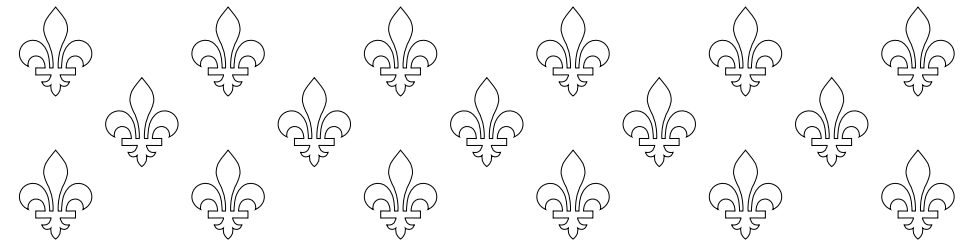

NATIONAL ASSEMBLY

SECOND SESSION THIRTY-NINTH LEGISLATURE

Bill 5

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

Introduction

Introduced by
Mr. Raymond Bachand
Minister of Revenue

Québec Official Publisher
2011

EXPLANATORY NOTES

This bill amends various legislation to, among other things, give effect to measures announced in the Budget Speeches delivered on 19 March 2009 and 30 March 2010 and in Information Bulletins published by the Ministère des Finances in 2009 and 2010.

It amends the Act constituting Capital régional et coopératif Desjardins to ensure the continuity of that investment entity, to make adjustments to the investment and capitalization standards governing it and to recognize certain investments made in partnership with the Caisse de dépôt et placement du Québec.

It amends the Mining Duties Act to revise the mining rights regime and make the functional currency rules applicable under that Act.

It amends the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) to modify the criteria for the purchase or redemption of shares issued by those investment entities and to make certain adjustments to the investment standards governing them.

It amends the Taxation Act to introduce, amend or abolish fiscal measures specific to Québec. More specifically the amendments deal with

(1) expenses eligible for tax assistance for medically assisted procreation;

(2) the non-taxation of transportation expenses of handicapped persons participating in certain assistance programs;

(3) the power to suspend the advance payments of certain refundable tax credits;

(4) the enhancement of the tax credit relating to the acquisition of shares issued by Capital régional et coopératif Desjardins, and adjustments to the tax credit in respect of a labour fund; and

(5) the tax treatment applicable to the Agri-Québec program.

It amends the Act to facilitate the payment of support to ensure concordance with similar provisions in taxation matters.

It amends the Act respecting the Québec sales tax to increase the rate of the sales tax by 1% as of 1 January 2012.

It amends the Tax Administration Act to give effect to a harmonization measure announced in the Budget Speech delivered on 30 March 2010. The amendments deal with the allocation of an amount paid pursuant to an obligation under a fiscal law. The Tax Administration Act is also amended to clarify the rules applicable to an application for an extension of time after the filing of a late claim for tax incentives.

It further amends the Taxation Act to make amendments similar to those made to the Income Tax Act of Canada by Bill C-9 (Statutes of Canada, 2010, chapter 12), assented to on 12 July 2010, and by Bill C-47 (Statutes of Canada, 2010, chapter 25), assented to on 15 December 2010. The bill thus gives effect mainly to harmonization measures announced in the Budget Speech delivered on 30 March 2010. More specifically the amendments deal with

(1) the transfer to a registered disability savings plan of an amount received from a registered retirement savings plan after the death of the annuitant;

(2) the tax treatment of amounts paid by the government of a province into a registered education savings plan or a registered disability savings plan;

(3) employee life and health trusts; and

(4) the tax treatment of income from tax-free savings accounts.

It further amends the Act respecting the Québec sales tax to make amendments similar to those made to the Excise Tax Act by Bill C-9. The bill thus gives effect mainly to harmonization measures announced in Information Bulletin 2009-9 published on 22 December 2009 by the Ministère des Finances and in the Budget Speeches delivered on 19 March 2009 and 30 March 2010. More specifically the amendments deal with financial services, cosmetic services and network sellers.

Lastly, this bill amends other legislation to make various technical amendments as well as consequential and terminology-related amendments.

LEGISLATION AMENDED BY THIS BILL:

– Tax Administration Act (R.S.Q., chapter A-6.002);

– Act constituting Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1);

– Mining Duties Act (R.S.Q., chapter D-15);

– Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2);

– Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1);

– Tobacco Tax Act (R.S.Q., chapter I-2);

– Taxation Act (R.S.Q., chapter I-3);

– Act to facilitate the payment of support (R.S.Q., chapter P-2.2);

– Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);

– Fuel Tax Act (R.S.Q., chapter T-1).

Bill 5

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 9.0.5 of the Tax Administration Act (R.S.Q., chapter A-6.002) is replaced by the following section:

"**9.0.5.** Subject to section 9.0.6, the provisions of this Act necessary to implement the International Fuel Tax Agreement, any agreement between the Government and a Mohawk community concerning the application of a fiscal law or an agreement entered into under section 9.0.1 apply with the necessary modifications."

(2) Subsection 1 has effect from 1 April 2011.

2. (1) Section 9.0.6 of the Act is amended by replacing the portion before subparagraph 1 of the first paragraph by the following:

"**9.0.6.** For the purposes of the International Fuel Tax Agreement and any agreement between the Government and a Mohawk community concerning the application of a fiscal law, the Government may make regulations to".

(2) Subsection 1 has effect from 1 April 2011.

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

"ALLOCATIONS AND REFUNDS".

(2) Subsection 1 has effect from 30 March 2010.

4. (1) The Act is amended by inserting the following section before section 30.1:

"**30.0.1.** If a payment is allocated to an amount that is or may become payable by a person under a fiscal law, the Minister may, on the written request of the person, allocate all or part of the payment to another amount that is or

may become payable under such a law and, if applicable, the following rules apply:

(*a*) the second allocation is deemed to have been made at the same time as that of the first allocation;

(*b*) the first allocation is deemed not to have been made to the extent of all or part of the payment that is used for the second allocation; and

(*c*) the payment is deemed not to have been made in respect of the amount that was or could have become payable by the person to the extent of all or part of the payment that is used for the second allocation."

(2) Subsection 1 applies in respect of an application filed after 29 March 2010.

5. (1) Section 36 of the Act is amended by replacing "The Minister" by "Subject to section 36.0.1, the Minister".

(2) Subsection 1 has effect from 23 March 2006.

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

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

In the case described in the first paragraph of section 1029.6.0.1.2 of the Taxation Act, the Minister may, under section 36, extend the time limit for filing a prescribed form containing prescribed information and, if applicable, a copy of certain documents only if

(*a*) the taxpayer has obtained after the fifteenth day of the eleventh month following the taxpayer's filing-due date, within the meaning of section 1 of the Taxation Act, for the taxation year referred to in the first paragraph of section 1029.6.0.1.2 of that Act, the certificate, qualification certificate or any other similar document the taxpayer is required to file with the Minister in accordance with any of Divisions II to II.6.15 of the Taxation Act; and

(*b*) the taxpayer has filed the application for the certificate, qualification certificate or other document with the Minister or with the body responsible for issuing the document after the expiry of the ninth month following the taxpayer's filing-due date for that taxation year but before the expiry of the twelfth month following that filing-due date."

(2) Subsection 1 applies in respect of an application to extend a time limit filed after 23 March 2006. However, if the taxpayer is required to file with the Minister of Revenue a certificate, a qualification certificate or any other similar

document that must be issued by a minister or a body, subsection 1 applies to a taxation year for which the time limit for filing the certificate, qualification certificate or document with the Minister of Revenue 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 Taxation Act expires after 30 June 2006.

7. (1) Section 36.1 of the Act is amended by adding the following paragraph after the second paragraph:

"The first paragraph does not apply in respect of a prescribed form, prescribed information or a document referred to in the first paragraph of section 230.0.0.4.1 or 1029.6.0.1.2 of the Taxation Act (chapter I-3) or in section 1029.8.0.0.1 of that Act and filed with the Minister after the expiry of the time limit provided for in any of those provisions to the extent that the time limit has not been extended in accordance with the second paragraph of section 1029.6.0.1.2 of the Taxation Act or the second paragraph of section 36.0.1."

(2) Subsection 1 has effect from 23 March 2006.

8. (1) Section 69.0.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) for the purposes of the International Fuel Tax Agreement, be communicated to an authority that is a party to the Agreement, to the mandatary or designated agent of such an authority and to any person responsible for the implementation of the Agreement;".

(2) Subsection 1 has effect from 1 April 2011.

ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

9. (1) Section 8.1 of the Act constituting Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1) is replaced by the following section:

"**8.1.** For the purposes of this Act, "capitalization period" means

(1) a period that is

(*a*) the period that begins on 1 July 2001 and ends on 31 December 2001,

(*b*) the period that begins on 1 January 2002 and ends on 28 February 2003,

(*c*) the period that begins on 1 March 2003 and ends on 29 February 2004,

(*d*) the period that begins on 31 March 2004 and ends on 28 February 2005,

(*e*) the period that begins on 1 March 2005 and ends on 28 February 2006, or

(*f*) the period that begins on 24 March 2006 and ends on 28 February 2007; or

(2) a period that begins on 1 March of a year subsequent to 2006 and ends on the last day of February of the following year."

(2) Subsection 1 has effect from 1 March 2007.

10. (1) Section 10 of the Act is replaced by the following section:

"**10.** The total amount of the subscription for the issued and outstanding shares and fractional shares of the Société may not exceed, at the end of a capitalization period described in paragraph 1 of section 8.1, the amount provided for in Schedule 1 in respect of that capitalization period.

The total amount of the subscription for the shares and fractional shares of the Société issued during a capitalization period described in paragraph 2 of section 8.1 may not exceed

(1) $100,000,000, if the capitalization period is the period that ends on 29 February 2008;

(2) either of the following amounts, if the capitalization period begins after 29 February 2008:

(*a*) $150,000,000, if the total amount of the subscription for the issued and outstanding shares and fractional shares of the Société is less than $1,000,000,000 at the end of any earlier capitalization period, and

(*b*) the lesser of $150,000,000 and the amount referred to in the third paragraph, in any other case.

The amount referred to in subparagraph *b* of subparagraph 2 of the second paragraph corresponds to the reduction in the total amount of the subscription for the issued and outstanding shares and fractional shares of the Société that is attributable to the aggregate of the shares and fractional shares that were redeemed or purchased by agreement by the Société during the preceding capitalization period."

(2) Subsection 1 has effect from 1 March 2007.

11. (1) Section 19 of the Act is amended

(1) by replacing subparagraph 2 of the fifth paragraph by the following subparagraph:

"(2) investments made by the Société otherwise than as first purchaser for the acquisition of securities issued by an eligible entity;";

(2) by replacing subparagraph 7 of the fifth paragraph by the following subparagraph:

"(7) investments made by the Société in the period beginning on 22 April 2005 and ending on 23 March 2011 in a local venture capital fund established and managed in Québec or in a local fund recognized by the Minister of Finance, provided that the investments are made with the expectation that the local fund invest an amount at least equal to 150% of the aggregate of the sums received from the Société, the Fonds de solidarité des travailleurs du Québec (F.T.Q.) and Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, in Québec partnerships or legal persons pursuing economic objectives and whose assets are less than $100,000,000 or whose net equity is less than $50,000,000 and the investments are not already taken into account as eligible investments for the purposes of the second paragraph;";

(3) by adding the following subparagraph after subparagraph 8 of the fifth paragraph:

"(9) investments made by the Société after 30 March 2010 in Capital Croissance PME s.e.c.";

(4) by replacing "subparagraph 7 or 8" in the seventh paragraph by "any of subparagraphs 7 to 9";

(5) by adding the following subparagraph after subparagraph 5 of the ninth paragraph:

"(6) if the particular fiscal year ends before 1 January 2012, the portion of the investments described in subparagraph 8 of that paragraph that, taking into account the participation of the Société in FIER Partenaires, s.e.c., is dedicated to the creation of seed investment funds after 21 September 2006 is deemed to be increased by 50%.";

(6) by inserting the following subparagraph after subparagraph 1 of the tenth paragraph:

"(1.1) a portion of the eligible investments described in subparagraph 6 of the fifth paragraph that are made in a corporation acting as an investment fund is considered, in the proportion determined by the Minister of Finance, to have been made in entities situated in the resource regions of Québec referred to in Schedule 2 if, in the opinion of the Minister, the concentration of that corporation's capital in those resource regions is satisfactory;";

(7) by replacing subparagraph 2 of the tenth paragraph by the following subparagraph:

"(2) the eligible investments described in subparagraph 6 of the fifth paragraph that are made in a corporation or legal person are considered to have been made in entities situated in the resource regions of Québec referred to in Schedule 2 if, in the opinion of the Minister of Finance, the investments have an impact on the economic activity of those regions;";

(8) by adding the following subparagraph after subparagraph 4 of the tenth paragraph:

"(5) a portion representing 35% of the eligible investments described in subparagraph 9 of the fifth paragraph is considered to have been made in entities situated in the resource regions of Québec referred to in Schedule 2."

(2) Paragraph 1 of subsection 1 applies in respect of an investment made after 9 November 2007.

(3) Paragraph 2 of subsection 1 has effect from 22 April 2005.

(4) Paragraphs 3, 4 and 6 to 8 of subsection 1 apply in respect of an investment made after 30 March 2010.

(5) Paragraph 5 of subsection 1 has effect from 22 September 2006.

12. (1) Schedule 1 to the Act is amended by striking out the following:

"— $875,000,000 on 29 February 2008;

— $1,025,000,000 on 28 February 2009;

— $1,175,000,000 on 28 February 2010;

— $1,325,000,000 on 28 February 2011."

(2) Subsection 1 has effect from 1 March 2007.

MINING DUTIES ACT

13. The title of the Mining Duties Act (R.S.Q., chapter D-15) is replaced by the following title:

"MINING TAX ACT".

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

(1) by striking out the definitions of "mineral deposit" and "mine development";

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

““post-production development” means all work in respect of which expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13 are incurred;

““pre-production development” means all work in respect of which expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.11 are incurred;”;

(3) by replacing “accessoires d’un bien visé dans les paragraphes 1° ou 2°” in paragraph 3 of the definition of “bien de service” in the French text by “accessoire d’un bien visé à l’un des paragraphes 1° et 2°”;

(4) by striking out “4,” in paragraph 9 of the definition of “processing asset”;

(5) by replacing “he owns” in the definition of “operator” by “the person or partnership owns”;

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

““eligible operator” for a fiscal year means an operator that

(1) is not developing any mineral substance in reasonable commercial quantities at the end of the fiscal year; and

(2) during the fiscal year, is not associated with an entity that develops a mineral substance in reasonable commercial quantities in the fiscal year;”;

(7) by replacing the portion of the definition of “mining operation” before paragraph 1 by the following:

““mining operation” means all work related to the various phases of mineral development, namely exploration, pre-production development, post-production development, the reclamation or rehabilitation of land situated in Québec, the extraction, processing, transportation, handling, storage and marketing of a mineral substance extracted from Québec soil, until its alienation or its use by the operator, and the processing of mine tailings from Québec, but does not include work”;

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

““exploration” means all work in respect of which expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9 are incurred;”;

(9) by replacing the definition of “amalgamation” by the following definition:

““amalgamation” means a merger of two or more legal persons (in this section referred to as “predecessor legal persons”) which are replaced to form one legal person (in this section referred to as the “new legal person”), with the following consequences:

(1) all the property belonging to the predecessor legal persons immediately before the merger, except an amount receivable from a predecessor legal person or a share of the capital stock of such a legal person, becomes the property of the new legal person;

(2) all the undertakings of the predecessor legal persons immediately before the merger, except an amount payable to a predecessor legal person, become the undertakings of the new legal person; and

(3) all shareholders who owned a share of the capital stock of a predecessor legal person immediately before the merger, except the predecessor legal persons themselves, receive a share of the capital stock of the new legal person;”;

(10) by striking out the definition of “orebody”;

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

““Far North” means the territory of Québec north of 55°00' north latitude;”;

(12) by replacing the definitions of “mine” and “northern mine” by the following definitions:

““mine” means a place situated in Québec whose purpose is the extraction of mineral substances;

““northern mine” means a mine, within the meaning assigned to that expression by this section on 30 March 2010, situated north of 55°00' north latitude;”;

(13) by striking out the definition of “mineral deposit evaluation”;

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

““gemstone” means a diamond, emerald, ruby or sapphire;

““Near North” means the territory of Québec between 50°30' north latitude and 55°00' north latitude and bounded on the east by the Grenville Front and the part of the territory of the Lower North Shore situated between 59°00' west longitude and 66°00' west longitude;

““Northern Québec” means the territory of Québec formed by the Near North and the Far North;”;

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

""tax rate" applicable to an operator for a fiscal year means the rate determined for the fiscal year by the formula

A + B + C + D.";

(16) by adding the following paragraphs:

"For the purposes of the definition of "amalgamation" in the first paragraph,

(1) the acquisition of property of one legal person by another legal person or the distribution of property of a legal person being wound up to another legal person does not result in an amalgamation; and

(2) for the purposes of paragraph 3 of that definition, when there is a merger of a legal person and one or more of its wholly-controlled subsidiaries or of two or more legal persons each of which is a wholly-controlled subsidiary of the same legal person, any share of the capital stock of a predecessor legal person owned by a shareholder, except a predecessor legal person, immediately before the merger that was not cancelled on the merger is deemed to be a share of the capital stock of the new legal person received by the shareholder as a result of the merger in consideration for the disposition of a share of the capital stock of the predecessor legal person.

For the purposes of subparagraph 2 of the second paragraph, a "wholly-controlled subsidiary" of a particular person means a legal person all of the issued and outstanding shares of the capital stock of which are owned

(1) by the particular person;

(2) by a legal person that is a wholly-controlled subsidiary of the particular person; or

(3) by two or more persons each of which is a person described in paragraph 1 or 2.

In the formula in the definition of "tax rate" in the first paragraph,

(1) A is the rate obtained by multiplying 12% by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year;

(2) B is the rate obtained by multiplying 14% by the proportion that the number of days in the fiscal year that follow 30 March 2010 and precede 1 January 2011 is of the number of days in the fiscal year;

(3) C is the rate obtained by multiplying 15% by the proportion that the number of days in the fiscal year that follow 31 December 2010 and precede 1 January 2012 is of the number of days in the fiscal year; and

(4) D is the rate obtained by multiplying 16% by the proportion that the number of days in the fiscal year that follow 31 December 2011 is of the number of days in the fiscal year."

(2) Subsection 1 has effect from 31 March 2010.

15. (1) Sections 3 and 4 of the Act are repealed.

(2) Subsection 1 has effect from 31 March 2010.

16. (1) The Act is amended by inserting the following after section 4:

"**4.1.** For the purposes of this Act, an operator that is a legal person is associated, in a fiscal year, with one or more entities that are legal persons if, at a particular time in that fiscal year, they are associated with each other within the meaning of Chapter IX of Title II of Book I of Part I of the Taxation Act (chapter I-3).

In addition, for the purpose of determining if an operator is associated with an entity in a fiscal year, the first paragraph is to be applied taking into account the following rules:

(1) an individual is deemed to be a legal person all of the voting shares of the capital stock of which are owned by the individual at the particular time;

(2) a partnership is deemed to be a legal person whose fiscal year corresponds to that of the partnership and all of the voting shares of the capital stock of which are owned by each member of the partnership, at the particular time, in the proportion that the member's share of the income or loss of the partnership for the fiscal year that includes the particular time is of the income or loss of the partnership for the fiscal year, assuming, if the income and loss of the partnership for that fiscal year are nil, that the income of the partnership for the fiscal year is equal to $1,000,000; and

(3) a trust is deemed to be a legal person all of the voting shares of the capital stock of which,

(*a*) in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this subparagraph referred to as the "distribution date") and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

i. are owned at the particular time by such a beneficiary, if that beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if the particular time occurs before the distribution date, or

ii. are owned at the particular time by such a beneficiary in a proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries, if subparagraph i does not apply and the particular time occurs before the distribution date;

(*b*) if a beneficiary's share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the particular time by the beneficiary, unless subparagraph *a* applies and the particular time occurs before the distribution date,

(*c*) in any case in which subparagraph *b* does not apply, are owned at the particular time by the beneficiary in a proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph *a* applies and the particular time occurs before the distribution date, and

(*d*) in the case of a trust referred to in section 467 of the Taxation Act, are owned at the particular time by the person referred to in that section from whom property of the trust or property for which property of the trust was substituted was directly or indirectly received.

"**4.2.** For the purposes of this Act, if it may reasonably be considered that one of the main reasons for the separate existence of two or more entities in a fiscal year is to cause a person or partnership to qualify as an eligible operator for that fiscal year, those entities are deemed to be associated with each other in the fiscal year.

"**4.3.** For the purposes of, and unless otherwise provided in, this Act, if an amount or number is to be determined or calculated by an algebraic formula and if, but for this section, the amount or number determined or calculated would be less than zero, it is deemed to be nil.

"**CHAPTER I.1**

"USE OF CANADIAN CURRENCY OR FUNCTIONAL CURRENCY

"**4.4.** In this chapter,

"Canadian currency year" of an operator means a fiscal year that precedes the first functional currency year of the operator;

"elected functional currency" of an operator means the currency of a country other than Canada that is the elected functional currency of the operator, within the meaning of section 21.4.16 of the Taxation Act (chapter I-3), for the purposes of Chapter V.3 of Title II of Book I of Part I of that Act;

"functional currency year" of an operator means a fiscal year in respect of which the rules set out in section 4.7 apply to the operator;

"Québec mining results" of an operator for a fiscal year means

(1) the amount of the operator's annual profit or loss, as the case may be, for the fiscal year under this Act;

(2) the amount of duties payable by the operator in respect of the fiscal year under this Act;

(3) the amount of duties refundable to the operator in respect of the fiscal year under this Act; and

(4) any amount that is relevant in computing the amounts described in paragraphs 1 to 3 in respect of the fiscal year of the operator;

"relevant spot rate" for a particular day means, in respect of a conversion of an amount from a particular currency to another currency,

(1) if the particular currency or the other currency is Canadian currency, the rate quoted by the Bank of Canada for noon on the particular day (or, if there is no such rate quoted for the particular day, the closest preceding day for which such a rate is quoted) for the exchange of the particular currency for the other currency, or, for the purposes of paragraph 2 of section 4.5 and paragraph 3 of section 4.7, any other rate of exchange that is acceptable to the Minister; and

(2) if neither the particular currency nor the other currency is Canadian currency, the rate — calculated by reference to the rates quoted by the Bank of Canada for noon on the particular day (or, if either of such rates is not quoted for the particular day, the closest preceding day for which both such rates are quoted) — for the exchange of the particular currency for the other currency, or, for the purposes of paragraph 2 of section 4.5 and paragraph 3 of section 4.7, any other rate of exchange that is acceptable to the Minister;

"reversionary year" of an operator means a fiscal year that begins after the last functional currency year of the operator;

"reporting currency" of an operator for a fiscal year, and at any time in the fiscal year, means the currency in which the operator's Québec mining results for the fiscal year are to be computed.

"**4.5.** Unless otherwise provided in this chapter, the following rules apply in computing the Québec mining results of an operator for a fiscal year:

(1) Canadian currency is to be used; and

(2) any amount that is relevant in computing those Québec mining results and that is expressed in a currency other than Canadian currency is to be converted to an amount expressed in Canadian currency using the relevant spot rate for the day on which the amount arose.

"**4.6.** The rules provided in section 4.7 apply to an operator that is a legal person in respect of a particular fiscal year if section 21.4.19 of the Taxation Act (chapter I-3) applies to the operator in respect of its taxation year for the purposes of the Taxation Act that corresponds to the particular fiscal year.

"**4.7.** The rules to which section 4.6 refers and that apply to an operator in respect of a particular fiscal year are the following:

(1) the operator's elected functional currency is to be used for the purpose of computing the operator's Québec mining results for the particular fiscal year;

(2) unless the context requires otherwise, each reference in this Act or the regulations to an amount (other than in respect of a penalty or fine) that is described as a particular number of Canadian dollars is, in respect of the operator and the particular fiscal year, to be read as a reference to that amount expressed in the operator's elected functional currency using the relevant spot rate for the first day of the particular fiscal year; and

(3) any amount that is relevant in computing the operator's Québec mining results for the particular fiscal year and that is expressed in a currency other than the operator's elected functional currency is to be converted to an amount expressed in the operator's elected functional currency using the relevant spot rate for the day on which the amount arose.

"**4.8.** For the purpose of applying this Act to an operator for a functional currency year of the operator (in this section referred to as the "particular fiscal year"), the following amounts are to be converted from Canadian currency to the operator's elected functional currency using the relevant spot rate for the last day of the operator's last Canadian currency year:

(1) the capital cost to the operator of a property that was acquired in a Canadian currency year of the operator;

(2) any amount that

(*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 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

(*b*) was added or deducted in computing a pool amount of the operator in respect of a Canadian currency year of the operator; and

(3) any other amount determined under this Act for or in respect of a Canadian currency year of the operator that is relevant in computing the Québec mining results of the operator for the particular fiscal year.

"**4.9.** Despite sections 4.7 and 4.8, for the purposes of this Act in respect of a functional currency year (in this section referred to as the "particular fiscal year") of an operator, the following rules apply:

(1) for the purpose of computing the payments that the operator is required to make in relation to the particular fiscal year under paragraph 1 of section 46,

(*a*) each estimated amount described in subparagraph *a* of that paragraph 1 that is payable by the operator for the particular fiscal year is to be determined by converting that amount, as determined in the operator's elected functional currency, to Canadian currency using the relevant spot rate for the day on or before which the amount is required to be paid,

(*b*) the operator's first basic provisional account referred to in subparagraph *a* of that paragraph 1 for the particular fiscal year is to be determined, if the particular fiscal year is the operator's first functional currency year, without reference to this chapter and, in any other case, as if the duties payable by the operator for the operator's functional currency year (in this subparagraph referred to as the "first base year") preceding the particular fiscal year were equal to the total of

i. the aggregate of the payments that the operator is required to make under that paragraph 1, determined in accordance with this subparagraph *b* or with subparagraph *a* or *c*, as the case may be, in respect of the first base year, and

ii. the remainder of the duties payable by the operator under paragraph 2 of section 46, determined in accordance with paragraph 2, in respect of the first base year;

(*c*) the operator's second basic provisional account described in subparagraph *b* of paragraph 1 of section 46 for the particular fiscal year is to be determined, if the particular fiscal year is the operator's first functional currency year or the operator's fiscal year that follows the operator's first functional currency year, without reference to this chapter and, in any other case, as if the duties payable by the operator for the operator's functional currency year (in this subparagraph referred to as the "second base year") preceding the first base year were equal to the total of

i. the aggregate of the payments that the operator is required to make under that paragraph 1, determined in accordance with this subparagraph *c* or with subparagraph *a* or *b*, as the case may be, in respect of the second base year, and

ii. the remainder of the duties payable by the operator under paragraph 2 of section 46, determined in accordance with paragraph 2, in respect of the second base year, and

(*d*) those payments must correspond to the payments based on the method described in paragraph 1 of section 46 that is referred to in section 52 in respect of the operator in relation to the particular fiscal year;

(2) the remainder of the duties payable by the operator for the particular fiscal year under paragraph 2 of section 46 is equal to the amount obtained by converting to Canadian currency, using the relevant spot rate for the day that is the last day of the period ending two months after the end of the particular fiscal year, the amount by which the duties payable by the operator under this Act for the particular fiscal year, expressed in the operator's elected functional currency, exceeds the aggregate of all amounts each of which is the amount obtained by converting the amount of a payment that the operator is required to make in relation to this Act in respect of the particular fiscal year, determined in accordance with paragraph 1 of section 46, with reference to subparagraph *a*, *b* or *c*, as the case may be, of paragraph 1, to the operator's elected functional currency using the relevant spot rate for the day on or before which the payment is required to be made;

(3) for the purpose of computing an amount payable in respect of the duties that are payable by the operator for the particular fiscal year under this Act, other than the duties themselves, those duties are deemed to be equal to the total of

(*a*) the aggregate of the payments that the operator is required to make under paragraph 1 of section 46, determined in accordance with subparagraph *a*, *b* or *c*, as the case may be, of paragraph 1, in respect of the particular fiscal year, and

(*b*) the remainder of the duties payable by the operator under paragraph 2 of section 46, determined in accordance with paragraph 2, in respect of the particular fiscal year;

(4) in relation to an amount that the operator may claim as a refundable duties credit for losses under section 32 for the particular fiscal year, the amount, determined in the operator's elected functional currency, is to be converted to Canadian currency using the relevant spot rate for the day that is the last day of the period ending two months after the end of the particular fiscal year; and

(5) any amount payable by the operator for the particular fiscal year under this Act is to be paid in Canadian currency.

"**4.10.** For the purpose of applying this Act to an operator's reversionary year, section 4.8 is to be read as if

(1) "Canadian currency year" was replaced by "functional currency year" in

(*a*) the portion before paragraph 1,

(*b*) paragraph 1,

(*c*) subparagraph *b* of paragraph 2, and

(*d*) paragraph 3; and

(2) "functional currency year", "Canadian currency" and "the operator's elected functional currency" in the portion before paragraph 1 were replaced, respectively, by "reversionary year", "the operator's elected functional currency" and "Canadian currency".

"**4.11.** If a winding-up described in section 556 of the Taxation Act (chapter I-3) begins at a particular time and the parent and the subsidiary referred to in that section would, in the absence of this section, have different reporting currencies at the particular time, the following rules apply for the purpose of computing the subsidiary's Québec mining results for its fiscal years that end after the particular time:

(1) if the subsidiary's reporting currency is Canadian currency,

(*a*) despite section 4.6, section 4.7 is deemed to apply to the subsidiary in respect of its fiscal year that includes the particular time and each of its subsequent fiscal years,

(*b*) the subsidiary is deemed to have as its elected functional currency the parent's reporting currency, and

(*c*) if the subsidiary's fiscal year that includes the particular time would, in the absence of this section, be a reversionary year of the subsidiary, this chapter applies with the necessary modifications; and

(2) if neither the subsidiary's reporting currency nor the parent's reporting currency is Canadian currency,

(*a*) the subsidiary's first reversionary year is deemed to end at the given time that is immediately after the time at which it began,

(*b*) a new fiscal year of the subsidiary is deemed to begin immediately after the given time,

(*c*) despite section 4.6, section 4.7 is deemed to apply to the subsidiary in respect of its fiscal year that includes the particular time and each of its subsequent fiscal years, and

(*d*) the subsidiary is deemed to have as its elected functional currency the parent's reporting currency.

"**4.12.** If, in respect of an amalgamation, a predecessor legal person has a reporting currency for its last fiscal year that is different from the reporting currency of the new legal person for its first fiscal year, paragraphs 1 and 2 of section 4.11 apply, for the purpose of computing the predecessor legal person's Québec mining results for its last fiscal year, as if the reporting currencies referred to in those paragraphs were the reporting currencies referred to in this section and as if

(1) "subsidiary" was replaced wherever it appears by "predecessor legal person" in

(*a*) the portion of that paragraph 1 before subparagraph *c*,

(*b*) that paragraph 2;

(2) "the subsidiary's fiscal year that includes the particular time" in subparagraph *c* of that paragraph 1 was replaced by "the predecessor legal person's last fiscal year";

(3) "parent's" was replaced by "new legal person's" in

(*a*) subparagraph *b* of that paragraph 1,

(*b*) the portion of that paragraph 2 before subparagraph *a*, and

(*c*) subparagraph *d* of that paragraph 2; and

(4) "its fiscal year that includes the particular time and each of its subsequent fiscal years" was replaced by "its last fiscal year" in

(*a*) subparagraph *a* of that paragraph 1, and

(*b*) subparagraph *c* of that paragraph 2.

"**4.13.** If, for the purposes of the Taxation Act (chapter I-3), the Québec tax results, within the meaning of that Act, of a legal person for a taxation year are to be computed using either the particular currency or a given currency because of the first or second paragraph of section 21.4.33 of that Act, the Québec mining results of the legal person are to be determined in that particular currency or that given currency, as the case may be, for the fiscal year that corresponds to that taxation year."

(2) Subsection 1, when it enacts sections 4.1 to 4.3 of the Act, has effect from 31 March 2010.

(3) Subsection 1, when it enacts Chapter I.1 of the Act, applies to a fiscal year in respect of which the time limit prescribed in the first paragraph of section 36 of the Act expires after 19 March 2009. However, when section 4.8 of the Act applies to a fiscal year that ends before 31 March 2010, it is to be read as if subparagraph *a* of paragraph 2 was replaced 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 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".

17. (1) Section 6 of the Act is amended, in the portion of the first paragraph before subparagraph 1,

(1) by replacing "to section 6.1" by "to sections 6.1 and 6.2";

(2) by replacing "the annual output of an operator" by "an operator's annual output from a mine".

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

18. (1) The Act is amended by inserting the following after section 6.1:

"**6.2.** For the purpose of determining the gross value of the annual output of an operator for a fiscal year, the value of the mineral substances from a mine that are gemstones corresponds to the gross value of the annual output of the gemstones, to be determined according to the following rules:

(1) the gross value of the annual output of the gemstones is determined at the mine site based on their value before they are cut or polished and, for that purpose, the operator must sort and clean them to facilitate their valuation;

(2) the gross value of the annual output of the gemstones is determined, on the basis of the criterion set out in subparagraph 1, by both the operator and a valuator mandated by the Minister for that purpose; and

(3) the gross value of the annual output of the gemstones corresponds,

(*a*) if the operator and the Minister agree on the value, to the amount which they have agreed on, or

(*b*) if the rules set out in subparagraph 1 are not complied with or if the operator and the Minister do not agree on the value, to the maximum value that could be obtained as consideration for the alienation of the gemstones on the open market after they are sorted into market assortments.

Despite the first paragraph, if particular gemstones from the mine have not been mixed with other gemstones, if the operator alienates the particular gemstones in a fiscal year in favour of a person to whom the operator is not related within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act (chapter I-3) at the time of the alienation, and if the alienation occurs in the same fiscal year as the fiscal year in which the gross value of the annual output of the gemstones was determined in accordance with the first paragraph, their gross value is deemed to correspond to the amount received or receivable as consideration for that alienation.

The operator is bound to reimburse the Minister for the fees paid by the Minister as consideration for the services rendered by the valuator mandated by the Minister to determine the gross value of the annual output of the gemstones."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

19. (1) Sections 8 and 8.0.0.1 of the Act are replaced by the following sections:

"**8.** Subject to section 8.0.1, the annual profit of an operator for a fiscal year that begins after 30 March 2010 is equal to the amount determined by the formula

A – B.

In the formula in the first paragraph,

(1) A is the aggregate of

(*a*) the total of all amounts each of which is the annual earnings, as determined according to the rules set out in the third and fourth paragraphs, of the operator for that fiscal year in respect of each mine it operates in that fiscal year, and

(*b*) an amount, other than government assistance, received or receivable by the operator in the fiscal year from a person or partnership, because of an expense incurred by the operator for a particular fiscal year and that is an expense deducted in computing annual profit for the particular fiscal year or an expense taken into account for the particular fiscal year, for the purposes of subparagraph *b* of subparagraph 1 of the second paragraph of section 16.1 or subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9 or 16.11; and

(2) B is the aggregate of

(*a*) the total of all amounts each of which is an expense incurred by the operator, for the fiscal year, for scientific research and experimental development, within the meaning of section 1 of the Taxation Act (chapter I-3) carried out in Canada, to the extent that the expense may be considered to relate to the operator's mining operation,

(*b*) the total of all amounts each of which is a gift made by the operator in the fiscal year, to the extent that the gift is referred to in section 710 of the Taxation Act, if that section is read without reference to subparagraphs vi to viii of paragraph *a*, and provided that the total of the gifts does not exceed 10% of the total referred to in subparagraph *a* of subparagraph 1,

(*c*) subject to section 16, the amount deducted by the operator, for the fiscal year, as an exploration, mineral deposit evaluation and mine development allowance in respect of expenses incurred before 31 March 2010,

(*d*) subject to sections 16.7 and 16.8, the amount deducted by the operator, for the fiscal year, as an exploration allowance in respect of expenses incurred after 30 March 2010,

(*e*) the total of all amounts each of which is a general administrative expense incurred by the operator in the fiscal year, in relation to exploration work,

(*f*) subject to section 16.10, the amount deducted by the operator, for the fiscal year, as a pre-production development allowance in respect of expenses incurred after 30 March 2010, and

(*g*) subject to section 19.1, the amount deducted by the operator, for the fiscal year, as an additional exploration allowance in respect of expenses incurred before 31 March 2010.

For the purposes of subparagraph *a* of subparagraph 1 of the second paragraph, the annual earnings of the operator for a fiscal year in respect of each mine it operates in that fiscal year is equal to the amount determined by the formula

C – D.

In the formula in the third paragraph,

(1) C is the aggregate of

(*a*) the portion of the gross value of the operator's annual output for the fiscal year that is reasonably attributable to the operation of the mine,

(*b*) if, for the purpose of determining the gross value of the operator's annual output for the fiscal year, the Minister authorizes under section 6.1 the use of a method for the fiscal year that differs from the method used by the operator for the preceding fiscal year, the amount, if any, by which the amount that would be the portion of the gross value of annual output for the preceding fiscal year that is reasonably attributable to the operation of the mine if that value had been determined according to the method used by the operator to determine the gross value of annual output for the fiscal year, exceeds the amount that is the portion of the gross value of annual output for the preceding fiscal year that is reasonably attributable to the operation of the mine,

(*c*) if particular gemstones from the mine have not been mixed with other gemstones, if the operator alienates those particular gemstones in the fiscal year in favour of a person to whom the operator is not related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act, at the time of the alienation and if the value of the particular gemstones was taken into consideration in determining the gross value of the operator's annual output for a preceding fiscal year, the amount, if any, by which the amount received or receivable as consideration for that alienation exceeds the value taken into consideration,

(*d*) an amount, other than government assistance, received or receivable by the operator in the fiscal year, from a person or partnership, because of an expense incurred by the operator in respect of the mine for a particular fiscal year that is an expense deducted in computing the operator's annual earnings in respect of the mine for the particular fiscal year or an expense taken into account for the particular fiscal year, for the purposes of subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13,

(*e*) the amount determined in accordance with section 10.2 or 10.3 for the fiscal year that is reasonably attributable to the operation of the mine,

(*f*) the lesser of the operator's cumulative contributions account at the end of the fiscal year relating to the mine and the aggregate of all amounts each of which is an amount that relates to the reclamation of land that is or was used for the operation of the mine, and that is included, under paragraph *z* or *z*.1 of section 87 of the Taxation Act, in computing the operator's income for the fiscal year for the purposes of that Act, in respect of an environmental trust under which the operator is a beneficiary,

(*g*) any amount included, under paragraph *w* of section 87 of the Taxation Act, in computing the operator's income for the fiscal year for the purposes of that Act, in relation to an amount that the operator is deemed to have paid to the Minister of Revenue under sections 1029.8.36.168, 1029.8.36.170,

1029.8.36.171.1, 1029.8.36.171.2 and 1029.8.36.173 of that Act and that is reasonably attributable to the operation of the mine,

(*h*) if the operator is a partnership, any amount included, under paragraph *w* of section 87 of the Taxation Act because of sections 87.3 and 87.3.1 of that Act, in computing the operator's income for the fiscal year for the purposes of that Act, in relation to an amount that a legal person that is a partner of the operator is deemed to have paid to the Minister of Revenue under section 1029.8.36.169 or 1029.8.36.171 of that Act and that is reasonably attributable to the operation of the mine, and

(*i*) if the operator is a partnership, any amount included, under paragraph *w* of section 87 of the Taxation Act because of section 87.3 of that Act, in computing the operator's income for the fiscal year for the purposes of that Act, in relation to an amount that a legal person that is a partner of the operator is deemed to have paid to the Minister of Revenue under sections 1029.8.36.174 and 1029.8.36.175 of that Act and that is reasonably attributable to the operation of the mine; and

(2) D is the aggregate of

(*a*) the total of all expenses each of which is an expense, other than an expense referred to in subparagraph *e* of subparagraph 2 of the second paragraph, incurred by the operator in respect of the mine, for the fiscal year, to the extent that the expense was incurred to realize the portion of the gross value of the operator's annual output that is reasonably attributable to the operation of the mine and provided that the expense relates directly thereto,

(*b*) subject to sections 10 and 10.1.1, the amount deducted by the operator, for the fiscal year, as a depreciation allowance that is reasonably attributable to the operation of the mine,

(*c*) the amount that the operator is required to deduct, for the fiscal year, in respect of the mine as a post-production development allowance in accordance with the first paragraph of section 16.12,

(*d*) subject to section 21, the amount deducted by the operator, for the fiscal year, in respect of the mine as a processing allowance,

(*e*) subject to section 26.0.1, the amount deducted by the operator, for the fiscal year, as an additional depreciation allowance that is reasonably attributable to the operation of the mine,

(*f*) the amount determined in accordance with section 10.4 or 10.5, for the fiscal year, that is reasonably attributable to the operation of the mine,

(*g*) subject to section 26.1, the amount deducted by the operator, for the fiscal year, as an additional allowance for a northern mine that is reasonably attributable to the operation of the mine,

(*h*) subject to section 26.4, the amount deducted by the operator, for the fiscal year, in respect of the mine as an additional allowance for a mine situated in Northern Québec,

(*i*) the aggregate of all amounts each of which is an amount paid by the operator for the reclamation of land that is or was used for the operation of the mine, and deductible under paragraph *r* or *s* of section 157 of the Taxation Act in computing the operator's income for the fiscal year for the purposes of that Act, in respect of an environmental trust under which the operator is a beneficiary,

(*j*) if, for the purpose of determining the gross value of the operator's annual output for a fiscal year, the Minister authorizes under section 6.1 the use of a method for the fiscal year that differs from the method used by the operator for the preceding fiscal year, the amount, if any, by which the amount that is the portion of the gross value of the operator's annual output for the preceding fiscal year that is reasonably attributable to the operation of the mine exceeds the amount that would be the portion of the gross value of the operator's annual output for the preceding fiscal year that is reasonably attributable to the operation of the mine if that value had been determined using the method used by the operator to determine the gross value of the annual output for the fiscal year, and

(*k*) if particular gemstones from the mine have not been mixed with other gemstones, if the operator alienates those particular gemstones in the fiscal year in favour of a person to whom the operator is not related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act, at the time of the alienation and if the value of those particular gemstones was taken into consideration in determining the gross value of the operator's annual output for a preceding fiscal year, the amount, if any, by which the value thus taken into consideration exceeds the amount received or receivable as consideration for that alienation.

For the purpose of computing the annual profit of an eligible operator for a fiscal year that begins after 30 March 2010, the following rules apply:

(1) the operator is deemed, for that fiscal year, to operate only one mine;

(2) subparagraph *a* of subparagraph 1 of the second paragraph is to be read as follows:

"(*a*) the amount, positive or negative, determined for the fiscal year in respect of the operator according to the rules set out in the third and fourth paragraphs;";

(3) subparagraph *b* of subparagraph 2 of the second paragraph is to be read as if "of the total" was replaced by "of the positive amount, if any,"; and

(4) the portion of the third paragraph before the formula is to be read as follows:

"For the purposes of subparagraph *a* of subparagraph 1 of the second paragraph, the amount, positive or negative, determined for the fiscal year in respect of the operator that is the annual earnings from the mine that the operator is deemed to operate in that fiscal year, is equal to the amount determined by the formula".

The annual profit of an operator for a fiscal year that begins before 31 March 2010 is equal to the amount determined under this section, as it read before that date. However, for the purpose of determining the annual profit of an operator for a fiscal year that ends after 30 March 2010 and that includes that date, this section, as it read on 30 March 2010, is to be read

(1) as if "for the purposes of subparagraph *b* of subparagraph 1 of section 16.1" in subparagraph *b* of paragraph 1 was replaced by "for the purposes of subparagraph *b* of subparagraph 1 of the second paragraph of section 16.1 and subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11 and 16.13";

(2) as if "8.6 and 10" in subparagraph *d* of paragraph 2 was replaced by "8.6, 10 and 10.1.1"; and

(3) as if the following subparagraphs were inserted after subparagraph *e* of paragraph 2:

"(*e*.1) subject to sections 16.7 and 16.8, the amount deducted by the operator, for the fiscal year, as an exploration allowance in respect of expenses incurred after 30 March 2010;

"(*e*.2) subject to section 16.10, the amount deducted by the operator, for the fiscal year, as a pre-production development allowance in respect of expenses incurred after 30 March 2010;

"(*e*.3) the amount that the operator is required to deduct, for the fiscal year, as a post-production development allowance in respect of expenses incurred after 30 March 2010 in accordance with the first paragraph of section 16.12."

"**8.0.0.1.** The cumulative contributions account of a particular operator relating to a mine, at any time (in this section referred to as "that time"), is equal to the amount determined by the formula

A – B.

In the formula in the first paragraph,

(1) A is the aggregate of

(*a*) the total of all amounts each of which is a contribution paid by the particular operator after 12 May 1994 and before that time to an environmental trust under which the particular operator is a beneficiary, for the reclamation of land that is or was used for the operation of the mine,

(*b*) the total of all amounts each of which is the consideration paid by the particular operator after 12 May 1994 and before that time for the acquisition, from another person or partnership, of all or part of the particular operator's interest as a beneficiary under an environmental trust maintained for the sole purpose of financing the reclamation of land that is or was used for the operation of the mine, other than consideration that is the assumption of a reclamation obligation in respect of the trust,

(*c*) the amount of an operator's cumulative contributions account in respect of the environmental trust in which all or part of an interest as a beneficiary is acquired by the particular operator as consideration for the assumption of a reclamation obligation, in respect of the trust, in relation to land that is or was used for the operation of the mine, determined immediately before the time of acquisition, and

(*d*) the aggregate of all amounts each of which is a balance of the cumulative contributions account of the particular operator in relation to the mine, as determined before that time under paragraph 8 of section 35.3; and

(2) B is the aggregate of

(*a*) all amounts each of which is an amount included, either under subparagraph *d* of paragraph 1 of section 8, as it read on 30 March 2010, in computing the operator's annual profit for a fiscal year beginning before that date, or under subparagraph *f* of subparagraph 1 of the fourth paragraph of section 8 in computing the operator's annual earnings from a mine, for a fiscal year ending before that time, and

(*b*) the amount included in determining an operator's cumulative contributions account relating to the mine, under subparagraph *c* of paragraph 1, because of the acquisition by that operator of all or part of the interest of the particular operator, as a beneficiary under an environmental trust."

(2) Subsection 1, when it replaces section 8 of the Act, has effect from 31 March 2010.

(3) Subsection 1, when it replaces section 8.0.0.1 of the Act, applies to a fiscal year that begins after 30 March 2010.

20. (1) Section 8.0.1 of the Act is amended

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

"**8.0.1.** For the purposes of section 8, an operator shall not, in computing its annual profit or annual earnings from a mine for a fiscal year, deduct any of the following amounts:";

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

"(4) a capital loss or replacement of capital, a payment or outlay of capital or a depreciation, obsolescence or depletion allowance, except to the extent permitted by sections 10, 10.1.1, 21 and 26.0.1;";

(3) by striking out "and" at the end of paragraph 11;

(4) by adding the following paragraph after paragraph 12:

"(13) an amount, other than a gift that the operator may deduct under subparagraph *b* of subparagraph 2 of the second paragraph of section 8 in computing the operator's annual profit for the fiscal year, paid to a community or municipality under an agreement for the purpose of securing advantages or benefits for that community or municipality."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010. However, when paragraph 4 of section 8.0.1 of the Act applies before (*insert the date of assent to this Act*), it is to be read as if "17," was inserted after "10.1.1,".

(3) In addition, when section 8.0.1 of the Act applies to a fiscal year that ends before 31 March 2010, it is to be read as if the following paragraph was added after paragraph 12:

"(13) an amount, other than a gift that the operator may deduct under subparagraph *c* of paragraph 2 of section 8 in computing its annual profit for the fiscal year paid to a community or municipality under an agreement for the purpose of securing advantages or benefits for that community or municipality."

21. (1) Section 8.1 of the Act is replaced by the following section:

"**8.1.** Despite section 4.3, if, for the purpose of determining an operator's annual profit for a fiscal year, the amount determined by the formula in the first paragraph of section 8 is less than zero, that amount, expressed as a positive number, is the operator's annual loss for the fiscal year."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

22. (1) Section 8.3 of the Act is replaced by the following section:

"**8.3.** For the purposes of this Act, except sections 35.3, 35.4 and 35.5, an outlay or expense resulting from a transaction with a person related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act (chapter I-3), to the operator is deemed not to exceed the fair market value of property or a service supplied if the outlay or expense exceeds that value, and an operator that supplied property or a service following a transaction with a related person, within the meaning of that Chapter IV, is deemed to have received an amount at least equal to the fair market value of the property or service if the consideration received for the property or service is less than that value or if there is no consideration for the property or service."

(2) Subsection 1 has effect from 31 March 2010.

23. (1) Section 8.5 of the Act is replaced by the following section:

"**8.5.** 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* and *g* 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 to a fiscal year that begins after 30 March 2010.

24. (1) Section 8.6 of the Act is repealed.

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

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

(1) by replacing the definitions of "property of the first class", "property of the second class" and "property of the third class" by the following definitions:

""class 1 property" means a road, a building or equipment purchased before 1 April 1975 and actually used in the mining operation;

""class 2 property" means a road, building or equipment purchased after 31 March 1975 and before 13 May 1994 and actually used in the mining operation;

""class 3 property" means a road, a building, equipment or service property regularly used in the mining operation and acquired either after 12 May 1994 and before 31 March 2010 or after 30 March 2010 but not later than 30 March 2011 if, in the latter case,

(1) the property is acquired in accordance with a written obligation contracted not later than 30 March 2010; or

(2) the construction of the property by the operator, or on the operator's behalf, is begun on or before 30 March 2010;";

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

""class 4 property" means a road, a building or service property acquired after 30 March 2010 that is not class 3 property and is regularly used in the mining operation;";

(3) by replacing subparagraph *d* of paragraph 1 of the definition of "undepreciated capital cost" by the following subparagraph:

"(*d*) the total of all amounts each of which is an amount of government assistance that was repaid by the operator, before that time, pursuant to a legal obligation, subsequent to the alienation of the property and that would have been included in determining the capital cost of the property under section 9.1 had the repayment been made before the alienation; exceeds";

(4) by replacing subparagraph *e* of paragraph 2 of the definition of "undepreciated capital cost" by the following subparagraph:

"(*e*) the total of all amounts each of which is an amount of government assistance that the operator received or was entitled to receive before that time subsequent to the alienation of the property and that would have been included under section 9.1 in the amount of assistance that the operator received or was entitled to receive in respect of the property had the amount been received before the alienation of the property;";

(5) by inserting ", as it read before being repealed," after "8.6" in subparagraph *g* of paragraph 2 of the definition of "undepreciated capital cost";

(6) by replacing the portion of the definition of "proceeds of alienation" before paragraph 1 by the following:

""proceeds of alienation" of property means".

(2) Subsection 1 has effect from 31 March 2010.

26. (1) Section 9.1 of the Act is replaced by the following section:

"**9.1.** For the purposes of this Act, if an operator has received or is entitled to receive government assistance in respect of property or for the acquisition of property, the capital cost to the operator of the property at a particular time is deemed to be the amount by which the total of the capital cost of the property, determined without reference to this section, and the amount of the assistance in respect of the property, repaid by the operator pursuant to a legal obligation, before alienation of the property and before the particular time, exceeds the amount of assistance that the operator received or is entitled to receive, before the particular time, in respect of the property before its alienation."

(2) Subsection 1 has effect from 31 March 2010.

27. (1) Section 9.2 of the Act is repealed.

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

28. (1) Section 10 of the Act is amended

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

"**10.** Subject to section 14, the amount that an operator may deduct, under subparagraph *b* of subparagraph 2 of the fourth paragraph of section 8, in respect of class 1 property, class 2 property or class 3 property as a depreciation allowance in computing the operator's annual earnings from a mine for a fiscal year must not exceed the portion, reasonably attributable to the operation of the mine, of the lesser of";

(2) by replacing "subparagraph *d*" in paragraph 2 by "subparagraph *b*".

(2) Paragraph 1 of subsection 1 applies to a fiscal year that ends after 30 March 2010. However, when the portion of section 10 of the Act before paragraph 1 applies to a fiscal year that ends after 30 March 2010 and includes that date, it is to be read as follows:

"**10.** Subject to section 14, the amount that an operator may deduct, under subparagraph *d* of paragraph 2 of section 8, in respect of class 1 property, class 2 property or class 3 property as a depreciation allowance in computing the operator's annual profit for a fiscal year must not exceed the lesser of".

(3) Paragraph 2 of subsection 1 applies to a fiscal year that begins after 30 March 2010.

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

(1) by replacing "property of the first class" in paragraph 1 by "class 1 property";

(2) by replacing "property of the second class" in paragraph 2 by "class 2 property";

(3) by replacing "property of the third class" in paragraph 3 by "class 3 property".

(2) Subsection 1 has effect from 31 March 2010.

30. (1) The Act is amended by inserting the following section after section 10.1:

"**10.1.1.** Subject to section 14, the amount that an operator may deduct, under subparagraph *b* of subparagraph 2 of the fourth paragraph of section 8, as a depreciation allowance in computing the operator's annual earnings from a mine for a fiscal year in respect of class 4 property must not exceed the portion, reasonably attributable to the operation of the mine, of the lesser of

(1) the amount obtained by multiplying the undepreciated portion of the capital cost of property of that class at the end of that fiscal year before any deduction under that subparagraph *b* at the end of that fiscal year, by 30%; and

(2) if the operator no longer owns property of that class at the end of the fiscal year, nil.

Despite the first paragraph, an operator shall not deduct an amount as a depreciation allowance in computing the operator's annual earnings from a mine for a fiscal year in respect of class 4 property if the undepreciated portion of the capital cost of the operator's class 1 property, class 2 property and class 3 property, at the end of the fiscal year, reduced by the amount the operator deducts in respect of such property, for that fiscal year, is greater than zero."

(2) Subsection 1 applies to a fiscal year that ends after 30 March 2010. However, when section 10.1.1 of the Act applies to a fiscal year that ends after 30 March 2010 and that includes that date, it is to be read as follows:

"**10.1.1.** Subject to section 14, the amount that an operator may deduct, under subparagraph *d* of paragraph 2 of section 8, in respect of class 4 property as a depreciation allowance in computing the operator's annual profit for a fiscal year must not exceed the lesser of

(1) the amount obtained by multiplying the undepreciated portion of the capital cost of property of that class at the end of that fiscal year before any deduction under that subparagraph *d* at the end of that fiscal year, by 30%; and

(2) if the operator no longer owns the property of that class at the end of the fiscal year, nil.

Despite the first paragraph, an operator shall not deduct an amount as a depreciation allowance in computing the operator's annual profit for a fiscal year in respect of class 4 property if the undepreciated portion of the capital cost of the operator's class 1 property, class 2 property and class 3 property, at the end of the fiscal year, reduced by the amount the operator deducts in respect of such property, for that fiscal year, is greater than zero."

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

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

"**10.2.** The amount that an operator is required to include in computing its annual earnings from a mine for a particular fiscal year, under subparagraph *e* of subparagraph 1 of the fourth paragraph of section 8, in respect of class 1 property or class 2 property, is equal to the proportion of the amount determined under the second paragraph that the use of the property of the class that is reasonably attributable to the operation of the mine for the particular fiscal year is of the total use of that property in that fiscal year.";

(2) by replacing "referred to in the first paragraph is" in the second paragraph by "referred to in the first paragraph is equal to".

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

32. (1) Section 10.3 of the Act is replaced by the following section:

"**10.3.** The amount that an operator is required to include in computing its annual earnings from a mine for a particular fiscal year, under subparagraph *e* of subparagraph 1 of the fourth paragraph of section 8, in respect of class 3 property or class 4 property, is equal to the amount by which the aggregate of the amounts referred to in subparagraphs *a* to *h* of paragraph 2 of the definition of "undepreciated capital cost" in section 9, in respect of that class, exceeds the aggregate of the amounts referred to in subparagraphs *a* to *d* of paragraph 1 of the definition of that expression, up to the portion of that excess amount that is reasonably attributable to the operation of the mine."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

33. (1) Section 10.4 of the Act is amended

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

"**10.4.** For the purposes of subparagraph *f* of subparagraph 2 of the fourth paragraph of section 8, if, at the end of a particular fiscal year, an operator is no longer the owner of class 1 property or class 2 property, the amount that the operator is required to deduct in computing its annual earnings from a mine for that particular fiscal year, in respect of property of that class, is equal to the proportion of the amount determined under the second paragraph that the use of the property of the class that is reasonably attributable to the operation of the mine for the particular fiscal year is of the total use of that property in that fiscal year.";

(2) by replacing "referred to in the first paragraph is" in the second paragraph by "referred to in the first paragraph is equal to".

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

34. (1) Section 10.5 of the Act is replaced by the following section:

"**10.5.** For the purposes of subparagraph *f* of subparagraph 2 of the fourth paragraph of section 8, if, at the end of a particular fiscal year, an operator is no longer the owner of class 3 property or class 4 property, the amount that the operator is required to deduct in computing its annual earnings from a mine for that particular fiscal year, in respect of property of that class, is equal to the amount by which the aggregate of the amounts referred to in subparagraphs *a* to *d* of paragraph 1 of the definition of "undepreciated capital cost" in section 9, in respect of property of that class, exceeds the aggregate of the amounts referred to in subparagraphs *a* to *h* of paragraph 2 of the definition of that expression, up to the portion of the excess amount that is reasonably attributable to the operation of the mine."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

35. (1) Sections 16 and 16.1 of the Act are replaced by the following sections:

"**16.** The amount that an operator may deduct as an exploration, mineral deposit evaluation and mine development allowance in respect of expenses incurred before 31 March 2010 in computing its annual profit for a fiscal year under subparagraph *c* of subparagraph 2 of the second paragraph of section 8 must not exceed its cumulative exploration, mineral deposit evaluation and mine development expenses at the end of that fiscal year.

"**16.1.** The cumulative exploration, mineral deposit evaluation and mine development expenses of an operator, 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 paragraph *c* of section 27, as it read before 13 May 1994, the aggregate of all amounts each of which is a deductible expense referred to in paragraph *m* or *n* of section 8, as it read before 13 May 1994, and incurred by the operator after 31 December 1964,

(*b*) subject to sections 16.2 to 16.6, the aggregate of all amounts each of which is a deductible expense incurred by the operator after 12 May 1994 and before 31 March 2010 in respect of exploration, mineral deposit evaluation and mine development work performed in connection with the operator's mining operation,

(*c*) 25% of the aggregate of all amounts each of which is an amount referred to in subparagraph *b*, other than an amount relating to expenses referred to in any of paragraphs *c* to *d* of the definition of "eligible expenses" in the first paragraph of section 1029.8.36.167 of the Taxation Act (chapter I-3) that was taken into account in computing an amount that the operator or a legal person that is a partner of the operator is deemed to have paid to the Minister of Revenue for a taxation year, within the meaning of Part I of that Act, under Division II.6.15 of Chapter III.1 of Title III of Book IX of Part I of that Act, that was incurred by the operator after 31 March 1998 and before that time in respect of exploration work performed in

i. the territory in which the program entitled "Near North Mineral Exploration Program", implemented by the Ministère des Ressources naturelles et de la Faune, applies, or

ii. the territory north of the 55°00' north latitude;

(*d*) 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* or *b*, and

(*e*) 25% 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 *c*; and

(2) B is the aggregate of

(*a*) the aggregate of all amounts each of which is an amount allowed to the operator as a development allowance under paragraph *o* of section 8, as it read before 13 May 1994, in computing its annual profit for a fiscal year ending before 13 May 1994,

(*b*) the aggregate of all amounts each of which is an amount deducted by the operator under paragraph *m* or *n* of section 8, as it read before 13 May 1994, in computing its annual profit for a fiscal year ending before 13 May 1994,

(*c*) the aggregate of all amounts each of which is an amount deducted by the operator under subparagraph *e* of paragraph 2 of section 8, as it read on 30 March 2010, or subparagraph *c* of subparagraph 2 of the second paragraph of section 8 in computing its annual profit for a fiscal year ending before that time,

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

(*e*) 25% of the aggregate of all amounts each of which is an amount of government assistance relating to an amount referred to in subparagraph *c* of subparagraph 1 that the operator received or was entitled to receive before that time.

For the purposes of subparagraph *b* of subparagraph 1 of the second paragraph and sections 16.3 to 16.6, "exploration", "mine development", "mineral deposit", "mineral deposit evaluation", "mining operation" and "orebody" have the meaning assigned by section 1, as it read on 30 March 2010."

(2) Subsection 1, when it replaces section 16 of the Act, applies to a fiscal year that begins after 30 March 2010.

(3) Subsection 1, when it replaces section 16.1 of the Act, has effect from 31 March 2010. However, when section 16.1 of the Act applies to a fiscal year that ends after 30 March 2010 and that includes that date, it is to be read as if

subparagraph *c* of subparagraph 2 of the first paragraph was replaced by the following subparagraph:

"(*c*) the aggregate of all amounts each of which is an amount deducted by the operator under subparagraph *e* of paragraph 2 of section 8, as it read on 30 March 2010, in computing its annual profit for a fiscal year ending before that time,".

36. (1) Section 16.2 of the Act is amended by replacing "paragraph 1" in the portion before paragraph 1 by "subparagraph 1 of the second paragraph".

(2) Subsection 1 has effect from 31 March 2010.

37. (1) Section 16.3 of the Act is amended by replacing "paragraph 1" in the portion before paragraph 1 by "subparagraph 1 of the second paragraph".

(2) Subsection 1 has effect from 31 March 2010.

38. (1) Section 16.4 of the Act is amended by replacing "paragraph 1" in the first paragraph by "subparagraph 1 of the second paragraph".

(2) Subsection 1 has effect from 31 March 2010.

39. (1) Section 16.5 of the Act is amended by replacing "paragraph 1" in the first paragraph by "subparagraph 1 of the second paragraph".

(2) Subsection 1 has effect from 31 March 2010.

40. (1) Section 16.6 of the Act is amended by replacing "paragraph 1" in the first paragraph by "subparagraph 1 of the second paragraph".

(2) Subsection 1 has effect from 31 March 2010.

41. (1) The Act is amended by inserting the following after section 16.6:

"**DIVISION III.1**

"EXPLORATION, PRE-PRODUCTION DEVELOPMENT AND POST-PRODUCTION DEVELOPMENT ALLOWANCES IN RESPECT OF EXPENSES INCURRED AFTER 30 MARCH 2010

"§1. — *Exploration allowance*

"**16.7.** The amount that an eligible operator may deduct as an exploration allowance in respect of expenses incurred after 30 March 2010 under subparagraph *e*.1 of paragraph 2 of section 8, as it read on 30 March 2010, in computing its annual profit for its fiscal year that ends after 30 March 2010 and includes that date, or under subparagraph *d* of subparagraph 2 of the second paragraph of section 8 in computing its annual profit for a fiscal year that begins

after 30 March 2010, must not exceed its cumulative exploration expenses in respect of such expenses at the end of the fiscal year.

"**16.8.** The amount that an operator other than an eligible operator may deduct, as an exploration allowance in respect of expenses incurred after 30 March 2010, under subparagraph *e*.1 of paragraph 2 of section 8, as it read on 30 March 2010, in computing its annual profit for its fiscal year that ends after 30 March 2010 and includes that date, or under subparagraph *d* of subparagraph 2 of the second paragraph of section 8 in computing its annual profit for a fiscal year that begins after 30 March 2010, must not exceed the lesser of

(1) the operator's cumulative exploration expenses in respect of such expenses at the end of the fiscal year; and

(2) if the operator's fiscal year

(*a*) ends after 30 March 2010 and includes that date, the amount obtained by multiplying its annual profit for the fiscal year, determined without reference to subparagraphs *e*.1, *e*.2, *g*, *h*, *h*.1 and *j* of paragraph 2 of section 8, as they read on 30 March 2010, by the proportion of 10% that the number of days in the fiscal year that follow 30 March 2010 is of the number of days in the fiscal year, or

(*b*) begins after 30 March 2010, 10% of its annual profit for the fiscal year, determined without reference to subparagraphs *d* to *g* of subparagraph 2 of the second paragraph of section 8.

"**16.9.** The cumulative exploration expenses of an operator in respect of expenses incurred after 30 March 2010, 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 to 16.18, the aggregate of all amounts each of which is expenses incurred by the operator, after 30 March 2010 and before that time, to determine the existence of a mineral substance in Québec, to locate such a substance or to determine the extent or quality of such a substance, including expenses incurred in prospecting, carrying out geological, geophysical or geochemical surveys, drilling and trenching or digging test pits or preliminary sampling, other than any pre-production development expense, any post-production development expense or any expense that may reasonably be considered to be attributable to a mine which has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine,

(*b*) 25% of the aggregate of all amounts each of which is an amount referred to in subparagraph *a*, other than an amount relating to expenses referred to in any of paragraphs *c* to *d* of the definition of "eligible expenses" in the first paragraph of section 1029.8.36.167 of the Taxation Act (chapter I-3) that was taken into account in computing an amount that the operator or a legal person that is a partner of the operator is deemed to have paid to the Minister of Revenue for a taxation year, within the meaning of Part I of that Act, under Division II.6.15 of Chapter III.1 of Title III of Book IX of Part I of that Act, that was incurred by the operator before that time in Northern Québec,

(*c*) 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

(*d*) 25% 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 *b*; 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 30 March 2010 and before that time, as an exploration allowance in respect of expenses incurred after 30 March 2010 under subparagraph *e*.1 of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *d* of subparagraph 2 of the second paragraph of section 8,

(*b*) 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, and

(*c*) 25% of the aggregate of all amounts each of which is an amount of government assistance relating to an amount referred to in subparagraph *b* of subparagraph 1, that the operator received or was entitled to receive before that time.

"§2. — *Pre-production development allowance*

"**16.10.** The amount that an operator may deduct, as a pre-production development allowance in respect of expenses incurred after 30 March 2010, under subparagraph *e*.2 of paragraph 2 of section 8, as it read on 30 March 2010, in computing its annual profit for its fiscal year that ends after 30 March 2010 and includes that date, or under subparagraph *f* of subparagraph 2 of the second paragraph of section 8 in computing its annual profit for a fiscal year that begins after 30 March 2010, must not exceed its cumulative pre-production development expenses at the end of the fiscal year.

"**16.11.** The cumulative pre-production development expenses of an operator in respect of expenses incurred after 30 March 2010, 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 to 16.18, the aggregate of all amounts each of which is expenses incurred by the operator, after 30 March 2010 and before that time, to bring a new mine for a mineral substance into production in reasonable commercial quantities, including expenses incurred in clearing, removing overburden and stripping, sinking a mine shaft and constructing an adit or other underground entry, to the extent that those expenses were incurred before the mine came into production in reasonable commercial quantities, and

(*b*) 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 30 March 2010 and before that time, as a pre-production development allowance in respect of expenses incurred after 30 March 2010, under subparagraph *e*.2 of paragraph 2 of section 8, as it read on 30 March 2010, or under paragraph *f* of subparagraph 2 of the second paragraph of section 8, and

(*b*) 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.

"§3. — *Post-production development allowance*

"**16.12.** The amount that an operator is required to deduct as a post-production development allowance,

(1) in computing its annual profit for its fiscal year that ends after 30 March 2010 and includes that date, under subparagraph *e*.3 of paragraph 2 of section 8, as it read on 30 March 2010, is equal to the lesser of

(*a*) 30% of its total cumulative post-production development expenses at the end of the fiscal year in respect of each of its mines, and

(*b*) its annual profit, determined without reference to subparagraphs *e* to *h*.1 and *j* of paragraph 2 of section 8, as they read on 30 March 2010; and

(2) in computing its annual earnings from a mine for a fiscal year that begins after 30 March 2010 under subparagraph *c* of subparagraph 2 of the fourth paragraph of section 8, is equal to the lesser of

(*a*) 30% of its cumulative post-production development expenses, at the end of the fiscal year, in respect of the mine, and

(*b*) its annual earnings from the mine for the fiscal year, determined without reference to subparagraphs *c* to *e*, *g* and *h* of subparagraph 2 of the fourth paragraph of section 8.

For the purposes of the first paragraph, when the operator's fiscal year has less than 365 days, the 30% rate specified in subparagraph *a* of subparagraphs 1 and 2 of that first paragraph must be reduced by the proportion of that percentage that the number of days by which 365 exceeds the number of days in the fiscal year is of 365.

"**16.13.** The cumulative post-production development expenses of an operator in respect of a mine, 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 to 16.18, the aggregate of all amounts each of which is expenses incurred by the operator, in respect of the mine, after 30 March 2010 and before that time, in sinking or excavating a mine shaft, main haulage way or similar underground work designed for continuing use, built or excavated after the mine came into production in reasonable commercial quantities, or in extending any such shaft, haulage way or work, and

(*b*) 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 for a fiscal year that ends after 30 March 2010 and before that time, as a post-production development allowance in respect of expenses incurred after 30 March 2010, under subparagraph *e*.3 of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *c* of subparagraph 2 of the fourth paragraph of section 8, and

(*b*) 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.

"§4. — *Common provisions*

"**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 and 16.13 in computing its cumulative exploration expenses, pre-production development expenses, or post-production development expenses, as the case may be, for a fiscal year only if it 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.

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

(1) the capital cost of property taken into account in determining the undepreciated capital cost of property of a class of an operator, within the meaning of section 9;

(2) a general and administrative expense that is otherwise deductible under subparagraph *e* of subparagraph 2 of the second paragraph of section 8 or subparagraph *a* of subparagraph 2 of the fourth paragraph of section 8; or

(3) the cost of acquiring a mining property or an interest in a mining property, the payment of an option to purchase, staking costs and survey fees related to the delimitation of the property, and fees, duties and rents in respect of an immovable real right referred to in section 8 of the Mining Act (chapter M-13.1).

"**16.16.** Where a share of the capital stock of an operator is issued to a person under an agreement in writing entered into between the person and the operator under which the operator has agreed to incur expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11 and 16.13 and to renounce, under the Taxation Act (chapter I-3) or the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in favour of that person, an amount that does not exceed the consideration received by the operator for the share, relating to expenses so incurred by the operator, the expenses to which the amount relates are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply if the share is issued to a legal person that gives an undertaking in writing to the Minister not to renounce, under the Taxation Act or the Income Tax Act, the expenses described in the agreement referred to in the first paragraph and the legal person fulfills that undertaking.

"**16.17.** Where a share of the capital stock of an operator is issued to a partnership under an agreement in writing entered into between the partnership and the operator under which the operator has agreed to incur expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11 and 16.13, and to renounce, under the Taxation Act (chapter I-3) or the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in favour of the partnership, an amount that does not exceed the consideration received by the operator for the share, relating to expenses so incurred by the operator, the expenses which relate to the amount or part of the amount that has been renounced and which the partnership attributes to each partner are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply to the part of the expenses which relates to the amount attributed by the partnership to a partner that is a legal person if the legal person gives an undertaking in writing to the Minister not to renounce, under the Taxation Act or the Income Tax Act, that part of the expenses and the legal person fulfills that undertaking.

"**16.18.** Where an operator is a partnership that incurs expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9, the expenses relating to the share, described in paragraph *d* of section 395 of the Taxation Act (chapter I-3), which is attributed to each partner of the operator are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply to the expenses which are attributed by the operator to a partner that is a legal person if the legal person gives an undertaking in writing to the Minister not to renounce, under the Taxation Act or the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), those expenses and the legal person fulfills that undertaking."

(2) Subsection 1, when it enacts sections 16.7 to 16.15 of the Act, has effect from 31 March 2010.

(3) Subsection 1, when it enacts sections 16.16 to 16.18 of the Act, applies in respect of expenses incurred after 30 March 2010.

42. Division IV of Chapter III of the Act, comprising sections 17 to 19, is repealed.

43. (1) Sections 19.1 to 19.3 of the Act are replaced by the following sections:

"**19.1.** The amount that an operator may deduct as an additional exploration allowance in respect of expenses incurred before 31 March 2010 in computing its annual profit for a fiscal year under subparagraph *g* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *g* of subparagraph 2 of the second paragraph of section 8 must not exceed, at the

end of the fiscal year, 50% of the lesser of its cumulative exploration expenses in respect of expenses incurred before 31 March 2010 and its annual ceiling on exploration expenses for the fiscal year.

"**19.2.** The cumulative exploration expenses of an operator, at any time (in this section referred to as "that time"), in respect of expenses incurred before 31 March 2010, 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 19.4 to 19.7, the aggregate of all amounts each of which is an expense incurred by the operator after 12 May 1994 and before 31 March 2010, in respect of exploration or underground core drilling work carried out in Québec, where the mineral substances in respect of which the work is carried out form part of the domain of the State and where the work is performed in connection with the operator's mining operation

i. elsewhere than on land under a mining lease or mining concession, and before ore is extracted, or

ii. on land under a mining lease or mining concession, except land from which ore has been or was extracted in the five fiscal years preceding that time, and

(*b*) 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 expenses referred to in subparagraph *a*; and

(2) B is the aggregate of

(*a*) the aggregate of all amounts each of which is twice an amount deducted by an operator under subparagraph *g* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *g* of subparagraph 2 of the second paragraph of section 8 in computing its annual profit for a fiscal year ending before that time, and

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

For the purposes of subparagraph *a* of subparagraph 1 of the second paragraph and sections 19.4 to 19.7, "exploration", "mine development", "mineral deposit", "mineral deposit evaluation", "mining operation" and

"orebody" have the meaning assigned by section 1, as it read on 30 March 2010.

"**19.3.** The annual ceiling on exploration expenses of an operator for a fiscal year is equal,

(1) if the fiscal year begins before 31 March 2010, to the amount corresponding to the operator's annual profit for that fiscal year, determined without reference to subparagraphs *g* to *h*.1 and *j* of paragraph 2 of section 8, as they read on 30 March 2010; or

(2) if the fiscal year begins after 30 March 2010, to the amount corresponding to the operator's annual profit for that fiscal year, determined without reference to subparagraph *g* of subparagraph 2 of the second paragraph of section 8."

(2) Subsection 1 has effect from 31 March 2010.

44. (1) Section 19.4 of the Act is amended by replacing "subparagraph *a* of paragraph 1 of section 19.2" in the portion before paragraph 1 by "subparagraph *a* of subparagraph 1 of the second paragraph of section 19.2".

(2) Subsection 1 has effect from 31 March 2010.

45. (1) Section 19.5 of the Act is amended by replacing "subparagraph *a* of paragraph 1 of section 19.2" in the first paragraph by "subparagraph *a* of subparagraph 1 of the second paragraph of section 19.2".

(2) Subsection 1 has effect from 31 March 2010.

46. (1) Section 19.6 of the Act is amended by replacing "subparagraph *a* of paragraph 1 of section 19.2" in the first paragraph by "subparagraph *a* of subparagraph 1 of the second paragraph of section 19.2".

(2) Subsection 1 has effect from 31 March 2010.

47. (1) Section 19.7 of the Act is amended by replacing "subparagraph *a* of paragraph 1 of section 19.2" in the first paragraph by "subparagraph *a* of subparagraph 1 of the second paragraph of section 19.2".

(2) Subsection 1 has effect from 31 March 2010.

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

"**21.** Subject to section 25, the amount that an operator may deduct as a processing allowance in computing its annual earnings from a mine for a fiscal year that begins after 30 March 2010, under subparagraph *d* of subparagraph 2 of the fourth paragraph of section 8, must not exceed the lesser of

(1) the aggregate of the amounts determined by the formula

A × B

in respect of each property of the operator (in this section referred to as the "particular property") that is a processing asset used in processing ore from the mine in the fiscal year and that is in the operator's possession at the end of the fiscal year; and

(2) an amount that is 55% of the annual earnings from the mine, for the fiscal year, determined without reference to subparagraphs *d*, *e*, *g* and *h* of subparagraph 2 of the fourth paragraph of section 8.

In the formula in subparagraph 1 of the first paragraph,

(1) A is the proportion that the use of the particular property in processing ore from the mine is of the total use of the particular property for the purpose of processing ore from the mine and for any other purpose in the fiscal year; and

(2) B is an amount equal to,

(*a*) if the operator does not engage in smelting or refining, 7% of the capital cost to the operator of the particular property, or

(*b*) if the operator engages in smelting or refining,

i. 7% of the capital cost of the particular property where the property is used solely in processing ore from a gold or silver mine, or

ii. the amount by which 13% of the capital cost of the particular property, where the property is used in processing ore other than ore from a gold or silver mine, exceeds 6% of the proportion of the capital cost of the particular property, where it is used for concentration purposes, that the quantity of ore concentrated by the operator, which is not smelted or refined by the operator and the processing of which required the use of the particular property, is of the total quantity of ore the processing of which required the use of the particular property.

The amount that an operator may deduct as a processing allowance in computing its annual profit for a fiscal year that begins before 31 March 2010 under subparagraph *h* of paragraph 2 of section 8, as it read on 30 March 2010, is equal to the amount determined under this section, as it read on 30 March 2010. However, where this section applies for the purpose of determining the operator's annual profit for a fiscal year that ends after 30 March 2010 and includes that date, the amount that the operator may deduct, as a processing allowance, is equal to the amount determined under this section, as it read on 30 March 2010, as if

(1) the 8% rate specified in subparagraph i of subparagraph *a* of paragraph 1 and in subparagraph 1 of subparagraph ii of subparagraph *a* of paragraph 1 was replaced by the total of

(*a*) 8% multiplied by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year, and

(*b*) 7% multiplied by the proportion that the number of days in the fiscal year that follow 30 March 2010 is of the number of days in the fiscal year;

(2) the 15% rate specified in subparagraph 2 of subparagraph ii of subparagraph *a* of paragraph 1 was replaced by the total of

(*a*) 15% multiplied by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year, and

(*b*) 13% multiplied by the proportion that the number of days in the fiscal year that follow 30 March 2010 is of the number of days in the fiscal year;

(3) the 7% rate specified in subparagraph 2 of subparagraph ii of subparagraph *a* of paragraph 1 was replaced by the total of

(*a*) 7% multiplied by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year, and

(*b*) 6% multiplied by the proportion that the number of days in the fiscal year that follow 30 March 2010 is of the number of days in the fiscal year;

(4) the 15% rate specified in subparagraph *b* of paragraph 1 was replaced by a rate equal to the rate obtained by multiplying 15% by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year; and

(5) the 65% rate specified in paragraph 2 was replaced by the total of

(*a*) 65% multiplied by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year, and

(*b*) 55% multiplied by the proportion that the number of days in the fiscal year that follow 30 March 2010 is of the number of days in the fiscal year."

(2) Subsection 1 has effect from 31 March 2010.

49. (1) Section 21.1 of the Act is repealed.

(2) Subsection 1 applies in respect of a fiscal year that begins after 30 March 2010.

50. (1) Sections 23 and 23.1 of the Act are repealed.

(2) Subsection 1 applies in respect of a fiscal year that begins after 30 March 2010.

51. (1) Section 25 of the Act is amended by replacing "under subparagraph *a* or *b* of paragraph 1" by "under subparagraph 2 of the second paragraph".

(2) Subsection 1 applies in respect of a fiscal year that begins after 30 March 2010.

52. (1) Section 26.0.1 of the Act is amended

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

"**26.0.1.** Subject to section 26.0.2, the amount deductible under subparagraph *e* of subparagraph 2 of the fourth paragraph of section 8 by an operator as an additional depreciation allowance, in relation to a processing plant, in computing its annual earnings for a fiscal year from a mine whose ore is processed by that plant must not exceed the portion of the least of the following amounts that is reasonably attributable to the operation of the mine:";

(2) by replacing the portion of subparagraph 3 of the first paragraph before subparagraph *a* by the following:

"(3) the amount by which the aggregate of all amounts each of which is an amount deducted by the operator, in relation to that processing plant, under subparagraph *h*.1 of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *e* of subparagraph 2 of the fourth paragraph of section 8, in computing its annual profit or its annual earnings from any mine, for a preceding fiscal year is exceeded by the aggregate of";

(3) by replacing subparagraph 4 of the first paragraph by the following subparagraph:

"(4) an amount that is the annual earnings from the mine for the fiscal year, determined without reference to subparagraphs *e*, *g* and *h* of subparagraph 2 of the fourth paragraph of section 8; and";

(4) by replacing "property of the third class" in the portion of the second and third paragraphs before subparagraph 1 by "class 3 property".

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

53. (1) Section 26.0.3 of the Act is amended by striking out ", within the meaning of Chapter IX of Title II of Book I of Part I of the Taxation Act (chapter I-3)," in the portion of the first paragraph before subparagraph 1.

(2) Subsection 1 has effect from 31 March 2010.

54. (1) Sections 26.1 and 26.2 of the Act are replaced by the following sections:

"**26.1.** The amount that an operator may deduct as an additional allowance for a northern mine in computing its annual earnings from a mine for a particular fiscal year, under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8, must not exceed the lesser of

(1) the operator's annual earnings from the mine, for the particular fiscal year, determined without reference to that subparagraph *g*; and

(2) the part of the cumulative northern mine expenses at the end of the particular fiscal year that relates to the mine.

Despite the first paragraph, the following rules apply:

(1) if the particular fiscal year ends after the ninth fiscal year following the fiscal year during which the operator begins processing ore from a northern mine, no amount may be deducted by the operator for the particular fiscal year under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8; and

(2) no amount may be deducted by the operator, in respect of a northern mine, for the particular fiscal year under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8, if the processing of ore from the mine begins after 30 March 2010.

"**26.2.** Cumulative northern mine expenses, at any time, are equal to the amount by which the amount described in the second paragraph is exceeded by the aggregate of all amounts each of which is 166 2/3% of the capital cost to a northern mine operator of each asset situated in Québec that is used immediately before that time in processing ore from the mine and that is acquired after 9 May 1995 and before that time.

The amount to which the first paragraph refers is equal to the aggregate of all amounts each of which is an amount deducted by the operator, for a fiscal year ending before the time referred to in that paragraph, as an additional allowance for a northern mine under subparagraph *j* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

55. (1) Section 26.3 of the Act is amended

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

"**26.3.** For the purposes of sections 26.1 and 26.2, if an operator (in this section referred to as the "new operator") obtains as a result of a distribution

or acquires, at a particular time, an asset situated in Québec that is used in processing ore from a northern mine of a particular operator, and if such operator has deducted an amount under subparagraph *j* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8, the following rules apply:";

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

"(3) the part of each of the amounts that may reasonably be considered to relate to the asset distributed to or acquired by the new operator, and that is deducted by the particular operator under subparagraph *j* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8 for a fiscal year ending before the particular time, as an additional allowance for a northern mine, is deemed to be an amount granted for that fiscal year to the new operator under that subparagraph *j* or *g*, as the case may be."

(2) Subsection 1 has effect from 31 March 2010.

56. (1) The Act is amended by inserting the following after section 26.3:

"**DIVISION V.2**

"ADDITIONAL ALLOWANCE FOR A MINE SITUATED IN NORTHERN QUÉBEC

"**26.4.** The amount that an operator may deduct for a fiscal year, as an additional allowance for a mine situated in Northern Québec, in computing its annual earnings from a mine under subparagraph *h* of subparagraph 2 of the fourth paragraph of section 8 must not exceed the lesser of

(1) if the mine is situated

(*a*) in the Near North, the amount by which $2,000,000 exceeds the aggregate of all amounts each of which is an amount deducted by the operator in computing its annual earnings from the mine for a preceding fiscal year under subparagraph *h* of subparagraph 2 of the fourth paragraph of section 8, or

(*b*) in the Far North, the amount by which $5,000,000 exceeds the aggregate of all amounts each of which is an amount deducted by the operator in computing its annual earnings from the mine for a preceding fiscal year under subparagraph *h* of subparagraph 2 of the fourth paragraph of section 8; and

(2) the part of the operator's annual earnings from the mine for the fiscal year that is attributable to the operator's eligibility period in respect of the mine.

Despite the first paragraph, the operator may deduct an amount, as an additional allowance for a mine situated in Northern Québec, in computing its

annual earnings from the mine for a fiscal year under subparagraph *h* of subparagraph 2 of the fourth paragraph of section 8 only if

(1) the mine has come into production in reasonable commercial quantities after 30 March 2010; and

(2) the operator may not deduct an amount, as an additional allowance for a northern mine, in computing its annual earnings from the mine for the fiscal year under subparagraph *g* of subparagraph 2 of the fourth paragraph of section 8.

"**26.5.** For the purposes of subparagraph 2 of the first paragraph of section 26.4, the following rules apply:

(1) an operator's eligibility period in respect of a mine means the period that begins on the date on which the mine comes into production in reasonable commercial quantities and that ends 36 months after that date; and

(2) the part of an operator's annual earnings from a mine for a fiscal year that is attributable to the operator's eligibility period in respect of the mine is equal to the annual earnings from the mine for the fiscal year, computed without reference to subparagraph *h* of subparagraph 2 of the fourth paragraph of section 8, multiplied by the proportion that the number of days in the fiscal year that are included in the operator's eligibility period in respect of the mine is of the number of days in the fiscal year."

(2) Subsection 1 applies to a fiscal year that begins after 30 March 2010.

57. (1) Section 30 of the Act is replaced by the following section:

"**30.** The amount that an operator is required to pay, under section 5, as duties for a fiscal year is equal to the amount obtained by multiplying its annual profit for the fiscal year by its tax rate for the fiscal year."

(2) Subsection 1 has effect from 31 March 2010.

58. Division I of Chapter V of the Act, comprising section 31.1, is repealed.

59. (1) Sections 32 and 32.0.1 of the Act are replaced by the following sections:

"**32.** An operator that sustains an annual loss in a fiscal year may claim, on or before the date on or before which the operator is required to file its return under section 36 for the fiscal year, an amount as a credit on duties refundable for losses which must not exceed

(1) for a fiscal year that ends before 31 March 2010, 12% of the lesser of

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

(*b*) the aggregate of the following amounts, without however exceeding the amount deducted by the operator under subparagraph *e* of paragraph 2 of section 8, as it read on 30 March 2010, in computing its annual profit for the fiscal year:

i. the amount that is the amount by which the expenses in respect of exploration, mineral deposit evaluation and mine development work, incurred by the operator for the fiscal year in connection with mining operation, exceeds the amount of government assistance that the operator received or was entitled to receive for the fiscal year and that relates to those expenses, and provided that such expenses, despite section 16.2, have been declared by the operator to be deductible expenses, on or before the date on or before which the operator is required to file its return under section 36 for the fiscal year, and

ii. the aggregate of all amounts each of which is the amount by which an amount referred to in subparagraph *b*.1 of paragraph 1 of section 16.1, as it read on 30 March 2010, that relates to expenses incurred by the operator during the fiscal year and declared by the operator to be deductible expenses, on or before the date provided in subparagraph i, exceeds the amount that is 25% of the government assistance that the operator received or was entitled to receive for the fiscal year and that relates to those expenses;

(2) for a fiscal year that ends after 30 March 2010 and includes that date, if the operator is an eligible operator, the amount obtained by multiplying its tax rate for the fiscal year by the lesser of

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

(*b*) the aggregate of

i. the expenses referred to in subparagraph *b* of subparagraph 1 of the second paragraph of section 16.1 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *e* of paragraph 2 of section 8, as it read on 30 March 2010,

ii. 50% of the amount 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 *e*.1 of paragraph 2 of section 8, as it read on 30 March 2010, and

iii. 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 *e*.2 of paragraph 2 of section 8, as it read on 30 March 2010;

(3) for a fiscal year that ends after 30 March 2010 and includes that date, if the operator is not an eligible operator, the amount obtained by multiplying its tax rate for the fiscal year by the lesser of

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

(*b*) the aggregate of

i. the expenses referred to in subparagraph *b* of subparagraph 1 of the second paragraph of section 16.1 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *e* of paragraph 2 of section 8, as it read on 30 March 2010, and

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 *e*.2 of paragraph 2 of section 8, as it read on 30 March 2010;

(4) for a fiscal year that begins after 30 March 2010, if the operator is an eligible operator, the amount obtained by multiplying its tax rate for the fiscal year by the lesser of

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

(*b*) the aggregate of

i. 50% of the amount 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, and

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

(5) for a fiscal year that begins after 30 March 2010, if the operator is not an eligible operator, the amount obtained by multiplying its tax rate for the fiscal year by the lesser of

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

(*b*) 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.

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 and of the expenses referred to in subparagraph *b* of subparagraph 5 of that paragraph that were incurred by an operator for a fiscal year, the following rules apply:

(1) the amount of the expenses is to be reduced by the amount of government assistance that the operator received or was entitled to receive for the fiscal year and that relates to the expenses; and

(2) despite section 16.14, the expenses incurred by the operator in the fiscal year may be included in the expenses referred to in those subparagraphs only if the operator declares them as such to the Minister on or before the date on or before which the operator is required to file its return under section 36 for the fiscal year.

For the purposes of subparagraph i of subparagraph *b* of subparagraph 1 of the first paragraph, "exploration", "mine deposit evaluation", "mine development", "mineral deposit", "mining operation" and "orebody" have the meaning assigned by section 1, as it read on 30 March 2010.

"**32.0.1.** For the purposes of subparagraph *a* of subparagraphs 1 to 5 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

(1) the amount determined under section 21 for the fiscal year, as if that section were read without reference to its paragraph 2; and

(2) the amount of the annual loss sustained by the operator for the fiscal year multiplied by

(*a*) if the fiscal year ends before 31 March 2010, 65%,

(*b*) if the fiscal year ends after 30 March 2010 and includes that date, the total of the following rates:

i. 65% multiplied by the proportion that the number of days in the fiscal year that precede 31 March 2010 is of the number of days in the fiscal year, and

ii. 55% multiplied by the proportion that the number of days in the fiscal year that follow 30 March 2010 is of the number of days in the fiscal year, or

(*c*) if the fiscal year begins after 30 March 2010, 55%."

(2) Subsection 1 has effect from 31 March 2010.

60. Divisions II.1 to IV of Chapter V of the Act, comprising sections 32.2 to 34.2, are repealed.

61. (1) Section 35.3 of the Act is amended

(1) by replacing "aux fins" in the portion before paragraph 1 in the French text by "pour l'application";

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

"(3) each of the amounts incurred before the amalgamation by a predecessor legal person as an expense referred to in subparagraph *a* or *b* of subparagraph 1 of the second paragraph of section 16.1, or allowed the predecessor legal person as a deduction in computing its annual profit under any of paragraphs *m*, *n* and *o* of section 8, as they read before 13 May 1994, under subparagraph *e* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *c* 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;";

(3) by striking out paragraph 4;

(4) by replacing paragraphs 5 to 7 by the following paragraphs:

"(5) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of exploration and underground core drilling work carried out in Québec and referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 19.2, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *g* of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *g* 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;

"(6) each of the amounts of government assistance received or receivable, or repaid pursuant to a legal obligation, by a predecessor legal person before the amalgamation is deemed to be an amount received or receivable, or so repaid, by the new legal person;

"(7) for the purposes of Chapter V, the duties payable by a predecessor legal person for a fiscal year and its annual profit or annual loss for the fiscal year, as the case may be, are deemed to be the duties payable by the new legal person and its annual profit or annual loss, as the case may be, and the credit on duties refundable for losses of the predecessor legal person is deemed to be such a credit of the new legal person;";

(5) by replacing "paragraph 1" in paragraph 8 by "subparagraph 1 of the second paragraph";

(6) by replacing paragraph 9 by the following paragraph:

"(9) each of the amounts allowed before the amalgamation to a predecessor legal person, as a deduction in computing its annual profit under subparagraph *h*.1 of paragraph 2 of section 8, as it read on 30 March 2010, or in computing its annual earnings from a mine under subparagraph *e* of subparagraph 2 of the fourth paragraph of section 8, is deemed to be an amount so allowed the new legal person as a deduction;";

(7) by adding the following paragraphs after paragraph 9:

"(10) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of an expense referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *e*.1 of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *d* 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;

"(11) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of an expense referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.11, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *e*.2 of paragraph 2 of section 8, as it read on 30 March 2010, or under subparagraph *f* 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;

"(12) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of an expense referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *e*.3 of paragraph 2 of section 8, as it read on 30 March 2010, or in computing its annual earnings from a mine under subparagraph *c* of subparagraph 2 of the fourth 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; and

"(13) each of the amounts allowed before the amalgamation to a predecessor legal person, as a deduction in computing its annual earnings from a mine under subparagraph *h* of subparagraph 2 of the fourth paragraph of section 8, is deemed to be an amount so allowed the new legal person as a deduction."

(2) Subsection 1 has effect from 31 March 2010.

62. (1) Section 35.4 of the Act is amended

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

"**35.4.** If a person or a partnership (in this section referred to as the "purchaser") acquires, after 12 May 1994, property described in section 9, otherwise than as part of an amalgamation, from another person or partnership (in this section referred to as the "former owner") to whom the person or partnership is related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act (chapter I-3), the following rules apply to a fiscal year ending after the acquisition of the property:";

(2) by replacing "property of the third class" in the portion of paragraph 6 before subparagraph *a* by "class 3 property".

(2) Subsection 1 has effect from 31 March 2010.

63. Section 36 of the Act is amended by replacing the first paragraph by the following paragraph:

"**36.** Every operator shall, within six months after the end of its fiscal year, file with the Minister a return of its annual profit or annual loss in the form prescribed by the Minister, accompanied by

(1) the financial statements of the mine or, failing that, of the operator;

(2) a reconciliation report of the financial statements and of the return; and

(3) relevant detailed analyses justifying any amount claimed under this Act."

64. Section 38 of the Act is amended by replacing "droits payables" in the French text by "droits à payer".

65. Section 39 of the Act is replaced by the following section:

"**39.** The Minister shall examine an operator's return sent to the Minister for a fiscal year and determine the duties payable for the fiscal year, interest and penalties, if any, and also the annual profit, the annual loss, the adjusted annual loss and the credit on duties refundable for losses of the operator for the fiscal year."

66. Section 43 of the Act is amended

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

"**43.** The Minister may redetermine the duties, interest and penalties under this Act, and also the annual profit, the annual loss, the adjusted annual loss and the credit on duties refundable for losses, if any, and make a reassessment or an additional assessment, as the case may be,";

(2) by replacing subparagraphs *a* and *b* of paragraph 1 in the French text by the following subparagraphs:

"*a*) soit a fait une fausse représentation des faits par incurie ou par omission volontaire ou a commis une fraude en produisant la déclaration ou en fournissant un renseignement prévu par la présente loi;

"*b*) soit a adressé au ministre une renonciation au moyen du formulaire prescrit par le ministre, dans les quatre ans à compter du jour du dépôt à la poste d'un avis de première cotisation ou d'une notification portant qu'aucun droit n'est à payer pour un exercice financier;";

(3) by striking out paragraph 2;

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

"(3) within four years from the day referred to in subparagraph *b* of paragraph 1, in all other cases."

67. Section 43.0.1 of the Act is replaced by the following section:

"**43.0.1.** The Minister may redetermine the credit on duties for the cost of bringing an orebody into production that is provided for in Division II.1 of Chapter V, as it read before being repealed, and make a reassessment

(1) at any time, if the operator who obtained, under section 32.3, as it read before being repealed, an advance on the credit on duties for the cost of bringing an orebody into production

(*a*) has made a misrepresentation that is attributable to negligence or wilful default or has committed fraud in supplying information required under Division II.1 of Chapter V, as it read before being repealed, or

(*b*) has filed a waiver with the Minister in the form prescribed by the Minister; or

(2) within four years from the day of mailing of the statement determining, in accordance with section 32.5, as it read before being repealed, the amount of the credit on duties for the cost of bringing an orebody into production, in all other cases."

68. Sections 43.1 and 43.2 of the Act are repealed.

69. Section 44 of the Act is amended by replacing "notwithstanding" by "despite" and by replacing "payables" in the French text by "à payer".

70. (1) Section 46 of the Act is replaced by the following section:

"**46.** Every operator liable to pay duties under this Act shall pay to the Minister

(1) the amounts determined in accordance with either of the following methods:

(*a*) on or before the last day of each month of the current fiscal year, an amount equal to 1/12 of the operator's estimated duties for the fiscal year in accordance with section 38 or of its first basic provisional account determined in the manner provided for in section 46.0.1 for the fiscal year, or

(*b*) on or before the last day of each of the first two months of the current fiscal year, an amount equal to 1/12 of its second basic provisional account determined in the manner provided for in section 46.0.2 for the fiscal year and, on or before the last day of each of the following months of the fiscal year, an amount equal to 1/10 of the amount by which its first basic provisional account referred to in subparagraph *a* exceeds the amount determined for the first two months of the fiscal year; and

(2) on or before the last day of the period ending two months after the end of its fiscal year, the balance of its duties payable for the fiscal year."

(2) Subsection 1 applies in respect of a payment that an operator is required to make for a fiscal year that ends after 30 March 2010. However, for the purposes of subparagraph *a* of paragraph 1 of section 46 of the Act, in computing the payments that an operator is required to make under that paragraph 1 for its fiscal year that ends after 30 March 2010 and includes that date and, for the purposes of sections 51 and 52 of the Act, in computing the interest payable in respect of the payments, its estimated duties or duties payable, as the case may be,

(1) must, in respect of a payment that the operator is required to make before 31 March 2010, be determined as if section 30 of the Act had not been replaced by section (*insert the number of the section in this Act that replaces section 30 of the Mining Duties Act*); and

(2) are, in respect of a payment that the operator is required to make after 30 March 2010, deemed to be equal to the total of its estimated duties or duties payable, as the case may be, computed as if section 30 of the Act had not been replaced by section (*insert the number of the section in this Act that replaces section 30 of the Mining Duties Act*) and the product obtained by multiplying, by the proportion that 12 is of the number of payments that the operator is required to make after 30 March 2010 for the fiscal year under paragraph 1 of section 46 of the Act, the amount by which the amount that is its estimated duties or its duties payable, as the case may be, computed without reference to this paragraph, exceeds the amount of its estimated duties or its duties payable, as the case may be, computed as if section 30 of the Act had not been replaced by section (*insert the number of the section in this Act that replaces section 30 of the Mining Duties Act*).

71. (1) Section 46.0.1 of the Act is amended

(1) by replacing "payables" in the French text by "à payer";

(2) by adding the following paragraph:

"For the purpose of determining the first basic provisional account of an operator for a particular fiscal year that ends after 30 March 2010, if its taxation rate for the particular fiscal year is different from its taxation rate for the preceding fiscal year, its duties payable for the preceding fiscal year must be determined as if its taxation rate for the preceding fiscal year was replaced by its taxation rate for the particular fiscal year."

(2) Subsection 1 has effect from 31 March 2010.

72. (1) Section 46.0.2 of the Act is amended by adding the following paragraph:

"For the purpose of determining the second basic provisional account of an operator for a particular fiscal year that ends after 30 March 2010, if its taxation rate for the particular fiscal year is different from the taxation rate that applies for determining its basic provisional account for the preceding fiscal year, the first basic provisional account must be determined as if the taxation rate used for determining it was replaced by its taxation rate for the particular fiscal year."

(2) Subsection 1 has effect from 31 March 2010.

73. Section 46.0.4 of the Act is amended by striking out "within the meaning of section 1" in the portion before paragraph 1.

74. Section 46.1 of the Act is replaced by the following section:

"**46.1.** An operator who is entitled to an amount, as a credit on duties refundable for losses, for a fiscal year under section 32 is deemed to have paid to the Minister, in respect of its duties payable for the fiscal year, on the last day of the two-month period that follows the end of the fiscal year, an amount equal to that determined as such by the Minister."

75. Section 50 of the Act is replaced by the following section:

"**50.** If, on the date of expiry of the time allowed for paying to the Minister the balance of the duties payable for a fiscal year (in this section referred to as the "balance-due day"), an operator has paid, in respect of its duties payable for the fiscal year, amounts the total of which is less than the total of its duties payable for the fiscal year, the amount by which its duties payable for the fiscal year exceed the total of its payments bears interest at the rate set under section 28 of the Tax Administration Act (chapter A-6.002), for the period extending from the balance-due day to the day of payment."

76. Section 52.0.1 of the Act is amended by replacing "estimated duties payable" by "duties payable".

77. Section 52.0.3 of the Act is amended by replacing "estimated duties payable" by "duties payable".

78. Section 52.1 of the Act is repealed.

79. Section 55 of the Act is amended by replacing "payables" in the French text by "à payer".

80. Section 58 of the Act is amended by replacing the second paragraph by the following paragraph:

"However, the Minister shall make the refund provided for in the first paragraph if the operator applies for it within four years after the end of the fiscal year concerned."

81. Section 58.1 of the Act is repealed.

82. Section 60.1 of the Act is repealed.

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

83. (1) Section 11 of the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2) is amended

(1) by replacing "55" in paragraph 1 by "45";

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

"(3.1) at the request of a person who is a beneficiary under a registered retirement savings plan within the scope of which the share or fractional share has been transferred to the plan's trustee by an individual who was the person's spouse at the time of the transfer, if the individual is deceased;";

(3) by replacing "by-law of the board of directors" in paragraph 5 by "a resolution adopted by the board of directors of the Fund".

(2) Paragraphs 1 and 2 of subsection 1 have effect from 30 October 2009.

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

"**11.1.** For the purposes of paragraph 1 of section 11, a person is considered to have availed himself of his right to early retirement or retirement if, at the time of the request for redemption referred to in that paragraph,

(1) the person has reached 45 years of age and is taking or will, within three months after the day of the request, be taking an early retirement under a registered pension plan and his estimated work income for the 12 months following the beginning of the early retirement does not exceed 25% of the Maximum Pensionable Earnings established for the year of the request under the Act respecting the Québec Pension Plan (chapter R-9);

(2) the person has reached 60 years of age and receives or will, within three months after the day of the request, receive a retirement pension under the Act respecting the Québec Pension Plan or under a similar plan within the meaning of that Act;

(3) the person has reached 50 years of age and could, at the time of the request or within three months after that time, receive a retirement pension under the Act respecting the Québec Pension Plan were it not for his age, if he has not yet reached 60 years of age;

(4) the person has reached 55 years of age and receives or will, within three months after the day of the request, receive a life annuity under a pension plan, an annuity under a registered retirement savings plan or a deferred profit sharing plan or a payment under a registered retirement income fund, unless the annuity or payment is received because of the death of his spouse;

(5) the person has reached 45 years of age, is an annuitant under a registered retirement savings plan or a registered retirement income fund and did not hold any remunerated employment or carry on any business in the 730 days preceding the day of the request, and the person who is his spouse at that time, other than a person who has not reached 60 years of age and has entered into an agreement with his employer to reduce his regular working time by 20% or more until retirement, meets the conditions set out in any of paragraphs 1 to 4; or

(6) the person meets the conditions set out in a resolution adopted by the board of directors of the Fund and approved by the Minister of Finance.

"**11.2.** If a request for redemption is made, under paragraph 1 of section 11, by a person who has not reached 60 years of age and the request is based on the grounds that the person has entered into an agreement with his employer to reduce his regular working time by 20% or more until retirement, the amount to be redeemed may not exceed, for a year, the lesser of

(1) the salary reduction incurred by the person for the year; and

(2) the quotient obtained by dividing the balance of the person's share or fractional share account at the time of his first request for redemption on those grounds by the number of years, not exceeding 11, that the agreement is to cover."

(2) Subsection 1 has effect from 30 October 2009.

85. (1) The Act is amended by inserting the following section after section 14:

"**14.1.** A request for purchase by agreement made under section 9 and a request for redemption made under section 11 must be filed with the Fund in the form prescribed by the Fund and accompanied by the information and documents prescribed by a resolution adopted by the board of directors of the Fund."

(2) Subsection 1 has effect from 30 October 2009.

86. (1) Section 19 of the Act is amended

(1) by replacing subparagraph 8 of the fifth paragraph by the following subparagraph:

"(8) investments made by the Fund in the period beginning on 22 April 2005 and ending on 23 March 2011 in a local venture capital fund established and managed in Québec or in a local fund recognized by the Minister of Finance, provided that the investments are made with the expectation that the local fund invest an amount at least equal to 150% of the aggregate of the sums received from the Fund, the Fonds de solidarité des travailleurs du Québec (F.T.Q.) and Capital régional et coopératif Desjardins, in Québec enterprises whose assets are less than $100,000,000 or whose net equity is less than $50,000,000 and the investments are not already taken into account as eligible investments for the purposes of the second paragraph; and";

(2) by adding the following subparagraph after subparagraph 5 of the ninth paragraph:

"(6) if the particular fiscal year ends before 1 January 2012, the portion of the investments described in subparagraph 9 of that paragraph that, taking into account the participation of the Fund in FIER Partenaires, s.e.c., is dedicated to the creation of seed investment funds after 21 September 2006 is deemed to be increased by 50%."

(2) Paragraph 1 of subsection 1 has effect from 22 April 2005.

(3) Paragraph 2 of subsection 1 has effect from 22 September 2006.

87. Section 40 of the Act is amended by replacing "by-law of the board of directors" by "a resolution adopted by the board of directors of the Fund".

ACT TO ESTABLISH THE FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.)

88. (1) Section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (R.S.Q., chapter F-3.2.1) is amended

(1) by replacing "55" in paragraph 1 by "45";

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

"(3.1) at the request of the person who is a beneficiary under a registered retirement savings plan within the scope of which the share or fractional share has been transferred to the plan's trustee by an individual who was the person's spouse at the time of the transfer, if the individual is deceased;";

(3) by replacing "by-law of the board of directors" in paragraph 5 by "a resolution adopted by the board of directors of the Fund".

(2) Paragraph 1 of subsection 1 has effect from 20 December 2008.

(3) Paragraph 2 of subsection 1 has effect from 24 June 2009.

89. (1) The Act is amended by inserting the following sections after section 10:

"**10.0.1.** For the purposes of paragraph 1 of section 10, a person is considered to have availed himself of his right to early retirement or retirement if, at the time of the request for redemption referred to in that paragraph,

(1) the person has reached 45 years of age and is taking or will, within three months after the day of the request, be taking an early retirement under a registered pension plan and his estimated work income for the 12 months following the beginning of the early retirement does not exceed 25% of the Maximum Pensionable Earnings established for the year of the request under the Act respecting the Québec Pension Plan (chapter R-9);

(2) the person has reached 60 years of age and receives or will, within three months after the day of the request, receive a retirement pension under the Act respecting the Québec Pension Plan or under a similar plan within the meaning of that Act;

(3) the person has reached 50 years of age and could, at the time of the request or within three months after that time, receive a retirement pension under the Act respecting the Québec Pension Plan were it not for his age, if he has not yet reached 60 years of age;

(4) the person has reached 55 years of age and receives or will, within three months after the day of the request, receive a life annuity under a pension plan, an annuity under a registered retirement savings plan or a deferred profit sharing

plan or a payment under a registered retirement income fund, unless the annuity or payment is received because of the death of his spouse;

(5) the person has reached 45 years of age, is an annuitant under a registered retirement savings plan or a registered retirement income fund and did not hold any remunerated employment or carry on any business in the 730 days preceding the day of the request, and the person who is his spouse at the time, other than a person who has not reached 60 years of age and who has entered into an agreement with his employer to reduce his regular working time by 20% or more until retirement, meets the conditions set out in any of paragraphs 1 to 4; or

(6) the person meets the conditions set out in a resolution adopted by the board of directors of the Fund and approved by the Minister of Finance.

"**10.0.2.** If a request for redemption is made under paragraph 1 of section 10 by a person who has not reached 60 years of age and the request is based on the grounds that the person has entered into an agreement with his employer to reduce his regular working time by 20% or more until retirement, the amount to be redeemed may not exceed, for a year, the lesser of

(1) the salary reduction incurred by the person for the year; and

(2) the quotient obtained by dividing the balance of the person's share or fractional share account at the time of his first request for redemption based on those grounds by the number of years, not exceeding 11, that the agreement is to cover."

(2) Subsection 1 has effect from 20 December 2008.

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

"**11.1.** A request for purchase by agreement made under section 8 and a request for redemption made under section 10 must be filed with the Fund in the form prescribed by the Fund and accompanied by the information and documents required by a resolution adopted by the board of directors of the Fund."

(2) Subsection 1 has effect from 20 December 2008.

91. (1) Section 15 of the Act is amended

(1) by replacing the formula in subparagraph 3 of the third paragraph by the following formula:

"[(A + B + C + D)/2] + E.";

(2) by adding the following subparagraph after subparagraph 4 of the fourth paragraph:

"(5) E is any of the following amounts:

(*a*) if the fiscal year ends on 31 May 2008, $500,000,000;

(*b*) if the fiscal year ends on 31 May 2009, $450,000,000;

(*c*) if the fiscal year ends on 31 May 2010, $400,000,000;

(*d*) if the fiscal year ends on 31 May 2011, $300,000,000; or

(*e*) if the fiscal year ends on 31 May 2012, $200,000,000.";

(3) by replacing subparagraph 8 of the fifth paragraph by the following subparagraph:

"(8) investments made by the Fund in the period beginning on 22 April 2005 and ending on 23 March 2011 in a local venture capital fund established and managed in Québec or in a local fund recognized by the Minister of Finance, provided that the investments are made with the expectation that the local fund invest an amount at least equal to 150% of the aggregate of the sums received from the Fund, from Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and from Capital régional et coopératif Desjardins, in Québec enterprises whose assets are less than $100,000,000 or whose net equity is less than $50,000,000 and the investments are not already taken into account as eligible investments for the purposes of the second paragraph;";

(4) by adding the following subparagraphs after subparagraph 9 of the fifth paragraph:

"(10) investments made by the Fund after 19 March 2009 in the Fonds Élan d'entreprises, société en commandite;

"(11) investments made by the Fund after 19 March 2009 in the Fonds Envol, société en commandite, that the Fund acquired from the Fonds Élan d'entreprises, société en commandite; and

"(12) investments made by the Fund after 19 March 2009 in Teralys Capital Fund of Funds, L.P.";

(5) by replacing "subparagraph 8 or 9" in the seventh paragraph by "any of subparagraphs 8 to 10 and 12";

(6) by adding the following subparagraphs after subparagraph 5 of the ninth paragraph:

"(6) if the particular fiscal year ends before 1 January 2012, the portion of the investments described in subparagraph 9 of that paragraph that, taking into account the Fund's interest in FIER Partenaires, s.e.c., is dedicated to the creation of seed investment funds after 21 September 2006 is deemed to be increased by 50%; and

"(7) the aggregate of the investments described in subparagraphs 10 and 11 of that paragraph may not exceed $250,000,000 for the particular fiscal year."

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 June 2007.

(3) Paragraph 3 of subsection 1 has effect from 22 April 2005.

(4) Paragraphs 4 and 5 of subsection 1 and paragraph 6 of that subsection, when it enacts subparagraph 7 of the ninth paragraph of section 15 of the Act, apply in respect of an investment made after 19 March 2009.

(5) Paragraph 6 of subsection 1, when it enacts subparagraph 6 of the ninth paragraph of section 15 of the Act, has effect from 22 September 2006.

92. (1) Section 15.1 of the Act is amended by adding the following paragraph after the third paragraph:

"This section does not limit the Fund's capacity to issue class "A" shares or fractional shares in the fiscal year ending on 31 May 2008."

(2) Subsection 1 has effect from 1 June 2007.

93. Section 32 of the Act is amended by replacing "by-law of the board of directors" by "a resolution adopted by the board of directors of the Fund".

TOBACCO TAX ACT

94. Section 6.1 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended by replacing paragraph *a* by the following paragraph:

"(*a*) apply to the Minister using the prescribed form containing prescribed information;".

95. Section 7.9 of the Act is amended by striking out "by regulation," in the first paragraph.

96. Section 7.10 of the Act is amended

(1) by replacing "manner prescribed by regulation" in the first paragraph by "prescribed manner";

(2) by replacing "form prescribed by the Minister" in the second paragraph by "prescribed form".

97. Section 7.10.1 of the Act is amended by replacing “manner prescribed by regulation” by “prescribed manner” and “information prescribed by regulation” by “prescribed information”.

98. Section 7.12 of the Act is amended

(1) by replacing “form prescribed by the Minister and within the time fixed by him” in the first paragraph by “prescribed form and within the time determined by the Minister”;

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

99. Section 11.1 of the Act is amended by replacing “form prescribed by him” in the first paragraph by “prescribed form”.

100. Section 13.1 of the Act is amended by replacing “tobacco prescribed by regulation” by “prescribed tobacco” and “manner and on the conditions prescribed by regulation” by “prescribed manner and conditions”.

101. Section 17.3 of the Act is amended by replacing “form prescribed by him” in the first paragraph by “prescribed form”.

102. Section 17.5 of the Act is amended

(1) by replacing “form prescribed by the Minister” in the portion of the first paragraph before subparagraph *a* by “prescribed form”;

(2) by replacing “requirements prescribed by regulation” in the third paragraph by “prescribed requirement”;

(3) by replacing “form prescribed by him” in the fourth paragraph by “prescribed form”.

103. Section 17.10 of the Act is amended

(1) by replacing “manner and on the conditions prescribed by regulation” in the first paragraph by “prescribed manner and conditions”;

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

104. Section 17.11 of the Act is amended by striking out “, by regulation,”.

105. Section 17.14 of the Act is amended by replacing “form prescribed by the Minister” by “prescribed form”.

106. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3) is amended

(1) by replacing the definition of "net income stabilization account" by the following definition:

""net income stabilization account" means

(*a*) an account of a taxpayer under the net income stabilization account program under the Farm Income Protection Act (Statutes of Canada, 1991, chapter 22); or

(*b*) an account of a taxpayer under the Agri-Québec program under the Act respecting La Financière agricole du Québec;";

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

""employee life and health trust" has the meaning assigned by section 869.2;";

(3) by replacing the definition of "NISA Fund No. 2" by the following definition:

""NISA Fund No. 2" means

(*a*) the portion of a taxpayer's net income stabilization account, under the Farm Income Protection Act, that is described in paragraph *b* of subsection 2 of section 8 of that Act and that can reasonably be considered to be attributable to a program that allows the funds in the account to accumulate; or

(*b*) the portion of a taxpayer's net income stabilization account, under the Act respecting La Financière agricole du Québec, that is referred to as "Fund 2" under the Agri-Québec program;".

(2) Paragraphs 1 and 3 of subsection 1 have effect from 21 May 2010.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2010.

107. (1) Section 7.11.2 of the Act is amended by replacing the second paragraph by the following paragraph:

"If, as a result of a transaction or event, the property referred to in the first paragraph is deemed to be a taxable Canadian property of the particular trust because of subparagraph *d* of the first paragraph of section 301, any of sections 521, 538 and 540.4, paragraph *b* of section 540.6, section 554, subparagraph *c* of the second paragraph of section 614 or paragraph *d* of section 688.4, the property is also deemed to be, at any time that is within 60 months after the transaction or event, a taxable Canadian property of the other trust."

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Canadian property of a taxpayer.

108. Section 7.28 of the Act is amended by replacing paragraph *b* in the French text by the following paragraph:

"*b*) soit dont résulterait, si la présente partie se lisait sans tenir compte du présent paragraphe, un avantage fiscal auquel s'applique l'article 1079.10."

109. (1) Section 38 of the Act is amended, in the first paragraph,

(1) by inserting "to or" before "under" in the portion before subparagraph *a*;

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

"(*b*.1) an employee life and health trust, to the extent that it may reasonably be considered that those contributions are attributable to coverage against the loss of all or part of the income from an office or employment;".

(2) Subsection 1 has effect from 1 January 2010.

110. (1) Section 43 of the Act is amended by replacing subsection 1 by the following subsection:

"**43.** (1) An individual shall, in computing the individual's income, include the amounts payable on a periodic basis that the individual receives in respect of the loss of all or part of the individual's income from an office or employment, pursuant to an insurance plan under which the individual's employer has made a contribution or which is administered or provided by an employee life and health trust to which the individual's employer has made a contribution, not exceeding the limit set under subsection 2."

(2) Subsection 1 has effect from 1 January 2010.

111. (1) Section 47.2 of the Act is replaced by the following section:

"**47.2.** Despite section 47.1, an individual is not required in computing the individual's income to include an amount received in respect of an employee benefit plan, to the extent that such amount represents a return of amounts contributed to the plan by the individual or a deceased employee of whom the individual is a legatee by particular title or legal representative, a death benefit or an amount that would, but for the deduction provided for in sections 3 and 4, be a death benefit, a pension benefit attributable to services rendered by a person in a period throughout which the person was not resident in Canada, or a designated employee benefit (as defined in section 869.1)."

(2) Subsection 1 has effect from 1 January 2010.

112. (1) Section 47.6 of the Act is amended by replacing the second paragraph by the following paragraph:

"However, such a plan does not include any part of the arrangement that is a plan referred to in any of subparagraphs *a*, *d* and *e* of the first paragraph of section 38 or in section 43 or 47, a group health or accident insurance plan, a private health services plan, a group term life insurance policy, a trust referred to in paragraph *m* of section 998, an employee trust, an employee life and health trust, an arrangement the sole purpose of which is to provide education or training for employees of the employer to improve their work or work-related skills and abilities, a salary deferral arrangement in respect of an individual under which a deferred amount must be included as a benefit under section 37 in computing the individual's income, a retirement compensation arrangement or a prescribed arrangement."

(2) Subsection 1 has effect from 1 January 2010.

113. (1) Section 47.16 of the Act is amended by inserting the following paragraph after paragraph *e*:

"(*e*.1) an employee life and health trust;".

(2) Subsection 1 has effect from 1 January 2010.

114. (1) Section 87 of the Act is amended by replacing paragraph *z*.6 by the following paragraph:

"(*z*.6) any amount required by section 935.26.1 or section 207.061 of the Income Tax Act to be included in computing the taxpayer's income for the year."

(2) Subsection 1 has effect from 17 October 2009.

115. (1) Section 135 of the Act is amended by adding the following paragraph after paragraph *e*:

"(*f*) except as expressly permitted by section 139.2, contributions made to an employee life and health trust."

(2) Subsection 1 has effect from 1 January 2010.

116. (1) The Act is amended by inserting the following after section 139.1:

"**DIVISION II.2**

"EMPLOYEE LIFE AND HEALTH TRUST

"**139.2.** An employer may deduct, in computing the employer's income for a taxation year, an amount in respect of employer contributions paid to a trustee under an employee life and health trust as is permitted by sections 869.4 to 869.7."

(2) Subsection 1 has effect from 1 January 2010.

117. (1) Section 175.1 of the Act is amended by adding the following paragraph after paragraph *c* of subsection 1:

"(*d*) as consideration, subject to sections 869.4 to 869.7, for a "designated employee benefit" (as defined in section 869.1) required to be provided after the end of the year (other than consideration payable in the year, to a corporation that is licensed to provide insurance, for coverage in respect of the year)."

(2) Subsection 1 has effect from 1 January 2010.

118. (1) Section 230.0.0.4.1 of the Act, amended by section 25 of chapter 1 of the statutes of 2011, is again amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

"(*a*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, advance ruling, qualification certificate, rate schedule, receipt or report on or before the day that is 12 months after that date or, if applicable, within the time limit extended in accordance with the second paragraph of section 1029.6.0.1.2 or the second paragraph of section 36.0.1 of the Tax Administration Act (chapter A-6.002), so as to be deemed to have paid an amount to the Minister for the year in respect of the expenditure under any of Divisions II.5.1 to II.6.15 of Chapter III.1 of Title III of Book IX; and".

(2) Subsection 1 applies in respect of an application filed by a taxpayer after 30 March 2010 to be allowed to deduct an amount under sections 222 to 224 of the Act.

119. (1) Section 257 of the Act is amended by replacing "of section 671.5" in paragraph *p*.1 by "of the first paragraph of section 671.5".

(2) Subsection 1 applies to a taxation year that ends after 29 June 2010.

120. (1) Section 280.6 of the Act is amended by inserting ", at any time that is within 60 months after the disposition, a" after "deemed to be" in subparagraph *c* of the first paragraph.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Canadian property of a taxpayer.

121. (1) Section 301 of the Act is amended by inserting ", at any time that is within 60 months after the exchange," after "deemed to be" in subparagraph *d* of the first paragraph.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Canadian property of a taxpayer.

122. (1) Section 311.1 of the Act is amended

(1) by striking out subparagraph *d* of the second paragraph;

(2) by adding the following subparagraphs after subparagraph *d* of the second paragraph:

"(*e*) an amount referred to in the second paragraph of section 1029.8.109.4; or

"(*f*) if the taxpayer is a person described in the third paragraph participating in an employment-assistance measure or program or a social assistance and support program established under the Individual and Family Assistance Act, an amount received by the taxpayer, as an allowance or reimbursement, in respect of expenses incurred by the taxpayer to travel from the taxpayer's place of residence to the location of activities provided for under the measure or program, including expenses for parking in proximity to the location of the activities.";

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

"The person to whom subparagraph *f* of the second paragraph refers is the person who, for the purposes of the Individual and Family Assistance Act, has demonstrated, in accordance with section 70 of that Act, a capacity for employment that is severely limited."

(2) Paragraph 1 of subsection 1 and paragraph 2 of that subsection 1, when it enacts subparagraph *e* of the second paragraph of section 311.1 of the Act, apply from the taxation year 2010.

(3) Paragraph 2 of subsection 1, when it enacts subparagraph *f* of the second paragraph of section 311.1 of the Act, and paragraph 3 of that subsection 1 apply from the taxation year 2011 and, if the amount of the allowance or of the reimbursement is in respect of expenses incurred by a taxpayer participating in a social assistance and support program, to any preceding taxation year for which the Minister of Revenue could, on 21 December 2010 and under section 1010 of the Act, determine or redetermine the tax payable and make an assessment, a reassessment or an additional assessment.

123. (1) The Act is amended by inserting the following section after section 313.11:

"**313.12.** A taxpayer shall also include the total of all amounts, each of which is an amount received in the year by the taxpayer that is required to be included in computing the taxpayer's income under section 869.11, except to the extent that the amount is required to be included under section 429 in computing the income for the year by the taxpayer or other person resident in Canada."

(2) Subsection 1 has effect from 1 January 2010.

124. (1) Section 336 of the Act, amended by section 28 of chapter 1 of the statutes of 2011, is again amended by replacing "program administered pursuant to an agreement entered into under section 12 of that Act" in paragraph *d*.3 by "designated provincial program within the meaning of section 890.15".

(2) Subsection 1 has effect from 1 January 2007.

125. (1) Section 339 of the Act is amended

(1) by replacing "aux fins" in the following provisions in the French text by "pour l'application":

— paragraph *d*;

— subparagraph 2 of subparagraph ii of paragraph *d*.0.1;

— paragraph *d*.1;

— paragraph *d*.2;

— paragraph *f*;

— paragraph *i*;

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

"(*f*.1) the amount allowed as a deduction for the year in computing the taxpayer's income for the purposes of the Income Tax Act under paragraph *m* of section 60 of that Act as payments to a registered disability savings plan;".

(2) Paragraph 2 of subsection 1 has effect from 4 March 2010.

126. (1) Chapter V of Title VI of Book III of Part I of the Act, comprising sections 340 and 341, is repealed.

(2) Subsection 1 has effect from 4 March 2010.

127. Section 429 of the Act is amended

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

"**429.** The rights and property that an individual owned when the individual died, if they are not property referred to in section 428, or capital property, and if the proceeds thereof when realized or disposed of would have been included in computing the individual's income, must be included at their value in computing the individual's income for the year of the individual's death.";

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

"However, the legal representative of an individual may elect, not later than the day that is one year after the date of death or the day that is 90 days after the sending of a notice of assessment, whichever is the later, in respect of the individual's tax for the year of the individual's death, not to include such value in computing the individual's income for the year of the individual's death; in that case, the individual shall file a separate fiscal return for the year under this Part and pay the tax for the year under this Part as if".

128. (1) Section 467.1 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) by an employee trust, an employee life and health trust, a segregated fund trust within the meaning of subparagraph *k* of the first paragraph of section 835, a trust described in subparagraph *a*.1 of the third paragraph of section 647 or a trust described in paragraph *m* of section 998;".

(2) Subsection 1 has effect from 1 January 2010.

129. (1) Section 521 of the Act is replaced by the following section:

"**521.** If a property to which section 518 applies is a taxable Québec property or taxable Canadian property of the taxpayer, a share referred to in that section and received as consideration for the disposition of the property is deemed to be, at any time that is within 60 months after the disposition, a taxable Québec property or taxable Canadian property of the taxpayer, as the case may be."

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

130. (1) Section 538 of the Act is replaced by the following section:

"**538.** If the exchanged share is a taxable Québec property or taxable Canadian property of the taxpayer, the share issued in exchange is deemed to be, at any time that is within 60 months after the exchange, a taxable Québec property or taxable Canadian property of the taxpayer, as the case may be."

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

131. (1) Section 540.4 of the Act is replaced by the following section:

"**540.4.** If the exchanged foreign share is a taxable Québec property or taxable Canadian property of the taxpayer, the share issued in exchange is deemed to be, at any time that is within 60 months after the exchange, a taxable Québec property or taxable Canadian property of the taxpayer, as the case may be."

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

132. (1) Section 540.6 of the Act is amended by inserting ", at any time that is within 60 months after the disposition," after "deemed to be" in paragraph *b*.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

133. (1) Section 554 of the Act is replaced by the following section:

"**554.** If the capital property disposed of that is referred to in section 551 is a share or an option to acquire such a share that is a taxable Québec property or taxable Canadian property of the taxpayer, the share or option received as consideration is deemed to be, at any time that is within 60 months after the amalgamation referred to in that section, a taxable Québec property or taxable Canadian property of the taxpayer, as the case may be."

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

134. (1) Section 614 of the Act is amended by inserting ", at any time that is within 60 months after the disposition," after "deemed to be also" in subparagraph *c* of the second paragraph.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

135. (1) Section 647 of the Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

"(*a*) an amateur athlete trust, an employee trust, an employee life and health trust, a trust described in paragraph *c*.4 of section 998 or a trust governed by a foreign retirement arrangement, a registered pension plan, a profit sharing plan, a registered supplementary unemployment benefit plan, a registered retirement savings plan, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, an employee benefit plan, a registered retirement income fund or a tax-free savings account;".

(2) Subsection 1 has effect from 1 January 2010.

136. (1) Section 657.1 of the Act is amended by adding the following paragraph after paragraph *c*:

"(*d*) where that section applies to an employee life and health trust, the amount that may be deducted by such a trust under that paragraph *a* is equal to the amount that became payable by the trust in the year as a designated employee benefit (as defined in section 869.1)."

(2) Subsection 1 has effect from 1 January 2010.

137. (1) Section 671.5 of the Act is amended

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

""tax-liable beneficiary" under a designated trust for a particular taxation year of the designated trust means a beneficiary under the designated trust who is

(*a*) an individual who is resident in Québec on the last day of the individual's taxation year in which the particular taxation year ends; or

(*b*) a corporation that has an establishment in Québec at any time in the corporation's taxation year in which the particular taxation year ends;";

(2) by replacing the definition of "designated beneficiary" by the following definition:

""designated beneficiary" under a designated trust for a taxation year of the designated trust means a tax-liable beneficiary under the designated trust for the year or, if a beneficiary under the designated trust is a partnership, a tax-liable member of the partnership for the partnership's fiscal period in which the designated trust's taxation year ends, who has for the year, with any person or partnership with whom the beneficiary or the member is not dealing at arm's length, a share of the aggregate of the income interests in the designated trust that is an amount of $5,000 or more, or a share of the aggregate of the income interests in the designated trust or of the aggregate of the capital interests in the designated trust that corresponds to at least 10% of the aggregate of the income interests or of the aggregate of the capital interests in the designated trust;";

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

""tax-liable member" of a partnership for a fiscal period of the partnership in which ends a taxation year of a designated trust of which the partnership is a beneficiary, means a member of the partnership who is

(*a*) an individual who is resident in Québec on the last day of the individual's taxation year in which the fiscal period ends; or

(*b*) a corporation that has an establishment in Québec at any time in the corporation's taxation year in which the fiscal period ends.";

(4) by adding the following paragraph:

"For the purposes of the definitions of "tax-liable beneficiary" and "tax-liable member" in the first paragraph, the following rules apply:

(*a*) if an individual dies or ceases to be resident in Canada in a taxation year, the last day of the individual's taxation year is the day of the individual's death or the last day on which the individual was resident in Canada; and

(*b*) if an individual to whom the first paragraph of section 25 applies is a beneficiary under a designated trust or a member of a partnership that is a beneficiary under a designated trust, the individual is not a tax-liable beneficiary under the designated trust or a tax-liable member of the partnership, as the case may be, even though the individual is deemed to be resident in Québec on the last day of a taxation year for the purposes of the second paragraph of section 25."

(2) Subsection 1 applies to a taxation year that is a taxation year of a beneficiary under a designated trust or of a member of a partnership which is a beneficiary under a designated trust and that ends after 29 June 2010. In addition, it applies, in respect of such a beneficiary or such a member that is a corporation, to a taxation year of the corporation that ends after 11 July 2002 and before 30 June 2010 and, in respect of such a beneficiary or such a member who is a taxpayer other than a corporation, to a taxation year of the taxpayer that ends after 31 December 2001 and before 30 June 2010, if

(1) on 28 June 2010 or, if it is later, on the day that is the beneficiary's or the member's filing-due date for the beneficiary's or the member's taxation year, the beneficiary or the member had not enclosed the information returns provided for in sections 671.8 and 671.9 of the Act with the fiscal return referred to in section 1000 of the Act for that taxation year; and

(2) in the fiscal return referred to in paragraph 1, the beneficiary or the member has not deducted an amount in computing tax otherwise payable under section 772.15 of the Act.

138. (1) Section 671.8 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

"**671.8.** Every tax-liable beneficiary under a designated trust for a particular taxation year of the designated trust and, if the beneficiary under the designated trust for the particular year is a partnership, every tax-liable member of the partnership for a fiscal period of the partnership in which the particular year ends shall enclose with the fiscal return the beneficiary or the member is required to file under section 1000 or would be required to file under that section if tax were payable by the beneficiary or the member under this Part for the tax-liable beneficiary's taxation year in which the particular year ends or for the tax-liable member's taxation year in which the fiscal period ends, as the case may be, an information return, in the prescribed form, containing".

(2) Subsection 1 applies to a taxation year that is a taxation year of a beneficiary under a designated trust or of a member of a partnership which is a beneficiary under a designated trust and that ends after 29 June 2010. In addition, it applies, in respect of such a beneficiary or such a member that is a corporation, to a taxation year of the corporation that ends after 11 July 2002 and before 30 June 2010 and, in respect of such a beneficiary or such a member who is a taxpayer other than a corporation, to a taxation year of the taxpayer that ends after 31 December 2001 and before 30 June 2010, if

(1) on 28 June 2010 or, if it is later, on the day that is the beneficiary's or the member's filing-due date for the beneficiary's or the member's taxation year, the beneficiary or the member had not enclosed the information returns provided for in sections 671.8 and 671.9 of the Act with the fiscal return referred to in section 1000 of the Act for that taxation year; and

(2) in the fiscal return referred to in paragraph 1, the beneficiary or the member has not deducted an amount in computing tax otherwise payable under section 772.15 of the Act.

139. (1) Section 688 of the Act is amended by striking out subparagraph *d*.1 of the first paragraph.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Canadian property of a taxpayer.

140. (1) Section 688.4 of the Act is amended by inserting ", at any time that is within 60 months after the distribution," after "deemed to be" in paragraph *d*.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

141. (1) Section 690.2 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**690.2.** If at a particular time any property of an employee trust, an employee life and health trust or a trust described in subparagraph *a*.1 of the third paragraph of section 647 is distributed by the trust to a taxpayer who is a beneficiary under the trust as consideration for all or any part of the taxpayer's interest in the trust, the following rules apply:".

(2) Subsection 1 has effect from 1 January 2010.

142. (1) Section 692.5 of the Act is amended by replacing paragraph *j* by the following paragraph:

"(*j*) if the contributor is an amateur athlete trust, a cemetery care trust, an employee trust, an employee life and health trust, an inter vivos trust deemed by section 851.25 to exist in respect of a congregation that is a constituent part of a religious organization, a segregated fund trust within the meaning of section 851.2, a trust described in paragraph *c*.4 of section 998 or a trust governed by an eligible funeral arrangement, a profit sharing plan, a registered education savings plan, a registered disability savings plan, a registered supplementary unemployment benefit plan or a tax-free savings account, the particular trust is the same type of trust."

(2) Subsection 1 has effect from 1 January 2010.

143. (1) Section 692.8 of the Act is amended by replacing subparagraph *e* of the first paragraph by the following subparagraph:

"(*e*) if, as a result of a transaction or event, the property was deemed to be taxable Québec property or taxable Canadian property of the transferor under this subparagraph, subparagraph *c* of the first paragraph of section 280.6, subparagraph *d* of the first paragraph of section 301, any of sections 521, 538 and 540.4, paragraph *b* of section 540.6, section 554, subparagraph *c* of the second paragraph of section 614 or paragraph *d* of section 688.4, the property is also deemed to be, at any time that is within 60 months after the transaction or event, taxable Québec property or taxable Canadian property of the transferee trust;".

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

144. (1) Section 725 of the Act is amended

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

"(*a*.0.1) 35% of the total of all benefits (in this paragraph referred to as "U.S. social security benefits") to which paragraph 5 of Article XVIII of the Convention between Canada and the United States of America with respect to Taxes on Income and on Capital as set out in Schedule I to the Canada-United

States Tax Convention Act, 1984 (Statutes of Canada, 1984, chapter 20) applies, if

i. the individual has, continuously during a period that begins before 1996 and ends in the year, been resident in Canada, and has received U.S. social security benefits in each taxation year that ends in that period, or

ii. in the case where the benefits are payable to the individual in respect of a deceased person,

(1) the individual was, immediately before the person's death, the person's spouse,

(2) the individual has, continuously during a period that begins at the time of the person's death and ends in the year, been resident in Canada,

(3) the person was, in respect of the taxation year in which the person died, an individual described in subparagraph i, and

(4) in each taxation year that ends in the period described in subparagraph i, the individual, the deceased person, or both of them, received U.S. social security benefits;";

(2) by replacing paragraph *c*.1 by the following paragraph:

"(*c*.1) an amount received by the individual from the Minister of Education, Recreation and Sports as a postdoctoral research fellowship under the Fellowship for Excellence and included as such under paragraph *h* of section 312;".

(2) Paragraph 1 of subsection 1 applies from the taxation year 2010.

145. (1) Section 725.7.2 of the Act is amended by inserting "or a designated provincial program as defined in section 905.0.3" after "(S. C. 2007, c. 35)".

(2) Subsection 1 applies from the taxation year 2009.

146. Section 726.2 of the Act is repealed.

147. (1) Section 727 of the Act is amended by adding the following paragraph after paragraph *c*:

"(*d*) despite paragraph *c*, in the three taxation years that precede and in the three taxation years that follow the particular year, if the taxpayer is an employee life and health trust."

(2) Subsection 1 has effect from 1 January 2010.

148. (1) The Act is amended by inserting the following section after section 727:

"**727.1.** Despite section 727, no amount in respect of a loss other than a trust's non-capital loss for a taxation year in which the trust was an employee life and health trust may be deducted in computing the trust's taxable income for another taxation year (in this section referred to as the "specified year") if

(*a*) the trust was not an employee life and health trust for the specified year; or

(*b*) the trust is an employee life and health trust that, because of the application of section 869.3, may not deduct an amount under paragraph *a* of section 657 for the specified year."

(2) Subsection 1 has effect from 1 January 2010.

149. (1) Section 728.0.1 of the Act is amended by inserting the following subparagraph after subparagraph i of paragraph *a*:

"i.1. the amount deductible in computing the taxpayer's income for the year as a consequence of the application of paragraph *d* of section 657.1,".

(2) Subsection 1 has effect from 1 January 2010.

150. (1) Section 736.3 of the Act is amended by adding the following paragraph:

"Despite section 1010, the Minister shall make such assessments, reassessments or additional assessments of tax, interest and penalties and such determinations or redeterminations as are necessary for any taxation year to give effect to the first paragraph."

(2) Subsection 1 applies in respect of a reimbursement made after 31 December 2003.

151. (1) The Act is amended by inserting the following section after section 736.3:

"**736.4.** Despite section 727, an individual may deduct, under that section, in computing the individual's taxable income for a particular taxation year subsequent to the taxation year 2003, an amount in respect of a non-capital loss sustained by the individual in a taxation year (in this section referred to as the "reimbursement year") subsequent to the third taxation year that follows the particular taxation year, if

(*a*) the individual deducted, in computing the individual's income for the reimbursement year, an amount paid by or on behalf of the individual as the

reimbursement of an amount the individual included in computing the individual's income for the particular taxation year;

(*b*) the reimbursement referred to in subparagraph *a* results from the determination, in respect of the individual, in the reimbursement year of an amount relating to the particular taxation year that is a covered benefit attributable to a preceding taxation year, within the meaning assigned to that expression by section 766.16; and

(*c*) the amount deducted does not exceed the portion of the non-capital loss sustained by the individual in the reimbursement year that may reasonably be considered to be attributable to the reimbursement referred to in subparagraph *a*.

Despite section 1010, the Minister shall make such assessments, reassessments or additional assessments of tax, interest and penalties and such determinations and redeterminations as are necessary for any taxation year in order to give effect to the first paragraph."

(2) Subsection 1 applies in respect of a reimbursement made after 31 December 2009.

(3) In addition, subsection 1 applies in respect of a reimbursement made by or on behalf of an individual after 31 December 2007 and before 1 January 2010, if the individual so elects on or before the individual's filing-due date, within the meaning of section 1 of the Act, for the taxation year 2010.

152. (1) Section 752.0.11.1.3 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) the expenses related to an in vitro fertilization treatment, if such expenses are

i. eligible expenses within the meaning of the first paragraph of section 1029.8.66.1, or

ii. paid in respect of an in vitro fertilization treatment that is not an eligible in vitro fertilization treatment within the meaning assigned by the first paragraph of section 1029.8.66.1;".

(2) Subsection 1 applies in respect of expenses paid after 31 December 2010 for a treatment undergone after 4 August 2010.

153. (1) Section 752.0.13.1 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

"(*a*) the expenses related to an in vitro fertilization treatment; and".

(2) Subsection 1 applies in respect of expenses paid after 31 December 2010 for a treatment undergone after 4 August 2010.

154. (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, 1029.8.66.1 and 1029.8.67 to 1029.8.81, a reference to an audiologist, dentist, occupational therapist, nurse, 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 applies from the taxation year 2011.

155. (1) Section 752.0.18.13 of the Act is amended

(1) by replacing "réfère l'article 752.0.18.10" in the portion before paragraph *a* in the French text by "l'article 752.0.18.10 fait référence";

(2) by replacing "or 118.9" in paragraph *b* by ", 118.9 or 118.61".

(2) Paragraph 2 of subsection 1 applies in respect of a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on (*insert the date of introduction of this bill*).

156. (1) Section 766.2 of the Act is amended, in the sixth paragraph,

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

"(*a*) an amount that is not otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year to which the averaging applies, but that is deducted for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *c* and *d* of the fourth paragraph for that taxation year, is deemed, for the application of this Part to any taxation year, to have been deducted in computing the individual's taxable income or tax payable under this Part for the taxation year to which the averaging applies, including when establishing the amount determined in respect of the individual for another taxation year under any of subparagraphs *a*, *c* and *d* of the fourth paragraph or any of subparagraphs *a*, *d* and *h* of the second paragraph of section 766.17;";

(2) by adding the following subparagraph after subparagraph *b*:

"(*c*) an amount that, under subparagraph *a* of the fifth paragraph of section 766.17, is deemed deducted in computing an individual's taxable income or tax payable under this Part for a taxation year to which the averaging applies, because it is deducted in that computation for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*,

d and *h* of the second paragraph of section 766.17 for the taxation year to which the averaging applies, may not be taken into account for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *c* and *d* of the fourth paragraph for that taxation year."

(2) Subsection 1 applies from the taxation year 2010.

157. (1) Section 766.17 of the Act is amended

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

"A – B + C + D + E – F.";

(2) by replacing subparagraphs *c* and *d* of the second paragraph by the following subparagraphs:

"(*c*) C is the amount determined by the following formula without reference to section 7.5:

G – H;

"(*d*) D is the aggregate of

(1) if the preceding year is subsequent to 2009, the amount by which the amount that a person, other than the individual, deducted under section 776.41.14 in computing the person's tax otherwise payable for that preceding year exceeds the amount that the person could have deducted under section 776.41.14 in computing the person's tax otherwise payable for that preceding year, if the covered benefit attributable to the preceding year had been determined in that year, and

(2) the amount by which the amount that a person, other than the individual, deducted under section 776.41.21 in computing the person's tax otherwise payable for that preceding year exceeds the amount that the person could have deducted under section 776.41.21 in computing the person's tax otherwise payable for that preceding year, if the covered benefit attributable to the preceding year had been determined in that year;";

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

"(*g*) G is the amount deducted by the individual's eligible spouse for the preceding taxation year under section 776.78, as it read before being repealed, or section 776.41.5 in computing the tax otherwise payable for that preceding year; and

"(*h*) H is the amount that could have been deducted by the individual's eligible spouse for the preceding taxation year under section 776.78, as it read

before being repealed, or section 776.41.5 in computing the tax otherwise payable for that preceding year, computed without reference to section 776.41.5, if the covered benefit attributable to the preceding year had been determined in that year, without however exceeding the tax otherwise payable for that preceding year.";

(4) by inserting the following paragraph after the fourth paragraph:

"For the purpose of applying this Part to any taxation year,

(*a*) an amount that is not otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year (in this subparagraph referred to as the "preceding year"), but that is deducted for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *d* and *h* of the second paragraph for the preceding year, is deemed, for the application of this Part to any taxation year, to have been deducted in computing the individual's taxable income or tax payable, as the case may be, under this Part for the preceding year, including when establishing the amount determined in respect of the individual under any of subparagraphs *a*, *d* and *h* of the second paragraph or subparagraphs *a*, *c* and *d* of the fourth paragraph of section 766.2 for another taxation year;

(*b*) an amount that is otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year subsequent to a particular taxation year may not be taken into account for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a, d* and *h* of the second paragraph for the particular taxation year;

(*c*) an amount that, under subparagraph *a* of the sixth paragraph of section 766.2, is deemed to be deducted in computing an individual's taxable income or tax payable under this Part for a particular taxation year, because it is deducted in that computation for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *c* and *d* of the fourth paragraph of section 766.2 for the particular year, may not be taken into account for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a, d* and *h* of the second paragraph for the particular year; and

(*d*) an amount that is otherwise deducted in computing an individual's taxable income or tax payable under this Part for a particular taxation year, but that is not deducted for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *d* and *h* of the second paragraph for the particular year, is deemed, for the application of this Part to any other taxation year, not to have been deducted in computing the individual's taxable income or tax payable, as the case may be, under this Part for the particular year."

(2) Subsection 1 applies from the taxation year 2010. However, when section 766.17 of the Act applies to the taxation year 2010, subparagraph *d* of the second paragraph of that section is to be read as follows:

"(*d*) D is the amount by which the amount that a person, other than the individual, deducted under section 776.41.21 in computing the person's tax otherwise payable for that preceding year exceeds the amount that the person could have deducted under section 776.41.21 in computing the person's tax otherwise payable for that preceding year, if the covered benefit attributable to the preceding year had been determined in that year;".

158. (1) Section 772.14 of the Act is amended by replacing "section 671.5" by "the first paragraph of section 671.5".

(2) Subsection 1 applies to a taxation year that ends after 29 June 2010.

159. (1) Section 772.15 of the Act is amended

(1) by replacing "A taxpayer" in the first paragraph by "Subject to the second paragraph, a taxpayer";

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

"If the taxpayer described in the first paragraph is a corporation that has, in the particular taxation year, an establishment in Québec and an establishment outside Québec, the amount that the taxpayer may deduct from the taxpayer's tax otherwise payable under this Part for the particular year, in accordance with the first paragraph, may not exceed the proportion of that amount otherwise determined that the corporation's business carried on in Québec is of the aggregate of the corporation's business carried on in Canada or in Québec and elsewhere in the particular year, as determined under subsection 2 of section 771."

(2) Subsection 1 applies to a taxation year of a taxpayer that ends after 29 June 2010. In addition, it applies to a taxation year of a taxpayer that ends after 11 July 2002 and before 30 June 2010, if

(1) on 28 June 2010 or, if it is later, on the day that is the taxpayer's filing-due date for the taxpayer's taxation year, the taxpayer had not enclosed the information returns provided for in sections 671.8 and 671.9 of the Act with the taxpayer's fiscal return referred to in section 1000 of the Act for that taxation year; and

(2) in the fiscal return referred to in paragraph 1, the taxpayer has not deducted an amount in computing the taxpayer's tax otherwise payable under section 772.15 of the Act.

160. (1) Section 776.1.4 of the Act is amended

(1) by replacing "55 years of age" in subparagraphs *a* and *a*.1 of the first paragraph by "45 years of age";

(2) by adding the following paragraph:

"The following rules apply for the purposes of subparagraph *b* of the second paragraph:

(*a*) an individual is deemed to have obtained the redemption of a share under section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) before the end of a taxation year ending after 31 December 2007 if the share was purchased before 20 December 2008 by the entity governed by that Act as a consequence of the application of any of the criteria of its purchase by agreement policy regarding early retirement or progressive retirement; and

(*b*) an individual is deemed to have obtained the redemption of a share under section 11 of the Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi before the end of a taxation year ending after 31 December 2008 if the share was purchased before 30 October 2009 by the entity governed by that Act as a consequence of the application of any of the criteria of its purchase by agreement policy regarding early retirement or progressive retirement."

(2) Subsection 1 applies from the taxation year 2008. However, when the third paragraph of section 776.1.4 of the Act applies to the taxation year 2008, it is to be read as follows:

"For the purposes of subparagraph *b* of the second paragraph, an individual is deemed to have obtained the redemption of a share under section 10 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) before the end of a taxation year ending after 31 December 2007 if the share was purchased before 20 December 2008 by the entity governed by that Act as a consequence of the application of any of the criteria of its purchase by agreement policy regarding early retirement or progressive retirement."

161. (1) The Act is amended by inserting the following section before section 776.1.5.0.11:

"**776.1.5.0.10.1.** In this chapter, "acquisition period" means any of the following periods:

(*a*) the period that begins on 24 March 2006 and ends on 28 February 2007;

(*b*) the period that begins on 1 March 2007 and ends on 9 November 2007;

(*c*) the period that begins on 10 November 2007 and ends on 29 February 2008; or

(*d*) a period that begins on 1 March of a year after 2007 and ends on the last day of the month of February of the following year.

If the period described in the first paragraph ends on a statutory holiday, the period is deemed to end on the day immediately before the statutory holiday."

(2) Subsection 1 has effect from 24 March 2006.

162. (1) Section 776.1.5.0.11 of the Act is replaced by the following section:

"**776.1.5.0.11.** An individual, other than a trust, who is resident in Québec at the end of 31 December of a particular taxation year and who is not a dealer acting as an intermediary or as a firm underwriter may deduct from the individual's tax otherwise payable for the particular year under this Part an amount equal to the product obtained by multiplying the percentage specified in the second paragraph by the aggregate of the amounts paid by the individual in an acquisition period beginning in the particular year for the purchase, as first purchaser, of a share of the capital stock of the entity governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

The percentage to which the first paragraph refers is 35%, if the acquisition period referred to in that paragraph is described in subparagraph *a* or *b* of the first paragraph of section 776.1.5.0.10.1, and 50%, in any other case.

The aggregate referred to in the first paragraph may not exceed,

(*a*) if the acquisition period referred to in that paragraph is described in subparagraph *a* or *b* of the first paragraph of section 776.1.5.0.10.1, $2,500;

(*b*) if the acquisition period referred to in that paragraph is described in subparagraph *c* of the first paragraph of section 776.1.5.0.10.1, the amount by which $5,000 exceeds the lesser of $2,500 and the aggregate of the amounts paid by the individual in the preceding acquisition period for the purchase, as first purchaser, of a share described in the first paragraph; or

(*c*) if the acquisition period referred to in that paragraph is described in subparagraph *d* of the first paragraph of section 776.1.5.0.10.1, $5,000."

(2) Subsection 1 applies in respect of an amount paid after 23 March 2006.

163. (1) Section 776.1.5.0.12 of the Act is repealed.

(2) Subsection 1 has effect from 24 March 2006.

164. (1) Section 776.1.5.0.13 of the Act is amended

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

"**776.1.5.0.13.** No individual may deduct, for a particular taxation year, an amount under section 776.1.5.0.11 in respect of an amount paid by the individual in the acquisition period referred to in the first paragraph of that section for the acquisition of a share referred to in that section if";

(2) by adding the following paragraph:

"For the purposes of the first paragraph, the acquisition periods described in subparagraphs *b* and *c* of the first paragraph of section 776.1.5.0.10.1 are deemed to be a single acquisition period that begins on 1 March 2007 and ends on 29 February 2008."

(2) Subsection 1 applies in respect of an amount paid after 23 March 2006.

165. (1) Section 776.41.14 of the Act is amended

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

"A – B – C.";

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

"(*b*) B is the total of

i. the amount obtained by multiplying the percentage determined under section 750.1 for the year by the aggregate of all amounts each of which is an amount determined for the year under any of sections 752.0.0.4 to 752.0.0.6 in respect of the eligible student, or

ii. the aggregate of all amounts each of which is an amount deemed, for a particular month, under section 1029.8.116.16, to be an overpayment of the eligible student's tax payable for the year in respect of the particular month; and";

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

"(*c*) C is the eligible student's tax otherwise payable for the year under this Part, computed without reference to the deductions under this Book."

(2) Subsection 1 applies from the taxation year 2010. However, when section 776.41.14 of the Act applies to the taxation year 2010, subparagraph *b* of the second paragraph is to be read as follows:

"(*b*) B is the amount obtained by multiplying the percentage determined under section 750.1 for the year by the aggregate of all amounts each of which is an amount determined for the year under any of sections 752.0.0.4 to 752.0.0.6 in respect of the eligible student; and".

166. (1) Section 776.45 of the Act is amended by replacing paragraph *d.*1 by the following paragraph:

"(*d.*1) a taxation year of a trust throughout which the trust is a segregated fund trust, within the meaning of subparagraph *k* of the first paragraph of section 835, a mutual fund trust, an employee life and health trust, or a master trust within the meaning of the regulations made under paragraph *c*.4 of section 998;".

(2) Subsection 1 has effect from 1 January 2010.

167. (1) Section 785.0.1 of the Act is amended by inserting the following subparagraph after subparagraph vi of paragraph *a* of the definition of "excluded right or interest":

"vi.1. an employee life and health trust,".

(2) Subsection 1 has effect from 1 January 2010.

168. (1) Section 785.2 of the Act is amended, in the first paragraph,

(1) by inserting the following subparagraph after subparagraph *b*:

"(*b*.1) despite subparagraph *b*, if the taxpayer is or was at any time, an employee life and health trust, the following rules apply:

i. the taxpayer is deemed

(1) to have disposed, at the time (in this subparagraph referred to as the "time of disposition") that is immediately before the time that is immediately before the particular time, of each property then owned by the taxpayer for proceeds equal to its fair market value at the time of disposition, which proceeds are deemed to have been received by the taxpayer at the time of disposition, and

(2) to have carried on a business at the time of disposition, and

ii. each property of the taxpayer is deemed to be described in the inventory of the business referred to in subparagraph 2 of subparagraph i and to have a cost of nil at the time of disposition;";

(2) by replacing “subparagraph *b*” in subparagraph *c* by “subparagraph *b* or *b.*1”.

(2) Subsection 1 has effect from 1 January 2010.

169. (1) The Act is amended by inserting the following section after section 785.2.2:

“**785.2.2.1.** For the purposes of subparagraph *a* of the first paragraph of section 785.2.2, a property is deemed to be a taxable Canadian property of an individual throughout the period that began at the emigration time and that ends at the particular time if

(*a*) the emigration time is before 5 March 2010; and

(*b*) the property was a taxable Canadian property of the individual on 4 March 2010.”

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Canadian property of a taxpayer.

170. (1) The Act is amended by inserting the following before Title II of Book VII of Part I:

“**TITLE I.1**

“EMPLOYEE LIFE AND HEALTH TRUST

“**CHAPTER I**

“INTERPRETATION

“**869.1.** In this Title,

“actuary” means a Fellow of the Canadian Institute of Actuaries;

“class of beneficiaries” of a trust means a group of beneficiaries who have identical rights or interests under the trust;

“designated employee benefit” means a benefit from a group sickness or accident insurance plan, a group term life insurance policy or a private health services plan;

“employee” means an employee or former employee of an employer and includes an individual in respect of whom the employer has assumed responsibility for the provision of designated employee benefits as a result of the acquisition by the employer of a business in which the individual was employed;

"key employee", of an employer in respect of a taxation year, means an employee who

(*a*) was at any time in the year or in a preceding taxation year, a specified employee of the employer; or

(*b*) was an employee whose employment income from the employer in any two of the five taxation years preceding the year exceeded five times the Maximum Pensionable Earnings, as determined under section 40 of the Act respecting the Québec Pension Plan (chapter R-9), for the calendar year in which the employment income was earned.

"**869.2.** A trust that is established for employees of one or more employers (each referred to in this section and in section 869.6 as a "participating employer") is an employee life and health trust for a taxation year if, throughout the year, under the terms that govern the trust,

(*a*) the only purpose of the trust is to provide designated employee benefits to, or for the benefit of, persons described in subparagraph i or ii of paragraph *d*;

(*b*) on wind-up or reorganization, the property of the trust may only be distributed to

i. each remaining beneficiary of the trust who is described in subparagraph i or ii of paragraph *d* (other than a key employee or an individual who is related to a key employee) on a pro rata basis,

ii. another employee life and health trust, or

iii. after the death of the last beneficiary described in subparagraph i or ii of paragraph *d*, the State or Her Majesty in right of Canada or a province, other than Québec;

(*c*) the trust is required to be resident in Canada;

(*d*) the trust may not have any beneficiaries other than persons each of whom is

i. an employee of a participating employer,

ii. an individual who, in respect of an employee of a participating employer, is (or, if the employee is deceased, was, at the time of the employee's death)

(1) the spouse of the employee, or

(2) related to the employee and either a member of the employee's household or dependent on the employee for support,

iii. another employee life and health trust, or

iv. the State or Her Majesty in right of Canada or a province, other than Québec;

(*e*) the trust contains at least one class of beneficiaries where

i. the members of the class represent at least 25% of all of the beneficiaries of the trust who are employees of the participating employer, and

ii. at least 75% of the members of the class are not key employees of the participating employer;

(*f*) the rights under the trust of each key employee of a participating employer are not more advantageous than the rights of a class of beneficiaries described in paragraph *e*;

(*g*) no participating employer, nor any person who does not deal at arm's length with a participating employer, has any rights under the trust as a beneficiary or otherwise, except rights

i. to designated employee benefits,

ii. to enforce undertakings, warranties or similar obligations regarding

(1) the maintenance of the trust as an employee life and health trust, or

(2) the operation of the trust in a manner that prevents section 869.3 from applying to prohibit the deduction of an amount by the trust under section 657, or

iii. to prescribed payments;

(*h*) the trust may not make a loan to, or an investment in, a participating employer or a person or partnership with whom the participating employer does not deal at arm's length; and

(*i*) representatives of one or more participating employers do not constitute the majority of the trustees of the trust or otherwise control the trust.

"**CHAPTER II**

"COMPUTATION OF INCOME

"**869.3.** No amount may be deducted in a taxation year by an employee life and health trust under paragraph *a* of section 657 if the trust

(*a*) is not operated in the year in accordance with the terms required by section 869.2 to govern the trust; or

(*b*) is operated or maintained in the year primarily for the benefit of one or more key employees or their family members described in subparagraph ii of paragraph *d* of section 869.2.

"**869.4.** For the purpose of computing the income of an employer, the following rules apply:

(*a*) the employer may deduct for a taxation year the portion of its contributions to an employee life and health trust made in the year that may reasonably be regarded as having been contributed to enable the trust to

i. pay premiums to an insurance corporation that is licensed to provide insurance under the laws of Canada or a province for insurance coverage for the year or a preceding taxation year in respect of designated employee benefits for beneficiaries described in subparagraph i or ii of paragraph *d* of section 869.2, or

ii. otherwise provide

(1) group term life insurance as described in clause B of subparagraph iii of paragraph *a* of subsection 9 of section 18 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or

(2) any designated employee benefits payable in the year or a preceding taxation year to, or for the benefit of, beneficiaries described in subparagraph i or ii of paragraph *d* of section 869.2; and

(*b*) the portion of any contribution made to an employee life and health trust that exceeds the amount deductible under paragraph *a* and that may reasonably be regarded as enabling the trust to provide or pay benefits described in subparagraphs i and ii of paragraph *a* in a subsequent taxation year is deductible for that year.

"**869.5.** For the purposes of section 869.4, if, in respect of an employer's obligations to fund an employee life and health trust, a report has been prepared by an independent actuary, using accepted actuarial principles and practices, before the time of a contribution by the employer, the portion of the contribution that the report specifies to be the amount that the employee life and health trust is reasonably required to pay or incur in a taxation year in order to provide designated employee benefits to beneficiaries described in subparagraph i or ii of paragraph *d* of section 869.2 for a taxation year is, in the absence of evidence to the contrary, presumed to have been contributed to enable the trust to provide those benefits for the year.

"**869.6.** Despite subsection 1 of section 175.1 and section 869.4, an employer may deduct in computing its income for a taxation year an amount that it is required to contribute for the year to an employee life and health trust if the following conditions are met at the time that the contribution is made:

(*a*) it is reasonable to expect that

i. at no time in the year will more than 95% of the employees who are beneficiaries of the trust be employed by a single employer or by a related group of employers, and

ii. at least 15 employers will contribute to the trust in respect of the year or at least 10% of the employees who are beneficiaries of the trust will be employed in the year by more than one participating employer;

(*b*) employers contribute to the trust under a collective bargaining agreement and in accordance with a negotiated contribution formula that does not provide for any variation in contributions determined by reference to the financial experience of the trust; and

(*c*) contributions that are to be made by each employer are determined, in whole or in part, by reference to the number of hours worked by individual employees of the employer or some other measure that is specific to each employee with respect to whom contributions are made to the trust.

For the purposes of subparagraph ii of subparagraph *a* of the first paragraph, all employers who are related to each other are deemed to be a single employer.

"**869.7.** The amount deducted in a taxation year by an employer in computing its income in respect of contributions made to an employee life and health trust may not exceed the amount determined by the formula

A – B.

In the formula in the first paragraph,

(*a*) A is the total of the contributions made by the employer to the trust in the year or in a preceding taxation year; and

(*b*) B is the total of the amounts deducted by the employer in a preceding taxation year in respect of the contributions made by the employer to the trust.

"**869.8.** If an employer issues a promissory note or provides other evidence of its indebtedness to an employee life and health trust in respect of its obligation to the trust, the following rules apply:

(*a*) the issuance of the note or the provision of the evidence of indebtedness to the trust is not a contribution to the trust; and

(*b*) a payment by the employer to the trust in full or partial satisfaction of its liability under the note or the evidence of indebtedness, whether stated to be of principal or interest or any other amount, is deemed to be an employer

contribution to the trust that is subject to this Title and not a payment of principal or interest on the note or indebtedness.

"**869.9.** For the purpose of determining whether an amount is deductible by an employer under section 869.4, if a trust was an employee life and health trust at the time that a promissory note or other evidence of indebtedness referred to in section 869.8 was issued or provided, the trust is deemed to be an employee life and health trust at each time that an employer contribution is deemed to be made under paragraph *b* of section 869.8 in respect of the note or other indebtedness.

"**869.10.** For the purposes of section 43 and paragraph *p* of section 752.0.11.1, employee contributions to an employee life and health trust, to the extent that they are, and are identified by the trust at the time of contribution as, contributions in respect of a particular designated employee benefit, are deemed to be payments by the employee in respect of the particular designated employee benefit.

"**869.11.** If a trust that is, or was, at any time, an employee life and health trust pays an amount as a distribution from the trust to any person in a taxation year, the amount of the distribution must be included in computing the person's income for the year, except to the extent that the amount is

(*a*) a payment of a designated employee benefit that is not included in computing the person's income because of Chapters I and II of Title II of Book III; or

(*b*) a distribution to another employee life and health trust that is a beneficiary of the employee life and health trust.

"**869.12.** If contributions have been received by an employee life and health trust from more than one employer, the trust is deemed to be a separate trust established in respect of the property held for the benefit of beneficiaries described in subparagraph i or ii of paragraph *d* of section 869.2 in respect of a particular employer, if

(*a*) the trustee makes a valid election under paragraph *a* of subsection 12 of section 144.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

(*b*) under the terms of the trust, contributions from the employer and the income derived from those contributions accrue solely for the benefit of those beneficiaries.

Chapter V.2 of Title II of Book I applies in relation to an election made under paragraph *a* of subsection 12 of section 144.1 of the Income Tax Act.

"**869.13.** No non-capital loss is deductible by an employee life and health trust in computing its taxable income for a taxation year, except as provided by sections 727 and 727.1."

(2) Subsection 1 applies to a trust created after 31 December 2009.

171. (1) Section 890.1 of the Act is amended by inserting the following subparagraph after subparagraph *f* of the second paragraph:

"(*f*.1) an employee life and health trust;".

(2) Subsection 1 has effect from 1 January 2010.

172. (1) Section 890.15 of the Act is amended

(1) by replacing "(Statutes of Canada, 2004, chapter 26) or under a program administered pursuant to an agreement entered into under section 12 of that Act" in paragraph *c*.1 of the definition of "trust" by "or under a designated provincial program";

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

""designated provincial program" means

(*a*) a program administered pursuant to an agreement entered into by the government of a province under section 12 of the Canada Education Savings Act (Statutes of Canada, 2004, chapter 26); or

(*b*) a program established under the laws of a province, other than Québec, to encourage the financing of children's post-secondary education through savings in registered education savings plans;".

(2) Subsection 1 applies from the taxation year 2007.

173. (1) Section 890.15.1 of the Act is replaced by the following section:

"**890.15.1.** In this Title, a contribution to an education savings plan does not include

(*a*) an amount paid into the plan under or because of the Canada Education Savings Act (Statutes of Canada, 2004, chapter 26) or a designated provincial program;

(*b*) an amount deemed under section 1029.8.128 to be an overpayment of the trust's tax payable; and

(*c*) an amount paid into the plan under or because of any other program that has a similar purpose to a designated provincial program and that is funded,

directly or indirectly, by a province (other than an amount paid into the plan by a public primary caregiver in its capacity as subscriber under the plan)."

(2) Subsection 1 has effect from 1 January 2007. However, when section 890.15.1 of the Act applies

(1) before 21 February 2007, it is to be read as follows:

"**890.15.1.** In this Title, a contribution to an education savings plan does not include an amount paid into the plan under or because of the Canada Education Savings Act (Statutes of Canada, 2004, chapter 26) or a designated provincial program."; or

(2) after 20 February 2007 and before 1 January 2009, it is to be read without reference to its paragraph *c*.

174. (1) Section 905.0.3 of the Act is amended by inserting the following definition in alphabetical order:

""designated provincial program" means a program that is established under the laws of a province and that supports savings in registered disability savings plans;".

(2) Subsection 1 applies from the taxation year 2009.

175. (1) Section 905.0.4 of the Act is replaced by the following section:

"**905.0.4.** For the purposes of this Title, a contribution to a disability savings plan does not include, other than for the purposes of paragraph *b* of the definition of "disability savings plan" in section 905.0.3,

(*a*) an amount paid into the plan under or because of the Canada Disability Savings Act (Statutes of Canada, 2007, chapter 35) or a designated provincial program;

(*b*) an amount paid into the plan under or because of any other program that has a similar purpose to a designated provincial program and that is funded, directly or indirectly, by a province, other than an amount paid into the plan by an entity described in subparagraph iii of paragraph *a* of the definition of "qualifying person" in section 905.0.3 in its capacity as holder of the plan;

(*c*) an amount transferred to the plan in accordance with section 905.0.16; or

(*d*) other than for the purposes of paragraphs *f* to *h* and *n* of section 905.0.6, an amount that is a specified RDSP payment as defined in subsection 1 of section 60.02 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies from the taxation year 2009. However, when section 905.0.4 of the Act applies before 1 July 2011, it is to be read without reference to its paragraph *d*.

176. (1) Section 905.0.6 of the Act is amended, in the first paragraph,

(1) by striking out ", other than as a transfer in accordance with section 905.0.16," in the following provisions of subparagraph *g*:

— the portion before subparagraph i;

— subparagraph iii;

(2) by inserting "or a designated provincial program" after "Canada Disability Savings Act" in subparagraph iii of subparagraph *i*;

(3) by striking out ", other than as a transfer in accordance with section 905.0.16," in the portion of subparagraph *n* before subparagraph i;

(4) by inserting "or a designated provincial program" after "Canada Disability Savings Act" in subparagraph *p*.

(2) Subsection 1 applies from the taxation year 2009.

177. (1) Section 905.0.15 of the Act is amended by striking out ", other than as a transfer in accordance with section 905.0.16," in subparagraph *b* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2009.

178. (1) Section 935.24 of the Act is amended by adding the following paragraph after paragraph *b*:

"(*c*) a trust's income is computed without reference to paragraph *a* of section 657."

(2) Subsection 1 applies from the taxation year 2010.

179. (1) Section 1015 of the Act is amended by adding the following subparagraph after subparagraph *t* of the second paragraph:

"(*u*) an amount described in section 313.12."

(2) Subsection 1 has effect from 1 January 2010.

180. (1) Section 1029.6.0.1.2 of the Act, amended by section 53 of chapter 1 of the statutes of 2011, is again amended

(1) by inserting the following paragraph after the first paragraph:

"The 12-month time limit provided for in the first paragraph is extended by operation of law if

(*a*) the taxpayer obtained the certificate, advance ruling or qualification certificate that the taxpayer is required to file with the Minister in accordance with any of Divisions II to II.6.15 after the fifteenth day of the eleventh month following the taxpayer's filing-due date for the particular taxation year; and

(*b*) the application for the certificate, advance ruling or qualification certificate was filed with the Minister or the body responsible for issuing the document before the expiry of the ninth month following the taxpayer's filing-due date for that particular taxation year.";

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

"(*b*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of the documents referred to in the first paragraph on or before the day that is 12 months after that date or, if applicable, within the time limit extended in accordance with the second paragraph or the second paragraph of section 36.0.1 of the Tax Administration Act (chapter A-6.002), so as to be deemed to have paid an amount to the Minister for the year in respect of the cost, expenditure or costs under any of Divisions II to II.6.15 other than the particular division."

(2) Paragraph 1 of subsection 1 applies to a taxation year for which the time limit for filing a certificate, advance ruling or qualification certificate with the Minister of Revenue 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 expires after 30 June 2006.

(3) Paragraph 2 of subsection 1 applies in respect of an application filed by a taxpayer after 30 March 2010 so as to be deemed to have paid an amount to the Minister of Revenue under any of Divisions II to II.6.15 of Chapter III.1 of Title III of Book IX of Part I of the Act.

181. (1) Section 1029.8.9 of the Act, amended by section 59 of chapter 1 of the statutes of 2011, is again amended by replacing subparagraph *a* of the fifth paragraph by the following subparagraph:

"(*a*) the taxpayer has filed with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, advance ruling, qualification certificate, rate schedule, receipt or report on or before the day that is 12 months after the taxpayer's filing-due date for a taxation year or, if applicable, within the time limit extended in accordance with the second paragraph of section 1029.6.0.1.2 or the second paragraph of section 36.0.1 of the Tax Administration Act (chapter A-6.002), so as to be deemed to have paid an amount to the Minister for the year under any of Divisions II.5.1 to II.6.15 in respect of an expenditure incurred under the contract; and".

(2) Subsection 1 applies in respect of an application for an advance ruling filed after 30 March 2010.

182. (1) Section 1029.8.34 of the Act, amended by section 61 of chapter 1 of the statutes of 2011, is again amended by replacing subparagraph ii of paragraph *b* of the definition of "labour expenditure" in the first paragraph by the following subparagraph:

"ii. to a particular corporation having an establishment in Québec that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iii, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who provided services as part of the production of the property,".

(2) Subsection 1 has effect from (*insert the date of introduction of this bill*).

183. (1) Section 1029.8.36.72.82.1 of the Act is amended, in the definition of "eligible repayment of assistance" in the first paragraph,

(1) by replacing the portion of subparagraph *m*.1 before subparagraph ii by the following:

"(*m*.1) where the qualified corporation pays in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.3.2 that relates to a calendar year preceding the particular calendar year ending in the taxation year, the amount by which the lesser of the balance of the corporation's tax assistance limit for the taxation year, within the meaning of section 1029.8.36.72.82.3.4, multiplied by 100/20 if the particular calendar year is the calendar year 2010, or by 100/10 if the particular calendar year is subsequent to the calendar year 2010, and the particular amount that would have been determined under that subparagraph *a*.1 in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid by the qualified corporation, in respect of such an amount of assistance, as repayment in the taxation year or a preceding taxation year, exceeds the aggregate of

i. the lesser of the balance of the corporation's tax assistance limit for the taxation year, within the meaning of section 1029.8.36.72.82.3.4, multiplied by 100/20 if the particular calendar year is the calendar year 2010, or by 100/10 if the particular calendar year is subsequent to the calendar year 2010, and the

particular amount determined under subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.3.2 in respect of the qualified corporation in relation to the preceding calendar year, and";

(2) by replacing the portion of subparagraph *n*.1 before subparagraph ii by the following:

"(*n*.1) where a corporation pays in a particular calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the corporation to an employee, for the purpose of computing the amount referred to in subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.3.3 that relates to a calendar year preceding the particular calendar year in relation to the qualified corporation at the end of which the qualified corporation was not associated with any other qualified corporation that was carrying on a recognized business for its taxation year in which the preceding calendar year ended, the amount by which the lesser of the balance of the corporation's tax assistance limit for the taxation year, within the meaning of section 1029.8.36.72.82.3.4, multiplied by 100/20 if the particular calendar year is the calendar year 2010, or by 100/10 if the particular calendar year is subsequent to the calendar year 2010, and the particular amount that would have been determined under that subparagraph *a*.1 in respect of the qualified corporation in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, exceeds the aggregate of

i. the lesser of the balance of the corporation's tax assistance limit for the taxation year, within the meaning of section 1029.8.36.72.82.3.4, multiplied by 100/20 if the particular calendar year is the calendar year 2010, or by 100/10 if the particular calendar year is subsequent to the calendar year 2010, and the particular amount determined under subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year, and";

(3) by replacing the portion of subparagraph *o*.1 before subparagraph ii by the following:

"(*o*.1) where a qualified corporation pays in a particular calendar year ending in the taxation year, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.72.82.6 that reduced the amount of the salary or wages paid by the qualified corporation to an employee, for the purpose of computing the excess amount referred to in paragraph *a* or *c* of section 1029.8.36.72.82.4.2 determined, in respect of a calendar year preceding the particular calendar year, in relation to all of the corporations that were associated with each other at the end of that preceding calendar year and with which the qualified corporation was associated at that

time, the amount by which the lesser of the balance of the corporation's tax assistance limit for the taxation year, within the meaning of section 1029.8.36.72.82.3.4, multiplied by 100/20 if the particular calendar year is the calendar year 2010, or by 100/10 if the particular calendar year is subsequent to the calendar year 2010, and the particular amount that would have been determined under subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year if, for the purposes of paragraph *a* or *c* of section 1029.8.36.72.82.4.2 in relation to that preceding calendar year, each of the amounts of assistance in respect of the salary or wages had been reduced by any amount paid, in respect of such an amount of assistance, as repayment in the particular calendar year or a preceding calendar year, and if the amount determined pursuant to section 1029.8.36.72.82.4.2 had been attributed to a qualified corporation in the same proportion as that determined in its respect in relation to the preceding calendar year, exceeds the aggregate of

i. the lesser of the balance of the corporation's tax assistance limit for the taxation year, within the meaning of section 1029.8.36.72.82.3.4, multiplied by 100/20 if the particular calendar year is the calendar year 2010, or by 100/10 if the particular calendar year is subsequent to the calendar year 2010, and the particular amount determined under subparagraph *a*.1 of the first paragraph of section 1029.8.36.72.82.3.3 in respect of the qualified corporation in relation to the preceding calendar year, and".

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

184. (1) Section 1029.8.36.72.82.3.2 of the Act is amended by replacing the portion of subparagraph *a*.1 of the first paragraph before subparagraph i by the following:

"(*a*.1) the lesser of the balance of the qualified corporation's tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4, and 10% of the particular amount that is the least of the following amounts:".

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

185. (1) Section 1029.8.36.72.82.3.3 of the Act is amended by replacing the portion of subparagraph *a*.1 of the first paragraph before subparagraph i by the following:

"(*a*.1) subject to the second paragraph, the lesser of the balance of the qualified corporation's tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4, and 10% of the particular amount that is the least of the following amounts:".

(2) Subsection 1 applies to a taxation year that ends after 30 December 2010.

186. (1) Section 1029.8.36.166.40 of the Act is amended by replacing the portion of the definition of "qualified property" in the first paragraph before paragraph *a* by the following:

""qualified property" of a corporation or partnership means a property that is acquired by the corporation or partnership, that is included in Class 29 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1), if such an acquisition occurs in any of the years 2008 to 2011, or in Class 43 of that Schedule in any other case, and that".

(2) Subsection 1 has effect from 14 March 2008.

187. (1) Section 1029.8.50 of the Act is amended by adding the following paragraph after the seventh paragraph:

"For the purpose of applying this Part to any taxation year,

(*a*) an amount that is otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year subsequent to the taxation year to which the averaging applies may not be taken into account for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *b* of the third paragraph for the taxation year to which the averaging applies; and

(*b*) an amount that, under subparagraph *a* of the fifth paragraph of section 766.17, is deemed to be deducted in computing an individual's taxable income or tax payable under this Part for a taxation year to which the averaging applies, because it is deducted in that computation for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *d* and *h* of the second paragraph of section 766.17 for the taxation year to which the averaging applies, may not be taken into account for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *b* of the third paragraph for the taxation year to which the averaging applies."

(2) Subsection 1 applies from the taxation year 2007. However, when section 1029.8.50 of the Act applies to a taxation year preceding the taxation year 2010, the eighth paragraph of that section is to be read as follows:

"For the purpose of applying this Part to any taxation year, an amount that is otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year subsequent to the taxation year to which the averaging applies may not be taken into account for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *b* of the third paragraph for the taxation year to which the averaging applies."

188. Section 1029.8.61.6 of the Act is amended by replacing "financial institution situated in Québec" in subparagraph *c* of the first paragraph by "financial institution having an establishment situated in Québec".

189. (1) The Act is amended by inserting the following sections after section 1029.8.61.6:

"**1029.8.61.6.1.** The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.61.6 a document or information other than those provided for in the first and second paragraphs of that section if the Minister considers the document or information necessary to evaluate the application.

"**1029.8.61.6.2.** Despite the first paragraph of section 1029.8.61.6, the Minister is not required to grant an application for advance payments referred to in that paragraph for a particular taxation year if

(*a*) the individual, or the individual's spouse at the time of the application, received an amount the Minister paid in advance under section 1029.8.61.6 for a preceding taxation year and, at the time the application is processed, has not filed a fiscal return for the preceding year; and

(*b*) the application is processed after the filing-due date of the person referred to in paragraph *a* for the preceding year.

"**1029.8.61.6.3.** The Minister may, at a particular time, cease to pay in advance, or suspend the payment of, an amount provided for in section 1029.8.61.6 to an individual for a particular taxation year if

(*a*) the individual, or the individual's spouse at the time of the application referred to in the first paragraph of section 1029.8.61.6 for the particular year, received an amount the Minister paid in advance under that section for a preceding taxation year and has not, as of the particular time, filed a fiscal return for the preceding year; and

(*b*) the particular time is subsequent to the filing-due date of the person referred to in paragraph *a* for the preceding year.

"**1029.8.61.6.4.** The Minister may suspend the advance payment of, reduce or cease to pay an amount provided for in section 1029.8.61.6 if documents or information brought to the Minister's attention so warrant."

(2) Subsection 1 has effect from 22 December 2010.

190. Section 1029.8.61.13 of the Act is amended by striking out "or, where the individual died in the year, throughout the period of the year preceding the time of death".

191. (1) Section 1029.8.61.56 of the Act is amended by adding the following paragraph:

"An employee of the Régie des rentes du Québec, who is authorized by the Minister, may sign the documents required for the purposes of the first paragraph."

(2) Subsection 1 has effect from 1 April 2011.

192. (1) Section 1029.8.66.1 of the Act is amended

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

"**1029.8.66.1.** In this division,

"eligible expenses" of an individual means the expenses related to an eligible in vitro fertilization treatment undergone by the individual or the individual's spouse to enable the individual or the individual's spouse to become a parent, and that are paid

(*a*) for assisted procreation services rendered by a physician and described in any of subparagraphs *a* to *e* of the first paragraph of section 34.4 of the Regulation respecting the application of the Health Insurance Act (R.R.Q., 1981, chapter A-29, r. 1), subparagraph *a* or *b* of the first paragraph of section 34.5 of that regulation or paragraph *a* or *c* of section 34.6 of that regulation;

(*b*) for medications

i. that can lawfully be acquired for use by a person only if prescribed by a physician,

ii. the purchase of which is recorded by a pharmacist, and

iii. that are not covered by the basic prescription drug insurance plan established by the Act respecting prescription drug insurance (chapter A-29.01);

(*c*) for travel expenses that, but for paragraph *a* of section 752.0.11.1.3, would be medical expenses referred to in section 752.0.11.1; or

(*d*) for travel and lodging expenses that, but for subparagraph *a* of the second paragraph of section 752.0.13.1, would be travel and lodging expenses referred to in the first paragraph of that section, and for which a physician produces a certificate, within the meaning of section 752.0.18, certifying that care equivalent or virtually equivalent to that obtained is not available in Québec within 250 kilometres of the locality where the person undergoing the treatments lives and, if such is the case, that that person is unable to travel unassisted;

"eligible in vitro fertilization treatment" means a non-insured in vitro fertilization treatment undergone by a woman of childbearing age and during which an in vitro fertilization activity is carried out that meets the following conditions:

(*a*) following the in vitro fertilization activity, only one embryo or, in accordance with the decision of a physician who has considered the quality of the embryos, a maximum of two embryos, in the case of a woman 36 years of age or under, or three embryos including no more than two blastocysts, in the case of a woman 37 years of age or over, are to be transferred; and

(*b*) if the in vitro fertilization activity is carried out in Québec, the assisted procreation services required during the activity, other than the services described in paragraphs *a* and *c* of section 34.6 of the Regulation respecting the application of the Health Insurance Act, are rendered in a centre for assisted procreation that is the holder of a licence issued in accordance with the Regulation respecting clinical activities related to assisted procreation (R.R.Q., chapter A-5.01, r. 1), by a physician who practices at that centre;

"non-insured in vitro fertilization treatment" means an in vitro fertilization treatment undergone by an individual and in respect of which no cost for services described in sections 34.4 and 34.5 of the Regulation respecting the application of the Health Insurance Act is paid on behalf of the individual, or for which the individual may not be reimbursed, by the administrator of a universal health insurance plan;

"universal health insurance plan" means

(*a*) a plan established by or pursuant to a law of a province that establishes a health insurance plan that is a health care insurance plan within the meaning of section 2 of the Canada Health Act (Revised Statutes of Canada, 1985, chapter C-6) or a plan established by or pursuant to a law of another jurisdiction that establishes a public health insurance plan; or

(*b*) a plan established by the Government of Canada that provides for health insurance protection for the members of the Canadian Forces or the members of the Royal Canadian Mounted Police.";

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

"For the purposes of paragraph *b* of the definition of "eligible in vitro fertilization treatment" in the first paragraph, if assisted procreation services are rendered at any time in the six-month period beginning on 5 August 2010 in a centre for assisted procreation that is not, at that time, the holder of a licence issued in accordance with the Regulation respecting clinical activities related to assisted procreation, those services are deemed to have been rendered in a centre for assisted procreation that is the holder of such a licence if the centre was in operation on 5 August 2010 and if a licence was issued to it not later than 5 February 2011 in accordance with that regulation."

(2) Subsection 1 applies in respect of expenses paid after 31 December 2010 for a treatment undergone after 4 August 2010.

193. (1) Section 1029.8.66.2 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1029.8.66.2.** An individual who is resident in Québec at the end of 31 December of a year is deemed to have paid to the Minister, on the individual's balance-due day for the individual's taxation year the end of which coincides with that date, on account of the individual's tax payable under this Part for that taxation year, an amount, for the year, equal to the lesser of $10,000 and 50% of the aggregate of the individual's eligible expenses that, in the year, are paid by the individual or by the person who is the individual's spouse at the time of payment."

(2) Subsection 1 applies from the taxation year 2011.

194. (1) Section 1029.8.66.3 of the Act is amended by replacing paragraphs *b* and *c* by the following paragraphs:

"(*b*) a copy of all receipts providing evidence of the expenses referred to in any of paragraphs *a* to *c* of the definition of "eligible expenses" in the first paragraph of section 1029.8.66.1; and

"(*c*) a copy of the certificate referred to in paragraph *d* of the definition of "eligible expenses" in the first paragraph of section 1029.8.66.1 in prescribed form."

(2) Subsection 1 applies from the taxation year 2011.

195. (1) Section 1029.8.80.2 of the Act, amended by section 83 of chapter 1 of the statutes of 2011, is again amended

(1) by replacing "in this section" in the portion of the first paragraph before subparagraph *a* by "in this subdivision";

(2) by replacing "financial institution situated in Québec" in subparagraph *g* of the first paragraph by "financial institution having an establishment situated in Québec";

(3) by striking out "and, if the individual does not so notify the Minister, the Minister may suspend, reduce or cease the payment of the advance" in the third paragraph.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 22 December 2010.

196. (1) The Act is amended by inserting the following sections after section 1029.8.80.3:

"**1029.8.80.4.** The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.80.2 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.

"**1029.8.80.5.** Despite the first paragraph of section 1029.8.80.2, the Minister is not required to grant an application for advance payments referred to in that paragraph for a particular taxation year 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 child care expenses for a preceding taxation year and, at the time the application is processed, has not filed a fiscal return for the preceding year; and

(*b*) the application is processed after the filing-due date of the person referred to in paragraph *a* for the preceding year.

"**1029.8.80.6.** The Minister may, at a particular time, cease to pay, or suspend the payment of, the amount of the advance relating to child care expenses to an individual for a particular taxation year if

(*a*) the individual, or the individual's spouse at the time of the application referred to in the first paragraph of section 1029.8.80.2 for the particular year, received a payment of the amount of the advance relating to child care expenses for a preceding taxation year and has not, as of the particular time, filed a fiscal return for the preceding year; and

(*b*) the particular time is subsequent to the filing-due date of the person referred to in paragraph *a* for the preceding year.

"**1029.8.80.7.** The Minister may suspend the payment of, reduce or cease to pay the amount of the advance relating to child care expenses if documents or information brought to the Minister's attention so warrant."

(2) Subsection 1 has effect from 22 December 2010.

197. (1) Section 1029.8.116.9 of the Act, amended by section 88 of chapter 1 of the statutes of 2011, is again amended

(1) by replacing "in this section " in the portion of the first paragraph before subparagraph *a* by "in this subdivision";

(2) by replacing "financial institution situated in Québec" in subparagraph *f* of the first paragraph by "financial institution having an establishment situated in Québec";

(3) by striking out "and, if the individual does not so notify the Minister, the Minister may suspend, reduce or cease the payment of the advance" in the fourth paragraph.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 22 December 2010.

198. (1) Section 1029.8.116.9.1 of the Act is amended

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

"**1029.8.116.9.1.** If an individual applies to the Minister of Employment and Social Solidarity for a taxation year, in prescribed form containing prescribed information, and if that Minister, after being satisfied that the conditions set out in subparagraphs *b* and *c* of the first paragraph of section 1029.8.116.5.0.2 are met in respect of any of the individual's periods of transition to work that include an eligible month, notifies the Minister of Revenue, the latter 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 supplement") equal to the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under that first paragraph, on account of the individual's tax payable for a taxation year for which the application is made, if";

(2) by replacing "financial institution situated in Québec" in subparagraph *e* of the first paragraph by "financial institution having an establishment situated in Québec";

(3) by striking out "and, if the individual does not so notify the Minister, the Minister may suspend, reduce or cease the payment of the advance" in the fourth paragraph.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 22 December 2010.

199. (1) The Act is amended by inserting the following sections after section 1029.8.116.9.1:

"**1029.8.116.9.1.1.** The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.116.9 or 1029.8.116.9.1 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.

"**1029.8.116.9.1.2.** Despite the first paragraph of sections 1029.8.116.9 and 1029.8.116.9.1, the Minister is not required to grant an application for

advance payments referred to in that paragraph for a particular taxation year if

(*a*) the individual, or the individual's spouse at the time of the application, received for a preceding taxation year a payment either of the amount of the advance relating to the work premium or of the amount of the advance relating to the supplement and, at the time the application is processed, has not filed a fiscal return for the preceding year; and

(*b*) the application is processed after the filing-due date of the person referred to in paragraph *a* for the preceding year.

"**1029.8.116.9.1.3.** The Minister may, at a particular time, cease to pay, or suspend the payment of, either the amount of the advance relating to the work premium or the amount of the advance relating to the supplement to an individual for a particular taxation year if

(*a*) the individual, or the individual's spouse at the time of the application referred to in the first paragraph of section 1029.8.116.9 or 1029.8.116.9.1, as the case may be, for the particular year, received for a preceding taxation year a payment either of the amount of the advance relating to the work premium or of the amount relating to the supplement and has not, as of the particular time, filed a fiscal return for the preceding year; and

(*b*) the particular time is subsequent to the filing-due date of the person referred to in paragraph *a* for the preceding year.

"**1029.8.116.9.1.4.** The Minister may suspend the payment of, reduce or cease to pay either the amount of the advance relating to the work premium or the amount of the advance relating to the supplement if documents or information brought to the Minister's attention so warrant."

(2) Subsection 1 has effect from 22 December 2010.

200. (1) Section 1029.8.126 of the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

""designated provincial program" has the meaning assigned by section 890.15;".

(2) Subsection 1 has effect from 1 January 2007.

201. (1) Section 1029.8.140 of the Act is amended by replacing "in accordance with an agreement entered into with the government of a province under section 12 of the Canada Education Savings Act (Statutes of Canada, 2004, chapter 26)" in paragraph *g* by "under a designated provincial program".

(2) Subsection 1 has effect from 1 January 2007.

202. (1) Section 1029.8.142 of the Act is amended by replacing "program administered in accordance with an agreement entered into with the government of a province under section 12 of the Canada Education Savings Act (Statutes of Canada, 2004, chapter 26)" in subparagraph *h* of the second paragraph by "designated provincial program".

(2) Subsection 1 has effect from 1 January 2007.

203. (1) Section 1029.8.147 of the Act is amended by replacing paragraph *c* by the following paragraph:

"(*c*) if the dwelling is an apartment in a residential duplex or triplex and work is carried out in respect of a portion of the duplex or triplex that serves for the common use of the occupants, that portion is considered to be part of an individual's dwelling only if each of the apartments in the duplex or triplex is occupied, at the time the work-related expenditures are incurred, as a principal place of residence by an individual who co-owns the duplex or triplex at the time."

(2) Subsection 1 applies from the taxation year 2009.

204. (1) Section 1042.1 of the Act is amended by replacing "of section 671.5" in subparagraph *c* of the first paragraph by "of the first paragraph of section 671.5".

(2) Subsection 1 applies to a taxation year that ends after 29 June 2010.

205. Section 1049.32 of the Act is repealed.

206. Section 1079.8.5 of the Act is amended by replacing the first paragraph in the French text by the following paragraph:

"**1079.8.5.** Un contribuable qui réalise une opération comportant une rémunération conditionnelle dans une année d'imposition ou qui est membre d'une société de personnes qui réalise une telle opération dans un exercice financier doit, dans une déclaration de renseignements produite conformément à l'article 1079.8.9 et dans le délai prévu à l'article 1079.8.10, divulguer cette opération au ministre pour cette année d'imposition ou pour cet exercice financier, selon le cas, lorsque, en l'absence du titre I du livre XI, il résulterait directement ou indirectement de cette opération:

a) dans le cas où l'opération est réalisée par le contribuable, soit un avantage fiscal de 25 000 $ ou plus pour le contribuable, soit une incidence sur le revenu de celui-ci de 100 000 $ ou plus, pour l'année;

b) dans le cas où l'opération est réalisée par la société de personnes, une incidence sur le revenu de la société de personnes de 100 000 $ ou plus pour l'exercice financier."

207. Section 1079.8.6 of the Act is amended by replacing the first paragraph in the French text by the following paragraph:

"**1079.8.6.** Un contribuable qui réalise une opération confidentielle dans une année d'imposition ou qui est membre d'une société de personnes qui réalise une telle opération dans un exercice financier doit, dans une déclaration de renseignements produite conformément à l'article 1079.8.9 et dans le délai prévu à l'article 1079.8.10, divulguer cette opération au ministre pour cette année d'imposition ou pour cet exercice financier, selon le cas, lorsque, en l'absence du titre I du livre XI, il résulterait directement ou indirectement de cette opération:

a) dans le cas où l'opération est réalisée par le contribuable, soit un avantage fiscal de 25 000 $ ou plus pour le contribuable, soit une incidence sur le revenu de celui-ci de 100 000 $ ou plus, pour l'année;

b) dans le cas où l'opération est réalisée par la société de personnes, une incidence sur le revenu de la société de personnes de 100 000 $ ou plus pour l'exercice financier."

208. Section 1079.11 of the Act is amended by replacing the first paragraph in the French text by the following paragraph:

"**1079.11.** Une opération d'évitement signifie une opération dont, en l'absence du présent titre, résulterait directement ou indirectement un avantage fiscal, ou qui fait partie d'une série d'opérations dont, en l'absence du présent titre, résulterait directement ou indirectement un avantage fiscal, sauf si, dans l'un ou l'autre de ces cas, l'on peut raisonnablement considérer que l'opération a été entreprise ou organisée principalement pour des objets véritables."

209. Section 1079.12 of the Act is amended, in the French text,

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

"*a*) s'il n'était pas tenu compte du présent titre, un mauvais emploi des dispositions d'un ou de plusieurs des textes suivants résulterait directement ou indirectement de cette opération:";

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

"*b*) un abus résulterait directement ou indirectement de cette opération, compte tenu des dispositions visées au paragraphe *a*, exception faite du présent titre, lues dans leur ensemble."

210. (1) Section 1089 of the Act, amended by section 295 of chapter 3 of the statutes of 2010, is again amended by replacing "any of paragraphs *c* to *h*.1" in subparagraph i of subparagraph *c* of the first paragraph by "paragraph *c* or *d*".

(2) Subsection 1 has effect from 5 March 2010.

211. (1) Section 1094 of the Act is amended

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

"(*c*) a share of the capital stock of a corporation (other than a mutual fund corporation) that is not listed on a designated stock exchange, an interest in a partnership or an interest in a trust (other than a unit of a mutual fund trust or an income interest in a trust resident in Canada), if, at any time during the 60-month period that ends at the particular time, more than 50% of the fair market value of the share or interest, as the case may be, was derived directly or indirectly from one or any combination of

i. an immovable property situated in Québec,

ii. a Canadian resource property,

iii. a timber resource property, and

iv. a right in or an option in respect of a property described in any of subparagraphs i to iii, whether or not the property exists; and";

(2) by striking out paragraph *c*.1;

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

"(*d*) a share of the capital stock of a corporation that is listed on a designated stock exchange, a share of the capital stock of a mutual fund corporation or a unit of a mutual fund trust, if, at any time during the 60-month period that ends at the particular time,

i. 25% or more of the issued shares of any class of shares of the capital stock of the corporation, or 25% or more of the issued units of the trust, as the case may be, were owned by or belonged to one or any combination of the taxpayer and persons with whom the taxpayer did not deal at arm's length, and

ii. more than 50% of the fair market value of the share or unit, as the case may be, was derived directly or indirectly from one or any combination of properties described in subparagraphs i to iv of paragraph *c*;";

(4) by striking out paragraphs *e* to *h*.1.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property of a taxpayer.

212. (1) Section 1096 of the Act is replaced by the following section:

"**1096.** For the purposes of sections 1094 and 1095, a property is deemed to include, at a particular time, a right in or an option in respect of the property, whether or not the property exists at that time."

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is a taxable Québec property or taxable Canadian property of a taxpayer.

213. (1) Section 1097 of the Act is amended by replacing "any of paragraphs *c* to *h*.1" in the following provisions by "paragraph *c* or *d*":

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

— the second paragraph.

(2) Subsection 1 has effect from 5 March 2010.

214. (1) Section 1129.27.4.1 of the Act is amended

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

""annual limit amount" applicable in respect of a capitalization period means

(*a*) $100,000,000, in respect of the capitalization period that begins on 1 March 2007 and ends on 29 February 2008; and

(*b*) any of the following amounts, in respect of a capitalization period that begins after 29 February 2008:

i. $150,000,000, if the paid-up capital of the shares of the capital stock of the Corporation is less than $1,000,000,000 at the end of any previous capitalization period, or

ii. the lesser of $150,000,000 and the amount corresponding to the reduction in paid-up capital attributable to the aggregate of all the shares redeemed or purchased by agreement by the Corporation in the preceding capitalization period, in any other case;";

(2) by striking out the definitions of "cumulative limit amount" and "liability period";

(3) by replacing the portion of the definition of "capitalization period" before paragraph *a* by the following:

""capitalization period" means any of the following periods:";

(4) by replacing paragraph *b* of the definition of "capitalization period" by the following paragraph:

"(*b*) a period that begins on 1 March of a year subsequent to the year 2006 and ends on the last day of the month of February of the following year;";

(5) by striking out paragraphs *c* to *e* of the definition of "capitalization period".

(2) Subsection 1 applies in respect of a capitalization period that begins after 23 March 2006.

215. (1) Section 1129.27.4.2 of the Act is replaced by the following section:

"**1129.27.4.2.** The Corporation is required to pay, for a particular capitalization period, a tax under this Part equal to any of the following amounts:

(*a*) if the particular capitalization period begins on 24 March 2006 and ends on 28 February 2007, 35% of the amount by which $725,000,000 is exceeded by the paid-up capital of the shares of the capital stock of the Corporation at the end of the particular capitalization period; or

(*b*) if the particular capitalization period begins after 28 February 2007, the amount determined by the formula

50% × (A – B).

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

(*a*) A is the paid-up capital of the shares of the capital stock of the Corporation issued during the particular capitalization period; and

(*b*) B is the annual limit amount applicable in respect of the particular capitalization period."

(2) Subsection 1 applies in respect of a capitalization period that begins after 23 March 2006.

216. (1) Section 1129.27.6 of the Act is amended by inserting "and before 10 November 2007" after "23 March 2006" in the third paragraph.

(2) Subsection 1 has effect from 10 November 2007.

217. Section 1135.3 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**1135.3.** The property to which the first paragraph of section 1135.1 refers is a property included in Class 29 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1), if the property is acquired

after 18 March 2007, or in Class 43 of that Schedule in any other case, other than a property described in section 1135.3.0.1 or 1135.3.1, that".

218. Section 1135.3.0.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**1135.3.0.1.** The property to which the first paragraph of section 1135.1 and section 1135.3 refer is a property included in Class 29 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1), if the property is acquired after 18 March 2007, or in Class 43 of that Schedule in any other case, other than a property described in section 1135.3.1, that".

219. Section 1135.3.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**1135.3.1.** The property to which the first paragraph of section 1135.1 and sections 1135.3 and 1135.3.0.1 refer is a property included in Class 29 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1), if the property is acquired after 18 March 2007, or in Class 43 of that Schedule in any other case, that".

ACT TO FACILITATE THE PAYMENT OF SUPPORT

220. Section 36 of the Act to facilitate the payment of support (R.S.Q., chapter P-2.2) is amended by adding "and an increase in the maximum period during which such payments are authorized" after "paragraph" in the third paragraph.

221. The Act is amended by inserting the following section after section 51:

"**51.0.1.** A demand for payment sent under section 46 or a notice from the Minister sent under any of sections 48, 49 and 50 interrupts prescription."

222. Section 51.1 of the Act is amended by adding the following paragraph:

"If the transferred property is a share in undivided property, the fair market value of the share in that undivided property at the time of the transfer is deemed to be equal to the proportion of the fair market value of the undivided property at that time that the share is of the aggregate of the shares in that undivided property."

223. Section 53 of the Act, amended by section 175 of chapter 31 of the statutes of 2010, is again amended by replacing "notwithstanding" in the third paragraph by "despite section 79 of this Act and".

224. Sections 67 to 69 of the Act are replaced by the following section:

"**67.** A person who

(1) fails to withhold or remit a sum in accordance with section 16,

(2) fails to provide the information required under section 13 or 21 or provides false information, or

(3) contravenes any of sections 57, 57.1 and 75,

is guilty of an offence and liable to a fine of not less than $800 nor more than $10,000."

225. Section 70 of the Act is amended by striking out "or 68" in the first paragraph.

226. Section 71 of the Act is amended by inserting "and the maximum period" after "maximum amount" in paragraph 4.

227. Section 78 of the Act, replaced by section 152 of chapter 31 of the statutes of 2010, is amended by replacing "72.4 and 77" in the third paragraph by "72.4, 77 and 79".

ACT RESPECTING THE QUÉBEC SALES TAX

228. (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended

(1) by replacing paragraph 12 of the definition of "financial service" by the following paragraph:

"(12) the agreeing to provide, or the arranging for, a service that is

(*a*) referred to in any of paragraphs 1 to 9, and

(*b*) not referred to in any of paragraphs 14 to 20;";

(2) by inserting the following paragraph after paragraph 17 of the definition of "financial service":

"(17.1) an asset management service;";

(3) by inserting the following paragraphs after paragraph 18.2 of the definition of "financial service":

"(18.3) a service (other than a prescribed service) of managing credit that is in respect of credit cards, charge cards, credit accounts, charge accounts, loan accounts or accounts in respect of any advance and is provided to a person granting, or potentially granting, credit in respect of those cards or accounts, including a service provided to the person of

(*a*) checking, evaluating or authorizing credit,

(*b*) making decisions on behalf of the person in relation to a grant, or an application for a grant, of credit,

(*c*) creating or maintaining records for the person in relation to a grant, or an application for a grant, of credit or in relation to the cards or accounts, or

(*d*) monitoring another person's payment record or dealing with payments made, or to be made, by the other person;

"(18.4) a service (other than a prescribed service) that is preparatory to the provision or the potential provision of a service referred to in any of paragraphs 1 to 9 and 12, or that is provided in conjunction with a service referred to in any of those paragraphs, and that is

(*a*) a service of collecting, collating or providing information, or

(*b*) a market research, product design, document preparation, document processing, customer assistance, promotional or advertising service or a similar service;

"(18.5) property (other than a financial instrument or prescribed property) that is delivered or made available to a person in conjunction with the rendering by the person of a service referred to in any of paragraphs 1 to 9 and 12;";

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

""asset management service" means a service (other than a prescribed service) rendered by a particular person in respect of the assets or liabilities of another person that is a service of

(*a*) managing or administering the assets or liabilities, irrespective of the level of discretionary authority the particular person has to manage some or all of the assets or liabilities,

(*b*) providing research, analysis, advice or reports in respect of the assets or liabilities,

(*c*) determining which assets or liabilities are to be acquired or disposed of, or

(*d*) acting to realize performance targets or other objectives in respect of the assets or liabilities;

""management or administrative service" includes an asset management service;".

(2) Subsection 1 has effect from 1 July 1992. However, for the purposes of Title I of the Act (except for the purposes of subdivision 3 of Division I of

Chapter II of Title I of the Act), it does not apply in respect of a service rendered under an agreement, evidenced in writing, for a supply if

(1) all of the consideration for the supply became due or was paid before 15 December 2009;

(2) the supplier did not, before that date, charge, collect or remit any amount as or on account of tax under Title I of the Act in respect of the supply; and

(3) the supplier did not, before that date, charge, collect or remit any amount as or on account of tax under Title I of the Act in respect of any other supply that is made under the agreement and that includes the provision of a service referred to in any of paragraphs 17, 17.1 and 18.3 to 18.5 of the definition of "financial service" in section 1 of the Act, as amended by paragraphs 1 to 4 of subsection 1.

(3) Despite the second paragraph of section 25 of the Tax Administration Act (R.S.Q., chapter A-6.002), the Minister of Revenue may determine or redetermine any amount owed by a person under Title I of the Act respecting the Québec sales tax in respect of a supply of a service referred to in any of paragraphs 17, 17.1 and 18.3 to 18.5 of the definition of "financial service" in section 1 of the Act, as amended by paragraphs 2 to 4 of subsection 1, at any time on or before the later of

(1) (*insert the day that is one year after the date of assent to this Act*); and

(2) the last day of the period otherwise allowed under the second paragraph of that section for making the determination or redetermination.

229. (1) Section 16 of the Act is amended by replacing "8.5%" in the first paragraph by "9.5%".

(2) Subsection 1 has effect from 1 January 2012, except in respect of the supplies referred to in subsections 3 to 8.

(3) Subject to subsections 4 to 8, subsection 1 applies in respect of

(*a*) a supply of a property or service for which all of the consideration becomes due after 31 December 2011 and is not paid before 1 January 2012; and

(*b*) a supply of a property or service for which part of the consideration becomes due after 31 December 2011 and is not paid before 1 January 2012; however, tax at the rate of 8.5% is to be calculated on the value of any part of the consideration that becomes due or is paid before 1 January 2012.

(4) If, by reason of the application of section 86 of the Act, tax under section 16 of the Act, as amended by subsection 1, in respect of a supply of corporeal movable property by way of sale, calculated on the value of all or

part of the consideration for the supply is payable before 1 January 2012, the tax is to be calculated at the rate of 8.5%, unless, by reason of the application of section 89 of the Act, tax calculated on the value of the consideration or a part of the consideration is payable after 31 December 2011, in which case the tax is to be calculated at the rate of 9.5%.

(5) Subsection 1 applies in respect of a supply of an immovable by way of sale made under an agreement in writing entered into after 31 December 2011 under which ownership and possession of the immovable are transferred to the recipient after that date.

(6) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 31 December 2011 for the construction, renovation or alteration of, or repair to, an immovable or a ship or other marine vessel.

(7) Subsection 1 applies in respect of a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 31 December 2011.

(8) If a supply of a property or service is made and the consideration for the supply of the property or service delivered, performed or made available during a period beginning before 1 January 2012 and ending after 31 December 2011 is paid by the recipient under a budget payment arrangement with a reconciliation of the payments to take place at or after the end of the period, the following rules apply:

(*a*) at the time the supplier issues an invoice for the reconciliation of the payments, the supplier shall determine the positive or negative amount determined by the formula

A – B;

(*b*) if the amount determined under paragraph *a* in respect of a supply of a property or service is a positive amount and the supplier is a registrant, the supplier shall collect, and is deemed to have collected on the day the invoice for the reconciliation of payments is issued, that amount from the recipient as tax; and

(*c*) if the amount determined under paragraph *a* in respect of a supply of a property or service is a negative amount and the supplier is a registrant, the supplier shall refund or credit that amount to the recipient and issue a credit note for that amount in accordance with section 449 of the Act, unless the recipient issues a debit note for that amount.

(9) For the purposes of the formula in paragraph *a* of subsection 8,

(*a*) A is the total tax that would be payable by the recipient in respect of a supply of a property or service delivered, performed or made available during the period if it were calculated

i. at the rate of 8.5% on the value of the consideration attributable to the part of the property or service supplied that is delivered, performed or made available before 1 January 2012, if the consideration attributable to that part had become due or been paid before 1 January 2012, and

ii. at the rate of 9.5% on the value of the consideration attributable to the part of the property or service supplied that is delivered, performed or made available after 31 December 2011, if the consideration attributable to that part had become due after 31 December 2011 and had not been paid before 1 January 2012; and

(*b*) B is the total tax payable by the recipient in respect of a supply of a property or service delivered, performed or made available during the period.

(10) For the purposes of subsections 7 to 9, if a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made during a period for which the supplier issues an invoice in respect of the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which all or part of the property is delivered, or the time at which all or part of the service is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

230. (1) Section 16.1 of the Act is amended by replacing "8.5%" in the first paragraph by "9.5%".

(2) Subsection 1 has effect from 1 January 2012.

231. (1) Section 17 of the Act is amended by replacing "8.5%" in the first paragraph by "9.5%".

(2) Subsection 1 applies in respect of the bringing into Québec of corporeal property after 31 December 2011.

232. (1) Section 18 of the Act is amended by replacing "8.5%" in the portion before paragraph 1 by "9.5%".

(2) Subsection 1 has effect from 1 January 2012, except in respect of the supplies referred to in subsections 3 to 5.

(3) Subject to subsections 4 and 5, subsection 1 applies in respect of a supply for which the consideration becomes due after 31 December 2011 and is not paid before 1 January 2012.

(4) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 31 December 2011 for the construction, renovation or alteration of, or repair to, a ship or other marine vessel.

(5) Subsection 1 applies in respect of a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 31 December 2011.

(6) For the purposes of subsection 5, if a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made during a period for which the supplier issues an invoice in respect of the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which all or part of the property is delivered, or the time at which all or part of the service is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

233. (1) Section 18.0.1 of the Act is amended by replacing "8.5%" in subparagraph 1 of the second paragraph by "9.5%".

(2) Subsection 1 has effect from 1 January 2012, except in respect of the supplies referred to in subsections 3 to 5.

(3) Subject to subsections 4 and 5, subsection 1 applies in respect of a supply for which the consideration becomes due after 31 December 2011 and is not paid before 1 January 2012.

(4) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 31 December 2011 for the construction, renovation or alteration of, or repair to, a ship or other marine vessel.

(5) Subsection 1 applies in respect of a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 31 December 2011.

(6) For the purposes of subsection 5, if a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made during a period for which the supplier issues an invoice in respect of the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which all or part of the property is delivered, or the time at which all or part of the service is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

234. (1) Section 60 of the Act is amended by replacing "100/108.5" in paragraph 3 by "100/109.5".

(2) Subsection 1 has effect from 1 January 2012.

235. (1) Section 69.3.1 of the Act is amended

(1) by replacing "8.925%" and "13.925%" in the portion before paragraph 1 by "9.975%" and "14.975%", respectively;

(2) by replacing "8.92%" in paragraph 1 by "9.97%";

(3) by replacing "13.92%" in paragraph 2 by "14.97%".

(2) Subsection 1 has effect from 1 January 2012.

236. (1) Section 108 of the Act is amended by inserting the following definition in alphabetical order:

""cosmetic service supply" means a supply of property or a service that is made for cosmetic purposes and not for medical or reconstructive purposes;".

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

237. (1) The Act is amended by inserting the following section after section 108:

"**108.1.** For the purposes of this division, other than section 116, a cosmetic service supply and a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes are deemed not to be included in this division."

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

238. (1) Section 109 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

239. (1) Section 112 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

240. (1) Section 141 of the Act is amended by adding the following paragraph after paragraph 13:

"(14) property or a service that

(*a*) is a cosmetic service supply (as defined in section 108) or a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes, and

(*b*) would be included in Division II of this chapter, but for section 108.1, or in Division II of Chapter IV, but for section 175.2."

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

241. (1) The Act is amended by inserting the following section after section 175.1:

"**175.2.** For the purposes of this division, a cosmetic service supply (as defined in section 108) and a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes are deemed not to be included in this division."

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

242. (1) Section 176 of the Act is amended by replacing paragraph 33 by the following paragraph:

"(33) a supply of a service (other than a service the supply of which is described in any provision of Division II of Chapter III except section 116) of maintaining, installing, modifying, repairing or restoring a property the supply

of which is described in any of paragraphs 1 to 31 and 36 to 40, or any part of such a property if the part is supplied in conjunction with the service;".

(2) Subsection 1 applies in respect of a supply made

(1) after 4 March 2010; or

(2) before 5 March 2010 if

(*a*) all of the consideration for the supply becomes due after 4 March 2010 or is paid after that date without having become due, or

(*b*) part of the consideration for the supply became due or was paid before 5 March 2010, unless the supplier did not, before that date, charge, collect or remit an amount as or on account of tax in respect of the supply under Title I of the Act.

243. Section 191.3.2 of the Act is amended by replacing "à l'effet qu'il a l'intention" in the portion of the first paragraph before subparagraph 1 in the French text by "de son intention".

244. Section 197 of the Act is amended by inserting "informing the carrier" after "form" in subparagraph *a* of paragraph 2.

245. (1) Section 211 of the Act is amended by replacing "8.5/108.5" in the second paragraph by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

246. (1) Section 213 of the Act is amended by replacing "8.5/108.5" in the portion of the first paragraph before subparagraph 1 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

247. (1) Section 235 of the Act is amended by replacing "7.5/107.5" in paragraph 1 by "9.5/109.5".

(2) Subsection 1 applies in respect of a supply of an immovable the ownership and possession of which are transferred to the recipient after 31 December 2011. In addition, when section 235 of the Act applies after 31 December 2010 and before 1 January 2012, it is to be read as if "7.5/107.5" in paragraph 1 was replaced by "8.5/108.5".

248. (1) Section 252 of the Act is amended by replacing "8.5/108.5" in the portion of paragraph 2 before subparagraph *a* by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

249. (1) Section 290 of the Act is amended, in subparagraph *b* of subparagraph 2 of the first paragraph,

(1) by replacing "8.5/108.5" in subparagraph ii by "9.5/109.5";

(2) by replacing "8.5/108.5" in subparagraph iii by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

250. (1) The Act is amended by inserting the following after section 297.0.2:

"**DIVISION III.0.1**

"NETWORK SELLER

"**297.0.3.** For the purposes of this division and of sections 457.0.1 to 457.0.5,

"network commission" means, in respect of a sales representative of a person, an amount that is payable by the person to the sales representative under an agreement between the person and the sales representative

(1) as consideration for a supply of a service, made by the sales representative, of arranging for the sale of a select product or a sales aid of the person; or

(2) solely as a consequence of a supply of a service, made by any sales representative of the person described in paragraph 1 of the definition of "sales representative", of arranging for the sale of a select product or a sales aid of the person;

"network seller" means a person notified by the Minister of an approval under section 297.0.7;

"sales aid" of a particular person that is a network seller or a sales representative of a network seller means property (other than a select product of any person) that

(1) is a customized business form or a sample, demonstration kit, promotional or instructional item, catalogue or similar movable property acquired, manufactured or produced by the particular person for sale to assist in the distribution, promotion or sale of select products of the network seller; and

(2) is neither sold nor held for sale by the particular person to a sales representative of the network seller that is acquiring the property for use as capital property;

"sales representative" of a particular person means

(1) a person (other than an employee of the particular person or a person acting, in the course of its commercial activities, as mandatary in making supplies of select products of the particular person on behalf of the particular person) that

(*a*) has a contractual right under an agreement with the particular person to arrange for the sale of select products of the particular person, and

(*b*) does not arrange for the sale of select products of the particular person primarily at a fixed place of business of the person other than a private residence; or

(2) a person (other than an employee of the particular person or a person acting, in the course of its commercial activities, as mandatary in making supplies of select products of the particular person on behalf of the particular person) that has a contractual right under an agreement with the particular person to be paid an amount by the particular person solely as a consequence of a supply of a service, made by a person described in paragraph 1, of arranging for the sale of a select product or a sales aid of the particular person;

"select product" of a person means corporeal movable property that

(1) is acquired, manufactured or produced by the person for supply by the person for consideration, otherwise than as used corporeal movable property, in the ordinary course of business of the person; and

(2) is ordinarily acquired by consumers by way of sale.

"**297.0.4.** For the purposes of this division, a person is a qualifying network seller throughout a fiscal year of the person if

(1) all or substantially all of the total of all consideration, included in determining the person's income from a business for the fiscal year, for supplies made in Québec by way of sale is for

(*a*) supplies of select products of the person, made by the person, by way of sales that are arranged for by sales representatives of the person (in this section referred to as "select supplies"), or

(*b*) if the person is a direct seller (as defined in section 297.1), supplies by way of sale of exclusive products (as defined in that section) of the person made by the person to independent sales contractors (as defined in that section) of the person at any time when an approval of the Minister for the purposes of sections 297.2 to 297.7.0.2 to the person is in effect;

(2) all or substantially all of the total of all consideration, included in determining the person's income from a business for the fiscal year, for select supplies is for select supplies made to consumers;

(3) all or substantially all of the sales representatives of the person to which network commissions become payable by the person during the fiscal year are sales representatives, each having a total of such network commissions of not more than the amount determined by the formula

$31,500 × A/365; and

(4) the person and each of its sales representatives have made joint elections under section 297.0.6.

For the purposes of the formula in subparagraph 3 of the first paragraph, A is the number of days in the fiscal year.

"**297.0.5.** A person may file an application with the Minister in prescribed form containing prescribed information to have section 297.0.9 apply to the person and each of its sales representatives, beginning on the first day of a fiscal year of the person, if the person

(1) is registered under Division I of Chapter VIII and is reasonably expected to be, throughout the fiscal year,

(*a*) engaged exclusively in commercial activities, and

(*b*) a qualifying network seller; and

(2) files the application in the manner prescribed by the Minister before,

(*a*) in the case of a person that has never made a supply of a select product of the person, the day in the fiscal year on which the person first makes a supply of a select product of the person, and

(*b*) in any other case, the first day of the fiscal year.

"**297.0.6.** A person to which section 297.0.5 applies or a person that is a network seller and a sales representative of the person may jointly elect, in prescribed form containing prescribed information, to have section 297.0.9 apply to them at all times when an approval granted under section 297.0.7 is in effect.

"**297.0.7.** The Minister may approve an application filed under section 297.0.5 by a person or refuse the application and shall notify the person in writing of the approval and the day on which it becomes effective or of the refusal.

"**297.0.8.** A network seller shall maintain evidence satisfactory to the Minister that the network seller and each of its sales representatives have made joint elections under section 297.0.6.

"**297.0.9.** If an approval granted by the Minister under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, a network commission becomes payable by the network seller to a sales representative of the network seller as consideration for a taxable supply (other than a zero-rated supply) of a service made in Québec by the sales representative, the supply is deemed not to be a supply.

"**297.0.10.** If an approval granted by the Minister under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, the network seller or a sales representative of the network seller makes in Québec a taxable supply by way of sale of a sales aid of the network seller or of the sales representative, as the case may be, to a sales representative of the network seller, the supply is deemed not to be a supply.

"**297.0.11.** If an approval granted by the Minister under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, the network seller or a particular sales representative of the network seller makes a supply of property to an individual as consideration for the supply by the individual of a service of acting as a host at an event organized for the purpose of allowing a sales representative of the network seller or the particular sales representative, as the case may be, to promote, or to arrange for the sale of, select products of the network seller, the individual is deemed not to have made a supply of the service and the service is deemed not to be consideration for a supply.

"**297.0.12.** A person notified by the Minister of a refusal under section 297.0.7 shall, without delay and in a manner satisfactory to the Minister, notify the sales representative with whom the person made a joint election under section 297.0.6.

"**297.0.13.** The Minister may, effective on the first day of a fiscal year of a network seller, revoke an approval granted under section 297.0.7 if, before that day, the Minister notifies the network seller of the revocation and the day on which it becomes effective and if

(1) the network seller fails to comply with a provision of this Title;

(2) it can reasonably be expected that the network seller will not be a qualifying network seller throughout the fiscal year;

(3) the network seller requests in writing that the Minister revoke the approval;

(4) the notice referred to in section 416 has been given to, or the request referred to in subparagraph 1 of the first paragraph of section 417 has been filed by, the network seller; or

(5) it can reasonably be expected that the network seller will not be engaged exclusively in commercial activities throughout the fiscal year.

"**297.0.14.** If an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect at any time in a particular fiscal year of the network seller and, at any time during the particular fiscal year, the network seller ceases to be engaged exclusively in commercial activities or the Minister cancels the registration of the network seller, the approval is deemed to be revoked, effective on the first day of the fiscal year of the network seller immediately following the particular fiscal year, unless, on that first day, the network seller is registered under Division I of Chapter VIII and it is reasonably expected that the network seller will be engaged exclusively in commercial activities throughout that following fiscal year.

"**297.0.15.** If an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives is revoked under section 297.0.13 or 297.0.14, the following rules apply:

(1) the approval ceases to have effect immediately before the day on which the revocation becomes effective;

(2) the network seller shall without delay notify each of its sales representatives in a manner satisfactory to the Minister of the revocation and the day on which it becomes effective; and

(3) a subsequent approval granted under section 297.0.7 in respect of the network seller and each of its sales representatives may not become effective before the first day of a fiscal year of the network seller that is at least two years after the day on which the revocation became effective.

"**297.0.16.** A taxable supply (other than a zero-rated supply) of a service made in Québec by a sales representative of a network seller is deemed not to be a supply if

(1) the consideration for the taxable supply is a network commission that becomes payable by the network seller to the sales representative at any time after the day on which an approval granted under section 297.0.7 ceases to have effect as a consequence of a revocation on the basis of any of paragraphs 1 to 3 of section 297.0.13;

(2) the approval could not have been revoked on the basis of paragraph 4 or 5 of section 297.0.13 and would not have otherwise been revoked under section 297.0.14;

(3) at the time the network commission becomes payable, the sales representative

(*a*) has not been notified of the revocation by the network seller, as required under paragraph 2 of section 297.0.15, or by the Minister, and

(*b*) neither knows, nor ought to know, that the approval ceased to have effect; and

(4) an amount has not been charged or collected as or on account of tax in respect of the taxable supply.

"**297.0.17.** Section 297.0.18 applies if the following conditions are satisfied:

(1) the consideration for a taxable supply (other than a zero-rated supply) of a service made in Québec by a sales representative of a network seller is a network commission that becomes payable by the network seller to the sales representative at any time after the day on which an approval granted under section 297.0.7 ceases to have effect as a consequence of a revocation under section 297.0.13 or 297.0.14;

(2) the approval was, or could at any time otherwise have been, revoked under paragraph 4 or 5 of section 297.0.13 or was, or would at any time otherwise have been, revoked under section 297.0.14;

(3) at the time the network commission becomes payable, the sales representative

(*a*) has not been notified of the revocation by the network seller, as required under paragraph 2 of section 297.0.15, or by the Minister, and

(*b*) neither knows, nor ought to know, that the approval ceased to have effect; and

(4) an amount has not been charged or collected as or on account of tax in respect of the taxable supply.

"**297.0.18.** If the conditions described in section 297.0.17 are satisfied, the following rules apply:

(1) section 68 does not apply in respect of the taxable supply described in paragraph 1 of section 297.0.17;

(2) tax that becomes payable or that would, in the absence of section 68, become payable in respect of the taxable supply is not included in determining the net tax of the sales representative referred to in paragraph 1 of section 297.0.17; and

(3) the consideration for the taxable supply is not, in determining whether the sales representative is a small supplier, included in the total referred to in paragraph 1 of section 294 or in paragraph 1 of section 295.

"**297.0.19.** A taxable supply of a sales aid of a particular sales representative of a network seller made in Québec by way of sale to another sales representative of the network seller is deemed not to be a supply if

(1) the consideration for the taxable supply becomes payable at any time after the day on which an approval granted under section 297.0.7 ceases to have effect as a consequence of a revocation under section 297.0.13 or 297.0.14;

(2) at the time the consideration becomes payable, the particular sales representative

(*a*) has not been notified of the revocation by the network seller, as required under paragraph 2 of section 297.0.15, or by the Minister, and

(*b*) neither knows, nor ought to know, that the approval ceased to have effect; and

(3) an amount has not been charged or collected as or on account of tax in respect of the taxable supply.

"**297.0.20.** If a registrant that is a network seller in respect of which an approval granted under section 297.0.7 is in effect acquires or brings into Québec property (other than a select product of the network seller) or a service for supply to a sales representative of the network seller or an individual related to the sales representative for no consideration or for consideration that is less than the fair market value of the property or service, tax becomes payable in respect of the acquisition or bringing into Québec and the sales representative or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the sales representative or individual, as the case may be, the following rules apply:

(1) no tax is payable in respect of the supply; and

(2) in determining an input tax refund of the registrant, no amount must be included in respect of tax that becomes payable, or is paid without having become payable, by the registrant in respect of the property or service.

"**297.0.21.** If a registrant that is a network seller in respect of which an approval granted under section 297.0.7 is in effect and that, in the course of commercial activities of the registrant, has acquired, manufactured or produced property (other than a select product of the network seller), or has acquired or performed a service, appropriates the property or service, at any time, for the benefit of any of the sales representatives of the network seller or of an individual related to the sales representative (otherwise than by way of a supply made for consideration equal to the fair market value of the property or service), and the sales representative or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the sales representative or individual, the registrant shall be deemed

(1) to have made a supply of the property or service for consideration paid at that time equal to the fair market value of the property or service at that time; and

(2) to have collected, at that time, tax in respect of the supply, unless the supply is an exempt supply, calculated on that consideration.

This section does not apply to property or a service appropriated by a registrant that was not entitled to claim an input tax refund in respect of the property or service because of section 203 or 206.

"**297.0.22.** If an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, a sales representative of the network seller ceases to be a registrant, paragraph 1 of section 209 does not apply to sales aids that were supplied to the sales representative by the network seller or another sales representative of the network seller at any time when the approval was in effect.

"**297.0.23.** Section 55 does not apply to the supply described in section 297.0.11 made to an individual acting as a host.

"**297.0.24.** For the purposes of this division and sections 457.0.1 to 457.0.4, the fiscal year of a person is the fiscal year of the person within the meaning of section 458.1.

"**297.0.25.** If a network seller that is a registrant is granted an approval under subsection 5 of section 178 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the following rules apply:

(1) the network seller is not required to file an application under section 297.0.5;

(2) the network seller is deemed to have been granted an approval under section 297.0.7 and the time or day on which the approval becomes effective is the same as the time or day on which the approval granted under subsection 5 of section 178 of that Act becomes effective; and

(3) the approval deemed to have been granted to the network seller under section 297.0.7 is deemed

(*a*) to have been revoked on the day on which revocation of the approval granted under subsection 5 of section 178 of that Act becomes effective and the revocation is deemed to be in effect on that day, and

(*b*) to have ceased to have effect on the day on which the approval referred to in subparagraph *a* ceased to have effect.

The Minister may require to be informed by the network seller in the manner prescribed by the Minister in prescribed form containing prescribed information,

and within the time determined by the Minister, of an approval granted under subsection 5 of section 178 of that Act, of a revocation of that approval or of the fact that an approval has ceased to have effect, or require the network seller to send notice of an approval or of its revocation to the Minister."

(2) Subsection 1 applies in respect of a fiscal year of a person that begins after 31 December 2009. However, for the purposes of Division III.0.1 of the Act, enacted by subsection 1, in respect of a fiscal year of a person that begins during 2010, the following rules also apply:

(1) despite subparagraphs *a* and *b* of paragraph 2 of section 297.0.5 of the Act, enacted by subsection 1, a person may apply under section 297.0.5 of the Act, enacted by that subsection, to have section 297.0.9 of the Act, enacted by that subsection, apply to the person and each of its sales representatives, beginning on a day in 2010 that the person specifies in the application, if the person files the application before that day and that day is the first day of a reporting period of the person that begins during the fiscal year;

(2) if the person makes an application in accordance with paragraph 1,

(*a*) a reference in sections 297.0.4, 297.0.5, 297.0.7 and 297.0.13 of the Act, enacted by subsection 1, to "fiscal year" is to be read as a reference to "qualifying period", and

(*b*) a reference in section 297.0.14 of the Act, enacted by subsection 1, to "particular fiscal year" is to be read as a reference to "qualifying period";

(3) "qualifying period" of a person means the period beginning on the day specified in an application made by the person in accordance with paragraph 1 and ending on the last day of the fiscal year.

251. (1) Section 300 of the Act is amended by replacing "8.5/108.5" in paragraph 1 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

252. (1) Section 300.1 of the Act is amended by replacing "8.5/108.5" in subparagraph *a* of paragraph 2 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

253. (1) Section 300.2 of the Act is amended

(1) by replacing "8.5/108.5" in the portion of subparagraph *b* of paragraph 1 before subparagraph i by "9.5/109.5";

(2) by replacing "8.5/108.5" in subparagraph *b* of paragraph 2 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

254. (1) Section 318 of the Act is amended by replacing "100/108.5" in paragraph 1 by "100/109.5".

(2) Subsection 1 has effect from 1 January 2012.

255. (1) Section 323.1 of the Act is amended by replacing "8.5/108.5" in paragraph 1 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

256. (1) Section 323.2 of the Act is amended by replacing "8.5/108.5" in subparagraph *a* of paragraph 2 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

257. (1) Section 323.3 of the Act is amended

(1) by replacing "8.5/108.5" in the portion of subparagraph *b* of paragraph 1 before subparagraph i by "9.5/109.5";

(2) by replacing "8.5/108.5" in subparagraph *b* of paragraph 2 by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

258. Section 347 of the Act is amended

(1) by replacing "à l'effet que" in the first paragraph in the French text by "selon laquelle";

(2) by replacing "rencontrées" in the portion of the second paragraph before subparagraph 1 in the French text by "satisfaites".

259. (1) Section 350.1 of the Act is amended by replacing "8.5/108.5" in the definition of "tax fraction" by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

260. (1) Section 350.6 of the Act is amended by replacing "8.5/108.5" in subparagraph 1 of the first paragraph by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

261. (1) Section 350.59 of the Act is amended by replacing "registrant" by "operator".

(2) Subsection 1 has effect from 20 April 2010.

262. (1) Section 358 of the Act is amended by replacing "8.5/108.5" in subparagraph 1 of the second paragraph by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

263. (1) Section 359 of the Act is amended

(1) by replacing "8.5/108.5" in subparagraph *b* of paragraph 1 by "9.5/109.5";

(2) by replacing "8.5/108.5" in the portion of subparagraph *b* of paragraph 3 before subparagraph i by "9.5/109.5".

(2) Subsection 1 has effect from 1 January 2012.

264. (1) Section 362.3 of the Act is amended by replacing "$8,772" in the formula in subparagraph 2 of the first paragraph by "$9,804".

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 31 December 2011 and ownership and possession under the agreement are transferred after that date.

265. (1) Section 370.0.1 of the Act is amended by replacing "$341,775" in subparagraph 3 of the first paragraph by "$344,925".

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2011.

266. (1) Section 370.0.2 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

"(1) if the fair market value referred to in subparagraph 3 of the first paragraph of section 370.0.1 is not more than $229,950, the amount determined by the formula

$[4.34\% \times (A - B)] + (9.5\% \times B)$; and

"(2) if the fair market value referred to in subparagraph 3 of the first paragraph of section 370.0.1 is more than $229,950 but less than $344,925, the amount determined by the formula

$\{[4.34\% \times (A - B)] \times [(\$344,925 - C)/\$114,975]\} + (9.5\% \times B)$.";

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

"For the purposes of this section, the amount obtained by multiplying 4.34% by the difference between A and B may not exceed $9,804."

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2011.

267. (1) Section 370.3.1 of the Act is amended by replacing "$341,775" and "8.5%" by "$344,925" and "9.5%", respectively.

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2011.

268. (1) Section 370.5 of the Act is amended by replacing "$341,775" in paragraph 4 by "$344,925".

(2) Subsection 1 applies in respect of a supply, made by a cooperative housing corporation to a particular individual, of a share of its capital stock, where the particular individual acquires the share for the purpose of using a residential unit in a residential complex as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual, if

(1) the cooperative housing corporation has paid tax in respect of a taxable supply made to the corporation of the residential complex whose ownership and possession were transferred to it after 31 December 2011 under an agreement in writing entered into after that date; or

(2) the cooperative housing corporation is deemed to have made and received the taxable supply of the residential complex under sections 223 to 231.1 of the Act and to have paid tax in respect of the supply after 31 December 2011.

269. (1) Section 370.6 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

"(1) if the total consideration is not more than $229,950, the amount determined by the formula

$[4.34\% \times (A - B)] + (9.5\% \times B)$; and

"(2) if the total consideration is more than $229,950 but less than $344,925, the amount determined by the formula

{$9,804 × [($344,925 – A)/$114,975]} + (9.5% × B).";

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

"For the purposes of this section, the amount obtained by multiplying 4.34% by the difference between A and B may not exceed $9,804."

(2) Subsection 1 applies in respect of a supply, made by a cooperative housing corporation to a particular individual, of a share of its capital stock, where the particular individual acquires the share for the purpose of using a residential unit in a residential complex as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual, if

(1) the cooperative housing corporation has paid tax in respect of a taxable supply made to the corporation of the residential complex whose ownership and possession were transferred to it after 31 December 2011 under an agreement in writing entered into after that date; or

(2) the cooperative housing corporation is deemed to have made and received the taxable supply of the residential complex under sections 223 to 231.1 of the Act and to have paid tax in respect of the supply after 31 December 2011.

270. (1) Section 370.8 of the Act is amended by replacing "$341,775" and "8.5%" by "$344,925" and "9.5%", respectively.

(2) Subsection 1 applies in respect of a supply, made by a cooperative housing corporation to a particular individual, of a share of its capital stock, where the particular individual acquires the share for the purpose of using a residential unit in a residential complex as the primary place of residence of the particular individual, an individual related to the particular individual or a former spouse of the particular individual, if

(1) the cooperative housing corporation has paid tax in respect of a taxable supply made to the corporation of the residential complex whose ownership and possession were transferred to it after 31 December 2011 under an agreement in writing entered into after that date; or

(2) the cooperative housing corporation is deemed to have made and received the taxable supply of the residential complex under sections 223 to 231.1 of the Act and to have paid tax in respect of the supply after 31 December 2011.

271. (1) Section 370.10 of the Act is amended

(1) in the third paragraph,

(*a*) by inserting the following subparagraph before subparagraph 0.1:

"(0.0.1) in the case where all or substantially all of the tax was paid at the rate of 9.5% at a time when the tax payable under subsection 1 of section 165 of the Excise Tax Act was paid at the rate of 5%, $7,059;";

(*b*) by replacing subparagraph 4 by the following subparagraph:

"(4) in any other case, the amount determined by the formula

(D × $69) + (E × $34) + (F × $743) + (G × $1,486) + $5,573.";

(2) by adding the following subparagraph after subparagraph 3 of the fourth paragraph:

"(4) G is the percentage that corresponds to the extent to which the tax was paid at the rate of 9.5% at a time when the tax payable under subsection 1 of section 165 of the Excise Tax Act was paid at the rate of 5%."

(2) Subsection 1 applies in respect of a rebate relating to a residential complex for which an application is filed with the Minister of Revenue after 31 December 2011.

272. Section 370.10.1 of the Act is amended

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

"For the purposes of this section, the amount obtained by multiplying 50% by the difference between A and B may not exceed,

(1) where the supply relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership is made to the particular individual under an agreement in writing,

(*a*) $8,772, if the agreement is entered into before 1 January 2012, or

(*b*) $9,804, if the agreement is entered into after 31 December 2011; or

(2) where the particular individual carries on himself or herself the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership and acquires property or services in the course of the construction or renovation,

(*a*) $8,772, if all the property or services are acquired before 1 January 2012,

(*b*) $9,804, if all the property or services are acquired after 31 December 2011, and

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

(D × $1,032) + $8,772.";

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

"For the purposes of the formula in subparagraph *c* of subparagraph 2 of the third paragraph, D is the percentage that corresponds to the extent to which the tax was paid at the rate of 9.5%."

273. (1) Section 378.7 of the Act is amended by replacing "$6,316" in the portion of subparagraph 1 of the second paragraph before the formula by "$7,059".

(2) Subsection 1 applies in respect of

(1) a taxable supply by way of sale to a recipient from another person of a residential complex, or an interest in a residential complex, if the agreement in writing for the supply is entered into after 31 December 2011 and ownership and possession under the agreement are transferred after that date; and

(2) a deemed purchase by a builder if the tax in respect of the deemed purchase of a residential complex or an addition to it is deemed to have been paid after 31 December 2011.

274. (1) Section 378.9 of the Act is amended by replacing "$6,316" in the portion of subparagraph 1 of the second paragraph before the formula by "$7,059".

(2) Subsection 1 applies in respect of a supply of a building or part of it forming part of a residential complex and of a supply of land, described in subparagraphs *a* and *b* of paragraph 1 of section 378.8 of the Act, that result in a person being deemed under sections 223 to 231.1 of the Act to have made and received a taxable supply by way of sale of the residential complex or of an addition to it after 31 December 2011.

275. (1) Section 378.11 of the Act is amended by replacing "$6,316" in the portion of subparagraph 1 of the second paragraph before the formula by "$7,059".

(2) Subsection 1 applies in respect of

(1) a taxable supply by way of sale to a recipient from another person of a residential complex, or an interest in a residential complex, if the agreement in writing for the supply is entered into after 31 December 2011 and ownership and possession under the agreement are transferred after that date; and

(2) a deemed purchase by a builder if the tax in respect of the deemed purchase of a residential complex or an addition to it is deemed to have been paid after 31 December 2011.

276. (1) The Act is amended by inserting the following section after section 417.2:

"**417.2.1.** Where, at any time that an approval granted under section 297.0.7 in respect of a network seller, as defined in section 297.0.3, and each of its sales representatives, as defined in that section, is in effect, a sales representative of the network seller would be a small supplier if the approval had been in effect at all times before that time, the Minister shall cancel the registration of the sales representative if

(1) the sales representative files with the Minister in prescribed manner a request to that effect in prescribed form containing prescribed information; and

(2) the sales representative's registration has been cancelled under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

The cancellation referred to in the first paragraph is effective on the date on which the cancellation of the sales representative's registration under Part IX of the Excise Tax Act becomes effective."

(2) Subsection 1 has effect from 1 January 2010.

277. (1) Section 453 of the Act is amended by replacing "100/108.5" in the portion of paragraph 1 before subparagraph *a* by "100/109.5".

(2) Subsection 1 has effect from 1 January 2012.

278. (1) The Act is amended by inserting the following sections after section 457:

"**457.0.1.** For the purposes of this section and sections 457.0.2 to 457.0.5, the fiscal year of a network seller in respect of which an approval granted under section 297.0.7 is in effect is

(1) the first variant year of the network seller if the network seller

(*a*) fails to meet the condition of subparagraph 3 of the first paragraph of section 297.0.4 in respect of the fiscal year, and

(*b*) meets the condition of subparagraph 3 of the first paragraph of section 297.0.4 for each fiscal year of the network seller, in respect of which an approval granted under section 297.0.7 is in effect, preceding the fiscal year; and

(2) the second variant year of the network seller if

(*a*) the fiscal year is after the first variant year of the network seller,

(*b*) the network seller fails to meet the condition of subparagraph 3 of the first paragraph of section 297.0.4 in respect of the fiscal year, and

(*c*) the network seller meets the condition of subparagraph 3 of the first paragraph of section 297.0.4 for each fiscal year (other than the first variant year) of the network seller in respect of which an approval granted under section 297.0.7 is in effect, preceding the fiscal year.

"**457.0.2.** Subject to sections 457.0.3 and 457.0.4, if a network seller fails to meet any condition of subparagraphs 1 to 3 of the first paragraph of section 297.0.4 for a fiscal year of the network seller in respect of which an approval granted under section 297.0.7 is in effect and, at any time during the fiscal year, a network commission would, but for section 297.0.9, become payable by the network seller to a sales representative of the network seller as consideration for a taxable supply (other than a zero-rated supply) made in Québec by the sales representative, the network seller shall, in determining the net tax for the first reporting period of the network seller following the fiscal year, add an amount equal to interest, computed at the rate set under section 28 of the Tax Administration Act (chapter A-6.002), on the total amount of tax that would be payable in respect of the taxable supply if tax were payable in respect of the taxable supply, for the period beginning on the earliest day on which consideration for the taxable supply is paid or becomes due and ending on the day on or before which the network seller is required to file a return for the reporting period that includes that earliest day.

"**457.0.3.** In determining the net tax for the first reporting period of a network seller following the first variant year of the network seller, the network seller shall not add an amount in accordance with section 457.0.2 if

(*a*) the network seller meets the conditions of subparagraphs 1 and 2 of the first paragraph of section 297.0.4 for the first variant year and for each fiscal year, in respect of which an approval granted under section 297.0.7 is in effect, preceding the first variant year; and

(*b*) the network seller would meet the condition of subparagraph 3 of the first paragraph of section 297.0.4 for the first variant year if the reference in that subparagraph to "all or substantially all" were read as a reference to "at least 80%".

"**457.0.4.** In determining the net tax for the first reporting period of a network seller following the second variant year of the network seller, the network seller shall not add an amount in accordance with section 457.0.2 if

(*a*) the network seller meets the conditions of subparagraphs 1 and 2 of the first paragraph of section 297.0.4 for the second variant year and for each fiscal

year, in respect of which an approval granted under section 297.0.7 is in effect, preceding the second variant year;

(*b*) the network seller would meet the condition of subparagraph 3 of the first paragraph of section 297.0.4 for each of the first variant year and the second variant year if the reference in that subparagraph to "all or substantially all" were read as a reference to "at least 80%"; and

(*c*) within 180 days after the beginning of the second variant year, the network seller requests in writing that the Minister revoke the approval.

"**457.0.5.** If, at any time after an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives ceases to have effect as a consequence of a revocation under section 297.0.13 or 297.0.14, a network commission would, but for section 297.0.9, become payable as consideration for a taxable supply (other than a zero-rated supply) made in Québec by a sales representative of the network seller that has not been notified, as required under paragraph 2 of section 297.0.15, of the revocation and an amount is not charged or collected as or on account of tax in respect of the taxable supply, the network seller shall, in determining the net tax of the network seller for the particular reporting period that includes the earliest day on which consideration for the taxable supply is paid or becomes due, add an amount equal to interest, computed at the rate set under section 28 of the Tax Administration Act (chapter A-6.002), on the total amount of tax that would be payable in respect of the taxable supply if tax were payable in respect of the taxable supply, for the period beginning on that earliest day and ending on the day on or before which the network seller is required to file a return for the particular reporting period."

(2) Subsection 1 applies in respect of a fiscal year of a person that begins after 31 December 2009. However, if the person makes an application under paragraph 1 of subsection 2 of section (*insert the number of the section in this bill that enacts Division III.0.1 of Chapter VI of Title I of the Act respecting the Québec sales tax*) in respect of a qualifying period, within the meaning of paragraph 3 of subsection 2 of section (*insert the number of the section in this bill that enacts Division III.0.1 of Chapter VI of Title I of the Act respecting the Québec sales tax*), for the purposes of sections 457.0.1 to 457.0.4 of the Act, enacted by subsection 1, a reference in those sections to "fiscal year" is to be read, in respect of a fiscal year of a person that begins in 2010, as a reference to "qualifying period".

279. (1) Section 457.5 of the Act is amended by replacing "7.5%" in subparagraph 1 of the second paragraph by "9.5%".

(2) Subsection 1 applies in respect of a supply made after 31 December 2011. In addition, when section 457.5 of the Act applies after 31 December 2010 and before 1 January 2012, it is to be read as if "7.5%" in subparagraph 1 of the second paragraph was replaced by "8.5%".

280. (1) Section 457.7 of the Act is amended by replacing "7.5%" in subparagraph 1 of the second paragraph by "9.5%".

(2) Subsection 1 applies in respect of a supply made after 31 December 2011. In addition, when section 457.7 of the Act applies after 31 December 2010 and before 1 January 2012, it is to be read as if "7.5%" in subparagraph 1 of the second paragraph was replaced by "8.5%".

281. (1) Section 468 of the Act is amended, in paragraph 1,

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

"(*a*) if the registrant is a listed financial institution, within six months after the end of the fiscal year,";

(2) by adding the following subparagraph after subparagraph *b*:

"(*c*) in any other case, within three months after the end of the fiscal year; and".

(2) Subsection 1 applies in respect of a reporting period that begins after 23 September 2009.

282. (1) Section 541.23 of the Act is amended

(1) by replacing the definition of "sleeping-accommodation establishment" by the following definition:

""sleeping-accommodation establishment" means a tourist accommodation establishment within the meaning of the Regulation respecting tourist accommodation establishments (R.R.Q., chapter E-14.2, r. 1);";

(2) by inserting "a suite," after "a bed," in the definition of "accommodation unit".

(2) Subsection 1 has effect from 1 January 2011.

283. (1) The Act is amended by inserting the following sections after section 635.11:

"**635.12.** Where a person received before 1 January 2012 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 8.5%, the person returns the property to the supplier after 31 December 2011 to exchange it for other movable property and the consideration for the supply of the other property is equal to the consideration for the supply of the returned property, the following rules apply:

(1) the person is not entitled to a refund of the tax paid in respect of the supply of the returned property; and

(2) tax under section 16 does not apply in respect of the supply of the other property.

"**635.13.** Where a person received before 1 January 2012 a taxable supply of movable property in respect of which the person paid tax under section 16 at the rate of 8.5%, the person returns the property to the supplier after 31 December 2011 to exchange it for other movable property and the consideration for the supply of the other property exceeds the consideration for the supply of the returned property, the following rules apply:

(1) the person is not entitled to a refund of the tax paid in respect of the supply of the returned property; and

(2) the person shall pay tax under section 16 but only on that part of the consideration for the supply of the other property which exceeds the consideration for the supply of the returned property."

(2) Subsection 1 has effect from 1 January 2012.

284. Section 677 of the Act is amended

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

"(3) determine, for the purposes of the definition of "financial service" in section 1, which services are prescribed services for the purposes of its paragraphs 13, 17, 18.3, 18.4 and 20 and which property is prescribed property for the purposes of its paragraph 18.5;";

(2) by inserting the following subparagraph after subparagraph 3 of the first paragraph:

"(3.1) determine, for the purposes of the definition of "asset management service", which services are prescribed services;".

FUEL TAX ACT

285. The Fuel Tax Act (R.S.Q., chapter T-1) is amended by inserting the following section after section 50:

"**50.0.0.1.** A member of the personnel of the Société de l'assurance automobile du Québec authorized by the president and chief executive officer of the Agence du revenu du Québec may, despite the first paragraph of section 72.4 of the Tax Administration Act (chapter A-6.002), sign and issue a statement of offence for an offence under this Act or a regulation made by the Government under this Act. The personnel member is deemed to be an employee authorized under the first paragraph of that section."

286. Unless the context indicates otherwise, in every Act and regulation, "Mining Duties Act" is replaced by "Mining Tax Act".

287. This Act comes into force on (*insert the date of assent to this Act*).