit of a particular corporation for a taxation year equals $3,000,000, unless the particular corporation is associated in the year with one or more other corporations that are not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada, in which case, subject to sections 1029.8.9.0.3.6 to 1029.8.9.0.3.8, its expenditure limit for the year is nil.

"**1029.8.9.0.3.6.** Where all of the corporations that are associated with each other in a taxation year and to which section 1029.8.9.0.3.5 applies have filed with the Minister, in the prescribed form, an agreement whereby, for the purposes of section 1029.8.9.0.3.1, they allocate an amount to one or more of them for the taxation year and the amount or the aggregate of the amounts so allocated, as the case may be, equals $3,000,000, the expenditure limit for the year of each of the corporations is equal to the amount so allocated to it.

"**1029.8.9.0.3.7.** Where any of the corporations that are associated with each other in a taxation year and to which section 1029.8.9.0.3.5 applies fails to file with the Minister the agreement referred to in section 1029.8.9.0.3.6 within 30 days after notice in writing by the Minister is forwarded to any of them that such an agreement is required in determining the amount deemed to have been paid to the Minister on account of the corporation's tax payable for the year under this Part, the Minister shall, for the purposes of section 1029.8.9.0.3.1, allocate an amount to one or more of them for the year, which amount or the aggregate of which amounts, as the case may be, must be equal to $3,000,000, and in any such case the expenditure limit for the year of each of the corporations equals the amount so allocated to it.

"**1029.8.9.0.3.8.** Despite any other provision of this division, the following rules apply:

(*a*) where a corporation that is not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada (in this section referred to as "the first corporation") has more than one taxation year ending

in the same calendar year and it is associated in two or more of those taxation years with another such corporation that has a taxation year ending in that calendar year, the expenditure limit of the first corporation for each taxation year in which it is associated with the other corporation ending in that calendar year is, subject to paragraph *b*, an amount equal to its expenditure limit for the first such taxation year determined without reference to paragraph *b*; and

(*b*) where a corporation that is not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada has a taxation year that is less than 51 weeks, its expenditure limit for the year is equal to that proportion of its expenditure limit for the year determined without reference to this paragraph that the number of days in the year is of 365."

(2) Subsection 1 has effect from 3 December 2014.

87. (1) Section 1029.8.9.0.4 of the Act, amended by section 392 of chapter 21 of the statutes of 2015, is again amended by replacing "28%" in the first paragraph by "14%".

(2) Subsection 1 applies in respect of an expenditure incurred by a partnership after 2 December 2014 for a fiscal period that begins after that date.

88. (1) Section 1029.8.16.1.4 of the Act, amended by section 398 of chapter 21 of the statutes of 2015, is again amended by replacing "28%" in the portion of the first paragraph before subparagraph *a* by "14%".

(2) Subsection 1 applies in respect of an expenditure incurred after 2 December 2014 in relation to an agreement entered into after that date or, if applicable, to the extension or renewal of an agreement after that date.

89. (1) The Act is amended by inserting the following sections after section 1029.8.16.1.4:

"**1029.8.16.1.4.1.** Where the taxpayer to which section 1029.8.16.1.4 applies is a corporation that has been, throughout the taxation year referred to in that section, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets shown in its financial statements submitted to the shareholders or, if such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown had such financial statements been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, if the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than $75,000,000, the percentage of 14% mentioned in the first paragraph of that section is to be replaced by the percentage determined by the

following formula, to the extent that it is applied to the aggregate determined under the first paragraph of section 1029.8.16.1.4 which does not exceed the expenditure limit of the corporation for the year:

30% − {[(A − $50,000,000) × 16%]/$25,000,000}.

In the formula in the first paragraph, A is the greater of $50,000,000 and the assets of the corporation determined as provided in this division.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph is to be read as if "submitted to the shareholders" were replaced by "submitted to the members".

"**1029.8.16.1.4.2.** For the purposes of section 1029.8.16.1.4.1, in computing the assets of a corporation, the amount representing the surplus reassessment of its property and the amount of its incorporeal assets are to be subtracted, to the extent that the amount shown in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of incorporeal assets consists of shares of the corporation's or cooperative's capital stock, all or the part of the expenditure, as the case may be, is deemed to be nil.

"**1029.8.16.1.4.3.** For the purposes of section 1029.8.16.1.4.1, the assets of a corporation that is associated in a taxation year with one or more other corporations are equal to the amount by which the aggregate of the assets of the corporation and those of each corporation associated with it, determined in accordance with sections 1029.8.16.1.4.1 and 1029.8.16.1.4.2, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

"**1029.8.16.1.4.4.** For the purposes of sections 1029.8.16.1.4.1 to 1029.8.16.1.4.3, where a corporation or a corporation with which it is associated reduces its assets by any transaction in a taxation year and, but for that reduction, section 1029.8.16.1.4.1 would not apply to the corporation, the assets are deemed not to have been so reduced unless the Minister decides otherwise.

"**1029.8.16.1.4.5.** For the purposes of section 1029.8.16.1.4.1, the expenditure limit of a particular corporation for a taxation year equals $3,000,000, unless the particular corporation is associated in the year with one or more other corporations that are not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada, in which case, subject to sections 1029.8.16.1.4.6 to 1029.8.16.1.4.8, its expenditure limit for the year is nil.

"**1029.8.16.1.4.6.** Where all of the corporations that are associated with each other in a taxation year and to which section 1029.8.16.1.4.5 applies have filed with the Minister, in the prescribed form, an agreement whereby,

for the purposes of section 1029.8.16.1.4.1, they allocate an amount to one or more of them for the taxation year and the amount or the aggregate of the amounts so allocated, as the case may be, equals $3,000,000, the expenditure limit for the year of each of the corporations is equal to the amount so allocated to it.

"**1029.8.16.1.4.7.** Where any of the corporations that are associated with each other in a taxation year and to which section 1029.8.16.1.4.5 applies fails to file with the Minister the agreement referred to in section 1029.8.16.1.4.6 within 30 days after notice in writing by the Minister is forwarded to any of them that such an agreement is required in determining the amount deemed to have been paid to the Minister on account of the corporation's tax payable for the year under this Part, the Minister shall, for the purposes of section 1029.8.16.1.4.1, allocate an amount to one or more of them for the year, which amount or the aggregate of which amounts, as the case may be, must be equal to $3,000,000, and in any such case the expenditure limit for the year of each of the corporations equals the amount so allocated to it.

"**1029.8.16.1.4.8.** Despite any other provision of this division, the following rules apply:

(*a*) where a corporation that is not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada (in this section referred to as "the first corporation") has more than one taxation year ending in the same calendar year and it is associated in two or more of those taxation years with another such corporation that has a taxation year ending in that calendar year, the expenditure limit of the first corporation for each taxation year in which it is associated with the other corporation ending in that calendar year is, subject to paragraph *b*, an amount equal to its expenditure limit for the first such taxation year determined without reference to paragraph *b*; and

(*b*) where a corporation that is not controlled, directly or indirectly, in any manner whatever by one or more persons not resident in Canada has a taxation year that is less than 51 weeks, its expenditure limit for the year is equal to that proportion of its expenditure limit for the year determined without reference to this paragraph that the number of days in the year is of 365."

(2) Subsection 1 has effect from 3 December 2014.

90. (1) Section 1029.8.16.1.5 of the Act, amended by section 399 of chapter 21 of the statutes of 2015, is again amended by replacing "28%" in the portion of the first paragraph before subparagraph *a* by "14%".

(2) Subsection 1 applies in respect of an expenditure incurred after 2 December 2014 in relation to an agreement entered into after that date or, if applicable, to the extension or renewal of an agreement after that date.

91. (1) The Act is amended by replacing the heading of Division II.4 of Chapter III.1 of Title III of Book IX of Part I by the following heading:

"GOVERNMENT ASSISTANCE, NON-GOVERNMENT ASSISTANCE, CONTRACT PAYMENT AND OTHER RULES RELATING TO TAX CREDITS FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT".

(2) Subsection 1 has effect from 3 December 2014.

92. (1) The Act is amended by inserting the following heading after the heading of Division II.4 of Chapter III.1 of Title III of Book IX of Part I:

"§1. — *Interpretation*".

(2) Subsection 1 has effect from 3 December 2014.

93. (1) The Act is amended by inserting the following heading before section 1029.8.18:

"§2. — *Reduction attributable to a contract payment, government assistance or non-government assistance*".

(2) Subsection 1 has effect from 3 December 2014.

94. (1) The Act is amended by inserting the following heading after section 1029.8.18.0.1:

"§3. — *Repayment of government assistance or non-government assistance*".

(2) Subsection 1 has effect from 3 December 2014.

95. (1) The Act is amended by inserting the following heading after section 1029.8.18.3:

"§4. — *Rules relating to contributions and other similar reduction rules*".

(2) Subsection 1 has effect from 3 December 2014.

96. (1) Section 1029.8.19.2 of the Act is amended by replacing "sixth" in the fifth and sixth paragraphs by "fourth".

(2) Subsection 1 applies in respect of an expenditure incurred or borne after 13 March 2008 for scientific research and experimental development work undertaken after that date.

97. (1) The Act is amended by inserting the following after section 1029.8.19.7:

"§5. — *Expenditure exclusion threshold*

"**1029.8.19.8.** In this subdivision,

"exclusion threshold" applicable to a taxpayer for a taxation year or to a partnership for a fiscal period means the amount determined under section 1029.8.19.9 in respect of the taxpayer for the year or of the partnership for the fiscal period, as the case may be;

"reducible expenditures" of a taxpayer for a taxation year that begins after 2 December 2014 or of a partnership for a fiscal period that begins after that date means the aggregate of all amounts each of which is an expenditure incurred by the taxpayer or the partnership that is attributable to the year or the fiscal period, as the case may be, and that is

(*a*) wages referred to in subparagraph *a* of the first paragraph of section 1029.7 or 1029.8 or a portion of a consideration referred to in any of subparagraphs *b* to *i* of the first paragraph of either of those sections;

(*b*) an expenditure referred to in paragraph *d*.1 of section 1029.8.1;

(*c*) an eligible fee or an eligible fee balance within the meaning assigned to those expressions by section 1029.8.9.0.2; or

(*d*) a qualified expenditure within the meaning assigned to that expression by the first paragraph of section 1029.8.16.1.1.

For the purposes of the definition of "reducible expenditures" in the first paragraph, an expenditure incurred after 2 December 2014 under a contract or agreement entered into on or before that date in respect of scientific research and experimental development does not constitute an expenditure described in the definition of that expression.

"**1029.8.19.9.** The amount to which the definition of "exclusion threshold" in the first paragraph of section 1029.8.19.8 refers in respect of a taxpayer for a taxation year or of a partnership for a fiscal period is equal to the amount determined by the formula

$$\$50{,}000 + [\$175{,}000 \times (A - \$50{,}000{,}000)/\$25{,}000{,}000].$$

In the formula in the first paragraph, A is the lesser of $75,000,000 and the taxpayer's or the partnership's assets, as the case may be, shown in the taxpayer's or partnership's financial statements submitted, if the taxpayer is a corporation, to the shareholders or, if the taxpayer is a partnership, to the partnership's members, or, if such financial statements have not been prepared or have not been prepared in accordance with generally accepted accounting principles, that would be shown had such financial statements been prepared in accordance with generally accepted accounting principles, for the taxpayer's preceding taxation year or the partnership's preceding fiscal period, as the case

may be, or, if the taxpayer or the partnership is in its first fiscal period, at the beginning of its fiscal period.

Where the taxpayer referred to in the second paragraph is a cooperative, the second paragraph is to be read as if "to the shareholders" were replaced by "to the members".

For the purposes of the second paragraph, if the assets of a taxpayer for a taxation year or of a partnership for a fiscal period is less than $50,000,000, they are deemed to be equal to $50,000,000.

"**1029.8.19.10.** In computing a taxpayer's or a partnership's assets, for the purposes of section 1029.8.19.9, the amount of the surplus reassessment of its property and the amount of its incorporeal assets are to be subtracted, to the extent that the amount designated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, all or part of an expenditure made in respect of a taxpayer's or a partnership's incorporeal assets is deemed to be nil if all or part of that expenditure consists

(*a*) in the case of a taxpayer that is a corporation or a cooperative, as applicable, of a share of the taxpayer's capital stock; or

(*b*) in the case of a partnership, of an interest in the partnership.

"**1029.8.19.11.** For the purposes of section 1029.8.19.9, where a taxpayer or a partnership reduces its assets by any transaction and, but for that reduction, the exclusion threshold applicable to the taxpayer for a taxation year or to the partnership for a fiscal period would be greater, the assets are deemed not to have been so reduced unless the Minister decides otherwise.

"**1029.8.19.12.** If a taxation year of a taxpayer or a fiscal period of a partnership has fewer than 51 weeks, the amount determined under section 1029.8.19.9 in respect of the taxpayer for the year or of the partnership for the fiscal period, as the case may be, is to be replaced by the proportion of that amount that the number of days in the year or the fiscal period, as the case may be, is of 365.

"**1029.8.19.13.** For the purpose of computing the amount that a taxpayer is deemed to have paid to the Minister for a taxation year that begins after 2 December 2014, under any of sections 1029.7, 1029.8.6, 1029.8.9.0.3 and 1029.8.16.1.4 (in this section referred to as a "particular provision"), the following rules apply:

(*a*) the aggregate of all amounts each of which is the amount of wages that are, or of a portion of a consideration that is, referred to in any of subparagraphs *a* to *i* of the first paragraph of section 1029.7 and that is included in the taxpayer's reducible expenditures for the year, determined with reference to subdivisions 2,

4 and 6, is to be reduced by the lesser of the exclusion threshold applicable to the taxpayer for the year and the aggregate of those amounts for the year;

(*b*) the aggregate of all amounts each of which is the amount of an expenditure that is referred to in subparagraph *a* or *b* of the first paragraph of section 1029.8.6 and that is included in the taxpayer's reducible expenditures for the year, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the exclusion threshold applicable to the taxpayer for the year and the aggregate of those amounts for the year;

(*c*) the aggregate of all amounts each of which is the amount of an eligible fee or eligible fee balance, within the meaning assigned to those expressions by section 1029.8.9.0.2, that is included in the taxpayer's reducible expenditures for the year, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the exclusion threshold applicable to the taxpayer for the year and the aggregate of those amounts for the year;

(*d*) the aggregate of all amounts each of which is the amount of an expenditure that is referred to in any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.16.1.4 and that is included in the taxpayer's reducible expenditures for the year, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the exclusion threshold applicable to the taxpayer for the year and the aggregate of those amounts for the year; and

(*e*) where the taxpayer is a corporation, the taxpayer's expenditure limit for the year, determined for the purposes of any of sections 1029.7.2, 1029.8.6.2, 1029.8.9.0.3.1 and 1029.8.16.1.4.1, is to be reduced by the amount of the reduction, determined for the year in respect of the taxpayer under any of subparagraphs *a* to *d*, that relates to that expenditure limit.

For the purposes of the first paragraph, where the amount of a taxpayer's reducible expenditures for a taxation year is greater than the exclusion threshold applicable to the taxpayer for the year and the taxpayer may be deemed, but for this subdivision, to have paid an amount to the Minister for the year under more than one particular provision, the exclusion threshold otherwise applicable to the taxpayer for the year is deemed to be equal, in relation to each particular provision, to the amount determined by the formula

$A \times B/C$.

In the formula in the second paragraph,

(*a*) A is the exclusion threshold that would otherwise be applicable to the taxpayer for the year;

(*b*) B is the aggregate of all amounts each of which is an expenditure—referred to in any of paragraphs *a* to *d* of the definition of "reducible expenditures" in the first paragraph of section 1029.8.19.8—of the taxpayer for the year in relation to the particular provision; and

(*c*) C is the taxpayer's reducible expenditures for the year.

"**1029.8.19.14.** For the purpose of computing the amount that a taxpayer that is a member of a partnership is deemed to have paid to the Minister for a taxation year in which a fiscal period of the partnership that begins after 2 December 2014 ends, under any of sections 1029.8, 1029.8.7, 1029.8.9.0.4 and 1029.8.16.1.5 (in this section referred to as a "particular provision"), the following rules apply:

(*a*) the aggregate of all amounts each of which is the amount of the taxpayer's share of wages that are, or of a portion of a consideration that is, referred to in any of subparagraphs *a* to *i* of the first paragraph of section 1029.8 and that is included in the partnership's reducible expenditures for the fiscal period, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the taxpayer's share of the exclusion threshold applicable to the partnership for the fiscal period and the aggregate of those amounts for the fiscal period;

(*b*) the aggregate of all amounts each of which is the amount of the taxpayer's share of an expenditure that is referred to in subparagraph *a* or *b* of the first paragraph of section 1029.8.7 and that is included in the partnership's reducible expenditures for the fiscal period, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the taxpayer's share of the exclusion threshold applicable to the partnership for the fiscal period and the aggregate of those amounts for the fiscal period;

(*c*) the aggregate of all amounts each of which is the amount of the taxpayer's share of an eligible fee or eligible fee balance, within the meaning assigned to those expressions by section 1029.8.9.0.2, that is included in the partnership's reducible expenditures for the fiscal period, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the taxpayer's share of the exclusion threshold applicable to the partnership for the fiscal period and the aggregate of those amounts for the fiscal period; and

(*d*) the aggregate of all amounts each of which is the amount of the taxpayer's share of an expenditure that is referred to in any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.16.1.5 and that is included in the partnership's reducible expenditures for the fiscal period, determined with reference to subdivisions 2, 4 and 6, is to be reduced by the lesser of the taxpayer's share of the exclusion threshold applicable to the partnership for the fiscal period and the aggregate of those amounts for the fiscal period.

For the purposes of the first paragraph, where the amount of a partnership's reducible expenditures for a fiscal period is greater than the exclusion threshold applicable to the partnership for the fiscal period and a taxpayer that is a member of the partnership may be deemed, but for this subdivision, to have paid an amount to the Minister for the taxation year in which that fiscal period ends under more than one particular provision in relation to the partnership, the taxpayer's otherwise determined share of the exclusion threshold applicable

to the partnership for the fiscal period that ends in the year is deemed to be equal, in relation to each particular provision, to the amount determined by the formula

A × B/C.

In the formula in the second paragraph,

(*a*) A is the exclusion threshold applicable to the partnership for the fiscal period that ends in the year;

(*b*) B is the aggregate of all amounts each of which is the taxpayer's share of an expenditure—referred to in any of paragraphs *a* to *d* of the definition of "reducible expenditures" in the first paragraph of section 1029.8.19.8—of the partnership for the fiscal period that ends in the year in relation to the particular provision; and

(*c*) C is the partnership's reducible expenditures for the fiscal period that ends in the year.

For the purposes of this section, the taxpayer's share of an amount is equal to the agreed proportion of the amount in respect of the taxpayer for the partnership's fiscal period that ends in the taxpayer's taxation year.

"**1029.8.19.15.** For the purposes of sections 1029.8.19.13 and 1029.8.19.14, where the amount that reduces an aggregate described in any of subparagraphs *a* to *d* of the first paragraph of either of those sections is equal to the exclusion threshold applicable to the taxpayer for a taxation year or to a taxpayer's share of a partnership's exclusion threshold for a fiscal period that ends in a taxation year, as the case may be, the taxpayer may designate which of the taxpayer's expenditures or of the taxpayer's share of the expenditures included in the aggregate described in that subparagraph is to be reduced by all or part of the taxpayer's exclusion threshold for the year or of the taxpayer's share of the exclusion threshold applicable to the partnership for the fiscal period that ends in the year, as the case may be.

"§6. — *Various rules*".

(2) Subsection 1 has effect from 3 December 2014.

98. (1) The Act is amended by inserting the following section after section 1029.8.33.7.2:

"**1029.8.33.7.3.** For the purposes of sections 1029.8.33.6 and 1029.8.33.7 and despite section 1029.8.33.7.2, where the qualified expenditure is made in respect of an eligible trainee described in any of paragraphs *b* to *c* of the definition of "eligible trainee" in the first paragraph of section 1029.8.33.2 (in this section referred to as a "student trainee") and the conditions of the second paragraph are met, the following rules apply:

(*a*) if the eligible taxpayer referred to in section 1029.8.33.6 or 1029.8.33.7 is a qualified corporation, the percentage of 12% mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure,

i. where the student trainee is an immigrant or a disabled person, by a percentage of 50%, and

ii. in any other case, by a percentage of 40%; and

(*b*) if the eligible taxpayer referred to in section 1029.8.33.6 or 1029.8.33.7 is an individual (other than a tax-exempt individual), the percentage of 12% mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure,

i. where the student trainee is an immigrant or a disabled person, by a percentage of 25%, and

ii. in any other case, by a percentage of 20%.

The conditions to which the first paragraph refers are as follows:

(*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 for which the eligible taxpayer is deemed to have paid an amount to the Minister under that section in relation to a qualified expenditure made in respect of a student trainee and the qualified expenditure made in each of those consecutive taxation years is at least $2,500; and

(*b*) in the case of section 1029.8.33.7, the fiscal period referred to in that section is at least the third consecutive fiscal period in which the qualified partnership makes a qualified expenditure in respect of a student trainee and the qualified expenditure made in each of those consecutive fiscal periods is at least $2,500."

(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.

99. (1) Section 1029.8.34 of the Act, amended by section 412 of chapter 21 of the statutes of 2015 and section 135 of chapter 24 of the statutes of 2015, is again amended

(1) by replacing subparagraphs ii and iii of paragraph *b* of the definition of "labour expenditure" in the first paragraph by the following subparagraphs:

"ii. a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iv, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services as part of the production of the property,

"iii. despite subparagraph ii, a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services exclusively at the post-production stage of the property,";

(2) by replacing subparagraphs ii and iii of paragraph *b*.1 of the definition of "labour expenditure" in the first paragraph by the following subparagraphs:

"ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

"iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or";

(3) by replacing subparagraphs ii and iii of paragraph *b*.2 of the definition of "labour expenditure" in the first paragraph by the following subparagraphs:

"ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

"iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission,

to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or";

(4) by replacing subparagraph 2 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure" in the first paragraph by the following subparagraph:

"(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *e* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, up to the product obtained by multiplying the conversion factor applicable to the property, specified in the eleventh paragraph, by the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and";

(5) by replacing subparagraph 3 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure" in the first paragraph by the following subparagraph:

"(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is a qualified labour expenditure of the corporation in respect of the property, for a taxation year that precedes the year, exceeds the product obtained by multiplying the conversion factor applicable to the property, specified in the eleventh paragraph, by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a taxation year preceding the year by reason of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds";

(6) by replacing subparagraph ii of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph by the following subparagraph:

"ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor applicable to the property, specified in the eleventh paragraph, by the aggregate of all amounts each of

which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;";

(7) by replacing paragraph *a*.3 of the definition of "qualified corporation" in the first paragraph by the following paragraph:

"(*a*.3) a corporation that, at any time in the year or during the 24 months preceding the year, is not dealing at arm's length with another corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division; or";

(8) by replacing subparagraph 4 of subparagraph i of subparagraph *c*.1 of the second paragraph by the following subparagraph:

"(4) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage,";

(9) by replacing subparagraph v of subparagraph *c*.1 of the second paragraph by the following subparagraph:

"v. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage;";

(10) by replacing the portion of the ninth paragraph before subparagraph *a* by the following:

"For the purpose of determining, for a taxation year, the qualified expenditure for services rendered outside the Montréal area and the qualified computer-aided special effects and animation expenditure of a corporation in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the following rules apply:";

(11) by striking out subparagraph *c* of the ninth paragraph;

(12) by replacing the eleventh paragraph by the following paragraph:

"For the purpose of determining the qualified labour expenditure of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is

(*a*) in the case of a property referred to in subparagraph 1 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.35,

i. where the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, 100/44.72 if section 1029.8.35.1.1 applies in respect of the property or 25/11 in any other case, or

ii. where subparagraph i does not apply in respect of the property, 100/36.72 if section 1029.8.35.1.1 applies in respect of the property or 25/9 in any other case;

(*b*) in the case of a property referred to in subparagraph 1.1 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.35,

i. where the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, 100/48.8 if section 1029.8.35.1.1 applies in respect of the property or 25/12 in any other case, or

ii. where subparagraph i does not apply in respect of the property, 100/40.8 if section 1029.8.35.1.1 applies in respect of the property or 5/2 in any other case;

(*c*) in the case of a property referred to in subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.35,

i. where the qualified labour expenditure in respect of which tax is required to be paid under Part III.1 in respect of the property relates to a taxation year ending before 1 January 2009, 100/39.375, or

ii. where the qualified labour expenditure in respect of which tax is required to be paid under Part III.1 in respect of the property relates to a taxation year ending after 31 December 2008, 20/11 if the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, or 20/9 in any other case;

(*d*) in the case of a property referred to in subparagraph 1 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.35,

i. where the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, 100/36.56 if section 1029.8.35.1.1 applies in respect of the property or 25/9 in any other case, or

ii. where subparagraph i does not apply in respect of the property, 100/28.56 if section 1029.8.35.1.1 applies in respect of the property or 25/7 in any other case;

(*e*) in the case of a property referred to in subparagraph 1.1 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.35,

i. where the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, 100/40.64 if section 1029.8.35.1.1 applies in respect of the property or 5/2 in any other case, or

ii. where subparagraph i does not apply in respect of the property, 100/32.64 if section 1029.8.35.1.1 applies in respect of the property or 25/8 in any other case; and

(*f*) in the case of a property referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.35,

i. where the qualified labour expenditure in respect of which tax is required to be paid under Part III.1 in respect of the property relates to a taxation year ending before 1 January 2009, 100/29.1667, or

ii. where the qualified labour expenditure in respect of which tax is required to be paid under Part III.1 in respect of the property relates to a taxation year ending after 31 December 2008, 20/9 if the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs ii to viii.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, or 20/7 in any other case.";

(13) by striking out the twelfth paragraph.

(2) Paragraphs 1 to 3, 8 and 9 of subsection 1 apply in respect of a labour expenditure incurred in a taxation year that begins after 26 March 2015.

(3) Paragraphs 4 to 6 and 10 to 13 of subsection 1 have effect from 27 March 2015.

(4) Paragraph 7 of subsection 1 applies to a taxation year that begins after 26 March 2015.

100. (1) Section 1029.8.34.1 of the Act, enacted by section 413 of chapter 21 of the statutes of 2015, is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1029.8.34.1.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission (in this section and section 1029.8.34.2 referred to as the "television broadcaster") as a consequence of the particular corporation and the television broadcaster being controlled at that time by a specified entity, within the meaning of section 1029.8.34.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm's length with the television broadcaster for the purposes of the following provisions:".

(2) Subsection 1 has effect from 27 March 2015.

101. (1) Section 1029.8.34.2 of the Act, enacted by section 413 of chapter 21 of the statutes of 2015, is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1029.8.34.2.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to a television broadcaster as a consequence of the particular corporation and the television broadcaster being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.34.3, neither the shares of the capital stock of the particular corporation and the television broadcaster owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm's length with the television broadcaster for the purposes of the following provisions:".

(2) Subsection 1 has effect from 27 March 2015.

102. (1) Section 1029.8.35 of the Act, amended by section 414 of chapter 21 of the statutes of 2015 and section 136 of chapter 24 of the statutes of 2015, is again amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraph 1 of subparagraph i by the following subparagraph:

"(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 36%,";

(2) by inserting the following subparagraph after subparagraph 1 of subparagraph i:

"(1.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 40%, or";

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

"(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued

in relation to the property specify that the property is a film adapted from a foreign format, 28%,";

(4) by inserting the following subparagraph after subparagraph 1 of subparagraph ii:

"(1.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 32%, or".

(2) Subsection 1 has effect from 27 March 2015.

103. (1) Section 1029.8.35.3 of the Act, replaced by section 415 of chapter 21 of the statutes of 2015 and amended by section 138 of chapter 24 of the statutes of 2015, is again amended

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

"(*a*) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 52%;";

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

"(*a*.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 56%; or".

(2) Subsection 1 has effect from 27 March 2015.

104. (1) Section 1029.8.36.0.0.1 of the Act, amended by section 416 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "25/7" in subparagraph 3 of subparagraph i of paragraph *a* of the definition of "qualified film dubbing expenditure" in the first paragraph and in subparagraph ii of paragraph *b* of that definition by "20/7";

(2) by replacing subparagraphs i to iii of subparagraph *a* of the fifth paragraph by the following subparagraphs:

"i. "20/7" were replaced wherever it appears by "25/7", in the case of a production referred to in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.0.2,

"ii. "20/7" were replaced wherever it appears by "10/3", in the case of a production referred to in subparagraph *a*.1 of the first paragraph of section 1029.8.36.0.0.2, and

"iii. "20/7" were replaced wherever it appears by "100/29.1667", in the case of a production referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.0.2; and".

(2) Subsection 1 has effect from 27 March 2015.

105. (1) Section 1029.8.36.0.0.2 of the Act, amended by section 417 of chapter 21 of the statutes of 2015, is again amended by replacing subparagraphs i and ii of subparagraph *a* of the first paragraph by the following subparagraphs:

"i. 35% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production, if the dubbing is completed either before 1 September 2014 or after 26 March 2015, or

"ii. 28% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production, if the dubbing is completed after 31 August 2014 and before 27 March 2015;".

(2) Subsection 1 has effect from 27 March 2015.

106. (1) Section 1029.8.36.0.0.4 of the Act, amended by section 418 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing subparagraph ii of paragraph *b* of the definition of "labour expenditure" in the first paragraph by the following subparagraph:

"ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,";

(2) by replacing paragraph *f* of the definition of "excluded corporation" in the first paragraph by the following paragraph:

"(*f*) at any time in the year or during the 24 months preceding the year, related to another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;";

(3) by striking out subparagraph *e* of the third paragraph.

(2) Paragraph 1 of subsection 1 applies in respect of a labour expenditure incurred in a taxation year that begins after 26 March 2015.

(3) Paragraphs 2 and 3 of subsection 1 apply to a taxation year that begins after 26 March 2015.

107. (1) Section 1029.8.36.0.0.4.1 of the Act, enacted by section 419 of chapter 21 of the statutes of 2015, is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1029.8.36.0.0.4.1.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission (in this section and section 1029.8.36.0.0.4.2 referred to as the "television broadcaster") as a consequence of the particular corporation and the television broadcaster being controlled at that time by a specified entity, within the meaning of section 1029.8.36.0.0.4.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation".

(2) Subsection 1 has effect from 27 March 2015.

108. (1) Section 1029.8.36.0.0.4.2 of the Act, enacted by section 419 of chapter 21 of the statutes of 2015, is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1029.8.36.0.0.4.2.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to a television broadcaster as a consequence of the particular corporation and the television broadcaster being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.36.0.0.4.3, neither the shares of the capital stock of the particular corporation and the television broadcaster owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation".

(2) Subsection 1 has effect from 27 March 2015.

109. (1) Section 1029.8.36.0.0.7 of the Act, amended by section 421 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "25/7" in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure" in the first paragraph and in subparagraph ii of paragraph *b* of that definition by "20/7";

(2) by replacing the portion of the seventh paragraph before subparagraph *a* by the following:

"Where the definition of "qualified labour expenditure" in the first paragraph applies in respect of a property (other than a property described in subparagraph ii of any of subparagraphs *a* to *a*.2 of the first paragraph of section 1029.8.36.0.0.8), it is to be read in respect of the property as if "20/7" were replaced wherever it appears by";

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

"(*b*) "25/7", if the property is a property to which subparagraph iii of any of subparagraphs *a* to *a*.2 of the first paragraph of section 1029.8.36.0.0.8 applies; or".

(2) Subsection 1 has effect from 27 March 2015.

110. (1) Section 1029.8.36.0.0.8 of the Act, amended by section 422 of chapter 21 of the statutes of 2015, is again amended, in the first paragraph,

(1) by replacing subparagraphs ii and iii of subparagraph *a* by the following subparagraphs:

"ii. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles

(1) after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, or

(2) after 26 March 2015, and

"iii. 28% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, and before 27 March 2015;";

(2) by replacing subparagraphs ii and iii of subparagraph *a*.1 by the following subparagraphs:

"ii. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles

(1) after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, or

(2) after 26 March 2015, and

"iii. 28% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the

property was sufficiently advanced on that date, 31 August 2014, and before 27 March 2015;";

(3) by replacing subparagraphs ii and iii of subparagraph *a*.2 by the following subparagraphs:

"ii. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles

(1) after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, or

(2) after 26 March 2015, and

"iii. 28% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, 31 August 2014, and before 27 March 2015; and".

(2) Subsection 1 has effect from 27 March 2015.

111. (1) Section 1029.8.36.0.0.12.1 of the Act, amended by section 425 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "25/7" in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure" in the first paragraph and in subparagraph ii of paragraph *b* of that definition by "20/7";

(2) by striking out "and after 31 December 2015" in subparagraph *a* of the second paragraph;

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

"Where the definition of "qualified labour expenditure" in the first paragraph applies in respect of a property referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.12.2, it is to be read as if "20/7" were replaced wherever it appears by "25/7"."

(2) Subsection 1 has effect from 27 March 2015.

112. (1) Section 1029.8.36.0.0.12.2 of the Act, amended by section 426 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

"(*a*) 28%, where an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate in respect of the property is filed with the Société de développement des entreprises culturelles

i. after 4 June 2014 or, if the Société de développement des entreprises culturelles considered that the work on the property was sufficiently advanced on that date, after 31 August 2014, and

ii. before 27 March 2015; or

"(*b*) 35%, in any other case.";

(2) by replacing "$280,000" wherever it appears in the third paragraph by "$350,000";

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

"In the case of a property referred to in subparagraph *a* of the first paragraph, the third paragraph is to be read as if "$350,000" were replaced wherever it appears by "$280,000"."

(2) Subsection 1 has effect from 27 March 2015.

113. (1) Section 1029.8.36.0.0.13 of the Act, amended by section 427 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "100/21.6" in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph and in subparagraph ii of paragraph *b* of that definition by "100/27";

(2) by replacing "25/7" in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph and in subparagraph ii of paragraph *b* of that definition by "20/7";

(3) by replacing the portion of the eleventh paragraph before subparagraph *a* by the following:

"Where the definitions of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph apply in respect of a property (other than a property described in subparagraph *a*.1 of the first paragraph of section 1029.8.36.0.0.14), they are to be read, in respect of the property, as if "100/27" and "20/7" were replaced wherever they appear by";

(4) by replacing subparagraph *b* of the eleventh paragraph by the following subparagraph:

"(*b*) "100/21.6" and "25/7", respectively, if the property is referred to in subparagraph *a*.2 of the first paragraph of section 1029.8.36.0.0.14; and".

(2) Subsection 1 has effect from 27 March 2015.

114. (1) Section 1029.8.36.0.0.14 of the Act, amended by section 428 of chapter 21 of the statutes of 2015, is again amended

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

"(*a*.1) in the case of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, 31 August 2014, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015, the aggregate of";

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

"(*a*.2) in the case of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, the aggregate of";

(3) by replacing "$350,000" in subparagraphs *a* and *b* of the fourth paragraph by "$437,500";

(4) by replacing the portion of the fifth paragraph before subparagraph *b* by the following:

"However, where the fourth paragraph applies in respect of a property (other than a property described in subparagraph *a* or *a*.1 of the first paragraph), it is to be read, in respect of the property, as if "$437,500" were replaced wherever it appears by

(*a*) "$350,000", if the property is referred to in subparagraph *a*.2 of the first paragraph; and".

(2) Subsection 1 has effect from 27 March 2015.

115. (1) Section 1029.8.36.0.3.79 of the Act, amended by section 434 of chapter 21 of the statutes of 2015, is again amended, in the first paragraph,

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

""government entity" means a government department or an entity referred to in section 2 of the Financial Administration Act (chapter A-6.001);";

(2) by striking out the definition of "eligibility period";

(3) by replacing paragraph *a* of the definition of "qualified wages" by the following paragraph:

"(*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";

(4) by replacing the portion of paragraph *b* of the definition of "qualified wages" before subparagraph i by the following:

"(*b*) the amount by which the amount of the wages incurred in the year by the qualified corporation 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 and is in respect of duties the employee performs for the employer in carrying out work other than work in respect of which the ultimate beneficiary is a government entity, exceeds the aggregate of".

(2) Paragraph 1 of subsection 1 and paragraph 4 of subsection 1, where it inserts "and is in respect of duties the employee performs for the employer in carrying out work other than work in respect of which the ultimate beneficiary is a government entity" in the portion of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79 of the Act before subparagraph i, apply in respect of wages incurred by a corporation after 30 September 2015 under an agreement entered into by the corporation and a government entity that is made, renewed or extended after that date. They also apply in respect of such wages incurred after that date under an agreement

made, renewed or extended after that date and entered into by the corporation and another person or partnership, where the ultimate beneficiary of the work all or part of the carrying out of which is provided for by the agreement is a government entity, unless the initial agreement entered into with the government entity was entered into before 1 October 2015.

116. (1) Section 1029.8.36.0.3.80 of the Act, amended by section 435 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing the seventh and eighth paragraphs by the following paragraphs:

"A corporation makes the election referred to in the fourth paragraph, in respect of a particular taxation year, by filing with the Minister the prescribed form containing prescribed information within the time limit provided for in the first paragraph of section 1029.6.0.1.2 that applies to the corporation for the particular year.

The corporations that are members of a group of associated corporations for a particular taxation year make the election referred to in the fifth paragraph for the particular year by filing with the Minister the prescribed form containing prescribed information on or before the day that is 12 months after the earliest of the group's members' filing-due dates for the particular year or, if it is later, the day described in subparagraph *b* of the first paragraph of section 1029.6.0.1.2.";

(2) by striking out the ninth paragraph;

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

"A corporation is deemed to have filed with the Minister the prescribed form containing prescribed information, referred to in the seventh or eighth paragraph, as the case may be, within the time limit provided for in that paragraph, in respect of a taxation year where, in accordance with the second paragraph of section 1029.6.0.1.2, it is deemed to have filed with the Minister a copy of the qualification certificate referred to in the first paragraph and the documents referred to in the third paragraph within the time limit provided for in the first paragraph of section 1029.6.0.1.2 that applies to the corporation for the taxation year so as to be deemed to have paid an amount to the Minister for the year under this section."

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

117. Section 1029.8.36.0.3.82 of the Act, amended by section 436 of chapter 21 of the statutes of 2015, is again amended by replacing "If, before 1 January 2028," in the portion before paragraph *a* by "If".

118. (1) Section 1029.8.36.72.82.10.2 of the Act is replaced by the following section:

"**1029.8.36.72.82.10.2.** For the purposes of sections 1029.8.36.72.82.10 and 1029.8.36.72.82.10.1, for the purpose of determining whether a vendor and a purchaser are associated with each other at a particular time, if the vendor or purchaser is an individual, other than a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which are owned at the particular time by the individual."

(2) Subsection 1 applies to a taxation year that ends after 26 March 2015.

119. (1) Section 1029.8.36.72.82.24 of the Act is replaced by the following section:

"**1029.8.36.72.82.24.** For the purposes of sections 1029.8.36.72.82.22 and 1029.8.36.72.82.23, for the purpose of determining whether a vendor and a purchaser are associated with each other at a particular time, if the vendor or purchaser is an individual, other than a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which are owned at the particular time by the individual."

(2) Subsection 1 applies to a taxation year that ends after 26 March 2015.

120. (1) Section 1029.8.36.166.41 of the Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of the first paragraph, a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at that time by the individual."

(2) Subsection 1 applies to a taxation year that ends after 26 March 2015.

121. (1) Section 1029.8.36.166.60.6 of the Act, enacted by section 466 of chapter 21 of the statutes of 2015, is amended by replacing the second paragraph by the following paragraph:

"For the purposes of the first paragraph, a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at that time by the individual."

(2) Subsection 1 applies to a taxation year that ends after 26 March 2015.

122. (1) Section 1029.8.36.166.60.19 of the Act, enacted by section 466 of chapter 21 of the statutes of 2015, is amended

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

""primary sector activities" means the activities in the agriculture, forestry, fishing and hunting sector and the activities in the mining, quarrying, and oil and gas extraction sector that are included, respectively, in the group described under code 11 or 21 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;";

(2) by replacing the portion of paragraph *a* of the definition of "eligible expenses" in the first paragraph before subparagraph i by the following:

"(*a*) for a qualified corporation that has filed with Investissement Québec its application for a certificate in respect of the contract before 4 June 2014, the aggregate of the following amounts incurred after 7 October 2013 and before 1 January 2020:";

(3) by inserting "and before 1 July 2021" after "the particular taxation year" in subparagraph iii of paragraph *a* of the definition of "eligible expenses" in the first paragraph;

(4) by replacing the portion of paragraph *b* of the definition of "eligible expenses" in the first paragraph before subparagraph i by the following:

"(*b*) for a qualified partnership that has filed with Investissement Québec its application for a certificate in respect of the contract before 4 June 2014, the aggregate of the following amounts incurred after 7 October 2013 and before 1 January 2020:";

(5) by inserting "and before 1 July 2021" after "the particular fiscal period" in subparagraph iii of paragraph *b* of the definition of "eligible expenses" in the first paragraph;

(6) by inserting the following paragraphs after paragraph *b* of the definition of "eligible expenses" in the first paragraph:

"(*c*) for a qualified corporation that has filed with Investissement Québec its application for a certificate in respect of the contract after 26 March 2015, the aggregate of the following amounts incurred after that date and before 1 January 2020:

i. if the corporation is a qualified manufacturing or primary sector corporation for the particular taxation year, the cost of the contract, to the extent that it is reasonable in the circumstances, that can reasonably be attributed to the activities specified in the certificate issued to the corporation in respect of the contract, other than an activity described in the second paragraph, that constitute, according to the certificate, the supply of a qualified management software package, provided the supply is intended to be used mainly in Québec

in the course of a business carried on by the corporation in Québec, that is incurred by the corporation in the particular taxation year and that is paid in the particular year,

ii. the amount by which the cost referred to in subparagraph i that is incurred by the corporation in the particular taxation year or in a preceding taxation year for which the corporation is a qualified manufacturing or primary sector corporation, and that is paid after the end of the particular year or of the preceding year, as the case may be, but not later than 18 months after the end of that year, exceeds the portion of that cost that is included in the corporation's eligible expenses in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.27 for a taxation year preceding the particular year, and

iii. the cost referred to in subparagraph i that is incurred by the corporation and that is paid in the particular taxation year and before 1 July 2021, if it is paid more than 18 months after the end of the taxation year in which it was incurred and for which the corporation was a qualified manufacturing or primary sector corporation; and

"(*d*) for a qualified partnership that has filed with Investissement Québec its application for a certificate in respect of the contract after 26 March 2015, the aggregate of the following amounts incurred after that date and before 1 January 2020:

i. if the partnership is a qualified manufacturing or primary sector partnership for the particular fiscal period, the cost of the contract, to the extent that it is reasonable in the circumstances, that can reasonably be attributed to the activities specified in the certificate issued to the partnership in respect of the contract, other than an activity described in the second paragraph, that constitute, according to the certificate, the supply of a qualified management software package, provided the supply is intended to be used mainly in Québec in the course of a business carried on by the partnership in Québec, that is incurred by the partnership in the particular fiscal period and that is paid in the particular fiscal period,

ii. the amount by which the cost referred to in subparagraph i that is incurred by the partnership in the particular fiscal period or in a preceding fiscal period for which the partnership is a qualified manufacturing or primary sector partnership, and that is paid after the end of the particular fiscal period or of the preceding fiscal period, as the case may be, but not later than 18 months after the end of that fiscal period, exceeds the portion of that cost that is included in the partnership's eligible expenses in respect of which a member of the partnership would be deemed to have paid an amount to the Minister under section 1029.8.36.166.60.28 for a taxation year preceding the year in which the particular fiscal period ends, if that section were read without reference to subparagraph *b* of its first paragraph and, in the case where the member was not a qualified corporation for that preceding taxation year, the member had been a qualified corporation for that preceding taxation year, and

iii. the cost referred to in subparagraph i that is incurred by the partnership and that is paid in the particular fiscal period and before 1 July 2021, if it is paid more than 18 months after the end of the fiscal period in which it was incurred and for which the partnership was a qualified manufacturing or primary sector partnership;";

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

""qualified manufacturing or primary sector partnership" for a fiscal period means a qualified partnership, for the fiscal period, in respect of which the proportion of the manufacturing or processing activities and primary sector activities that the aggregate of the manufacturing or processing salary or wages and the primary sector salary or wages in relation to the partnership for the fiscal period is of the salary or wages in relation to the partnership for the fiscal period, exceeds 50%;";

(8) by inserting the following definitions in alphabetical order in the first paragraph:

""manufacturing or processing salary or wages" in relation to a qualified corporation for a taxation year or a qualified partnership for a fiscal period has the meaning assigned by section 1029.8.36.166.40;

""primary sector salary or wages" in relation to a qualified corporation for a taxation year or a qualified partnership for a fiscal period means the portion of the salary or wages in relation to the qualified corporation for the taxation year or the qualified partnership for the fiscal period that the aggregate of all amounts each of which is equal to the proportion of the gross revenue, referred to in the definition of "salary or wages" in section 1029.8.36.166.40, of an employee of the corporation or partnership, as the case may be, that the employee's working time spent on primary sector activities in the taxation year or fiscal period is of all the employee's working time in the taxation year or fiscal period;

""qualified manufacturing or primary sector corporation" for a taxation year means a qualified corporation, for the year, in respect of which the proportion of the manufacturing or processing activities and primary sector activities that the aggregate of the manufacturing or processing salary or wages and the primary sector salary or wages in relation to the corporation for the taxation year is of the salary or wages in relation to the corporation for the taxation year, exceeds 50%;

""salary or wages" in relation to a qualified corporation for a taxation year or a qualified partnership for a fiscal period has the meaning assigned by section 1029.8.36.166.40.";

(9) by adding the following paragraph after the third paragraph:

"For the purposes of the definition of "primary sector salary or wages" in the first paragraph, an employee who spends 90% or more of working time on primary sector activities is deemed to spend all working time thereon."

(2) Subsection 1 has effect from 27 March 2015.

123. (1) Section 1029.8.36.166.60.24 of the Act, enacted by section 466 of chapter 21 of the statutes of 2015, is amended by replacing the second paragraph by the following paragraph:

"For the purposes of the first paragraph, a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at that time by the individual."

(2) Subsection 1 applies to a taxation year that ends after 26 March 2015.

124. (1) Section 1029.8.36.166.60.29 of the Act, enacted by section 466 of chapter 21 of the statutes of 2015, is amended

(1) by replacing "25%" wherever it appears in the formula in the first paragraph by "20%";

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

"For the purposes of sections 1029.8.36.166.60.27 and 1029.8.36.166.60.28, in relation to an eligible information technology integration contract in respect of which the application for a certificate has been filed with Investissement Québec before 4 June 2014, the percentage of 20% wherever it appears in the formula in the first paragraph is to be replaced by a percentage of 25%."

(2) Subsection 1 has effect from 27 March 2015.

125. (1) Sections 1029.8.36.166.60.31 to 1029.8.36.166.60.33 of the Act, enacted by section 466 of chapter 21 of the statutes of 2015, are amended by replacing "2020" in the portion of the first paragraph before subparagraph *a* by "2022".

(2) Subsection 1 has effect from 27 March 2015.

126. (1) Section 1029.8.116.12 of the Act is amended

(1) by replacing the definition of "base year" in the first paragraph by the following definition:

""base year" relating to a particular payment period means the taxation year that ended on 31 December of the calendar year that precedes the beginning of that period;";

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

""payment month" of a particular payment period means any of the months included in that period that are determined, in respect of an individual, in accordance with the second paragraph of section 1029.8.116.26;";

(3) by replacing the portion of the definition of "eligible individual" in the first paragraph before paragraph *a* by the following:

""eligible individual" in respect of a particular payment period means an individual who, at the end of the base year relating to that period,";

(4) by replacing paragraph *b* of the definition of "eligible individual" in the first paragraph by the following paragraph:

"(*b*) is resident in Québec or, if the individual is the cohabiting spouse of a person who is deemed to be resident in Québec throughout that base year, other than a person who is exempt from tax for that year under any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002), was resident in Québec in any preceding taxation year;";

(5) by replacing the definition of "excluded individual" in the first paragraph by the following definition:

""excluded individual" at the end of a base year means

(*a*) a person in respect of whom another individual has received, for the last month of the base year, an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual's tax payable, except where the person attained 18 years of age in that month;

(*b*) a person confined to a prison or a similar institution at the end of the base year and who was so confined throughout one or more periods, totalling more than 183 days, included in that year; or

(*c*) a person who is exempt from tax for the base year under section 982 or 983 or any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Tax Administration Act, or the cohabiting spouse of such a person at the end of that year;";

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

""payment period" means the period that begins on 1 July of a particular calendar year and ends on 30 June of the following calendar year.";

(7) by replacing the definition of "family income" in the first paragraph by the following definition:

""family income" of an individual for the base year relating to a particular payment period means, subject to the third paragraph of section 1029.8.116.15, the aggregate of the income of the individual for that base year and the income, for that year, of the individual's cohabiting spouse at the end of that year;";

(8) by inserting the following paragraph after the first paragraph:

"For the purpose of applying this division to a particular month of the taxation year 2016 that precedes 1 July, the first paragraph, as it read in its application before that date, is to be read as follows:

(*a*) by replacing the definition of "base year" by the following definition:

""base year" relating to a particular month means the taxation year 2015;";

(*b*) by replacing the portion of the definition of "eligible individual" before paragraph *a* by the following:

""eligible individual" in respect of a particular month means an individual who, at the end of the base year relating to that month,"; and

(*c*) by replacing "at the beginning of the particular month" in the definition of "family income" by "at the end of that year".";

(9) by striking out the second paragraph.

(2) Subsection 1, except paragraphs 4, 5, 8 and 9, applies from 1 July 2016.

(3) Paragraphs 4, 5, 8 and 9 of subsection 1 apply from 1 January 2016.

127. (1) Section 1029.8.116.15 of the Act is amended

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

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

"If, in respect of a child, an individual receives for a month included in a particular payment period, or for a particular month preceding 1 July 2016, an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable and the individual was not resident in Québec on

31 December of the base year relating to that payment period or to the particular month, as the case may be, for the purpose of determining for that base year the family income of the individual, the individual's income for the base year is, despite the first paragraph, the individual's income for that year for the purposes of Division II.11.2.

However, an individual's family income for the base year relating to a particular payment period, or to a particular month preceding 1 July 2016, is deemed to be equal to zero if, for the last month of that base year, the individual or the individual's cohabiting spouse at the end of that year is a recipient under a financial assistance program provided for in any of Chapters I to III of Title II of the Individual and Family Assistance Act (chapter A-13.1.1)."

(2) Subsection 1 applies from 1 January 2016.

128. (1) Section 1029.8.116.16 of the Act, amended by section 487 of chapter 21 of the statutes of 2015, is again amended

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

"**1029.8.116.16.** The amount that, subject to section 1029.8.116.17.1, is determined by the following formula is deemed, for a particular payment period, to be an overpayment of tax payable under this Part by an eligible individual in respect of that period, if the eligible individual makes an application to that effect in accordance with section 1029.8.116.18, if the individual has filed a document in which the individual agrees that the payment of the amount be made by direct deposit in a bank account held at a financial institution described in the sixth paragraph and, if applicable, the individual's cohabiting spouse at the end of that base year files the document specified in section 1029.8.116.19 for that base year:

A + B + C – D.";

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

"i. $278,

"ii. $278 if, at the end of the base year relating to the particular payment period, the eligible individual has a cohabiting spouse resident in Québec who ordinarily lives with the individual and, subject to the fourth paragraph, is not confined to a prison or a similar institution, and

"iii. $133 if, throughout that base year, the eligible individual ordinarily lives in a self-contained domestic establishment in which no other person 18 years of age or over ordinarily lives;";

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

"(*b*) B is an amount equal to zero, unless, at the end of the base year relating to the particular payment period, the eligible individual, or the individual's cohabiting spouse with whom the individual ordinarily lives, owns, leases or subleases the individual's eligible dwelling and the information described in section 1029.8.116.19.1 has been provided, in which case B is the aggregate of

i. $539 if, at the end of that base year, the eligible individual owns, leases or subleases the eligible dwelling and, at that time, neither the individual's cohabiting spouse, nor another eligible individual who owns, leases or subleases the dwelling with the individual, ordinarily lives in the dwelling,

ii. if, at the end of that base year, the eligible individual is not referred to in subparagraph i,

(1) $654 where, at the end of that base year, the eligible individual lives in the eligible dwelling with the individual's cohabiting spouse and, at that time, no other eligible individual who owns, leases or subleases the dwelling ordinarily lives in the dwelling, or

(2) in any other case, the particular amount that is the quotient obtained by dividing $654 by the number of persons who, at the end of that base year, own, lease or sublease the eligible dwelling and ordinarily live in the dwelling, or twice the particular amount where, at that time, the eligible individual and the individual's cohabiting spouse are such persons,

iii. the product obtained by multiplying $115 by the number of persons each of whom is a child, other than a child referred to in section 1029.8.61.18.2, in respect of whom the eligible individual, or the person who at the end of that base year is the individual's cohabiting spouse with whom the individual ordinarily lives, has received, for the last month of that year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable, and

iv. 50% of the product obtained by multiplying $115 by the number of persons each of whom is a child referred to in section 1029.8.61.18.2 in respect of whom the eligible individual, or the person who at the end of that base year is the individual's cohabiting spouse with whom the individual ordinarily lives, has received, for the last month of that year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable;";

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

"(*c*) C is an amount equal to zero, unless, at the end of the base year relating to the particular payment period, the eligible individual ordinarily lives in the territory of a northern village in which the individual's principal place of residence is situated, in which case C is the aggregate of

i. $1,637,

ii. $1,637 if, at the end of that base year, the eligible individual has a cohabiting spouse";

(5) by replacing subparagraph 3 of subparagraph ii of subparagraph *c* of the second paragraph by the following subparagraph:

"(3) who, subject to the fourth paragraph, is not confined to a prison or a similar institution,";

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

"iii. the product obtained by multiplying $354 by the number of persons each of whom is a child in respect of whom the following conditions are met at the end of that base year:";

(7) by replacing subparagraph 3 of subparagraph iii of subparagraph *c* of the second paragraph by the following subparagraph:

"(3) the eligible individual or the individual's cohabiting spouse has received in relation to that child, for the last month of that year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable, and";

(8) by replacing the portion of subparagraph iv of subparagraph *c* of the second paragraph before subparagraph 1 by the following:

"iv. 50% of the product obtained by multiplying $354 by the number of persons each of whom is a child in respect of whom the following conditions are met at the end of that base year:";

(9) by replacing subparagraph 3 of subparagraph iv of subparagraph *c* of the second paragraph by the following subparagraph:

"(3) the eligible individual or the individual's cohabiting spouse has received in relation to that child, for the last month of that year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable; and";

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

"i. 3%, if B and C in the formula in the first paragraph have a value equal to zero in respect of the eligible individual for the particular payment period, or";

(11) by replacing subparagraphs *b* and *c* of the third paragraph by the following subparagraphs:

"(*b*) F is the eligible individual's family income for the base year relating to the particular payment period; and

"(*c*) G is an amount of $33,145.";

(12) by inserting the following paragraphs after the fourth paragraph:

"For the purposes of this section, a person is deemed not to be confined to a prison or similar institution at the end of a base year if

(*a*) the total number of days in the year during which the person was confined to the prison or similar institution is less than 183; and

(*b*) at that time, the person could reasonably be expected not to be confined to the prison or similar institution throughout the following taxation year.

Where a child is born on the last month of the base year relating to a particular payment period, or to a particular month preceding 1 July 2016, the eligible individual in respect of that period or that month, or the individual's cohabiting spouse at the end of that base year, as the case may be, is deemed, for the purposes of subparagraphs *b* and *c* of the second paragraph, to have received, in relation to the child, for the last month of that base year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable, if it is reasonable to consider that that person will receive such an amount in relation to the child for the first month following that year.";

(13) by striking out the fourth paragraph.

(2) Subsection 1, except paragraph 12, applies in respect of a payment period that begins after 30 June 2016.

(3) Paragraph 12 of subsection 1 applies from 1 January 2016.

129. (1) Section 1029.8.116.17 of the Act, amended by section 488 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "as it read before 1 January 2012" in the portion before paragraph *a* by "as it read in its application before 1 January 2012";

(2) by adding the following paragraph:

"For the purpose of applying this division to a particular month of the taxation year 2016 that precedes 1 July, section 1029.8.116.16, as it read in its application before that date, is to be read as if

(*a*) "described in the fifth paragraph" and "the individual's cohabiting spouse at the beginning of the particular month" in the portion of the first paragraph before the formula were replaced by "described in the seventh paragraph" and "the individual's cohabiting spouse at the end of the base year relating to the particular month", respectively;

(*b*) "at the beginning of the particular month" were replaced by "at the end of the base year relating to the particular month" in the following provisions of the second paragraph:

i. subparagraph ii of subparagraph *a*,

ii. the portion of subparagraph *b* before subparagraph i,

iii. subparagraphs i to iii of subparagraph *b*,

iv. the portion of subparagraph *c* before subparagraph i, and

v. the portion of each of subparagraphs ii, iii and iv of subparagraph *c* before subparagraph 1;

(*c*) "at the beginning of the particular month" and "no other eligible individual" in subparagraph iii of subparagraph *a* of the second paragraph were replaced by "throughout the base year relating to the particular month" and "no other person 18 years of age or over", respectively;

(*d*) "and the information described in section 1029.8.116.19.1 has been provided" were inserted after "the individual's eligible dwelling" in the portion of subparagraph *b* of the second paragraph before subparagraph i;

(*e*) "but owns, leases or subleases the eligible dwelling" in subparagraph iii of subparagraph *b* of the second paragraph were replaced by "but the individual or the individual's cohabiting spouse owns, leases or subleases the eligible dwelling";

(*f*) "at that time" and "receives, for the particular month" in each of subparagraphs iv and v of subparagraph *b* of the second paragraph were replaced by "at the end of the base year relating to the particular month" and "has received, for the last month of that year", respectively;

(*g*) "receives in relation to that child, for the particular month" in subparagraph 3 of each of subparagraphs iii and iv of subparagraph *c* of the second paragraph were replaced by "has received in relation to that child, for the last month of that year"; and

(*h*) subparagraph *a* of the fourth paragraph were replaced by the following subparagraph:

"(*a*) 2, if, at the end of the base year relating to the particular month, the eligible individual and the individual's cohabiting spouse with whom the individual ordinarily lives in the eligible dwelling are such owners, lessees or sublessees; and"."

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

130. (1) Sections 1029.8.116.17.1 and 1029.8.116.18 of the Act are replaced by the following sections:

"**1029.8.116.17.1.** The amount determined under section 1029.8.116.16 for a particular payment period in respect of an eligible individual may not be less than the amount that would be determined in respect of the eligible individual for that period if, in the formula in the first paragraph of that section, the amounts for B and C were each equal to zero.

"**1029.8.116.18.** The application referred to in the first paragraph of section 1029.8.116.16 must be filed with the Minister no later than 31 December of the fourth year following the base year relating to the payment period in respect of which the application is made, by means of the fiscal return the eligible individual is required to file under section 1000 for that base year, or would be required to file if the individual had tax payable for that taxation year under this Part.

If, at the end of the base year relating to a particular payment period, or to a particular month preceding 1 July 2016, an eligible individual ordinarily lives with another eligible individual who is the individual's cohabiting spouse, the application of only one of them may be considered to be valid in respect of that period or that month, as the case may be."

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016, except where it replaces the second paragraph of section 1029.8.116.18 of the Act, in which case it applies from 1 January 2016.

131. (1) Section 1029.8.116.19 of the Act is amended by replacing the second paragraph by the following paragraph:

"If, in respect of a child, an individual receives for a month included in a particular payment period, or for a particular month preceding 1 July 2016, an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable and, for the base year relating to that payment period or to the particular month, as the case may be, the document that the individual is required to file is any of the documents specified in subparagraphs *b* and *c* of the first paragraph, the document is deemed to be filed by the individual if the corresponding document referred to in paragraph *b* or *c* of section 1029.8.61.23 has been sent to the Régie des rentes du Québec."

(2) Subsection 1 applies from 1 January 2016.

132. (1) The Act is amended by inserting the following section after section 1029.8.116.19:

"**1029.8.116.19.1.** The information referred to in the portion of subparagraph *b* of the second paragraph of section 1029.8.116.16 before subparagraph i is

(*a*) where, at the end of the base year, the eligible individual or the individual's cohabiting spouse owns the individual's eligible dwelling, the roll number or the identification number shown on the account of property taxes relating to that dwelling for that base year and, if applicable, the number of persons who own it; or

(*b*) where, at the end of the base year, the eligible individual or the individual's cohabiting spouse leases or subleases the individual's eligible dwelling, the serial number shown on the information return the owner of the immovable in which the dwelling is situated is required, under the regulations made in accordance with section 1086, to send them in respect of the dwelling and, if applicable, the number of persons who lease or sublease it."

(2) Subsection 1 applies from 1 January 2016.

133. (1) Sections 1029.8.116.20 and 1029.8.116.21 of the Act are replaced by the following sections:

"**1029.8.116.20.** If, at the end of the base year relating to a particular payment period or to a particular month preceding 1 July 2016, an eligible individual is not the owner, lessee or sublessee of the individual's eligible dwelling and the particular person who is the owner, lessee or sublessee of the dwelling is, at that time, either confined to a prison or a similar institution, or living in a dwelling that is the individual's principal place of residence and that is in a health services and social services network facility, and was, immediately before the beginning of being confined in the prison or similar institution or living in the dwelling, as the case may be, the cohabiting spouse of the individual with whom the particular person ordinarily lived, the eligible individual rather than the particular person is, for the purposes of subparagraph *b* of the second paragraph of section 1029.8.116.16, deemed, at the end of the base year, to be the owner, lessee or sublessee, as applicable, of the dwelling.

However, the first paragraph does not apply if, at the end of the base year, the particular person is not the cohabiting spouse of the individual.

"**1029.8.116.21.** If, at the end of the base year relating to a particular payment period or to a particular month preceding 1 July 2016, an eligible individual is not the owner, lessee or sublessee of the individual's eligible dwelling and one or more particular persons who are the owners of the dwelling at that time are children in respect of whom the individual received, for the last month of the base year, an amount deemed under section 1029.8.61.18 to be an overpayment of the individual's tax payable and who have not reached

18 years of age in that month, the eligible individual rather than each of the particular persons is, for the purposes of subparagraph *b* of the second paragraph of section 1029.8.116.16, deemed, at the end of the base year, to be the owner of the dwelling."

(2) Subsection 1 applies from 1 January 2016.

134. (1) Sections 1029.8.116.22 to 1029.8.116.24 of the Act are repealed.

(2) Subsection 1 applies in respect of a change in circumstances that occurs after 31 December 2015.

135. (1) Section 1029.8.116.25 of the Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

"**1029.8.116.25.** The Minister shall determine the amount that an eligible individual is entitled to receive for a particular payment period in respect of the amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable and shall send the individual a notice of determination in that respect.

The amount determined under the first paragraph is revised, if applicable, for the payment period or the first six months of the year 2016, to subtract from that amount any amount deemed, because of the application of section 1029.8.116.26.3, not to be an overpayment of the eligible individual's tax payable and a new notice giving an account of that revision is sent by the Minister to the individual.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016, except where paragraph 1 replaces the second paragraph of section 1029.8.116.25 of the Act, in which case that paragraph applies from 1 January 2016.

136. (1) Section 1029.8.116.26 of the Act is amended

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

"**1029.8.116.26.** The Minister shall pay to an eligible individual who is entitled to receive, for a particular payment period, the amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, at the beginning of any of the payment months specified in the second paragraph, all or a fraction, as the case may be, of the amount determined in respect of the individual for that period under the first paragraph of section 1029.8.116.25.";

(2) by inserting the following paragraph after the first paragraph:

"The payment of the amount so determined is made as follows:

(*a*) if the amount is equal to or greater than $800, one-twelfth of the amount is paid within the first five days of each of the months of the particular payment period;

(*b*) if the amount is greater than $240 but less than $800, one-quarter of the amount is paid within the first five days of each of the months of July, October, January and April of that period; or

(*c*) in any other case, all of the amount is paid within the first five days of the month of July of that period.";

(3) by replacing the portion of the second paragraph before the formula by the following:

"However, for a particular month of the year 2011, the amount paid by the Minister to an eligible individual may not exceed the amount by which the amount, referred to in the first paragraph (as it reads in its application before 1 July 2016), that is determined in respect of the eligible individual for the particular month exceeds the amount determined, subject to the fifth paragraph, by the formula";

(4) by replacing "second paragraph" in the portion of each of the third and fourth paragraphs before subparagraph *a* by "third paragraph";

(5) by replacing "third paragraph" in the fifth paragraph by "fourth paragraph".

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of a payment period that begins after 30 June 2016.

137. (1) The Act is amended by inserting the following sections after section 1029.8.116.26:

"**1029.8.116.26.1.** An eligible individual is not entitled to receive, for a particular payment period or for a particular month preceding 1 July 2016, an amount, in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable from the payment month or the particular month that follows the month of the individual's death or the month in which the individual ceases to be resident in Québec.

Similarly, an eligible individual is not entitled to receive, for a particular payment period or for a particular month preceding 1 July 2016, an amount, in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, if the individual is confined to a prison or similar institution immediately before the beginning of the month in which the payment of the amount would otherwise be made.

"**1029.8.116.26.2.** At the beginning of a particular payment month or of a particular month preceding 1 July 2016, the Minister may pay to a person who is the cohabiting spouse of an eligible individual at the end of the base year relating to the payment period that includes that month or relating to the particular month an amount that the individual would have been entitled to receive, had it not been for the application of section 1029.8.116.26.1, in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, if that person applies to the Minister to that effect and is an eligible individual in respect of that period or particular month.

The first paragraph does not apply to an amount that the eligible individual is not entitled to receive because the individual ceased to be resident in Québec.

"**1029.8.116.26.3.** Every amount that an eligible individual is no longer entitled to receive for a particular payment period or for a paticular month preceding 1 July 2016 because of the application of section 1029.8.116.26.1, is deemed, despite section 1029.8.116.16, not to be an overpayment of the eligible individual's tax payable.

However, the first paragraph does not apply in respect of an amount that is paid in accordance with section 1029.8.116.26.2."

(2) Subsection 1 applies from 1 January 2016.

138. (1) Sections 1029.8.116.27 to 1029.8.116.29 of the Act are replaced by the following sections:

"**1029.8.116.27.** In exceptional circumstances and if convinced that it is in the family's interest, the Minister may pay to a person who is the cohabiting spouse of an eligible individual at the end of the base year relating to a particular payment period or to a particular month preceding 1 July 2016 an amount that the individual is entitled to receive in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, if that person is also an eligible individual in respect of that period or particular month, as the case may be.

"**1029.8.116.28.** The Minister may require that an individual who, for a particular payment period, applies for, or receives all or part of, the amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable for a taxation year provide the Minister with documents or information so that the Minister may ascertain whether the individual is entitled to receive that amount.

The Minister may suspend the payment of any amount in respect of the amount referred to in the first paragraph until the Minister has been provided with the required documents or information if the individual fails to provide the required documents or information before the expiry of 45 days after the date of the request.

Similarly, the Minister may suspend such payments for the duration of an inquiry on the individual's eligibility. The Minister shall conduct the inquiry diligently.

"**1029.8.116.29.** The Minister is not bound to pay the amount that is determined in respect of an eligible individual for a particular payment period in respect of the amount deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, if the amount is less than $2."

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016, except where it replaces section 1029.8.116.27 of the Act, in which case it applies from 1 January 2016.

139. (1) Section 1029.8.116.30 of the Act is amended

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

"**1029.8.116.30.** If an amount is refunded to an individual, or allocated to one of the individual's liabilities, in respect of an amount that, for a particular payment period, is deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, interest is to be paid to the individual on the amount for the period ending on the day the overpayment is refunded or allocated and beginning on the day that is the latest of

(*a*) the sixth day of the payment month to which that amount relates;

(*b*) the 46th day following the day on which the individual's fiscal return is to be filed under this Part for the base year relating to the payment period;";

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

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

"(*d*) in the case of an additional amount determined for the payment period following a written application to amend a fiscal return filed under this Part for the base year relating to that period, the 46th day following the day on which the Minister received the application; and

"(*e*) in the case of an additional amount determined for the payment period following the amendment of a return of income filed under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for the base year relating to that period or of an income statement filed by means of the prescribed form for that base year, the 46th day following the day on which the amendment has been brought to the attention of the Minister.";

(4) by inserting the following paragraph after the first paragraph:

"Similarly, if an amount is, in accordance with section 1029.8.116.26.2, refunded to a person who is the cohabiting spouse of an eligible individual at the end of the base year relating to a particular payment period or to a particular month preceding 1 July 2016, or allocated to one of the individual's liabilities, in respect of an amount that, for that payment period or for the particular month, as the case may be, is deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable for the taxation year to which it relates, interest is to be paid to the person on the amount for the period ending on the day the overpayment is refunded or allocated and beginning on the day that is the later of

(*a*) the sixth day of the payment month, determined in respect of the individual, or of the particular month, to which the amount relates; and

(*b*) the 46th day following the day on which the Minister received, in accordance with the first paragraph of section 1029.8.116.26.2, the person's application for the payment of the amount.";

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

"However, the Minister is not bound to pay the total of the amounts of interest determined, for a particular payment period, under the first paragraph in respect of an individual or under the second paragraph in respect of a person, if the amount is less than $1.";

(6) by adding the following paragraph after the second paragraph:

"The rule of the third paragraph applies to the total of the amounts of interest determined in respect of a person under the second paragraph for the first six months of the year 2016 and, for that purpose, the aggregate of those months is deemed to be a payment period."

(2) Paragraphs 1, 3 and 5 of subsection 1 apply in respect of a payment period that begins after 30 June 2016.

(3) Paragraphs 2, 4 and 6 of subsection 1 apply from 1 January 2016.

140. (1) Section 1029.8.116.31 of the Act is replaced by the following section:

"**1029.8.116.31.** The amount by which the amount that is paid to an individual in respect of the amount that, for a particular payment period, is deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, exceeds the amount that should have been paid to the individual for that period, is deemed to be tax payable by the individual under this Part from the date of determination of that excess amount and bears interest from that date to the day of payment at the rate set under section 28 of the Tax Administration Act (chapter A-6.002)."

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2016.

141. (1) Section 1029.8.116.32 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1029.8.116.32.** If, for a particular payment period or for a particular month preceding 1 July 2016, the Minister has refunded to an individual, or allocated to one of the individual's liabilities, an amount exceeding that to which the individual was entitled in respect of the amount that, for that period or for that month, as the case may be, is deemed under section 1029.8.116.16 to be an overpayment of the individual's tax payable, the individual and the person who at the end of the base year relating to that period or to that particular month, as the case may be, is the individual's cohabiting spouse with whom the individual ordinarily lives are solidarily liable for the payment of the excess amount."

(2) Subsection 1 applies from 1 January 2016.

142. (1) Section 1029.8.116.34 of the Act, replaced by section 489 of chapter 21 of the statutes of 2015, is amended

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

"**1029.8.116.34.** If a person is a debtor under a fiscal law or about to become so, or is in debt to the State under an Act, other than a fiscal law, referred to in a regulation made under the second paragraph of section 31 of the Tax Administration Act (chapter A-6.002), and the person is described in the second paragraph for a payment month (in this section referred to as the "particular month"), the Minister may not, despite that section 31, allocate to the payment of the debt of that person more than 50% of the amount to be paid to the person for the particular month in respect of the amount deemed under section 1029.8.116.16 to be an overpayment of the person's tax payable.";

(2) by replacing "Chapter I or II" in subparagraph *a* of the second paragraph by "any of Chapters I to III";

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

"(*b*) a person whose family income for the base year relating to the payment period that includes the particular month is equal to or less than $20,210, according to the last notice of determination sent to the person."

(2) Subsection 1 applies in respect of an amount allocated after 30 June 2016 for a payment period that begins after that date.

143. (1) Section 1029.8.116.35 of the Act is amended

(1) by striking out "to a cohabiting spouse," in the first paragraph;

(2) by replacing "Chapter I or II" in the second paragraph by "any of Chapters I to III".

(2) Subsection 1 applies from 1 January 2016.

144. (1) The Act is amended by inserting the following after section 1029.8.116.35:

"**DIVISION II.17.3**

"CREDIT ESTABLISHING A FISCAL SHIELD

"§1.—*Interpretation and general rules*

"**1029.8.116.36.** In this division,

"eligible spouse" of an individual for a taxation year means the person who is the individual's eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;

"eligible work income" of an individual for a taxation year means the aggregate of

(*a*) subject to section 1029.8.116.37, the individual's income for the year from an office or employment computed under Chapters I and II of Title II of Book III;

(*b*) the amount by which the individual's income for the year from any business the individual carries on either alone or as a partner actively engaged in the business exceeds the aggregate of the individual's losses for the year from such businesses; and

(*c*) an amount included in computing the individual's income for the year under paragraph *e*.2 or *e*.6 of section 311 or paragraph *h* of section 312;

"family income" of an individual for a taxation year has the meaning assigned by section 1029.8.67;

"total income" of an individual for a taxation year has the meaning assigned by section 1029.8.116.1.

"**1029.8.116.37.** For the purpose of computing an individual's eligible work income for a taxation year, no account is to be taken of an amount included in computing the individual's income for the year from a previous office or employment, if each of the amounts that make up the income is the value of a benefit received or enjoyed by the individual in the year because of that previous office or employment.

"§2. — *Credit*

"**1029.8.116.38.** An individual who is resident in Québec at the end of 31 December of a taxation year (in this section and section 1029.8.116.39 referred to as the "particular year") 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 for the particular year, provided that the individual makes an application to that effect in 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 by the individual, the amount determined by the formula

(A – B) + (C – D).

For the purposes of the first paragraph, an individual who was resident in Québec immediately before death is deemed to be resident in Québec at the end of 31 December of the year of the individual's death.

In the formula in the first paragraph,

(*a*) A is the aggregate of the amount that the individual would be deemed to have paid to the Minister for the particular year under section 1029.8.116.5 or 1029.8.116.5.0.1 and, if applicable, the amount that the individual's eligible spouse for the particular year would be deemed to have paid to the Minister for the particular year under either of those sections if the individual's total income for the particular year or, as the case may be, that of the individual's eligible spouse for the particular year were the individual's modified total income for the particular year;

(*b*) B is the aggregate of the amount that the individual is deemed to have paid to the Minister for the particular year under section 1029.8.116.5 or 1029.8.116.5.0.1 and, if applicable, the amount that the individual's eligible spouse for the particular year is deemed to have paid to the Minister for the particular year under either of those sections;

(*c*) C is the aggregate of the amount that the individual would be deemed to have paid to the Minister for the particular year under section 1029.8.79 and, if applicable, the amount that the individual's eligible spouse for the particular year would be deemed to have paid to the Minister for the particular year under that section if the individual's family income for the particular year or, as the case may be, that of the individual's eligible spouse for the particular year were the individual's modified family income for the particular year; and

(*d*) D is the aggregate of the amount that the individual is deemed to have paid to the Minister for the particular year under section 1029.8.79 and, if applicable, the amount that the individual's eligible spouse for the particular year is deemed to have paid to the Minister for the particular year under that section.

For the purposes of subparagraph *a* of the third paragraph and section 1029.8.116.39, "modified total income" of an individual for a particular year means an amount equal to the amount by which the individual's total income for the particular year exceeds 75% of the lesser of

(*a*) the amount equal to the amount by which the individual's total income for the particular year exceeds the aggregate of the individual's income for the taxation year that precedes the particular year (in this section and section 1029.8.116.39 referred to as the "preceding year") and, if applicable, the income for the preceding year of the individual's eligible spouse for the particular year; and

(*b*) the amount equal to the total of

i. the lesser of $2,500 and the amount by which the individual's eligible work income for the particular year exceeds the individual's eligible work income for the preceding year, and

ii. the lesser of $2,500 and the amount by which the eligible work income for the particular year of the individual's eligible spouse for the particular year exceeds the eligible work income for the preceding year of the individual's eligible spouse for the particular year.

For the purposes of subparagraph *c* of the third paragraph, "modified family income" of an individual for a particular year means an amount equal to the amount by which the individual's family income for the particular year exceeds 75% of the lesser of

(*a*) the amount equal to the amount by which the individual's family income for the particular year exceeds the aggregate of the individual's income for the preceding year and, if applicable, the income for the preceding year of the individual's eligible spouse for the particular year; and

(*b*) the amount determined in accordance with subparagraph *b* of the fourth paragraph.

"**1029.8.116.39.** For the purpose of determining an individual's modified total income for a particular year, the following rules apply:

(*a*) the individual's eligible work income for the particular year or, if applicable, that of the individual's eligible spouse for the particular year is deemed to be equal to zero if, at the end of 31 December of the particular year or, if the individual died in the particular year, immediately before the individual's death, the individual or the eligible spouse, as the case may be,

i. is not resident in Québec, or

ii. is confined to a prison or similar institution and has been so confined during the particular year for one or more periods totalling more than six months; and

(*b*) the individual's income for the preceding year or, if applicable, that of the individual's eligible spouse for the particular year is deemed to be equal to zero if, at the end of 31 December of the preceding year, the individual or the eligible spouse, as the case may be,

i. is not resident in Québec, or

ii. is confined to a prison or similar institution and has been so confined during the preceding year for one or more periods totalling more than six months.

For the purposes of the first paragraph, a person who has been allowed, in a taxation year, to be temporarily absent from a prison or similar institution to which the person has been confined is deemed to be confined to that prison or similar institution during each day of the year during which the person has been so allowed to be temporarily absent.

"**1029.8.116.40.** If two individuals are eligible spouses of each other for a taxation year and each individual files, for the year, an application referred to in the first paragraph of section 1029.8.116.38, the amount that each of those individuals is deemed to have paid to the Minister on account of tax payable for the year under that first paragraph is deemed to be equal to 50% of the amount that each would, but for this section, be deemed to have paid to the Minister on account of tax payable for the year under that first paragraph."

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

145. Section 1031 of the Act is repealed.

146. Section 1032 of the Act is amended by replacing "in section 1031" in the first paragraph by "in the second and third paragraphs of section 1031.1".

147. Section 1033.2 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

"**1033.2.** Where, at any particular time in a taxation year (in this section and sections 1033.3 and 1033.4 referred to as the "emigration year"), an individual is deemed by section 785.2 to have disposed of property, other than a right to a benefit under, or an interest in a trust governed by, an employee benefit plan, and the individual elects, in the prescribed form containing prescribed information, on or before the individual's balance-due day for the emigration year, that this section and sections 1033.3 to 1033.6 apply to the emigration year, the following rules apply:".

148. (1) The Act is amended by inserting the following section after section 1035:

"**1035.1.** The Minister may at any time assess a taxpayer in respect of any amount payable under paragraph *g* of section 595 or section 597.0.15, and this Book applies, with the necessary modifications, to an assessment made under this section as though it had been made under Title II."

(2) Subsection 1 applies in respect of an assessment made after 31 December 2006. However, where section 1035.1 of the Act applies in respect of a taxation year that ends before 5 March 2010, it is to be read without reference to "or section 597.0.15".

149. (1) Section 1036 of the Act is replaced by the following section:

"**1036.** If a trust and a resident contributor or a resident beneficiary, a joint contributor and another joint contributor, a transferor and a transferee, an annuitant and an individual, a taxpayer and another person, a trust and a beneficiary or a taxpayer and a holder are, under paragraph *g* of section 595 or any of sections 597.0.15, 1034 to 1034.0.0.3, 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 trust to which that paragraph *g* applies, the joint contributor to which section 597.0.15 applies, the transferor to whom section 1034 applies (in this section referred to as the "transferor concerned"), the transferee to whom section 1034.0.0.3 applies (in this section referred to as the "transferee concerned"), the annuitant, the taxpayer or the trust, as the case may be, the following rules apply:

(*a*) a payment by, and on account of the liability of, the resident contributor or resident beneficiary or the other joint contributor (in this section all referred to as the "particular person"), the transferee to whom section 1034 applies (in this section referred to as the "other transferee"), the transferor to whom section 1034.0.0.3 applies (in this section referred to as the "other transferor"), the individual, the other person, the beneficiary or the holder, as the case may be, discharges, up to the amount of the payment, their solidary liability; and

(*b*) a payment by, and on account of the liability of, the trust to which paragraph *g* of section 595 applies, the joint contributor to which section 597.0.15 applies, the transferor concerned, the transferee concerned, the annuitant, the taxpayer or the trust, discharges the liability of the particular person, the other transferee, the other transferor, the individual, the other person, the beneficiary or the holder, as the case may be, only to the extent that the payment operates to reduce the liability of the trust to which that paragraph *g* applies, the joint contributor to which section 597.0.15 applies, the transferor concerned, the transferee concerned, the annuitant, the taxpayer or the trust to an amount less than the amount in respect of which the particular person, the other transferee, the other transferor, the individual, the other person, the beneficiary or the holder is solidarily liable under that paragraph *g* or any of sections 597.0.15,

1034 to 1034.0.0.3, 1034.1 to 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be."

(2) Subsection 1 applies in respect of a contribution determined in relation to a taxation year that ends after 31 December 2006. However,

(1) where section 1036 of the Act applies in respect of a contribution determined in relation to a taxation year that ends after 31 December 2006 and before 1 January 2008, it is to be read as follows:

"**1036.** If a trust and a resident contributor or a resident beneficiary, a transferor and a transferee, an annuitant and an individual, a taxpayer and another person or a trust and a beneficiary are, under paragraph *g* of section 595 or any of sections 1034 to 1034.0.0.3, 1034.1 to 1034.3, 1034.4, 1034.6 and 1034.8, as the case may be, solidarily liable in respect of all or part of a liability of the trust to which that paragraph *g* applies, the transferor to whom section 1034 applies (in this section referred to as the "transferor concerned"), the transferee to whom section 1034.0.0.3 applies (in this section referred to as the "transferee concerned"), the annuitant, the taxpayer or the trust, as the case may be, the following rules apply:

(*a*) a payment by, and on account of the liability of, the resident contributor or resident beneficiary (in this section all referred to as the "particular person"), the transferee to whom section 1034 applies (in this section referred to as the "other transferee"), the transferor to whom section 1034.0.0.3 applies (in this section referred to as the "other transferor"), the individual, the other person or the beneficiary, as the case may be, discharges, up to the amount of the payment, their solidary liability; and

(*b*) a payment by, and on account of the liability of, the trust to which paragraph *g* of section 595 applies, the transferor concerned, the transferee concerned, the annuitant, the taxpayer or the trust, discharges the liability of the particular person, the other transferee, the other transferor, the individual, the other person or the beneficiary, as the case may be, only to the extent that the payment operates to reduce the liability of the trust to which that paragraph *g* applies, the transferor concerned, the transferee concerned, the annuitant, the taxpayer or the trust to an amount less than the amount in respect of which the particular person, the other transferee, the other transferor, the individual, the other person or the beneficiary is solidarily liable under that paragraph *g* or any of sections 1034 to 1034.0.0.3, 1034.1 to 1034.3, 1034.4, 1034.6 and 1034.8, as the case may be."; and

(2) where section 1036 of the Act applies in respect of a taxation year that ends after 31 December 2006 and before 5 March 2010, it is to be read as follows:

"**1036.** If a trust and a resident contributor or a resident beneficiary, a transferor and a transferee, an annuitant and an individual, a taxpayer and another person, a trust and a beneficiary or a taxpayer and a holder are, under

paragraph *g* of section 595 or any of sections 1034 to 1034.0.0.3, 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 trust to which that paragraph *g* applies, the transferor to whom section 1034 applies (in this section referred to as the "transferor concerned"), the transferee to whom section 1034.0.0.3 applies (in this section referred to as the "transferee concerned"), the annuitant, the taxpayer or the trust, as the case may be, the following rules apply:

(*a*) a payment by, and on account of the liability of, the resident contributor or resident beneficiary (in this section all referred to as the "particular person"), the transferee to whom section 1034 applies (in this section referred to as the "other transferee"), the transferor to whom section 1034.0.0.3 applies (in this section referred to as the "other transferor"), the individual, the other person, the beneficiary or the holder, as the case may be, discharges, up to the amount of the payment, their solidary liability; and

(*b*) a payment by, and on account of the liability of, the trust to which paragraph *g* of section 595 applies, the transferor concerned, the transferee concerned, the annuitant, the taxpayer or the trust, discharges the liability of the particular person, the other transferee, the other transferor, the individual, the other person, the beneficiary or the holder, as the case may be, only to the extent that the payment operates to reduce the liability of the trust to which that paragraph *g* applies, the transferor concerned, the transferee concerned, the annuitant, the taxpayer or the trust to an amount less than the amount in respect of which the particular person, the other transferee, the other transferor, the individual, the other person, the beneficiary or the holder is solidarily liable under that paragraph *g* or any of sections 1034 to 1034.0.0.3, 1034.1 to 1034.3, 1034.4, 1034.6, 1034.8 and 1034.10, as the case may be."

150. Section 1038 of the Act is amended

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

"(*a*) the amount by which the tax payable by the individual for the particular year, determined without reference to the specified tax consequences for the particular year, section 313.11 and Chapter II.1 of Title VI of Book III, but with reference to the amount that the individual could deduct from the individual's tax otherwise payable for the year under section 776.41.5 if the individual's eligible spouse for the year were not required to include an amount in computing income for the year under section 313.11, exceeds the aggregate of";

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

"i. the tax payable by the individual for the particular year, determined without reference to the specified tax consequences for the particular year, section 313.11 and Chapter II.1 of Title VI of Book III, but with reference to

the amount that the individual could deduct from the individual's tax otherwise payable for the year under section 776.41.5 if the individual's eligible spouse for the year were not required to include an amount in computing income for the year under section 313.11, reduced by all amounts deducted or withheld under section 1015, without reference to section 1017.2, in respect of the individual's income for the particular year,".

151. (1) Section 1044 of the Act is amended

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

"**1044.** Where, for a particular taxation year, a taxpayer is entitled to exclude from the taxpayer's income under sections 294 to 298 an amount in respect of the exercise of an option in a subsequent taxation year, to exclude from the taxpayer's income or to deduct an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in that section, to deduct an amount relating to a subsequent taxation year, or because of an event in a subsequent taxation year, and referred to in any of paragraphs *b* to *b*.1.0.1, *c* to *d*.1.0.0.2, *d*.1.1 and *f* to *h* of section 1012.1, to deduct an amount under any of sections 785.2.2 to 785.2.4 from the proceeds of disposition of a property because of an election made in a fiscal return for a subsequent taxation year or to reduce an amount included in computing the taxpayer's income under section 580 for the particular taxation year because of a reduction referred to in section 1012.2 in the foreign accrual property income of a foreign affiliate of the taxpayer for a taxation year of the foreign affiliate that ends in the particular taxation year, the tax payable under this Part by the taxpayer for the particular taxation year is deemed, for the purpose of computing interest payable under sections 1037 to 1040, to be equal to the tax that the taxpayer would have been required to pay if the consequences of the deduction, exclusion or reduction of those amounts were not taken into account.";

(2) by replacing the portion of the second paragraph before subparagraph *b* by the following:

"However, the amount by which the tax payable under this Part by the taxpayer for the particular taxation year is reduced as a consequence of the exclusion from the income, the deduction or the reduction, as the case may be, of an amount described in the first paragraph is deemed, for the purpose of computing interest payable under sections 1037 to 1040, to have been paid by the taxpayer on account of the taxpayer's tax payable under this Part for the particular taxation year on the latest of

(a) the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012, 1012.2, 1054, 1055.1.2 and 1055.1.3 so as to exclude from the taxpayer's income, to deduct or to reduce the amount for the particular taxation year;".

(2) Paragraph 1 of subsection 1, except where it adds, in the first paragraph of section 1044 of the Act, a reference to paragraph *d*.1.0.0.2 of section 1012.1 of the Act, and paragraph 2 of subsection 1 apply to a taxation year that begins after 18 December 2009.

(3) Paragraph 1 of subsection 1, where it adds, in the first paragraph of section 1044 of the Act, a reference to paragraph *d*.1.0.0.2 of section 1012.1 of the Act, has effect from 27 March 2015.

(4) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 35 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to paragraphs 1 and 2 of subsection 1 and subsection 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(5) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 4. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

152. (1) Section 1053 of the Act is amended by replacing the portion before paragraph *b* by the following:

"**1053.** For the purposes of section 1052, the portion of any overpayment of the tax payable by a taxpayer for a taxation year that arose as a consequence of the exclusion of an amount from the taxpayer's income under sections 294 to 298 in respect of the exercise of an option in a subsequent taxation year, as a consequence of the exclusion of an amount from the taxpayer's income, or of the deduction of an amount, by reason of the disposition, in a subsequent taxation year, of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in that section, as a consequence of the deduction of an amount relating to a subsequent taxation year, or because of an event in a subsequent taxation year, and referred to in any of paragraphs *b* to *b*.1.0.1, *c* to *d*.1.0.0.2, *d*.1.1 and *f* to *h* of section 1012.1, as a consequence of the deduction of an amount under any of sections 785.2.2 to 785.2.4 from the proceeds of disposition of a property because of an election made in a fiscal return for a subsequent taxation year, as a consequence of the reduction of an amount included in computing the taxpayer's income under section 580 for the taxation year because of a reduction referred to in section 1012.2 in the foreign accrual property income of a foreign affiliate of the taxpayer for a taxation year of the foreign affiliate that ends in the taxation year, or as a consequence of the deduction of an amount relating to a preceding taxation year and referred to in any of sections 727 to 737 where that deduction is claimed after the expiry

of the time limit provided for in section 1000 applicable to the taxation year, is deemed to have been paid to the Minister on the latest of

(*a*) the 46th day following the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012, 1012.2, 1054, 1055.1.2 and 1055.1.3 so as to exclude from the taxpayer's income, to deduct or to reduce the amount for the taxation year;".

(2) Subsection 1, except where it adds, in the portion of section 1053 of the Act before paragraph *a*, a reference to paragraph *d*.1.0.0.2 of section 1012.1 of the Act, applies to a taxation year that begins after 18 December 2009.

(3) Subsection 1, where it adds, in the portion of section 1053 of the Act before paragraph *a*, a reference to paragraph *d*.1.0.0.2 of section 1012.1 of the Act, has effect from 27 March 2015.

(4) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 36 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

(5) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 4. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*).

153. Section 1086.29 of the Act is amended by replacing "1031" by "1031.1".

154. Section 1091 of the Act is amended

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

"(*c*) where all or substantially all of the individual's income for the year, as determined under section 28, is included in computing the individual's taxable income earned in Canada for the year, determined with reference to the second paragraph, such of the other deductions from income, except the deductions described in sections 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, 737.22.0.10 and 737.22.0.13, permitted for the purpose of computing the individual's taxable income as may reasonably be considered wholly applicable.";

(2) by adding the following paragraph:

"For the purposes of subparagraph *c* of the first paragraph, the taxable income earned in Canada by an individual for a taxation year is determined as if section 1090 were read for the year without reference to its second, third and fourth paragraphs and as if subparagraph *a* of the first paragraph of that section were replaced, for the year, by the following subparagraph:

"(*a*) the aggregate of the income from the duties of offices or employments performed by the individual in Canada and the income from the duties of offices or employments performed by the individual outside Canada if the individual was resident in Canada at the time the individual performed the duties;"."

155. (1) Section 1121.10 of the Act is replaced by the following section:

"**1121.10.** For the purposes of subparagraph *e* of the second paragraph of section 248, section 306, paragraph *a* of section 657 and sections 657.1, 663, 1121.11 and 1121.12 and despite section 652, each amount that is paid, or that becomes payable, by a trust to a beneficiary after the end of a particular taxation year of the trust that ends on 15 December of a calendar year because of section 1121.7 and before the end of that calendar year is deemed to have been paid or to have become payable, as the case may be, to the beneficiary at the end of the particular taxation year."

(2) Subsection 1 applies in respect of an amount that, after 31 December 1999, is paid or has become payable by a trust.

156. Section 1129.23.4 of the Act is amended by replacing "1031" by "1031.1".

157. Section 1129.23.4.4 of the Act is amended by replacing "1031" by "1031.1".

158. Section 1129.23.4.8 of the Act is amended by replacing "1031" by "1031.1".

159. Section 1129.23.8 of the Act is amended by replacing "1031" by "1031.1".

160. (1) The Act is amended by inserting the following after section 1129.27.18:

"**PART III.6.5**

"SPECIAL TAX RELATING TO THE NON-REFUNDABLE TAX CREDIT FOR THE DEVELOPMENT OF E-BUSINESS

"**1129.27.19.** In this Part, "unused portion of the tax credit" of a corporation for a taxation year has the meaning assigned by section 776.1.19.

"**1129.27.20.** Every corporation that has deducted an amount under section 776.1.20 or 776.1.21 for a taxation year 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, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I, paid by the corporation to an individual for a taxation year preceding the repayment year, other than an amount described in subparagraph i or ii of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, or obtained by a 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 deducted by the corporation for a taxation year preceding the repayment year under section 776.1.20 or under section 776.1.21 in respect of the unused portion of the tax credit of the corporation for a taxation year preceding the repayment year exceeds the total of

(*a*) the aggregate of all amounts each of which is the maximum amount that the corporation could have deducted under section 776.1.20 for a particular taxation year preceding the repayment year if it had had sufficient tax payable under Part I for the particular taxation year and if, for the purposes of paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.3.79,

i. any amount referred to in the first paragraph for the repayment year or for a preceding taxation year, relating to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I, paid by the corporation to an individual for the particular taxation year, that is received or obtained at or before the end of the repayment year, had been received or obtained in the particular taxation year, and

ii. any amount referred to in the first paragraph of section 776.1.24 for the repayment year or for a preceding taxation year, relating to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I, paid by the corporation to an individual for the particular taxation year, that is paid or deemed to be paid under section 776.1.25 at or before the end of the repayment year, had been paid or deemed to be paid in the particular taxation 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.

"**1129.27.21.** For the purposes of Part I, except Title III.4 of Book V and Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.27.20 in relation to qualified wages, for the purposes of that Division II.6.0.1.9, is deemed to be an amount of assistance repaid at that time by the corporation in respect of the qualified wages, pursuant to a legal obligation.

"**1129.27.22.** 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 27 March 2015.

161. Section 1129.54 of the Act is amended by replacing "1031" by "1031.1".

162. Section 1129.66 of the Act is amended by replacing "1031" by "1031.1".

163. (1) Section 1129.77 of the Act is amended by replacing the definition of "specified trust" by the following definition:

""specified trust" for a taxation year means an inter vivos trust that was not resident, nor is deemed under paragraph *a* of section 595 to have been resident, in Canada at any time in the year and that is not exempt from tax payable under Part I because of Book VIII of that Part;".

(2) Subsection 1 applies to a taxation year that ends after 19 March 2012.

164. (1) Section 1175.28.13 of the Act is replaced by the following section:

"**1175.28.13.** If a person is required to pay tax for any taxation year under section 1175.28.12, the tax that the person is required to pay for a subsequent taxation year, under a particular provision of any of Parts III.6.4, III.6.5, VI.2 and VI.3, may not, despite the particular provision, be greater than the amount by which the tax otherwise determined exceeds the portion of that tax that may reasonably be considered to have become payable by the person under section 1175.28.12 for a taxation year preceding the subsequent taxation year."

(2) Subsection 1 has effect from 27 March 2015.

165. (1) Section 1175.28.14 of the Act is amended by replacing paragraph *a*.1 by the following paragraph:

"(*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 Title III.3 or III.4 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 or III.4 and Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I, as the case may be, and the definition referred to in paragraph *a*, an amount of assistance repaid at that time by the person in respect of the expense pursuant to a legal obligation;".

(2) Subsection 1 has effect from 27 March 2015.

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

166. (1) Section 4 of the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is amended by inserting the following definition in alphabetical order:

""filing-due date" applicable to a person for a taxation year has the meaning assigned by section 1 of the Taxation Act;".

(2) Subsection 1 has effect from 27 March 2015.

167. (1) The Act is amended by inserting the following section after section 5:

"**5.1.** In applying the rules of paragraphs 3 to 6 of section 5, section 1029.6.0.1.7 of the Taxation Act (chapter I-3) must be taken into account."

(2) Subsection 1 has effect from 27 March 2015.

168. (1) The Act is amended by inserting the following section after section 9:

"**9.1.** Subject to a special provision of the applicable schedule, where a fiscal measure consists in allowing a person to benefit from an amount deemed to have been paid on account of tax payable for a particular taxation year, the application must be filed with the responsible minister or body at or before the end of the nine-month period that begins,

(1) where the person avails himself, herself or itself of the fiscal measure as a member of a partnership, on the day that follows the date of the end of the partnership's fiscal period that ends in the particular taxation year; or

(2) in any other case, on the day that follows the person's filing-due date for the particular taxation year.

The responsible minister or body may, on reasonable grounds, relieve a person or a partnership from failure to comply with the time limit provided for in the first paragraph if the application has been filed with the minister or body within three months of the expiry of that time limit."

(2) Subsection 1 applies, in relation to an application that is to be filed by a person, to a taxation year that begins after 26 March 2015 and, in relation to an application that is to be filed by a partnership, to a fiscal period that begins after 26 March 2015.

169. Section 13.2 of Schedule A to the Act, amended by section 553 of chapter 21 of the statutes of 2015, is again amended by striking out the fifth paragraph.

170. (1) Section 13.6 of Schedule A to the Act, amended by section 556 of chapter 21 of the statutes of 2015, is again amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

"**13.6.** The criterion relating to services provided is met if at least 75% of the corporation's gross revenue deriving from activities described in subparagraphs 5 and 7 to 9 of the first paragraph of section 13.5 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property) is attributable to the following services:".

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

171. (1) Section 13.12 of Schedule A to the Act, amended by section 558 of chapter 21 of the statutes of 2015, is again amended

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

"(1) activities not primarily related to e-business;";

(2) by inserting the following paragraph after the first paragraph:

"For the purposes of subparagraph 1 of the first paragraph, a corporation's activities carried out by an employee of the corporation are deemed not to be related to e-business if their results must be integrated into property intended for sale or their purpose concerns the operation of such property."

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

172. (1) Section 16.2 of Schedule A to the Act, enacted by section 559 of chapter 21 of the statutes of 2015, is amended by replacing the third paragraph by the following paragraph:

"Despite the second paragraph, Investissement Québec may accept only the application for a certificate, in respect of a contract, filed with Investissement Québec after 26 March 2015 and before 1 January 2020."

(2) Subsection 1 applies in respect of an application for a certificate that is filed after 26 March 2015, in relation to a contract whose negotiation began after that date and before 1 January 2020.

173. (1) Section 6.2 of Schedule E to the Act is amended by adding "However, where, at any time in a taxation year, the corporation begins to carry on an activity or part of an activity transferred to it by the particular corporation referred to in section 6.4.1, the period of validity of the corporation qualification certificate issued to the corporation may not end after the day on which the period of validity of the corporation qualification certificate issued to the particular corporation in respect of that activity or part of activity would otherwise have ended." at the end of the third paragraph.

(2) Subsection 1 has effect from 21 March 2012.

174. (1) Section 6.3 of Schedule E to the Act, amended by section 569 of chapter 21 of the statutes of 2015, is again amended by replacing the first paragraph by the following paragraph:

"**6.3.** A corporation qualification certificate issued to a corporation certifies that all the activities specified in the certificate that are carried on, or to be carried on, by the corporation are recognized as eligible activities."

(2) Subsection 1 has effect from 21 March 2012.

175. (1) Section 6.4 of Schedule E to the Act, amended by section 570 of chapter 21 of the statutes of 2015, is again amended by replacing the first paragraph by the following paragraph:

"**6.4.** The Minister may issue a corporation qualification certificate only if

(1) the net shareholders' equity of the corporation for its taxation year preceding that in which the corporation files its application for the certificate or, where the corporation is in its first fiscal period, at the beginning of that fiscal period, is less than $15,000,000; and

(2) the corporation establishes to the Minister's satisfaction that the activities that are carried on, or to be carried on, by the corporation are not a continuation of activities or a part of activities previously carried on by another person or partnership."

(2) Subsection 1 has effect from 21 March 2012.

176. (1) The Act is amended by inserting the following section after section 6.4 of Schedule E:

"**6.4.1.** If, at a particular time, a particular corporation transfers to another corporation an activity or part of an activity specified in the unrevoked corporation qualification certificate that was issued to the particular corporation, the activity or part of activity so transferred is deemed, for the purpose of applying subparagraph 2 of the first paragraph of section 6.4 in respect of the other corporation, not to have been carried on by the particular corporation before that time. In addition, the Minister specifies the activity or part of activity so transferred in the corporation qualification certificate issued to the other corporation and withdraws it from the corporation qualification certificate that was issued to the particular corporation. These modifications become effective at that time."

(2) Subsection 1 has effect from 21 March 2012.

177. (1) Section 6.7 of Schedule E to the Act, amended by section 572 of chapter 21 of the statutes of 2015, is again amended

(1) by adding the following paragraph after paragraph 2:

"(3) it is established to the Minister's satisfaction that all or substantially all of the activities the corporation carried out consisted in activities or parts of activities not previously carried on by another person or partnership.";

(2) by adding the following paragraph:

"If an activity or part of an activity was the subject at a particular time of a transfer referred to in section 6.4.1 and made by a particular corporation, the activity or part of activity is deemed, for the purposes of subparagraph 3 of the first paragraph, not to have been carried on by the particular corporation before that time."

(2) Subsection 1 has effect from 21 March 2012.

178. (1) Section 3.2 of Schedule H to the Act, amended by section 574 of chapter 21 of the statutes of 2015, is again amended by replacing the third and fourth paragraphs by the following paragraphs:

"If, at any time in the taxation year for which the corporation intends to benefit from the tax credit for Québec film productions or in the 24 months that precede that year, the corporation is not dealing at arm's length with a corporation that is a television broadcaster, it must also obtain a certificate (in this chapter referred to as a "non-arm's length certificate") from the Société de développement des entreprises culturelles.

The certificate referred to in subparagraph 2 of the second paragraph must be obtained for each taxation year for which the corporation intends to avail itself in respect of a film of subparagraph *a*.1 of the first paragraph of section 1029.8.35 of the Taxation Act. Similarly, the non-arm's length certificate must be obtained for each taxation year referred to in the third paragraph for

which the corporation intends to claim the tax credit for Québec film productions."

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that begins after 26 March 2015.

179. (1) Section 3.4 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

"**3.4.** A favourable advance ruling or a qualification certificate given or issued to a corporation under this chapter certifies that the film referred to in it is recognized as a Québec film production. In addition, the favourable advance ruling or the qualification certificate specifies, if applicable, that the film is a film in a foreign format."

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 26 March 2015.

180. (1) Section 3.10 of Schedule H to the Act, amended by section 576 of chapter 21 of the statutes of 2015, is again amended by replacing subparagraph 4 of the first paragraph by the following subparagraph:

"(4) if a film is produced by a corporation that does not deal at arm's length with a corporation that is a television broadcaster, it must be initially broadcast by a television broadcaster other than a corporation with which the corporation does not deal at arm's length;".

(2) Subsection 1 applies in respect of an application for an advance ruling or a qualification certificate filed in relation to a film in respect of which a labour expenditure is incurred in a taxation year that begins after 26 March 2015.

181. (1) Schedule H to the Act is amended by inserting the following section after section 3.14:

"**3.14.1.** For the purposes of the first paragraph of section 3.4, a film is a film in a foreign format if

(1) in the case of a film whose primary market is the television market,

(*a*) a licence for adaptation in Québec was issued in respect of the film, which is derived from a television concept created outside Québec, and

(*b*) the licence specifies the format elements of the program or of the episodes that will form a series, such as the title, idea, structure and subjects, the description of the plot and of the characters, the target audience and the duration of each episode; or

(2) in the case of a film whose primary market is the theatrical market,

(*a*) the rights with respect to the film were granted for adaptation in Québec, and

(*b*) the film is a new version of a film previously brought to the screen that is not itself derived from a storyline adapted from another work, such as a literary or theatrical work, and the storyline of that new version reprises the plot and characters of the film previously brought to the screen."

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 26 March 2015.

182. (1) The heading of Division VII of Chapter III of Schedule H to the Act, replaced by section 577 of chapter 21 of the statutes of 2015, is again replaced by the following heading:

"NON-ARM'S LENGTH CERTIFICATE".

(2) Subsection 1 has effect from 27 March 2015.

183. (1) Section 3.26 of Schedule H to the Act, amended by section 578 of chapter 21 of the statutes of 2015, is again amended by replacing the first paragraph by the following paragraph:

"**3.26.** An application for a non-arm's length certificate for a particular taxation year must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year."

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that begins after 26 March 2015.

184. (1) Sections 3.27 and 3.28 of Schedule H to the Act, replaced by section 579 of chapter 21 of the statutes of 2015, are again replaced by the following sections:

"**3.27.** A non-arm's length certificate issued to a corporation certifies that over 50% of its production costs for the last three taxation years, preceding the particular taxation year referred to in section 3.26, during which a film was produced, were incurred in relation to films broadcast by a television broadcaster with which the corporation deals at arm's length.

"**3.28.** The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a non-arm's length certificate if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster with which the corporation does not deal at arm's length."

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that begins after 26 March 2015.

185. (1) Section 5.2 of Schedule H to the Act, amended by section 581 of chapter 21 of the statutes of 2015, is again amended by replacing the third paragraph by the following paragraph:

"If, at any time in the taxation year for which the corporation intends to benefit from the film production services tax credit or in the 24 months that precede that year, the corporation does not deal at arm's length with a corporation that is a television broadcaster, it must also obtain a certificate (in this chapter referred to as a "non-arm's length certificate") from the Société de développement des entreprises culturelles. The certificate must be obtained for each taxation year for which the corporation intends to claim the tax credit."

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that begins after 26 March 2015.

186. (1) The heading of Division IV of Chapter V of Schedule H to the Act, replaced by section 583 of chapter 21 of the statutes of 2015, is again replaced by the following heading:

"NON-ARM'S LENGTH CERTIFICATE".

(2) Subsection 1 has effect from 27 March 2015.

187. (1) Section 5.10 of Schedule H to the Act, amended by section 584 of chapter 21 of the statutes of 2015, is again amended by replacing the first paragraph by the following paragraph:

"**5.10.** An application for a non-arm's length certificate, for a particular taxation year, must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year."

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that begins after 26 March 2015.

188. (1) Sections 5.11 and 5.12 of Schedule H to the Act, replaced by section 585 of chapter 21 of the statutes of 2015, are again replaced by the following sections:

"**5.11.** A non-arm's length certificate issued to a corporation certifies that over 50% of its production costs for the last three taxation years preceding the particular taxation year referred to in section 5.10, during which a film was produced, were incurred in relation to films broadcast by a television broadcaster with which the corporation deals at arm's length.

"**5.12.** The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a non-arm's length certificate

if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster with which the corporation does not deal at arm's length."

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that begins after 26 March 2015.

ACT RESPECTING THE LEGAL PUBLICITY OF ENTERPRISES

189. Section 6 of the Act respecting the legal publicity of enterprises (chapter P-44.1) is replaced by the following section:

"**6.** The registrar may, by notice and with the concurrence of the Minister, delegate some or all of the registrar's powers to an employee designated under section 4. The notice is published in the *Gazette officielle du Québec*."

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

"**7.** The registrar may, by notice and with the concurrence of the Minister, delegate to a person other than an employee designated under section 4, subject to the restrictions and conditions determined by the registrar, the power to register, to make corrections under sections 93 to 95 and to issue copies, extracts or attestations or certify copies or extracts under any of sections 105 to 108. The notice is published in the *Gazette officielle du Québec*.

A delegation to a person other than an employee under the responsibility of the Agence du revenu du Québec must be the subject of an agreement entered into by the Minister."

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

191. (1) Section 37.16 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), amended by section 596 of chapter 21 of the statutes of 2015 and section 166 of chapter 24 of the statutes of 2015, is again amended

(1) by replacing the definition of "exempt individual" by the following definition:

""exempt individual" for a year means an individual who is exempted under any of subparagraphs *a* to *c* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002) from the tax for the year under Part I of the Taxation Act (chapter I-3);";

(2) by striking out the definition of "family income".

(2) Subsection 1 applies from the year 2017.

192. (1) Section 37.17 of the Act, replaced by section 598 of chapter 21 of the statutes of 2015 and section 168 of chapter 24 of the statutes of 2015, is amended

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

"**37.17.** Every individual described in section 37.18 in respect of a particular year is required to pay for the particular year, on the due date applicable to the individual for the particular year, a contribution that is, without exceeding the limit applicable for the particular year, equal to the aggregate of the amount—where an election is made under subparagraph *b* of the first paragraph of section 37.16.1—determined under the second paragraph and

(*a*) where the particular year is the year 2015 or 2016,

i. if the individual's income for the year does not exceed $40,820, an amount equal to the lesser of $100 and 5% of the amount by which that income exceeds $18,370,

ii. if the individual's income for the year is greater than $40,820 but does not exceed $132,650, an amount equal to the lesser of $200 and the aggregate of $100 and 5% of the amount by which that income exceeds $40,820, or

iii. if the individual's income for the year is greater than $132,650, an amount equal to the lesser of $1,000 and the aggregate of $200 and 4% of the amount by which that income exceeds $132,650;

(*b*) where the particular year is the year 2017,

i. if the individual's income for the year does not exceed $132,650, an amount equal to the lesser of $125 and 5% of the amount by which that income exceeds $40,820, or

ii. if the individual's income for the year is greater than $132,650, an amount equal to the lesser of $800 and the aggregate of $125 and 4% of the amount by which that income exceeds $132,650; or

(*c*) where the particular year is the year 2018,

i. if the individual's income for the year does not exceed $132,650, an amount equal to the lesser of $80 and 5% of the amount by which that income exceeds $40,820, or

ii. if the individual's income for the year is greater than $132,650, an amount equal to the lesser of $600 and the aggregate of $80 and 4% of the amount by which that income exceeds $132,650.";

(2) by adding the following paragraph after the fourth paragraph:

"For the purposes of the first paragraph, the limit applicable for a particular year means

(*a*) $1,000, where the particular year is the year 2015 or 2016;

(*b*) $800, where the particular year is the year 2017; and

(*c*) $600, where the particular year is the year 2018."

(2) Subsection 1 applies from the year 2015.

(3) In addition, where, because of section 37.21 of the Act,

(1) sections 1025 and 1038 of the Taxation Act (chapter I-3) apply for the purpose of computing both the amount of a payment that an individual is required to make for the year 2017 in respect of the amount that the individual is required to pay under section 37.17 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) and the interest, if any, that the individual is required to pay in respect of that payment, subparagraph *b* of the first paragraph of that section 37.17, enacted by paragraph 1 of subsection 1, is deemed to have also been in force for the year 2016 and subparagraph *a* of that first paragraph, enacted by that paragraph 1, is deemed not to have been in force;

(2) sections 1026 and 1038 of the Taxation Act apply for the purpose of computing both the amount of a payment that an individual is required to make for the year 2017 in respect of the amount that the individual is required to pay under section 37.17 of the Act respecting the Régie de l'assurance maladie du Québec and the interest, if any, that the individual is required to pay in respect of that payment, subparagraph *b* of the first paragraph of that section 37.17, enacted by paragraph 1 of subsection 1, is deemed to have also been in force for the years 2015 and 2016 and subparagraph *a* of that first paragraph, enacted by that paragraph 1, is deemed not to have been in force;

(3) sections 1025 and 1038 of the Taxation Act apply for the purpose of computing both the amount of a payment that an individual is required to make for the year 2018 in respect of the amount that the individual is required to pay under section 37.17 of the Act respecting the Régie de l'assurance maladie du Québec and the interest, if any, that the individual is required to pay in respect of that payment, subparagraph *c* of the first paragraph of that section 37.17, enacted by paragraph 1 of subsection 1, is deemed to have also been in force for the year 2017 and subparagraph *b* of that first paragraph, enacted by that paragraph 1, is deemed not to have been in force; and

(4) sections 1026 and 1038 of the Taxation Act apply for the purpose of computing both the amount of a payment that an individual is required to make for the year 2018 in respect of the amount that the individual is required to pay under section 37.17 of the Act respecting the Régie de l'assurance maladie du Québec and the interest, if any, that the individual is required to pay in respect of that payment, subparagraph *c* of the first paragraph of that section 37.17, enacted by paragraph 1 of subsection 1, is deemed to have also been in force for the years 2016 and 2017 and subparagraphs *a* and *b* of that first paragraph, enacted by that paragraph 1, are deemed not to have been in force.

193. (1) Section 37.17.1 of the Act, enacted by section 599 of chapter 21 of the statutes of 2015, is amended by replacing the portion of the first paragraph before the formula by the following:

"**37.17.1.** The amounts of $18,370, $40,820 and $132,650 that must be used for the application of the first paragraph of section 37.17 to a year subsequent to the year 2015 must, wherever they appear in that paragraph, be adjusted annually in such a manner that each of those amounts used for that year is equal to the total of the amount used for the preceding year and of the product obtained by multiplying that amount so used by the factor determined by the formula".

(2) Subsection 1 applies from the year 2016.

EDUCATIONAL CHILDCARE ACT

194. (1) The Educational Childcare Act (chapter S-4.1.1) is amended by inserting the following section after section 88.1:

"**88.1.1.** For the purposes of the definition of "family income" in section 88.1, where an individual was not, for the purposes of the Taxation Act (chapter I-3), resident in Canada throughout a year, the individual's income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under Part I of that Act if the individual had, for the purposes of that Act, been resident in Québec and in Canada throughout the year or, where the individual died in the year, throughout the period of the year preceding the time of death."

(2) Subsection 1 has effect from 21 April 2015.

ACT RESPECTING THE QUÉBEC SALES TAX

195. (1) Section 1 of the Act respecting the Québec sales tax (chapter T-0.1), amended by section 615 of chapter 21 of the statutes of 2015, is again amended

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

““administrator” of a pooled registered pension plan has the meaning assigned to “administrator” by the first paragraph of section 965.0.19 of the Taxation Act (chapter I-3);”;

(2) by striking out subparagraph *b* of paragraph 1 of the definition of “builder”;

(3) by replacing the definition of “participating employer” by the following definition:

““participating employer” of a pension plan means

(1) in the case of a registered pension plan, an employer that has made, or is required to make, contributions to the pension plan in respect of the employer’s employees or former employees, or payments under the pension plan to the employer’s employees or former employees, and includes an employer prescribed for the purposes of the definition of “participating employer” in subsection 1 of section 147.1 of the Income Tax Act; and

(2) in the case of a pooled registered pension plan, an employer that

(*a*) has made, or is required to make, contributions to the pension plan in respect of all or a class of its employees or former employees, or

(*b*) has remitted, or is required to remit, to the administrator of the pension plan contributions made by members (within the meaning assigned by the first paragraph of section 965.0.19 of the Taxation Act) of the pension plan under a contract with the administrator in respect of all or a class of its employees;”;

(4) by replacing the portion of the definition of “pension plan” before subparagraph i of subparagraph *a* of paragraph 2 by the following:

““pension plan” means a registered pension plan or a pooled registered pension plan that

(1) governs a person that is a trust or that is deemed to be a trust for the purposes of the Taxation Act;

(2) is a plan in respect of which a corporation

(*a*) is incorporated and operated either”;

(5) by replacing subparagraph *b* of paragraph 2 of the definition of “pension plan” by the following subparagraph:

“(*b*) in the case of a registered pension plan, is accepted by the Minister of National Revenue under subparagraph ii of paragraph *o*.1 of subsection 1 of section 149 of the Income Tax Act as a funding medium for the purposes of the registration of the registered pension plan, and”;

(6) by adding the following subparagraph after subparagraph *b* of paragraph 2 of the definition of "pension plan":

"(*c*) in the case of a pooled registered pension plan, is a corporation that is described in paragraph *o*.2 of subsection 1 of section 149 of the Income Tax Act, and all of the shares, and rights to acquire shares, of the capital stock of which are owned, at all times since the date on which it was incorporated, by the plan; or";

(7) by inserting the following definitions in alphabetical order:

""pooled registered pension plan" has the meaning assigned by paragraph 1 of the definition of "investment plan";

""registered pension plan" has the meaning assigned by paragraph 1 of the definition of "investment plan";";

(8) by inserting the following subparagraph after subparagraph *a* of paragraph 1 of the definition of "investment plan":

"(*a*.1) a pooled registered pension plan,";

(9) by replacing the definition of "substantial renovation" by the following definition:

""substantial renovation" of a residential complex means the renovation or alteration of the whole or that part of a building described in any of paragraphs 1 to 5 of the definition of "residential complex" in which one or more residential units are located to such an extent that all or substantially all of the building or part, as the case may be, other than the foundation, external walls, interior supporting walls, floors, roof, staircases and, in the case of that part of a building described in paragraph 2 of that definition, the common areas and other appurtenances, that existed immediately before the renovation or alteration was begun has been removed or replaced if, after completion of the renovation or alteration, the building or part, as the case may be, is, or forms part of, a residential complex;".

(2) Paragraphs 1 and 3 to 7 of subsection 1 have effect from 14 December 2012.

(3) Paragraphs 2 and 9 of subsection 1 apply in respect of

(1) a supply by way of sale of a residential complex made after 8 April 2014;

(2) a supply by way of sale (other than a taxable supply deemed to have been made under sections 223 to 231.1 of the Act) of a residential complex made by a person before 9 April 2014 if

(*a*) the supply would have been a taxable supply had the definitions of "substantial renovation" and "builder" in section 1 of the Act, as amended by subsection 1, applied in respect of the supply, and

(*b*) an amount as or on account of tax in respect of the supply was charged, collected or remitted under Title I of the Act before that day; and

(3) a taxable supply of a residential complex that would have been deemed under sections 223 to 231.1 of the Act to have been made by a person at a particular time before 9 April 2014 if the definitions of "substantial renovation" and "builder" in section 1 of the Act, as amended by subsection 1, had applied at that time, provided that the person has reported an amount as or on account of tax, as a result of the person applying sections 223 to 231.1 of the Act in respect of the complex, in the person's return filed under Chapter VIII of Title I of the Act

(*a*) for a reporting period the return for which is filed before 9 April 2014 or is required under that chapter to be filed on or before that day, or

(*b*) for a reporting period that begins before 9 April 2014 the return for which

i. is required under that chapter to be filed on or before a particular day that is after 8 April 2014, and

ii. is filed on or before the particular day referred to in subparagraph i.

(4) For the purposes of Title I of the Act, the unclaimed refund described in paragraph 2 is deemed to be an input tax refund of a person for the reporting period of the person that includes 8 April 2014 and not to be an input tax refund of the person for any other reporting period if

(1) the person makes, at a particular time that is after 8 April 2014, a supply by way of sale of a residential complex that is a taxable supply, but that would not be a taxable supply if the definitions of "substantial renovation" and "builder" in section 1 of the Act applied as they read before (*insert the date of assent to this Act*); and

(2) the person has not claimed or deducted an amount (in this subsection referred to as an "unclaimed refund") in respect of property or a service in determining the net tax for any reporting period of the person the return for which is filed before 9 April 2014 or is required under Chapter VIII of Title I of the Act to be filed on or before 8 April 2014 and

(*a*) the property or service, in a particular reporting period that ends before 9 April 2014,

i. was acquired or brought into Québec for consumption or use in making the taxable supply, or

ii. was, in relation to the complex, acquired or brought into Québec and would have been acquired or brought into Québec for consumption or use in making the taxable supply if the definitions of "substantial renovation" and "builder" in section 1 of the Act were read as amended by subsection 1, and

(*b*) the unclaimed refund is, or would be if the definitions of "substantial renovation" and "builder" in section 1 of the Act were read as amended by subsection 1, an input tax refund of the person.

(5) Paragraph 8 of subsection 1 applies to a taxation year of a person that ends after 13 December 2012.

196. (1) Section 42.0.23 of the Act is replaced by the following section:

"**42.0.23.** Despite sections 42.0.15 to 42.0.17, if under subsection 32 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) the Minister of National Revenue directed a financial institution to use another method to determine, for a particular fiscal year or any subsequent fiscal year, the operative extent and the procurative extent of a business input, the other method must also be used by the financial institution in respect of that business input for such a fiscal year."

(2) Subsection 1 applies in respect of a reporting period that begins after 31 December 2012. However, where section 42.0.23 of the Act applies in respect of a reporting period that is included in a fiscal year that begins before 1 January 2013 and ends after 31 December 2012, any reference in that section to a fiscal year is a reference to the part of that fiscal year that does not include a reporting period that begins before 1 January 2013.

197. (1) The Act is amended by inserting the following section after section 184.2:

"**184.3.** A supply of the following services made to a person that is not resident in Québec and is not registered under Division I of Chapter VIII is a zero-rated supply:

(1) a service of refining a metal to produce a precious metal; or

(2) an assaying, gem removal or similar service supplied in conjunction with the service referred to in paragraph 1."

(2) Subsection 1 applies

(1) in respect of a supply made after 8 April 2014; and

(2) in respect of a supply made before 9 April 2014 if the supplier did not, before that day, charge or collect an amount as or on account of tax under Title I of the Act in respect of the supply.

(3) If, in determining the net tax of a person as reported in a return under Chapter VIII of Title I of the Act filed before 9 April 2014 for a reporting period that ends after 31 December 2010, an amount was taken into account by the person as tax that became collectible by the person in respect of a supply and, by reason of the application of subsection 1, no tax was collectible by the person in respect of the supply, the following rules apply:

(1) for the purposes of sections 400 to 402.0.2 of the Act, the amount is deemed to have been paid by the person; and

(2) section 401 of the Act and the exceptions provided for in section 400 of the Act do not apply to a rebate under that section 400 in respect of an amount if the person files an application for the rebate before the later of

(*a*) 16 December 2015; and

(*b*) the day that is two years after the day on which the return was filed.

198. (1) Section 231.3 of the Act is amended

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

"(2) the amount determined by the formula

A + B.";

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

"For the purposes of the formula in the first paragraph,

(1) A is the total of all amounts each of which is an amount determined by the formula

C × (D/E); and

(2) B is the total of all amounts each of which is an amount determined by the formula

F × (G/H).

For the purposes of the formulas in the third paragraph,

(1) C is an amount of tax, calculated at a particular rate, that was payable under the first paragraph of section 16 or any of sections 17, 18, 18.0.1 and 26.3 by the builder in respect of an acquisition of an immovable that forms part of the complex or addition or in respect of an acquisition or bringing into Québec of an improvement to an immovable that forms part of the complex or addition;

(2) D is the tax rate specified in the first paragraph of section 16 at the particular time referred to in the first paragraph;

(3) E is the particular rate;

(4) F is an amount (other than an amount referred to in subparagraph 1) that would have been payable as tax, calculated at a particular rate, under the first paragraph of section 16 or any of sections 17, 18, 18.0.1 and 26.3 by the builder in respect of an acquisition or bringing into Québec of an improvement to an immovable that forms part of the complex or addition but for the fact that the improvement was acquired or brought into Québec for consumption, use or supply exclusively in the course of commercial activities of the builder;

(5) G is the tax rate specified in the first paragraph of section 16 at the particular time referred to in the first paragraph; and

(6) H is the particular rate."

(2) Subsection 1 applies in respect of any supply of a residential complex, or of an addition to a residential complex, deemed under any of sections 223 to 226 of the Act to have been made after 31 March 2013. However, if the construction or last substantial renovation of the complex or addition began before 9 April 2014, the amount determined under subparagraph 2 of the first paragraph of section 231.3 of the Act in respect of the supply is equal to the lesser of

(1) the amount determined under subparagraph 2 of the first paragraph of section 231.3 of the Act as amended by subsection 1; and

(2) the amount that would be determined under subparagraph 2 of the first paragraph of section 231.3 of the Act if it were read without reference to subsection 1.

(3) If, in determining the amount of any fees, interest and penalties for which a person is liable under the Act, the Minister of Revenue took into consideration, in computing the net tax of the person for a reporting period of the person, an amount as or on account of tax deemed to have been collected under any of sections 223 to 226 of the Act in respect of a supply of a residential complex or of an addition to a residential complex and because of the application of subparagraph 2 of the first paragraph of section 231.3 of the Act, as amended by subsection 1, the amount or part of the amount is not deemed, under whichever of sections 223 to 226 of the Act is applicable, to have been collected as or on account of tax in respect of the supply, the person is entitled until the day that is one year after the date of assent to this Act to request in writing that the Minister of Revenue make an assessment or reassessment for the purpose of taking into account that the amount or the part of the amount, as the case may be, is not deemed to have been collected by the person as or on account of tax and, on receipt of the request, the Minister shall with all due dispatch

(1) consider the request; and

(2) make an assessment or reassessment of the net tax of the person for any reporting period of the person and of any interest, penalty or other obligation of the person, but only to the extent that the assessment or reassessment may reasonably be regarded as relating to the amount or the part of the amount, as the case may be.

199. (1) Section 289.2 of the Act, amended by section 679 of chapter 21 of the statutes of 2015, is again amended by inserting the following paragraph after paragraph 4 of the definition of "excluded activity" in the first paragraph:

"(4.1) if the pension plan is a pooled registered pension plan, compliance by a participating employer of the pension plan as an administrator of the pension plan with requirements under the Pooled Registered Pension Plans Act (Statutes of Canada, 2012, chapter 16) or a similar law of a province, the Northwest Territories, the Yukon Territory or Nunavut, provided the activity is undertaken exclusively for the purpose of making a taxable supply of a service to a pension entity of the pension plan that is to be made

(*a*) for consideration that is not less than the fair market value of the service, and

(*b*) at a time when no election under the first paragraph of section 289.9 made jointly by the participating employer and the pension entity is in effect; or".

(2) Subsection 1 applies to a fiscal year of a person that ends after 13 December 2012.

200. (1) The Act is amended by inserting the following section after section 327.7:

"**327.7.1.** If, under subparagraph 1 of the first paragraph of section 327.7, a particular person is deemed to have paid tax equal to the tax paid by a non-resident person, the following rules apply:

(1) section 449 does not apply in respect of the tax paid by the non-resident person; and

(2) no portion of the tax paid by the non-resident person is to be rebated, refunded or remitted to the non-resident person, or is to be otherwise recovered by the non-resident person, under this or any other Act of the Parliament of Québec."

(2) Subsection 1 has effect from 17 January 2014.

201. Section 350.51.1 of the Act is amended by replacing "prescribed manner" in the second paragraph by "manner determined by the Minister".

202. (1) Section 350.52 of the Act is amended by replacing "the supply of a meal" in the second paragraph by "a supply referred to in section 350.51".

(2) Subsection 1 applies from 1 February 2016 or from the date, if before 1 February 2016, on which an operator activates in an establishment, after 1 September 2015, a prescribed device, in respect of that establishment.

203. (1) Section 350.52.1 of the Act is amended by inserting "ordinarily" before "makes" in the first paragraph.

(2) Subsection 1 applies from 1 February 2016 or from the date, if before 1 February 2016, on which a person activates in an establishment, after 1 September 2015, a device referred to in section 350.52, in respect of that establishment.

204. (1) Section 350.56.2 of the Act is amended by replacing "and manner" by "containing prescribed information and in the manner determined by the Minister".

(2) Subsection 1 has effect from 21 April 2015.

205. (1) Section 402.13 of the Act, amended by section 725 of chapter 21 of the statutes of 2015, is again amended

(1) by replacing "sections 402.14 to 402.17" in the portion of the first paragraph before the definition of "active member" by "this subdivision";

(2) by striking out the definition of "pension contribution" in the first paragraph;

(3) by inserting the following definitions in alphabetical order in the first paragraph:

""employee contribution" means a contribution by an employee of an employer to a pooled registered pension plan that

(1) may be deducted by the employee under paragraph *b* of section 339 of the Taxation Act (chapter I-3) in computing income; and

(2) is remitted by the employer to the administrator of the plan under a contract with the administrator in respect of all or a class of the employees of the employer;

""employer contribution" means a contribution by an employer to a pension plan that may be deducted by the employer under section 137 of the Taxation Act;";

(4) by replacing paragraph 1 of the definition of "qualifying employer" in the first paragraph by the following paragraph:

"(1) where employer contributions were made to the pension plan in the preceding calendar year, made employer contributions to the pension plan in that year; and";

(5) by replacing paragraphs 1 and 2 of the definition of "qualifying pension entity" in the first paragraph by the following paragraphs:

"(1) 10% or more of the total employer contributions in the last preceding calendar year in which employer contributions were made to the pension plan were made by listed financial institutions; or

"(2) it can reasonably be expected that 10% or more of the total employer contributions in the subsequent calendar year in which employer contributions will be required to be made to the pension plan will be made by listed financial institutions;";

(6) by replacing the portion of the definition of "pension rebate amount" in the first paragraph before the formula by the following:

""pension rebate amount" of a pension entity of a pension plan for a claim period means the amount determined by the formula";

(7) by replacing the definition of "claim period" in the first paragraph by the following definition:

""claim period" has, subject to the seventh paragraph, the meaning assigned by section 383;";

(8) by replacing subparagraph 1 of the third paragraph by the following subparagraph:

"(1) A is

(*a*) if the pension plan is a registered pension plan, 33%,

(*b*) if the pension plan is a pooled registered pension plan and either employer contributions or employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period, an amount (expressed as a percentage) determined by the formula

33% × (C/D),

(*c*) if the pension plan is a pooled registered pension plan, neither employer contributions nor employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period and it is reasonable to expect that employer contributions will be made to the pension plan in a subsequent calendar year, an amount (expressed as a percentage) determined for the first calendar year following the particular calendar year (in this section referred to as the "first

calendar year of contribution") in which employer contributions are reasonably expected to be made to the pension plan by the formula

33% × (E/F), or

(*d*) if the pension plan is a pooled registered pension plan and subparagraphs *b* and *c* do not apply, 0%; and";

(9) by inserting the following paragraphs after the third paragraph:

"For the purposes of the formulas in subparagraphs *b* and *c* of subparagraph 1 of the third paragraph,

(1) C is the total of all amounts each of which is determined for an employer that made employer contributions to the pension plan in the particular calendar year by the formula

$C_1 + C_2$;

(2) D is the total of all amounts contributed to the pension plan in the particular calendar year;

(3) E is the total of all amounts each of which is determined for an employer reasonably expected to make employer contributions to the pension plan in the first calendar year of contribution by the formula

$E_1 + E_2$; and

(4) F is the total of all amounts reasonably expected to be contributed to the pension plan in the first calendar year of contribution.

For the purposes of the formulas in subparagraphs 1 and 3 of the fourth paragraph,

(1) C_1 is the total of all amounts each of which is an employer contribution made by the employer to the pension plan in the particular calendar year;

(2) C_2 is the total of all amounts each of which is an employee contribution made by an employee of the employer to the pension plan in the particular calendar year;

(3) E_1 is the total of all amounts each of which is an employer contribution reasonably expected to be made by the employer to the pension plan in the first calendar year of contribution; and

(4) E_2 is the total of all amounts each of which is an employee contribution reasonably expected to be made by an employee of the employer to the pension plan in the first calendar year of contribution."

(2) Paragraph 1 of subsection 1 applies in respect of a claim period of a pension entity that begins after 22 September 2009.

(3) Paragraphs 2 to 4, 6, 8 and 9 of subsection 1 have effect from 14 December 2012. However, where section 402.13 of the Act applies in relation to a claim period that ends before 1 January 2013, it is to be read as if "33%" in subparagraphs *a* to *c* of subparagraph 1 of the third paragraph were replaced by

(1) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386 of the Act;

(2) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386 of the Act; or

(3) 100%, in any other case.

(4) However, despite paragraphs 2 and 3 of subsection 4 of section 142 of the Act to amend the Act respecting the Québec sales tax and other legislative provisions (2012, chapter 28), where section 402.13 of the Act applies in relation to a claim period that begins after 31 December 2012 and before 1 January 2014, it is to be read

(1) as if subparagraphs 1 and 2 of the third paragraph were replaced by the following subparagraphs:

"(1) A is

(*a*) where the pension entity is governed by a pension plan to which more than 50% of the employer contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

i. if the pension plan is a registered pension plan, 77%,

ii. if the pension plan is a pooled registered pension plan and either employer contributions or employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period, an amount (expressed as a percentage) determined by the formula

77% × (C/D),

iii. if the pension plan is a pooled registered pension plan, neither employer contributions nor employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period and it is reasonable to expect that employer contributions will be made to the pension plan in a subsequent calendar year, an amount (expressed as a percentage) determined for the first calendar year

following the particular calendar year (in this section referred to as the "first calendar year of contribution") in which employer contributions are reasonably expected to be made to the pension plan by the formula

77% × (E/F), or

iv. if the pension plan is a pooled registered pension plan and subparagraphs ii and iii do not apply, 0%,

(*b*) where the pension entity is governed by a pension plan to which more than 50% of the employer contributions are made by one or more public service bodies that are entitled to a rebate under section 386,

i. if the pension plan is a registered pension plan, 88%,

ii. if the pension plan is a pooled registered pension plan and either employer contributions or employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period, an amount (expressed as a percentage) determined by the formula

88% × (C/D),

iii. if the pension plan is a pooled registered pension plan, neither employer contributions nor employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period and it is reasonable to expect that employer contributions will be made to the pension plan in a subsequent calendar year, an amount (expressed as a percentage) determined for the first calendar year of contribution in which employer contributions are reasonably expected to be made to the pension plan by the formula

88% × (E/F), or

iv. in any other case, 0%, or

(*c*) in any other case,

i. if the pension plan is a registered pension plan, 100%,

ii. if the pension plan is a pooled registered pension plan and either employer contributions or employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period, an amount (expressed as a percentage) determined by the formula

100% × (C/D),

iii. if the pension plan is a pooled registered pension plan, neither employer contributions nor employee contributions were made to the pension plan in the

particular calendar year that is the last calendar year ending on or before the last day of the claim period and it is reasonable to expect that employer contributions will be made to the pension plan in a subsequent calendar year, an amount (expressed as a percentage) determined for the first calendar year of contribution in which employer contributions are reasonably expected to be made to the pension plan by the formula

100% × (E/F), or

iv. in any other case, 0%;

"(2) B is the total of all amounts each of which is, in relation to a participating employer of a pension plan, the lesser of

(*a*) the total of all amounts each of which is an amount described in paragraph 2 of the definition of "eligible amount" in the first paragraph for the claim period, in relation to a taxable supply that the participating employer of the pension plan is deemed to have made, and

(*b*) the total of all amounts each of which is an amount described in paragraph 1 of the definition of "eligible amount" in the first paragraph, for a claim period that ends in 2012, that became payable, or was paid without having become payable, by the pension entity in relation to a supply made by the participating employer of the pension plan during a fiscal year of the participating employer that ends after 31 December 2012;";

(2) as if the following subparagraphs were inserted after subparagraph 2 of the third paragraph:

"(3) C is

(*a*) if the pension plan is a registered pension plan, 33%,

(*b*) if the pension plan is a pooled registered pension plan and either employer contributions or employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period, an amount (expressed as a percentage) determined by the formula

33% × (C/D),

(*c*) if the pension plan is a pooled registered pension plan, neither employer contributions nor employee contributions were made to the pension plan in the particular calendar year that is the last calendar year ending on or before the last day of the claim period and it is reasonable to expect that employer contributions will be made to the pension plan in a subsequent calendar year, an amount (expressed as a percentage) determined for the first calendar year of contribution in which employer contributions are reasonably expected to be made to the pension plan by the formula

33% × (E/F), or

(*d*) if the pension plan is a pooled registered pension plan and subparagraphs *b* and *c* do not apply, 0%; and

"(4) D is the amount by which the total of all amounts each of which is an eligible amount of the pension entity for the claim period exceeds the amount represented by B."; and

(3) as if the portion of the fourth paragraph, enacted by paragraph 9 of subsection 1, before subparagraph 1 were replaced by the following:

"For the purposes of the formulas in subparagraphs ii and iii of subparagraphs *a* to *c* of subparagraph 1 of the third paragraph and in subparagraphs *b* and *c* of subparagraph 3 of that paragraph,".

(5) Paragraphs 5 and 7 of subsection 1 apply in respect of a claim period that begins after 31 December 2012. However, where the definition of "claim period" in the first paragraph of section 402.13 of the Act applies after 13 December 2012 in respect of a claim period that begins before 1 January 2013, it is to be read as if "fourth" were replaced by "sixth".

206. (1) Section 402.18 of the Act is amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

"**402.18.** If a pension entity of a pension plan is a qualifying pension entity on the last day of a claim period of the pension entity, the pension entity makes an election for the claim period jointly with all persons that are, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan and each of those qualifying employers is engaged exclusively in commercial activities throughout the claim period, and a valid election is made for the claim period by the pension entity and those persons under subsection 5 of section 261.01 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), each of those qualifying employers may deduct in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister".

(2) Subsection 1 applies in respect of a claim period that begins after 31 December 2012, except in respect of such a claim period for which a pension entity filed with the Minister a valid election under section 402.18 of the Act before (*insert the date of introduction of this bill*).

207. (1) Section 402.19 of the Act is amended

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

"**402.19.** If a pension entity of a pension plan is a qualifying pension entity on the last day of a claim period of the pension entity, the pension entity

makes an election for the claim period jointly with all persons that are, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan and any of those qualifying employers is not engaged exclusively in commercial activities throughout the claim period, and a valid election is made for the claim period by the pension entity and those persons under subsection 6 of section 261.01 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the following rules apply:";

(2) by replacing "pension contributions" in subparagraph *a* of subparagraph 3 of the second paragraph by "employer contributions";

(3) by replacing subparagraphs 1 and 2 of the third paragraph by the following subparagraphs:

"(1) F is the total of all amounts each of which is

(*a*) an employer contribution made by the qualifying employer to the pension plan in the preceding calendar year, or

(*b*) an employee contribution made by an employee of the qualifying employer to the pension plan in the preceding calendar year, if the qualifying employer made employer contributions to the pension plan in the preceding calendar year;

"(2) G is the total of all amounts each of which is

(*a*) if the pension plan is a registered pension plan, an employer contribution made to the pension plan in the preceding calendar year, or

(*b*) if the pension plan is a pooled registered pension plan, an amount contributed to the pension plan in the preceding calendar year;".

(2) Paragraph 1 of subsection 1 applies in respect of a claim period that begins after 31 December 2012, except in respect of such a claim period for which a pension entity filed with the Minister a valid election under section 402.19 of the Act before (*insert the date of introduction of this bill*).

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a claim period of a person that ends after 13 December 2012.

208. (1) Section 402.19.1 of the Act is amended

(1) by replacing "pension contributions" in subparagraph *a* of subparagraph 2 of the second paragraph by "employer contributions";

(2) by replacing subparagraphs 1 and 2 of the third paragraph by the following subparagraphs:

"(1) H is the total of all amounts each of which is

(*a*) an employer contribution made by the qualifying employer to the pension plan in the preceding calendar year, or

(*b*) an employee contribution made by an employee of the qualifying employer to the pension plan in the preceding calendar year, if the qualifying employer made employer contributions to the pension plan in the preceding calendar year;

"(2) I is the total of all amounts each of which is

(*a*) if the pension plan is a registered pension plan, an employer contribution made to the pension plan in the preceding calendar year, or

(*b*) if the pension plan is a pooled registered pension plan, an amount contributed to the pension plan in the preceding calendar year;".

(2) Subsection 1 applies in respect of a claim period that begins after 31 December 2012.

209. (1) Section 402.21 of the Act is amended

(1) by replacing paragraphs 1 and 2 by the following paragraphs:

"(1) be made in the prescribed form containing prescribed information;

"(2) be filed by the pension entity with and as prescribed by the Minister at the same time that its application for the rebate under section 402.14 for the claim period is filed;";

(2) by adding the following paragraphs:

"An election made under section 402.19.1 by a pension entity of a pension plan and the qualifying employers of the pension plan must

(1) be made in the prescribed form containing prescribed information; and

(2) be filed by the pension entity with and as prescribed by the Minister, within two years after the day that is

(*a*) if the pension entity is a registrant, the day on or before which the pension entity is required to file a return under Chapter VIII for the claim period, and

(*b*) in any other case, the last day of the claim period.

Not more than one election under section 402.19.1 may be filed for a claim period."

(2) Paragraph 1 of subsection 1 applies in respect of a claim period that begins after 22 September 2009.

(3) Paragraph 2 of subsection 1 applies in respect of a claim period that begins after 31 December 2012.

210. (1) Section 430.3 of the Act is replaced by the following section:

"**430.3.** An amount is not to be included in the total for B in the formula set out in section 428 for a reporting period of a person to the extent that, before the end of the period, the amount

(1) is included in an adjustment, refund or credit for which a credit note referred to in section 449 has been received by the person or a debit note referred to in that section has been issued by the person; or

(2) was otherwise rebated, refunded or remitted to the person, or was otherwise recovered by the person, under this or any other Act of the Parliament of Québec."

(2) Subsection 1 has effect from 23 April 1996.

211. (1) Section 431.1 of the Act is amended by striking out "or a person related to such a financial institution" in subparagraph 1 of the first paragraph.

(2) Subsection 1 has effect from 1 January 2013.

212. (1) Section 433.6 of the Act is replaced by the following section:

"**433.6.** An amount is not to be included in the total for B in the formula set out in section 433.2 for a reporting period of a charity to the extent that, before the end of the period, the amount

(1) is included in an adjustment, refund or credit for which a credit note referred to in section 449 has been received by the charity or a debit note referred to in that section has been issued by the charity; or

(2) was otherwise rebated, refunded or remitted to the charity, or was otherwise recovered by the charity, under this or any other Act of the Parliament of Québec."

(2) Subsection 1 applies for the purpose of determining the net tax of a charity in respect of a reporting period that begins after 31 December 1996.

213. (1) Section 433.15.1 of the Act, enacted by section 748 of chapter 21 of the statutes of 2015, is amended by replacing the definition of "manager" in the first paragraph by the following definition:

""manager" of an investment plan means, in the case of a pension entity of a registered pension plan, the administrator, within the meaning of subsection 1 of section 147.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in the case of a pension entity of a pooled registered

pension plan, the administrator of the pension plan, and, in any other case, the person that has ultimate responsibility for the management and administration of the assets and liabilities of the investment plan;".

(2) Subsection 1 has effect from 1 January 2013.

214. (1) Section 449 of the Act is amended by replacing paragraph 3 by the following paragraph:

"(3) the amount is to be added in determining the net tax of the other person for the reporting period of the other person in which, as the case may be, the debit note is issued to the particular person or the credit note is received by the other person, to the extent that the amount has been included in determining an input tax refund claimed by the other person in a return filed for a preceding reporting period of the other person; and".

(2) Subsection 1 has effect from 23 April 1996.

215. (1) Section 450.0.4 of the Act is amended by replacing the portion of subparagraph 3 of the first paragraph before the formula by the following:

"(3) except where the pension entity is a selected listed financial institution on the particular day, if any given part of the amount of the deemed tax is an eligible amount of the pension entity for a particular claim period at the end of which the pension entity was a qualifying pension entity, the pension entity shall pay to the Minister, on or before the last day of its claim period that follows its claim period that includes the day on which the tax adjustment note is issued, the amount determined by the formula".

(2) Subsection 1 applies in respect of a claim period that ends after 31 December 2012, except where the tax adjustment note is in respect of both an amount described in paragraph 3 of section 450.0.2 of the Act that became payable, or was paid without having become payable, by a pension entity before 1 January 2013 and an amount described in paragraph 2 of that section 450.0.2 that is deemed to have been paid after 31 December 2012.

216. (1) Section 450.0.7 of the Act is amended by replacing the portion of subparagraph 3 of the first paragraph before the formula by the following:

"(3) except where the pension entity is a selected listed financial institution on the first day on which an amount of deemed tax is deemed to have been paid, for each particular claim period of the pension entity at the end of which the pension entity was a qualifying pension entity and for which any part of an amount of deemed tax in respect of a particular supply is an eligible amount of the pension entity, the pension entity shall pay to the Minister, on or before the last day of its claim period that follows its claim period that includes the day on which the tax adjustment note is issued, the amount determined by the formula".

(2) Subsection 1 applies in respect of a claim period that ends after 31 December 2012, except where the tax adjustment note is in respect of both an amount described in paragraph 3 of section 450.0.5 of the Act that became payable, or was paid without having become payable, by a pension entity before 1 January 2013 and an amount described in paragraph 2 of that section 450.0.5 that is deemed to have been paid after 31 December 2012.

217. (1) Section 458.8 of the Act is amended by replacing the second paragraph by the following paragraph:

"Despite any other provision of this division, where, throughout a person's particular reporting period that begins before 1 January 2013 and that, but for this paragraph, would end after 31 December 2012, the person would have been a selected listed financial institution or is a selected listed financial institution for the purposes of Part IX of the Excise Tax Act, the particular reporting period is deemed to end on 31 December 2012."

(2) Subsection 1 has effect from 1 January 2013.

FUEL TAX ACT

218. Section 50.0.5 of the Fuel Tax Act (chapter T-1) is amended by replacing the portion before the fourth paragraph by the following:

"**50.0.5.** A carrier whose base jurisdiction is Québec shall file a return with the Minister in respect of the fuel used in and outside Québec during a particular quarter in the propulsion of a prescribed motor vehicle.

The return is to be filed with and as determined by the Minister, not later than the last day of the month following each of the quarters ending on 31 March, 30 June, 30 September and 31 December in a year. It must be in the prescribed form containing prescribed information.

A return is to be filed even if no tax is payable or no fuel was used by the carrier in or outside Québec."

ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 24 MAY 2007, TO THE 1 JUNE 2007 MINISTERIAL STATEMENT CONCERNING THE GOVERNMENT'S 2007—2008 BUDGETARY POLICY AND TO CERTAIN OTHER BUDGET STATEMENTS

219. Section 398 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government's 2007—2008 Budgetary Policy and to certain other budget statements (2009, chapter 5) is amended by replacing "27 February 2004" in subsection 2 by "17 March 2009".

220. Section 399 of the Act is amended by replacing "27 February 2004" in subsection 2 by "17 March 2009".

221. Section 400 of the Act is amended by replacing "27 February 2004" in subsection 3 by "17 March 2009".

ACT TO AMEND THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

222. Section 162 of the Act to amend the Act respecting the Québec sales tax and other legislative provisions (2012, chapter 28) is amended by inserting "or claim period" after "reporting period" in the portion of subsection 2 before subparagraph 5 of the second paragraph of section 450.0.4 of the Act respecting the Québec sales tax (chapter T-0.1), enacted by that subsection 2.

223. Section 164 of the Act is amended by inserting "or claim period" after "reporting period" in the portion of subsection 2 before subparagraph 5 of the second paragraph of section 450.0.7 of the Act respecting the Québec sales tax, enacted by that subsection 2.

ACT TO GIVE EFFECT TO THE BUDGET SPEECH DELIVERED ON 4 JUNE 2014 AND TO VARIOUS OTHER FISCAL MEASURES

224. Section 360 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 adding the following subsections after subsection 3:

"(4) In addition, where section 1012.2 of the Act applies to a taxation year that begins after 30 November 1999 and ends before 20 August 2011, the second paragraph of that section 1012.2 is to be read as follows:

"The reduction to which the first paragraph refers is the reduction in the foreign accrual property income of a foreign affiliate of the taxpayer for a taxation year (in this paragraph referred to as the "claim year") of the foreign affiliate that ends in the particular taxation year, if the reduction is

(*a*) attributable to the amount of the foreign accrual property loss (within the meaning assigned by subsection 3 of section 5903 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)) of the foreign affiliate for a taxation year of the foreign affiliate that ends in a subsequent taxation year of the taxpayer; and

(*b*) included in the value of F of the formula in the definition of "foreign accrual property income" in subsection 1 of section 95 of the Income Tax Act in relation to the foreign affiliate for the claim year."

"(5) Despite sections 1010 to 1011 of the Act, where a taxpayer has made a valid election under paragraph *b* of section 53 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in relation to section 34 of that Act, the Minister of Revenue shall, under Part I of the Taxation Act, make any assessments of the taxpayer's tax, interest and penalties as are

necessary for any taxation year to give effect to subsection 4. Sections 93.1.8 and 93.1.12 of the Tax Administration Act apply to such assessments, with the necessary modifications.

"(6) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election referred to in subsection 5. For the purposes of section 21.4.7 of the Act in respect of 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 of the 180th day after the date of assent to this Act*)."

225. Section 756 of the Act is amended by adding the following subsection after subsection 2:

"(3) However, where section 433.22 of the Act applies in relation to a particular reporting period of the manager that includes 1 January 2013 but began before that date, that section 433.22 is to be read as if subparagraph *a* of subparagraph 3 of the third paragraph were replaced by the following subparagraph:

"(*a*) the beginning of the investment plan's particular reporting period coincided with the latest of

i. the beginning of the manager's particular reporting period,

ii. the day in the manager's particular reporting period on which an election referred to in the first or second paragraph, as the case may be, between the investment plan and the manager becomes effective, and

iii. 1 January 2013,"."

TRANSITIONAL AND FINAL PROVISIONS

226. The second paragraph applies to a taxpayer for each taxation year that ends in the period that begins on 1 January 2001 and ends on 4 March 2010 (in this section referred to as the "relevant period"), if the taxpayer has complied with the requirements of paragraph *b* of subsection 5 of section 8 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in respect of participating interests held by the taxpayer during the relevant period.

Where this paragraph applies in respect of a taxpayer for a taxation year, the following rules apply:

(1) the taxpayer's reported inclusion and any taxable capital gains for the taxation year in respect of a participating interest referred to in the first paragraph are deemed to be the amount required to be included under the Taxation Act (chapter I-3) in computing the taxpayer's income for that taxation year in respect of that participating interest; and

(2) the taxpayer's reported deduction and any allowable capital loss for the taxation year in respect of a participating interest referred to in the first paragraph are deemed to be the amount deductible under the Taxation Act in computing the taxpayer's income, or the allowable capital loss, as the case may be, for that taxation year in respect of that participating interest.

The taxpayer may deduct, in computing income for the purposes of Part I of the Taxation Act, for the first taxation year that ends after the relevant period, an amount that does not exceed the amount determined under subsection 7 of section 8 of the Technical Tax Amendments Act, 2012.

The taxpayer is required to deduct, at any time after the beginning of the first taxation year that ends after the relevant period, in computing the adjusted cost base, for the purposes of Part I of the Taxation Act, a participating interest referred to in the first paragraph, an amount equal to the amount the taxpayer is required to deduct in that computation, for the purposes of Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in respect of the participating interest, under subsection 9 of section 8 of the Technical Tax Amendments Act, 2012.

Despite sections 1010 to 1011 of the Taxation Act, the Minister of Revenue shall, under Part I of that Act, make any assessments of a taxpayer's tax, interest and penalties payable under this Part, in respect of each of the taxpayer's participating interests for each of the taxpayer's taxation years that ends in the relevant period if

(1) the second paragraph does not apply in respect of the taxpayer;

(2) the taxpayer has a reported inclusion or a reported deduction in respect of those participating interests for one or more of those taxation years;

(3) the taxpayer has complied with the requirements of paragraph *c* of subsection 10 of section 8 of the Technical Tax Amendments Act, 2012; and

(4) the taxpayer files with the Minister of Revenue, on or before (*insert the date of the 180th day after the date of assent to this Act*), an amended fiscal return for each of the taxation years referred to in subparagraph 2.

Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to assessments referred to in the fifth paragraph, with the necessary modifications.

Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies, with the necessary modifications, in relation to an election referred to in the first paragraph and subparagraph 3 of the fifth paragraph. In addition, for the purposes of section 21.4.7 of that Act in respect of that election, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of that Act if the taxpayer complies with it on or before (*insert the date of the 180th day after the date of assent to this Act*).

For the purposes of this section,

(1) "participating interest" has the meaning assigned by sections 94.1 to 94.4 of the Income Tax Act contained in section 18 of Bill C-10 of the second session of the 39th Parliament as passed by the House of Commons on 29 October 2007; and

(2) a reported inclusion or a reported deduction, in respect of a participating interest held in a taxation year of a taxpayer that ends in the relevant period means an amount included or deducted, as the case may be, by the taxpayer in computing income for the year, in respect of the participating interest, as shown in the taxpayer's fiscal return for the year filed under the Taxation Act pursuant to the Minister of Finance's fiscal policy providing for the harmonization of that latter Act with those sections 94.1 to 94.4.

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