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# NATIONAL ASSEMBLY

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FIRST SESSION

FORTY-FIRST LEGISLATURE

Bill 175

**An Act to amend the Taxation Act, the  
Act respecting the Québec sales tax and  
other legislative provisions**

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**Introduction**

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

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## **EXPLANATORY NOTES**

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

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

*(1) new \$100 supplement for the purchase of school supplies as part of the tax credit for child assistance;*

*(2) enhancement of the refundable tax credit granting a work premium;*

*(3) automatic payment of certain tax assistance to individuals;*

*(4) introduction of a temporary refundable tax credit for the restoration of a secondary residence damaged by flooding that occurred in Québec municipalities from 5 April to 16 May 2017;*

*(5) increase of the deduction for stock options of publicly traded large businesses;*

*(6) deferral of the payment of tax on certain deemed dispositions of interests in a public corporation;*

*(7) temporary enhancement of the tax credit for holders of a taxi driver's permit and possibility for members of a partnership to claim the tax credit for holders of a taxi owner's permit;*

*(8) introduction of an additional deduction for depreciation in respect of certain investments;*

*(9) enhancement of the tax credit for Québec film productions and of the film production services tax credit; and*

*(10) measures announced in the tax fairness action plan.*

*The Taxation Act, the Act respecting the sectoral parameters of certain fiscal measures and the Act respecting the Régie de l'assurance maladie du Québec are amended to make amendments that deal, among other things, with*

*(1) enhancement of the tax holidays for the carrying out of large investment projects; and*

*(2) enhancement and renewal of the refundable tax credits aimed at encouraging the creation of new financial services corporations.*

*The Mining Tax Act is amended to introduce an allowance for community consultations.*

*The Act respecting the Québec sales tax is amended to make amendments that deal, among other things, with*

*(1) application of the tax on lodging with respect to businesses operating a digital platform offering accommodation units; and*

*(2) phasing out of restrictions on the granting of input tax refunds to large businesses.*

*In addition, the Taxation Act and the Act respecting the Québec sales tax are amended to make amendments similar to those made to the Income Tax Act and the Excise Tax Act by federal bills assented to mainly in 2016 and 2017. The bill gives effect to harmonization measures announced in various Information Bulletins published mainly in 2015, 2016 and 2017. More specifically, the amendments deal with*

*(1) addition of specialized nurse practitioners to the list of professionals authorized to issue certifications or prescribe certain treatments for persons with disabilities;*

*(2) eligibility for the tuition tax credit in the case of tuition fees paid for occupational skills courses;*

*(3) elimination of the home relocation loans deduction;*

*(4) elimination of the tax exemption based on gross premium income earned by insurers of farming or fishing property;*

*(5) taxation of switch fund shares;*

*(6) tax treatment of emissions trading regimes;*

- (7) synthetic equity arrangements;*
  - (8) relaxation of rules relating to donations to charities;*
  - (9) zero-rated status for the supply of a service of rendering technical or customer support by means of telecommunications; and*
  - (10) zero-rated status of naloxone for the treatment of opioid overdose.*
- Lastly, the bill makes various technical amendments as well as consequential and terminology-related amendments.*

**LEGISLATION AMENDED BY THIS BILL:**

- Tax Administration Act (chapter A-6.002);
- Act respecting international financial centres (chapter C-8.3);
- Mining Tax Act (chapter I-0.4);
- Tobacco Tax Act (chapter I-2);
- Taxation Act (chapter I-3);
- Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);
- Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);
- 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 to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act giving effect to the economic statement delivered on 14 January 2009, to the Budget Speech delivered on 19 March 2009 and to certain other budget statements (2010, chapter 5);

- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2011, chapter 6);
- 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);
- Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 26 March 2015 (2015, chapter 36);
- Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 (2017, chapter 1).



## Bill 175

### AN ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### TAX ADMINISTRATION ACT

**1.** (1) Section 69.0.0.1 of the Tax Administration Act (chapter A-6.002) is amended by adding the following paragraph at the end:

“In the case of a person referred to in section 541.31.1 of the Act respecting the Québec sales tax (chapter T-0.1), the date on which the cancellation of the person’s registration is scheduled to become effective is public information as well.”

(2) Subsection 1 has effect from 29 August 2017.

**2.** Section 93.33 of the Act is amended by replacing “a final judgment (*res judicata*)” in the first paragraph by “*res judicata*”.

**3.** (1) Section 94.0.3.2 of the Act is amended by striking out “, other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income by reason of section 999.0.1 of that Act,” in the fourth paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**4.** (1) Section 94.0.3.3 of the Act is amended by striking out “, other than an insurer described in paragraph *k* of section 998 of that Act that is not so exempt from tax on the totality of its taxable income by reason of section 999.0.1 of that Act” in the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

## ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**5.** (1) Section 4 of the Act respecting international financial centres (chapter C-8.3) is amended by replacing paragraph 1 of the definition of “excluded corporation” by the following paragraph:

“(1) a corporation that is exempt from tax for a taxation year under Book VIII of Part I of the Taxation Act; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

## MINING TAX ACT

**6.** (1) Section 4.8 of the Mining Tax Act (chapter I-0.4) is amended by replacing subparagraph *a* of paragraph 2 by the following subparagraph:

“(a) relates to the undepreciated capital cost of the operator’s property of a class within the meaning of section 9, the operator’s cumulative exploration, mineral deposit evaluation and mine development expenses within the meaning of section 16.1, the operator’s cumulative exploration expenses in respect of expenses incurred after 30 March 2010 within the meaning of section 16.9, the operator’s cumulative pre-production development expenses in respect of expenses incurred after 30 March 2010 within the meaning of section 16.11, the operator’s cumulative post-production development expenses in respect of a mine within the meaning of section 16.13, the cumulative community consultation expenses in respect of expenses incurred after 28 March 2017 within the meaning of section 16.13.2, the operator’s cumulative exploration expenses in respect of expenses incurred before 31 March 2010 within the meaning of section 19.2, and the cumulative expenses relating to a Northern mine within the meaning of section 26.2 (each of which is in this paragraph referred to as a “pool amount”), and”.

(2) Subsection 1 has effect from 29 March 2017.

**7.** (1) Section 8 of the Act is amended, in the second paragraph,

(1) by replacing “section 16.9 or 16.11” in subparagraph *b* of subparagraph 1 by “any of sections 16.9, 16.11 and 16.13.2”;

(2) by adding the following subparagraph at the end of subparagraph 2:

“(h) subject to section 16.13.1, the amount deducted by the operator, for the fiscal year, as an allowance for community consultations in respect of expenses incurred after 28 March 2017.”

(2) Subsection 1 has effect from 29 March 2017.



**8.** (1) Section 8.0.2 of the Act is replaced by the following section:

**“8.0.2.** An amount referred to in subparagraph *a* or *e* of subparagraph 2 of the second paragraph of section 8 or in subparagraph *a* of subparagraph 2 of the fourth paragraph of that section does not include an amount taken into account in computing an allowance referred to in subparagraphs *c*, *d*, *f*, *g* and *h* of subparagraph 2 of the second paragraph of that section or in subparagraphs *b* and *c* of subparagraph 2 of the fourth paragraph of that section.”

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

**9.** (1) The heading of Division III.1 of Chapter III of the Act is replaced by the following heading:

“ALLOWANCES FOR EXPLORATION, DEVELOPMENT AND  
COMMUNITY CONSULTATIONS”.

(2) Subsection 1 has effect from 29 March 2017.

**10.** (1) Section 16.8 of the Act is amended by replacing subparagraph *b* of paragraph 2 by the following subparagraph:

“(b) begins after 30 March 2010 but ends before 29 March 2017, 10% of its annual profit for the fiscal year, determined without reference to subparagraphs *d* to *h* of subparagraph 2 of the second paragraph of section 8.”

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017.

**11.** (1) The Act is amended by inserting the following after section 16.13:

“§3.1. — *Allowance for community consultations*

**“16.13.1.** The amount that an operator may deduct, as an allowance for community consultations in respect of expenses incurred after 28 March 2017, under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, in computing its annual profit for a fiscal year that ends after 28 March 2017, must not exceed its cumulative community consultation expenses at the end of the fiscal year.

**“16.13.2.** The cumulative community consultation expenses of an operator in respect of expenses incurred after 28 March 2017, at any time (in this section referred to as “that time”), are the amount determined by the formula

$A - B$ .

In the formula in the first paragraph,

(1) *A* is the aggregate of

(a) subject to sections 16.14 and 16.15, 50% of the aggregate of all amounts each of which is expenses incurred by the operator after 28 March 2017 and before that time to consult the communities concerned by a mining operation project, including those incurred before the exploration stage, but not including

i. expenses for environmental studies or community consultations referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9,

ii. an expense that may reasonably be considered to be attributable to a mine which has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine, or

iii. an amount paid under an impact and benefit agreement or to enter into such an agreement, and

(b) 50% of the aggregate of all amounts each of which is an amount repaid by the operator before that time pursuant to a legal obligation to repay, in whole or in part, government assistance relating to an amount referred to in subparagraph *a*; and

(2) B is the aggregate of

(a) the aggregate of all amounts each of which is an amount deducted by the operator in computing its annual profit for a fiscal year that ends after 28 March 2017 and before that time, as an allowance for community consultations in respect of expenses incurred after 28 March 2017, under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, and

(b) 50% of the aggregate of all amounts each of which is an amount of government assistance relating to an amount referred to in subparagraph *a* of subparagraph 1, that the operator received or was entitled to receive before that time.”

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

**12.** (1) Section 16.14 of the Act is replaced by the following section:

**“16.14.** An operator may include expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13 and 16.13.2 in computing its cumulative exploration expenses, cumulative pre-production development expenses, cumulative post-production development expenses or cumulative community consultation expenses, as the case may be, for a fiscal year only if the operator reports them to the Minister on or before the date on or before which it is required to file a return, in accordance with section 36, for the fiscal year following the one in which the expenses were incurred.”

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

**13.** (1) Section 16.15 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**16.15.** An amount referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13 and 16.13.2 does not include an amount that is”.

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

**14.** (1) Section 32 of the Act is amended

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

“(4) if the operator is an eligible operator, the amount obtained by multiplying, for a fiscal year that begins after 30 March 2010 but before 1 January 2014, its tax rate for that fiscal year and, for a fiscal year that begins after 31 December 2013 but ends before 29 March 2017, 16% by the lesser of”;

(2) by replacing the portion of subparagraph 5 of the first paragraph before subparagraph *a* by the following:

“(5) if the operator is not an eligible operator, the amount obtained by multiplying, for a fiscal year that begins after 30 March 2010 but before 1 January 2014, its tax rate for that fiscal year and, for a fiscal year that begins after 31 December 2013 but ends before 29 March 2017, 16% by the lesser of”;

(3) by adding the following subparagraphs at the end of the first paragraph:

“(6) for a fiscal year that ends after 28 March 2017, if the operator is an eligible operator, the amount obtained by multiplying 16% by the lesser of

(*a*) its adjusted annual loss for the fiscal year, and

(*b*) the aggregate of

i. 50% of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *d* of subparagraph 2 of the second paragraph of section 8,

ii. the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.11 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *f* of subparagraph 2 of the second paragraph of section 8, and

iii. the aggregate of all amounts each of which is expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.2 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *h* of subparagraph 2 of the second paragraph of section 8; and

“(7) for a fiscal year that ends after 28 March 2017, if the operator is not an eligible operator, the amount obtained by multiplying 16% by the lesser of

(*a*) its adjusted annual loss for the fiscal year, and

(*b*) the aggregate of

i. the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.11 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *f* of subparagraph 2 of the second paragraph of section 8, and

ii. the aggregate of all amounts each of which is expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.2 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *h* of subparagraph 2 of the second paragraph of section 8.”;

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

“For the purpose of determining the amount of the expenses referred to in subparagraphs i and ii of subparagraph *b* of subparagraph 1 of the first paragraph, of the expenses referred to in subparagraphs i to iii of subparagraph *b* of subparagraph 2 of that paragraph, of the expenses referred to in subparagraphs i and ii of subparagraph *b* of subparagraphs 3 and 4 of that paragraph, of the expenses referred to in subparagraph *b* of subparagraph 5 of that paragraph, of the expenses referred to in subparagraphs i to iii of subparagraph *b* of subparagraph 6 of that paragraph and of the expenses referred to in subparagraphs i and ii of subparagraph *b* of subparagraph 7 of that paragraph that were incurred by an operator for a fiscal year, the following rules apply.”.

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

**15.** (1) Section 32.0.1 of the Act is amended by replacing the portion before paragraph 1 by the following:

**“32.0.1.** For the purposes of subparagraph *a* of subparagraphs 1 to 7 of the first paragraph of section 32, the adjusted annual loss of an operator for a fiscal year is equal to the amount by which the annual loss sustained by the operator for the fiscal year exceeds the lesser of”.

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

**16.** (1) Section 35.3 of the Act is amended by adding the following paragraph at the end:

“(14) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.2, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, is deemed to be an amount so incurred by the new legal person or an amount so allowed the new legal person as a deduction.”

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

#### TOBACCO TAX ACT

**17.** Section 6.1 of the Tobacco Tax Act (chapter I-2) is amended by replacing paragraph *h* by the following paragraph:

“(h) fulfil such other conditions and furnish such other documents as may be required by law, by regulation or by the Minister, in accordance with the terms and conditions determined by law, by regulation or by the Minister; and”.

#### TAXATION ACT

**18.** (1) Section 1 of the Taxation Act (chapter I-3), amended by section 15 of chapter 29 of the statutes of 2017, is again amended

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

““dividend rental arrangement share” of a person or partnership means a share

(a) that is owned by the person or partnership;

(b) in respect of which the person or partnership is deemed to have received a dividend under section 21.32 and is provided with all or substantially all of the risk of loss and opportunity for gain or profit under an arrangement;

(c) that is held by a trust under which the person or partnership is a beneficiary and in respect of which the person or partnership is deemed to have received a dividend as a result of a designation by the trust under section 666;

(d) in respect of which the person or partnership is deemed to have received a dividend under section 498; or

(e) in any other case, in respect of which the person or partnership is (or would be in the absence of section 740.4.1) entitled to a deduction under section 738 in relation to dividends received on the share;”;

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

““specified synthetic equity arrangement” in respect of a dividend rental arrangement share of a person or partnership means one or more arrangements that

(a) have the effect of providing to a person or partnership all or any portion of the risk of loss or opportunity for gain or profit in respect of the dividend rental arrangement share and, to that end, opportunity for gain or profit includes rights to, benefits from and distributions on a share; and

(b) can reasonably be considered to have been entered into in connection with a synthetic equity arrangement, in respect of the dividend rental arrangement share, or in connection with another specified synthetic equity arrangement, in respect of the dividend rental arrangement share;

““synthetic equity arrangement” in respect of a dividend rental arrangement share of a person or partnership (in this definition referred to as the “particular person”) means one or more arrangements that

(a) meet the following conditions:

i. they are entered into by the particular person, by a person or partnership that does not deal at arm’s length with, or is affiliated with, the particular person (in this definition referred to as a “connected person”) or by any combination of the particular person and connected persons, with one or more persons or partnerships (in this definition referred to as a “counterparty” and in section 740.4.3 referred to as a “counterparty” or an “affiliated counterparty”, as the case may be),

ii. they have the effect, or would have the effect, if each arrangement entered into by a connected person were entered into by the particular person, of providing all or substantially all of the risk of loss and opportunity for gain or profit in respect of the dividend rental arrangement share to a counterparty or a group of counterparties each member of which is affiliated with every other member and, to that end, opportunity for gain or profit includes rights to, benefits from and distributions on a share, and

iii. if entered into by a connected person, they can reasonably be considered to have been entered into with the knowledge, or where there ought to have been the knowledge, that the effect described in subparagraph ii would result; and

(b) are not

i. an agreement that is traded on a recognized derivatives exchange unless it can reasonably be considered that, at the time the agreement is entered into,

(1) the particular person or the connected person, as the case may be, knows or ought to have known that the agreement is part of a series of transactions that has the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit in respect of the dividend rental arrangement share to a tax-indifferent investor, or a group of tax-indifferent investors each member of which is affiliated with every other member, or

(2) one of the main reasons for entering into the agreement is to obtain the benefit of a deduction in respect of a payment, or a reduction of an amount that would otherwise have been included in computing income, under the agreement, that corresponds to an expected or actual dividend in respect of a dividend rental arrangement share,

ii. one or more arrangements that, but for this subparagraph, would be a synthetic equity arrangement, in respect of a share owned by the particular person (in this subparagraph referred to as the “synthetic short position”), if

(1) the particular person has entered into one or more arrangements (in this subparagraph referred to as the “synthetic long position”) that have the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit in respect of the share to the particular person, other than an arrangement under which the share is acquired or an arrangement under which the particular person receives a deemed dividend and is provided with all or substantially all of the risk of loss and opportunity for gain or profit in respect of the share,

(2) the synthetic short position has the effect of offsetting all amounts included or deducted in computing the income of the particular person with respect to the synthetic long position, and

(3) the synthetic short position was entered into for the purpose of obtaining the effect referred to in subparagraph 2, and

iii. an agreement to purchase the shares of a corporation, or a purchase agreement that is part of a series of agreements to purchase the shares of a corporation, under which a counterparty or a group of counterparties each member of which is affiliated with every other member acquires control of the corporation that has issued the shares being purchased, unless the main reason for incorporating, establishing or operating the corporation is to have this subparagraph apply;”;

(3) by replacing the definition of “dividend rental arrangement” by the following definition:

““dividend rental arrangement” of a person or a partnership (in this definition referred to as the “person”) means

(a) any arrangement entered into by the person where it can reasonably be considered that

i. the main reason for the person entering into the arrangement is to enable the person to receive a dividend on a share of the capital stock of a corporation, other than a dividend on a prescribed share or on a share described in section 21.6.1 or an amount deemed, by reason of the first paragraph of section 119, to be received as a dividend on a share of the capital stock of a corporation, and

ii. under the arrangement another person or partnership bears the risk of loss or enjoys the opportunity for gain or profit with respect to the share in any material respect;

(b) any arrangement under which

i. a corporation at any time receives on a particular share a taxable dividend that would, but for section 740.4.1, be deductible in computing its taxable income for the taxation year that includes that time, and

ii. the corporation or a partnership of which the corporation is a member is obligated to pay to another person or partnership an amount as compensation for each of the following dividends that, if paid, would be deemed under section 21.32 to have been received by that other person or partnership, as the case may be, as a taxable dividend:

(1) the dividend described in subparagraph i,

(2) a dividend on a share that is identical to the particular share, or

(3) a dividend on a share that, during the term of the arrangement, can reasonably be expected to provide to a holder of the share the same or substantially the same proportionate risk of loss or opportunity for gain or profit as the particular share;

(c) any synthetic equity arrangement in respect of a dividend rental arrangement share of the person; or

(d) one or more arrangements (other than arrangements described in paragraph c) entered into by the person, the connected person referred to in paragraph a of the definition of “synthetic equity arrangement” or by any combination of the person and connected persons, if

i. the arrangements have the effect, or would have the effect if each arrangement entered into by a connected person were entered into by the person, of eliminating all or substantially all of the risk of loss and opportunity for gain or profit in respect of a dividend rental arrangement share of the person,



ii. as part of a series of transactions that includes these arrangements, a tax-indifferent investor, or a group of tax-indifferent investors each member of which is affiliated with every other member, obtains all or substantially all of the risk of loss and opportunity for gain or profit in respect of the dividend rental arrangement share or an identical share, within the meaning of section 745.3, and

iii. it is reasonable to conclude that one of the purposes of the series of transactions is to obtain the result described in subparagraph ii;”;

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

““recognized derivatives exchange” means a person or partnership recognized or registered under the securities laws of a province to carry on the business of providing the facilities necessary for the trading of options, swaps, futures contracts or other financial contracts or instruments whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest;”;

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

““synthetic equity arrangement chain” in respect of a share owned by a person or partnership means a synthetic equity arrangement — or a synthetic equity arrangement in combination with one or more specified synthetic equity arrangements — where

(a) no party to the synthetic equity arrangement or a specified synthetic equity arrangement, if any, is a tax-indifferent investor; and

(b) each other party to these arrangements is affiliated with the person or partnership;”;

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

““emission allowance” means an allowance, credit or similar instrument that represents a unit of emission that can be used to satisfy a requirement under the laws of Québec, Canada or another province governing emissions of regulated substances, such as greenhouse gas emissions;”;

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

““specified mutual fund trust”, at any time, means a mutual fund trust other than a mutual fund trust in respect of which it can reasonably be considered, having regard to all the circumstances, including the terms and conditions of the units of the trust, that the aggregate of all amounts each of which is the fair market value, at that time, of a unit issued by the trust and held by a person exempt from tax under sections 980 to 999.1 is all or substantially all of the aggregate of all amounts each of which is the fair market value, at that time, of a unit issued by the trust;”;

(8) by replacing the definition of “inventory” by the following definition:

““inventory” means a description of property the cost or value of which is relevant in computing a taxpayer’s income from a business for a taxation year or would have been so relevant if the income from the business had not been computed in accordance with the cash method and includes

(a) with respect to a farming business, all of the livestock held in the course of carrying on the business; and

(b) an emission allowance;”;

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

““tax-indifferent investor”, at any time, means a person or partnership that is at that time

(a) a person exempt from tax under sections 980 to 999.1;

(b) a person not resident in Canada, other than a person to which all amounts paid or credited under a synthetic equity arrangement or a specified synthetic equity arrangement may reasonably be attributed to the business carried on by the person in Canada through an establishment;

(c) a trust resident in Canada (other than a specified mutual fund trust) if any of the interests as a beneficiary under the trust is not a fixed interest, within the meaning of section 21.0.5, in the trust (in this definition referred to as a “discretionary trust”);

(d) a partnership if more than 10% of the fair market value of all interests in which can reasonably be considered to be held, directly or indirectly through one or more trusts or partnerships, by any combination of persons described in any of paragraphs *a* to *c*; or

(e) a trust resident in Canada (other than a specified mutual fund trust or a discretionary trust) if more than 10% of the fair market value of all interests as beneficiaries under the trust can reasonably be considered to be held, directly or indirectly through one or more trusts or partnerships, by any combination of persons described in paragraph *a* or *c*;”;

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

““emission obligation” means an obligation to surrender an emission allowance, or an obligation that can otherwise be satisfied through the use of an emission allowance, under a law of Québec, Canada or another province governing emissions of regulated substances;”;

(11) by replacing the definition of “tax-free savings account” by the following definition:

““tax-free savings account” at any time means an arrangement accepted as such at that time by the Minister of National Revenue for the purposes of the Income Tax Act, in accordance with subsection 5 of section 146.2 of that Act;”.

(2) Paragraphs 1, 2, 4, 5, 7 and 9 of subsection 1 have effect from 22 April 2015.

(3) Paragraph 3 of subsection 1 applies in respect of a dividend on a share that is paid or becomes payable

(1) after 30 April 2017; or

(2) at a particular time after 31 October 2015 and before 1 May 2017 if

(a) there is a synthetic equity arrangement, or one or more arrangements described in paragraph *d* of the definition of “dividend rental arrangement” in section 1 of the Act, enacted by subsection 1, in respect of the share at the particular time; and

(b) after 21 April 2015 and before the particular time, all or any part of the synthetic equity arrangement or the arrangements referred to in subparagraph *a*—including an option, swap, futures contract, forward contract or other financial or commodity contract or instrument— that contributes or could contribute to the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit, in respect of the share, to one or more persons or partnerships is entered into, acquired, extended or renewed after 21 April 2015, or exercised or acquired after 21 April 2015 in the case of a right to increase the notional amount under an agreement that is or is part of the synthetic equity arrangement.

(4) Paragraphs 6, 8 and 10 of subsection 1 apply in respect of an emission allowance acquired in a taxation year that begins after 31 December 2016. In addition, if a taxpayer makes the election under subsection 2 of section (*insert the number of the section in this Act that enacts Division II.1 of Chapter V of Title III of Book III of Part I of the Taxation Act*), paragraphs 6 and 10 of subsection 1 apply in respect of an emission allowance acquired in a taxation year that ends after 31 December 2012 and begins before 1 January 2017.

**19.** Section 7.10.1 of the Act is amended by replacing “TFSA” in subparagraph *d* of the first paragraph by “tax-free savings account”.

**20.** (1) Section 7.18.1 of the Act is replaced by the following section:

**“7.18.1.** For the purposes of the definition of “investment fund” in section 21.0.5, subparagraph ii of paragraph *b* of section 649, paragraph *c* of section 898.1.1, sections 905.0.11, 935.22 and 965.0.21, subparagraphs i to iv of paragraph *c.2* of section 998, paragraph *b* of sections 1117 and 1120 and any regulations made under paragraphs *c.3* and *c.4* of section 998 and under section 1108, where a trust or corporation holds an interest as a member of a partnership and, 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, the member shall not, solely because of its acquisition and holding of that interest, be considered to carry on any business or other activity of the partnership.”

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

**21.** (1) The Act is amended by inserting the following section after section 21.4.3:

**“21.4.3.1.** Section 21.4.3 does not apply in respect of a dividend to the extent that the dividend would be described in subparagraph ii of paragraph *j* of section 257 if the corporation not resident in Canada were not a foreign affiliate of the recipient of the dividend.”

(2) Subsection 1 applies in respect of a dividend paid after 19 August 2011.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a 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.

**22.** (1) Section 21.4.19 of the Act is amended

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

“(e) section 262 is, in respect of the taxpayer and the particular taxation year, and with the necessary modifications, to be read as if “one or more foreign currencies relative to Canadian currency” in the portion before paragraph *a* were replaced by “one or more currencies (other than the taxpayer’s elected functional currency) relative to the taxpayer’s elected functional currency” and as if “Canadian currency” in paragraphs *a* and *b* were replaced by “the taxpayer’s elected functional currency”;;

(2) by inserting the following subparagraph after subparagraph *v* of paragraph *f*:

“v.1. sections 591 to 591.3.”.

(2) Paragraph 1 of subsection 1 applies in respect of a gain made or a loss sustained in a taxation year that begins after 19 August 2011.

(3) Paragraph 2 of subsection 1 applies in respect of a taxation year that begins after 13 December 2007.

(4) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 to 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.

**23.** (1) Section 21.4.20 of the Act is amended by replacing subparagraph iii of paragraph *a* by the following subparagraph:

“iii. begins on or after the first day of the particular taxpayer's first functional currency year;”.

(2) Subsection 1 applies to a taxation year that begins after 12 July 2013.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a 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.

**24.** (1) Section 21.10.2 of the Act is replaced by the following section:

“**21.10.2.** Section 21.10 does not apply in respect of a dividend described in that section

(*a*) if the share on which the dividend is paid was not acquired by the specified financial institution in the ordinary course of the business it carried on; or

(*b*) to the extent that the dividend would be described in subparagraph ii of paragraph *j* of section 257 if the corporation not resident in Canada were not a foreign affiliate of the specified financial institution.”

(2) Subsection 1 applies in respect of a dividend paid after 19 August 2011.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a 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.

**25.** (1) Section 21.21 of the Act is replaced by the following section:

**“21.21.** Subject to the second paragraph of section 771.2.1.3, two corporations that are associated, or deemed by this section to be associated, with the same corporation at any time and that, but for this section, would not be associated with each other at that time, are deemed, for the purposes of this Part, to be associated with each other at that time.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

**26.** Section 21.43 of the Act is amended by replacing subparagraph ii of subparagraph *a* of the second paragraph in the French text by the following subparagraph:

“ii. soit était l’enfant, le petit-fils ou la petite-fille du particulier et était à sa charge en raison d’une infirmité mentale;”.

**27.** (1) Section 43.4 of the Act is replaced by the following section:

**“43.4.** An individual shall, in computing income for a taxation year from an office or employment, include the total of all amounts received by the individual in the year as an earnings loss benefit, a supplementary retirement benefit or a career impact allowance payable to the individual under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21).”

(2) Subsection 1 has effect from 1 April 2017. However, where section 43.4 of the Act applies before 1 April 2018, it is to be read as if “Veterans Well-being Act” were replaced by “Canadian Forces Members and Veterans Re-establishment and Compensation Act”.

**28.** (1) The Act is amended by inserting the following section after section 83.0.6:

**“83.0.7.** For the purposes of sections 83 to 85.6, property of a taxpayer that is a swap agreement, a forward purchase or sale agreement, a forward rate agreement, a futures agreement, an option agreement, or any similar agreement is deemed not to be property described in an inventory of the taxpayer.”

(2) Subsection 1 applies in respect of an agreement entered into after 21 March 2016.

**29.** (1) Section 93 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the amount of the total depreciation allowed to the taxpayer for property of that class before that time, including, if the taxpayer is an insurer, depreciation deemed to have been allowed before that time under section 101.1 or 101.2 as they applied to the taxpayer’s last taxation year that began before 1 November 2011;”.

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

**30.** (1) Sections 101.1 and 101.2 of the Act are repealed.

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

**31.** (1) The Act is amended by inserting the following section after section 133.7:

**“133.8.** A taxpayer shall not deduct, in computing the taxpayer’s income from a business or property for a taxation year, an amount that corresponds to a reduction in the year in the value of a property if

(a) the method used by the taxpayer to value the property at the end of the year for the purpose of computing the taxpayer’s profit from a business or property consists in valuing the property at the cost at which the taxpayer acquired it or its fair market value at the end of the year, whichever is lower;

(b) the property is described in section 83.0.7; and

(c) the property is not disposed of by the taxpayer in the year.”

(2) Subsection 1 applies in respect of an agreement entered into after 21 March 2016.

**32.** (1) The Act is amended by inserting the following after section 156.7.3:

#### **“DIVISION VIII.2.3**

#### **“ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN INVESTMENTS**

**“156.7.4.** A taxpayer may deduct, in computing the taxpayer’s income from a business for a taxation year, an amount equal to the amount determined, in respect of prescribed depreciable property acquired after 28 March 2017 and before 1 April 2020, by the formula

$$A \times B/C.$$

In the formula in the first paragraph,

(a) A is an amount equal to the product obtained by multiplying the amount deducted by the taxpayer in computing the taxpayer’s income for the year under paragraph a of section 130 in respect of the prescribed class that includes the property by

i. 35% where the property is acquired before 28 March 2018, or

ii. 60% where the property is acquired after 27 March 2018;

(b) B is

i. where the taxation year includes the time the property begins to be used, one-half the cost of acquisition of the property,

ii. where the taxation year is the year that follows the year described in subparagraph i, the amount by which the cost of acquisition of the property exceeds the portion of the amount deducted by the taxpayer in computing the taxpayer's income for the preceding year under paragraph *a* of section 130 that is attributable to the property, or

iii. in any other case, zero; and

(c) C is the undepreciated capital cost, at the end of the year, of depreciable property of the prescribed class that includes the property.”

(2) Subsection 1 has effect from 29 March 2017.

**33.** (1) The Act is amended by inserting the following after section 193:

#### **“DIVISION II.1**

#### **“EMISSION ALLOWANCES**

**“193.1.** Despite sections 83 to 85.6, for the purpose of computing a taxpayer's income from a business, an emission allowance must be valued at the cost at which the taxpayer acquired it.

**“193.2.** Where a taxpayer that owns one emission allowance, or two or more identical emission allowances, acquires, at a particular time, one or more other emission allowances (in this section referred to as “newly-acquired emission allowances”), each of which is identical to each of the previously-acquired emission allowances, the following rules apply for the purpose of computing, at any subsequent time, the cost to the taxpayer of each of the identical emission allowances:

(a) the taxpayer is deemed to have disposed of each of the previously-acquired emission allowances immediately before the particular time for proceeds of disposition equal to its cost to the taxpayer immediately before the particular time; and

(b) the taxpayer is deemed to have acquired each of the identical emission allowances at the particular time at a cost equal to the amount determined by the formula

$(A + B)/C$ .



In the formula in the first paragraph,

(a) A is the total cost to the taxpayer immediately before the particular time of the previously-acquired emission allowances;

(b) B is the total cost to the taxpayer (determined without reference to this division) of the newly-acquired emission allowances; and

(c) C is the number of identical emission allowances owned by the taxpayer immediately after the particular time.

For the purposes of this section, emission allowances are considered identical if they can be used to settle the same emission obligations.

**“193.3.** Despite any other provision of this Act, in computing a taxpayer’s income from a business for a taxation year, the total amount deductible in respect of a particular emission obligation for the year is not to exceed the amount determined by the formula

$$A + (B \times C).$$

In the formula in the first paragraph,

(a) A is the total cost of emission allowances either

i. used by the taxpayer to settle the particular emission obligation in the year, or

ii. held by the taxpayer at the end of the year that can be used to satisfy the particular emission obligation in respect of the year;

(b) B is the amount determined by the formula

$$D - (E + F); \text{ and}$$

(c) C is the fair market value of an emission allowance at the end of the year that could be used to satisfy the particular emission obligation in respect of the year.

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

(a) D is the number of emission allowances required to satisfy the particular emission obligation in respect of the year;

(b) E is the number of emission allowances used by the taxpayer to settle the particular emission obligation in the year; and

(c) F is the number of emission allowances held by the taxpayer at the end of the year that can be used to satisfy the particular emission obligation in respect of the year.

**“193.4.** The amount deducted by a taxpayer in computing the taxpayer’s income from a business for a particular taxation year, in respect of an emission obligation referred to in section 193.3, must be included in computing the taxpayer’s income from the business for the subsequent taxation year, to the extent that the emission obligation was not settled in the particular taxation year.

**“193.5.** If a taxpayer surrenders an emission allowance to settle an emission obligation, the taxpayer’s proceeds from the disposition of the emission allowance are deemed to be equal to the taxpayer’s cost of the emission allowance.

**“193.6.** Despite section 193.1, each emission allowance held at the end of a taxpayer’s taxation year that ends immediately before the time at which the taxpayer is subject to a loss restriction event is to be valued at the cost at which the taxpayer acquired the property, or its fair market value at the end of the year, whichever is lower, and after that time the cost at which the taxpayer acquired the property is, subject to a subsequent application of section 193.2 and this section, deemed to be equal to that lower amount.”

(2) Subsection 1 applies in respect of an emission allowance acquired in a taxation year that begins after 31 December 2016. In addition, if a taxpayer elects in the fiscal return the taxpayer is required to file under Part I of the Act for any of its taxation years 2016 to 2018, subsection 1 applies in respect of an emission allowance acquired in a taxation year that ends after 31 December 2012 and begins before 1 January 2017.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to 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.

**34.** Section 231.0.11 of the Act is amended by replacing paragraph *h* by the following paragraph:

**“(h)** where an election is made by a taxpayer for a year under paragraph *d* of section 668.5, section 668.6 or any of sections 1106.0.3, 1106.0.5, 1113.3, 1113.4, 1116.3 and 1116.5, as they read before being repealed, the portion of the taxpayer’s net capital gains for the year that are to be treated as being in respect of capital gains from dispositions of property that occurred in a particular period in the year is equal to the proportion of those net capital gains that the number of days in the particular period is of the number of days in the year;”.

**35.** (1) Section 251 of the Act is replaced by the following section:

**“251.** The proceeds of disposition of property include, for the purposes of this Title, the same elements as the proceeds of disposition of property referred to in subparagraph *f* of the first paragraph of section 93 and any amount deemed not to be a dividend under paragraph *b* of section 568; it does not include an amount deemed to be a dividend paid to a taxpayer under sections 517.1 to 517.3.1, an amount deemed to be a capital gain under section 517.5.5, an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506, except the portion of that amount that is deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or deemed not to be a dividend under paragraph *b* of section 568, or a prescribed amount.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015. However, where section 251 of the Act applies in respect of a disposition of shares that occurs before 18 March 2016, it is to be read as follows:

**“251.** The proceeds of disposition of property include, for the purposes of this Title, the same elements as the proceeds of disposition of property referred to in subparagraph *f* of the first paragraph of section 93 and any amount deemed not to be a dividend under paragraph *b* of section 568; it does not include an amount deemed to be a dividend paid to a taxpayer under sections 517.1 to 517.3.1, an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506, except the portion of that amount that is deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or deemed not to be a dividend under paragraph *b* of section 568, or a prescribed amount.”

**36.** (1) Section 255 of the Act is amended

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

**“(d)** where the property is a share of the capital stock of a corporation resident in Canada, the amount by which the aggregate of all amounts each of which is the amount of any dividend that is deemed to have been received by the taxpayer under section 504 before that time exceeds the portion of that aggregate that relates to dividends in respect of which the taxpayer may deduct an amount under section 738 in computing the taxpayer’s taxable income, except the portion of the dividends that, if paid as a separate dividend, would not be subject to section 308.1 because the amount of the separate dividend would not exceed the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events as part of which the dividend is received, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid;”;

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

“iii. the share of the taxpayer in the amount by which any proceeds of a life insurance policy received by the partnership after 31 December 1971 and before the particular time by reason of the death of any person whose life was insured under the policy exceed the aggregate of all amounts each of which is

(1) the adjusted cost basis (in this subparagraph iii having the meaning assigned by sections 976 and 976.1), immediately before the death, of the policy to the partnership, if the death occurs before 22 March 2016, or of the policyholder’s interest in the policy, if the death occurs after 21 March 2016,

(2) if the death occurs after 21 March 2016, the amount by which the fair market value of consideration given in respect of a disposition of an interest in the policy by a policyholder (other than a taxable Canadian corporation) after 31 December 1999 and before 22 March 2016 exceeds the greater of the amount determined under subparagraph i of subparagraph *a* of the first paragraph of section 971, in respect of the disposition and the adjusted cost basis to the policyholder of the interest immediately before the disposition, or

(3) if the death occurs after 21 March 2016, the amount by which the amount by which the lesser of the fair market value of consideration given in respect of a disposition, in respect of which section 971 applies, of an interest in the policy by a policyholder (other than a taxable Canadian corporation) after 31 December 1999 and before 22 March 2016 and the adjusted cost basis to the policyholder of the interest immediately before the disposition exceeds the amount determined under subparagraph i of subparagraph *a* of the first paragraph of section 971, in respect of the disposition, exceeds the absolute value of the negative amount, if any, that would be, in the absence of section 7.5, the adjusted cost basis, immediately before the death, of the interest in the policy.”.

(2) Paragraph 1 of subsection 1 applies in respect of a dividend received after 20 April 2015.

(3) Paragraph 2 of subsection 1 has effect from 15 December 2016.

**37.** Section 277.1 of the Act is amended by replacing paragraph *a* in the French text by the following paragraph:

“*a*) avoir aliéné à ce moment le domaine viager pour un produit de l’aliénation égal à sa juste valeur marchande à ce moment;”.

**38.** (1) Section 305 of the Act is amended

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

“(a) where the stock dividend is a dividend,

i. in the case of a shareholder that is an individual, the amount of the stock dividend, and

ii. in any other case, the aggregate of

(1) the amount by which the lesser of the amount of the stock dividend and its fair market value exceeds the amount of the dividend that the shareholder may deduct under section 738 in computing the shareholder’s taxable income, except any portion of the dividend that, if paid as a separate dividend, would not be subject to section 308.1 because the amount of the separate dividend would not exceed the amount of the income earned or realized by a corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events as part of which the dividend is received, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid, and

(2) the amount determined by the formula

$A + B$ ,”;

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

“In the formula in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph,

(a) *A* is the amount of the deemed gain determined in accordance with paragraph *c* of section 308.1 in respect of the stock dividend; and

(b) *B* is the amount by which the amount of the reduction determined in accordance with subparagraph *b* of the first paragraph of section 308.2.0.2 in respect of the stock dividend to which paragraph *a* of section 308.1 would otherwise apply exceeds the amount determined in accordance with subparagraph *a* in respect of the stock dividend.”

(2) Subsection 1 applies in respect of a stock dividend received after 20 April 2015. However, where section 305 of the Act applies in respect of a dividend declared after 20 April 2015 but before 31 July 2015 and received before 30 September 2015, the following rules apply:

(1) subparagraph 1 of subparagraph ii of subparagraph *a* of the first paragraph of that section 305 is to be read as follows:

“(1) the lesser of the amount of the stock dividend and its fair market value, and”; and

(2) subparagraph *b* of the second paragraph of that section 305 is to be read as if “to which paragraph *a* of section 308.1 would otherwise apply” were struck out.

**39.** (1) Sections 308.1 and 308.2 of the Act are replaced by the following sections:

**“308.1.** Despite any other provision of this Part, where a corporation resident in Canada (in this section and sections 308.2 to 308.2.0.2 referred to as the “dividend recipient”) receives a taxable dividend described in section 308.2 in respect of which it is entitled to a deduction under any of sections 738, 740 and 845, the amount of that dividend, other than the prescribed portion of it, is deemed

(*a*) not to be a dividend received by the dividend recipient;

(*b*) where the dividend is received on a redemption, acquisition or cancellation of a share, by the corporation that issued the share, under section 508 to the extent that it refers to a dividend deemed paid under section 505 or 506, to be proceeds of disposition of that share to the extent that the amount is not otherwise included in computing those proceeds; and

(*c*) where paragraph *b* does not apply in respect of a dividend, to be a gain of the dividend recipient from the disposition of a capital property for the year in which the dividend was received.

**“308.2.** A taxable dividend to which section 308.1 refers is such a dividend received by a corporation as part of a transaction or event or a series of transactions or events if

(*a*) it can reasonably be considered that

i. one of the purposes of the payment or receipt of the dividend, or, in the case of a dividend referred to in section 506, one of its results, is to effect a significant reduction in the portion of the capital gain that, but for the dividend, would have been realized on a disposition at fair market value of any share of the capital stock of a corporation, if the disposition had occurred immediately before the dividend was paid, or

ii. the dividend (other than a dividend that is received on a redemption, acquisition or cancellation of a share, by the corporation that issued the share, under section 508 to the extent that it refers to a dividend deemed paid under section 505 or 506) was received on a share that is held as capital property by the dividend recipient and one of the purposes of the payment or receipt of the dividend is to effect

(1) a significant reduction in the fair market value of any share, or

(2) a significant increase in the cost of property, such that the amount that is the aggregate of the cost amounts of all properties of the dividend recipient immediately after the dividend was paid is significantly greater than the amount that is the aggregate of the cost amounts of all properties of the dividend recipient immediately before the dividend was paid; and

(b) the amount of the dividend exceeds the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

**40.** (1) The Act is amended by inserting the following sections after section 308.2:

**“308.2.0.1.** For the purposes of sections 308.1, 308.2 and 308.2.0.2, the amount of a stock dividend and the dividend recipient’s entitlement to a deduction under any of sections 738, 740 and 845 in respect of the amount of that dividend are to be determined as if the definition of “amount” in section 1 were read as if the following paragraph were inserted after paragraph *a*:

“(a.1) in the case of a stock dividend paid by a corporation, the amount of the stock dividend is equal to the greater of

i. the amount by which the paid-up capital of the corporation that paid the dividend is increased by reason of the payment of the dividend, and

ii. the fair market value of the share or shares issued as a stock dividend at the time of payment;”.

**“308.2.0.2.** Where the conditions of the second paragraph are met, in respect of a stock dividend, the following rules apply:

(a) the amount of the stock dividend is deemed for the purposes of section 308.1 to be a separate taxable dividend to the extent of the portion of the amount that does not exceed the amount of the income earned or realized

by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid; and

(b) the amount of the separate taxable dividend referred to in subparagraph *a* is deemed to reduce the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid.

The conditions to which the first paragraph refers, in respect of a stock dividend, are as follows:

(a) a dividend recipient holds a share in respect of which it receives the stock dividend;

(b) the fair market value of the share or shares issued as a stock dividend exceeds the amount by which the paid-up capital of the corporation that paid the stock dividend is increased because of the payment of the dividend; and

(c) section 308.1 would apply to the stock dividend if section 308.2 were read without reference to its paragraph *b*.

**“308.2.0.3.** For the purposes of subparagraph 1 of subparagraph ii of paragraph *a* of section 308.2 and for the purpose of determining whether the payment of a dividend caused a significant reduction in the fair market value of any share, the fair market value of the share, determined immediately before the dividend was paid, must be increased by an amount equal to the amount, if any, by which the amount that is the fair market value of the dividend received on the share exceeds the fair market value of the share.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

**41.** (1) Section 308.2.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“308.2.1.** Section 308.1 does not apply, however, to any dividend received by a particular corporation, on a redemption, acquisition or cancellation of a share, by the corporation that issued the share, under section 508 to the extent that it refers to a dividend deemed paid under section 505 or 506, if, as part of a transaction or event or a series of transactions or events as part of which the dividend was received, there was not at a particular time”.



(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

**42.** (1) Section 308.2.2 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) proceeds of disposition of a property are to be determined without reference to

i. “deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or” in section 251, and

ii. Chapter V of Title X;”.

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

**43.** (1) Section 308.6 of the Act is amended

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

“(f) unless section 308.2.0.2 applies, where a corporation receives a dividend any portion of which is a taxable dividend (such a portion being referred to in this subparagraph as the “taxable part”), as part of a transaction or event or a series of transactions or events, the following rules apply:

i. a portion of the dividend is deemed to be a separate taxable dividend equal to the lesser of

(1) the taxable part, and

(2) the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid, and

ii. the amount by which the taxable part exceeds the amount of the separate taxable dividend referred to in subparagraph i is deemed to be a separate taxable dividend.”;

(2) by striking out the sixth paragraph.

(2) Subsection 1 applies in respect of a dividend received after 17 April 2016. In addition, where subparagraph *f* of the first paragraph of section 308.6 of the Act applies in respect of a dividend received after 20 April 2015 and before 18 April 2016, the portion of that subparagraph *f* before subparagraph i is to be read as follows:

“(f) unless section 308.2.0.2 applies, where a corporation receives a dividend any portion of which is a taxable dividend, the following rules apply:”.

**44.** Section 311.2 of the Act is repealed.

**45.** (1) Section 313.14 of the Act is replaced by the following section:

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

(2) Subsection 1 has effect from 10 November 2017.

**46.** Section 336 of the Act, amended by section 59 of chapter 29 of the statutes of 2017, is again amended by inserting “as that section read before being repealed,” after “311.2,” in paragraph *d*.

**47.** (1) Section 429 of the Act is amended by replacing “725 to 725.7” in subparagraph *c* of the second paragraph by “725 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

**48.** (1) Section 482 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, the first paragraph does not apply in respect of

(a) reasonable vacation or holiday pay;

(b) a deferred amount under a salary deferral arrangement; or

(c) a salary, wages or other remuneration in respect of an office or employment where that expense of the taxpayer is taken into account for the purpose of determining, for a taxation year, the amount that the taxpayer may deduct in computing tax payable under Title III.4 or III.5 of Book V or that the taxpayer is deemed to have paid to the Minister on account of tax payable under Chapter III.1 of Title III of Book IX.”

(2) Subsection 1 applies in respect of an expense incurred in a taxation year that ends after 30 June 2016.

**49.** (1) Section 485.29 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) a payment in satisfaction of the principal amount of the share means any payment made on a reduction of the paid-up capital in respect of the share to the extent that the payment is proceeds of disposition of the share within the meaning that would be assigned by section 251 if that section were read without reference to “an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506, except the portion of that amount that is deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or deemed not to be a dividend under paragraph *b* of section 568.””

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

**50.** (1) Section 487.3 of the Act is amended

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

“A person, other than a corporation resident in Canada, or a partnership, other than a partnership every member of which is such a corporation, is deemed to receive a benefit in a taxation year equal to the amount computed under section 487.4, where the person or partnership contracts a debt with a corporation by virtue of the fact that the person or partnership is a shareholder of the corporation, is connected with a shareholder of the corporation or is a member of a partnership or a beneficiary of a trust that is such a shareholder.”;

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

“For the purposes of this section, a person or a partnership is connected with a shareholder of a corporation if that person or partnership does not deal at arm’s length with, or is affiliated with, the shareholder, unless, in the case of a person, that person is a foreign affiliate of the corporation or of a person resident in Canada with which the corporation does not deal at arm’s length.”

(2) Paragraph 2 of subsection 1 applies in respect of a debt contracted after 31 October 2011.

**51.** (1) Section 487.5.1 of the Act is replaced by the following section:

**“487.5.1.** For the purpose of computing the benefit under the first paragraph of section 487.1 in a taxation year in respect of a debt contracted for a home purchase loan or a home relocation loan, the amount of the aggregate of all interest on all such debts computed at the prescribed rate on each such debt for the period in the year during which it was outstanding must not exceed the amount of interest that would have been determined thereunder if it had been computed at the rate of 8% in the case of a debt contracted before 1 May 1987 or, in any other case, at the prescribed rate in effect at the time the debt was contracted.”

(2) Subsection 1 has effect from 1 January 2018.

**52.** (1) Section 491 of the Act is amended

(1) by replacing paragraph *e.1* by the following paragraph:

“(e.1) an amount received on account of a Canadian Forces income support benefit payable under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21), on account of a critical injury benefit, disability award, death benefit, clothing allowance or detention benefit payable under Part 3 of that Act or on account of a caregiver recognition benefit payable under Part 3.1 of that Act;”;

(2) by inserting the following paragraph after paragraph *e.1*:

“(e.2) an amount received under any of sections 100 to 103 of the Budget Implementation Act, 2016, No. 1 (Statutes of Canada, 2016, chapter 7);”.

(2) Paragraph 1 of subsection 1 applies from 1 April 2018. However, where section 491 of the Act applies to a taxation year preceding the taxation year 2020, it is to be read as if “a family caregiver relief benefit or” were inserted before “a caregiver recognition benefit” in paragraph *e.1*.

(3) Paragraph 2 of subsection 1 has effect from 1 April 2017.

**53.** (1) Section 570 of the Act is amended by replacing paragraph *m* by the following paragraph:

“(m) “taxable Canadian corporation” means a corporation that, at the time the expression is relevant, is a Canadian corporation that is not, by virtue of a statutory provision, exempt from tax under this Part;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**54.** Section 589.2 of the Act is amended by striking out subparagraph *c* of the first paragraph.

**55.** Section 593 of the Act is amended by striking out “, unless the Minister decides otherwise” in subparagraph 4 of subparagraph ii of paragraph *h* of the definition of “exempt foreign trust” in the first paragraph.

**56.** (1) Section 595 of the Act is amended by replacing paragraph *f* by the following paragraph:

“(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, in respect of the particular year, an electing trust or a trust that does not meet the condition of paragraph *a* of the definition of "electing trust" in the first paragraph of section 593, 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 at 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".

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

**57.** Section 658 of the Act is amended by replacing subparagraph iii of paragraph *b* of the definition of "bénéficiaire privilégié" in the first paragraph in the French text by the following subparagraph:

"iii. un enfant, un petit-fils, une petite-fille, un arrière-petit-fils ou une arrière-petite-fille de l'auteur de la fiducie, ou le conjoint de l'une de ces personnes;"

**58.** (1) Section 681 of the Act is amended by replacing "725 to 725.7" in paragraph *d* by "725 to 725.5".

(2) Subsection 1 has effect from 1 January 2018.

**59.** (1) Section 693.1 of the Act is amended by replacing "725 to 725.7" by "725 to 725.5".

(2) Subsection 1 has effect from 1 January 2018.

**60.** (1) Section 725.1.2 of the Act is amended by replacing subparagraph *c.1* of the second paragraph by the following subparagraph:

"(c.1) an earnings loss benefit, a supplementary retirement benefit or a career impact allowance payable under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21);"

(2) Subsection 1 has effect from 1 April 2017. However, where section 725.1.2 of the Act applies before 1 April 2018, it is to be read as if "Veterans Well-being Act" in subparagraph *c.1* of the second paragraph were replaced by "Canadian Forces Members and Veterans Re-establishment and Compensation Act".

**61.** (1) The heading of Title V.1 of Book IV of Part I of the Act is replaced by the following heading:

“SECURITIES OPTIONS, DEFERRED PROFIT SHARING PLANS AND OTHER PARTICULARS”.

(2) Subsection 1 has effect from 1 January 2018.

**62.** (1) Section 725.1.3 of the Act is amended by inserting the following definition in alphabetical order:

““specified corporation” for a particular calendar year means a corporation in respect of which the aggregate of all amounts each of which is wages paid or deemed to be paid by the corporation in the year, for the purpose of determining the amount payable by the corporation for the year as the contribution provided for in section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), is at least \$10,000,000.”

(2) Subsection 1 applies to any event, transaction or circumstance relating to a share that a corporation agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 21 February 2017.

**63.** (1) The Act is amended by inserting the following section after section 725.2.0.1:

**“725.2.0.1.1.** Where section 725.2 applies in respect of a security that is a share of the capital stock of a corporation, it is to be read as if “25%” in the portion before paragraph *a* were replaced by “50%” and without reference to subparagraphs ii and iii of paragraph *c* if

(*a*) the share belongs to a class of shares listed on a recognized stock exchange; and

(*b*) the right to acquire the share under an agreement referred to in section 48 is granted to an employee of a corporation that is a specified corporation for a particular calendar year that includes

i. the time at which the agreement is entered into, or

ii. the time at which the share is acquired.”

(2) Subsection 1 applies to any event, transaction or circumstance relating to a share that a corporation agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 21 February 2017.

**64.** (1) Sections 725.6 and 725.7 of the Act are repealed.

(2) Subsection 1 has effect from 1 January 2018.

**65.** (1) Section 726.42 of the Act, enacted by section 112 of chapter 29 of the statutes of 2017, is amended

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

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

$(A - B) + (C - D).$ ”;

(2) by replacing “In the formulas” in the portion of the second paragraph before subparagraph *a* by “In the formula”.

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

**66.** (1) Section 728.0.1 of the Act is amended by replacing “725.2 to 725.6” in subparagraph ii of paragraph *a* by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

**67.** (1) Section 737.18 of the Act is amended by striking out paragraph *g*.

(2) Subsection 1 has effect from 1 January 2018.

**68.** (1) Section 737.18.17.1 of the Act is amended

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

““last day of the tax-free period” in respect of a large investment project means the last day of the 15-year period that begins on the date of the beginning of the tax-free period in respect of the project;”;

(2) by replacing the definition of “tax-free period” in the first paragraph by the following definition:

““tax-free period” of a corporation or a partnership, for a taxation year or a fiscal period, in relation to a large investment project, means, subject to the third paragraph of section 737.18.17.1.1, the part of the taxation year or fiscal period that is both covered by a certificate issued to the corporation or partnership in respect of the large investment project and included in the 15-year period that begins on the date of the beginning of the tax-free period

in respect of the project or, where the corporation or partnership acquired all or substantially all of the recognized business in relation to the project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in the part of that 15-year period that begins on the date of acquisition of the recognized business;”;

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

“In this Title, the tax assistance limit, in relation to a large investment project, is, except for the purposes of section 737.18.17.12, determined in accordance with section 737.18.17.8 where the tax assistance limit is that of a corporation carrying out the project, section 737.18.17.9 where the tax assistance limit is that of a corporation that is a member of a partnership carrying out the project and section 34.1.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) where the tax assistance limit is that of such a partnership.”

(2) Subsection 1 has effect from 29 March 2017.

**69.** (1) The Act is amended by inserting the following section after section 737.18.17.1:

**“737.18.17.1.1.** In this Title, two large investment projects that are covered by the same qualification certificate are deemed to be a single large investment project (referred to as a “deemed large investment project”), except as regards the determination, in respect of each project, of the total qualified capital investments of the corporation or partnership carrying out the projects, the date of the beginning of the tax-free period and the last day of the tax-free period.

Such a rule applies throughout the particular period that begins on the date of the beginning of the tax-free period in respect of the large investment project that began first (in this Title referred to as the “first large investment project”) and that ends on the last day of the tax-free period in respect of the other large investment project (in this Title referred to as the “second large investment project”).

The definition of “tax-free period” in the first paragraph of section 737.18.17.1 is, in relation to a deemed large investment project, to be read as follows:

““tax-free period” of a corporation or a partnership, for a taxation year or a fiscal period, in relation to a deemed large investment project, means the part of the taxation year or fiscal period that is both covered by a certificate issued to the corporation or partnership in respect of the large investment project and included in the particular period referred to in the second paragraph of section 737.18.17.1.1 or, where the corporation or partnership acquired all or substantially all of the recognized business in relation to the project and the Minister of Finance authorized the transfer of the carrying out of the project



to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in the part of that particular period that begins on the date of acquisition of the recognized business;”.

(2) Subsection 1 has effect from 29 March 2017.

**70.** (1) Section 737.18.17.2 of the Act is amended

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

“The date to which subparagraphs *a* and *b* of the second paragraph refer is the date of the beginning of the tax-free period in respect of the large investment project or, in the case of a deemed large investment project within the meaning of section 737.18.17.1.1, of the first large investment project, unless the corporation or partnership acquired all or substantially all of the recognized business in relation to the large investment project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in which case it is the date of acquisition of the recognized business.”;

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

“The income or loss of a corporation or a partnership from its eligible activities in relation to a deemed large investment project within the meaning of section 737.18.17.1.1, for a taxation year or a fiscal period that ends after the last day of the tax-free period in respect of the first large investment project (in this section referred to as the “particular day”) is deemed to be equal to

(*a*) where the taxation year or fiscal period includes the particular day, the amount determined by the formula

$$A - \{A \times [B/(B + C)] \times D\}; \text{ or}$$

(*b*) in any other case, the amount determined by the formula

$$A \times [C/(B + C)].$$

In the formulas in the fourth paragraph,

(*a*) *A* is the income or loss of the corporation for the taxation year, or of the partnership for the fiscal period, from its eligible activities in relation to the deemed large investment project, otherwise determined;

(*b*) *B* is the total qualified capital investments of the corporation or partnership, in relation to the first large investment project, on the date of the beginning of the tax-free period in respect of the project;

(c) C is the total qualified capital investments of the corporation or partnership, in relation to the second large investment project, on the date of the beginning of the tax-free period in respect of the project; and

(d) D is the proportion that the number of days in the taxation year or fiscal period that follow the particular day is of the number of days in that taxation year or fiscal period.”

(2) Subsection 1 has effect from 29 March 2017.

**71.** (1) Section 737.18.17.6 of the Act is amended

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

**“737.18.17.6.** The amount to which the first paragraph of section 737.18.17.5 refers in respect of a corporation for a taxation year is equal, subject to paragraph *a* of section 737.18.17.7 or 737.18.17.7.1, as the case may be, to the aggregate of the following amounts that is multiplied, if the corporation has an establishment situated outside Québec, by the reciprocal of the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771:”;

(2) by replacing the portion of subparagraph *a* of the third paragraph before subparagraph *i* by the following:

“(a) in the case of a large investment project of the corporation, the amount by which the corporation’s tax assistance limit for the particular year, in relation to the project, exceeds the aggregate of”;

(3) by adding the following subparagraph at the end of subparagraph *a* of the third paragraph:

“iv. in the case of a deemed large investment project within the meaning of section 737.18.17.1.1, the aggregate of the following amounts, if any:

(1) the amount determined by the following formula for the taxation year that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the balance of the corporation’s tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the corporation’s tax assistance limit in relation to the second large investment project:

$$F - [(F \times H) + (G \times I)], \text{ and}$$

(2) the amount determined by the following formula for the taxation year that follows the taxation year that includes the last day of the tax-free period in respect of the first large investment project, unless the balance of the corporation's tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the corporation's tax assistance limit in relation to the second large investment project:

$F - G$ ; or”;

(4) by replacing the portion of subparagraph *b* of the third paragraph before the formula by the following:

“(b) in the case of a large investment project of a partnership of which the corporation is a member, the amount by which the corporation's tax assistance limit for the particular year, in relation to the large investment project, exceeds the aggregate of all amounts each of which is, for a preceding taxation year, in relation to the project, equal to the amount determined by the formula”;

(5) by adding the following subparagraphs at the end of the fifth paragraph:

“(f) *F* is the balance of the corporation's tax assistance limit for the taxation year referred to in subparagraph 1 or 2 of subparagraph iv of subparagraph *a* of the third paragraph, in respect of the deemed large investment project, determined without reference to that subparagraph 1 or 2, as the case may be;

“(g) *G* is the corporation's tax assistance limit in relation to the second large investment project;

“(h) *H* is the proportion that the number of days in the part of the year referred to in subparagraph 1 of subparagraph iv of subparagraph *a* of the third paragraph that ends on the last day of the tax-free period in respect of the first large investment project is of the number of days in that year; and

“(i) *I* is the proportion that the number of days in the year referred to in subparagraph 1 of subparagraph iv of subparagraph *a* of the third paragraph that follow the last day of the tax-free period in respect of the first large investment project is of the number of days in that year.”

(2) Subsection 1 has effect from 29 March 2017.

**72.** (1) Section 737.18.17.8 of the Act is replaced by the following section:

**“737.18.17.8.** Subject to the second paragraph, a corporation's tax assistance limit in relation to a large investment project is 15% of its total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the corporation acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that was transferred to the corporation pursuant to the agreement referred to in section 737.18.17.12 in respect of the acquisition.

In the case of a deemed large investment project within the meaning of section 737.18.17.1.1, the corporation's tax assistance limit in relation to the project is, for a particular taxation year,

(a) where the particular year ends before the date of the beginning of the tax-free period in respect of the second large investment project, the corporation's tax assistance limit in relation to the first large investment project;

(b) where the particular year begins before the date of the beginning of the tax-free period in respect of the second large investment project and ends on or after that date, the amount determined by the formula

$$A + (B \times C); \text{ or}$$

(c) where the particular year begins on or after the date of the beginning of the tax-free period in respect of the second large investment project, the amount determined by the formula

$$A + B.$$

In the formulas in the second paragraph,

(a) A is the corporation's tax assistance limit in relation to the first large investment project;

(b) B is the corporation's tax assistance limit in relation to the second large investment project; and

(c) C is the proportion that the number of days in the part of the particular year that begins on the date of the beginning of the tax-free period in respect of the second large investment project is of the number of days in that year."

(2) Subsection 1 has effect from 29 March 2017.

**73.** (1) Section 737.18.17.10 of the Act is amended

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

**"737.18.17.10.** The agreement to which section 737.18.17.9 refers in respect of a particular fiscal period of a partnership, in relation to a large investment project of the partnership, is the agreement under which the partnership and all its members agree on an amount in respect of the partnership's tax assistance limit in relation to the large investment project, for the purpose of allocating to each corporation that is a member of the partnership, for the taxation year in which the particular fiscal period ends, its share of the agreed amount, which amount must not be greater than the amount by which the tax assistance limit exceeds the aggregate of";

(2) by adding the following subparagraph at the end of the first paragraph:

“(d) in the case of a deemed large investment project within the meaning of section 737.18.17.1.1, the aggregate of the following amounts, if any:

i. the amount determined by the following formula for the partnership’s fiscal period that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the excess amount referred to in this paragraph, for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the partnership’s tax assistance limit in relation to the second large investment project:

$$A - [(A \times C) + (B \times D)], \text{ and}$$

ii. the amount determined by the following formula for the partnership’s fiscal period that follows the fiscal period that includes the last day of the tax-free period in respect of the first large investment project, unless the excess amount referred to in this paragraph, for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the partnership’s tax assistance limit in relation to the second large investment project:

$$A - B.”;$$

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

“In the formulas in the first paragraph,

(a) A is the excess amount referred to in the first paragraph for the partnership’s fiscal period referred to in subparagraph i or ii of subparagraph d of the first paragraph, in respect of the deemed large investment project, determined without reference to that subparagraph i or ii, as the case may be;

(b) B is the partnership’s tax assistance limit in relation to the second large investment project;

(c) C is the proportion that the number of days in the part of the fiscal period referred to in subparagraph i of subparagraph d of the first paragraph that ends on the last day of the tax-free period in respect of the first large investment project is of the number of days in that fiscal period; and

(d) D is the proportion that the number of days in the fiscal period referred to in subparagraph i of subparagraph d of the first paragraph that follow the last day of the tax-free period in respect of the first large investment project is of the number of days in that fiscal period.”

(2) Subsection 1 has effect from 29 March 2017.

**74.** (1) Section 737.18.17.12 of the Act is amended

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

**“737.18.17.12.** Where, at any time in a particular taxation year or fiscal period, a corporation or a partnership, as the case may be, (in this section referred to as the “acquirer”) acquired all or substantially all of a recognized business from another corporation or partnership (in this section referred to as the “vendor”) in relation to a large investment project, and the Minister of Finance previously authorized the transfer of the carrying out of the large investment project to the acquirer, according to a qualification certificate issued by that Minister to the acquirer in respect of the project, the vendor and the acquirer shall, subject to the third paragraph, enter into an agreement under which an amount in respect of the vendor’s tax assistance limit in relation to the project is transferred to the acquirer, which amount must not be greater than the amount by which the limit, determined in accordance with the second paragraph, exceeds,”;

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

“A vendor’s tax assistance limit in relation to a large investment project is 15% of its total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the vendor acquired all or substantially all of the recognized business in relation to the project following a previous transfer, in which case it is the amount that was transferred to the vendor pursuant to the agreement referred to in this section in respect of the acquisition.”;

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

“Where the recognized business referred to in the first paragraph is operated by the vendor in relation to a deemed large investment project within the meaning of section 737.18.17.1.1, the vendor and the acquirer shall, for the purpose of determining, in accordance with section 737.18.17.8 or section 34.1.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), the acquirer’s tax assistance limit in relation to the deemed large investment project, agree on one or more of the following amounts in the agreement referred to in the first paragraph:

(*a*) where the time referred to in the first paragraph is before the date of the beginning of the tax-free period in respect of the second large investment project, an amount in respect of the vendor’s tax assistance limit in relation to the first large investment project, which amount must not be greater than the amount determined by the formula

D – F;

(b) where the time referred to in the first paragraph is included in the 15-year period that follows the date of the beginning of the tax-free period in respect of the second large investment project, but is not after the last day of the tax-free period in respect of the first large investment project, a first amount in respect of the vendor's tax assistance limit in relation to the first large investment project, which amount may be equal to zero, and a second amount in respect of the vendor's tax assistance limit in relation to the second large investment project, subject to the total of those amounts not being greater than the amount determined by the formula

$$(D + E) - F; \text{ or}$$

(c) in any other case, an amount in respect of the vendor's tax assistance limit in relation to the second large investment project, which amount must not be greater than the amount determined by the formula

$$(D + E) - (F + G);$$

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

“In the formulas in the first and third paragraphs,”;

(5) by adding the following subparagraphs at the end of the third paragraph:

“(d) D is the vendor's tax assistance limit in relation to the first large investment project;

“(e) E is the vendor's tax assistance limit in relation to the second large investment project;

“(f) F is the amount determined in respect of the deemed large investment project in accordance with subparagraph *a* or *b* of the first paragraph for the particular taxation year or fiscal period, as the case may be; and

“(g) G is the amount by which the vendor's tax assistance limit in relation to the first large investment project exceeds the amount determined in respect of the deemed large investment project in accordance with subparagraph *a* or *b* of the first paragraph for the vendor's taxation year or fiscal period that includes the last day of the tax-free period in respect of the first large investment project.”;

(6) by replacing “of the third paragraph” by “of the fourth paragraph” in the following provisions:

—the portion of the fourth paragraph before subparagraph *a*;

—the fifth paragraph;

—the sixth paragraph.

(2) Subsection 1 has effect from 29 March 2017.

**75.** (1) Section 737.22 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

**76.** (1) Section 737.22.0.0.4 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

**77.** (1) Section 737.22.0.0.8 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

**78.** (1) Section 737.22.0.4 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

**79.** (1) Section 737.22.0.4.8 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

**80.** (1) Section 737.22.0.8 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

**81.** (1) Section 740.4.1 of the Act is replaced by the following section:

**“740.4.1.** No deduction may be made under section 738, 740 or 845 in computing the taxable income of a particular corporation in respect of a dividend received on a share of the capital stock of a corporation where there is, in respect of the share, a dividend rental arrangement of the particular corporation, a partnership of which the particular corporation is directly or indirectly a member or a trust under which the particular corporation is a beneficiary.”

(2) Subsection 1 applies in respect of a dividend that is paid or has become payable on a share

(1) after 30 April 2017; or



(2) at a particular time after 31 October 2015 and before 1 May 2017 if

(a) there is a synthetic equity arrangement, or one or more arrangements described in paragraph *d* of the definition of “dividend rental arrangement” in section 1 of the Act, enacted by subsection 1 of section (*insert the number of the section in this Act that amends section 1 of the Taxation Act*), in respect of the share at the particular time; and

(b) after 21 April 2015 and before the particular time, all or any part of the synthetic equity arrangement or the arrangements referred to in subparagraph *a*—including an option, swap, futures contract, forward contract or other financial or commodity contract or instrument as well as a right or obligation under the terms of such a contract or instrument—that contributes or could contribute to the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit, in respect of the share, to one or more persons or partnerships is entered into, acquired, extended or renewed after 21 April 2015 or, in the case of a right to increase the notional amount under an agreement that is or is part of the synthetic equity arrangement, exercised or acquired after 21 April 2015.

**82.** (1) The Act is amended by inserting the following sections after section 740.4.1:

**“740.4.2.** Section 740.4.1 does not apply in respect of a dividend received on a share where there is, in respect of the share, a dividend rental arrangement of a person or partnership (in this section and section 740.4.3 referred to as the “taxpayer”) throughout a particular period during which the synthetic equity arrangement referred to in paragraph *c* of the definition of “dividend rental arrangement” in section 1 is in effect if

(a) the dividend rental arrangement is such an arrangement because of that paragraph *c*; and

(b) the taxpayer establishes that, throughout the particular period, no tax-indifferent investor or group of tax-indifferent investors, each member of which is affiliated with every other member, has all or substantially all of the risk of loss or opportunity for gain or profit in respect of the share because of the synthetic equity arrangement or a specified synthetic equity arrangement.

**“740.4.3.** A taxpayer is considered to have satisfied the condition of paragraph *b* of section 740.4.2 in respect of a share if

(a) the taxpayer or the connected person referred to in paragraph *a* of the definition of “synthetic equity arrangement” in section 1 (in this section referred to as the “synthetic equity arrangement party”) obtains accurate representations in writing from its counterparty, or from each member of a group comprised of all its counterparties each of which is affiliated with each other (each member of this group of counterparties being in this section referred to as an “affiliated counterparty”), in relation to the synthetic equity arrangement, that

i. the counterparty or affiliated counterparty is not a tax-indifferent investor and it does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2, and

ii. the counterparty or affiliated counterparty has not eliminated and it does not reasonably expect to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share during the particular period referred to in section 740.4.2;

(b) the synthetic equity arrangement party obtains accurate representations in writing from its counterparty, or from each affiliated counterparty, in relation to the synthetic equity arrangement that the counterparty, or each affiliated counterparty,

i. is not a tax-indifferent investor and does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2,

ii. has entered into one or more specified synthetic equity arrangements that have the effect of eliminating all or substantially all of its risk of loss and opportunity for gain or profit, in relation to the share, if

(1) in the case of a counterparty, that counterparty has entered into a specified synthetic equity arrangement with its own counterparty (a counterparty of a counterparty or of an affiliated counterparty being in this section referred to as a “specified counterparty”), or has entered into a specified synthetic equity arrangement with each member of a group of its own counterparties each member of which is affiliated with every other member (each member of this group of counterparties being in this section referred to as an “affiliated specified counterparty”), or

(2) in the case of an affiliated counterparty, each affiliated counterparty has entered into a specified synthetic equity arrangement with the same specified counterparty or with an affiliated specified counterparty that is part of the same group of affiliated specified counterparties, and

iii. has obtained accurate representations in writing from each of its own specified counterparties, or from each member of the group of affiliated specified counterparties referred to in subparagraphs 1 and 2 of subparagraph ii, that

(1) it is not a tax-indifferent investor and it does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2, and

(2) it has not eliminated and it does not reasonably expect to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in relation to the share during the particular period referred to in section 740.4.2;

(c) the synthetic equity arrangement party obtains accurate representations in writing from its counterparty, or from each affiliated counterparty, in relation to the synthetic equity arrangement that the counterparty, or each affiliated counterparty,

i. is not a tax-indifferent investor and does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2,

ii. has entered into specified synthetic equity arrangements

(1) that have the effect of eliminating all or substantially all of its risk of loss and opportunity for gain or profit in relation to the share,

(2) where no single specified counterparty or group of affiliated specified counterparties has been provided with all or substantially all of the risk of loss and opportunity for gain or profit in relation to the share, and

(3) where each specified counterparty or affiliated specified counterparty deals at arm's length with each other (other than in the case of affiliated specified counterparties, within the same group, of affiliated specified counterparties), and

iii. has obtained accurate representations in writing from each of its specified counterparties, or from each of its affiliated specified counterparties, that

(1) it is a person resident in Canada and it does not reasonably expect to cease to be resident in Canada during the particular period referred to in section 740.4.2, and

(2) it has not eliminated and it does not reasonably expect to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share during the particular period referred to in section 740.4.2; or

(d) where a person or partnership is a party to a synthetic equity arrangement chain in respect of the share, the person or partnership

i. has obtained all or substantially all of the risk of loss and opportunity for gain or profit in respect of the share under the synthetic equity arrangement chain,

ii. has entered into one or more specified synthetic equity arrangements that have the effect of eliminating all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share, and

iii. obtains accurate representations in writing of the type described in any of paragraphs *a* to *c*, as if it were a synthetic equity arrangement party, from each of its counterparties where each such counterparty deals at arm's length with that person or partnership.

**“740.4.4.** If, at a time during a particular period referred to in section 740.4.2, a counterparty, specified counterparty, affiliated counterparty or affiliated specified counterparty reasonably expects to become a tax-indifferent investor or, if it has provided a representation described in subparagraph ii of paragraph *a* of section 740.4.3 or subparagraph 2 of subparagraph iii of paragraphs *b* and *c* of that section in respect of a share, to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share, the particular period for which it has provided a representation in respect of the share is deemed to end at that time.

**“740.4.5.** In section 740.4.3, “counterparty”, “specified counterparty”, “affiliated counterparty” and “affiliated specified counterparty” refer only to a person or partnership that obtains all or any portion of the risk of loss or opportunity for gain or profit in respect of the share referred to in that section.”

(2) Subsection 1 applies in respect of a dividend that is paid or becomes payable on a share

(1) after 30 April 2017; or

(2) at a particular time after 31 October 2015 and before 1 May 2017 if

(*a*) there is a synthetic equity arrangement, or one or more arrangements described in paragraph *d* of the definition of “dividend rental arrangement” in section 1 of the Act, enacted by subsection 1 of section (*insert the number of the section in this Act that amends section 1 of the Taxation Act*), in respect of the share at the particular time; and

(*b*) after 21 April 2015 and before the particular time, all or any part of the synthetic equity arrangement or the arrangements referred to in subparagraph *a*—including an option, swap, futures contract, forward contract or other financial or commodity contract or instrument as well as a right or obligation under the terms of such a contract or instrument—that contributes or could contribute to the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit, in respect of the share, to one or more persons or partnerships is entered into, acquired, extended or renewed after 21 April 2015 or, in the case of a right to increase the notional amount under an agreement that is or is part of the synthetic equity arrangement, exercised or acquired after 21 April 2015.

**83.** (1) The Act is amended by inserting the following sections after section 745.2:

**“745.3.** For the purposes of sections 741, 741.2, 743, 744 and 744.6, if a synthetic equity arrangement applies in respect of a particular number of shares that are identical properties (in this section referred to as “identical shares”) and the particular number is less than the total number of such identical shares owned by a person or partnership at that time and in respect of which there is no other synthetic equity arrangement, the synthetic equity arrangement is deemed to apply to those identical shares in the order in which the person or partnership acquired them.

**“745.4.** For the purposes of the definition of “synthetic equity arrangement” in section 1, paragraphs *c* and *d* of the definition of “dividend rental arrangement” in that section and sections 740.4.2, 740.4.3 and 745.3, an arrangement that reflects the fair market value of more than one type of identical share, within the meaning of section 745.3, is considered to be a separate arrangement with respect to each type of identical share the value of which the arrangement reflects.”

(2) Subsection 1 has effect from 22 April 2015.

**84.** (1) Section 752.0.10.6 of the Act is amended by replacing the portion of subparagraph ii of subparagraph *e* of the first paragraph before subparagraph 1 by the following:

“ii. where the individual is a trust, other than a qualified disability trust or a succession that is a graduated rate estate, 25.75% of the amount by which the aggregate determined under the second paragraph exceeds \$200 and, in any other case, 25.75% of the lesser of”.

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

**85.** (1) Section 752.0.11.1 of the Act, amended by section 148 of chapter 29 of the statutes of 2017, is again amended

(1) by replacing subparagraph i of paragraph *o.7* by the following subparagraph:

“i. the therapy is prescribed by, and administered under the supervision of a physician, a specialized nurse practitioner or a psychologist, in the case of an impairment in mental functions, or a physician, a specialized nurse practitioner or an occupational therapist, in the case of an impairment in physical functions,”;

(2) by replacing subparagraphs i and ii of paragraph *o.9* by the following subparagraphs:

“i. the plan is required to access public funding for specialized therapy or is prescribed by a physician, a specialized nurse practitioner or a psychologist, in the case of an impairment in mental functions, or a physician, a specialized nurse practitioner or an occupational therapist, in the case of an impairment in physical functions,

“ii. the therapy set out in the plan is prescribed by and, if undertaken, administered under the supervision of a physician, a specialized nurse practitioner or a psychologist, in the case of an impairment in mental functions, or a physician, a specialized nurse practitioner or an occupational therapist, in the case of an impairment in physical functions, and”.

(2) Subsection 1 applies in respect of expenses incurred after 7 September 2017.

**86.** (1) The Act is amended by inserting the following section after section 752.0.11.1.3:

**“752.0.11.1.4.** For the purposes of subparagraph *b* of the second paragraph of section 752.0.11, the amounts that are paid for the conception of a child by an individual, the individual’s spouse or a person who is a dependant of the individual and is referred to in section 752.0.12 and that would be medical expenses described in section 752.0.11.1 if the individual, the individual’s spouse or the person who is a dependant of the individual, as the case may be, were incapable of conceiving a child because of a medical condition are deemed, subject to section 752.0.11.1.3, to be medical expenses described in section 752.0.11.1.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a taxation year that precedes the taxation year 2017 and in respect of which an individual files an application for a refund with the Minister of Revenue on or before the day that is 10 years after the end of that taxation year.

**87.** Section 752.0.12 of the Act is amended

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

“The expenses referred to in subparagraph *b* of the second paragraph of section 752.0.11, except where that subparagraph *b* refers to the expenses described in paragraph *o.6* of section 752.0.11.1, must have been paid for the benefit of the individual, the individual’s spouse or any other person who, in the taxation year in which the expenses were incurred, is a dependant of the individual.”;

(2) by striking out the second paragraph.

**88.** (1) Section 752.0.14 of the Act, amended by section 151 of chapter 29 of the statutes of 2017, is again amended by replacing subparagraphs *b* and *b.1* of the first paragraph by the following subparagraphs:

“(b) in the case where subparagraph i of subparagraph *a* applies, a physician or a specialized nurse practitioner, or, where the individual has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, or, where the individual has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, or, where the individual has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, or, where the individual has an impairment with respect to the individual’s ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, or, where the individual has an impairment with respect to the individual’s ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, or, where the individual has an impairment with respect to the individual’s ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, has certified in prescribed form that the individual has an impairment referred to in subparagraph i of subparagraph *a*;

“(b.1) in the case where subparagraph ii of subparagraph *a* applies, a physician or a specialized nurse practitioner or, where the individual has an impairment with respect to the individual’s ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, has certified in prescribed form that the individual has an impairment referred to in subparagraph ii of subparagraph *a*;”.

(2) Subsection 1 applies in respect of a certification made after 21 March 2017.

**89.** (1) Section 752.0.18 of the Act is amended by replacing the third paragraph by the following paragraph:

“For the purposes of sections 752.0.11 to 752.0.14 and 1029.8.66.1, a reference to an audiologist, dentist, occupational therapist, nurse, specialized nurse practitioner, physician, optometrist, speech-language pathologist, pharmacist, physiotherapist or psychologist is a reference to a person authorized to practise as such in accordance with any of subparagraphs i to iii of subparagraph *a* of the first paragraph.”

(2) Subsection 1 has effect from 22 March 2017.

**90.** Section 752.0.18.0.1 of the Act is amended

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

**“752.0.18.0.1.** For the purposes of sections 752.0.12 and 752.0.13.2, a dependant of an individual during a taxation year means a person who”;

(2) by replacing “le petit-enfant” in subparagraph *c* of the first paragraph in the French text by “le petit-fils, la petite-fille”;

(3) by replacing “ou le petit-enfant” in the second paragraph in the French text by “, le petit-fils ou la petite-fille”.

**91.** (1) Section 752.0.18.10 of the Act is amended by striking out “, if the fees are paid in respect of an instructional program at the post-secondary school level” in subparagraph 1 of subparagraph *i* of paragraph *a*.

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

**92.** (1) Section 752.0.18.12 of the Act is amended by replacing the portion of paragraph *c* before subparagraph *i* by the following:

“(c) the fees paid to an educational institution referred to in subparagraph 1 of subparagraph *i* of paragraph *a* of section 752.0.18.10 in respect of an instructional program that is not at the post-secondary school level or the fees paid to an educational institution referred to in subparagraph 2 of that subparagraph *i*, if”.

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

**93.** (1) Section 771.2.1.3 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the first paragraph and sections 771.2.1.4 to 771.2.1.8, the following rules apply:

(a) section 21.21 does not apply to deem two corporations to be associated with each other at any time because they are associated, or deemed to be associated under section 21.21, at that time with the same corporation (in this paragraph referred to as the “third corporation”), if the third corporation is not a Canadian-controlled private corporation at that time or is a Canadian-controlled private corporation that has made a valid election under subsection 2 of section 256 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in relation to its taxation year that includes that time; and



(b) where the third corporation has made the valid election referred to in subparagraph *a*, its business limit for its taxation year that includes that time is deemed to be equal to zero.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

**94.** (1) Section 772.7 of the Act, amended by section 158 of chapter 29 of the statutes of 2017, is again amended by replacing “725.2 to 725.6” in subparagraph ii of subparagraph *b* of the first paragraph by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

**95.** (1) Section 772.9 of the Act, amended by section 159 of chapter 29 of the statutes of 2017, is again amended by replacing “725.2 to 725.6” in subparagraph 2 of subparagraph ii of paragraph *a* by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

**96.** (1) Section 772.11 of the Act, amended by section 160 of chapter 29 of the statutes of 2017, is again amended by replacing “725.2 to 725.6” in subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

**97.** (1) Section 776.1.7 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**98.** (1) Section 776.60 of the Act is amended

(1) by striking out the first paragraph;

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

“For the purposes of section 776.51 and subject to the second paragraph, an amount otherwise deductible by the individual for the year in computing the individual’s taxable income or the individual’s taxable income earned in Canada, as the case may be, other than an amount referred to in this Title, must be equal to the amount that would otherwise be deductible were it not for this Book.”

(2) Subsection 1 has effect from 1 January 2018.

**99.** (1) Section 779 of the Act is replaced by the following section:

**“779.** Except for the purposes of sections 752.0.2, 752.0.7.1 to 752.0.10 and 752.0.11 to 752.0.13.0.1, Division II of Chapter II.1 of Title I of Book V, Chapter V of Title III of Book V, the second paragraph of sections 776.41.14 and 776.41.21, sections 935.4 and 935.15 and Divisions II.8.3, II.11.1, II.11.3 to II.11.9, II.12.1 to II.17.1, II.17.3 to II.20 and II.25 to II.27 of Chapter III.1 of Title III of Book IX, the taxation year of a bankrupt is deemed to begin on the date of the bankruptcy and the current taxation year is deemed, if the bankrupt is an individual other than a succession that is a graduated rate estate, to end on the day immediately before the date of the bankruptcy.”

(2) Subsection 1 applies from the taxation year 2016. However, where section 779 of the Act applies to the taxation year 2016, it is to be read as if “II.25 to II.27” were replaced by “II.25”.

**100.** Section 835 of the Act is amended by replacing “, 570 and 736.1” in the portion before subparagraph *b* of the first paragraph by “and 570”.

**101.** (1) Section 905.0.3 of the Act is amended by replacing the portion of the definition of “specified year” in the first paragraph before paragraph *a* by the following:

““specified year” for a disability savings plan of a beneficiary means a calendar year, other than an excluded year, that is either the particular calendar year in which a physician or specialized nurse practitioner licensed to practise under the laws of a province (or of the jurisdiction where the beneficiary resides) certifies in writing that the beneficiary’s state of health is such that, in the professional opinion of the physician or specialized nurse practitioner, the beneficiary is not likely to survive more than five years, or”.

(2) Subsection 1 applies in respect of a certification made after 7 September 2017.

**102.** (1) Section 905.0.4.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“If, in respect of a beneficiary under a registered disability savings plan, a physician or specialized nurse practitioner licensed to practise under the laws of a province (or of the jurisdiction where the beneficiary resides) certifies in writing that the beneficiary’s state of health is such that, in the professional opinion of the physician or specialized nurse practitioner, the beneficiary is not likely to survive more than five years, the holder of the plan elects in prescribed form and provides the election and the certification of the physician or of the specialized nurse practitioner, as the case may be, in respect of the beneficiary under the plan to the issuer of the plan, and the issuer notifies the Minister of the election in a manner and format acceptable to the Minister, the plan becomes a specified disability savings plan at the time the notification is received by the Minister.”

(2) Subsection 1 applies in respect of a certification made after 7 September 2017.

**103.** Section 908 of the Act is amended, in the French text,

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

“*b*) l’enfant, le petit-fils ou la petite-fille du rentier qui, immédiatement avant son décès, était financièrement à sa charge.”;

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

“Pour l’application du paragraphe *b* du premier alinéa, un enfant, un petit-fils ou une petite-fille du rentier est présumé ne pas être financièrement à sa charge au moment de son décès si le revenu de l’enfant, du petit-fils ou de la petite-fille, pour l’année d’imposition précédant l’année d’imposition dans laquelle le rentier est décédé, était supérieur au montant déterminé selon la formule prévue au paragraphe 1.1 de l’article 146 de la Loi de l’impôt sur le revenu (Lois révisées du Canada (1985), chapitre 1, 5<sup>e</sup> supplément) pour cette année précédente.”

**104.** Section 965.0.19 of the Act is amended, in the French text,

(1) by replacing paragraph *b* of the definition of “survivant admissible” in the first paragraph by the following paragraph:

“*b*) soit l’enfant, le petit-fils ou la petite-fille du participant qui était financièrement à sa charge.”;

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

“Pour l’application de la définition de l’expression « survivant admissible » prévue au premier alinéa, un enfant, un petit-fils ou une petite-fille du participant est présumé ne pas être financièrement à sa charge au moment de son décès si le revenu de l’enfant, du petit-fils ou de la petite-fille, pour l’année d’imposition précédant l’année d’imposition dans laquelle le participant est décédé, était supérieur au montant déterminé selon la formule prévue au paragraphe 1.1 de l’article 146 de la Loi de l’impôt sur le revenu pour cette année précédente.”

**105.** (1) Section 971 of the Act is replaced by the following section:

“**971.** Where, at a particular time, a policyholder in a life insurance policy disposes in any manner whatever of the policyholder’s interest in the policy to a person with whom the policyholder is not dealing at arm’s length or disposes, by gift, by distribution from a corporation or by operation of law only, of the interest to a person, the following rules apply:

(a) the policyholder is deemed thereupon to become entitled to receive, at the particular time, proceeds of disposition equal to the greatest of

i. the value of the interest at the particular time,

ii. if the particular time is after 21 March 2016, the greater of

(1) the fair market value of the consideration given, if any, for the interest at the particular time, and

(2) the adjusted cost basis to the policyholder of the interest immediately before the particular time, and

iii. if the particular time is before 22 March 2016, an amount equal to zero;

(b) the person to whom the disposition is made is deemed to acquire the interest, at the particular time, at a cost equal to the amount determined in accordance with subparagraph *a*, in respect of the disposition;

(c) any contribution of capital to a corporation or partnership in connection with the disposition is deemed, to the extent that it exceeds the amount determined in accordance with subparagraph i of subparagraph *a* in respect of the disposition, not to result in a contribution of capital for the purpose of applying paragraphs *e* and *i* of section 255 at or after the particular time;

(d) any contributed surplus of a corporation that arose in connection with the disposition is deemed, to the extent that it exceeds the amount determined in accordance with subparagraph i of subparagraph *a* in respect of the disposition, not to be contributed surplus for the purpose of applying section 504 at or after the particular time; and

(e) if the particular time is before 22 March 2016,

i. subparagraphs *c* and *d* apply only in respect of a disposition that occurs after 31 December 1999 and only if at least one person whose life was insured under the policy before 22 March 2016 is alive on that date, and subparagraphs *c* and *d*, where they apply in respect of the disposition, are to be read as if “the particular time” were replaced by “the beginning of 22 March 2016”, and

ii. where any consideration given for the interest includes a share of the capital stock of a corporation, the share (or a share substituted for the share) is disposed of after 21 March 2016 by a taxpayer and section 517.2 applies in respect of the share disposition, then for the purpose of applying Chapter III.1 of Title IX of Book III, the adjusted cost base to the taxpayer of the share immediately before the share disposition is to be reduced by the amount determined by the formula

$$[A - (B \times A/C)]/D.$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts each of which is the fair market value at the particular time of a share of that capital stock given as consideration for the interest;

(b) B is the greater of the amount determined under subparagraph i of subparagraph *a* of the first paragraph in respect of the disposition of the interest and the adjusted cost basis to the policyholder of the interest immediately before the disposition of the interest;

(c) C is the fair market value at the particular time of the consideration given for the interest, if any; and

(d) D is the total number of shares of that capital stock given as consideration for the interest.

However, the first paragraph does not apply in the case of a deemed disposition described in paragraph *b* of section 967.”

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

**106.** (1) Section 998 of the Act is amended by striking out paragraph *k*.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**107.** (1) Sections 999.0.1 to 999.0.5 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**108.** (1) Section 999.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**999.1.** Where at any time (in this section referred to as “that time”), a person that is a corporation or, if that time is after 12 September 2013, a trust becomes or ceases to be exempt from tax under this Part on its taxable income, the following rules apply:”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**109.** (1) Section 1003 of the Act is amended by replacing “725 to 725.7” in subparagraph ii of subparagraph *b* of the first paragraph by “725 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

**110.** (1) Section 1029.6.0.0.1 of the Act, amended by section 172 of chapter 29 of the statutes of 2017, is again amended, in the second paragraph,

(1) by replacing “II.26” in the portion before subparagraph *a* by “II.27”;

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

“(b) in the case of each of Divisions II.4.2, II.5.1.1, II.5.1.2, II.5.2, II.6.0.0.1, II.6.0.1.7, II.6.0.1.8, II.6.0.1.10, II.6.0.4 to II.6.0.7, II.6.0.10, II.6.0.11, II.6.2, II.6.4.2, II.6.4.2.1, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.6.7, II.6.14.3 to II.6.14.5 and II.27, government assistance or non-government assistance does not include an amount that is deemed to have been paid to the Minister for a taxation year under that division;”.

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

**III.** (1) The Act is amended by inserting the following section after section 1029.6.0.0.1:

**“1029.6.0.0.2.** A taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a taxation year under any of Divisions II to II.6.15 only to the extent that the cost, expenditure or expenses taken into account in computing that amount are reasonable in the circumstances.”

(2) Subsection 1 applies in respect of a cost, an expenditure or expenses incurred in a taxation year or a fiscal period, as the case may be, that ends after 30 June 2016.

**II2.** (1) Section 1029.6.0.1.2 of the Act, amended by section 173 of chapter 29 of the statutes of 2017, is again amended

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

“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 the last of the following days:

(a) the last day of the 12-month period that follows the taxpayer’s filing-due date for the particular year; or

(b) either of the following days:

i. where a favourable advance ruling that 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 last day of the 3-month period that follows the date on which the ruling was given, or

ii. in any other case, the last day of the 3-month period that follows 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 adding the following paragraph at the end:

“For the purposes of the first paragraph and subparagraph *b* of the second paragraph, a taxpayer is deemed to have filed with the Minister, within the time limit provided for in the first paragraph that is applicable to the taxpayer for a particular taxation year, a copy of the certificate, qualification certificate or favourable advance ruling which the taxpayer files with the Minister in accordance with any of Divisions II to II.6.15, if the taxpayer filed, before the expiry of that time limit, the prescribed form containing prescribed information and provided for in that division.”

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

(3) Paragraph 2 of subsection 1 applies to a taxation year of a taxpayer for which a copy of a particular document is required to be filed with the Minister in accordance with any of Divisions II to II.6.15 of Chapter III.1 of Title III of Book IX of Part I of the Act on or before a particular date that follows 30 June 2015, provided that, if the particular date precedes 21 December 2017, the prescribed form containing prescribed information provided for in that division is filed again with the Minister for that taxation year with a copy of the particular document on or before 21 June 2018.

**113.** (1) Section 1029.6.0.6 of the Act, amended by section 174 of chapter 29 of the statutes of 2017, is again amended by replacing subparagraph *n* of the fourth paragraph by the following subparagraph:

“(n) the amount of \$574 mentioned in sections 1029.9.1, 1029.9.2 and 1029.9.2.1.”

(2) Subsection 1 applies to a taxation year in which a fiscal period of a partnership that includes 31 December of a calendar year subsequent to the calendar year 2017 ends, except where it replaces “\$500” by “\$574” in relation to sections 1029.9.1 and 1029.9.2 of the Act, in which case it applies to a taxation year that ends after 30 December 2018. However, where section 1029.6.0.6 of the Act applies to a taxation year in which a fiscal period of a partnership that includes 31 December 2018 ends or, as the case may be, a taxation year that includes that date, it is to be read without reference to subparagraph *n* of the fourth paragraph.

**114.** (1) Section 1029.6.0.6.2 of the Act is amended

(1) by replacing “2016” in the first paragraph by “2017”;

(2) by replacing subparagraphs *a* to *c* of the second paragraph by the following subparagraphs:

“(a) the amounts of \$118, \$136, \$285, \$363, \$552, \$670 and \$1,676, wherever they are mentioned in section 1029.8.116.16;

“(b) the amount of \$33,935 mentioned in section 1029.8.116.16; and

“(c) the amount of \$20,580 mentioned in section 1029.8.116.34.”

(2) Subsection 1 applies to a period that begins after 30 June 2018.

**115.** (1) Section 1029.6.1 of the Act is amended by replacing paragraph *a* of the definition of “tax-exempt corporation” by the following paragraph:

“(a) is exempt from tax under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**116.** (1) Section 1029.8.1 of the Act is amended by replacing subparagraph *i* of paragraph *k* by the following subparagraph:

“i. exempt from tax under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**117.** Section 1029.8.16.1.4 of the Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) all or part of a qualified expenditure that the taxpayer has made in Québec, that can reasonably be attributed to such research and development directly undertaken by the taxpayer in that year and that the taxpayer has paid;

“(b) all or part of a qualified expenditure that the taxpayer has made in Québec under a contract entered into with a person or partnership with which the taxpayer was not dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or partnership on behalf of the taxpayer in that year and that the taxpayer has paid; and

“(c) 80% of an amount representing all or part of a qualified expenditure that the taxpayer has made in Québec under a contract entered into with a person or partnership with which the taxpayer was dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or partnership on behalf of the taxpayer in that year and that the taxpayer has paid.”



**118.** Section 1029.8.16.1.5 of the Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) all or part of a qualified expenditure that the particular partnership has made in Québec, that can reasonably be attributed to such research and development directly undertaken by the particular partnership in that fiscal period and that the particular partnership has paid;

“(b) all or part of a qualified expenditure that the particular partnership has made in Québec under a contract entered into with a person or another partnership with which a member of the particular partnership was not dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or the other partnership on behalf of the particular partnership in that fiscal period and that the particular partnership has paid; and

“(c) 80% of an amount representing all or part of a qualified expenditure that the particular partnership has made in Québec under a contract entered into with a person or another partnership with which all the members of the particular partnership were dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or the other partnership on behalf of the particular partnership in that fiscal period and that the particular partnership has paid.”

**119.** (1) Section 1029.8.21.17 of the Act is amended by replacing paragraph *a* of the definition of “qualified corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**120.** (1) Section 1029.8.33.2 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “qualified expenditure” by the following definition:

““qualified expenditure” made by an eligible taxpayer in a taxation year or by a qualified partnership in a fiscal period means an expenditure incurred by the taxpayer in the taxation year or by the partnership in the fiscal period, as the case may be, in respect of an eligible trainee, within the framework of a qualified training period, that is related to a business carried on by the taxpayer or partnership in Québec, and that corresponds to the amount determined under section 1029.8.33.3 in respect of the eligible trainee for a week completed in the taxation year or fiscal period, as the case may be;”;

(2) by replacing paragraph *a* of the definition of “qualified corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure incurred in a taxation year or a fiscal period, as the case may be, that ends after 30 June 2016.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2018.

**121.** (1) Section 1029.8.33.11.1 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**122.** (1) Section 1029.8.34 of the Act is amended

(1) by replacing subparagraphs 2 and 3 of subparagraph *i* of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph by the following subparagraphs:

“(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 paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” 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 determined in respect of the property under the ninth paragraph by the amount of 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

“(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 corporation’s expenditure for services rendered outside the Montréal area or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the corporation’s qualified expenditure for services rendered outside the Montréal area 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 determined in respect of the property under the ninth 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 year preceding the year because of subparagraph i of subparagraph c of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds”;

(2) by replacing subparagraph ii of paragraph *b* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph by the following subparagraph:

“ii. the amount by which the aggregate of all amounts each of which is the corporation’s qualified expenditure for services rendered outside the Montréal area 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 determined in respect of the property under the ninth 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;”;

(3) by replacing subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following subparagraphs:

“(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 paragraph *b* of the definition of “computer-aided special effects and animation expenditure” 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 determined in respect of the property under the tenth paragraph by the amount of 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

“(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 corporation’s computer-aided special effects and animation expenditure or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the corporation’s qualified computer-aided special effects and animation expenditure 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 determined in respect of the property under the tenth 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 year preceding the year because of subparagraph i of subparagraph c of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds”;

(4) by replacing subparagraph ii of paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following subparagraph:

“ii. the amount by which the aggregate of all amounts each of which is the corporation’s qualified computer-aided special effects and animation expenditure 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 determined in respect of the property under the tenth 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;”;

(5) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means, subject to the second paragraph, the aggregate of the following amounts included in the production cost, cost or capital cost, as the case may be, of the property to the corporation:”;

(6) by replacing “conversion factor applicable to the property, specified in the eleventh paragraph,” 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 “conversion factor determined in respect of the property under the twelfth paragraph”;

(7) by striking out subparagraph *a* of the fourth paragraph;

(8) by replacing the ninth paragraph by the following paragraph:

“For the purpose of determining the qualified expenditure for services rendered outside the Montréal area of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

$1/A$ .”;

(9) by inserting the following paragraph after the ninth paragraph:

“For the purpose of determining the qualified computer-aided special effects and animation expenditure of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

$1/B$ .”;

(10) 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 the factor determined by the formula

$1/(C + D)$ .”;

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

“In the formulas in the ninth, tenth and twelfth paragraphs,

(a) A is the percentage applicable to the amount of the qualified expenditure for services rendered outside the Montréal area for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *a.1* of the first paragraph of section 1029.8.35;

(b) B is the percentage applicable to the amount of the qualified computer-aided special effects and animation expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *b* of the first paragraph of section 1029.8.35;

(c) C is the percentage applicable to the amount of the qualified labour expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *a* of the first paragraph of section 1029.8.35; and

(d) D is the percentage applicable to the amount of the qualified labour expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *c* of the first paragraph of section 1029.8.35.”

(2) Paragraphs 1 to 4, 6 and 8 to 11 of subsection 1 have effect from 28 March 2017.

(3) Paragraphs 5 and 7 of subsection 1 apply in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

**123.** (1) Section 1029.8.35 of the Act is amended

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

“(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 28 March 2017, 10%,

“(2) 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 before 29 March 2017 and after 31 August 2014 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, 8%, or”;

(2) by adding the following subparagraph at the end of subparagraph i of subparagraph *a.1* of the first paragraph:

“(3) in any other case, 9.1875% if the taxation year ends before 1 January 2009, or 10% if it ends after 31 December 2008, or”;

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

“(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 28 March 2017, 20%,

“(2) 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 before 29 March 2017 and after 31 August 2014 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, 16%, or”;

(4) by adding the following subparagraph at the end of subparagraph ii of subparagraph *a.1* of the first paragraph:

“(3) in any other case, 19.3958% if the taxation year ends before 1 January 2009, or 20% if it ends after 31 December 2008;”;

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

“i. 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 28 March 2017, 10%,

“ii. 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 before 29 March 2017 and after 31 August 2014 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, 8%, or”;

(6) by adding the following subparagraph at the end of subparagraph *b* of the first paragraph:

“iii. in any other case,

(1) if an amount included in computing the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property was incurred before 1 January 2009, 10.2083%, or

(2) if subparagraph 1 does not apply, 10%; and”;

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

“(c) one of the following amounts:

i. 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 28 March 2017, and where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property certifying that the property qualifies for the tax credit enhancement determined by reference to public financial assistance, the amount obtained by multiplying its qualified labour expenditure by the rate determined by the formula

$16\% \times [(32\% - A)/32\%]$ , or

ii. 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 before 29 March 2017, and where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property certifying that the property qualifies for the tax credit enhancement applicable

to certain productions that do not receive an amount of financial assistance granted by a public body and that none of the amounts of assistance referred to in subparagraphs ii to viii.5 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted for the production of the property,

(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 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, 8% of the corporation's qualified labour expenditure for the year in respect of the property, or

(2) in any other case, 10% of the portion of its qualified labour expenditure for the year in respect of the property that may reasonably be considered to be attributable to a labour expenditure incurred after 31 December 2008 in respect of the property.”;

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

“In the formula in subparagraph i of subparagraph *c* of the first paragraph, *A* is the proportion that the aggregate of all amounts each of which is the amount of financial assistance granted for the production of the property and referred to in any of subparagraphs ii to viii.5 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is of the aggregate of the production costs attributable to the production of the property that would be referred to in subparagraph i of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.34 if that subparagraph i were read as if “incurred by the corporation before the end of the year” were replaced by “incurred by the corporation”.”

(2) Subsection 1 has effect from 28 March 2017.

**124.** (1) Section 1029.8.35.3 of the Act is 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 28 March 2017,

i. 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, 62%, or

ii. 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, 66%.”;



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

“(a.0.1) 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 and before 29 March 2017, 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%;”;

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

“(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 and before 29 March 2017, 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 28 March 2017.

**125.** (1) Section 1029.8.36.0.0.1 of the Act is amended by replacing the portion of the definition of “film dubbing expenditure” in the first paragraph before paragraph *a* by the following:

““film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means, subject to the second paragraph, the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

**126.** (1) Section 1029.8.36.0.0.4 of the Act is amended, in the first paragraph,

(1) by replacing the portion of the definition of “labour expenditure” before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second paragraph, the aggregate of”;

(2) by replacing the portion of the definition of “production costs” before paragraph *a* by the following:

““production costs” to a corporation for a taxation year, in respect of a property that is a qualified production, means, subject to the third paragraph, the aggregate of”;

(3) by replacing the definition of “qualified low-budget production” by the following definition:

““qualified low-budget production” for a taxation year means a property that is a production, other than a qualified production or an excluded production, in respect of which an application for an approval certificate was filed with the Société de développement des entreprises culturelles before 29 March 2017 and in respect of which the Société de développement des entreprises culturelles certifies, on the approval certificate it issues to a corporation in respect of the production, that the production is recognized as a qualified low-budget production for the purposes of this division;”;

(4) by replacing “that is” in the portion of the definition of “excluded corporation” before paragraph *b* by “that”;

(5) by replacing paragraphs *b* and *c* of the definition of “excluded corporation” by the following paragraphs:

“(b) is exempt from tax for the year under Book VIII;

“(c) is controlled, directly or indirectly in any manner whatever, by one or more corporations exempt from tax under Book VIII at any time in the year and whose mission is cultural;”;

(6) by replacing paragraphs *e* and *f* of the definition of “excluded corporation” by the following paragraphs:

“(e) is holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission; or

“(f) is not, at any time in the year or during the 24 months preceding the year, dealing at arm’s length with 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;”.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

(3) Paragraph 3 of subsection 1 has effect from 29 March 2017.

**127.** (1) Section 1029.8.36.0.0.7 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified property means, subject to the second paragraph, the aggregate of”;

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

“i. the portion of the production costs, other than the production fees and administration costs, included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

“ii. the production fees and administration costs;”.

(2) Subsection 1 applies in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

**128.** (1) Section 1029.8.36.0.0.10 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified performance means, subject to the second paragraph, the aggregate of the following amounts, but does not include any amount relating to the broadcasting or promotion of the property:”;

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

“i. the portion of the production costs, other than the production fees and administration costs, included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

“ii. the production fees and administration costs;”.

(2) Subsection 1 applies in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

**129.** (1) Section 1029.8.36.0.0.12.1 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second and third paragraphs, the aggregate of the following amounts, but does not include any amount relating to the promotion of the property:”;

(2) by replacing the portion of subparagraph *a* of the fifth paragraph before subparagraph *i* by the following:

“(a) the production costs directly attributable to the production of a property that is described in paragraph *a* of the definition of “qualified production” in the first paragraph are the following amounts, but do not include however the costs incurred for the promotion of the property:”.

(2) Subsection 1 applies in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

**130.** (1) Section 1029.8.36.0.0.13 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure attributable to printing and reprinting costs” in the first paragraph before paragraph *a* by the following:

““labour expenditure attributable to printing and reprinting costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the third and fourth paragraphs, the aggregate of”;

(2) by replacing the portion of the definition of “labour expenditure attributable to preparation costs and digital version publishing costs” in the first paragraph before paragraph *a* by the following:

““labour expenditure attributable to preparation costs and digital version publishing costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth and fifth paragraphs, the aggregate of”;

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

“(b) the publishing fees and administration costs pertaining to the property; and”.

(2) Subsection 1 applies in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

**131.** (1) Section 1029.8.36.0.3.8 of the Act is amended by replacing the portion of the definition of “qualified labour expenditure” in the first paragraph before paragraph *a* by the following:

““qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means, subject to the second paragraph, the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

**132.** (1) Section 1029.8.36.0.3.18 of the Act is amended by replacing the portion of the definition of “qualified labour expenditure” in the first paragraph before paragraph *a* by the following:

““qualified labour expenditure” of a qualified corporation for a taxation year means, subject to the second paragraph, the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

**133.** (1) Section 1029.8.36.0.107 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**134.** (1) Section 1029.8.36.0.119 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the particular year under Book VIII, other than an insurer referred to in paragraph *k* of section 998, as it read before being struck out, that is not so exempt from tax on all of its taxable income for the particular year because of section 999.0.1, as it read before being repealed;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**135.** (1) Section 1029.8.36.4 of the Act is amended by replacing paragraph *a* of the definition of “qualified corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**136.** (1) Section 1029.8.36.5 of the Act is amended, in the first paragraph,

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

“(a) if the qualified corporation is not dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the aggregate of all amounts each of which, determined in relation to a qualified designer or, as the case may be, to a qualified patternmaker, who reports for work at an establishment of the qualified outside consultant situated in Québec, is the expenditure that it incurs in the particular year, to the extent that the expenditure is paid, and that is the least of”;

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

“(b) if the qualified corporation is dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the expenditure that it incurs in the year and that is 65% of all or part of the cost of the contract that may reasonably be attributed to the design activity or to a pattern drafting activity provided for in the contract that the qualified outside consultant carried out in Québec in the particular year or a preceding taxation year, to the extent that the expenditure is paid.”

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

**137.** (1) Section 1029.8.36.6 of the Act is amended, in the first paragraph,

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

“(a) if the qualified partnership is not dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the aggregate of all amounts each of which, determined in relation to a qualified designer or, as the case may be, to a qualified patternmaker, who reports for work at an establishment of the qualified outside consultant situated in Québec, is the expenditure that it incurs in the particular fiscal period, to the extent that the expenditure is paid, and that is the least of”;

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

“(b) if the qualified partnership is dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the expenditure that the qualified partnership incurs in the particular fiscal period and that is 65% of all or part of the cost of the contract that may reasonably be attributed to the design activity or to a pattern drafting activity provided for in the contract that the qualified outside consultant carried out in Québec in the particular fiscal period or a preceding fiscal period, to the extent that the expenditure is paid.”

(2) Subsection 1 applies in respect of an expenditure incurred in a fiscal period that ends after 30 June 2016.

**138.** (1) Section 1029.8.36.7 of the Act is amended, in the first paragraph,

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

“i. the wages incurred by the qualified corporation, as part of the design activity and in the period described in the certificate, in respect of a qualified designer who reports for work at an establishment of the qualified corporation situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the design activity in Québec in the period, and”;

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

“i. the wages incurred by the qualified corporation, as part of a pattern drafting activity that derives from the design activity and in the period described in the certificate, in respect of a qualified patternmaker who reports for work at an establishment of the qualified corporation situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the pattern drafting activity in Québec in the period, and”.

(2) Subsection 1 applies in respect of wages incurred in a taxation year that ends after 30 June 2016.

**139.** (1) Section 1029.8.36.7.1 of the Act is amended, in the first paragraph,

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

“i. the wages incurred by the qualified partnership, as part of the design activity and in the period described in the certificate, in respect of a qualified designer who reports for work at an establishment of the qualified partnership situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the design activity in Québec in the period, and”;

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

“i. the wages incurred by the qualified partnership, as part of a pattern drafting activity that derives from the design activity and in the period described in the certificate, in respect of a qualified patternmaker who reports for work at an establishment of the qualified partnership situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the pattern drafting activity in Québec in the period, and”.

(2) Subsection 1 applies in respect of wages incurred in a fiscal period that ends after 30 June 2016.

**140.** (1) Section 1029.8.36.54 of the Act is amended, in the first paragraph,

(1) by replacing the portion of the definition of “construction expenditure” before paragraph *a* by the following:

““construction expenditure” of a qualified corporation for a taxation year in respect of an eligible vessel means the aggregate of”;

(2) by replacing the portion of the definition of “conversion expenditure” before paragraph *a* by the following:

““conversion expenditure” of a qualified corporation for a taxation year in respect of an eligible vessel means the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

**141.** (1) Section 1029.8.36.72.82.1 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “eligibility period” by the following definition:

““eligibility period” of a corporation means, subject to the third paragraph, the period that begins on 1 January of the first calendar year referred to in the first unrevoked qualification certificate issued to the corporation or deemed obtained by it, in relation to a recognized business, for the purposes of this division or any of Divisions II.6.6.2, II.6.6.4 and II.6.6.6, and that ends

(*a*) on 31 December 2020, for the purpose of computing an amount deemed to have been paid to the Minister under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, in respect of an amount referred to in subparagraph ii of subparagraph *b* of the first paragraph of that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, that is in relation to a particular amount of salary or wages in respect of which an amount is deemed to have been paid by the corporation to the Minister under that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, for a taxation year in which a calendar year preceding the calendar year 2016 ends, in relation to an activity referred to in the definition of “eligible region”;

(*b*) on 31 December 2017, for the purpose of computing an amount deemed to have been paid to the Minister under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, in respect of an amount referred to in subparagraph *b* of the first paragraph of that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, that is in relation to an amount of salary or wages, other than a particular amount of salary or wages in respect of which an amount is deemed



to have been paid by the corporation to the Minister under that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, for a taxation year in which a calendar year preceding the calendar year 2016 ends; or

(c) on 31 December 2015, in any other case;”;

(2) by replacing “or by 100/8 if the particular calendar year is the calendar year 2015” by “or by 100/8 if the particular calendar year is subsequent to the calendar year 2014” in the following provisions of the definition of “eligible repayment of assistance”:

— the portion of paragraph *m.1* before subparagraph *i*;

— subparagraph *i* of paragraph *m.1*;

— the portion of paragraph *n.1* before subparagraph *i*;

— subparagraph *i* of paragraph *n.1*;

— the portion of paragraph *o.1* before subparagraph *i*;

— subparagraph *i* of paragraph *o.1*.

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

**142.** (1) Section 1029.8.36.72.82.3.2 of the Act is amended, in the second paragraph,

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

“*ii.* 16% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”;

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

“*iii.* 8% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”.

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

**143.** (1) Section 1029.8.36.72.82.3.3 of the Act is amended, in the third paragraph,

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

“ii. 16% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”;

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

“iii. 8% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”.

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

**144.** (1) Section 1029.8.36.166.40 of the Act, amended by section 183 of chapter 29 of the statutes of 2017, is again amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**145.** (1) Section 1029.8.36.166.60.1 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**146.** (1) Section 1029.8.36.166.60.19 of the Act is amended, in the first paragraph,

(1) by striking out “, to the extent that it is reasonable in the circumstances,” in subparagraph i of paragraphs *a* to *d* of the definition of “eligible expenses”;

(2) by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Paragraph 1 of subsection 1 applies in respect of expenses incurred in a taxation year or a fiscal period, as the case may be, that ends after 30 June 2016.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2018.

**147.** (1) Section 1029.8.36.166.65 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**148.** (1) Section 1029.8.36.166.69 of the Act is amended

(1) by replacing the portion of the definition of “qualified expenditure” before paragraph *a* by the following:

““qualified expenditure” of a corporation for a taxation year means the aggregate of all amounts each of which is an expenditure incurred by the corporation in the year, that is directly attributable to its eligible activities for the year carried on in an establishment of the corporation situated in Québec and is any of the following expenditures, provided it is wholly or partly attributable to its eligibility period for the year:”;

(2) by adding the following paragraphs at the end of the definition of “qualified expenditure”:

“(g) the fees relating to the constitution of a prospectus required by a recognized regulatory or self-regulatory organization of a financial market; or

“(h) the fees paid to a compliance consultant to ensure compliance with the requirements of a recognized regulatory or self-regulatory organization of a financial market.”;

(3) by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

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

(4) Paragraph 3 of subsection 1 applies to a taxation year that begins after 31 December 2018.

**149.** (1) Section 1029.8.61.18 of the Act, amended by section 185 of chapter 29 of the statutes of 2017, is again amended

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

“ $\frac{1}{12} A + B + I + J$ ”;

(2) by adding the following subparagraph at the end of the second paragraph:

“(d) J is an amount (in this division referred to as the “supplement for the purchase of school supplies”) equal to

i. where the particular month is July of a year subsequent to the year 2017, the product obtained by multiplying \$100 by the number of eligible dependent children described in the first paragraph of section 1029.8.61.19.5 in respect of whom the individual is, at the beginning of the particular month, an eligible individual,

ii. where the particular month is January 2018, the product obtained by multiplying \$100 by the number of eligible dependent children described in the second paragraph of section 1029.8.61.19.5 in respect of whom the individual is, at the beginning of the particular month, an eligible individual, or

iii. in any other case, zero.”

(2) Subsection 1 has effect from 1 January 2018.

**150.** (1) The Act is amended by inserting the following section after section 1029.8.61.19.4, enacted by section 187 of chapter 29 of the statutes of 2017:

“**1029.8.61.19.5.** An eligible dependent child to whom subparagraph i of subparagraph d of the second paragraph of section 1029.8.61.18 refers for a particular month is a child who, on 30 September following the particular month, is at least 4 years of age and at most

(a) 17 years of age, where the child is an eligible dependent child to whom subparagraph b of the second paragraph of section 1029.8.61.18 refers for the particular month; or

(b) 16 years of age, in any other case.

An eligible dependent child to whom subparagraph ii of subparagraph d of the second paragraph of section 1029.8.61.18 refers is a child who, on 30 September 2017, is at least 4 years of age and at most

(a) 17 years of age, where the child is an eligible dependent child to whom subparagraph b of the second paragraph of section 1029.8.61.18 refers for January 2018; or

(b) 16 years of age, in any other case.”

(2) Subsection 1 has effect from 1 January 2018.

**151.** (1) Section 1029.8.61.20 of the Act, amended by section 188 of chapter 29 of the statutes of 2017, is again amended, in the fourth paragraph,

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

“The amounts to which the first paragraph refers are”;

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

“(a.2) the amount of \$100 mentioned in subparagraph *i* of subparagraph *d* of the second paragraph of section 1029.8.61.18;”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2017.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2019.

**152.** (1) Section 1029.8.61.28 of the Act is amended by adding the following paragraph at the end:

“However, the payment made under the first or second paragraph of an amount determined in respect of a child assistance payment for a particular month that is either January 2018 or July of a year subsequent to the year 2017 does not include the portion of that amount that is attributable to the supplement for the purchase of school supplies, which portion is paid separately by Retraite Québec on or before the last day of the month following the particular month.”

(2) Subsection 1 has effect from 1 January 2018.

**153.** (1) Section 1029.8.61.69 of the Act is amended by replacing subparagraphs *i* and *ii* of paragraph *b* by the following subparagraphs:

“i. the particular person’s ability to perform a basic activity of daily living is markedly restricted and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of “minimum housing period” in section 1029.8.61.61, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the particular person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the particular person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the particular person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person’s ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an

occupational therapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the particular person has such an impairment, or

“ii. the particular person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of “minimum housing period” in section 1029.8.61.61, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the particular person has an impairment with respect to the particular person's ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the particular person has such an impairment.”

(2) Subsection 1 applies in respect of a certification made after 21 March 2017.

**154.** (1) Section 1029.8.61.90 of the Act is amended by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

“i. the person's ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

“ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic

activity of daily living, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and”.

(2) Subsection 1 applies in respect of a certification made after 21 March 2017.

**155.** (1) Section 1029.8.61.96 of the Act is amended

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

“*i.* the individual certifies that, throughout the minimum cohabitation period of the person for the year, the individual ordinarily lived with that person in a self-contained domestic establishment (other than such an establishment situated in a private seniors' residence, in a facility maintained by a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2), or in a public network facility within the meaning of section 1029.8.61.1), and”;

(2) by replacing subparagraphs *i* and *ii* of paragraph *b* by the following subparagraphs:

“*i.* the person's ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

“*ii.* the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person

has an impairment with respect to the person's ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and".

(2) Paragraph 1 of subsection 1 applies from the taxation year 2017.

(3) Paragraph 2 of subsection 1 applies in respect of a certification made after 21 March 2017.

**156.** (1) Section 1029.8.116.1 of the Act is amended

(1) by replacing paragraph *d* of the definition of "eligible individual" by the following paragraph:

"(d) a person who is a dependant of another individual for the year for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 or subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1; or";

(2) by striking out "or begins to receive a benefit referred to in paragraph *b*" in paragraph *a* of the definition of "period of transition to work";

(3) by replacing paragraph *b* of the definition of "period of transition to work" by the following paragraph:

"(b) a period that begins on the first day of a particular month that is both subsequent to the month of March 2009 and recognized by the Minister of Employment and Social Solidarity as a month in which the individual ceases to receive a financial assistance benefit under Chapter III of Title II of the Individual and Family Assistance Act, as it read before being repealed, because of earned income from employment as determined for the purposes of that Act, and that ends on the last day of the eleventh month that follows the particular month or, if it is earlier, the last day of the month that precedes the month in which the individual begins to receive a benefit referred to in paragraph *a* or *c*; or";

(4) by adding the following paragraph at the end of the definition of "period of transition to work":

"(c) a period that begins on the first day of a particular month that is both subsequent to the month of March 2018 and recognized by the Minister of Employment and Social Solidarity as a month in which the individual ceases to receive a financial assistance benefit under Chapter V of Title II of the Individual and Family Assistance Act because of earned income from employment as determined for the purposes of that Act, and that ends on the last day of the eleventh month that follows the particular month or, if it is earlier, the last day of the month that precedes the month in which the individual again receives such a benefit or begins to receive a benefit referred to in paragraph *a*";".



(2) Paragraph 1 of subsection 1 applies from the taxation year 2018.

(3) Paragraphs 2 to 4 of subsection 1 have effect from 1 April 2018.

**157.** (1) Section 1029.8.116.2.2 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) that Minister shall not consider an individual to have received, for a month, a financial assistance benefit under Title II of the Individual and Family Assistance Act if, for that month, the individual receives only a special benefit under section 48 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1).”

(2) Subsection 1 has effect from 1 April 2018.

**158.** (1) Section 1029.8.116.5 of the Act is amended

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

“**1029.8.116.5.** An eligible individual for a taxation year who is resident in Québec at the end of 31 December of the year is deemed, subject to the third paragraph, to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for the year, provided that the individual and, if applicable, the individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, the amount determined by the formula”;

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

“i. in the case where the eligible individual does not have an eligible spouse for the year but has a dependant for the year, 30%,

“ii. in the case where the eligible individual has an eligible spouse for the year and a dependant for the year, 25%, and

“iii. in any other case,

(1) 9% for the taxation year 2016 or 2017,

(2) 9.4% for the taxation year 2018,

(3) 10.5% for the taxation year 2019,

(4) 10.8% for the taxation year 2020,

(5) 11.2% for the taxation year 2021, or

(6) 11.6% for a taxation year subsequent to the year 2021;”.

(2) Subsection 1 applies from the taxation year 2018, except where paragraph 2 of that subsection replaces subparagraph iii of subparagraph *a* of the second paragraph of section 1029.8.116.5 of the Act, in which case it has effect from 1 January 2018.

**159.** (1) Section 1029.8.116.5.0.1 of the Act is amended

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

**“1029.8.116.5.0.1.** An individual who, for a taxation year, is an eligible individual to whom the second paragraph applies and is resident in Québec at the end of 31 December of the year is deemed, subject to the fourth paragraph, to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for the year, provided that the individual and, if applicable, the individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, the amount determined by the formula”;

(2) by replacing subparagraphs i to iii of subparagraph *a* of the third paragraph by the following subparagraphs:

“i. in the case where the eligible individual does not have an eligible spouse for the year but has a dependant for the year, 25%,

“ii. in the case where the eligible individual has an eligible spouse for the year and a dependant for the year, 20%, and

“iii. in any other case,

(1) 11% for the taxation year 2016 or 2017,

(2) 11.4% for the taxation year 2018,

(3) 12.5% for the taxation year 2019,

(4) 12.8% for the taxation year 2020,

(5) 13.2% for the taxation year 2021, or

(6) 13.6% for a taxation year subsequent to the year 2021;”.

(2) Subsection 1 applies from the taxation year 2018, except where paragraph 2 of that subsection replaces subparagraph iii of subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1 of the Act, in which case it has effect from 1 January 2018.

**160.** (1) Section 1029.8.116.5.0.2 of the Act is amended

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

**“1029.8.116.5.0.2.** An eligible individual who is resident in Québec at the end of 31 December of a taxation year is deemed, subject to the fourth paragraph, to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for the year, provided that the individual and, if applicable, the individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, an amount equal to the product obtained by multiplying \$200 by the total number of months in that year each of which is a month (in this section and section 1029.8.116.9.1 referred to as an “eligible month”) for which the individual’s earned income is equal to or greater than \$200 and is a month included in a period of transition to work of the individual in respect of which the following conditions are met:”;

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

“(b) the Minister of Employment and Social Solidarity confirms that during the 30-month period that precedes the first month of the individual’s period of transition to work that includes the eligible month, the individual received, for at least 24 months, an amount that is”;

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

“ii. a financial assistance benefit paid under Chapter V of Title II of the Individual and Family Assistance Act or Chapter III of that Title II, as it read before being repealed; and”;

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

“For the purpose of confirming that an individual meets the condition set out in subparagraph *b* of the first paragraph, the Minister of Employment and Social Solidarity shall not consider that the individual received, for a particular month, a financial assistance benefit under Title II of the Individual and Family Assistance Act if”;

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

“Subparagraph *c* of the first paragraph does not apply in respect of an individual who receives a financial assistance benefit under Chapter III of Title II of the Individual and Family Assistance Act, as it read before being repealed, for the month that precedes the first month of the individual’s period of transition to work that includes the eligible month.”

- (2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2018.
- (3) Paragraphs 3 to 5 of subsection 1 have effect from 1 April 2018.

**161.** (1) Section 1029.8.116.8 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“1029.8.116.8.** For the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 or subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1, an eligible individual for a taxation year has a dependant for the year if that person is, during the year, a child of the eligible individual or of the eligible individual’s eligible spouse for the year and”.

- (2) Subsection 1 applies from the taxation year 2018.

**162.** (1) Section 1029.8.116.8.1 of the Act is amended by replacing “designate a person as being” by “consider a person as being”.

- (2) Subsection 1 applies from the taxation year 2018.

**163.** (1) Section 1029.8.116.9 of the Act is amended, in the first paragraph,

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

**“1029.8.116.9.** If, on or before 15 October of a taxation year, an individual applies to the Minister, in the prescribed form containing prescribed information, the Minister may pay in advance, according to the terms and conditions provided for in the second paragraph, an amount (in this subdivision referred to as the “amount of the advance relating to the work premium”) equal to the product obtained by multiplying the percentage specified in the third paragraph by the amount the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under the first paragraph of section 1029.8.116.5 or 1029.8.116.5.0.1, on account of the individual’s tax payable for the year, if”;

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

“i. if the individual has a dependant who meets the conditions set out in section 1029.8.116.8 for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 or subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1, \$500, and”.

- (2) Subsection 1 applies from the taxation year 2018.

**164.** (1) Section 1029.8.116.9.0.1 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“1029.8.116.9.0.1.** If, in a taxation year, an individual receives a financial assistance benefit paid under any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or Chapter III of that Title II, as it read before being repealed, if, on or before 15 October of that year, the individual applies to the Minister of Employment and Social Solidarity, in the prescribed form containing prescribed information, and if that Minister notifies the Minister of Revenue, the latter Minister may pay in advance, according to the terms and conditions provided for in the second paragraph, the amount determined in accordance with the third paragraph in respect of a relevant month of the year (in this subdivision referred to as the “increased amount of the advance relating to the work premium”) in respect of the amount the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under the first paragraph of section 1029.8.116.5 or 1029.8.116.5.0.1, on account of the individual’s tax payable for the year, if”.

(2) Subsection 1 has effect from 1 April 2018.

**165.** (1) Section 1029.8.116.9.1 of the Act is amended by replacing the third paragraph by the following paragraph:

“The Minister of Employment and Social Solidarity shall notify the Minister on becoming aware that the individual’s period of transition to work has ended because the individual is receiving a last resort financial assistance benefit under Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or a financial assistance benefit under Chapter V of that Title II.”

(2) Subsection 1 has effect from 1 April 2018. In addition, where the third paragraph of section 1029.8.116.9.1 of the Act applies after 31 March 2009 and before 1 April 2018, it is to be read as if “or a financial assistance benefit under Chapter III of that Title II” were inserted after “of the Individual and Family Assistance Act (chapter A-13.1.1)”.

**166.** Section 1029.8.116.12 of the Act is amended by striking out “, subject to the second paragraph,” in the definition of “cohabiting spouse” in the first paragraph.

**167.** (1) Section 1029.8.116.15 of the Act is amended by replacing the third paragraph by the following paragraph:

“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 Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or Chapter III of Title II of that Act, as it read before being repealed.”

(2) Subsection 1 has effect from 1 April 2018.

**168.** (1) Section 1029.8.116.16 of the Act is amended

(1) by replacing “file again” in the portion before the formula in the first paragraph by “file”;

(2) by replacing “\$283” in subparagraphs i and ii of subparagraph *a* of the second paragraph by “\$285”;

(3) by replacing “\$135” in subparagraph iii of subparagraph *a* of the second paragraph by “\$136”;

(4) by replacing “\$548” in subparagraph i of subparagraph *b* of the second paragraph by “\$552”;

(5) by replacing “\$665” in subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the second paragraph by “\$670”;

(6) by replacing “\$117” in subparagraphs iii and iv of subparagraph *b* of the second paragraph by “\$118”;

(7) by replacing “\$1,664” in subparagraph i of subparagraph *c* of the second paragraph and in the portion of subparagraph ii of that subparagraph *c* before subparagraph 1 by “\$1,676”;

(8) by replacing “\$360” in the portion of subparagraphs iii and iv of subparagraph *c* of the second paragraph before subparagraph 1 by “\$363”;

(9) by replacing “\$33,685” in subparagraph *c* of the third paragraph by “\$33,935”.

(2) Paragraph 1 of subsection 1 applies in respect of a payment period that begins after 30 June 2016.

(3) Paragraphs 2 to 9 of subsection 1 apply in respect of a payment period that begins after 30 June 2017.

**169.** (1) Section 1029.8.116.18 of the Act is amended

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

“(a) if the eligible individual is resident in Québec on 31 December of the base year, the prescribed form containing prescribed information which the individual encloses with the fiscal return the individual is required to file under section 1000 for that year, or would be required to file if the individual had tax payable for that year under this Part; or”;

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

“For the purposes of this section, an application is deemed to be filed with the Minister, at a particular time, by an eligible individual for a payment period if the individual and, if applicable, the individual’s cohabiting spouse at the end of the base year relating to that period filed, at the particular time, a fiscal return under section 1000 for the year and if, for the purposes of the formula in the first paragraph of section 1029.8.116.16 in respect of the individual for the payment period,

(a) the value of A does not include the amount specified in subparagraph iii of subparagraph *a* of the second paragraph of that section;

(b) the value of B and C is equal to zero; and

(c) the amount determined by that formula is greater than zero.”

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2018.

**170.** (1) Section 1029.8.116.29 of the Act is replaced by the following section:

**“1029.8.116.29.** Where 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 is less than \$2, the Minister is not bound to pay that amount or, where the eligible individual’s application for the particular payment period is referred to in the fifth paragraph of section 1029.8.116.18, send a notice of determination in that respect.”

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2018.

**171.** (1) Section 1029.8.116.34 of the Act is amended, in the second paragraph,

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

“(a) a recipient under a financial assistance program provided for in Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or in Chapter III of Title II of that Act, as it read before being repealed, if the person’s status as a recipient under such a program has been brought to the attention of the Minister at least 21 days before the date provided for the payment of the amount for the particular month; or”;

(2) by replacing “\$20,540” in subparagraph *b* by “\$20,580”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2018.

(3) Paragraph 2 of subsection 1 applies in respect of an amount allocated after 30 June 2017 for a payment period that begins after that date. In addition, where section 1029.8.116.34 of the Act applies in respect of an amount allocated after 30 June 2016 for the payment period that began on 1 July 2016, it is to be read as if “\$20,540” in subparagraph *b* of the second paragraph were replaced by “\$20,430”.

**172.** (1) Section 1029.8.116.35 of the Act is amended by replacing the second paragraph by the following paragraph:

“Any contestation in respect of the accuracy of information that is communicated to the Minister by the Minister of Employment and Social Solidarity in relation to an individual’s eligibility to a financial assistance program provided for in Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or Chapter III of Title II of that Act, as it read before being repealed, and that is used by the Minister for the purposes of this division, must be brought in accordance with Chapter III of Title III of that Act.”

(2) Subsection 1 has effect from 1 April 2018.

**173.** (1) Section 1029.8.116.38 of the Act is amended by replacing the portion before the formula in the first paragraph by the following:

**“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 and, if applicable, the individual’s eligible spouse for the particular year file a fiscal return under section 1000 for the particular year, the amount determined by the formula”.

(2) Subsection 1 applies from the taxation year 2018.

**174.** (1) Section 1029.8.116.40 of the Act is replaced by the following section:

**“1029.8.116.40.** If two individuals are eligible spouses of each other for a taxation year, the total of the amounts that each of those individuals is deemed to have paid to the Minister on account of tax payable for the year under the first paragraph of section 1029.8.116.38 may not exceed the amount that only one of those individuals would, but for this section, be so deemed to have paid to the Minister for the year.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be so deemed to have paid to the Minister for the year, the Minister may determine the portion of that amount for the year.”



(2) Subsection 1 applies from the taxation year 2018.

**175.** (1) The Act is amended by inserting the following after section 1029.8.178, enacted by section 197 of chapter 29 of the statutes of 2017:

**“DIVISION II.27**

**“CREDIT FOR THE RESTORATION OF A SECONDARY RESIDENCE**

**“§1.**—*Interpretation and general rules*

**“1029.8.179.** In this division,

“eligible dwelling” of an individual means a dwelling that is located in Québec, other than an excluded dwelling, and that meets the following conditions:

(a) the dwelling was damaged by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 established under the Civil Protection Act (chapter S-2.3);

(b) the individual owns the dwelling both at the time of the disaster and at the time the expenditures relating to site restoration are incurred; and

(c) at the time the expenditures relating to site restoration are incurred and at the time of the disaster, or immediately before the disaster where the dwelling became uninhabitable because of the damage it sustained, the dwelling is suitable for year-round occupancy and is normally occupied by the individual;

“excluded dwelling” of an individual means a dwelling that is eligible under the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 or that, before recognized work began to be carried out, was the subject of

(a) a notice of expropriation or a notice of intention to expropriate;

(b) a reserve for public purposes; or

(c) a prior notice of the exercise of a hypothecary right registered in the registry office or any other procedure calling the individual’s right of ownership of the dwelling into question;

“expenditure attributable to damage assessment services” in relation to an eligible dwelling means the amount paid to obtain the report of a damage assessment expert that describes the damage caused to the eligible dwelling by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017, including the amount of any goods and services tax and Québec sales tax applicable;

“expenditure relating to site restoration” in relation to an eligible dwelling means an expenditure that is attributable to the carrying out of recognized work, in relation to the eligible dwelling, provided for in a service agreement and that is

(a) the cost of a service supplied to carry out the recognized work by a qualified contractor who is a party to the service agreement, including the amount of any goods and services tax and Québec sales tax applicable;

(b) the cost of a movable property that enters into the carrying out of recognized work, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired after the beginning of the flooding that damaged the eligible dwelling from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1); or

(c) the cost of a permit necessary to carry out the recognized work, including the cost of studies carried out to obtain such a permit;

“post-disaster clean-up work” in relation to an eligible dwelling includes water pumping, demolition of certain dwelling components, debris removal, site clean-up, disinfection, extermination and decontamination, and site drying and dehumidification;

“preservation work” in relation to an eligible dwelling means the work necessary to temporarily restore electrical service to the dwelling, achieve minimal insulation and board up openings in the dwelling to make it habitable prior to the carrying out of permanent work to repair the damage caused by the flooding that damaged the dwelling;

“qualified contractor” in relation to a service agreement entered into in respect of an individual’s eligible dwelling means a person or a partnership meeting the following conditions:

(a) at the time the service agreement is entered into, the person or partnership has an establishment in Québec and, where the person is an individual, is neither an owner of the eligible dwelling nor the spouse of one of the owners of the eligible dwelling; and

(b) at the time the recognized work is being carried out and if required for the carrying out of such work, the person or partnership is the holder of the appropriate licence issued by the Régie du bâtiment du Québec, the Corporation des maîtres électriciens du Québec or the Corporation des maîtres mécaniciens en tuyauterie du Québec and, if applicable, has paid the licence security payable under the Building Act (chapter B-1.1);

“qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for the taxation year 2017 or the taxation year 2018, means the aggregate of all amounts each of which is an expenditure relating to site restoration in relation to the eligible dwelling, or an expenditure attributable

to damage assessment services in relation to the eligible dwelling, that is paid in the year by the individual or the individual's legal representative, by a person who is the individual's spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, jointly owns the eligible dwelling;

“recognized work” in relation to an eligible dwelling means work carried out in compliance with the rules set out in any Act, regulation or by-law of Canada, Québec or a municipality of Québec and the policies that apply according to the type of intervention, that is

- (a) post-disaster clean-up work in relation to the eligible dwelling;
- (b) preservation work in relation to the eligible dwelling; or
- (c) repair work in relation to the eligible dwelling;

“repair work” in relation to an eligible dwelling means the work carried out to repair damage caused to the eligible dwelling that a damage assessment expert attributes to flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 and that pertains to

(a) foundations, footings, support beams, loadbearing walls, concrete slabs, French drains, framing, carports and garages forming an integral part of the structure of a dwelling, and basement entryways;

(b) exterior cladding and chimneys;

(c) roofing materials;

(d) exterior doors, including doors of garages forming an integral part of the structure of a dwelling, and windows;

(e) structure, wall, ceiling and subfloor insulation;

(f) electrical lead, systems and connections;

(g) pipes, sewer connections, water connections and sanitary devices;

(h) subfloors and fixed floor coverings;

(i) gypsum board, plaster and paint on interior walls and ceilings, baseboards, ceiling mouldings and interior doors;

(j) cabinets and vanities, including counters, drawers, shelves and panels;

(k) interior stairway stringers, treads, risers and handrails;

(*l*) main and secondary heating systems (wood stoves among others), including conduits, firewood, air exchangers and their conduits, natural gas connections and tanks;

(*m*) pumps and wet wells, septic tanks, leaching beds, drinking water supply systems, drinking water filtration and treatment systems, hot water tanks and equipment for disabled persons;

(*n*) detached garages, sheds, porches, balconies, decks, patios and terraces;

(*o*) landscaping works such as driveways, walkways, fences, low walls and slabs on grade; and

(*p*) the portion of the land that may reasonably be considered as facilitating the use and enjoyment of the dwelling, the trees and the hedges;

“service agreement” entered into in respect of an individual’s eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized work in respect of the individual’s eligible dwelling that is entered into between the qualified contractor and

(*a*) the individual;

(*b*) a person who, at the time the agreement is entered into, is the individual’s spouse, another individual who jointly owns the eligible dwelling or that other individual’s spouse; or

(*c*) where the individual’s eligible dwelling is an apartment in an immovable under divided co-ownership, the syndicate of co-owners of the immovable.

For the purposes of the definition of “expenditure relating to site restoration” in the first paragraph, the portion of the expenditure relating to site restoration, in relation to an eligible dwelling of an individual, that is attributable to the carrying out of recognized work that is repair work to which paragraphs *n* to *p* of the definition of “repair work” in the first paragraph apply may not exceed

(*a*) for the taxation year 2017, an amount of \$5,000; or

(*b*) for the taxation year 2018, the amount by which \$5,000 exceeds the portion of that expenditure that was taken into account in determining the amount deemed to be paid to the Minister under this division for the taxation year 2017 on account of an individual’s tax payable under this Part.

For the purposes of the definition of “eligible dwelling” in the first paragraph, a dwelling includes

(*a*) incidental structures of the dwelling such as detached garages, sheds, patios and balconies;

(*b*) landscaping works such as driveways, walkways and fences; and

(c) land subjacent to the dwelling and its landscaping.

For the purposes of the definition of “repair work” in the first paragraph, the following rules apply:

(a) work to replace property specified in any of paragraphs *a* to *p* of the definition of “repair work” in the first paragraph that is damaged because of flooding is deemed to be repair work where the property cannot be repaired; and

(b) where an individual’s eligible dwelling is damaged because of flooding to such an extent that it is preferable to rebuild it, the work carried out to rebuild the eligible dwelling that pertains to components specified in any of paragraphs *a* to *p* of the definition of “repair work” in the first paragraph is deemed to be repair work in relation to the eligible dwelling.

**“1029.8.180.** For the purposes of paragraph *b* of the definition of “expenditure relating to site restoration” in the first paragraph of section 1029.8.179, a merchant is deemed to hold a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) if the merchant is not a registrant for the purposes of that Act because the merchant is a small supplier within the meaning of section 1 of that Act.

**“1029.8.181.** For the purpose of determining an individual’s qualified expenditure for a particular taxation year in relation to an eligible dwelling, the following rules apply:

(a) the amount of the qualified expenditure may not include

i. an amount that is used to finance the cost of the services supplied by a damage assessment expert or the cost of recognized work,

ii. an amount that is attributable to property or services supplied by a person not dealing at arm’s length with the individual or with any of the other owners of the dwelling, unless the person holds a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1),

iii. an amount that is incurred to acquire property used by the individual before the acquisition under a contract of lease,

iv. an amount that is deductible in computing a taxpayer’s income from a business or property for the year or any other taxation year,

v. an amount that is included in the capital cost of depreciable property, or

vi. an amount that is taken into account in computing

(1) an amount deducted in computing an individual’s tax payable for the year or any other taxation year under this Part, or

(2) an amount deemed to have been paid to the Minister on account of an individual's tax payable for the year or any other taxation year under this Part, except an amount deemed under this division to have been paid to the Minister on account of an individual's tax payable under this Part;

(b) the qualified expenditure must be reduced by the amount of any government assistance, non-government assistance, reimbursement or other form of assistance, including an indemnity paid under an insurance contract, attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the service agreement under which the expenditure is incurred) has received, is entitled to receive or may reasonably expect to receive in any taxation year, except to the extent that the amount has reduced the individual's qualified expenditure for a preceding taxation year;

(c) where a service agreement entered into with a qualified contractor deals with repair work and post-disaster clean-up or preservation work, or does not deal only with recognized work, an amount paid under the agreement may be included in the individual's qualified expenditure only if the qualified contractor gives the individual a written statement showing the breakdown of the cost of the property and services the qualified contractor supplied among the various types of work carried out under the agreement; and

(d) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the individual's qualified expenditure is deemed to include the individual's share of an expenditure paid by the syndicate of co-owners if

i. it is reasonable to consider that the expenditure would be a qualified expenditure of an individual if the syndicate of co-owners were an individual and the immovable were an eligible dwelling of the individual, and

ii. the syndicate of co-owners provided the individual with information, in the prescribed form, relating to the services supplied by a damage assessment expert and the recognized work as well as the amount of the individual's share of the expenditure.

*“§2.—Credits*

**“1029.8.182.** An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2017 and files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2017 on account of the individual's tax payable under this Part for that year an amount equal to the aggregate of

(a) the lesser of \$3,000 and the amount obtained by multiplying 30% by the amount by which \$500 is exceeded by the portion of the individual's qualified expenditure for the taxation year 2017 that is attributable to the carrying out of recognized work, in relation to an eligible dwelling of the individual, other than repair work; and

(b) the lesser of \$15,000 and the amount obtained by multiplying 30% by the portion of the individual's qualified expenditure for the taxation year 2017, in relation to an eligible dwelling of the individual, that is either an expenditure attributable to damage assessment services or an expenditure attributable to the carrying out of recognized work that is repair work.

An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2018 and files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2018 on account of the individual's tax payable under this Part for that year an amount equal to the lesser of

(a) the amount obtained by multiplying 30% by the portion of the individual's qualified expenditure, in relation to an eligible dwelling of the individual that is either an expenditure attributable to damage assessment services or an expenditure attributable to the carrying out of recognized work that is repair work; and

(b) the amount by which \$15,000 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under subparagraph *b* of the first paragraph for the taxation year 2017.

For the purposes of this section, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of 31 December of that year if the individual was resident in Québec immediately before dying or, as the case may be, on the last day the individual was resident in Canada.

An individual is deemed to have paid an amount to the Minister under this section on account of the individual's tax payable under this Part for a taxation year only if the individual obtains from the municipality in which the individual's eligible dwelling is located a certificate confirming that the land subjacent to the eligible dwelling was hit by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 established under the Civil Protection Act (chapter S-2.3).

**“1029.8.183.** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister under section 1029.8.182 in relation to the same eligible dwelling that the individuals jointly own, the total of the amounts that each of those individuals is deemed to have paid under that section in relation to the eligible dwelling may not exceed the particular amount that only one of those individuals would be deemed to have paid to the Minister under that section in relation to the eligible dwelling if the dwelling were an eligible dwelling in respect of that individual only.

Where the individuals cannot agree as to what portion of the particular amount each would be deemed to have paid to the Minister under section 1029.8.182, the Minister may determine what portion of that amount is deemed to be paid by each individual under that section.

*“§3.—Advance payments and exceptional rules*

**“1029.8.184.** Where, on or before 1 December of a taxation year, an individual applies to the Minister, in the prescribed form containing prescribed information, the Minister may pay, as an advance payment, on such terms and conditions as the Minister determines, in respect of the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual’s tax payable for the year under the first or second paragraph of section 1029.8.182, an amount (in this subdivision referred to as the “amount of the advance relating to the restoration of a secondary residence”), in respect of an eligible expense paid by the individual or the individual’s spouse in the year, in relation to an eligible dwelling the individual owns, if

- (a) the individual is resident in Québec at the time the application is made;
- (b) the individual obtained the certificate referred to in the fourth paragraph of section 1029.8.182 in relation to the eligible dwelling;
- (c) where the application concerns an expenditure attributable to damage assessment services or a repair expenditure, the individual has obtained the report of a damage assessment expert that describes the damage caused to the eligible dwelling;
- (d) the application is accompanied by a receipt confirming the payment of the qualified expenditure; and
- (e) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4—Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.



Where, at the time the application referred to in the first paragraph is made, an individual has a spouse, only one of them may make the application for the year.

**“1029.8.185.** The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.184 a document or information other than those provided for in that paragraph if the Minister considers the document or information necessary to evaluate the application.

**“1029.8.186.** Despite the first paragraph of section 1029.8.184, the Minister is not required to grant an application for advance payments referred to in that paragraph for the taxation year 2018 if

(a) the individual, or the individual’s spouse at the time of the application, received a payment of the amount of the advance relating to the restoration of a secondary residence for the taxation year 2017 and, at the time the application is processed, has not filed a fiscal return for the taxation year 2017; and

(b) the application is processed after the filing-due date of the person referred to in paragraph *a* for the taxation year 2017.

**“1029.8.187.** The Minister may suspend the payment of, reduce or cease to pay the amount of the advance relating to the restoration of a secondary residence if documents or information brought to the Minister’s attention so warrant.”

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

**176.** (1) Section 1029.9.1 of the Act is amended by replacing “\$500” in the first paragraph by “\$574”.

(2) Subsection 1 applies from the taxation year 2018.

**177.** (1) The Act is amended by inserting the following section after section 1029.9.1:

**“1029.9.1.1.** The amount that a taxpayer is deemed to have paid to the Minister under section 1029.9.1 on account of the taxpayer’s tax payable for the taxation year 2017 or 2018 is to be increased by the amount determined for that taxation year by the formula

$(A/B) \times \$500.$

In the formula in the first paragraph,

(a) *A* is the amount that the taxpayer is deemed to have paid to the Minister under section 1029.9.1 on account of the taxpayer’s tax payable for the taxation year, determined without reference to this section; and

(b) B is

- i. \$574, for the taxation year 2018, or
- ii. \$569, for the taxation year 2017.”

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

**178.** (1) Section 1029.9.2 of the Act is amended, in the first paragraph,

(1) by inserting “, subject to the second paragraph,” after “is deemed”;

(2) by replacing “\$500” by “\$574”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2018.

**179.** (1) The Act is amended by inserting the following sections after section 1029.9.2:

**“1029.9.2.1.** Where, on 31 December of a calendar year in a fiscal period, a partnership is the holder of one or more taxi owner’s permits in force and that partnership assumed in the fiscal period all or almost all of the fuel cost of bringing into service any motor vehicle attached to each of those permits, each taxpayer who is a member of the partnership at the end of the fiscal period and who encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which the fiscal period ends or would be required to so file if the taxpayer had tax payable for that taxation year under this Part, is deemed, subject to the second paragraph and section 1029.9.2.2, to have paid to the Minister, on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for the year under this Part, an amount equal to the taxpayer’s share of the lesser of the amount determined in respect of the partnership for the fiscal period under section 1029.9.3.1 and an amount equal to the product obtained by multiplying \$574 by the number of such permits of which the partnership is the holder on 31 December of the calendar year in the fiscal period.

For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

For the purposes of the first paragraph, a taxpayer's share of an amount for a fiscal period of a partnership is equal to the agreed proportion of that amount in respect of the taxpayer for that fiscal period.

**“1029.9.2.2.** No amount may be deemed to have been paid to the Minister under section 1029.9.2.1 by a taxpayer for a particular taxation year in which a fiscal period of a partnership ends where the taxpayer is

(a) an individual deemed, under section 1029.9.1, to have paid an amount to the Minister on account of the individual's tax payable for the particular year or, where the fiscal period ends before 31 December of the particular year, for the preceding taxation year;

(b) an individual who is not resident in Québec at the end of the particular year;

(c) a corporation that, at any time in the particular year, does not have an establishment in Québec; or

(d) a person exempt from tax under Book VIII for the particular year.

For the purposes of subparagraph *b* of the first paragraph, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of that year if the individual was resident in Québec immediately before dying or on the last day the individual was resident in Canada, as the case may be.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment. However, where the first paragraph of section 1029.9.2.1 of the Act applies

(1) to a taxation year in which a fiscal period of a partnership that includes 31 December 2017 ends, it is to be read as if “\$574” were replaced by “\$569”; or

(2) to a taxation year in which a fiscal period of a partnership that includes 31 December of a calendar year preceding the calendar year 2017 ends, it is to be read as follows:

“Where, on 31 December of a calendar year in a fiscal period, a partnership is the holder of one or more taxi owner’s permits in force and that partnership assumed in the fiscal period all or almost all of the fuel cost of bringing into service any motor vehicle attached to each of those permits, each taxpayer who is a member of the partnership at the end of the fiscal period and who encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which the fiscal period ends or would be required to so file if the taxpayer had tax payable for that taxation year under this Part, is deemed, subject to the second paragraph and section 1029.9.2.2, to have paid to the Minister, on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for the year under this Part, an amount equal to the taxpayer’s share of the lesser of the amount determined in respect of the partnership for the fiscal period under section 1029.9.3.1 and an amount equal to the product obtained by multiplying the number of such permits of which the partnership is the holder on 31 December of the calendar year in the fiscal period by the amount in dollars referred to in the first paragraph of section 1029.9.2 that, with reference to sections 1029.6.0.6 and 1029.6.0.7, would have been applicable for the purpose of computing an amount deemed to have been paid to the Minister under section 1029.9.2 if, on 31 December of the calendar year, the partnership had been a corporation.”

**180.** Section 1029.9.3 of the Act is amended by replacing “gross income” in paragraphs *b* and *c* by “gross revenue”.

**181.** (1) The Act is amended by inserting the following sections after section 1029.9.3:

**“1029.9.3.1.** The amount to which the first paragraph of section 1029.9.2.1 refers in respect of a partnership for a fiscal period is equal to 2% of the aggregate of

(*a*) the partnership’s gross revenue for the fiscal period from its business of providing transportation by taxi; and

(*b*) the partnership’s gross revenue for the fiscal period from the leasing of any motor vehicle attached to a taxi owner’s permit of which the partnership is the holder.

**“1029.9.3.2.** For the purposes of section 1029.9.2.1, the following rules must be taken into consideration in respect of a taxpayer if, for a given fiscal period of a given partnership, one or more partnerships (each of which is in this section referred to as an “interposed partnership”) are interposed between the taxpayer and the given partnership:

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

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

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

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

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

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

**“1029.9.3.3.** Section 1029.9.3.2 does not apply in respect of a taxpayer, in relation to a given partnership, if the Minister is of the opinion that the interposition, between the taxpayer and the given partnership, of one or more other partnerships is part of an operation or transaction or of a series of operations or transactions, one of the purposes of which is to cause the taxpayer to be deemed to have paid to the Minister for a taxation year, under section 1029.9.2.1, an amount greater than the amount that would have been so deemed to have been paid to the Minister for that taxation year, but for that interposition.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment.

**182.** (1) Section 1029.9.4 of the Act is replaced by the following section:

**“1029.9.4.** For the purposes of this Part and the regulations, the amount that a taxpayer is deemed to have paid to the Minister for a taxation year under any of sections 1029.9.1 to 1029.9.2.1 is deemed not to be an amount of assistance or an inducement received by the taxpayer from a government.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment.

**183.** (1) The Act is amended by inserting the following after section 1033.13:

## **“CHAPTER IV.2**

### **“SECURITY IN RESPECT OF THE DEEMED DISPOSITION OF A SHARE OF A PUBLIC CORPORATION**

#### **“DIVISION I**

##### **“INTERPRETATION AND GENERAL RULES**

**“1033.14.** In this chapter,

“base total payroll in Québec” of a corporation for a particular taxation year has the meaning assigned by section 1033.15;

“eligible employee” of a corporation for a pay period means an employee of the corporation who, throughout that period, reports for work at an establishment of the corporation situated in Québec;

“eligible share” means

(a) a share forming part of a large block of shares or of a portion of a large block of shares of the capital stock of a qualified public corporation; or

(b) a share of the capital stock of a private corporation more than 95% of the fair market value of the assets of which is attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation;

“large block of shares” of the capital stock of a corporation means a block of shares of the capital stock of the corporation that gives its owner more than 33 1/3% of the votes that could be cast under any circumstances at the annual meeting of shareholders of the corporation;

“portion of a large block of shares” of the capital stock of a corporation means one or more shares of the capital stock of the corporation owned by a member of a related group at a particular time if the following conditions are met at the particular time:

(a) each member of the related group owns shares of the capital stock of the corporation; and

(b) the related group owns a large block of shares of the capital stock of the corporation;

“qualified public corporation” at a particular time means a corporation that, in relation to a share owned by an individual,

(a) is a public corporation at that time;

(b) has its head office in Québec at that time; and

(c) unless the particular time corresponds to the time of the deemed disposition of the share by the individual under section 436 or 653, its base total payroll in Québec for its taxation year that includes the particular time is at least 75% of its base total payroll in Québec for the taxation year in which the deemed disposition occurred;

“total payroll in Québec” of a corporation for a taxation year means the aggregate of all amounts each of which is the salary or wages paid by the corporation in a pay period that ends in the year to an eligible employee of the corporation for the pay period.

For the purposes of the definition of “eligible employee” in the first paragraph,

(a) where, during a pay period included in a taxation year, an employee of a corporation reports for work at an establishment of the corporation situated in Québec and at an establishment of the corporation situated outside Québec, the employee is, for that period, deemed

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside Québec; and

(b) where, during a pay period included in a taxation year, an employee of a corporation is not required to report for work at an establishment of the corporation and the employee's salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

**“1033.15.** Subject to section 1033.16, a corporation's base total payroll in Québec for a particular taxation year means the amount determined by the formula

$$(A \times 365)/B.$$

In the formula in the first paragraph,

(a) A is the total of all amounts each of which is the corporation's total payroll in Québec for a taxation year of the corporation ended in the period of 1,095 consecutive days that ends at the end of the particular taxation year; and

(b) B is the total of the number of days included in each of the taxation years referred to in subparagraph a.

**“1033.16.** The base total payroll in Québec for a particular taxation year of a corporation that is associated with another corporation in the particular year is equal to the aggregate of

(a) its base total payroll in Québec for the particular year; and

(b) the aggregate of all amounts each of which is the base total payroll in Québec of another corporation with which the corporation is associated in the particular year for the taxation year of the other corporation that ends in the particular year.

## **“DIVISION II**

### **“SECURITY IN RESPECT OF CERTAIN DEEMED DISPOSITIONS OF ELIGIBLE SHARES**

**“1033.17.** Where, at a particular time in a taxation year (in this section and section 1033.20 referred to as the “year of disposition”), an individual is deemed under section 436 to have disposed of an eligible share of a particular class of the capital stock of a corporation and the individual's legal representative elects, in the prescribed form containing prescribed information, on or before the individual's balance-due day for the year of disposition, to have this chapter apply to the year of disposition, the following rules apply:

(a) the Minister shall, until the balance-due day of a particular person who is either the individual's succession or a beneficiary of the succession referred to in the fourth paragraph for a particular taxation year that begins after the



particular time, accept security satisfactory to the Minister and furnished by the individual's legal representative on or before the individual's balance-due day for the year of disposition for the lesser of

i. the amount determined by the formula

$120\% \{A - B - [(A - B)/A \times C]\}$ , and

ii. if the particular year is the year that follows the year of disposition, the amount determined under subparagraph i and, in any other case, the amount determined under this subparagraph *a* in respect of the particular person for the taxation year that precedes the particular year; and

(*b*) except for the purposes of the first, second and third paragraphs of section 1038, the following interest and penalties shall be computed as if the particular amount for which security satisfactory to the Minister has been accepted under this section were, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph i of that subparagraph were read as if "120%" were replaced by "100%" and, on the other hand, an amount paid by the individual or the particular person, as the case may be, on account of the particular amount:

i. interest payable under this Part for any period that begins on the individual's balance-due day for the year of disposition and ends on the particular person's balance-due day for the particular year and throughout which security is accepted by the Minister, and

ii. penalties payable under this Part computed with reference to an individual's tax payable for the year that was, without reference to this subparagraph *b*, unpaid.

In the formula in subparagraph i of subparagraph *a* of the first paragraph,

(*a*) *A* is the amount of tax that would be payable by the individual under this Part for the year of disposition if the exclusion from income or deduction of an amount referred to in the first paragraph of section 1044 were not taken into account;

(*b*) *B* is the amount of tax that would have been so payable by the individual under this Part if all the shares, each of which is an eligible share of the particular class deemed under section 436 to have been disposed of at the particular time, other than a share in respect of which one of the conditions in the third paragraph is met, were not deemed by that section to have been disposed of by the individual at the particular time; and

(*c*) *C* is the aggregate of all amounts deemed under this or any other Act to have been paid on account of the individual's tax payable under this Part for the year of disposition.

The conditions to which subparagraph *b* of the second paragraph refers in respect of a share are as follows:

- (a) it is subsequently disposed of before the beginning of the particular year;
- (b) it ceases, throughout a one-month period ending in the particular year, to be an eligible share of the particular person; and
- (c) the twentieth anniversary of its deemed disposition occurs in the particular year.

Where an eligible share of the capital stock of a corporation owned by the individual at the particular time is transferred as a consequence of a distribution by the individual's succession to a beneficiary of the succession, where, immediately after the transfer, the share is an eligible share and where an agreement effecting novation is entered into between the Minister and the beneficiary under which the indebtedness represented by tax attributable to the deemed disposition of the share becomes the debt of the beneficiary, this chapter applies, with the necessary modifications, from the transfer, in respect of satisfactory security furnished by the beneficiary and accepted by the Minister, as if the beneficiary were the same person as and a continuation of the individual's succession.

**“1033.18.** Where, at a particular time in a taxation year (in this section and section 1033.20 referred to as the “year of disposition”), a trust is deemed under section 653 to have disposed of an eligible share of a particular class of the capital stock of a corporation and it elects, in the prescribed form containing prescribed information, on or before its balance-day for the year of disposition, to have this chapter apply to the year of disposition, the following rules apply:

(a) the Minister shall, until the balance-day of a particular person that is either the trust or a beneficiary referred to in the fourth paragraph for a particular taxation year that begins after the particular time, accept security satisfactory to the Minister and furnished by or on behalf of the trust on or before the trust's balance-day for the year of disposition for the lesser of

i. the amount determined by the formula

$$120\% \{A - B - [(A - B)/A \times C]\}, \text{ and}$$

ii. if the particular year is the year that follows the year of disposition, the amount determined under subparagraph i and, in any other case, the amount determined under this subparagraph *a* in respect of the particular person for the taxation year that precedes the particular year; and

(b) except for the purposes of the first, second and third paragraphs of section 1038, the following interest and penalties shall be computed as if the particular amount for which security satisfactory to the Minister has been accepted under this section were, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph i of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand, an amount paid by the particular person on account of the particular amount:

i. interest payable under this Part for any period that ends on the particular person’s balance-due day for the particular year and throughout which security is accepted by the Minister, and

ii. penalties payable under this Part computed with reference to the particular person’s tax payable for the year that was, without reference to this subparagraph *b*, unpaid.

In the formula in subparagraph i of subparagraph *a* of the first paragraph,

(a) *A* is the amount of tax that would be payable by the trust under this Part for the year of disposition if the exclusion from income or deduction of an amount referred to in the first paragraph of section 1044 were not taken into account;

(b) *B* is the amount of tax that would have been so payable by the trust under this Part if all the shares, each of which is an eligible share of the particular class deemed under section 653 to have been disposed of at the particular time, other than a share in respect of which one of the conditions in the third paragraph is met, were not deemed under that section to have been disposed of by the trust at the particular time; and

(c) *C* is the aggregate of all amounts deemed under this or any other Act to have been paid on account of the trust’s tax payable under this Part for the year of disposition.

The conditions to which subparagraph *b* of the second paragraph refers in respect of a share are as follows:

(a) it is subsequently disposed of before the beginning of the particular year;

(b) it ceases, throughout a one-month period ending in the particular year, to be an eligible share of the particular person; and

(c) the twentieth anniversary of its deemed disposition occurs in the particular year.

Where an eligible share of the capital stock of a corporation owned by a trust at the particular time is transferred as a consequence of a distribution by the trust to a beneficiary of the trust, where, immediately after the transfer, the share is an eligible share and where an agreement effecting novation is entered into between the Minister and the beneficiary under which the indebtedness represented by tax attributable to the deemed disposition of the share becomes the debt of the beneficiary, this chapter applies, with the necessary modifications, from the transfer, in respect of satisfactory security furnished by the beneficiary and accepted by the Minister, as if the beneficiary were the same person as and a continuation of the trust.

**“1033.19.** For the purposes of subparagraph *b* of the third paragraph of sections 1033.17 and 1033.18, a month means a period that begins on a particular day in a calendar month and that ends

(a) on the day immediately before the day in the following calendar month that has the same calendar number as the particular day, or

(b) where the following calendar month does not have a day that has the same calendar number as the particular day, on the last day of the following month.

**“1033.20.** Despite sections 1033.17 and 1033.18, the Minister is deemed at any time not to have accepted security under either of those sections in respect of the year of disposition of eligible shares of a particular class of the capital stock of a corporation owned by an individual or a trust for an amount greater than 120% of the amount by which the particular tax that would be payable by the individual or trust, as the case may be, under this Part for the year if the exclusion from income or deduction of an amount referred to in the first paragraph of section 1044 in respect of which the date determined in accordance with the second paragraph of that section is after that time, were not taken into account, exceeds the amount determined under the second paragraph.

The amount to which the first paragraph refers is equal to the particular tax that would be determined under that paragraph if the eligible shares referred to in the first paragraph were not deemed under section 436 or 653 to have been disposed of.

**“1033.21.** Subject to section 1033.25, if it is determined at a particular time that security accepted by the Minister under section 1033.17 or 1033.18 is not adequate to secure the particular amount for which it was furnished by or on behalf of the individual’s legal representative or the trust, as the case may be, the following rules apply:

(a) subject to a subsequent application of this section, the security shall be considered after the particular time to secure only the amount for which it is security considered satisfactory at the particular time;

(b) the Minister shall notify in writing the legal representative or trust, or the person referred to in the fourth paragraph of section 1033.17 or 1033.18, of the determination and shall accept security satisfactory to the Minister, for all or any part of the particular amount, furnished by the person concerned or on that person's behalf within 90 days after the notification;

(c) any security accepted in accordance with subparagraph *b* is deemed to have been accepted by the Minister under section 1033.17 or 1033.18, as the case may be, on account of the particular amount at the particular time; and

(d) if the person concerned fails to furnish, within the time prescribed in subparagraph *b*, security satisfactory to the Minister to secure the particular amount in its entirety, the portion of subparagraph *b* of the first paragraph of section 1033.17 or 1033.18 before subparagraph *i* is to be read, after the particular time and subject to a subsequent application of this section, as if "100%" were replaced by the percentage determined by the formula

$$100\% - [(120\% - A)/120\%].$$

In the formula in subparagraph *d* of the first paragraph, *A* is the proportion, expressed as a percentage, that the value of the security at the particular time, determined in accordance with the first paragraph, is of the amount that would be determined by the formula in subparagraph *i* of subparagraph *a* of the first paragraph of section 1033.17 or 1033.18, as the case may be, if it were read without "120%".

**"1033.22.** If in the opinion of the Minister it would be just and equitable to do so, the Minister may at any time extend

(a) the time for making an election under section 1033.17 or 1033.18;

(b) the time for furnishing and accepting security, provided for in section 1033.17 or 1033.18; or

(c) the 90-day period for the acceptance of security, provided for in subparagraph *b* of the first paragraph of section 1033.21.

### **"DIVISION III**

#### **"METHOD FOR CALCULATING SECURITY ON THE TWENTIETH ANNIVERSARY OF THE DEEMED DISPOSITION**

**"1033.23.** Despite sections 1033.17 and 1033.18, where the twentieth anniversary of the deemed disposition, because of section 436 or 653, of an eligible share of the capital stock of a corporation occurs in a particular taxation year of an individual and the fair market value of that eligible share on the twentieth anniversary of the deemed disposition is less than its fair market value at the time of the deemed disposition, section 1033.17 or 1033.18, as the case may be, is to be read, if the Minister is of the opinion that the reduction

in value is not attributable to a distribution in any manner whatsoever, in relation to that eligible share and in respect of the individual's particular taxation year and a subsequent taxation year in respect of which section 1033.24 does not apply,

(a) as if the formula in subparagraph i of subparagraph *a* of the first paragraph were replaced by the formula

$$\{A - B - [(A - B)/A \times C]\} \times (1 - D);$$

(b) as if “, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph i of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand,” in the portion of subparagraph *b* of the first paragraph before subparagraph i were struck out;

(c) as if the following subparagraph were added at the end of the second paragraph:

“(d) D is the proportion, expressed as a percentage, that the fair market value of the eligible share on the twentieth anniversary of the deemed disposition is of its fair market value at the time of the deemed disposition.”; and

(d) as if subparagraph *c* of the third paragraph were struck out.

**“1033.24.** Where section 1033.23 applied in respect of an eligible share of the capital stock of a corporation and the fair market value of that eligible share on the twenty-second anniversary of the deemed disposition is greater than its fair market value on the twentieth anniversary of the deemed disposition, section 1033.17 or 1033.18, as the case may be, is to be read, in relation to that eligible share and in respect of the individual's particular taxation year that includes the twenty-second anniversary and the individual's following taxation year,

(a) as if the formula in subparagraph i of subparagraph *a* of the first paragraph were replaced by the formula

$$\{A - B - [(A - B)/A \times C]\} \times (1 - D);$$

(b) as if “, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph i of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand,” in the portion of subparagraph *b* of the first paragraph before subparagraph i were struck out;

(c) as if the following subparagraph were added at the end of the second paragraph:

“(d) D is the proportion, expressed as a percentage, that the fair market value of the eligible share on the twenty-second anniversary of the deemed disposition is of its fair market value at the time of the deemed disposition.”; and

(d) as if subparagraph c of the third paragraph were struck out.

The first paragraph applies at successive two-year intervals following the twenty-second anniversary referred to in that paragraph, with the necessary modifications. However, if the fair market value of the eligible share on that subsequent anniversary is greater than its fair market value on the last anniversary in respect of which the first paragraph applied, subparagraph d of the second paragraph of section 1033.17 or 1033.18, as the case may be, enacted by subparagraph c of the first paragraph, is to be read as follows:

“(d) D is the proportion, expressed as a percentage, that the fair market value of the eligible share on the subsequent anniversary to which the second paragraph of section 1033.24 refers is of the fair market value of the eligible share at the time of the deemed disposition.”

#### “DIVISION IV

#### “MISCELLANEOUS PROVISIONS

“**1033.25.** The Minister may, in respect of an election made by an individual’s legal representative or a trust under section 1033.17 or 1033.18, as the case may be, accept for a particular period of time security different from, or of lesser value than, that which the Minister would otherwise accept under that section if, in respect of that period, the Minister determines that the individual’s succession or the trust cannot, without undue hardship, pay or reasonably arrange to have paid on its behalf an amount of tax to which security furnished under that section would relate and cannot, without undue hardship, furnish or reasonably arrange to have furnished on its behalf adequate security under that section.

“**1033.26.** In making a determination under section 1033.25, the Minister shall ignore any transaction that is a disposition, lease, encumbrance, hypothec, mortgage or other voluntary restriction by a person or partnership of the person’s or partnership’s rights in respect of a property, if the transaction can reasonably be considered to have been entered into for the purpose of influencing the determination.

“**1033.27.** The prescription provided for in the first paragraph of section 27.3 of the Tax Administration Act (chapter A-6.002) is suspended for the period during which a security is accepted or is deemed to be accepted by the Minister under this chapter.”

(2) Subsection 1 applies in respect of the deemed disposition of a share that occurs after 21 February 2017.

**184.** (1) Section 1038 of the Act is amended

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

“ii. the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, II.17.1 and II.27 of that chapter and sections 1029.9.2 and 1029.9.2.1, and any such amounts in respect of which section 1029.6.0.1.9 applies,”;

(2) by adding the following subparagraph at the end of subparagraph *a* of the second paragraph:

“v. the amount by which the amount the individual is deemed under Division II.27 of Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.4; and”;

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

“ii. the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, II.17.1 and II.27 of that chapter and sections 1029.9.2 and 1029.9.2.1, and any such amounts in respect of which section 1029.6.0.1.9 applies,”;

(4) by adding the following subparagraph at the end of subparagraph *b* of the second paragraph:

“v. the amount by which the amount the individual is deemed under Division II.27 of Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.4; and”;



(5) by replacing the portion of subparagraph *a* of the third paragraph before subparagraph *i* by the following:

“(a) the amount by which the total, on the one hand, of the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, II.17.1 and II.27 of that chapter and sections 1029.9.2 and 1029.9.2.1, and any such amounts in respect of which section 1029.6.0.1.9 applies, and, on the other hand, of the aggregate of the amount by which the amount the individual is deemed under Division II.11.1 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3, the amount by which the amount the individual is deemed under Division II.12.1 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.3 and the amount by which the amount the individual is deemed under Division II.27 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.4, is exceeded by any of the following amounts:”.

(2) Subsection 1 applies from the taxation year 2017. In addition, where it amends section 1038 of the Act to add a reference to section 1029.9.2.1 of the Act, subsection 1 also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment.

**185.** Section 1045 of the Act is amended by replacing the first paragraph by the following paragraph:

“Every person who fails to make a fiscal return on the prescribed form and within the prescribed time, in accordance with section 1000, 1001, 1003 or 1004, incurs a penalty equal to 5% of the tax unpaid at the time when the return must be filed and an additional penalty of 1% of that unpaid tax for each complete month, not exceeding 12 months, in the period that begins at the time the return must be filed and ends at the time it is actually filed.”

**186.** Section 1045.0.1 of the Act is replaced by the following section:

**“1045.0.1.** Despite section 1045, where the failure referred to in that section results solely from the inclusion, in computing an individual’s income for a particular taxation year, of an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 752.0.10.11.1 by a donee referred to in that section, and by reason of the designation, referred to in subparagraph *b* of the first paragraph of section 752.0.10.13, of an amount

in relation to the particular taxation year, the penalty of 5% provided for in the first paragraph of section 1045 applies to the tax unpaid on the individual's filing-due date for the subsequent taxation year in which the disposition was made and the penalty of 1% provided for in that first paragraph applies to that unpaid tax for each complete month, not exceeding 12 months, in the period that begins on that filing-due date and ends at the time the fiscal return referred to in section 1045 is actually filed.”

**187.** (1) Section 1055.1.1 of the Act is replaced by the following section:

**“1055.1.1.** For the purposes of subparagraph ii of paragraph *a* of section 1055.1, if an amount was deducted under section 725.2, as a consequence of the application of section 725.2.0.1 or 725.2.0.1.1, in computing a taxpayer's taxable income for the year in which the taxpayer died, that subparagraph ii is to be read as if “1/4” were replaced by “50%”.”

(2) Subsection 1 applies to any event, transaction or circumstance relating to a share that a corporation agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 21 February 2017.

**188.** (1) Section 1079.13.1 of the Act is amended by replacing “25%” in the first paragraph by “50%”.

(2) Subsection 1 applies in respect of a transaction carried out after 9 November 2017. However, it does not apply in respect of a transaction which is part of a series of transactions that began before 10 November 2017 and was completed before 1 February 2018.

**189.** (1) Section 1079.13.2 of the Act is amended by replacing “12.5%” in the portion before subparagraph *a* of the first paragraph by “100%”.

(2) Subsection 1 applies in respect of a transaction carried out after 9 November 2017. However, it does not apply in respect of a transaction which is part of a series of transactions that began before 10 November 2017 and was completed before 1 February 2018.

**190.** (1) The Act is amended by inserting the following section after section 1079.15.1:

**“1079.15.2.** Where section 1079.10 applies to a particular person in relation to a transaction and where, before the expiry of the time limit that would, but for this section, be provided for in section 1010, in determining the tax consequences to the particular person, the interest and the penalties, and in making a reassessment or an additional assessment, in respect of the taxation year concerned, for the recovery of an amount owed by the particular person under a fiscal law, a formal demand relating to the recovery of an amount owed by the particular person, taking account of the application of section 1079.10, has been notified, in accordance with the third paragraph of section 39 of the Tax Administration Act (chapter A-6.002), to a person with respect to the filing

of information, additional information or documents, the time limit described in paragraph *a* or *a.0.1* of subsection 2 of section 1010 that applies to the particular person is suspended during the period that begins on the day a judge of the Court of Québec authorized the sending of the formal demand and ends on the day the information, additional information or documents, as the case may be, are filed in accordance with that third paragraph.

However, the Minister may, as a consequence of the application of the first paragraph to a transaction, make a reassessment or an additional assessment beyond the period that would, but for the first paragraph, be referred to in paragraph *a* or *a.0.1* of subsection 2 of section 1010, only to the extent that the reassessment or additional assessment may reasonably be considered to relate to the transaction.”

(2) Subsection 1 applies in respect of a formal demand for which an application for authorization is made to a judge of the Court of Québec after 10 November 2017.

**191.** (1) Section 1086 of the Act is amended by inserting the following subparagraph after subparagraph *e.3* of the first paragraph:

“(e.4) allow a person who is required to file a return in accordance with the regulations made under subparagraph *e.2* to send by electronic means, if the person meets the conditions determined by the Minister, a copy of such a return prescribed by the Government or of a part thereof to any person to whom the return or part thereof relates and to whom it indicates in the regulation; and”.

(2) Subsection 1 has effect from 1 January 2018.

**192.** (1) The Act is amended by inserting the following after section 1086.12.12:

#### **“PART I.3.4**

#### **“TAX IN RESPECT OF ADVANCE PAYMENTS OF THE CREDIT FOR THE RESTORATION OF A SECONDARY RESIDENCE**

**“1086.12.13.** In this Part,

“balance-due day” has the meaning assigned by section 1;

“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;

“individual” has the meaning assigned by section 1;

“taxation year” has the meaning that would be assigned by Part I if it were read without reference to section 779.

**“1086.12.14.** An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is an amount paid in advance by the Minister to the individual for that year under section 1029.8.184.

Where applicable, the individual and the individual’s eligible spouse for the year are solidarily liable for the payment of the tax payable under the first paragraph and, in that respect, a payment by the individual affects the liability of the eligible spouse only to the extent that the payment operates to reduce the individual’s liability to an amount less than the amount in respect of which the eligible spouse is solidarily liable under this paragraph.

**“1086.12.15.** An individual shall pay to the Minister, for a taxation year, on or before the individual’s balance-due day for the year, the individual’s tax under this Part as estimated for the year in accordance with section 1004.

**“1086.12.16.** Unless otherwise provided in this Part, sections 1000 to 1014, 1035 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

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

**193.** (1) Section 1094 of the Act is amended by replacing subparagraphs ii and iii of paragraph *c* by the following subparagraphs:

“ii. a Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089,

“iii. a Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089, and”.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is taxable Québec property of a taxpayer. In addition, in determining before 5 March 2010 whether a property is taxable Québec property of a taxpayer, section 1094 of the Act is to be read as if “Canadian resource property” and “timber resource property” were replaced by “Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089” and “Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089”, respectively.

**194.** (1) Section 1095 of the Act is replaced by the following section:

**“1095.** For the purposes of this Part, the expression “taxable Canadian property” has the meaning that would be assigned by the definition of “taxable Québec property” in section 1094 if

(a) section 1094 were read as if “Québec property” and “Québec” were replaced, wherever they appear except in subparagraphs ii and iii of paragraph *c*, by “Canadian property” and “Canada”, respectively;

(b) subparagraph ii of paragraph *c* of section 1094 were read as if “Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089” were replaced by “Canadian resource property”; and

(c) subparagraph iii of paragraph *c* of section 1094 were read as if “Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089” were replaced by “timber resource property”.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is taxable Canadian property of a taxpayer. In addition, in determining before 5 March 2010 whether a property is taxable Canadian property of a taxpayer, section 1095 of the Act is to be read as follows:

**“1095.** For the purposes of this Part, the expression “taxable Canadian property” has the meaning that would be assigned by the definition of “taxable Québec property” in section 1094 if that section were read as if

(a) subject to paragraph *b*, “Québec property” and “Québec” were replaced, wherever they appear, by “Canadian property” and “Canada”, respectively; and

(b) “Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089” and “Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089” were replaced by “Canadian resource property” and “timber resource property”, respectively.”

**195.** (1) The Act is amended by inserting the following section after section 1106.1:

**“1106.2.** Division XIII of Chapter IV of Title IV of Book III of Part I and Chapters IV to VI of Title IX of that Book III do not apply to a taxpayer who holds a share (in this section referred to as the “old share”) of a class of shares of the capital stock, that is recognized under securities legislation as or as part of an investment fund, of an investment corporation if the taxpayer exchanges or otherwise disposes of the old share for another share (in this section referred to as the “new share”) of an investment corporation, unless

(a) if the exchange or disposition occurs in the course of a transaction, event or series of transactions or events described in section 541 or in subsections 1 and 2 of section 544,

i. all shares of the class (determined without reference to section 1.3) that includes the old share at the time of the exchange or disposition are exchanged for shares of the class that includes the new share,

ii. the old share and the new share derive their value in the same proportion from the same property or group of properties, and

iii. the transaction, event or series of transactions or events was undertaken solely for bona fide purposes and not to cause this section to apply; or

(b) if the old share and the new share are shares of the same class (determined without reference to section 1.3) of shares of the same investment corporation,

i. the old share and the new share derive their value in the same proportion from the same property or group of properties held by the corporation that is allocated to that class, and

ii. that class is recognized under securities legislation as or as part of a single investment fund.”

(2) Subsection 1 applies in respect of a transaction or event that occurs after 31 December 2016.

**196.** (1) The Act is amended by inserting the following section after section 1117:

**“1117.0.1.** A corporation is deemed to be a mutual fund corporation from the date it was incorporated until 31 December 2017 or, if it is earlier, the date the corporation meets the conditions to qualify as a mutual fund corporation under section 1117, if it has made a valid election under paragraph *d* of subsection 8.01 of section 131 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).”

(2) Subsection 1 has effect from 1 January 2017.

**197.** (1) The Act is amended by inserting the following section after section 1118.1:

**“1118.2.** Division XIII of Chapter IV of Title IV of Book III of Part I and Chapters IV to VI of Title IX of that Book III do not apply to a taxpayer who holds a share (in this section referred to as the “old share”) of a class of shares of the capital stock, that is recognized under securities legislation as or as part of an investment fund, of a mutual fund corporation if the taxpayer exchanges or otherwise disposes of the old share for another share (in this section referred to as the “new share”) of a mutual fund corporation, unless

(a) if the exchange or disposition occurs in the course of a transaction, event or series of transactions or events described in section 541 or in subsections 1 and 2 of section 544,

i. all shares of the class (determined without reference to section 1.3) that includes the old share at the time of the exchange or disposition are exchanged for shares of the class that includes the new share,

ii. the old share and the new share derive their value in the same proportion from the same property or group of properties, and

iii. the transaction, event or series of transactions or events was undertaken solely for bona fide purposes and not to cause this section to apply; or

(b) if the old share and the new share are shares of the same class (determined without reference to section 1.3) of shares of the same mutual fund corporation,

i. the old share and the new share derive their value in the same proportion from the same property or group of properties held by the corporation that is allocated to that class, and

ii. that class is recognized under securities legislation as or as part of a single investment fund.”

(2) Subsection 1 applies in respect of a transaction or event that occurs after 31 December 2016.

**198.** (1) The Act is amended by inserting the following after section 1129.4.32:

#### **“PART III.1.8**

#### **“SPECIAL TAX RELATING TO THE ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN INVESTMENTS**

**“1129.4.33.** Where a taxpayer has deducted, in respect of property, an amount in computing the taxpayer’s income under section 156.7.4 for a taxation year ending before all the conditions prescribed in respect of the property have been met and, in a subsequent taxation year, an event occurs that results in any of those conditions not being able to be met, the taxpayer shall pay tax, for that subsequent year, equal to the aggregate of all amounts each of which is the amount by which the tax payable by the taxpayer under Part I for a preceding taxation year for which the taxpayer deducted an amount in computing the taxpayer’s income under section 156.7.4 in respect of the property is exceeded by the tax that would have been payable by the taxpayer under Part I for that preceding year if such an amount had not been deducted.

**“1129.4.34.** Where a partnership has deducted, in respect of property, an amount in computing its income under section 156.7.4 for a fiscal period ending before all the conditions prescribed in respect of the property have been met and, in a subsequent fiscal period, an event occurs that results in any of those conditions not being able to be met, each taxpayer who was a member of the partnership at the end of a preceding fiscal period for which the partnership has deducted such an amount in respect of the property shall pay tax, for the taxpayer’s taxation year in which the subsequent fiscal period ends, equal to the aggregate of all amounts each of which is the amount by which the tax payable by the taxpayer under Part I for a taxation year in which such a preceding fiscal period ends is exceeded by the tax that would have been payable by the taxpayer under Part I for that taxation year if no amount had been deducted by the partnership under section 156.7.4 in respect of the property.

**“1129.4.35.** Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024 and 1026.0.1, 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 28 March 2017.

**199.** (1) Section 1129.69.2 of the Act is amended

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

“(a) the amount (in subparagraph *b* referred to as the “excess tax credit amount”) which corresponds,

i. where the particular year precedes the taxation year 2017, to the amount obtained by multiplying by 6% the aggregate of all amounts each of which is the eligible amount of a gift that was taken into account in determining the amount that the individual deducted under section 752.0.10.6.2 for the particular year, in relation to the pledge, and

ii. where the particular year is subsequent to the taxation year 2016, to the amount determined by the formula

$(A \times B) + (C \times D)$ ; and”;

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

“In the formula in subparagraph ii of subparagraph *a* of the second paragraph,

(a) A is a rate of 4.25%;

(b) B is the lesser of

i. the aggregate of all amounts each of which is the eligible amount of a gift that was taken into account in determining the amount that the individual deducted under section 752.0.10.6.2 for the particular year, in relation to the pledge, and

ii. the amount by which the individual’s taxable income determined under Part I for the particular year exceeds the amount in dollars referred to in paragraph *d* of section 750 which, with reference to section 750.2, is applicable for the particular year;

(c) C is a rate of 6%; and

(d) D is the amount by which the aggregate referred to in subparagraph i of subparagraph *b* exceeds the amount determined under subparagraph ii of that subparagraph *b* in respect of the individual for the particular year.”



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

**200.** (1) Section 1174.1 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

**201.** (1) Section 1175.4.2 of the Act is amended by replacing the second paragraph by the following paragraph:

“In addition, a corporation that is exempt from tax for a taxation year under Book VIII of Part I shall not make any deduction for the year under section 1175.4.1 in relation to a major investment project, unless such a project is one in respect of which an application to obtain that deduction, accompanied by the required documents, was sent to the Minister of Finance before 11 March 2003.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

#### ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

**202.** (1) Section 13.6 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is amended, in the first paragraph,

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

“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 is attributable to the following services:

(1) in relation to services provided by the corporation as part of activities described in those subparagraphs 5 and 7 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property), services”;

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

“(a) ultimately relates to an application that results from activities described in those subparagraphs 5 and 7 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property) and that has been developed for the benefit of the particular person or particular partnership as part of activities described in those subparagraphs 8 and 9, or for the benefit of another person or partnership to whom the particular person or particular partnership provides services as part of activities described in those subparagraphs 8 and 9, and”;

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

“(b) is ultimately attributable to the following services provided as part of activities described in those subparagraphs 5 and 7 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property):”.

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

**203.** (1) Section 6.2 of Schedule E to the Act is amended by replacing “31 December 2017” in the fourth paragraph by “31 December 2022”.

(2) Subsection 1 has effect from 28 March 2017.

**204.** (1) Section 8.1 of Schedule E to the Act is amended by replacing the definition of “start-up period” by the following definition:

““start-up period” of an investment project means the 60-month period that begins on

(1) the date on which the qualification certificate referred to in the first paragraph of section 8.3 is issued to a corporation or a partnership in relation to the project; or

(2) in the case of a second investment project, referred to in section 8.3.2, the date on which the qualification certificate amended following an application filed in accordance with that section is issued to the corporation or partnership;”.

(2) Subsection 1 has effect from 29 March 2017.

**205.** (1) Section 8.3 of Schedule E to the Act is amended by striking out the portion after the third paragraph.

(2) Subsection 1 has effect from 29 March 2017.

**206.** (1) Schedule E to the Act is amended by inserting the following sections after section 8.3:

**“8.3.1.** An application for an initial qualification certificate in respect of an investment project must, subject to subparagraph 4 of the first paragraph of section 8.4, be filed with the Minister before the investment project begins to be carried out and on or before 31 December 2020.

The corporation’s or partnership’s commitments in respect of an investment project are taken into account in determining the date on which the project began to be carried out. However, commitments related to market or feasibility studies are not sufficient in themselves to consider that the investment project has begun to be carried out.

**“8.3.2.** Despite the first and third paragraphs of section 8.3, a corporation or a partnership may file with the Minister an application to amend an initial qualification certificate it was issued in respect of a particular investment project to have it refer to a second investment project as well. To grant the application, the Minister must be of the opinion that the latter project is an extension of the former.

The application for an amendment must be filed on or before the day on which the first annual certificate is applied for in respect of the first investment project and before the earlier of

(1) the date on which the second investment project begins to be carried out; and

(2) 1 January 2021.

The application to amend the initial qualification certificate is deemed, for the purposes of this Act, to be an application for such a qualification certificate in respect of the second investment project and the issuance criteria provided for in Division II apply with the necessary modifications. In addition, the second paragraph of section 8.3.1 applies to the second paragraph of this section.

**“8.3.3.** An application for an annual certificate in respect of an investment project must be filed with the Minister within 15 months after the end of the taxation year or fiscal period for which it is made.

However, where the Minister considers that the circumstances so warrant, the Minister may grant such an application despite the expiry of that time limit, provided that the application is filed on or before the last day of the 18th month following the end of the taxation year or fiscal period concerned.

The Minister may not issue an annual certificate to a corporation or a partnership in respect of an investment project for a particular taxation year or fiscal period unless, at the time the annual certificate is to be issued, the initial qualification certificate that the corporation or partnership, as the case may be, holds in relation to the project is still valid in its respect.

If, at a particular time, the Minister revokes the initial qualification certificate a corporation or a partnership holds in respect of an investment project, any annual certificate issued to the corporation or partnership in respect of the project for a taxation year or fiscal period that is subsequent to the given taxation year or fiscal period that includes the effective date of the revocation is deemed to be revoked by the Minister at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. The annual certificate issued in respect of the project for the given taxation year or fiscal period is also deemed to be revoked by the Minister at that time, except that the effective date of the deemed revocation is the date specified in the notice of revocation of the initial qualification certificate.

Where the initial qualification certificate a corporation or a partnership holds, following an application filed under section 8.3.2, in respect of a second investment project is amended to have it no longer refer to that project, the following rules must be taken into account for the purposes of the fourth paragraph:

(1) the initial qualification certificate is considered to be revoked, but only as regards the second investment project;

(2) the effective date of the revocation is the date of coming into force of the amendment; and

(3) where, in accordance with the first paragraph of section 8.11, a single annual certificate has been issued to the corporation or partnership in respect of the first and second investment projects, the deemed revocation of the certificate in respect of the second investment project, because of the application of the fourth paragraph, is considered to be a deemed amendment of the certificate that is made to have the certificate cease to be valid in respect of the second project.”

(2) Subsection 1 has effect from 29 March 2017.

**207.** (1) Section 8.4 of Schedule E to the Act is amended

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

“Where, following an application filed by the transferor in accordance with section 8.3.2, two investment projects are referred to in an initial qualification certificate that was issued to the transferor, the following rules apply:

(1) the transfer of the carrying out of either of the investment projects may be authorized by the Minister in accordance with the second paragraph only if the Minister also authorizes the transfer of the other investment project to the same transferee;

(2) the requirement to be referred to in a first annual certificate, provided for in the portion of the first paragraph before subparagraph 1, is deemed to be met in respect of the second investment project if it is met in respect of the first; and

(3) the Minister issues to the transferee, in accordance with subparagraph 4 of the first paragraph, a single initial qualification certificate in respect of the two investment projects.”;

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

“If the Minister issued a particular initial qualification certificate to a transferee under subparagraph 4 of the first paragraph in relation to the acquisition (in this paragraph referred to as the “particular acquisition”) by the transferee, at a given time, of all or substantially all of the part that is carried on in Québec of the particular business in connection with which activities arising from the carrying out of an investment project in respect of which that qualification certificate was issued are carried on and if, at a time subsequent to the given time, the Minister revokes or is deemed, because of the application of this paragraph, to have revoked the initial qualification certificate that refers to that project and that was issued to the transferor involved in the particular acquisition, the particular qualification certificate is also deemed to have been revoked by the Minister at that subsequent time. The effective date of the deemed revocation is the date of coming into force of the particular qualification certificate. This rule also applies, with the necessary modifications, to the amendment made to an initial qualification certificate to have it no longer refer to a second investment project referred to in section 8.3.2.”

(2) Subsection 1 has effect from 29 March 2017.

**208.** (1) Section 8.5 of Schedule E to the Act is replaced by the following section:

**“8.5.** An initial qualification certificate issued to a corporation or a partnership, as the case may be, states that the investment project referred to in the certificate will likely be recognized as a large investment project. The certificate is made to state the same in respect of a second investment project for which an application was filed in accordance with section 8.3.2 and granted by the Minister.

Where the qualification certificate is issued under subparagraph 4 of the first paragraph of section 8.4, it also specifies that the Minister authorizes the transfer of the carrying out of any investment project referred to in the qualification certificate to the corporation or partnership and states the date of the beginning of the tax-free period, in relation to the project, that is mentioned in the first annual certificate that, if applicable, was obtained in its respect and that is deemed to have been issued to the corporation or partnership under subparagraph 3 of the first paragraph of that section.”

(2) Subsection 1 has effect from 29 March 2017.

**209.** (1) Section 8.8 of Schedule E to the Act is amended by replacing the first paragraph by the following paragraph:

“An annual certificate issued to a corporation or a partnership in respect of an investment project certifies that the corporation or partnership is continuing, in the taxation year or fiscal period, as the case may be, for which the application for the certificate is made, to carry out the investment project in respect of which it holds an initial qualification certificate. The certificate also confirms that the project is recognized for the year or fiscal period as a large investment project.”

(2) Subsection 1 has effect from 29 March 2017.

**210.** (1) Schedule E to the Act is amended by inserting the following sections after section 8.10:

**“8.11.** Where two investments projects are referred to in a single initial qualification certificate following an application filed in accordance with section 8.3.2, a single annual certificate is issued, in respect of those projects, to the corporation or partnership carrying them out for any taxation year or fiscal period, as the case may be, that is included in whole or in part in the particular period that begins at the beginning of the corporation’s or partnership’s tax-free period in relation to the second project and that ends at the end of its tax-free period in relation to the first project.

The annual certificate includes the particulars provided for in the first paragraph of section 8.8 in respect of each investment project. In the case of the first annual certificate of the second investment project, the portion of the certificate that refers to it states the date of the beginning of the corporation’s or partnership’s tax-free period in relation to that project in accordance with the second paragraph of that section.

In order for the annual certificate to be issued, the conditions of section 8.9 must be met in respect of each of the two investment projects.

**“8.12.** Where an annual certificate that is the first certificate issued in respect of a second investment project is amended so as to revoke the portion of that certificate that concerns the investment project, section 8.10 applies to the amendment with the necessary modifications.

**“8.13.** Where, in a taxation year of a corporation or a fiscal period of a partnership that ends before the beginning of its tax-free period in respect of a second investment project referred to in section 8.3.2, the corporation or partnership carries on activities arising from the carrying out of that project and the condition of paragraph 1 of section 8.9 is met in respect of those activities, the Minister must state, in the annual certificate the Minister issues to the corporation or partnership for the taxation year or fiscal period in respect of the first investment project, that the corporation or partnership is also continuing to carry out the second investment project.

However, if at the end of the start-up period in respect of the second investment project no annual certificate is issued in its respect, the Minister must amend every annual certificate referred to in the first paragraph to withdraw the statement, retroactively to the date of coming into force of the certificate.”

(2) Subsection 1 has effect from 29 March 2017.

**211.** (1) Section 3.2 of Schedule H to the Act is amended by replacing subparagraph *c* of subparagraph 1 of the second paragraph by the following subparagraph:

“(c) the tax credit enhancement determined by reference to public financial assistance, a certificate in respect of the film (in this chapter referred to as a “certificate relating to the tax credit enhancement determined by reference to financial assistance”); and”.

(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 28 March 2017.

**212.** (1) The heading of Division V of Chapter III of Schedule H to the Act is replaced by the following heading:

“CERTIFICATE RELATING TO THE TAX CREDIT ENHANCEMENT  
DETERMINED BY REFERENCE TO FINANCIAL ASSISTANCE”.

(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 28 March 2017.

**213.** (1) Section 3.22 of Schedule H to the Act is replaced by the following section:

**“3.22.** A certificate relating to the tax credit enhancement determined by reference to financial assistance issued to a corporation certifies that the film referred to in the certificate belongs to a class of films eligible for the tax credit enhancement determined by reference to public financial assistance.”

(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 28 March 2017.

**214.** (1) Section 3.23 of Schedule H to the Act is amended

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

**“3.23.** The following are classes of films eligible for the tax credit enhancement determined by reference to public financial assistance:”;

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

“(2) series or miniseries, other than those referred to in paragraph 2.1, each episode of which is a fiction production with a minimum running length of 75 minutes;”;

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

“(2.1) series or miniseries each episode of which is a fiction production that is an animation production where the minimum running length of the series or miniseries is 75 minutes; and”.

(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 28 March 2017.

**215.** (1) Section 5.1 of Schedule H to the Act is amended

(1) by striking out the definition of “labour expenditure” in the first paragraph;

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

“Any reference made, in a provision of this chapter, to an amount incurred or paid, including costs, a remuneration, a talent fee or an advance, is to be replaced, when necessary, by a reference to such an amount determined according to a budget.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

**216.** (1) Section 5.3 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“An approval certificate issued to a corporation under this chapter certifies that the film referred to in the certificate is recognized as a qualified production. It also specifies the filing date of the application for its issue.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.



**217.** (1) Section 5.4 of Schedule H to the Act is amended

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

“(1) the film belongs to an eligible class of films described in section 5.5;”;

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

“(3) the following production costs are \$250,000 or more:

(a) where a film is part of a series or miniseries, the production costs of the series or miniseries, or

(b) in any other case, the production costs of the film.”;

(3) by striking out the second paragraph.

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

**218.** (1) Section 5.5 of Schedule H to the Act is amended

(1) by striking out subparagraphs 3 to 5 of the first paragraph;

(2) by striking out the second paragraph.

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

**219.** (1) Section 5.6 of Schedule H to the Act is amended

(1) by replacing paragraph 9 by the following paragraph:

“(9) games, quizzes and contests, in any form, except educational programs in the form of games, quizzes or contests intended for minors;”;

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

“For the purposes of subparagraph 11 of the first paragraph, a reality television production is an audiovisual production in which a situation is created and filmed to be edited into its final form. The situation features a place, a group of individuals and a theme.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

**220.** (1) Section 5.7 of Schedule H to the Act is replaced by the following section:

**“5.7.** In the case of a serial film, each episode may be recognized as a qualified production if the conditions of section 5.4 are met in its respect. In such a case, the Société de développement des entreprises culturelles specifies in the approval certificate which episodes of the film are recognized.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

**221.** (1) Section 5.9 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“The Société de développement des entreprises culturelles attaches to the favourable advance ruling it gives to a corporation in respect of a film a document specifying, by budgetary item, the amount that is the portion of the corporation’s labour cost in respect of the film, for any taxation year for which the favourable advance ruling is given, that relates to eligible activities connected with the production of computer-aided special effects and animation, in relation to the film.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

## ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

**222.** (1) Section 33 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is amended

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

““last day of the tax-free period” in respect of a large investment project means the last day of the 15-year period that begins on the date of the beginning of the tax-free period in respect of that project;”;

(2) by replacing the definition of “excluded employer” in the first paragraph by the following definition:

““excluded employer” means an employer that is a corporation that is exempt from tax under Book VIII of Part I of the Taxation Act;”;

(3) by replacing the definition of “tax-free period” in the first paragraph by the following definition:

““tax-free period” means a tax-free period within the meaning of Chapter I of Title VII.2.3.1 of Book IV of Part I of the Taxation Act;”;

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

“In this division, the tax assistance limit, in relation to a large investment project, is determined in accordance with section 737.18.17.8 of the Taxation Act where the tax assistance limit is that of an employer that is a corporation and section 34.1.0.4 where the tax assistance limit is that of an employer that is a partnership.

In this division, two large investment projects that are covered by the same qualification certificate are deemed to be a single large investment project (referred to as a “deemed large investment project”), except as regards the determination, in respect of each project, of the total qualified capital investments of the employer carrying out the projects, the date of the beginning of the tax-free period and the last day of the tax-free period, and this rule applies throughout the particular period that begins on the date of the beginning of the tax-free period in respect of the large investment project that began first (referred to as the “first large investment project”) and that ends on the last day of the tax-free period in respect of the other large investment project (referred to as the “second large investment project”).”

(2) Paragraphs 1, 3 and 4 of subsection 1 have effect from 29 March 2017.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2018.

**223.** (1) Section 34 of the Act is amended

(1) by adding the following subparagraph at the end of the tenth paragraph:

“(c) the wages paid or deemed to be paid to an employee in respect of the part of the employee’s working time devoted to eligible activities of an employer referred to in that subparagraph *d.1*, in relation to a deemed large investment project of the employer within the meaning of the sixth paragraph of section 33, for a pay period that ends after the last day of the tax-free period in respect of the first large investment project (in this section referred to as the “particular day”) is deemed to be equal to either

i. where the pay period includes the particular day, the amount determined by the formula

$$A - \{B \times [C/(C + D)]\}, \text{ or}$$

ii. in any other case, the amount determined by the formula

$$A \times [D/(C + D)].”;$$

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

“In the formulas in the tenth paragraph,

(a) A is the wages paid or deemed to be paid to the employee in respect of the part of the employee’s working time devoted to eligible activities of the employer referred to in subparagraph *d.1* of the seventh paragraph, in relation to the deemed large investment project, for the pay period, that is otherwise determined;

(b) B is the wages paid or deemed to be paid to the employee in respect of the part of the employee’s working time devoted to eligible activities of the employer referred to in subparagraph *d.1* of the seventh paragraph, in relation to the deemed large investment project, which relates to the part of the pay period that begins after the particular day and that is otherwise determined;

(c) C is the total qualified capital investments of the employer, in relation to the first large investment project, on the date of the beginning of the tax-free period in respect of the project; and

(d) D is the total qualified capital investments of the employer, in relation to the second large investment project, on the date of the beginning of the tax-free period in respect of the project.”

(2) Subsection 1 has effect from 29 March 2017.

**224.** (1) Section 34.1.0.3 of the Act is amended

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

“(a) where the employer is a corporation, the amount by which the employer’s tax assistance limit in relation to the large investment project exceeds the aggregate of”;

(2) by adding the following subparagraph at the end of subparagraph *a* of the third paragraph:

“iv. in the case of a deemed large investment project within the meaning of the sixth paragraph of section 33, the aggregate of the following amounts, if any:

(1) the amount determined by the following formula for the taxation year that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the balance of the employer’s tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer’s tax assistance limit in relation to the second large investment project:

$D - [(D \times F) + (E \times G)]$ , and

(2) the amount determined by the following formula for the taxation year that follows the taxation year that includes the last day of the tax-free period in respect of the first large investment project, unless the balance of the employer's tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer's tax assistance limit in relation to the second large investment project:

$D - E$ ; or”;

(3) by replacing the portion of subparagraph *b* of the third paragraph before subparagraph *i* by the following:

“(b) where the employer is a partnership, the amount by which the employer's tax assistance limit in relation to the large investment project exceeds the aggregate of”;

(4) by adding the following subparagraph at the end of subparagraph *b* of the third paragraph:

“iv. in the case of a deemed large investment project within the meaning of the sixth paragraph of section 33, the aggregate of the following amounts, if any:

(1) the amount determined by the following formula for the fiscal period that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the balance of the employer's tax assistance limit for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer's tax assistance limit in relation to the second large investment project:

$D - [(D \times F) + (E \times G)]$ , and

(2) the amount determined by the following formula for the fiscal period that follows the fiscal period that includes the last day of the tax-free period in respect of the first large investment project, unless the balance of the employer's tax assistance limit for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer's tax assistance limit in relation to the second large investment project:

$D - E$ .”;

(5) by replacing the portion of the fourth paragraph before subparagraph *a* by the following:

“In the formulas in the third paragraph,”;

(6) by adding the following subparagraphs at the end of the fourth paragraph:

“(d) D is the balance of the employer’s tax assistance limit for the taxation year or fiscal period referred to in subparagraph 1 or 2 of subparagraph iv of subparagraph *a* or *b*, as the case may be, of the third paragraph, in respect of the deemed large investment project, determined without reference to that subparagraph 1 or 2, as the case may be;

“(e) E is the employer’s tax assistance limit in relation to the second large investment project;

“(f) F is the proportion that the number of days in the part of the taxation year or fiscal period referred to in subparagraph 1 of subparagraph iv of subparagraph *a* or *b*, as the case may be, of the third paragraph that ends on the last day of the tax-free period in respect of the first large investment project is of the number of days in the taxation year or fiscal period; and

“(g) G is the proportion that the number of days in the taxation year or fiscal period referred to in subparagraph 1 of subparagraph iv of subparagraph *a* or *b*, as the case may be, of the third paragraph that follow the last day of the tax-free period in respect of the first large investment project is of the number of days in the taxation year or fiscal period.”

(2) Subsection 1 has effect from 29 March 2017.

**225.** (1) Section 34.1.0.4 of the Act is replaced by the following section:

**“34.1.0.4.** Subject to the second paragraph, the tax assistance limit of an employer that is a partnership, in relation to a large investment project, is 15% of the employer’s total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the employer acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that was transferred to the employer pursuant to the agreement referred to in section 737.18.17.12 of the Taxation Act (chapter I-3) in respect of the acquisition.

In the case of a deemed large investment project within the meaning of the sixth paragraph of section 33, the employer’s tax assistance limit in relation to the project is, for a particular fiscal period,

(a) where the particular fiscal period ends before the date of the beginning of the tax-free period in respect of the second large investment project, the employer’s tax assistance limit in relation to the first large investment project;

(b) where the particular fiscal period begins before the date of the beginning of the tax-free period in respect of the second large investment project and ends on or after that date, the amount determined by the formula

$A + (B \times C)$ ; or

(c) where the particular fiscal period begins on or after the date of the beginning of the tax-free period in respect of the second large investment project, the amount determined by the formula

$A + B$ .

In the formulas in the second paragraph,

(a) A is the employer's tax assistance limit in relation to the first large investment project;

(b) B is the employer's tax assistance limit in relation to the second large investment project; and

(c) C is the proportion that the number of days in the part of the particular fiscal period that begins on the date of the beginning of the tax-free period in respect of the second large investment project is of the number of days in the fiscal period."

(2) Subsection 1 has effect from 29 March 2017.

**226.** (1) Section 37.4 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs i to iv by the following subparagraphs:

"i. \$15,790 where, for the year, the individual has no eligible spouse and no dependent child,

"ii. \$25,600 where, for the year, the individual has no eligible spouse but has one dependent child,

"iii. \$28,980 where, for the year, the individual has no eligible spouse but has more than one dependent child,

"iv. \$25,600 where, for the year, the individual has an eligible spouse but has no dependent child, and";

(2) by replacing subparagraphs 1 and 2 of subparagraph v by the following subparagraphs:

"(1) \$28,980 where the individual has one dependent child for the year, or

"(2) \$32,105 where the individual has more than one dependent child for the year; and".

(2) Subsection 1 applies from the year 2017.

## EDUCATIONAL CHILDCARE ACT

**227.** (1) Section 88.5 of the Educational Childcare Act (chapter S-4.1.1) is amended by replacing the first paragraph by the following paragraph:

“Where, for a year, an individual or, if applicable, the individual’s eligible spouse for the year is required to pay an additional contribution under the first paragraph of section 88.2 for a child who is of the second rank or a subsequent rank, considering the total number of the individual’s and, if applicable, the individual’s eligible spouse’s children who received subsidized childcare services during the year, the following rules apply:

(1) if the child is of the second rank, the amount of the additional contribution that would otherwise be payable for the child for the year is reduced by 50%; and

(2) if the child is of the third rank or a subsequent rank, the individual and, if applicable, the individual’s eligible spouse for the year are exempted from paying the additional contribution that would otherwise be payable for that child for the year.”

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

## ACT RESPECTING THE QUÉBEC SALES TAX

**228.** (1) Section 17.1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended

(1) by replacing “rencontrées” in the portion before subparagraph 1 of the first paragraph in the French text by “remplies”;

(2) by striking out “is a large business or” in subparagraph 5 of the first paragraph;

(3) by striking out the second paragraph.

(2) Paragraphs 2 and 3 of subsection 1 apply in respect of a road vehicle brought into Québec after 31 December 2020.

**229.** (1) Section 22.28 of the Act is amended by replacing “285 to 287.3” by “285 to 287.2”.

(2) Subsection 1 applies from 1 January 2021.

**230.** (1) Section 54.1 of the Act is amended

(1) by striking out “or the trade-in is a road vehicle in respect of which the recipient is not entitled to claim an input tax refund as a consequence of being a large business” in the portion before subparagraph 1 of the first paragraph;



(2) by striking out the second paragraph.

(2) Subsection 1 applies in respect of the supply of a trade-in made after 31 December 2020.

**231.** (1) Section 54.2 of the Act is amended by striking out “or by a large business that is not entitled to claim an input tax refund in respect of the trade-in as a consequence of being a large business” in paragraph 3.

(2) Subsection 1 applies from 1 January 2021.

**232.** Section 63 of the Act is amended by replacing “67” in the portion before the definition of “base fraction” by “66”.

**233.** (1) The Act is amended by inserting the following section after section 66:

**“66.1.** Where a charity or a public institution makes a taxable supply of property or a service to another person, where the value of the property or service is included in determining the amount of the advantage in respect of a gift by the other person to the charity or public institution under section 7.22 of the Taxation Act (chapter I-3) and where a receipt referred to in section 712 or 752.0.10.3 of that Act may be issued, or could be issued if the other person were an individual, in respect of part of the consideration for the supply, the value of the consideration for the supply is deemed to be equal to the fair market value of the property or service at the time the supply is made.”

(2) Subsection 1 applies in respect of a supply made after 22 March 2016. In addition, it applies in respect of a taxable supply, other than a supply in respect of which subsection 3 applies, made by a person after 20 December 2002 and before 23 March 2016, in the case where, before 23 March 2016, the person

(1) did not charge, collect or remit an amount as or on account of tax under Title I of the Act in respect of the supply; or

(2) charged an amount as or on account of tax under Title I of the Act that is less than the amount of tax that would have been payable under that Title in respect of the supply in the absence of section 66.1 of the Act, enacted by subsection 1.

(3) For the purposes of Title I of the Act (other than sections 138.5, 152, 400 to 402.0.2, 447 and 448 to 450), a taxable supply of property or a service made by a charity or a public institution to another person after 20 December 2002 and before 23 March 2016 is deemed to have been made for no consideration if

(1) the value of the property or service is included in determining the amount of the advantage in respect of a gift by the other person to the charity or public institution under section 7.22 of the Taxation Act (chapter I-3);

(2) a receipt referred to in section 712 or 752.0.10.3 of the Taxation Act may be issued, or could be issued if the other person were an individual, in respect of part of the consideration for the supply;

(3) the fair market value of the property or service at the time the supply is made is less than \$500; and

(4) before 23 March 2016, the charity or public institution

(a) did not charge, collect or remit an amount as or on account of tax under Title I of the Act respecting the Québec sales tax (chapter T-0.1) in respect of the supply, or

(b) charged an amount as or on account of tax under Title I of the Act that is less than the amount of tax that would have been payable under that Title in respect of the supply in the absence of section 66.1 of the Act, enacted by subsection 1.

**234.** (1) Section 174 of the Act is amended by replacing subparagraph *e* of paragraph 1 by the following subparagraph:

“(e) deslanoside, digitoxin, digoxin, epinephrine and its salts, erythrityl tetranitrate, isosorbide dinitrate, isosorbide-5-mononitrate, medical oxygen, naloxone and its salts, nitroglycerine, prenylamine or quinidine and its salts;”.

(2) Subsection 1 has effect from 22 March 2016. However, it does not apply

(1) in respect of a supply made after 21 March 2016 but before 23 March 2017 in the case where, before 23 March 2017, the supplier charged, collected or remitted an amount as or on account of tax under Title I of the Act in respect of the supply; or

(2) for the purposes of paragraph 7 of section 81 of the Act, in respect of the bringing of property into Québec after 21 March 2016 but before 23 March 2017 in the case where, before 23 March 2017, an amount has been paid as or on account of tax under Title I of the Act in respect of the bringing into Québec.

**235.** (1) The Act is amended by inserting the following section after section 191.10:

**“191.10.1.** A supply of a service of rendering to individuals technical or customer support by means of telecommunications if the supply is made to a person not resident in Québec that is not registered under Division I of Chapter VIII and is not a consumer of the service is a zero-rated supply, but not including a supply of

(1) an advisory, consulting or professional service; or

(2) a service of acting as a mandatary of the person or of arranging for, procuring or soliciting orders for supplies by or to the person.”

(2) Subsection 1 applies in respect of

(1) a supply made after 22 March 2016; and

(2) a supply made before 23 March 2016 if the supplier did not, before that date, charge, collect or remit an amount as or on account of tax under Title I of the Act in respect of the supply.

**236.** Section 287 of the Act is amended by replacing “section 203, 205 or 206” in paragraph 1 by “section 203 or 206”.

**237.** (1) Section 287.2 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 applies from 1 January 2021.

**238.** (1) Section 287.3 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2021. In addition, where section 287.3 of the Act applies after 31 December 2017 and before 1 January 2021, it is to be read as if the first paragraph were replaced by the following paragraph:

“Where a prescribed registrant has received a zero-rated supply of a motor vehicle under section 197.2 or brings into Québec a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2 and, at any time, the registrant begins to consume or use the motor vehicle or supplies it for any purpose other than those referred to in section 197.2 and that would not allow the registrant to claim a full input tax refund in respect of the vehicle if the vehicle were acquired by the registrant at that time for exclusive use in the course of the commercial activities of the registrant,

(1) the registrant is deemed to have made, on the last day of each month ending after that time, a supply of the vehicle for consideration, paid on that last day, equal to the amount that is 2.5% of the prescribed value of the vehicle and to have collected, on that last day, tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed to have received, on the last day of each month ending after that time, a supply of the vehicle and to have paid, on that last day, tax in respect of the supply calculated on the consideration referred to in subparagraph 1.”

**239.** (1) Section 292 of the Act is amended by striking out paragraph 5.

(2) Subsection 1 applies from 1 January 2021.

**240.** Section 297.13 of the Act is amended by replacing “section 203, 205 or 206” in the second paragraph by “section 203 or 206”.

**241.** (1) Section 383 of the Act is amended by striking out subparagraph *b* of paragraph 2 of the definition of “non-refundable input tax charged”.

(2) Subsection 1 applies from 1 January 2021.

**242.** (1) Section 402.13 of the Act is amended by striking out subparagraph *d* of paragraph 1 of the definition of “eligible amount” in the first paragraph.

(2) Subsection 1 applies in respect of an amount of tax that became payable, or was paid without having become payable, after 31 December 2020.

**243.** (1) The Act is amended by inserting the following section after section 404:

**“404.0.1.** A registrant that, by reason of section 206.1, is not entitled to include, in determining its input tax refund, the entirety of an amount in respect of the tax payable by the registrant in respect of the acquisition or bringing into Québec of a property or service is entitled, despite paragraph 2 of section 404, to a refund under this division in respect of that amount equal to the amount determined by multiplying the amount of that refund otherwise determined by

(1) 75%, where the acquisition or bringing into Québec of the property or service occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property or service occurs after 31 December 2018 and before 1 January 2020; or

(3) 25%, where the acquisition or bringing into Québec of the property or service occurs after 31 December 2019 and before 1 January 2021.”

(2) Subsection 1 has effect from 1 January 2018.

**244.** (1) Section 456 of the Act is amended by replacing “by reason of section 203 or 206” in subparagraph 2 of the second paragraph by “by reason of any of sections 203, 206 and 206.1”.

(2) Subsection 1 has effect from 1 January 2018.

**245.** (1) Section 541.23 of the Act is amended

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

““supplier” has the meaning assigned by section 1;”;

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

““digital accommodation platform” means a digital platform through which a person brings together the supplier of an accommodation unit and a recipient, provides a framework for their interaction and manages their financial transactions;”;

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

“For the purposes of the definition of “sleeping-accommodation establishment” in the first paragraph, an accommodation unit offered for rent through a digital accommodation platform operated by a person who is a registrant under this Title is deemed to be offered for rent on a regular basis in the same calendar year.”

(2) Subsection 1 has effect from 29 August 2017.

**246.** (1) Section 541.24 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

“(1) where the supply is made by the operator of a sleeping-accommodation establishment and is not a supply to which subparagraph 2.1 applies, a tax computed at the rate of 3.5% of the value of the consideration for the overnight stay;

“(2) where the supply is made by an intermediary and is not a supply to which subparagraph 2.1 or 2.2 applies, a specific tax equal to \$3.50 per overnight stay for each unit;”;

(2) by adding the following subparagraphs after subparagraph 2 of the first paragraph:

“(2.1) where the supply is made through a digital accommodation platform operated by a person who is a registrant under this Title, a tax computed at the rate of 3.5% of the value of the consideration for the overnight stay; or

“(2.2) where the supply is made by an intermediary, the initial supply of the accommodation unit by the operator of a sleeping-accommodation establishment was made through a digital accommodation platform operated by a person who is a registrant under this Title and the unit is not supplied again by an intermediary through such a platform, a tax equal to the amount that is 3.5% of the value of the consideration for the overnight stay received for the initial supply of the unit.”;

(3) by replacing “subparagraph 1” in the second paragraph by “subparagraphs 1 and 2.1”.

(2) Subsection 1 has effect from 29 August 2017.

**247.** (1) Section 541.25 of the Act is amended

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

“The operator of a sleeping-accommodation establishment or the intermediary who receives an amount from a person other than a customer for the supply of such an accommodation unit shall, as a mandatary of the Minister, collect, at that time, an amount that is equal to the tax or would be equal to the tax if subparagraph 2.1 of the first paragraph of section 541.24 were read as if “a tax computed at the rate of 3.5% of the value of the consideration for the overnight stay” were replaced by “a specific tax equal to \$3.50 per overnight stay for each unit”.”;

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

“However, the operator of a sleeping-accommodation establishment or the intermediary who makes a supply of such an accommodation unit through a digital accommodation platform operated by a person is not required to collect the tax or the amount referred to in the second paragraph in respect of the supply if the bill is issued by the person at a time when the person’s registration is effective.

A person operating a digital accommodation platform who receives an amount for the supply of such an accommodation unit shall, as a mandatary of the Minister, collect at that time, where the amount is received from a customer, the tax or, where the amount is received from a person other than a customer, an amount computed at the rate of 3.5% of the value of the consideration for the overnight stay (in this chapter referred to as the “particular amount”), if

(1) the supply of the unit is made through the person’s digital accommodation platform; and

(2) the bill is issued by the person at a time when the person’s registration is effective.

Despite the second paragraph, the intermediary who receives an amount from a person other than a customer for the supply of such an accommodation unit shall, as a mandatary of the Minister, if the initial supply of the unit has been made through a digital accommodation platform operated by a person who is a registrant under this Title and the unit has not been supplied again through such a platform, collect at that time an amount equal to the particular amount that was or should have been collected by the latter person in respect of the initial supply.”;

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

“The operator of a sleeping-accommodation establishment or the intermediary who makes a supply of such an accommodation unit for no consideration, otherwise than through a digital accommodation platform, shall, as a mandatary of the Minister, collect, at the time the supply is made,

(1) where the supply is made to a customer by an intermediary, the tax provided for in subparagraph 2 of the first paragraph of section 541.24;

(2) where the supply is made to a person other than a customer, an amount equal to the tax provided for in subparagraph 2 of the first paragraph of section 541.24;

(3) where the supply is made to a customer by an intermediary, the initial supply of the accommodation unit by the operator of a sleeping-accommodation establishment was made through a digital accommodation platform operated by a person who is a registrant under this Title and the unit has not been supplied again by an intermediary through such a platform, the tax provided for in subparagraph 2.2 of the first paragraph of section 541.24; or

(4) where the supply is made to a person other than a customer by an intermediary, the initial supply of the accommodation unit by the operator of a sleeping-accommodation establishment was made through a digital accommodation platform operated by a person who is a registrant under this Title and the unit has not been supplied again by an intermediary through such a platform, an amount equal to the amount that was or should have been collected by the person in respect of the initial supply.”;

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

“The rules set out in the second and third paragraphs of section 541.24 apply to the fourth paragraph.”

(2) Subsection 1 has effect from 29 August 2017.

**248.** (1) Section 541.26 of the Act is replaced by the following section:

**“541.26.** Every person who is required to collect the tax or any of the amounts referred to in section 541.25 shall keep an account thereof and, on or before the last day of the month following the end of each calendar quarter, render an account to the Minister, in the prescribed form containing prescribed information, of the tax or any of those amounts that the person has collected or should have collected for the preceding calendar quarter and, therewith, remit the tax or amount to the Minister.

A person shall render an account to the Minister even if no amount relating to the supply of an accommodation unit giving rise to the tax or to any of the amounts referred to in section 541.25 was received during the calendar quarter.

However, a person is not required to render an account to the Minister, unless the latter demands it, or to remit the tax or the amount referred to in the second paragraph of section 541.25 in respect of the supply of an accommodation unit that the person has acquired from another person, where the person has remitted, in respect of the supply,

(1) an amount referred to in the second paragraph of section 541.25 to that other person; or

(2) a particular amount where it is equal to or greater than the tax or the amount referred to in subparagraph 1 that the person is required to collect.

In addition, where the initial supply of an accommodation unit by the operator of a sleeping-accommodation establishment was made through a digital accommodation platform operated by a person who is a registrant under this Title and the accommodation unit has not been supplied again by an intermediary through such a platform, the intermediary who acquired the accommodation unit from the operator or another intermediary is not required to render an account to the Minister, unless the latter demands it, or to remit, in respect of the supply of that unit, the tax referred to in subparagraph 2.2 of the first paragraph of section 541.24 or the amount that the intermediary has collected under the fifth paragraph of section 541.25 where the intermediary has remitted, in respect of the supply, the particular amount or an amount equal to that amount, as the case may be.

An amount that a person is required to collect in accordance with section 541.25 is deemed to be a duty within the meaning of the Tax Administration Act (chapter A-6.002).”

(2) Subsection 1 has effect from 29 August 2017.

**249.** (1) Section 541.27 of the Act is amended

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

“Where a person reimburses the total amount paid for an overnight stay in an accommodation unit to another person, the person shall also reimburse the tax or any of the amounts referred to in section 541.25 that the person has collected in its respect.”;

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

“Where the person reimburses part of the amount paid for an overnight stay in an accommodation unit, the person shall also reimburse the tax provided for in subparagraph 1 or 2.1 of the first paragraph of section 541.24, or the particular amount, the person collected in respect of that part.”



(2) Subsection 1 has effect from 29 August 2017.

**250.** (1) The Act is amended by inserting the following section after section 541.27:

**“541.27.1.** Where a person referred to in the fourth paragraph of section 541.25 collects from a customer or a person other than a customer an amount as or on account of the tax or a particular amount, as the case may be, in excess of the amount the person was required to collect, and renders an account of and remits the amount to the Minister, the person may, within four years after the day the amount was collected, reimburse the excess amount to the other person.

The reimbursement is deducted from the amount of the tax and the particular amounts collected by the person for the reporting period in which the person makes the reimbursement.”

(2) Subsection 1 has effect from 29 August 2017.

**251.** (1) Sections 541.28 to 541.30 of the Act are replaced by the following sections:

**“541.28.** Every person required to remit the tax or the amount referred to in the second paragraph of section 541.25 to the Minister, unless the person is an intermediary, is required to register and to hold a registration certificate issued in accordance with section 541.30.

**“541.29.** The person required to register under section 541.28 who, immediately before the particular day on which the tax provided for in this Title becomes applicable, holds a registration certificate issued under Title I is deemed, for the purposes of this Title, to hold, on the particular day, a registration certificate issued in accordance with section 541.30.

**“541.30.** The person required to register under section 541.28 shall apply to the Minister for registration before the day on which the person is first required to collect the tax or the amount referred to in the second paragraph of section 541.25.

For the purposes of the first paragraph and section 541.28, sections 412, 415 and 415.0.4 to 415.0.6 apply, with the necessary modifications.”

(2) Subsection 1 has effect from 29 August 2017.

**252.** (1) The Act is amended by inserting the following section after section 541.30:

**“541.30.1.** A person who operates a digital accommodation platform may apply to the Minister for registration.

For the purposes of the first paragraph, sections 412 and 415 apply, with the necessary modifications.”

(2) Subsection 1 has effect from 29 August 2017.

**253.** (1) The Act is amended by inserting the following section after section 541.31:

**“541.31.1.** Where a person who operates a digital accommodation platform files with the Minister a request for the cancellation of the person’s registration as of a particular date, the Minister cancels the registration from that date if the request was filed with the Minister in writing at least 60 days before that date.

Where the obligations arising from the application of this Title have not been met by a person who operates a digital accommodation platform, the Minister may cancel the person’s registration after giving the person a written notice of at least 60 days before the cancellation becomes effective.

Where the Minister cancels a person’s registration under the first or second paragraph, the Minister shall give the person a written notice of the cancellation and of the date on which it becomes effective.

The person whose registration is cancelled shall, within 30 days after the date on which the cancellation becomes effective, render an account to the Minister of the tax and the particular amounts that were or should have been collected by the person and, at that time, remit them to the Minister.”

(2) Subsection 1 has effect from 29 August 2017.

**254.** (1) Section 541.32 of the Act is amended by replacing the portion before subparagraph 1 of the second paragraph by the following:

**“541.32.** Every person required under section 541.25 to collect the tax or another amount shall indicate the tax or the amount on the invoice, receipt, writing or other document recording the amount paid or payable for an accommodation unit.

However, where subparagraph 1 or 2.1 of the first paragraph of section 541.24 or the fourth paragraph of section 541.25 applies, the person shall indicate the amount of the tax separately and specify that the amount is the 3.5% tax on lodging if”.

(2) Subsection 1 has effect from 29 August 2017.

**255.** (1) Section 677 of the Act is amended by striking out subparagraph 31.0.1 of the first paragraph.

(2) Subsection 1 applies from 1 January 2021.

#### FUEL TAX ACT

**256.** Section 27.1 of the Fuel Tax Act (chapter T-1) is amended by replacing paragraph *h* by the following paragraph:

“(h) fulfil such other conditions and furnish such other documents as may be required by law, by regulation or by the Minister, in accordance with the terms and conditions determined by law, by regulation or by the Minister; and”.

#### ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

**257.** (1) Section 299 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63), amended by section 725 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 5 by the following subsection:

“(5) Paragraph 8 of subsection 1 applies in respect of a road vehicle acquired or brought into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2017 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

**258.** (1) Section 301 of the Act is amended by adding the following subsection at the end:

“(3) In addition, where section 17 of the said Act applies in respect of a bringing into Québec after 31 December 2017 and before 1 January 2021, it shall be read as if subparagraph 4 of the fourth paragraph were replaced by the following subparagraph:

“(4) corporeal property brought into Québec by a registrant for exclusive consumption or use in the course of the commercial activities of the registrant and in respect of which the registrant would, if he had paid tax under the first paragraph in respect of the property, be entitled to apply for an input tax refund, otherwise than by reason of the application of section 206.1;”.

(2) Subsection 1 has effect from 1 January 2018.

**259.** (1) Section 305 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of the bringing of a road vehicle into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2020 where the registrant is a large business.”;

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

“(3) In addition, where section 17.2 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“**17.2.** Notwithstanding section 17, a prescribed person who temporarily brings into Québec a prescribed road vehicle in respect of which a registrant who acquired it could not claim a full input tax refund by reason of the application of section 206.1 shall, for every prescribed period during which the vehicle remains in Québec, pay to the Minister, at the time prescribed, tax in respect of the vehicle equal to 1/36 of the prescribed value of the vehicle.””

(2) Subsection 1 has effect from 1 January 2018.

**260.** (1) Section 307 of the Act, amended by section 726 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsections 2 to 4 by the following subsections:

“(2) Paragraph 1 of subsection 1 applies in respect of supplies of property made to a recipient after 31 July 1995 where the recipient is a small or medium-sized business, or after 31 December 2020 where the recipient is a large business.

“(3) Paragraph 2 of subsection 1 applies in respect of supplies of property made after 31 December 2020.

“(4) Paragraph 3 of subsection 1 has effect from 1 August 1995 where the registrant is a small or medium-sized business, or from 1 January 2021 where the registrant is a large business.”;

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

“(5) In addition, where section 18 of the said Act applies in respect of supplies of property made after 31 December 2017 and before 1 January 2021, it shall be read

(1) as if subparagraph ii of subparagraph *c* of paragraph 3 were replaced by the following subparagraph:

“ii. is property in respect of which the recipient is not entitled to apply for a full input tax refund by reason of the application of section 206.1, or”;

(2) as if subparagraph *a* of paragraph 4 were replaced by the following subparagraph:

“(a) the property is delivered or made available, in Québec, to the particular recipient and the particular recipient is not a registrant who is acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the particular recipient and is entitled to claim a full input tax refund in respect of the property, and”;

(3) as if subparagraph ii of subparagraph *b* of paragraph 4 were replaced by the following subparagraph:

“ii. the registrant was entitled to claim an input tax refund in respect of the property or was not required to pay tax under this section in respect of the supply solely because he had acquired the property for consumption, use or supply exclusively in the course of commercial activities of the registrant and the property was property in respect of which the registrant was entitled to claim a full input tax refund, and”.”

(2) Subsection 1 has effect from 1 January 2018.

**261.** (1) Section 312 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of supplies made after 31 December 2020.”

(2) Subsection 1 has effect from 1 January 2018.

**262.** (1) Section 313 of the Act, amended by section 727 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) where it repeals section 34.1 of the said Act, applies in respect of property or services and other property or services referred to in section 34 of the said Act that the registrant acquires after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2020 where the registrant is a large business;”;

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

“(3) In addition, where section 34.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“**34.1.** Section 34 does not apply for the purpose of determining the input tax refund of a registrant in respect of the particular property or service or the other property or service referred to in the said section, where, but for the said section, the registrant would not be entitled to claim a full input tax refund in respect of the other property or service by reason of the application of section 206.1.””

(2) Subsection 1 has effect from 1 January 2018.

**263.** (1) Section 337 of the Act, amended by section 728 of chapter 85 of the statutes of 1997, is again amended

(1) by adding the following paragraphs at the end of subsection 2:

“(c) in respect of supplies of a telephone service whose dialing code is no more than the extension of the 1-800 or 1-888 telephone service or supplies of any other telecommunication service related to such a telephone service for which the consideration becomes payable after 4 April 1998 and is not paid before 5 April 1998;

“(d) in respect of supplies of an Internet access service or a website hosting service for which the consideration becomes payable after 9 March 1999 and is not paid before 10 March 1999.”;

(2) by replacing subsection 3 by the following subsection:

“(3) Subsection 1 applies in respect of the tax payable by a recipient in respect of the supply of property or a service, other than a service referred to in subsection 2, and that may be included in whole in determining an input tax refund of the recipient by reason of the repeal of section 206.1 of the said Act if the recipient paid the tax.”

(2) Paragraph 1 of subsection 1 has effect from 15 December 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2018.

**264.** (1) Section 350 of the Act, amended by section 729 of chapter 85 of the statutes of 1997 and section 253 of chapter 25 of the statutes of 2010, is again amended

(1) by replacing “an effective date fixed by order of the Government” and “before that time” in paragraph *b* of subsection 2 by “31 December 2020” and “before 1 January 2021”, respectively;

(2) by inserting the following subsection after subsection 6:

“(6.1) In addition, where section 206.1 of the said Act applies in respect of

(a) the tax that becomes payable after 31 December 2017 and is not paid before 1 January 2018, or that is paid after 31 December 2017 without having become payable, it shall be read as if the portion before subparagraph 1 of the first paragraph were replaced by the following:

**“206.1.** In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 25% by the amount of the tax payable by the registrant in respect of the supply or bringing into Québec of the following property or services:”;

(b) the tax that becomes payable after 31 December 2018 and is not paid before 1 January 2019, or that is paid after 31 December 2018 without having become payable, it shall be read as if the portion before subparagraph 1 of the first paragraph were replaced by the following:

**“206.1.** In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 50% by the amount of the tax payable by the registrant in respect of the supply or bringing into Québec of the following property or services:”;

(c) the tax that becomes payable after 31 December 2019 and is not paid before 1 January 2020, or that is paid after 31 December 2019 without having become payable, it shall be read as if the portion before subparagraph 1 of the first paragraph were replaced by the following:

**“206.1.** In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 75% by the amount of the tax payable by the registrant in respect of the supply or bringing into Québec of the following property or services:”;

(3) by replacing “an effective date fixed by order of the Government” and “before that time” in paragraph *b* of subsections 7, 9 and 11 by “31 December 2020” and “before 1 January 2021”, respectively;

(4) by inserting the following subsection after subsection 12:

“(12.1) In addition, where section 206.4 of the said Act applies in respect of

(a) the tax that becomes payable after 31 December 2017 and is not paid before 1 January 2018, or that is paid after 31 December 2017 without having become payable, it shall be read as if the portion before paragraph 1 were replaced by the following:

**“206.4.** In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 25% by the amount of the tax payable by the registrant in respect of the supply, or bringing into Québec, of property or a service relating to a road vehicle if”;

(b) the tax that becomes payable after 31 December 2018 and is not paid before 1 January 2019, or that is paid after 31 December 2018 without having become payable, it shall be read as if the portion before paragraph 1 were replaced by the following:

**“206.4.** In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 50% by the amount of the tax payable by the registrant in respect of the supply, or bringing into Québec, of property or a service relating to a road vehicle if”;

(c) the tax that becomes payable after 31 December 2019 and is not paid before 1 January 2020, or that is paid after 31 December 2019 without having become payable, it shall be read as if the portion before paragraph 1 were replaced by the following:

**“206.4.** In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 75% by the amount of the tax payable by the registrant in respect of the supply, or bringing into Québec, of property or a service relating to a road vehicle if”;

(5) by replacing subsection 13 by the following subsection:

“(13) Subsection 1, where it repeals section 206.6 of the said Act, applies in respect of tax that becomes payable after 31 December 2020 and is not paid before 1 January 2021 by the registrant in respect of the supply.”

(2) Subsection 1 has effect from 1 January 2018.

**265.** (1) Section 352 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2020 and is not paid before 1 January 2021 in respect of a supply.”

(2) Subsection 1 has effect from 1 January 2018.



**266.** (1) Section 353 of the Act, amended by section 730 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 3 by the following subsection:

“(3) Paragraph 2 of subsection 1 applies in respect of property with respect to which an amount of tax payable after 31 July 1995 or paid after that date by a registrant may be included in whole in determining an input tax refund of the registrant by reason of the repeal of section 206.1 of the said Act.”;

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

“(4) In addition, where section 209 of the said Act applies in respect of property acquired or brought into Québec after 31 December 2017 and before 1 January 2021, the second paragraph of that section shall be read as follows:

“However, where the person is a registrant that, by reason of the application of section 206.1, is not entitled to include, in determining its input tax refund, all of the tax payable by the person in respect of the property, the tax in respect of the supply that the person is deemed to have collected under subparagraph *a* of subparagraph 1 of the first paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.”

(2) Subsection 1 has effect from 1 January 2018.

**267.** (1) Section 356 of the Act, amended by section 731 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of property with respect to which an amount of tax payable after 31 July 1995 or paid after that date by a registrant may be included in whole in determining an input tax refund of the registrant by reason of the repeal of section 206.1 of the said Act.”;

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

“(3) In addition, where section 210.5 of the said Act applies in respect of property acquired or brought into Québec after 31 December 2017 and before 1 January 2021, it shall be read as follows:

**“210.5.** For the purposes of section 210.4, where the person referred to in that section is a registrant that, by reason of the application of section 206.1, is not entitled to include, in determining its input tax refund, all of the tax payable by the person in relation to the property, the tax in respect of the supply that the person is deemed to have collected under subparagraph *a* of subparagraph 1 of the first paragraph of section 210.4 is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

**268.** (1) Section 358 of the Act, amended by section 732 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of an allowance paid after 31 July 1995 by a person that is a small or medium-sized business, or after 31 December 2017 by a person that is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

**269.** (1) Section 367 of the Act, amended by section 734 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of improvements to a road vehicle with respect to which section 243.1 of the said Act applied before 1 January 2018.”

(2) Subsection 1 has effect from 1 January 2018.

**270.** (1) Section 368 of the Act, amended by section 735 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except where section 243.1 of the said Act applies before 1 January 2018.”;

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

“(3) In addition, where section 243 of the said Act applies in respect of the last acquisition or bringing into Québec of movable property referred to in section 206.1 after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“For the purposes of the first paragraph, where a registrant is a large business, tax in respect of the supply that the registrant is deemed to have collected and paid under subparagraphs 1 and 2, respectively, of that paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the last acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the last acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the last acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

**271.** (1) Section 369 of the Act, amended by section 736 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a road vehicle with respect to which a registrant would be entitled to claim a full input tax refund by reason of the repeal of paragraph 1 of section 206.1 of the said Act, if the registrant acquired the road vehicle at the time referred to in section 243.1 of the said Act, repealed by subsection 1, and paid tax in respect of the road vehicle at that time.”;

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

“(3) In addition, where section 243.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

**“243.1.** Where a registrant acquired or brought into Québec a road vehicle for use as capital property primarily in commercial activities of the registrant and the registrant, at any time, begins to use the vehicle for any purpose which, by reason of the application of paragraph 1 of section 206.1, would not entitle him to claim a full input tax refund in respect of the vehicle if he acquired it at that time, the following rules apply:

(1) the registrant is deemed, at that time, to have made a supply by way of sale of the vehicle for consideration equal to the fair market value of the vehicle and to have collected tax in respect of the supply calculated on that consideration;

(2) the registrant is deemed, at that time, to have received a supply by way of sale of the vehicle and to have paid tax in respect of the supply calculated on that consideration.””

(2) Subsection 1 has effect from 1 January 2018.

**272.** (1) Section 371 of the Act, amended by section 738 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a road vehicle acquired or brought into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2017 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

**273.** (1) Section 373 of the Act, amended by section 740 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of improvements to a passenger vehicle with respect to which section 253.1 of the said Act applied before 1 January 2018.”

(2) Subsection 1 has effect from 1 January 2018.

**274.** (1) Section 374 of the Act, amended by section 741 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995 where the registrant is a small or medium-sized business, or from 1 January 2018 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

**275.** (1) Section 375 of the Act, amended by section 742 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except where section 253.1 of the said Act applies before 1 January 2018.”;

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

“(3) In addition, where section 253 of the said Act applies in respect of an acquisition or bringing into Québec of a passenger vehicle after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“For the purposes of the first paragraph, where a registrant is a large business, tax in respect of the supply that the registrant is deemed to have collected under subparagraph 2 of that paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

**276.** (1) Section 376 of the Act, amended by section 743 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a passenger vehicle with respect to which a registrant would be entitled to claim a full input tax refund by reason of the repeal of paragraph 1 of section 206.1 of the said Act, if the registrant acquired the passenger vehicle at the time referred to in section 253.1 of the said Act, repealed by subsection 1, and paid tax in respect of the passenger vehicle at that time.”;

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

“(3) In addition, where section 253.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

**“253.1.** Where a registrant who is an individual or a partnership acquired or brought into Québec a passenger vehicle for use as capital property exclusively in commercial activities of the registrant and the registrant begins, at any time, to use the vehicle for any purpose which, by reason of the application of paragraph 1 of section 206.1, would not entitle the registrant to claim a full input tax refund in respect of the vehicle if the registrant acquired it at that time, the following rules apply:

(1) the registrant is deemed, at that time, to have made a supply by way of sale of the vehicle for consideration equal to its fair market value and to have collected tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed, at that time, to have received a supply by way of sale of the vehicle and to have paid tax in respect of the supply calculated on that consideration.””

(2) Subsection 1 has effect from 1 January 2018.

**277.** (1) Section 380 of the Act, amended by section 745 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of property or a service with respect to which a registrant is entitled to include, in determining the input tax refund of the registrant, an amount in respect of the tax payable or paid by the registrant in respect of the last acquisition or bringing into Québec of the property or service after

(1) 31 July 1995, by reason of the repeal of section 206.1 of the said Act, where the registrant is a small or medium-sized business; or

(2) 31 December 2017, by reason of the amendments made to that section 206.1, where the registrant is a large business.”;

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

“(3) However, where section 287 of the said Act applies in respect of the last acquisition or bringing into Québec of property or a service after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“However, where a registrant is not entitled to include, in determining the input tax refund of the registrant, by reason of the application of section 206.1, all of the tax payable by the registrant in respect of the last acquisition or bringing into Québec of the property or service, sections 285 and 286 apply and the tax in respect of the supply that the registrant is deemed to have collected, under paragraph 2 of section 285 or 286, is deemed to be equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the last acquisition or bringing into Québec of the property or service occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the last acquisition or bringing into Québec of the property or service occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the last acquisition or bringing into Québec of the property or service occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

**278.** (1) Section 381 of the Act, amended by section 746 of chapter 85 of the statutes of 1997 and section 459 of chapter 9 of the statutes of 2003, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1, where it repeals section 288.1 of the said Act, applies in respect of property or a service with respect to which a registrant would be entitled to claim a full input tax refund, by reason of the repeal of section 206.1 of the said Act, if the registrant acquired the property or service at the time referred to in that section 288.1 and paid tax at that time in respect of the property or service.”;

(2) by inserting the following subsection after subsection 3:

“(3.1) In addition, where section 288.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as if the first paragraph were replaced by the following paragraph:

“Where a registrant purchased, before 1 July 1992, movable property within the meaning of the Retail Sales Tax Act (chapter I-1) otherwise than by way of retail sale within the meaning of the said Act, or has acquired property or a service by way of a non-taxable supply, and, at any time, the registrant begins to consume or use the property or service for any purpose not referred to in the definition of “non-taxable supply” which, by reason of the application of section 206.1, would not entitle the registrant to claim a full input tax refund in respect of the property or service if the registrant acquired it at that time for consumption or use exclusively in commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed, at that time, to have made a supply of the property or service for consideration equal to the fair market value of the property or service and to have collected tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed, at that time, to have received a supply of the property or service and to have paid tax in respect of the supply calculated on the consideration referred to in subparagraph 1.”;

(3) by replacing subsection 4 by the following subsection:

“(4) Subsection 1, where it repeals section 288.2 of the said Act, applies in respect of a road vehicle with respect to which a registrant would be entitled to claim a full input tax refund, by reason of the repeal of section 206.1 of the said Act, if the registrant acquired the road vehicle at the time referred to in that section 288.2 and paid tax at that time in respect of the road vehicle.”;

(4) by inserting the following subsection after subsection 5:

“(5.1) In addition, where section 288.2 of the said Act applies

(1) after 30 March 1997, it shall be read as if

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

**“288.2.** Where a registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (chapter I-1), has manufactured or has acquired such a vehicle by way of a non-taxable supply, and, at any time, the registrant uses it for any purpose not referred to in the definition of “non-taxable supply” which, by reason of section 206.1, would not entitle the registrant to claim an input tax refund in respect of the vehicle if the registrant acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply.”;

(b) the second paragraph were replaced by the following paragraph:

“For the purposes of the first paragraph,

(1) a registrant means a person who makes in Québec a taxable supply by way of sale or lease of road vehicles and who, for that purpose, holds a registration certificate issued by the Minister under this Title; and

(2) the value of a vehicle means,

(a) in the case of a vehicle manufactured in Canada, the cost price of the vehicle, including, where this subparagraph 2 applies before 1 January 2013, the tax paid or payable by the registrant under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of the elements of the cost price,

(b) in the case of a vehicle manufactured outside Canada, the fair market value of the vehicle,

(c) in the case of a vehicle acquired by way of a supply made in Québec, the value of the consideration for the supply, and

(d) in the case of a vehicle acquired, at a particular time, by way of a supply made outside Québec, the value that would have been the value of the consideration for the supply if the supply had been made in Québec at that time.”;



(2) after 31 December 2017 and before 1 January 2021, it shall be read as if the first paragraph were replaced by the following paragraph:

“Where a registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (chapter I-1), has manufactured or has acquired such a vehicle by way of a non-taxable supply, and, at any time, the registrant uses it for any purpose not referred to in the definition of “non-taxable supply” which, by reason of the application of section 206.1, would not entitle the registrant to claim a full input tax refund in respect of the vehicle if the registrant acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed, on the last day of each month ending after that time, to have made a supply of the vehicle for consideration equal to the amount that is 2.5% of the value of the vehicle and to have collected tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed, on the last day of each month ending after that time, to have received a supply of the vehicle and to have paid tax in respect of the supply calculated on the consideration referred to in subparagraph 1.”;

(5) by replacing subsection 8 by the following subsection:

“(8) Subsection 1, where it repeals section 289.1 of the said Act, applies in respect of a road vehicle with respect to which the person would be entitled to include, in determining an input tax refund of the person by reason of the repeal of section 206.1 of the said Act, the total amount of tax the person would pay by reason of the application of section 289.1 of the said Act.”

(2) Subsection 1 has effect from 1 January 2018.

**279.** (1) Section 382 of the Act, amended by section 747 of chapter 85 of the statutes of 1997, is again amended

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

“(b) for the taxation year 2018 or a subsequent taxation year where the registrant is a large business.”;

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

“(3) However, where section 290 of the said Act applies in relation to any of the taxation years 2018 to 2020, it shall be read as if the following paragraph were added at the end:

“However, where this section applies to a registrant that is a large business at any time in a taxation year, the tax that the registrant is deemed to have collected, under subparagraph c of subparagraph 2 of the first paragraph, is equal to the amount determined by multiplying that tax otherwise determined by

- (1) 25%, for the taxation year 2018;
- (2) 50%, for the taxation year 2019; and
- (3) 75%, for the taxation year 2020.”

(2) Subsection 1 has effect from 1 January 2018.

**280.** (1) Section 383 of the Act, amended by section 748 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except where any of sections 243.1, 253.1 and 288.2 applied before 1 January 2018 in respect of property that is a road vehicle.”

(2) Subsection 1 has effect from 1 January 2018.

**281.** (1) Section 400 of the Act, amended by section 749 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except where it replaces the second paragraph of section 297.13 of the said Act, in which case it applies in respect of property or a service with respect to which a registrant is entitled to include, in determining an input tax refund, an amount in respect of the tax payable or paid by the registrant in respect of the property or service after

(1) 31 July 1995, by reason of the repeal of section 206.1 of the said Act, where the registrant is a small or medium-sized business; or

(2) 31 December 2017, by reason of the amendments made to section 206.1 of the said Act, where the registrant is a large business.”;

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

“(3) However, where section 297.13 of the said Act applies in respect of property or a service acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“However, where this section applies to a registrant who, by reason of the application of section 206.1, is not entitled to include, in determining the input tax refund of the registrant, all of the tax payable by the registrant in respect of the appropriated property or service, the tax in respect of the supply that the registrant is deemed to have collected under subparagraph 2 of the first paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2019;

(2) 50%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2019 and before 1 January 2021.”

(2) Subsection 1 has effect from 1 January 2018.

**282.** (1) Section 412 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of supplies made after 31 December 2017.”

(2) Subsection 1 has effect from 1 January 2018.

**283.** (1) Section 414 of the Act, amended by section 750 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of the supply of property or a service with respect to which the recipient is not entitled to claim a full input tax refund by reason of the application of section 206.1 of the said Act.”

(2) Subsection 1 has effect from 1 January 2018.

**284.** (1) Section 419 of the Act, amended by section 751 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of the supply of property or a service with respect to which the recipient is not entitled to claim a full input tax refund by reason of the application of section 206.1 of the said Act.”

(2) Subsection 1 has effect from 1 January 2018.

**285.** (1) Section 421 of the Act, amended by section 752 of chapter 85 of the statutes of 1997, is again amended

(1) by adding the following paragraphs at the end of subsection 2:

“(c) in respect of supplies of a telephone service whose dialing code is no more than the extension of the 1-800 or 1-888 telephone service or supplies of any other telecommunication service related to such a telephone service for which the consideration becomes payable after 4 April 1998 and is not paid before 5 April 1998;

“(d) in respect of supplies of an Internet access service or a website hosting service for which the consideration becomes payable after 9 March 1999 and is not paid on or before that date.”;

(2) by replacing subsection 4 by the following subsection:

“(4) Subsection 1 applies in respect of the acquisition or bringing into Québec of property or a service, other than a service referred to in subsection 2, by an operator on behalf of a co-venturer in respect of which the co-venturer, if the property or service were acquired by the co-venturer, would be entitled to claim a full input tax refund by reason of the repeal of section 206.1 of the said Act.”

(2) Paragraph 1 of subsection 1 has effect from 15 December 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2018.

**286.** (1) Section 434 of the Act, amended by section 753 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 July 1992. However, subparagraph 5 of the second paragraph of section 351 of the said Act, enacted by subsection 1, is struck out in respect of property with respect to which the person may include, in determining the input tax refund of the person, by reason of the repeal of section 206.1 of the said Act, the total amount of tax paid in respect of the property.”

(2) Subsection 1 has effect from 1 January 2018.

**287.** (1) Section 442 of the Act, amended by section 755 of chapter 85 of the statutes of 1997, is again amended by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) in respect of fuel acquired after 31 July 1995 by a person who is a registrant and with respect to which the person may include, in determining an input tax refund, by reason of the repeal of section 206.1 of the said Act, all of the tax paid by the person in respect of the fuel;”.

(2) Subsection 1 has effect from 1 January 2018.

**288.** (1) Section 443 of the Act, amended by section 756 of chapter 85 of the statutes of 1997, is again amended by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) tax paid by a public carrier in respect of fuel acquired or brought into Québec by the public carrier, where that tax may be included in whole in determining an input tax refund of the public carrier by reason of the repeal of section 206.1 of the said Act;”.

(2) Subsection 1 has effect from 1 January 2018.

**289.** (1) Section 490 of the Act, amended by section 764 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1, where it strikes out the reference to section 17.2 in section 473 of the said Act, applies in respect of the bringing of a road vehicle into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2020 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

**290.** (1) Section 509 of the Act, amended by section 765 of chapter 85 of the statutes of 1997, is again amended by replacing subsections 2, 3 and 5 by the following subsections:

“(2) Paragraph 1 of subsection 1 applies in respect of a bringing of a road vehicle into Québec after 31 December 2020.

“(3) Paragraph 2 of subsection 1 has effect from 31 March 1997.

“(5) Paragraphs 4 and 5 of subsection 1 apply in respect of supplies made after 31 December 2017.”

(2) Subsection 1 has effect from 1 January 2018.

ACT GIVING EFFECT TO THE ECONOMIC STATEMENT DELIVERED  
ON 14 JANUARY 2009, TO THE BUDGET SPEECH DELIVERED ON  
19 MARCH 2009 AND TO CERTAIN OTHER BUDGET STATEMENTS

**291.** (1) Section 217 of the Act giving effect to the Economic Statement delivered on 14 January 2009, to the Budget Speech delivered on 19 March 2009 and to certain other budget statements (2010, chapter 5) is amended by replacing paragraph 2 of subsection 1 by the following paragraph:

“(2) in the second paragraph,

(a) by replacing “This section” by “Subparagraph 2 of the first paragraph”;

(b) by striking out “, 205”.”

(2) Subsection 1 has effect from 20 April 2010.

ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE  
QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

**292.** (1) Section 254 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2011, chapter 6) is amended by adding the following subsection at the end:

“(3) Where section 297.0.21 of the Act applies in respect of property or a service acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2021, it is to be read as if the following paragraph were added at the end:

“However, where this section applies to a registrant who, by reason of the application of section 206.1, is not entitled to include, in determining the input tax refund of the registrant, all of the tax payable by the registrant in respect of the appropriated property or service, the tax in respect of the supply that the registrant is deemed to have collected under subparagraph 2 of the first paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2019;

(2) 50%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

ACT TO AMEND THE ACT RESPECTING THE QUÉBEC SALES TAX  
AND OTHER LEGISLATIVE PROVISIONS

**293.** (1) Section 52 of the Act to amend the Act respecting the Québec sales tax and other legislative provisions (2012, chapter 28) is amended

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

“**52.** (1) Section 81 of the Act is amended”;

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

“(2) Subsection 1 has effect from 7 December 2012. However, where section 81 of the Act applies in respect of the bringing into Québec of a road vehicle by a person before 1 January 2021, it is to be read as if paragraphs 1 and 2 were replaced by the following paragraphs:

“(1) goods referred to in section 1 of Schedule VII to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), but not including road vehicles, other than pleasure vehicles, classified under heading No. 98.01 of the schedule to the Customs Tariff (Statutes of Canada, 1997, chapter 36) and brought into Québec by a person who is not a registrant who would be entitled to claim an input tax refund by reason of the repeal of section 206.1, in respect of the vehicle, if the registrant acquired it at the time it was brought into Québec and paid tax at that time;

“(2) goods from Canada outside Québec that would be goods to which, with the necessary modifications, paragraph 1 applies if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00, 9804.40.00, 9805.00.00 or 9807.00.00 of the schedule to the Customs Tariff and road vehicles, other than pleasure vehicles, that would be classified under heading No. 98.01 of that schedule and that were brought into Québec by a person who is not a registrant who would be entitled to claim an input tax refund by reason of the repeal of section 206.1, in respect of the vehicle, if the registrant acquired it at the time it was brought into Québec and paid tax at that time;”.

(2) Subsection 1 has effect from 7 December 2012.

**294.** (1) Section 153 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies from 1 January 2013. However, where section 411.0.1 of the Act applies before 1 January 2018, it is to be read as if the following paragraph were added at the end:

“(4) the property or service is not a prescribed property or service supplied in prescribed circumstances.”

(2) Subsection 1 has effect from 7 December 2012.

ACT TO GIVE EFFECT TO THE BUDGET SPEECH DELIVERED ON  
4 JUNE 2014 AND TO VARIOUS OTHER FISCAL MEASURES

**295.** (1) Section 665 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 subsection at the end:

“(4) However, where section 244 of the Act applies in respect of a road vehicle in relation to which section 243.1 of the Act applied after 29 January 1999 and before 1 January 2018, it is to be read as if “unless, in the case of a road vehicle, section 243.1 applied in respect of the road vehicle” were added after “that are not commercial activities”.”

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

**296.** (1) Section 671 of the Act is amended

(1) by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due and that is not made under an agreement in writing entered into before 3 December 2013.”;

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

“(3) However, where section 255 of the Act applies in respect of a passenger vehicle in relation to which the second paragraph of section 252 of the Act or section 253.1 of the Act applied after 31 December 2013 and before 1 January 2018, it is to be read as follows:

“**255.** Despite section 42.1 and subject to section 20.1, where a registrant who is an individual or a partnership (other than a municipality) makes, at a particular time, a supply by way of sale of a passenger vehicle or an aircraft (other than a vehicle or an aircraft that is designated municipal property of a person designated at the particular time to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII) that is capital property of the registrant and, at any time after the individual or partnership became a registrant and before the particular time, the registrant did not use the vehicle or aircraft exclusively in commercial activities of the registrant, the supply is deemed not to be a taxable supply unless, in the case of a passenger vehicle, the second paragraph of section 252 or 253.1 applied in respect of the passenger vehicle.””

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



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

**297.** (1) Section 221 of the Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 26 March 2015 (2015, chapter 36) is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a claim period that ends after 31 December 2012.”

(2) Subsection 1 has effect from 4 December 2015.

**298.** (1) Section 222 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a claim period that ends after 31 December 2012.”

(2) Subsection 1 has effect from 4 December 2015.

ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES  
ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON  
17 MARCH 2016

**299.** (1) Section 265 of the Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 (2017, chapter 1) is amended by replacing subsection 3 by the following subsection:

“(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 21 December 2012.”

(2) Subsection 1 has effect from 8 February 2017.

**300.** (1) Section 266 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies to a taxation year that begins after 21 December 2012.”

(2) Subsection 1 has effect from 8 February 2017.

**301.** (1) Section 344 of the Act is amended

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

**“344.** (1) Section 1049 of the Act is amended, in the first paragraph,”;

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

“(2) Subsection 1 applies from 9 February 2017.”

(2) Subsection 1 has effect from 8 February 2017.

**302.** (1) Section 388 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies to a taxation year that begins after 21 December 2012.”

(2) Subsection 1 has effect from 8 February 2017.

#### TRANSITIONAL AND FINAL PROVISIONS

**303.** If, in determining the amount of any fees, interest and penalties for which a person is liable under the Act respecting the Québec sales tax (chapter T-0.1) in respect of the tax payable by a person under sections 26.3 and 26.4 of that Act for a particular specified year of the person, the Minister of Revenue took into consideration an amount as or on account of external charges or qualifying consideration for that year and, because of the amendments made by subsections 1 to 7 of section 65 of the Budget Implementation Act, 2016, No. 1 (Statutes of Canada, 2016, chapter 7), the amount or part of the amount does not constitute a qualifying consideration for a specified year of the person or external charges for a specified year of the person for which the election referred to in section 26.3 of the Act respecting the Québec sales tax is effective, the person is entitled to request in writing, on or before (*insert the date that is one year after the date of assent to this Act*), 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, if the election referred to in section 26.3 of the Act respecting the Québec sales tax is effective for the particular specified year, external charges for that year, or, in any other case, a qualifying consideration for that year. On receipt of the request, the Minister shall with all due dispatch

(1) consider the request; and

(2) make an assessment or reassessment in respect of the tax payable by the person under sections 26.3 and 26.4 of that Act for a specified year of the person and of any interest, penalty or other obligation of the person, but only for determining that the amount or the part of the amount, as the case may be, is not, if the election referred to in section 26.3 of that Act is effective for the particular specified year, external charges for that year, or, in any other case, a qualifying consideration for that year.

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

