NATIONAL ASSEMBLY

SECOND SESSION THIRTY-NINTH LEGISLATURE

Bill 32

An Act giving effect to the Budget Speech delivered on 17 March 2011 and to certain other budget statements and enacting the Act respecting the sectoral parameters of certain fiscal measures

Introduction

Introduced by
Mr. Raymond Bachand
Minister of Revenue

Québec Official Publisher
2011

EXPLANATORY NOTES

Firstly, this bill amends various legislation to, among other things, give effect to measures announced in the Budget Speech delivered on 17 March 2011 and in Information Bulletins published by the Ministère des Finances in 2010 and 2011.

It amends the Tax Administration Act to protect the mandataries of the State that collect an amount required by a fiscal law to be collected against judicial proceedings.

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

(1) the introduction of a tax credit for experienced workers;

(2) the implementation of two new components of the refundable tax credit for informal caregivers of persons of full age;

(3) certain conditions governing the application of the refundable solidarity tax credit;

(4) the tax treatment of certain amounts repaid by a succession;

(5) the eligibility period of the refundable tax credit for the acquisition or leasing of new energy-efficient vehicles;

(6) the introduction of a refundable tax credit for the production of cellulosic ethanol; and

(7) adjustments to certain cultural field tax credits.

It amends the Act respecting the Québec sales tax to broaden the scope of the zero-rating measure that applies to printed books.

It amends the Fuel Tax Act to implement a new mechanism for managing the tax exemption of Indians regarding the fuel tax.

It further amends the Taxation Act to make amendments similar to those made to the Income Tax Act of Canada 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 disbursement quota of a charity; and

(2) the tax treatment applicable to securities options.

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 (Statutes of Canada, 2010, chapter 12), assented to on 12 July 2010. The bill thus gives effect mainly to a harmonization measure announced in Information Bulletin 2009-9 published on 22 December 2009 by the Ministère des Finances, dealing with the new rebate for registered pension plan trusts.

Secondly, the bill enacts the Act respecting the sectoral parameters of certain fiscal measures. The purpose of the new Act is to consolidate the non-tax parameters of certain fiscal measures and entrust their administration to ministers and public bodies.

It sets out the general rules governing the issue, amendment and revocation, by those ministers and bodies, of documents required for the application of fiscal measures, as well as the non-tax parameters that apply to the fiscal measures concerned.

Ministers and bodies are assigned powers of inspection and inquiry and are allowed to determine, by regulation, the fees that may be collected, in particular, for examining an application or issuing a certificate. The new Act contains provisions relating to the communication of information to the Minister of Finance and penal provisions.

Lastly, this bill and the Act it enacts amend 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 respecting international financial centres (R.S.Q., chapter C-8.3);

– Cinema Act (R.S.Q., chapter C-18.1);

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

– Taxation Act (R.S.Q., chapter I-3);

– Act respecting Investissement Québec (R.S.Q., chapter I-16.0.1);

– Act respecting the legal publicity of enterprises (R.S.Q., chapter P-44.1);

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

– Cooperative Investment Plan Act (R.S.Q., chapter R-8.1.1);

– Act respecting the Société de développement des entreprises culturelles (R.S.Q., chapter S-10.002);

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

– Fuel Tax Act (R.S.Q., chapter T-1);

– Act giving effect to the Budget Speech delivered on 30 March 2010 and to certain other budget statements (2011, chapter 1).

LEGISLATION ENACTED BY THIS BILL:

– Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of the Act*).

Bill 32

AN ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 17 MARCH 2011 AND TO CERTAIN OTHER BUDGET STATEMENTS AND ENACTING THE ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

TAX ADMINISTRATION ACT

1. (1) Section 17.6 of the Tax Administration Act (R.S.Q., chapter A-6.002) is amended by replacing the first paragraph by the following paragraph:

"**17.6.** The Minister may suspend, revoke or refuse to issue or renew a permit issued or applied for under the Tobacco Tax Act (chapter I-2) or the Fuel Tax Act (chapter T-1), or a certificate issued or applied for under section 26.1 of the Fuel Tax Act, where the person who applied for the permit or certificate or the holder of the permit or certificate, as the case may be, fails to comply with the requirements of this Act or, as the case may be, of the Tobacco Tax Act or the Fuel Tax Act."

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

2. (1) Section 17.8 of the Act is amended by replacing the first paragraph by the following paragraph:

"**17.8.** The suspension of a registration certificate or permit issued under a fiscal law, or the suspension of a certificate issued under section 26.1 of the Fuel Tax Act (chapter T-1) is effective from the date of service of the decision upon the holder. The decision must be served by personal service or by registered mail."

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

3. (1) Section 17.9 of the Act is amended

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

"**17.9.** The revocation of a registration certificate or permit issued under a fiscal law, or the revocation of a certificate issued under section 26.1 of the Fuel Tax Act (chapter T-1), is effective from the date of service of the decision upon the holder.";

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

"The holder shall return the registration certificate, permit or certificate to the Minister immediately after being served."

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

4. (1) Section 18 of the Act is replaced by the following section:

"**18.** No judicial recourse may be exercised against a person because the person has withheld, deducted or collected an amount which a fiscal law authorizes or orders the person to withhold, deduct or collect."

(2) Subsection 1 has effect from 29 October 2010. It also applies in respect of cases pending before the courts on that date.

TAXATION ACT

5. Section 1 of the Taxation Act (R.S.Q., chapter I-3) is amended by replacing subparagraph v of paragraph *g* of the definition of "donation avec réserve d'usufruit ou d'usage reconnue" in the French text by the following subparagraph:

"v. l'usufruit ou le droit d'usage s'éteint en cas de disparition de l'œuvre d'art ou du bien culturel et que le contribuable peut réclamer le produit de l'assurance visée au sous-paragraphe iii;".

6. (1) Section 2.2 of the Act is amended by replacing "Division II.11.3" by "Divisions II.11.3, II.11.6 and II.11.7".

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

7. (1) Section 21.4.17 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) subject to this chapter, other than this section, section 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing those Québec tax results is expressed in a currency other than Canadian currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of section 1029.8.36.0.95 or 1029.8.36.0.105, is to be converted to an amount expressed in Canadian currency using the relevant spot rate for the day on which the particular amount arose."

(2) Subsection 1 has effect from 18 March 2011.

8. (1) Section 21.4.19 of the Act is amended

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

"(*c*) subject to paragraph *b* of section 21.4.24, sections 21.4.30 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing the taxpayer's Québec tax results for the particular taxation year is expressed in a currency other than the taxpayer's elected functional currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of section 1029.8.36.0.95 or 1029.8.36.0.105, is to be converted to an amount expressed in the taxpayer's elected functional currency using the relevant spot rate for the day on which the particular amount arose;";

(2) by striking out "ou de la devise canadienne" in the portion of paragraph *f* before subparagraph i in the French text.

(2) Paragraph 1 of subsection 1 has effect from 18 March 2011.

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

9. Section 21.40 of the Act is amended by replacing subparagraph ii of subparagraph *h* of the second paragraph by the following subparagraph:

"ii. from which any amount was distributed before 19 February 1997, or".

10. (1) Section 49 of the Act is amended by replacing "Subject to sections 49.2 and 58.0.1" by "Subject to section 49.2".

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

11. (1) Section 49.2.2 of the Act is replaced by the following section:

"**49.2.2.** For the purposes of this section, section 49.2, Title IV, sections 725.2.2 and 725.2.3, paragraph *a* of section 725.3 and section 888.1, and subject to section 49.2.3, a taxpayer is deemed to dispose of securities that are identical properties in the order in which the taxpayer acquired them and the following rules apply for that purpose:

(*a*) if the taxpayer acquires a particular security (other than under the circumstances to which section 49.2 or 886 applies) at a time when the taxpayer also acquires or holds one or more other securities that are identical to the particular security and are, or were, acquired under circumstances to which any of those sections applied, the taxpayer is deemed to have acquired the particular security at the time immediately preceding the earliest of the times at which the taxpayer acquired those other securities; and

(*b*) if the taxpayer acquires, at the same time, two or more identical securities under the circumstances to which section 49.2 applied, the taxpayer is deemed to have acquired the securities in the order in which the agreements under which the taxpayer acquired the rights to acquire the securities were made."

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

12. (1) Section 49.4 of the Act is amended by replacing subparagraph *a* of the fourth paragraph by the following subparagraph:

"(*a*) the taxpayer is deemed, except for the purposes of subparagraph ii of paragraph *d* of section 58.0.2, as it read before being repealed, not to have disposed of the exchanged option and not to have acquired the new option;".

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010. In addition, when subparagraph *a* of the fourth paragraph of section 49.4 of the Act applies after 31 December 1999 and before 4:00 p.m. Eastern Standard Time, 4 March 2010, it is to be read as if "paragraph *d* of section 58.0.2" was replaced by "subparagraph *d* of the first paragraph of section 58.0.2".

13. (1) Section 49.5 of the Act is amended

(1) by replacing "section 49.2 or 58.0.1" in the portion of the first paragraph before subparagraph *a* by "section 49.2";

(2) by replacing "auxquelles réfère le premier alinéa" in the portion of the second paragraph before subparagraph *a* in the French text by "auxquelles le premier alinéa fait référence".

(2) Paragraph 1 of subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

14. (1) Section 49.7 of the Act is amended

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

"**49.7.** For the purposes of sections 50 to 52.1, 725.2, 725.2.2 and 725.3, if a taxpayer receives at a particular time one or more particular amounts in respect of rights of the taxpayer to acquire securities under an agreement referred to in section 48 ceasing to be exercisable in accordance with the terms of the agreement, and the cessation would not, but for this section, constitute a transfer or disposition of those rights by the taxpayer, the following rules apply:";

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

"(*b*) for the purpose of determining the amount, if any, of the benefit that the taxpayer is deemed to have received because of the disposition referred to in paragraph *a*, the taxpayer is deemed to have paid an amount to acquire those rights equal to the amount by which the amount paid by the taxpayer to acquire those rights (determined without reference to this section) exceeds the aggregate of all amounts each of which is an amount received by the taxpayer before the particular time in respect of the cessation."

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

15. (1) The Act is amended by inserting the following section after section 50:

"**50.1.** An employee who transfers or disposes of rights under the agreement referred to in section 48 in respect of some or all of the securities to the particular qualifying person (or a qualifying person with which the particular qualifying person is not dealing at arm's length) with which the employee is not dealing at arm's length is deemed to receive, because of the employee's office or employment, in the taxation year in which the employee makes the transfer or disposition, a benefit equal to the amount by which the value of the consideration for the transfer or disposition exceeds the amount paid by the employee to acquire those rights."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

16. (1) The Act is amended by inserting the following section after section 52:

"**52.0.1.** If rights of an employee under the agreement referred to in section 48 have, by one or more transactions between persons not dealing at arm's length, become vested in a particular person who transfers or disposes of the rights to a particular qualifying person (or a qualifying person with which the particular qualifying person is not dealing at arm's length) with which the particular person is not dealing at arm's length, the employee is deemed, subject to the second paragraph, to receive, because of the employee's office or employment, in the taxation year in which the particular person made the transfer or disposition, a benefit equal to the amount by which the value of the consideration for the transfer or disposition exceeds the amount paid by the employee to acquire those rights.

Where the employee was deceased at the time the particular person transferred or disposed of the employee's rights, the benefit is deemed to have been received by the particular person, in the taxation year in which the particular person transferred or disposed of the employee's rights, as income from the duties of an office or employment performed by the particular person in that year in the country in which the employee primarily performed the duties of the employee's office or employment."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

17. (1) Sections 58.0.1 to 58.0.6 of the Act are repealed.

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010. In addition, when section 58.0.2 of the Act

applies after 31 December 1999 and before 4:00 p.m. Eastern Standard Time, 4 March 2010, it is to be read as if the following paragraph was added:

"If, in the course of a reorganization that gives rise to a dividend that would, but for section 308.3, be subject to section 308.1, rights to acquire securities listed on a stock exchange referred to in any of subparagraphs i to iii of subparagraph *d* of the first paragraph (in this paragraph referred to as "public options") under an agreement to sell or issue securities referred to in section 48 are exchanged for rights to acquire securities that are not listed on such a stock exchange (in this paragraph referred to as "private options"), and the private options are subsequently exchanged for public options, the private options are deemed to be rights to acquire shares that are listed on such a stock exchange for the purposes of subparagraph *d* of the first paragraph."

18. (1) Section 58.0.7 of the Act is replaced by the following section:

"**58.0.7.** Where, at any time in a taxation year, a taxpayer holds a security that was acquired under the circumstances to which section 58.0.1, as it read before being repealed, applied, the taxpayer shall enclose with the fiscal return the taxpayer is required to file for the year under section 1000, or would be required to so file if tax were payable by the taxpayer under this Part, a copy of every document sent to the Minister of National Revenue under subsection 16 of section 7 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

19. (1) The Act is amended by inserting the following section after section 132.2:

"**132.3.** A taxpayer shall not deduct, in computing the taxpayer's income from a business or property for a taxation year, an amount in respect of which a valid election was made by or on behalf of the taxpayer under subsection 1.1 of section 110 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

20. (1) The Act is amended by inserting the following section after section 234.0.1:

"**234.0.2.** Where, in respect of a taxation year, an individual has made an election under section 1086.28, the amount deemed to be a capital gain under subparagraph *b* of the first paragraph of that section is deemed to be a gain from the disposition of property for the year."

(2) Subsection 1 has effect from 4 March 2010.

21. (1) Section 255 of the Act is amended

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

"(*f*) where the property is a share of the capital stock of a corporation, the amount of the benefit that, in respect of the acquisition of the property by the taxpayer, is deemed by Division VI of Chapter II of Title II to have been received in any taxation year beginning before the particular time and ending after 31 December 1971 by the taxpayer or by a person that did not deal at arm's length with the taxpayer or, if the share was acquired after 27 February 2000, the amount of the benefit that would have been so deemed to have been received if that Division VI were applied without reference to sections 49.2 and 58.0.1, as the latter section read before being repealed;";

(2) by replacing paragraph *j*.3 by the following paragraph:

"(*j*.3) where the property is a unit of a mutual fund trust, the amount of the benefit that, in respect of the acquisition of the property by the taxpayer, is deemed by Division VI of Chapter II of Title II to have been received in any taxation year beginning before the particular time by the taxpayer or by a person that did not deal at arm's length with the taxpayer or, if the unit was acquired after 27 February 2000, the amount of the benefit that would have been so deemed to have been received if that Division VI were applied without reference to section 58.0.1, as it read before being repealed;".

(2) Subsection 1 applies in respect of a property acquired as a result of the exercise of a right after 4:00 p.m. Eastern Standard Time, 4 March 2010.

22. (1) Section 259.0.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

"(*a*) the security is acquired in circumstances to which any of sections 49.2, 49.5 and 886 applies or to which section 58.0.1, as it read before being repealed, applies; or".

(2) Subsection 1 applies in respect of a security acquired as a result of the exercise of a right after 4:00 p.m. Eastern Standard Time, 4 March 2010.

23. (1) Section 363 of the Act is amended by replacing subparagraphs *h* and *i* of the first paragraph by the following subparagraphs:

"(*h*) the generation or distribution of energy, or the production of fuel, using property described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1); and

"(*i*) the development of projects for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in each project is the capital cost of property described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act."

(2) Subsection 1 applies from the taxation year 2004. However, when subparagraphs *h* and *i* of the first paragraph of section 363 of the Act apply before 23 February 2005, they are to be read as follows:

"(*h*) the generation or distribution of energy, or the production of fuel, using property described in Class 43.1 in Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1); and

"(*i*) the development of projects for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in each project is the capital cost of property described in Class 43.1 in Schedule B to the Regulation respecting the Taxation Act."

24. Section 518 of the Act is amended by replacing "paragraph 21.2" by "subsection 21.2".

25. Section 529 of the Act is amended by replacing "paragraph 21.2" in the first paragraph by "subsection 21.2".

26. Section 614 of the Act is amended by replacing "paragraph 21.2" in the portion of the second paragraph before subparagraph *a* by "subsection 21.2".

27. (1) Section 725.2 of the Act is amended by inserting the following paragraph after paragraph *b*:

"(*b*.1) the security was acquired under the agreement by the individual or a person not dealing at arm's length with the individual in circumstances described in section 51; and".

(2) Subsection 1 applies in respect of the acquisition of a security occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

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

"**725.2.0.2.** Where section 725.2 applies to an individual for a particular taxation year in respect of the transfer or disposition of rights under an agreement referred to in section 48 as regards a security of a particular qualifying person, it is to be read without reference to its paragraph *b*.1 if

(*a*) the particular qualifying person made a valid election under subsection 1.1 of section 110 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in relation to the transfer or disposition; and

(*b*) the individual encloses a prescribed form containing prescribed information with the fiscal return the individual is required to file for the particular year under section 1000, or would be required to so file if tax were payable under this Part by the taxpayer."

(2) Subsection 1 applies in respect of the transfer or disposition of a right occurring after 4:00 p.m. Eastern Standard Time, 4 March 2010.

29. (1) Section 726.4.17.18 of the Act is amended by replacing "Lower North Shore" in paragraph *b* of the definition of "northern exploration zone" by "Côte-Nord administrative region (09), described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1),".

(2) Subsection 1 has effect from 14 September 2010.

30. (1) The Act is amended by inserting the following after section 752.0.10.0.1:

"**CHAPTER I.0.2.0.1**

"TAX CREDIT FOR EXPERIENCED WORKERS

"**752.0.10.0.2.** In this chapter,

"eligible work income" of an individual for a taxation year means the aggregate of all amounts, other than excluded work income, each of which is

(*a*) an amount included under any of sections 32 to 58.3 in computing the individual's income for the year from an office or employment;

(*b*) the amount by which the individual's income for the year from any business the individual carries on either alone or as a partner actively engaged in the business exceeds the aggregate of the individual's losses for the year from such businesses;

(*c*) an amount included in computing the individual's income for the year under paragraph *e*.2 or *e*.6 of section 311; or

(*d*) an amount included in computing the individual's income for the year under paragraph *h* of section 312;

"excess work income limit" applicable for a taxation year means an amount equal to

(*a*) $3,000, for the taxation year 2012;

(*b*) $4,000, for the taxation year 2013;

(*c*) $5,000, for the taxation year 2014;

(*d*) $8,000, for the taxation year 2015; and

(*e*) $10,000, for a taxation year subsequent to the taxation year 2015;

"excluded work income" of an individual for a taxation year means

(*a*) an amount included in computing the individual's income for the year from an office or employment, if the amount is the value of a benefit received or enjoyed by the individual in the year because of a previous office or employment;

(*b*) an amount deducted in computing the individual's taxable income for the year; or

(*c*) if the individual reaches 65 years of age in the year, an amount attributable to the part of the year that precedes the day on which the individual reaches that age.

"**752.0.10.0.3.** An individual who, on the last day of a taxation year or, if the individual dies in the year, on the date of the individual's death, is resident in Québec and has reached 65 years of age may deduct from the individual's tax otherwise payable for the year under this Part an amount determined by the formula

$A \times B \times (1 - C)$.

In the formula in the first paragraph,

(*a*) A is the percentage specified in paragraph *a* of section 750 that is applicable for the year;

(*b*) B is the lesser of the excess work income limit applicable for the year and the amount by which the individual's eligible work income for the year exceeds $5,000; and

(*c*) C is the percentage specified in the first paragraph of section 358.0.3 that is applicable for the year."

(2) Subsection 1 applies from the taxation year 2012.

31. (1) Section 752.0.22 of the Act is replaced by the following section:

"**752.0.22.** For the purpose of computing the tax payable under this Part by an individual, the following provisions are to be applied in the following order: sections 752.0.0.1, 752.0.1, 776.41.14, 752.0.7.4, 752.0.10.0.3, 752.0.18.3, 776.1.5.0.17, 776.1.5.0.18, 752.0.18.8, 752.0.14, 752.0.11 to 752.0.13.1.1, 776.41.21, 752.0.10.6, 752.0.18.10, 752.0.18.15, 767 and 776.41.5."

(2) Subsection 1 applies from the taxation year 2012.

32. (1) Section 752.0.27 of the Act is amended

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

"**752.0.27.** Where an individual becomes a bankrupt in a calendar year, the following rules apply for the purpose of determining the amounts deductible under sections 752.0.0.1 to 752.0.7, 752.0.10.0.3 and 752.0.14 to 752.0.18 in computing the individual's tax payable under this Part for each of the individual's taxation years referred to in section 779 that end in the calendar year:";

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

"(*b*.0.1) in the case of an amount that is deductible for such a taxation year under section 752.0.10.0.3, the amount is to be computed as if

i. the particular amount in dollars that is specified in the definition of "excess work income limit" in section 752.0.10.0.2 and that would otherwise be applicable for such a taxation year was replaced by the proportion of that particular amount that the number of days in that taxation year is of the number of days in the calendar year, and

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

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

"For the purposes of subparagraph i of subparagraph *b*.0.1 of the first paragraph in respect of each of the taxation years referred to in section 779 that end in the calendar year in which an individual becomes a bankrupt, in computing the proportion described in that subparagraph i, no account is to be taken of the days in that taxation year and that calendar year on which the individual is not at least 65 years of age."

(2) Subsection 1 applies from the taxation year 2012.

33. (1) Section 772.2 of the Act is amended

(1) by adding the following subparagraph after subparagraph viii of paragraph *d* of the definition of "non-business-income tax":

"ix. that may reasonably be regarded as relating to the amount determined for B in the formula in the first paragraph of section 752.0.10.0.3 in respect of the taxpayer for the year;";

(2) by adding the following paragraph after paragraph *c* of the definition of "business-income tax":

"(*d*) that may reasonably be regarded as relating to the amount determined for B in the formula in the first paragraph of section 752.0.10.0.3 in respect of the taxpayer for the year;".

(2) Subsection 1 applies from the taxation year 2012.

34. (1) Section 776.41.5 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

"(*a*) A is the aggregate of all amounts each of which is an amount that the individual's eligible spouse for the taxation year may deduct under this Book in computing the eligible spouse's tax otherwise payable for the year under this Part, other than an amount deductible under any of sections 752.0.10.0.3, 752.12, 776.1.5.0.17 and 776.1.5.0.18; and".

(2) Subsection 1 applies from the taxation year 2012.

35. (1) Section 776.65 of the Act is amended by replacing "752.0.10" in subparagraph *a* of the first paragraph by "752.0.10.0.3".

(2) Subsection 1 applies from the taxation year 2012.

36. (1) Section 779 of the Act is amended by replacing "II.11.5" by "II.11.7".

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

37. (1) Section 835 of the Act is amended, in the first paragraph,

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

"(*n*) "transition year" of a life insurer means

i. in respect of the accounting standards adopted by the Accounting Standards Board and effective from 1 October 2006, the life insurer's first taxation year that begins after 30 September 2006, or

ii. in respect of the International Financial Reporting Standards adopted by the Accounting Standards Board and effective from 1 January 2011, the life insurer's first taxation year that begins after 31 December 2010;";

(2) by adding the following subparagraphs after subparagraph *o*:

"(*p*) "deposit accounting insurance policy" means an insurance policy of a life insurer that, according to generally accepted accounting principles, is not an insurance contract for a taxation year of the life insurer; and

"(*q*) "excluded policy" means an insurance policy of a life insurer that would be a deposit accounting insurance policy for the life insurer's base year if the International Financial Reporting Standards adopted by the Accounting Standards Board and effective from 1 January 2011 applied for that base year."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2010.

38. (1) The Act is amended by inserting the following section after section 844.9:

"**844.9.1.** In applying sections 844.8 and 844.9 to a life insurer for a taxation year in respect of the International Financial Reporting Standards adopted by the Accounting Standards Board and effective from 1 January 2011, the following rules apply:

(*a*) subparagraph *b* of the second paragraph of section 835 is to be read as follows:

"(*b*) B is the maximum amount that the life insurer would be permitted to claim under paragraph *a* of section 840 as a reserve for its base year if no account were taken of the life insurer's excluded policies.";

(*b*) the portion of the first paragraph of sections 844.8 and 844.9 before the formula is to be read as if "that ends after the beginning of the transition year" were replaced by "that ends at least two years after the beginning of the transition year";

(*c*) subparagraph *b* of the second paragraph of sections 844.8 and 844.9 is to be read as if "the first day of the transition year" were replaced by "the first day of the first year that ends at least two years after the beginning of the transition year"."

(2) Subsection 1 applies to a taxation year that begins after 31 December 2010.

39. (1) Section 985.1 of the Act is amended

(1) by striking out paragraphs *a*.0.1, *a*.0.2 and *a*.2;

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

"(*b*.1) "designated gift" means that portion of a gift of property made in a taxation year by a particular registered charity, to another registered charity with which it does not deal at arm's length, that is designated by the particular registered charity in the return that it is required to file with the Minister for the year in accordance with the first paragraph of section 985.22;".

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

40. (1) Sections 985.1.0.1 and 985.1.0.2 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

41. (1) Section 985.2.1 of the Act is amended by replacing the portion before paragraph *b* by the following:

"**985.2.1.** For the purposes of paragraph *b* of sections 985.6 to 985.8 and section 985.21, the following are deemed to be neither an amount expended in a taxation year on charitable activities nor a gift made to a qualified donee:

(*a*) a designated gift; and".

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

42. (1) Section 985.8.1 of the Act is amended

(1) by replacing paragraphs *a* and *b* by the following paragraphs:

"(*a*) of a registered charity, if it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on charitable activities;

"(*b*) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph *a* applies was to assist the other registered charity in avoiding or unduly delaying the obligation to expend amounts on charitable activities;";

(2) by adding the following paragraph after paragraph *c*:

"(*d*) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

43. (1) Section 985.9 of the Act is amended

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

"A × B × 0.035/365.";

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

"(*a*) A is the number of days in the taxation year; and

"(*b*) B is

i. the prescribed amount for the year, in respect of all or a portion of a property owned by the charity at any time in the 24 months immediately preceding the year that was not used directly in charitable activities or administration, if that amount is greater than

(1) if the charity is a charitable organization, $100,000, and

(2) in any other case, $25,000, and

ii. in any other case, nil.";

(3) by striking out subparagraphs *c* and *d* of the second paragraph;

(4) by striking out the third and fourth paragraphs.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

44. (1) Sections 985.9.1 and 985.9.1.1 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

45. (1) Section 985.9.4 of the Act is amended by replacing the portion before paragraph *b* by the following:

"**985.9.4.** For the purposes of subparagraph i of subparagraph *b* of the second paragraph of section 985.9, the Minister may

(*a*) authorize a change in the number of periods chosen by a registered charity in determining the prescribed amount; and".

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

46. (1) Section 985.14 of the Act is amended

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

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

"(*a*) a designated gift;".

(2) Paragraph 2 of subsection 1 applies to a taxation year that ends after 3 March 2010.

47. (1) Section 985.15 of the Act is replaced by the following section:

"**985.15.** A registered charity may, with the approval in writing of the Minister, accumulate property for a particular purpose, on the terms and conditions and over the period of time specified in the approval.

Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including any income related to the accumulated property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the registered charity is not in compliance with the terms and conditions of the approval."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

48. (1) Section 985.16 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

49. (1) Section 985.35.6 of the Act is amended

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

"Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including the income related to that property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the registered museum is not in compliance with the terms and conditions of the approval.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

50. (1) Section 985.35.9 of the Act is replaced by the following section:

"**985.35.9.** The Minister may, in the manner described in sections 1064 and 1065, revoke the registration

(*a*) of a registered museum, if it has entered into a transaction (including a gift to another registered museum) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on museum activities;

(*b*) of a registered museum, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered museum to which paragraph *a* applies was to assist the other registered museum in avoiding or unduly delaying the obligation to expend amounts on museum activities; and

(*c*) of a registered museum, if it has in a taxation year received a gift of property from another registered museum with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on museum activities carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

51. (1) Section 985.35.16 of the Act is amended

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

"Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including the income related to that property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the registered cultural or communications organization is not in compliance with the terms and conditions of the approval.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

52. (1) Section 985.35.19 of the Act is replaced by the following section:

"**985.35.19.** The Minister may, in the manner described in sections 1064 and 1065, revoke the registration

(*a*) of a registered cultural or communications organization, if it has entered into a transaction (including a gift to another registered cultural or communications organization) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on artistic, cultural or communications activities;

(*b*) of a registered cultural or communications organization, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered cultural or communications organization to which paragraph *a* applies was to assist the other registered cultural or communications organization in avoiding or unduly delaying the

obligation to expend amounts on artistic, cultural or communications activities; and

(*c*) of a registered cultural or communications organization, if it has in a taxation year received a gift of property from another registered cultural or communications organization with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on artistic, cultural or communications activities carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

53. (1) Section 985.40 of the Act is amended

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

"Any property accumulated after receipt of and in accordance with the approval referred to in the first paragraph, including the income related to that property, is not to be included in computing the prescribed amount in subparagraph i of subparagraph *b* of the second paragraph of section 985.9 for the portion of any taxation year in the period, except to the extent that the recognized political education organization is not in compliance with the terms and conditions of the approval.";

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

54. (1) Section 985.43 of the Act is replaced by the following section:

"**985.43.** The Minister may, in the manner described in sections 1064 and 1065, revoke the recognition

(*a*) of a recognized political education organization, if it has entered into a transaction (including a gift to another recognized political education organization) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the obligation to expend amounts on educational activities promoting Québec sovereignty or Canadian unity;

(*b*) of a recognized political education organization, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another recognized political education organization to which paragraph *a* applies was to assist the other recognized political education organization in avoiding or unduly delaying the obligation to expend amounts on educational activities promoting Québec sovereignty or Canadian unity; and

(*c*) of a recognized political education organization, if it has in a taxation year received a gift of property from another recognized political education organization with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those two taxation years, an amount that is less than the fair market value of the property, on educational activities promoting Québec sovereignty or Canadian unity carried on by it or by way of gifts made to a qualified donee with which it deals at arm's length."

(2) Subsection 1 applies to a taxation year that ends after 3 March 2010.

55. Section 1007.4 of the Act is amended by replacing paragraph *b* by the following paragraph:

"(*b*) despite section 1007 and sections 1010 to 1011, the Minister may, before the end of the day that is one year after the day on which all rights of objection and appeal expire or are determined in respect of the determination or redetermination, determine the tax, interest, penalties or other amounts payable and determine an amount deemed to have been paid or to have been an overpayment under this Part in respect of any member of the partnership and any other taxpayer for any taxation year as may be necessary to give effect to the determination or redetermination or a final judgment of the Court of Québec, the Court of Appeal or the Supreme Court of Canada."

56. (1) Section 1010 of the Act is amended

(1) by replacing subsection 1 by the following subsection:

"(1) The Minister may at any time determine the tax, interest and penalties payable under this Part, or notify in writing any taxpayer who filed a fiscal return for a taxation year that no tax is payable for that taxation year.";

(2) by replacing the portion of subsection 2 before paragraph *a* by the following:

"(2) The Minister may also redetermine the tax, interest and penalties payable under this Part and make a reassessment or an additional assessment, as the case may be,";

(3) by replacing paragraphs *a*.0.1 and *a*.1 of subsection 2 by the following paragraphs:

"(*a*.0.1) within four years after the later day referred to in paragraph *a* if, at the end of the taxation year concerned, the taxpayer is a mutual fund trust or a corporation other than a Canadian-controlled private corporation;

"(*a*.1) within six years after the later day referred to in paragraph *a* or, in the case of a taxpayer referred to in paragraph *a*.0.1, within seven years after that day, where

i. a redetermination of the taxpayer's tax by the Minister is required in accordance with section 1012 or would have been required if the taxpayer had claimed an amount in the prescribed time limit under section 1012,

ii. as a consequence of a redetermination of another taxpayer's tax in accordance with this paragraph or section 1012, there is reason to redetermine the taxpayer's tax for any relevant taxation year,

iii. a redetermination of the taxpayer's tax would be made by the Minister, but for the expiration of the time limit prescribed in paragraph *a*, as a consequence of an additional payment of any income or profits tax to, or a reimbursement of any such tax by, the government of a foreign country or a political subdivision of a foreign country,

iv. a redetermination of the taxpayer's tax is required to be made as a consequence of a reduction under section 359.15 of an amount purported to be renounced by the corporation under any of the sections referred to in that section,

v. a redetermination of the taxpayer's tax is required to be made in order to give effect to the application of sections 752.0.10.10.1 and 752.0.10.18,

vi. a redetermination of the taxpayer's tax is required to be made as a consequence of a transaction involving the taxpayer and a person not resident in Canada with whom the taxpayer was not dealing at arm's length, or

vii. a redetermination of the taxpayer's tax is required to be made, if the taxpayer is not resident in Canada and carries on a business in Canada, as a consequence of an allocation by the taxpayer of revenues or expenses as amounts in respect of the Canadian business, other than revenues or expenses that relate solely to the Canadian business, that are recorded in the books of account of the Canadian business, and the documentation in support of which is kept in Canada, or a notional transaction between the taxpayer and its Canadian banking business, where the transaction is recognized for the purposes of the computation of an amount under this Act or an applicable tax agreement; and";

(4) by replacing subparagraph i of paragraph *b* of subsection 2 by the following subparagraph:

"i. has made a misrepresentation that is attributable to negligence or wilful default or has committed any fraud in filing the return or in supplying any information provided for in this Part, or";

(5) by inserting the following subsection after subsection 2:

"(2.1) In addition, the Minister may redetermine the tax, interest and penalties payable by the taxpayer under this Part for a taxation year for which tax consequences under this Part result from the fact that a redetermination of the taxpayer's tax must be made by the Minister in accordance with section 1012,

as a consequence of the application of paragraph *g* or *h* of section 1012.1, in relation to a taxation year referred to in the first or second paragraph of section 1012.1.1, and, despite paragraph *a*.1 of subsection 2, make a reassessment or an additional assessment beyond the period referred to in that paragraph *a*.1.";

(6) by replacing subsection 3 by the following subsection:

"(3) However, the Minister may, under paragraph *a*.1 of subsection 2 or subsection 2.1, make a reassessment or an additional assessment beyond the periods referred to in paragraph *a* or *a*.0.1 of subsection 2 only to the extent that the reassessment or additional assessment may be reasonably regarded as related to the tax redetermination referred to in that paragraph *a*.1 or subsection 2.1, as the case may be."

(2) Paragraphs 5 and 6 of subsection 1 apply in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. They also apply in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section (*insert the number of the section in this Act that enacts sections 1055.1.2 and 1055.1.3 of the Taxation Act*).

57. Section 1010.1 of the Act is replaced by the following section:

"**1010.1.** Where the Minister would, but for this section, be entitled by virtue only of the filing of a waiver referred to in subparagraph ii of paragraph *b* of subsection 2 of section 1010, to redetermine the tax, interest or penalties payable under this Part, and to make a reassessment or an additional assessment, as the case may be, the Minister may not make such redetermination, reassessment or additional assessment after the day that is six months after the date on which a notice of revocation of the waiver is filed with the Minister in the prescribed form and in duplicate, by registered mail."

58. (1) Section 1012.1 of the Act is amended by adding the following paragraphs after paragraph *f*:

"(*g*) the first paragraph of section 1055.1.2 as a consequence of an election referred to in subparagraph *a* of the second paragraph of that section and made by the taxpayer's legal representative for a subsequent taxation year; or

"(*h*) the first paragraph of section 1055.1.3 as a consequence of an election referred to in subparagraph *a* of the second paragraph of that section and made by the taxpayer's legal representative for a subsequent taxation year."

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section (*insert the number of the section in this Act that enacts sections 1055.1.2 and 1055.1.3 of the Taxation Act*).

59. (1) The Act is amended by inserting the following section after section 1012.1:

"**1012.1.1.** If section 1012 applies, in relation to a taxation year, in respect of a particular amount referred to in paragraph *g* or *h* of section 1012.1, it is to be read as if "for any relevant taxation year, other than a taxation year preceding the taxation year" was replaced by "for the taxation year".

If section 1012 applies, in relation to a particular taxation year, in respect of a particular amount referred to in paragraph *d* of section 1012.1 and the conditions of the third paragraph are met, it is to be read as follows:

"**1012.** If a taxpayer has filed for a particular taxation year the fiscal return required by section 1000 and a particular amount referred to in paragraph *d* of section 1012.1 is subsequently claimed as a deduction in computing the taxpayer's taxable income for the particular taxation year by filing with the Minister, on or before the filing-due date applicable to the taxpayer's succession for the subsequent taxation year in respect of any amount deducted because of paragraph *g* of section 1012.1 in computing income for the taxation year of the taxpayer's death, a prescribed form to amend the fiscal return for the particular taxation year, the Minister shall, for any relevant taxation year, other than a taxation year preceding the particular taxation year, redetermine the taxpayer's tax to take into account the amount so claimed as a deduction in computing the taxpayer's taxable income."

The conditions to which the second paragraph refers are the following:

(*a*) the particular amount relates to a non-capital loss incurred in the taxation year in which the taxpayer died and does not exceed the portion of that loss that may reasonably be attributed to the deduction of any amount in computing the taxpayer's income for that year because of paragraph *g* of section 1012.1, as a consequence of an election made by the taxpayer's legal representative for the subsequent taxation year referred to in that paragraph; and

(*b*) on or before the filing-due date applicable to the taxpayer's succession for the subsequent taxation year in respect of the amount deducted because of paragraph *g* of section 1012.1 in computing the taxpayer's income for the taxation year in which the taxpayer died, the legal representative files with the Minister an amended fiscal return in the name of the taxpayer for the particular taxation year."

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section (*insert the number of the section in this Act that enacts sections 1055.1.2 and 1055.1.3 of the Taxation Act*).

60. Section 1012.2 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1012.2.** Where a taxpayer has filed for a particular taxation year the fiscal return required by section 1000 and the amount included in computing the taxpayer's income for the particular taxation year under section 580 is subsequently reduced because of a reduction described in the second paragraph, the Minister shall, if the taxpayer files with the Minister, on or before the filing-due date for the taxpayer's subsequent taxation year in respect of the reduction, a request in the prescribed form to amend the fiscal return for the particular taxation year, redetermine the taxpayer's tax for any relevant taxation year other than a taxation year preceding the particular taxation year in order to take into account the reduction in the amount included in computing the income of the taxpayer for the particular taxation year under section 580."

61. Section 1012.3 of the Act is amended by replacing the portion before paragraph *a* by the following:

"**1012.3.** The Minister shall redetermine a taxpayer's tax for a particular taxation year, in order to take into account the application of paragraph *d* of the definition of "excluded property" in the first paragraph of section 851.22.1 or the application of section 851.22.23.6, in respect of property held by the taxpayer, if".

62. (1) The Act is amended by inserting the following section after section 1015.0.2:

"**1015.0.3.** For the purposes of subparagraph *a* of the second paragraph of section 1015, an amount that is deemed to have been received by a taxpayer as a benefit under or because of section 49 or any of sections 50 to 52.0.1 is remuneration paid as a bonus, except the portion of the amount that is

(*a*) deductible by the taxpayer under section 725.2 in computing the taxpayer's taxable income for a taxation year;

(*b*) deemed to have been received in a taxation year as a benefit because of a disposition of securities to which section 49.2 applies; or

(*c*) determined under subparagraph *b* of the first paragraph of section 725.2.3 to be deductible by the taxpayer under section 725.2.2 in computing the taxpayer's taxable income for a taxation year."

(2) Subsection 1 has effect from 1 January 2011. However, it does not apply with respect to a benefit arising from a right granted before that date to a taxpayer under an agreement referred to in section 48 of the Act that was entered into in writing before 4:00 p.m. Eastern Standard Time, 4 March 2010 and that included, at that time, a written condition prohibiting the taxpayer from disposing of a security acquired under the agreement for a period of time after exercise.

63. (1) The Act is amended by inserting the following section after section 1017.2:

"**1017.3.** An amount deemed to have been received as a benefit under or because of section 49 or any of sections 50 to 52.0.1 must not be considered a basis on which the Minister may determine a lesser amount under section 1016 solely because it is received as a non-cash benefit."

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

64. (1) Section 1029.6.0.0.1 of the Act is amended, in the second paragraph,

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

"ii. the amount of financial assistance granted by the Canada Book Fund of the Department of Canadian Heritage,";

(2) by adding the following subparagraph after subparagraph iv of subparagraph *i*.1:

"v. the amount of assistance attributable to the program supporting the improvement of first generation fuel ethanol production efficiency;".

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

(3) Paragraph 2 of subsection 1 has effect from 18 March 2011.

65. (1) Section 1029.6.0.0.6 of the Act, amended by section 54 of chapter 1 of the statutes of 2011, is again amended, in the fourth paragraph,

(1) by replacing subparagraphs *a*.1 and *b* by the following subparagraphs:

"(*a*.1) the amounts of $591 and $484 mentioned in section 1029.8.61.64;

"(*b*) the amount of $21,505 mentioned in section 1029.8.61.64;";

(2) by inserting the following subparagraphs after subparagraph *b*.1:

"(*b*.2) the amounts of $591 and $484 mentioned in section 1029.8.61.85;

"(*b*.3) the amount of $21,505 mentioned in section 1029.8.61.85;

"(*b*.4) the amount of $591 mentioned in section 1029.8.61.93;".

(2) Subsection 1 applies from the taxation year 2012. In addition, when section 1029.6.0.0.6 of the Act applies to the taxation year 2011, it is to be read without reference to subparagraphs *a*.1 and *b* of the fourth paragraph.

66. (1) Section 1029.6.0.7 of the Act is amended

(1) by replacing "subparagraphs *a*, *b* to *f*" in the first paragraph by "subparagraphs *a*, *b*, *b*.1, *b*.3, *c* to *f*";

(2) by inserting "*b*.2, *b*.4," after "*a*.1," in the second paragraph.

(2) Subsection 1 applies from the taxation year 2012.

67. (1) Section 1029.8.34 of the Act is amended

(1) by replacing subparagraph 3 of subparagraph ii of paragraph *a* of the definition of "qualified expenditure for services rendered outside the Montréal area" in the first paragraph by the following subparagraph:

"(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b*.1 of the definition of "labour expenditure" and with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that relate to an expenditure for services rendered outside the Montréal area of the corporation for a taxation year preceding the year in respect of that property, to the extent that the amount has not, under subparagraph iii of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area", reduced the amount of that expenditure for services rendered outside the Montréal area of the corporation for that preceding year; and";

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

"(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b*.1 of the definition of "labour expenditure" and with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that relate to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of that property, to the extent that the amount has not, under subparagraph iii of paragraph *b* of the definition of "computer-aided special effects and animation expenditure", reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year; and";

(3) by replacing paragraph *b* of the definition of "labour expenditure" in the first paragraph by the following paragraph:

"(*b*) the portion of the remuneration, other than salary or wages, that is incurred in the year by the corporation and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that was incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, in relation to the stages of production referred to in paragraph *a* of the property and that is paid by the corporation under a contract for services rendered as part of the production of the property to a person or partnership (in this section referred to as a "first-tier subcontractor") who is

i. an individual, to the extent that that portion of the remuneration is reasonably attributable either to services rendered by the individual personally as part of the production of the property or to the wages of the individual's eligible employees who rendered services as part of the production of the property,

ii. a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iv, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services as part of the production of the property,

iii. despite subparagraph ii, a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees who rendered services exclusively at the post-production stage of the property,

iv. a corporation that has an establishment in Québec all the issued capital stock of which, except directors' qualifying shares, belongs to an individual and whose activities consist mainly in providing the services of that individual, to the extent that that portion of the remuneration is reasonably attributable to services rendered by the individual as part of the production of the property, or

v. a partnership carrying on a business in Québec, to the extent that that portion of the remuneration is reasonably attributable either to services rendered, as part of the production of the property, by an individual who is a member of the partnership or to the wages of the partnership's eligible employees who rendered services as part of the production of the property;";

(4) by inserting the following paragraphs after paragraph *b* of the definition of "labour expenditure" in the first paragraph:

"(*b*.1) 65% of the portion of the remuneration, other than salary or wages, that is incurred in the year by the first-tier subcontractor and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, 65% of the portion of the remuneration that was incurred by the first-tier subcontractor in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, in relation to the stages of production referred to in paragraph *a* of the property and that is paid by the first-tier subcontractor under a contract for services rendered as part of the production of the property to a person or partnership with whom the first-tier subcontractor is dealing at arm's length at the time the contract is entered into (in this section referred to as a "second-tier subcontractor") and who is

i. an individual, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or

iv. a partnership carrying on a business in Québec, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property;

"(*b*.2) 65% of the portion of the remuneration, other than salary or wages, that is incurred in the year by the corporation and, where the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, 65% of the portion of the remuneration that was incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, in relation to the stages of production referred to in paragraph *a* of the property, and that is paid by the corporation under a contract for services rendered as part of the production of the property to a first-tier subcontractor with which the corporation is dealing at arm's length at the time the contract is entered into and who is

i. an individual, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is not dealing at arm's length with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or

iv. a partnership carrying on a business in Québec, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property; and";

(5) by replacing paragraph *c* of the definition of "labour expenditure" in the first paragraph by the following paragraph:

"(*c*) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the labour expenditure of the corporation in respect of the property for the particular year because of any of paragraphs *a* to *b*.2 if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purposes as it was by the particular corporation and had been paid at the same time and to the same person or partnership as it was paid by the particular corporation;";

(6) by replacing subparagraph 3 of subparagraph ii of paragraph *a* of the definition of "qualified labour expenditure" in the first paragraph by the following subparagraph:

"(3) the amount of any government assistance and non-government assistance that a person or partnership described in paragraph *b* or *b*.1 of the definition of "labour expenditure" and with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, and that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees, to the extent that the amount has not, under subparagraph iii of subparagraph *e* of the second paragraph, reduced the amount of the labour

expenditure of the corporation for that preceding year in respect of the property; and";

(7) by replacing the portion of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area" in the first paragraph before subparagraph i by the following:

"(*b*) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to services rendered in the year in Québec, outside the Montréal area, in relation to a regional production and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion of either the amount described in paragraph *a* of the definition of "labour expenditure" or an amount described in any of subparagraphs i to v of paragraph *b* and i to iv of paragraphs *b*.1 and *b*.2 of that definition, that is included in that portion of the corporation's labour expenditure for the year, and the aggregate of";

(8) by replacing subparagraph iii of paragraph *b* of the definition of "expenditure for services rendered outside the Montréal area" in the first paragraph by the following subparagraph:

"iii. if the particular portion is the portion of an amount described in any of subparagraphs i to v of paragraph *b* and i to iv of paragraph *b.*1 of the definition of "labour expenditure", the amount of any government assistance and non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that are referred to in that subparagraph and that relate to the particular portion;";

(9) by replacing the portion of paragraph *b* of the definition of "computer-aided special effects and animation expenditure" in the first paragraph before subparagraph i by the following:

"(*b*) in any other case, an amount equal to the amount by which the portion of a labour expenditure of the corporation for the year that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried on in Québec as part of the production of the property and that is indicated, by budgetary item, on a document that the Société de développement des entreprises culturelles encloses with the advance ruling given or the certificate issued to the corporation in relation to the property, exceeds the aggregate of all amounts each of which is the lesser of the particular portion of either the amount described in paragraph *a* of the definition of "labour expenditure" or an amount described in any of subparagraphs i to v of paragraph *b* and i to iv of paragraphs *b*.1 and *b*.2 of that definition, that is

included in that portion of the corporation's labour expenditure for the year, and the aggregate of";

(10) by replacing subparagraph iii of paragraph *b* of the definition of "computer-aided special effects and animation expenditure" in the first paragraph by the following subparagraph:

"iii. if the particular portion is the portion of an amount described in any of subparagraphs i to v of paragraph *b* and i to iv of paragraph *b*.1 of the definition of "labour expenditure", the amount of any government assistance and non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, and that is attributable to services rendered by an individual or to the wages of the person's or partnership's eligible employees that are referred to in that subparagraph and that relate to the particular portion;";

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

""post-production" of a property means the stage of production of the property that includes all the activities that follow the shooting of the property, in particular transcoding and duplication of the property, digitization, compression and duplication of DVDs and CD-ROMs, video-on-demand encoding, subtitling of films, captioning for persons with a hearing impairment and video description for persons with a visual impairment;";

(12) by replacing subparagraph *c* of the second paragraph by the following subparagraph:

"(*c*) an amount may be included in the amount established under paragraph *b* of that definition in respect of an employee referred to in any of subparagraphs i, ii and v of that paragraph *b* or an individual referred to in subparagraph iv or v of that paragraph *b* only if that employee or individual is a party to the contract entered into between the employee's or the individual's employer, the corporation referred to in that subparagraph iv of which the employee or the individual is a shareholder or the partnership of which the employee or the individual is a member, as the case may be, and the corporation in respect of which that definition applies, under which the employee or the individual, as the case may be, undertakes to personally render services as part of the production of the property referred to in that definition;";

(13) by inserting the following subparagraphs after subparagraph *c* of the second paragraph:

"(*c*.1) the amount included by a particular corporation in computing its labour expenditure for a taxation year under paragraph *b*.1 or *b*.2 of that definition, in relation to the portion of the remuneration incurred in respect of a property under a particular contract referred to in that paragraph, must be reduced by the aggregate of

i. the aggregate of all amounts each of which is the salaries or wages paid by a person or partnership who is a subcontractor party to the particular contract or a subcontract that arises from it, to the person's or partnership's employee who is not an eligible employee, unless the salaries or wages are paid

(1) to an employee of the first-tier subcontractor, where the particular contract is referred to in paragraph *b*.1 of that definition,

(2) by a corporation or partnership that does not have an establishment in Québec or does not carry on a business in Québec, for services rendered as part of the production of the property,

(3) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered as part of the production of the property, or

(4) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, does not deal at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage,

ii. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that is a party to a subcontract arising from the particular contract and that does not have an establishment in Québec for services rendered as part of the production of the property,

iii. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a partnership that is a party to a subcontract arising from the particular contract and that does not carry on a business in Québec for services rendered as part of the production of the property,

iv. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered as part of the production of the property, and

v. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, does not deal at arm's length with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage;

"(*c*.2) a corporation that has entered into a contract (in this subparagraph referred to as an "initial contract") with a first-tier subcontractor for the provision of services as part of the production of a property may not, in computing its labour expenditure for a taxation year in respect of the property under paragraph *b* or *b*.1 of that definition, include an amount in relation to the portion of the remuneration that the corporation pays under the initial contract to the first-tier subcontractor and to the portion of any remuneration the first-tier subcontractor pays to a second-tier subcontractor for services rendered as part of the production of the property if, in relation to the portion of the remuneration the corporation pays under the initial contract to the first-tier subcontractor, it includes an amount in computing its labour expenditure for any taxation year in respect of the property under paragraph *b*.2 of that definition;";

(14) by striking out subparagraph *d*.1 of the second paragraph;

(15) by replacing the portion of subparagraph *e* of the second paragraph before subparagraph i by the following:

"(*e*) the amount of the labour expenditure of a corporation for a taxation year in respect of a property is to be reduced, if applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* of that definition, or to the amount referred to in any of subparagraphs i to v of paragraph *b* and i to iv of paragraphs *b*.1 and *b*.2 of that definition, that are included in that labour expenditure of the corporation for the year, and the aggregate of";

(16) by replacing subparagraph iii of subparagraph *e* of the second paragraph by the following subparagraph:

"iii. if the particular amount corresponds to the amount referred to in any of subparagraphs i to v of paragraph *b* and i to iv of paragraphs *b*.1 and *b*.2 of that definition, the amount of any government assistance and non-government assistance that a person or partnership with whom the corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year, that is attributable to services rendered by an individual or to the wages of the eligible employees of the person or partnership referred to in that subparagraph; and";

(17) by replacing "with whom or with which" in the following provisions of the first paragraph by "with whom":

— subparagraph 1 of subparagraph i of paragraph *b* of the definition of "qualified computer-aided special effects and animation expenditure";

— subparagraph 1 of subparagraph i of paragraph *b* of the definition of "qualified expenditure for services rendered outside the Montréal area";

— subparagraph 1 of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure".

(2) Subsection 1 applies to a taxation year that begins after 31 December 2009. However, when section 1029.8.34 of the Act applies before 4 May 2011, it is to be read without reference to ", at the time that portion of the remuneration is incurred," in the following provisions:

— subparagraphs ii and iii of paragraphs *b*, *b*.1 and *b*.2 of the definition of "labour expenditure" in the first paragraph;

— subparagraph 3 of subparagraph i and subparagraphs iv and v of subparagraph *c*.1 of the second paragraph.

68. (1) Section 1029.8.36.0.0.4 of the Act is amended

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

""post-production" of a property means the stage of production of the property that includes all the activities that follow the shooting of the property, in particular transcoding and duplication of the property, digitization, compression and duplication of DVDs and CD-ROMs, video-on-demand encoding, subtitling of films, captioning for persons with a hearing impairment and video description for persons with a visual impairment;";

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

"i. the portion of the cost of a contract that may reasonably be considered to be the consideration for services rendered as part of the production of the property by a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or by a particular corporation that is not dealing at arm's length with a corporation holding such a licence, except to the extent that the portion relates to services rendered by the particular corporation exclusively at the post-production stage of the property, and

"ii. the cost incurred by the corporation in respect of the acquisition, rental or leasing of a corporeal property, including software, used as part of the production of the property with a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or with a particular corporation that is not dealing at arm's length with a corporation holding such a licence, except to the extent that the cost is incurred with the particular corporation in respect of a corporeal property used exclusively at the post-production stage of the property;".

(2) Subsection 1 applies to a taxation year that begins after 31 December 2009.

69. (1) Section 1029.8.36.0.0.13 of the Act is amended

(1) by replacing the portion of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph before paragraph *a* by the following:

""qualified labour expenditure attributable to preparation costs and digital version publishing costs" of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth paragraph, the lesser of";

(2) by replacing subparagraphs 1 to 3 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph by the following subparagraphs:

"(1) the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for the year in respect of the property,

"(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in subparagraph *c* of the fifth paragraph in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18 in relation to the preparation of the property or to the publishing of a digital version of the property, up to 250% of the tax under Part III.1.0.5 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i, in relation to that assistance, and

"(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property for a taxation year preceding the year, exceeds 250% of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5 for a year preceding the year, because of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.18, in relation to assistance referred to in subparagraph ii, exceeds";

(3) by replacing subparagraphs 1 to 3 of subparagraph ii of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph by the following subparagraphs:

"(1) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, in connection with a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph i of subparagraph *c* of the fifth paragraph, reduced that labour expenditure attributable to preparation costs and digital version publishing costs for that preceding year,

"(2) the amount of any benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, on or before the corporation's filing-due date for the year, in connection with a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, under subparagraph ii of subparagraph *c* of the fifth paragraph, reduced that labour expenditure attributable to preparation costs and digital version publishing costs for that preceding year, and

"(3) the amount of any government assistance and non-government assistance that an eligible individual, a particular corporation or a partnership has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that, for a taxation year preceding the year in respect of the property, is attributable to services rendered by an eligible individual or to the wages of the eligible employees of the eligible individual, the particular corporation or the partnership, as the case may be, that are referred to in any of subparagraphs i to iv of paragraph *c* of the definition of "labour expenditure attributable to preparation costs and digital version publishing costs", to the extent that the amount has not, under subparagraph iii of subparagraph *c* of the fifth paragraph, reduced the labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for that preceding year in respect of the property; and";

(4) by replacing the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph before subparagraph 1 by the following:

"i. 50% of the amount by which the aggregate of the preparation costs directly attributable to the preparation of the property and the digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property that the corporation incurred before the end of the year in respect of the property to the extent that they relate to services rendered before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph, and that are paid by the corporation, exceeds the aggregate of";

(5) by replacing subparagraph ii of paragraph *b* of the definition of "qualified labour expenditure attributable to preparation costs" in the first paragraph by the following subparagraph:

"ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the preparation of the property or the publishing of a digital version of the property for a taxation year preceding the year exceeds 250% of the aggregate of all amounts each of which is a tax that the corporation is required to pay under Part III.1.0.5, in respect of the preparation of the property or the publishing of a digital version of the property, for a taxation year preceding the year;";

(6) by replacing the definition of "labour expenditure attributable to preparation costs" in the first paragraph by the following definition:

""labour expenditure attributable to preparation costs and digital version publishing costs" of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth and fifth paragraphs, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(*a*) the salaries or wages directly attributable to the preparation of the property or the publishing of an eligible digital version relating to the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the salaries or wages that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, to the extent that they relate to services rendered in Québec for eligible preparation work relating to the property or for eligible publishing work concerning an eligible digital version and relating to the property before the date on which the first printing of the eligible work or the last work that is part of the eligible group of works is completed or within a period that is reasonable to the Minister but that must not extend beyond the date provided for in subparagraph *a* of the fourth paragraph, and that are paid by the corporation to its eligible employees;

(*b*) the non-refundable advances directly attributable to the preparation of the property or the publishing of an eligible digital version relating to the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the non-refundable advances that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that are paid by the corporation to a Québec author or a holder of the rights of

a Québec author, except such advances paid to a Québec author or a holder of the rights of a Québec author for the acquisition of rights on the existing material;

(*c*) the portion of the remuneration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the portion of the remuneration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate for services rendered in Québec to the corporation for eligible preparation work relating to the property or for eligible publishing work concerning an eligible digital version and relating to the property pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation,

i. to an eligible individual who carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services personally rendered in Québec by the eligible individual in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of the eligible digital version of that work, or to the wages of the individual's eligible employees that relate to services rendered in Québec by the individual's eligible employees in connection with the preparation of the work or the publishing of its eligible digital version,

ii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, other than a particular corporation referred to in subparagraph iii, to the extent that that portion of remuneration is reasonably attributable to the wages paid to the particular corporation's eligible employees that relate to services rendered in Québec by the particular corporation's eligible employees in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of its eligible digital version,

iii. to a particular corporation that has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, all the issued capital stock of which, other than directors' qualifying shares, belongs to an eligible individual, and whose activities consist principally in providing the eligible individual's services, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec by the eligible individual in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of its eligible digital version, or

iv. to a partnership that carries on a business in Québec, has an establishment in Québec and is not dealing at arm's length with the corporation at the time the contract is entered into, to the extent that that portion of remuneration is reasonably attributable to services rendered in Québec in connection with the preparation of the eligible work or a work that is part of the eligible group of works or with the publishing of the eligible digital version of that work, by an eligible individual who is a member of the partnership, or to the wages paid to the partnership's eligible employees that relate to services rendered in Québec by the partnership's eligible employees in connection with the preparation of the work or with the publishing of its eligible digital version; and

(*d*) half of the consideration, other than a salary or wages or a non-repayable advance, that is incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, half of the portion of the consideration that is incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that is paid by the corporation, for services rendered in Québec to the corporation for eligible preparation work or for eligible publishing work concerning an eligible digital version by an eligible individual or by a corporation or partnership having an establishment in Québec, other than an employee of the corporation, with which the corporation is dealing at arm's length at the time the contract is entered into;";

(7) by replacing the definition of "eligible employee" in the first paragraph by the following definition:

""eligible employee" of an individual, a corporation or a partnership, for a taxation year, means, in respect of a property that is an eligible work or an eligible group of works, an individual resident in Québec at any time in the calendar year in which the individual carries out work relating to the property that is eligible preparation work, eligible printing work, eligible reprinting work or eligible publishing work concerning an eligible digital version;";

(8) by replacing the definition of "eligible individual" in the first paragraph by the following definition:

""eligible individual", for a taxation year, means, in respect of a property that is an eligible work or an eligible group of works, an individual resident in Québec at any time in the calendar year in which the individual carries out work relating to the property that is eligible preparation work, eligible printing work, eligible reprinting work or eligible publishing work concerning an eligible digital version;";

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

““eligible publishing work concerning an eligible digital version” relating to a property that is an eligible work or an eligible group of works means the work performed to carry out the publishing stages of the eligible digital version of the work or of a work that is part of the group of works, including the conversion, production of metadata, indexing, previewing, stocking, destocking, quality control and filing of the work in a digital warehouse;”;

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

““eligible digital version” of an eligible work or a work that is part of an eligible group of works published by a corporation means a digital version of that work in respect of which the Société de développement des entreprises culturelles specifies in the favourable advance ruling given or the certificate issued to the corporation in respect of the eligible work or eligible group of works, for the purposes of this division, that the digital version is an eligible digital version of the work or of the work that is part of the group of works;”;

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

“For the purposes of this section, the initial stage of publishing, in relation to an eligible work or an eligible group of works, means the date specified for that purpose in the favourable advance ruling given or the certificate issued by the Société de développement des entreprises culturelles, in relation to that work or group of works, for the purposes of this division.”;

(12) by replacing the portion of the fourth paragraph before subparagraph *a* by the following:

“For the purposes of the definitions of “labour expenditure attributable to preparation costs and digital version publishing costs”, “labour expenditure attributable to printing and reprinting costs”, “qualified labour expenditure attributable to preparation costs and digital version publishing costs” and “qualified labour expenditure attributable to printing and reprinting costs” in the first paragraph, the following rules apply:”;

(13) by replacing subparagraph *b* of the fourth paragraph by the following subparagraph:

“(*b*) no expenditure may be taken into consideration in computing a labour expenditure attributable to printing and reprinting costs for a taxation year in respect of a property that is an eligible work or an eligible group of works or a labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of the property, printing and reprinting costs directly attributable to the printing and reprinting of the property, preparation costs directly attributable to the preparation of the property and digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property, as the case may be, incurred before the end of the year, unless the expenditure is paid at the time the

corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.14 for that taxation year; and";

(14) by replacing the portion of the fifth paragraph before subparagraph *b* by the following:

"For the purposes of the definition of "labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph, the following rules apply:

(*a*) for the purposes of paragraph *a* of the definition, the salaries or wages directly attributable to the preparation of a property that is an eligible work or an eligible group of works or to the publishing of an eligible digital version relating to the property are, where an employee undertakes, supervises or directly supports the preparation of the property or the publishing of the eligible digital version, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the preparation of the property or to the publishing of the eligible digital version relating to the property;";

(15) by replacing the portion of subparagraph *c* of the fifth paragraph before subparagraph i by the following:

"(*c*) the amount of the labour expenditure attributable to preparation costs and digital version publishing costs of a corporation for a taxation year in respect of a property is to be reduced, if applicable, by the aggregate of all amounts each of which is the lesser of the particular amount that corresponds to the salaries or wages described in paragraph *a* of that definition, to the advances described in paragraph *b* of that definition, to the portion of the remuneration described in any of subparagraphs i to iv of paragraph *c* of that definition or to the consideration or the portion of the consideration described in paragraph *d* of that definition, that are included in that labour expenditure attributable to preparation costs and digital version publishing costs of the corporation for the year, and the aggregate of";

(16) by replacing subparagraph *e* of the fifth paragraph by the following subparagraph:

"(*e*) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of a property is deemed to be null.";

(17) by inserting the following paragraph after the seventh paragraph:

"For the purposes of this division, the digital version publishing costs directly attributable to the publishing of an eligible digital version relating to a property that is an eligible work or an eligible group of works incurred by a corporation before the end of a taxation year are

(*a*) the digital version publishing costs, other than publishing fees and administration costs, incurred by the corporation to carry out the publishing stages of the eligible digital version of the work or of a work that is part of the group of works, including the conversion, production of metadata, indexing, previewing, stocking, destocking, quality control and filing of the work in a digital warehouse; and

(*b*) the portion of the cost of acquisition of a particular property, owned by the corporation and used by it as part of the publishing of the eligible digital version of the eligible work or of a work that is part of the eligible group of works, that is the portion of the depreciation of that particular property, for the year, determined in accordance with the generally accepted accounting principles, relating to the use of that particular property by the corporation in the year, as part of the publishing of the eligible digital version of the work.";

(18) by replacing the portion of the ninth paragraph before subparagraph *a* by the following:

"For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph, an amount of assistance received by a corporation, another person or a partnership, as the case may be, is deemed, in respect of a property that is an eligible work or an eligible group of works, to be repaid by the corporation, the other person or the partnership in a taxation year, pursuant to a legal obligation, if that amount";

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

"i. because of subparagraph *c* of the fifth paragraph, a labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property, or

"ii. because of subparagraph ii of paragraph *a* of the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph, a qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation in respect of the property;";

(20) by replacing the tenth paragraph by the following paragraph:

"For the purposes of the definitions of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph, the following rules apply:

(*a*) in relation to a property referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.14, the definition of "qualified labour expenditure attributable to printing and reprinting costs" is to be read, in respect

of the property, as if "333 1/3%" was replaced wherever it appears by "380.95%" and the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" is to be read, in respect of the property, as if "250%" was replaced wherever it appears by "285.71%"; and

(*b*) in relation to a property referred to in subparagraph *a*.1 of the first paragraph of section 1029.8.36.0.0.14, the definition of "qualified labour expenditure attributable to printing and reprinting costs" is to be read, in respect of the property, as if "333 1/3%" was replaced wherever it appears by "370.37%" and the definition of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" is to be read, in respect of the property, as if "250%" was replaced wherever it appears by "285.71%"."

(2) Paragraphs 1 to 10 and 12 to 20 of subsection 1 apply in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 17 March 2011. In addition, when paragraph *b* of the definition of "labour expenditure attributable to preparation costs" in the first paragraph of section 1029.8.36.0.0.13 of the Act applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 21 December 2010 and before 18 March 2011, it is to be read as follows:

"(*b*) the non-refundable advances directly attributable to the preparation of the property that are incurred by the corporation in the year and, if the year is the taxation year in which the corporation files an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property with the Société de développement des entreprises culturelles, the non-refundable advances that are incurred by the corporation in a year preceding the year in which the corporation filed the application for an advance ruling or a certificate, pursuant to a contract entered into in respect of the eligible work or a work that is part of the eligible group of works, and that are paid by the corporation to a Québec author or a holder of the rights of a Québec author, except such advances paid to a Québec author or a holder of the rights of a Québec author for the acquisition of rights on the existing material;".

(3) Paragraph 11 of subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 21 December 2010.

70. (1) Section 1029.8.36.0.0.14 of the Act is amended, in the first paragraph,

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

"i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and";

(2) by replacing subparagraph i of subparagraph *a*.1 by the following subparagraph:

"i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and";

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

"i. an amount equal to 40% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of that property, and".

(2) Subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 17 March 2011.

71. Section 1029.8.36.0.3.9 of the Act is amended by striking out subparagraphs *a* and *b* of the third paragraph.

72. Section 1029.8.36.0.3.19 of the Act is amended by striking out subparagraphs *a* to *c* of the third paragraph.

73. (1) Section 1029.8.36.0.94 of the Act is amended

(1) by adding the following definition at the end of the first paragraph:

""shipment of eligible ethanol" of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible ethanol that the qualified corporation produces in Québec after 17 March 2011, that is sold in Québec, after that date and in the qualified corporation's eligibility period, to the holder of a collection officer's permit issued under the Fuel Tax Act (in this section referred to as the "purchaser") who takes possession of the ethanol in the particular month or, where the particular month ends after the end of the qualified corporation's eligibility period, in the part of the particular month included in the qualified corporation's eligibility period, and that is intended for Québec.";

(2) by replacing the definition of "eligible ethanol" in the first paragraph by the following definition:

""eligible ethanol" means the ethyl alcohol with the chemical formula C_2H_5OH (other than eligible cellulosic ethanol) produced from renewable

materials to be sold as a product to be blended directly with gasoline or for use as an input in the reformulation of gasoline or the production of ethyl tertiary-butyl ether;";

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

""eligible cellulosic ethanol" has the meaning assigned by section 1029.8.36.0.103;";

(4) by replacing the definition of "eligible production of ethanol" in the first paragraph by the following definition:

""eligible production of ethanol" of a qualified corporation for a particular month means the total number of litres of ethanol that corresponds to all of the qualified corporation's shipments of eligible ethanol for the particular month;";

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

""ethanol production unit" of a qualified corporation means all the property the qualified corporation uses in producing eligible ethanol or eligible cellulosic ethanol in Québec;";

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

"For the purposes of the definition of "shipment of eligible ethanol" in the first paragraph, a shipment of ethanol is destined for Québec only if

(*a*) where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec; or

(*b*) where subparagraph *a* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec."

(2) Subsection 1 applies in respect of a taxation year that ends after 17 March 2011. However, when the definition of "eligible production of ethanol" in the first paragraph of section 1029.8.36.0.94 of the Act applies in respect of a taxation year that includes that date, it is to be read as follows:

""eligible production of ethanol" of a qualified corporation for a particular month of a taxation year means the aggregate of

(*a*) the number of litres of eligible ethanol that the qualified corporation produces in Québec before 18 March 2011 and in the particular month and that, on or before the qualified corporation's filing-due date for the taxation year, is sold in Québec to a holder of a collection officer's permit issued under

the Fuel Tax Act or that, on that date, may reasonably be expected to be sold in Québec after that date to such a holder; and

(*b*) the total number of litres of ethanol that corresponds to all of the corporation's shipments of eligible ethanol for the particular month;".

74. (1) The Act is amended by inserting the following section after section 1029.8.36.0.94:

"**1029.8.36.0.94.1.** If, after 17 March 2011, a qualified corporation produces eligible ethanol in Québec and stores it in a reservoir with another type of ethanol it produced or with ethanol that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of ethanol the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed ethanol") is deemed to consist of distinct shipments derived from each of the qualified corporation's ethanol production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed ethanol by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

(A + B)/(B + C + D).

In the formula in the first paragraph,

(*a*) A is the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(*b*) B is the number of litres of ethanol derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(*c*) C is the number of litres of ethanol that is added to the reservoir during the particular month and that is not derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be; and

(*d*) D is the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of ethanol obtained by multiplying the number of litres of ethanol that

corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation's ethanol production unit or the other source of supply, as the case may be.

For the purposes of this division, the portion of a shipment of mixed ethanol for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from an ethanol production unit of a qualified corporation is deemed to be a shipment of eligible ethanol of the qualified corporation for the particular month only if the qualified corporation's facilities allow for the precise measurement of the number of litres of ethanol derived from each of the qualified corporation's ethanol production units and from each of the other sources of supply that feeds the reservoir before the ethanol is added.

For the purposes of this division, if, after 17 March 2011, a qualified corporation produces eligible ethanol in Québec and stores it in a reservoir with ethanol that it produced before 18 March 2011 or that it acquired before that date (in this paragraph referred to as the "previous stock"), the following rules apply:

(*a*) despite the first paragraph, a particular shipment of ethanol drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(*b*) the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month must be determined without taking the previous stock into account."

(2) Subsection 1 has effect from 18 March 2011.

75. (1) Section 1029.8.36.0.95 of the Act is amended

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

"**1029.8.36.0.95.** A corporation that, for a taxation year included in whole or in part in the corporation's eligibility period, is a qualified corporation and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the taxation year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the taxation year, on account of its tax payable for the taxation year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.99 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the taxation year, by the formula

$A \times [\$0.185 – (\$0.0082 \times B + \$0.004 \times C)]$.

In the formula in the first paragraph,";

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

"ii. the qualified corporation's monthly ceiling on the production of ethanol for the particular month;";

(3) by replacing "least" in the portion of subparagraph *a* of the second paragraph before subparagraph i by "lesser" and by striking out subparagraph iii of subparagraph *a* of the second paragraph;

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

"(*c*) if applicable, a copy of the agreement described in section 1029.8.36.0.96."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

76. (1) Section 1029.8.36.0.96 of the Act is replaced by the following section:

"**1029.8.36.0.96.** For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.95, the monthly ceiling on the production of ethanol of a qualified corporation, for a particular month of a taxation year, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 345,205 by the number of days in the particular month.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

77. (1) Sections 1029.8.36.0.97 and 1029.8.36.0.98 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

78. (1) Section 1029.8.36.0.99 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

"(*a*) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under subparagraph *a* of the second paragraph of that section, of a qualified corporation's eligible production of ethanol for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

"(*b*) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under subparagraph *a* of the second paragraph of that section, of a qualified corporation's eligible production of ethanol for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled to obtain, or may reasonably expect to obtain, on or before the qualified corporation's filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

79. (1) Section 1029.8.36.0.100 of the Act is amended

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

"**1029.8.36.0.100.** If, at a particular time of a qualified corporation's taxation year, all or, if applicable, a portion of the excise tax imposed under section 23 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) on unleaded gasoline is not payable, because of subsection 2 of section 23.4 of that Act, on the portion (in subparagraph *a* of the third paragraph referred to as the "exempt portion of the blend") of the blend of that gasoline with alcohol, within the meaning of subsection 1 of section 23.4 of that Act, that corresponds to the percentage by volume of alcohol in the blend, the amount determined for the taxation year under the second paragraph in respect of the qualified corporation is deemed, for the purposes of section 1029.8.36.0.99, to be an amount of government assistance that is attributable to the portions, determined under subparagraph *a* of the second paragraph of section 1029.8.36.0.95, of the qualified corporation's eligible production of ethanol, for the particular months of the taxation year, and that the corporation has received on or before its filing-due date for the taxation year.";

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

"(*b*) B is the portion, determined under subparagraph *a* of the second paragraph of section 1029.8.36.0.95, of the qualified corporation's eligible production of ethanol for the particular month."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

80. (1) Section 1029.8.36.0.101 of the Act is amended

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

"**1029.8.36.0.101.** A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.95, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of ethanol for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for a subsequent taxation year (in this section referred to as the "year concerned") in which any of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:";

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

"(*c*) a portion of the corporation's eligible production of ethanol, for a particular month of the particular taxation year, that was carried out before 18 March 2011, is sold to a person or partnership who is not the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) or ceases to be reasonably considered to be expected to be sold subsequently to such a holder.";

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

"The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.95 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year, is exceeded by the total of

(*a*) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.95 if any of the events described in any of subparagraphs *a* to *c* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.37, that occurred in the year concerned or a preceding taxation year in relation to its eligible

production of ethanol for a particular month of the particular taxation year, occurred in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.37 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

81. (1) The Act is amended by inserting the following after section 1029.8.36.0.102:

"**DIVISION II.6.0.9**

"CREDIT FOR CELLULOSIC ETHANOL PRODUCTION IN QUÉBEC

"§1.—*Interpretation and general*

"**1029.8.36.0.103.** In this division,

"associated group" in a taxation year means all the corporations that meet the following conditions:

(*a*) the corporations are associated with each other in the taxation year; and

(*b*) each corporation is a qualified corporation for the taxation year;

"average monthly market price of ethanol" in respect of a particular month means the arithmetic average of the daily closing values on the Chicago Board of Trade of a US gallon of ethanol, expressed in American dollars, for the particular month;

"eligible cellulosic ethanol" means the ethyl alcohol with the chemical formula C_2H_5OH that is produced, after 17 March 2011 and before 1 April 2018, by an ethanol production unit mainly from eligible renewable materials, exclusively by means of a thermochemical process, to be sold as a product to be blended directly with gasoline or for use as an input in the reformulation of gasoline or the production of ethyl tertiary-butyl ether;

"eligible production of cellulosic ethanol" of a qualified corporation for a particular month means the total number of litres that corresponds to all of the qualified corporation's shipments of eligible cellulosic ethanol for the particular month;

"eligible renewable materials" means the following inputs:

(*a*) residual materials derived from industries, commercial establishments or institutions, or from construction, renovation or demolition activities;

(*b*) treated wood residues;

(*c*) forestry and agricultural residues;

(*d*) urban household waste; and

(*e*) a combination of inputs referred to in paragraphs *a* to *d*;

"ethanol production unit" of a qualified corporation means all the property the qualified corporation uses in producing eligible cellulosic ethanol or another type of ethanol in Québec;

"month" means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

"qualified corporation" for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of eligible cellulosic ethanol, other than a corporation

(*a*) that is exempt from tax for the year under Book VIII; or

(*b*) that would be exempt from tax for the year under section 985, but for section 192;

"shipment of eligible cellulosic ethanol" of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible cellulosic ethanol that the qualified corporation produces in Québec, that is sold in Québec to the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) (in the second paragraph referred to as the "purchaser") who takes possession of the cellulosic ethanol in the particular month and before 1 April 2018, and that is intended for Québec.

For the purposes of the definition of "shipment of eligible cellulosic ethanol" in the first paragraph, a shipment of cellulosic ethanol is destined for Québec only if

(*a*) where the shipment is delivered by the qualified corporation, the shipment is delivered and possession is taken in Québec; or

(*b*) where subparagraph *a* does not apply, the manifest issued to the purchaser on taking possession of the shipment shows the shipment was delivered in Québec.

For the purposes of the definition of "eligible cellulosic ethanol" in the first paragraph, the following rules apply:

(*a*) ethanol produced by means of a production process that includes a fermentation process is not eligible cellulosic ethanol;

(*b*) ethanol produced in whole or in part from grain corn is not eligible cellulosic ethanol; and

(*c*) ethanol is considered to be produced mainly from inputs referred to in paragraphs *a* to *e* of the definition of "eligible renewable materials" in the first paragraph if those inputs represent more than half the weight or volume of all the inputs used in producing the ethanol.

"**1029.8.36.0.104.** If a qualified corporation produces eligible cellulosic ethanol in Québec and stores it in a reservoir with another type of ethanol it produced or with ethanol that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of ethanol the qualified corporation draws from that reservoir for a particular month (in this section referred to as a "shipment of mixed ethanol") is deemed to consist of distinct shipments derived from each of the qualified corporation's ethanol production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed ethanol by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

(A + B)/(B + C + D).

In the formula in the first paragraph,

(*a*) A is the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(*b*) B is the number of litres of ethanol derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(*c*) C is the number of litres of ethanol that is added to the reservoir during the particular month and that is not derived from the qualified corporation's ethanol production unit or the other source of supply, as the case may be; and

(*d*) D is the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed ethanol in the reservoir that is attributable to the qualified corporation's ethanol production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of ethanol obtained by multiplying the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation's ethanol production unit or the other source of supply, as the case may be.

For the purposes of this division, the portion of a shipment of mixed ethanol for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from a cellulosic ethanol production unit of a qualified corporation is deemed to be a shipment of eligible cellulosic ethanol of the qualified corporation for the particular month only if the qualified corporation's facilities allow for the precise measurement of the number of litres of ethanol derived from each of the qualified corporation's ethanol production units and from each of the other sources of supply that feeds the reservoir before the ethanol is added.

For the purposes of this division, if a qualified corporation produces eligible cellulosic ethanol in Québec and stores it in a reservoir with ethanol that it produced before 18 March 2011 or that it acquired before that date (in this paragraph referred to as the "previous stock"), the following rules apply:

(*a*) despite the first paragraph, a particular shipment of ethanol drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(*b*) the number of litres of ethanol that corresponds to the total stock of mixed ethanol in the reservoir at the beginning of the particular month must be determined without taking the previous stock into account.

"§2. — *Credit*

"**1029.8.36.0.105.** A corporation that, for a taxation year, is a qualified corporation and that encloses the documents referred to in the third paragraph with the fiscal return the corporation is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is an amount determined, for a particular month of the year, by the formula

A × [$0.15 – ($0.05 × B + $0.15 × C)].

In the formula in the first paragraph,

(*a*) A, expressed as a number of litres, is the lesser of

i. the qualified corporation's eligible production of cellulosic ethanol for the particular month, and

ii. the qualified corporation's monthly ceiling on the production of cellulosic ethanol for the particular month;

(*b*) B is

i. if the average monthly market price of ethanol in respect of the particular month is greater than US$2.00, the number that represents the amount by which the average monthly market price of ethanol, up to US$2.20, exceeds US$2.00, and

ii. in any other case, zero; and

(*c*) C is

i. if the average monthly market price of ethanol in respect of the particular month is greater than US$2.20, the number that represents the amount by which the average monthly market price of ethanol, up to US$3.1333, exceeds US$2.20, and

ii. in any other case, zero.

The documents to which the first paragraph refers are the following:

(*a*) the prescribed form containing prescribed information;

(*b*) a copy of a report specifying, in respect of each month included in the taxation year, the qualified corporation's eligible production of cellulosic ethanol and the average monthly market price of ethanol; and

(*c*) if applicable, a copy of the agreement described in section 1029.8.36.0.106.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

"**1029.8.36.0.106.** For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.105, the monthly ceiling on the production of cellulosic ethanol of a qualified corporation, for a particular month included in a taxation year, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 109,589 by the number of days in the particular month.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month."

(2) Subsection 1 has effect from 18 March 2011.

82. (1) Section 1029.8.36.53.23 of the Act is amended by replacing "before 1 January 2016" in the first paragraph by "before 1 January 2012".

(2) Subsection 1 has effect from 18 March 2011.

83. (1) Section 1029.8.36.53.24 of the Act is amended by replacing "before 1 January 2016" in the first paragraph by "before 1 January 2012".

(2) Subsection 1 has effect from 18 March 2011.

84. (1) Section 1029.8.36.53.25 of the Act is amended

(1) by striking out subparagraphs iii to v of paragraph *a*;

(2) by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

"i. $3,000, if the vehicle is acquired after 31 December 2008 and before 18 March 2011, or

"ii. $7,769, if the vehicle is acquired after 17 March 2011 and before 1 January 2012;";

(3) by striking out subparagraphs iii to v of paragraph *b*;

(4) by replacing paragraphs *c* and *d* by the following paragraphs:

"(*c*) if the vehicle is a low-speed vehicle, $4,000; and

"(*d*) if the vehicle is a vehicle that does not use fuel as its source of energy, other than a low-speed vehicle, $8,000."

(2) Subsection 1 has effect from 18 March 2011.

85. (1) Section 1029.8.36.166.40 of the Act is amended by inserting the following paragraph after paragraph *c* of the definition of "qualified property" in the first paragraph:

"(*c*.1) is not used in the course of operating an ethanol plant; and".

(2) Subsection 1 applies in respect of a property acquired after 16 March 2011.

86. (1) Section 1029.8.61.1 of the Act is amended, in the first paragraph,

(1) by replacing "within the meaning of that Act" in paragraph *a* of the definition of "public network facility" by "to which that Act applies";

(2) by replacing "referred to in" in paragraph *c* of the definition of "public network facility" by "within the meaning of";

(3) by replacing "section 1029.8.61.64" in subparagraph iii of paragraph *a* of the definition of "eligible service" by "section 1029.8.61.64 or 1029.8.61.85".

(2) Paragraph 3 of subsection 1 has effect from 1 January 2011.

87. (1) Section 1029.8.61.6 of the Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

"(*c*) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association."

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

88. (1) The heading of Division II.11.3 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

"CREDIT FOR INFORMAL CAREGIVERS WHO HOUSE PERSONS OF FULL AGE".

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

89. (1) Section 1029.8.61.61 of the Act is amended, in the definition of "minimum housing period",

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

""minimum housing period" of a particular person for a taxation year in relation to an individual is a housing period of the particular person of at least";

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

"i. the particular person reached, before the end of the year, 70 years of age or would have reached that age before that time had the particular person not died in the year, and";

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

"i. the particular person is, during the period, 18 years of age or over,

"ii. the period is included in a housing period of the particular person (in this section referred to as the "particular housing period"), of at least 365 consecutive days commencing in the year or in the preceding year,";

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

"iv. throughout the particular housing period, the particular person ordinarily lives with the individual or another individual in a self-contained domestic establishment and has a severe and prolonged impairment in mental or physical functions the effects of which are such that the particular person's ability to

perform a basic activity of daily living is markedly restricted or that the particular person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, and";

(5) by replacing the portion of subparagraph v of paragraph *b* before subparagraph 1 by the following:

"v. throughout the period during which the particular person ordinarily lives in the self-contained domestic establishment with the individual or the other individual,";

(6) by replacing subparagraphs 2 and 3 of subparagraph v of paragraph *b* by the following subparagraphs:

"(2) the individual or the individual's spouse or the other individual or the other individual's spouse, as the case may be, alone or jointly with another person other than the particular person, is the owner, lessee or sublessee of the self-contained domestic establishment, and

"(3) the particular person is resident in Canada and is referred to in paragraph *a* of the definition of "eligible relative" in respect of the individual or the individual's spouse or the other individual or the other individual's spouse, as the case may be."

(2) Subsection 1 applies from the taxation year 2011.

90. (1) Section 1029.8.61.64 of the Act is amended

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

"**1029.8.61.64.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual's balance-due day for that taxation year, on account of the individual's tax payable under this Part for that taxation year, an amount equal to the aggregate of all amounts each of which is, subject to sections 1029.8.61.66 and 1029.8.61.67, an amount determined, in respect of each person who, throughout the minimum housing period of that person for the year in relation to the individual, is an eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment which, throughout that period, is maintained by the individual, alone or jointly with another person, and of which the individual or the individual's spouse, alone or jointly with another person other than the eligible relative, is the owner, lessee or sublessee throughout that period, by the formula";

(2) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

"(*a*) A is an amount of $591; and

"(*b*) B is an amount equal to the amount by which $484 exceeds 16% of the income of the eligible relative for the year that exceeds $21,505."

(2) Subsection 1 applies from the taxation year 2011.

91. (1) Section 1029.8.61.68 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2011.

92. (1) Section 1029.8.61.69 of the Act is amended

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

"**1029.8.61.69.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.64 for a taxation year in respect of a particular person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:";

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

"i. the individual certifies that, throughout the minimum housing period of the particular person for the year in relation to the individual, the individual ordinarily lived with the particular person in the self-contained domestic establishment referred to in subparagraph ii, and

"ii. the individual or the individual's spouse certifies that, throughout the period referred to in subparagraph i, the individual or the individual's spouse maintained a self-contained domestic establishment, alone or jointly with another person, of which the individual or the individual's spouse, alone or jointly with another person other than the particular person, was the owner, lessee or sublessee throughout that period; and";

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

"(*b*) if the particular person has a severe and prolonged impairment in mental or physical functions the effects of which are such that

i. the particular person's ability to perform a basic activity of daily living is markedly restricted and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of "minimum housing period" in section 1029.8.61.61, the

prescribed form on which a physician, within the meaning of section 752.0.18, or, where the particular person has a sight impairment, a physician or an optometrist, within the meaning of that section, or, where the particular person has a speech impairment, a physician or a speech-language pathologist, within the meaning of that section, or, where the particular person has a hearing impairment, a physician or an audiologist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in walking, a physician, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person's ability in mental functions necessary for everyday life, a physician or a psychologist, within the meaning of that section, certifies that the particular person has such an impairment, or

ii. the particular person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of "minimum housing period" in section 1029.8.61.61, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the particular person has an impairment with respect to the particular person's ability in walking or in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, certifies that the particular person has such an impairment."

(2) Subsection 1 applies from the taxation year 2011.

93. (1) The Act is amended by inserting the following after section 1029.8.61.82:

"**DIVISION II.11.6**

"CREDIT FOR INFORMAL CAREGIVERS CO-RESIDING WITH PERSONS OF FULL AGE

"§1.—*Interpretation and general*

"**1029.8.61.83.** In this division,

"eligible relative" of an individual means a person who

(*a*) is the child, grandchild, nephew, niece, brother, sister, father, mother, uncle, aunt, grandfather, grandmother, great-uncle or great-aunt of the individual or of the individual's spouse or any other direct ascendant of the individual or of the individual's spouse;

(*b*) has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living; and

(*c*) is unable to live alone because of the person's impairment;

"minimum co-residency period" of a person for a taxation year is a co-residency period of the person of at least 365 consecutive days commencing in the year or in the preceding year, if

(*a*) the period includes a period of at least 183 days in the year (in this definition referred to as the "particular period"); and

(*b*) the person is, during the particular period, 18 years of age or over.

For the purposes of the definition of "eligible relative" in the first paragraph, a person who, immediately before death, was the spouse of an individual is deemed to be a spouse of the individual.

"**1029.8.61.84.** The first and second paragraphs of section 752.0.17 apply for the purpose of determining whether a person has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living.

For the purpose of determining whether an individual is deemed to have paid an amount to the Minister under section 1029.8.61.85 for a taxation year in respect of an eligible relative, any person referred to in section 1029.8.61.85 shall, on request in writing by the Minister for information with respect to the eligible relative's impairment and its effect on the eligible relative or with respect to the therapy that is, if applicable, required to be administered to the eligible relative, provide the information so requested in writing.

"§2. — *Credit*

"**1029.8.61.85.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual's balance-due day for that taxation year, on account of the individual's tax payable under this Part for that taxation year, an amount equal to the aggregate of all amounts each of which is, subject to sections 1029.8.61.88 and 1029.8.61.89, an amount determined, in respect of each person who, throughout the minimum co-residency period of that person for the year, is an

eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment of which the person or the person's spouse, alone or jointly with another person, is the owner, lessee or sublessee throughout that period, by the formula

A + B.

In the formula in the first paragraph,

(*a*) A is an amount of $591; and

(*b*) B is an amount equal to the amount by which $484 exceeds 16% of the income of the eligible relative for the year that exceeds $21,505.

For the purposes of this section, an individual who was resident in Québec immediately before death is deemed to be resident in Québec at the end of 31 December of the year of the individual's death.

"**1029.8.61.86.** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister for the year under section 1029.8.61.85 in respect of the same person, that person is deemed to be the eligible relative solely of the individual from among those individuals who is the person's main support for the year.

"**1029.8.61.87.** For the purposes of section 1029.8.61.85, a person is dependent upon an individual during a taxation year if the individual is not the person's spouse and has deducted, for the year, in respect of the person, an amount under any of sections 752.0.1 to 752.0.7, 752.0.11 to 752.0.18.0.1 and 776.41.14.

"**1029.8.61.88.** The amount determined by the formula in the first paragraph of section 1029.8.61.85, in respect of each person who is an eligible relative of an individual and has reached 18 years of age in a taxation year, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.85 for the year on account of the individual's tax payable under this Part is to be replaced by an amount equal to the proportion of that amount that the number of months in the year that follow the month in which that person reaches 18 years of age is of 12.

"**1029.8.61.89.** The amount determined by the formula in the first paragraph of section 1029.8.61.85, in respect of a person who is an eligible relative of an individual, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.85 for a taxation year on account of the individual's tax payable under this Part is to be reduced by an amount that is the portion of a last resort financial assistance benefit received in that year by the individual or, as the case may be, by the individual's spouse for the year, in respect of that person, under Chapter I or II of Title II of the Individual and Family

Assistance Act (chapter A-13.1.1), that is attributable to the amount of the increase for a dependent child of full age who is handicapped and attends an educational institution at the secondary level in general education provided for in the second paragraph of section 75 of the Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1).

"**1029.8.61.90.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.85 for a taxation year in respect of a person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:

(*a*) the prescribed form on which

i. the individual certifies that, throughout the minimum co-residency period of the person for the year, the individual ordinarily lived with that person in a self-contained domestic establishment, and

ii. the individual certifies that, throughout the period referred to in subparagraph i, the person or the person's spouse, alone or jointly with another person, is the owner, lessee or sublessee of the self-contained domestic establishment referred to in subparagraph i;

(*b*) if the person's severe and prolonged impairment in mental or physical functions is an impairment whose effects are such that

i. the person's ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or

herself, a physician or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and

(*c*) the prescribed form on which a physician, within the meaning of section 752.0.18, certifies that the person is unable to live alone because of the person's impairment.

"**DIVISION II.11.7**

"CREDIT FOR INFORMAL CAREGIVERS COHABITING WITH A SPOUSE

"§1.—*Interpretation and general*

"**1029.8.61.91.** In this division,

"eligible relative" of an individual means a person who

(*a*) is the individual's spouse;

(*b*) has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living; and

(*c*) is unable to live alone because of the person's impairment;

"minimum cohabitation period" of a person for a taxation year is a cohabitation period of the person of at least 365 consecutive days commencing in the year or in the preceding year, if

i. the period includes at least 183 days in the year; and

ii. the person has, before the end of the year, reached 70 years of age or would have reached that age before that time if the person had not died in the year;

"residence for the elderly" means a congregate residential facility where dwelling units intended for elderly persons are offered for rent along with a varied range of services relating mainly to security, housekeeping assistance and assistance with social activities.

"**1029.8.61.92.** The first and second paragraphs of section 752.0.17 apply for the purpose of determining whether a person has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person's ability to perform a basic activity of daily living is markedly restricted or that the person's ability to perform more than one basic

activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living.

For the purpose of determining whether an individual is deemed to have paid an amount to the Minister under section 1029.8.61.93 for a taxation year in respect of an eligible relative, any person referred to in section 1029.8.61.93 shall, on request in writing by the Minister for information with respect to the eligible relative's impairment and its effect on the eligible relative or with respect to the therapy that is, if applicable, required to be administered to the eligible relative, provide the information so requested in writing.

"**1029.8.61.93.** An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual's balance-due day for that taxation year, on account of the individual's tax payable under this Part for that taxation year, an amount equal to $591 in respect of a person who, throughout the minimum cohabitation period of that person for the year, is an eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment (other than a self-contained domestic establishment situated in a residence for the elderly) of which the individual or the eligible relative, alone or jointly with another person, is the owner, lessee or sublessee throughout that period.

For the purposes of this section, an individual who was resident in Québec immediately before death is deemed to be resident in Québec at the end of 31 December of the year of the individual's death.

"**1029.8.61.94.** For the purposes of section 1029.8.61.93, a person is dependent upon an individual during a taxation year if the individual is not the person's spouse and has deducted, for the year, in respect of the person, an amount under any of sections 752.0.1 to 752.0.7, 752.0.11 to 752.0.18.0.1 and 776.41.14.

"**1029.8.61.95.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.93 for a taxation year in respect of a person, if the individual or the person is an eligible relative, within the meaning of section 1029.8.61.61 or 1029.8.61.83, in respect of whom another individual is deemed to have paid an amount to the Minister for the year on account of the other individual's tax payable under this Part under section 1029.8.61.64 or 1029.8.61.85.

"**1029.8.61.96.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.93 for a taxation year in respect of a person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:

(*a*) the prescribed form on which

i. the individual certifies that, throughout the minimum cohabitation period of the person for the year, the individual ordinarily lived with that person in a self-contained domestic establishment other than such an establishment situated in a residence for the elderly, and

ii. the individual certifies that, throughout the period referred to in subparagraph i, the individual or the individual's spouse, alone or jointly with another person, is the owner, lessee or sublessee of the self-contained domestic establishment referred to in subparagraph i;

(*b*) if the person's severe and prolonged impairment in mental or physical functions is an impairment whose effects are such that

i. the person's ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or herself, a physician or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and

(*c*) the prescribed form on which a physician, within the meaning of section 752.0.18, certifies that the person is unable to live alone because of the person's impairment."

(2) Subsection 1 applies from the taxation year 2011.

94. (1) Section 1029.8.80.2 of the Act is amended by replacing subparagraph *g* of the first paragraph by the following subparagraph:

"(*g*) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association."

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

95. (1) Section 1029.8.116.9 of the Act is amended by replacing subparagraph *f* of the first paragraph by the following subparagraph:

"(*f*) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association."

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

96. (1) Section 1029.8.116.9.1 of the Act is amended by replacing subparagraph *e* of the first paragraph by the following subparagraph:

"(*e*) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association."

(2) Subsection 1 applies in respect of a direct deposit made after 31 May 2011.

97. (1) Section 1029.8.116.12 of the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

""health services and social services network facility" means any of the following immovables:

(*a*) a facility maintained by a public or private institution referred to in the Act respecting health services and social services (chapter S-4.2) that operates a hospital centre, a residential and long-term care centre or a rehabilitation centre referred to in that Act;

(*b*) a facility maintained by a hospital centre or a reception centre that is a public or private institution for the purposes of the Act respecting health services and social services for Cree Native persons (chapter S-5); and

(*c*) an immovable or residential facility where are offered the services of an intermediate resource or a family-type resource within the meaning of the Act respecting health services and social services or those of a foster family within the meaning of the Act respecting health services and social services for Cree Native persons;".

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

98. (1) Section 1029.8.116.16 of the Act is amended

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

"**1029.8.116.16.** The amount that, subject to section 1029.8.116.17.1, is determined by the following formula is deemed, for a particular month that is subsequent to the month of June 2011, to be an overpayment of tax payable under this Part for a taxation year by an eligible individual in respect of the particular month, if the eligible individual makes an application to that effect in accordance with section 1029.8.116.18, if the individual has filed a document in which the individual agrees that the payment of the amount be made by direct deposit in a bank account held at a financial institution described in the fifth paragraph and if the individual and, if applicable, the individual's cohabiting spouse at the beginning of the particular month file the document specified in section 1029.8.116.19 for the base year relating to the particular month:";

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

"A financial institution to which the first paragraph refers is one that is listed in Part I of Appendix I to Rule D4 – Institution Numbers and Clearing Agency/ Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association."

(2) Subsection 1 applies in respect of a direct deposit made after 30 June 2011, except when its paragraph 1 inserts "that, subject to section 1029.8.116.17.1, is" in the portion of the first paragraph of section 1029.8.116.16 of the Act before the formula, in which case that paragraph 1 applies from the taxation year 2011.

99. (1) The Act is amended by inserting the following section after section 1029.8.116.17:

"**1029.8.116.17.1.** The amount determined for a particular month of a taxation year in respect of an eligible individual under section 1029.8.116.16 must not be less than the amount that would be determined in respect of the eligible individual for the particular month if, in the formula in the first paragraph of that section, the amounts for B and C were each equal to zero."

(2) Subsection 1 applies from the taxation year 2011.

100. (1) Section 1029.8.116.20 of the Act is replaced by the following section:

"**1029.8.116.20.** If, at the beginning of a particular month, an eligible individual is not the owner, lessee or sublessee of the individual's eligible dwelling and the particular person who is the owner, lessee or sublessee of the dwelling is, at that time, either confined to a prison or a similar institution, or living in a dwelling that is the individual's principal place of residence and that is in a health services and social services network facility, and was, immediately before the beginning of being confined in the prison or similar institution or living in the dwelling, as the case may be, the cohabiting spouse of the individual with whom the particular person ordinarily lived, the eligible individual rather than the particular person is, for the purposes of subparagraph *b* of the second paragraph of section 1029.8.116.16, deemed, at the beginning of the particular month, to be the owner, lessee or sublessee, as applicable, of the dwelling.

However, the first paragraph does not apply if, at the beginning of the particular month, the particular person is not the cohabiting spouse of the individual."

(2) Subsection 1 applies from the taxation year 2011.

101. (1) Section 1044 of the Act is amended

(1) by replacing "*f* of section 1012.1" in the first paragraph by "*f* to *h* of section 1012.1";

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

"(*a*) the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012, 1054, 1055.1.2 and 1055.1.3 so as to exclude from the taxpayer's income or to deduct the amount for the taxation year;".

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section (*insert the number of the section in this Act that enacts sections 1055.1.2 and 1055.1.3 of the Taxation Act*).

102. (1) Section 1049 of the Act is amended by replacing subparagraph *c* of the fourth paragraph by the following subparagraph:

"(*c*) the amount otherwise deductible in computing the person's income for the year because of subparagraph *a* or *b* of the first paragraph of section 1054

or section 1055.1.2 or 1055.1.3 is deemed not to be deductible in computing the person's income for the year."

(2) Subsection 1 applies in respect of an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer. It also applies in respect of an amount so paid before 1 January 2010, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section (*insert the number of the section in this Act that enacts sections 1055.1.2 and 1055.1.3 of the Taxation Act*).

103. (1) Section 1053 of the Act is amended

(1) by replacing "and *d*.1.1 to *f* of section 1012.1" in the portion before paragraph *a* by ", *d*.1.1 and *f* to *h* of section 1012.1";

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

"(*a*) the forty-sixth day following the day on which an amended fiscal return of the taxpayer or a prescribed form was filed in accordance with any of sections 297, 716.0.1, 752.0.10.15, 1012, 1054, 1055.1.2 and 1055.1.3 so as to exclude from the taxpayer's income or to deduct the amount for the taxation year;".

(2) Subsection 1, except when it strikes out the reference to paragraphs *d*.1.1.1 and *d*.1.2 of section 1012.1 of the Act in the portion of section 1053 of the Act before paragraph *a*, applies in respect of

(1) an amount paid after 31 December 2009 by the legal representative of a deceased taxpayer; or

(2) an amount paid before 1 January 2010 by the legal representative of a deceased taxpayer, if the deceased taxpayer's legal representative made a valid election under subsection 3 of section (*insert the number of the section in this Act that enacts sections 1055.1.2 and 1055.1.3 of the Taxation Act*).

104. (1) The Act is amended by inserting the following sections after section 1055.1.1:

"**1055.1.2.** Despite any other provision of this Act, if the legal representative of a deceased taxpayer pays, in any taxation year (in this section referred to as the "repayment year"), an amount that would be deductible under section 78.1, but for this section, in computing the succession's income for the repayment year, the amount is deemed to have been paid by the taxpayer in the taxpayer's last taxation year and not to have been so paid by the legal representative.

The first paragraph applies only if the following conditions are met on or before the succession's filing-due date for the repayment year:

(*a*) the legal representative elects to have the first paragraph apply in respect of the amount paid; and

(*b*) the legal representative files with the Minister an amended fiscal return in the name of the taxpayer for the taxation year in which the taxpayer died.

"**1055.1.3.** Despite any other provision of this Act, if the legal representative of a deceased taxpayer repays, in a particular taxation year, an amount that is a benefit received by the taxpayer under the Act respecting parental insurance (chapter A-29.011), the Act respecting the Québec Pension Plan (chapter R-9) or a similar plan within the meaning of that Act, the Unemployment Insurance Act (Revised Statutes of Canada, 1985, chapter U-1) or the Employment Insurance Act (Statutes of Canada, 1996, chapter 23), and included by the taxpayer in computing the taxpayer's income for one or more taxation years, the amount is deemed to have been repaid by the taxpayer in the taxpayer's last taxation year and not to have been repaid by the legal representative.

The first paragraph applies only if the following conditions are met on or before the succession's filing-due date for the particular taxation year:

(*a*) the legal representative elects to have the first paragraph apply in respect of the repaid amount; and

(*b*) the legal representative files with the Minister an amended fiscal return in the name of the taxpayer for the taxation year in which the taxpayer died."

(2) Subsection 1 applies in respect of a repayment made after 31 December 2009.

(3) In addition, subsection 1 applies in respect of a repayment made before 1 January 2010, if the legal representative of a deceased taxpayer so elects on or before 31 December 2011, in which case the second paragraph of sections 1055.1.2 and 1055.1.3 of the Act, enacted by subsection 1, is to be read as follows:

"The first paragraph applies in respect of the repaid amount only if the legal representative files with the Minister, on or before 31 December 2011, an amended fiscal return in the name of the taxpayer for the taxation year in which the taxpayer died."

105. Section 1056.8 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1056.8.** Despite section 1010, where the Minister extends the time for making an election or grants permission to amend or revoke an election, the Minister shall make a reassessment and redetermine the tax, interest and penalties for any taxation year to take into account the election or the amended or revoked election."

106. (1) The Act is amended by inserting the following after section 1086.26:

"**PART I.6**

"TAX IN RESPECT OF SECURITY OPTION BENEFIT DEFERRAL

"**1086.27.** In this Part,

"filing-due date" has the meaning assigned by section 1;

"individual" has the meaning assigned by section 1;

"net capital loss" has the meaning assigned by section 730;

"proceeds of disposition" has the meaning assigned by section 251;

"qualified corporation" has the meaning assigned by section 725.1.3;

"qualifying person" has the meaning assigned by section 47.18;

"security" has the meaning assigned by section 47.18;

"taxation year" has the meaning assigned by section 1.

"**1086.28.** Where, in a particular taxation year preceding the taxation year 2015, an individual has disposed of or exchanged a security of a qualifying person in respect of which the individual made a valid election under paragraph *b* of section 58.0.1, as it read before being repealed, and the individual makes an election, in the manner and within the time specified in the second paragraph, for the particular year in relation to the security, the following rules apply:

(*a*) the percentage specified in section 725.2 in relation to the benefit deemed to be received by the individual under section 49 for the particular year in respect of the security is to be replaced by

i. 75%, where the security has been disposed of or exchanged after 30 March 2004,

ii. 87.5%, where the security has been disposed of or exchanged after 12 June 2003 and before 31 March 2004, or

iii. 100%, where the security has been disposed of or exchanged before 13 June 2003, or acquired under a right provided for in an agreement referred to in section 48 and entered into after 13 March 2008, from a qualifying person that is a qualified corporation for a particular calendar year including the time at which the individual acquired the security;

(*b*) for the purposes of Part I, the individual is deemed to have realized a capital gain for the particular year equal to the lesser of the amount of the benefit that the individual is deemed to have received in the particular year under section 49 in respect of the security and the capital loss determined under Part I and derived from the disposition of the security;

(*c*) the individual is liable to pay a tax for the particular year equal to 50% of the proceeds of disposition of the security;

(*d*) where the time limit provided for in paragraph *a* of subsection 2 of section 1010 has expired in respect of the particular year, the Minister may, for the purposes of Part I, make a new assessment and redetermine the tax, interest and penalties for the particular year in order to take the election into account; and

(*e*) despite section 1010 and as the circumstances require, the Minister shall redetermine the individual's net capital loss for the particular year and reassess any taxation year in which an amount has been deducted under section 729.

An individual makes the election referred to in the first paragraph for a particular taxation year by filing with the Minister the prescribed form containing prescribed information

(*a*) on or before the individual's filing-due date for the taxation year 2010 where the security has been disposed of or exchanged before 1 January 2010; or

(*b*) on or before the individual's filing-due date for the particular year in which the security has been disposed of or exchanged, in any other case.

"**1086.29.** Unless otherwise provided in this Part, sections 1002, 1004 to 1014, 1025, 1026 to 1026.2 and 1031 to 1079.16 apply to this Part, with the necessary modifications."

(2) Subsection 1 has effect from 4 March 2010.

107. (1) Section 1129.4.0.17 of the Act is replaced by the following section:

"**1129.4.0.17.** In this Part, "eligible digital version", "eligible group of works", "eligible work", "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" have the meaning assigned by section 1029.8.36.0.0.13."

(2) Subsection 1 has effect from 18 March 2011.

108. (1) Section 1129.4.0.18 of the Act is amended by replacing subparagraphs i and ii of subparagraph *b* of the first paragraph by the following subparagraphs:

"i. in computing the amounts determined under subparagraph ii of paragraph *a* or subparagraph i of paragraph *b* of the definitions of "qualified labour expenditure attributable to preparation costs and digital version publishing costs" and "qualified labour expenditure attributable to printing and reprinting costs" in the first paragraph of section 1029.8.36.0.0.13, government assistance or non-government assistance that the corporation, another person or a partnership has received, is entitled to receive or may reasonably expect to receive, on or before the corporation's filing-due date for the particular year, must be taken into account for or from the particular year in respect of the property, and the expenditure or costs to which the assistance is attributable or relates were incurred by the corporation in a taxation year preceding the particular year, or

"ii. an amount relating to an expenditure included in a qualified labour expenditure attributable to preparation costs and digital version publishing costs or qualified labour expenditure attributable to printing and reprinting costs in respect of the property, or an amount relating to printing and reprinting costs directly attributable to the printing and reprinting of the property or to preparation costs and digital version publishing costs directly attributable to the preparation of the property and the publishing of an eligible digital version relating to the property, other than an amount of assistance to which subparagraph i applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation."

(2) Subsection 1 has effect from 18 March 2011.

109. (1) Section 1129.4.0.19 of the Act is replaced by the following section:

"**1129.4.0.19.** For the purposes of Part I, except for Division II.6.0.0.5 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under section 1129.4.0.18, in relation to an expenditure that is included in a qualified labour expenditure attributable to preparation costs and digital version publishing costs of the corporation or a qualified labour expenditure attributable to printing and reprinting costs of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property, pursuant to a legal obligation to repay all or any part of that amount of assistance."

(2) Subsection 1 has effect from 23 June 2009. However, when section 1129.4.0.19 of the Act applies before 18 March 2011, it is to be read without reference to "and digital version publishing costs".

110. (1) Section 1129.45.3.37 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

"**1129.45.3.37.** Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.95, on account of its tax payable under Part I, for a particular taxation year, in relation to its eligible production of ethanol for a particular month of that taxation year, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the "year concerned") in which any of the following events occurs:

(*a*) an amount that may reasonably be considered to be an amount relating to its eligible production of ethanol for a particular month of the particular taxation year that, because of paragraph *a* of section 1029.8.36.0.99, would be included in the aggregate determined in its respect for the particular taxation year under that section if it was received by the corporation in that taxation year, is received by the corporation;

(*b*) an amount that may reasonably be considered to be an amount relating to its eligible production of ethanol for a particular month of the particular taxation year that, because of paragraph *b* of section 1029.8.36.0.99, would be included in the aggregate determined in its respect for the particular taxation year under that section if it was obtained by a person or partnership in that taxation year, is obtained by the person or partnership; and

(*c*) all or a portion of its eligible production of ethanol for a particular month of the particular taxation year that was carried out before 18 March 2011 is sold to a person or partnership that is not the holder of a collection officer's permit issued under the Fuel Tax Act (chapter T-1) or ceases to be reasonably considered to be expected to be sold subsequently to such a holder.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.95 or 1029.8.36.0.101 for a taxation year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year, exceeds the total of

(*a*) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.95 if any of the events described in any of subparagraphs *a* to *c* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.101, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of ethanol for a particular month of the particular taxation year, occurred in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under this section for a taxation

year preceding the year concerned in relation to its eligible production of ethanol for a particular month of the particular taxation year."

(2) Subsection 1 applies to a taxation year that ends after 17 March 2011.

111. (1) Section 1159.1 of the Act is amended by replacing paragraph *a* of the definition of "base wages" by the following paragraph:

"(*a*) any amount paid, allocated, granted or awarded by the person that is included under Chapters I and II of Title II of Book III of Part I, except section 58.0.1, as it read before being repealed, in computing the individual's income from an office or employment or that would be included in computing that income if the individual were subject to tax under Part I; and".

(2) Subsection 1 applies in respect of a right exercised after 4:00 p.m. Eastern Standard Time, 4 March 2010.

112. (1) Section 1175.40 of the Act is amended by replacing the first paragraph by the following paragraph:

"**1175.40.** An operator must, for each calendar year for which tax is payable under this Part, file with the Minister, in the prescribed form, without notice or demand, a fiscal return containing prescribed information and the operator's financial statements prepared for the operator's last fiscal period that ends in the preceding calendar year."

(2) Subsection 1 applies from the calendar year 2005.

ACT RESPECTING THE LEGAL PUBLICITY OF ENTERPRISES

113. (1) Section 22 of the Act respecting the legal publicity of enterprises (R.S.Q., chapter P-44.1) is amended by striking out "natural".

(2) Subsection 1 has effect from 14 February 2011.

114. (1) Section 42 of the Act is amended by striking out "its affairs" in the first paragraph.

(2) Subsection 1 has effect from 14 February 2011.

115. (1) Section 51 of the Act is amended by replacing "files an updating obligation" by "files an updating declaration".

(2) Subsection 1 has effect from 14 February 2011.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

116. Section 34.1.4 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5) is amended by striking out subparagraph 4 of subparagraph ii of paragraph *b*.

ACT RESPECTING THE QUÉBEC SALES TAX

117. (1) Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by replacing the definition of "charity" by the following definition:

""charity" means a registered charity or a registered Canadian amateur athletic association, within the meaning assigned by section 1 of the Taxation Act, but does not include a public institution;".

(2) Subsection 1 has effect from 31 March 2004.

118. (1) Section 17 of the Act is amended by adding the following subparagraph after subparagraph 4 of the fourth paragraph:

"(5) corporeal property that was brought into Québec by a person and that was provided to the person outside Québec but in Canada, if the total of all amounts, each of which is an amount of tax that but for this subparagraph and subparagraph 8 of the third paragraph of section 18.0.1 would become payable by the person under the first paragraph and the first paragraph of section 18.0.1, is $35 or less in the calendar month that includes the day on which the property was brought into Québec."

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

119. (1) Section 18.0.1 of the Act is amended by adding the following subparagraph after subparagraph 7 of the third paragraph:

"(8) a supply of a property or a service, if the total of all amounts, each of which is an amount of tax that but for this subparagraph and subparagraph 5 of the fourth paragraph of section 17 would become payable by the person under the first paragraph and the first paragraph of section 17, is $35 or less in the calendar month that includes the time when all or part of the consideration for the supply becomes due or is paid without having become due."

(2) Subsection 1 applies in respect of

(1) a supply made after 30 June 2010; and

(2) all or part of the consideration for a supply that becomes due, or is paid without having become due, after 30 June 2010.

120. (1) The Act is amended by inserting the following section after section 198:

"**198.0.1.** For the purposes of paragraph 1.1 of section 198.1, "read-only medium" means a corporeal medium that is designed for the read-only storage of information and other material in digital format."

(2) Subsection 1 applies in respect of a supply made after 31 October 2011.

121. (1) Section 198.1 of the Act is amended

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

"(1) a supply of a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system;";

(2) by inserting the following paragraph after paragraph 1:

"(1.1) a supply, for a single consideration, of a property consisting in a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system and a read-only medium or a right to access a website if

(*a*) the printed book, or its updating, and the read-only medium or the right to access a website are wrapped, packaged, combined or otherwise prepared to be supplied together and are the only components of the supply; and

(*b*) it is reasonable to consider that the printed book, or its updating, is the main component of the supply; and".

(2) Subsection 1 applies in respect of a supply made after 31 October 2011.

122. (1) The Act is amended by inserting the following section after section 206:

"**206.0.1.** In determining an input tax refund of a registrant that is a pension entity within the meaning of section 289.2, no amount may be included, for a reporting period, in respect of the tax payable by the pension entity in respect of a supply, unless the pension entity has included an amount in respect of the supply in determining an input tax credit under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15)."

(2) Subsection 1 applies in respect of a reporting period of a pension entity beginning after 22 September 2009.

123. (1) The Act is amended by inserting the following before Division II of Chapter VI of Title I:

“**DIVISION I.1**

“PENSION PLANS

“**289.2.** In this division,

“active member” has the meaning assigned by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

“employer resource” of a person means

(1) all or part of a labour activity of the person, other than a part of the labour activity consumed or used by the person in the process of creating or developing a property;

(2) all or part of a property or service supplied to the person, other than a part of the property or service consumed or used by the person in the process of creating or developing a property;

(3) all or part of a property created or developed by the person; or

(4) one or more of the items referred to in paragraphs 1 to 3;

“excluded activity”, in respect of a pension plan, means an activity undertaken exclusively for

(1) compliance by a participating employer of the pension plan as an issuer, or prospective issuer, of securities with reporting requirements under a law of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada in respect of the regulation of securities;

(2) evaluating the feasibility or financial impact on a participating employer of the pension plan of establishing, altering or winding-up the pension plan, other than an activity that relates to the preparation of an actuarial report in respect of the plan required under a law of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada;

(3) evaluating the financial impact of the pension plan on the assets and liabilities of a participating employer of the pension plan;

(4) negotiating changes to the benefits under the pension plan with a union or similar organization of employees; or

(5) prescribed purposes;

“fiscal year” has the meaning assigned by section 458.1;

"labour activity" of a person means anything done by an individual who is or agrees to become an employee of the person in the course of, or in relation to, the office or employment of that individual;

"participating employer" of a pension plan means an employer that has made, or is required to make, contributions to the pension plan in respect of the employer's employees or former employees, or payments under the pension plan to the employer's employees or former employees, and includes an employer prescribed for the purposes of the definition of "participating employer" in subsection 1 of section 147.1 of the Income Tax Act;

"pension activity", in respect of a pension plan, means an activity (other than an excluded activity) that relates to

(1) the establishment, management or administration of the pension plan or a pension entity of the pension plan; or

(2) the management or administration of assets of the pension plan;

"pension entity" of a pension plan means a person that is

(1) a person referred to in paragraph 1 of the definition of "pension plan";

(2) a corporation referred to in paragraph 2 of the definition of "pension plan"; or

(3) a prescribed person;

"pension plan" means a registered pension plan, within the meaning of section 1 of the Taxation Act (chapter I-3),

(1) that governs a person that is a trust or that is deemed to be a trust for the purposes of that Act;

(2) in respect of which a corporation is

(*a*) incorporated and operated either

i. solely for the administration of the registered pension plan, or

ii. for the administration of the registered pension plan and for no other purpose other than acting as trustee of, or administering, a trust governed by a retirement compensation arrangement, within the meaning of section 1 of the Taxation Act, where the terms of the arrangement provide for benefits only in respect of individuals who are provided with benefits under the registered pension plan, and

(*b*) accepted by the Minister of National Revenue, under subparagraph ii of paragraph *o*.1 of subsection 1 of section 149 of the Income Tax Act, as a funding medium for the purposes of the registration of the registered pension plan; or

(3) in respect of which a person is a prescribed person for the purposes of the definition of "pension entity";

"provincial factor" in respect of a pension plan, for a fiscal year of a person that is a participating employer of the pension plan, means an amount (expressed as a percentage) determined by the formula

A × B.

For the purposes of the formula in the definition of "provincial factor" in the first paragraph,

(1) A is the tax rate applicable, specified in the first paragraph of section 16, on the last day of the fiscal year; and

(2) B is

(*a*) where the person made contributions to the pension plan during the fiscal year that may be deducted by the person under section 137 of the Taxation Act in computing its income (in the third paragraph referred to as "pension contributions") and the number of active members of the pension plan who were employees of the person on the last day of the last calendar year ending on or before the last day of the fiscal year (in this paragraph and the third paragraph referred to as the "particular day") is greater than zero, the amount determined by the formula

[(C/D) + (E/F)]/2;

(*b*) where subparagraph *a* does not apply and the number of active members of the pension plan who were employees of the person on the particular day is greater than zero, the amount determined by the formula

E/F; and

(*c*) in any other case, zero.

For the purposes of the formulas in subparagraphs *a* and *b* of subparagraph 2 of the second paragraph,

(1) C is the total of all pension contributions made to the pension plan by the person during the fiscal year in respect of employees of the person who were resident in Québec on the particular day;

(2) D is the total of all pension contributions made to the pension plan by the person during the fiscal year in respect of employees of the person;

(3) E is the number of active members of the pension plan who were, on the particular day, employees of the person and resident in Québec; and

(4) F is the number of active members of the pension plan who were, on the particular day, employees of the person.

"**289.3.** For the purposes of this division, a property or a service that is supplied to a particular person that is a participating employer of a pension plan by another person is an excluded resource of the particular person in respect of the pension plan if

(1) for each pension entity of the pension plan, no tax would become payable under this Title in respect of the supply if

(*a*) the supply were made by the other person to the pension entity and not to the particular person, and

(*b*) the pension entity and the other person were dealing at arm's length; and

(2) where the supply is a supply of corporeal movable property made outside Québec, the supply would not be a supply in respect of which section 18 would apply if the particular person were a registrant not engaged exclusively in commercial activities.

"**289.4.** If a person is a participating employer of a pension plan and the pension plan has,

(1) at all times in a fiscal year of the person, no more than one pension entity, that pension entity is the specified pension entity of the pension plan in respect of the person for the fiscal year; and

(2) in the fiscal year, two or more pension entities, the person and one of those pension entities may jointly elect, in the prescribed form containing prescribed information, for that pension entity to be the specified pension entity of the pension plan in respect of the person for the fiscal year.

"**289.5.** If a person that is a registrant and a participating employer of a pension plan acquires a property or a service (in this section referred to as the "specified resource") for the purpose of making a supply of all or part of the specified resource to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan and the specified resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

(1) the person is deemed to have made a taxable supply of the specified resource or part on the last day of the fiscal year in which the person acquired the specified resource (in this section referred to as the "particular fiscal year");

(2) tax in respect of the taxable supply referred to in subparagraph 1 is deemed to have become payable on the last day of the particular fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

A × B; and

(4) for the purpose of determining an input tax refund of the pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12, the pension entity is deemed

(*a*) to have received a supply of the specified resource or part on the last day of the particular fiscal year,

(*b*) to have paid tax in respect of the supply referred to in subparagraph *a*, on the last day of the particular fiscal year, equal to the amount of tax determined under subparagraph 3, and

(*c*) to have acquired the specified resource or part for consumption, use or supply in the course of its commercial activities to the same extent that the specified resource or part was acquired by the person for the purpose of making a supply of the specified resource or part to the pension entity for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan that are commercial activities of the pension entity.

For the purposes of the formula in subparagraph 3 of the first paragraph,

(1) A is the fair market value of the specified resource or part at the time it was acquired by the person; and

(2) B is the provincial factor in respect of the pension plan for the particular fiscal year.

"**289.6.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person, the person consumes or uses at that time an employer resource of the person for the purpose of making a supply of a property or a service (in this section referred to as the "pension supply") to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan, and the employer resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the "employer resource supply") on the last day of the fiscal year;

(2) tax in respect of the employer resource supply is deemed to have become payable on the last day of the fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

A × B; and

(4) for the purpose of determining an input tax refund of the pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12, the pension entity is deemed

(*a*) to have received a supply of the employer resource on the last day of the fiscal year,

(*b*) to have paid tax in respect of the supply referred to in subparagraph *a*, on the last day of the fiscal year, equal to the amount of tax determined under subparagraph 3, and

(*c*) to have acquired the employer resource for consumption, use or supply in the course of its commercial activities to the same extent that the property or service supplied in the pension supply was acquired by the pension entity for consumption, use or supply by the pension entity in pension activities in respect of the pension plan that are commercial activities of the pension entity.

For the purposes of the formula in subparagraph 3 of the first paragraph,

(1) A is

(*a*) where the employer resource was consumed by the person during the fiscal year for the purpose of making the pension supply, the product obtained by multiplying the fair market value of the employer resource at the time the person began consuming it in the fiscal year by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, and

(*b*) in any other case, the product obtained by multiplying the fair market value of the use of the employer resource during the fiscal year as determined on the last day of the fiscal year by the extent to which the employer resource was used during the fiscal year (expressed as a percentage of the total use of the employer resource by the person during the fiscal year) for the purpose of making the pension supply when the person was both a registrant and a participating employer of the pension plan; and

(2) B is the provincial factor in respect of the pension plan for the fiscal year.

"**289.7.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person, the person consumes or uses at that time an employer resource of the person in the course of pension activities in respect of the pension plan, the employer resource is not an excluded resource of the person in respect of the pension plan, and section 289.6 does not apply in respect of that consumption or use, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the "employer resource supply") on the last day of the fiscal year;

(2) tax in respect of the employer resource supply is deemed to have become payable on the last day of the fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

A × B; and

(4) for the purpose of determining, in accordance with subdivision 6.6 of Division I of Chapter VII, an eligible amount of the specified pension entity of the pension plan in respect of the person for the fiscal year, the specified pension entity is deemed to have paid tax, on the last day of the fiscal year, equal to the amount of tax determined in accordance with subparagraph 3.

For the purposes of the formula in subparagraph 3 of the first paragraph,

(1) A is

(*a*) where the employer resource was consumed by the person during the fiscal year in the course of pension activities in respect of the pension plan, the product obtained by multiplying the fair market value of the employer resource at the time the person began consuming it in the fiscal year by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, and

(*b*) in any other case, the product obtained by multiplying the fair market value of the use of the employer resource during the fiscal year as determined on the last day of the fiscal year by the extent to which the employer resource was used during the fiscal year (expressed as a percentage of the total use of the employer resource by the person during the fiscal year) in the course of pension activities in respect of the pension plan when the person was both a registrant and a participating employer of the pension plan; and

(2) B is the provincial factor in respect of the pension plan for the fiscal year.

"**289.8.** If any of sections 289.5 to 289.7 applies in respect of a person that is a participating employer of a pension plan, the person shall, in the prescribed form and in the manner determined by the Minister, provide the prescribed information to the pension entity of the pension plan that is deemed to have paid tax under that section."

(2) Subsection 1 applies in respect of a fiscal year of a person beginning after 22 September 2009.

124. Section 353.0.3 of the Act is amended by striking out the third paragraph.

125. (1) Section 370.9 of the Act is amended by replacing "$300,000" in paragraph 1 by "$225,000 for the purposes of section 370.10 or $300,000 for the purposes of section 370.10.1, as the case may be".

(2) Subsection 1 applies in respect of

(1) the taxable supply made under an agreement in writing relating to the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership, if the agreement in writing is entered into after 31 December 2010; or

(2) the construction or substantial renovation of a single unit residential complex or a residential unit held in co-ownership that the particular individual carries on himself or herself, if the permit relating to the construction or substantial renovation is issued after 31 December 2010.

126. (1) The heading of subdivision 6.6 of Division I of Chapter VII of Title I of the Act is replaced by the following heading:

"§6.6. — *Pension plans*".

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

127. (1) Section 402.13 of the Act is amended

(1) by striking out the definition of "multi-employer plan";

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

""active member" has the meaning assigned by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

""eligible amount" of a pension entity for a claim period of the pension entity means an amount of tax, other than a recoverable amount in respect of the claim period, that

(1) became payable by the pension entity during the claim period, or was paid by the pension entity during the claim period without having become payable, in respect of the supply or bringing into Québec of a property or a service that the pension entity acquired or brought into Québec, as the case may be, for consumption, use or supply in respect of a pension plan, other than an amount of tax that

(*a*) is deemed to have been paid by the pension entity under this Title (other than sections 223 to 231.1),

(*b*) became payable, or was paid without having become payable, by the pension entity at a time when it was entitled to claim a rebate under sections 383 to 388 and 394 to 397.2,

(*c*) was payable under section 16, or is deemed under sections 223 to 231.1 to have been paid, by the pension entity in respect of the taxable supply to the pension entity of a residential complex, an addition to a residential complex or land if, in respect of that supply, the pension entity was entitled to claim a rebate under subdivision IV.2 of subdivision 3 or would be so entitled after paying the tax payable in respect of that supply, or

(*d*) would be included in determining an input tax refund of the pension entity, were it not for the fact that the pension entity is a large business within the meaning of section 551 of chapter 63 of the statutes of 1995; or

(2) is deemed to have been paid by the pension entity under Division I.1 of Chapter VI during the claim period;

""participating employer" has the meaning assigned by section 289.2;

""pension contribution" means a contribution by a person to a pension plan that may be deducted by the person under section 137 of the Taxation Act (chapter I-3) in computing income;

""pension entity" has the meaning assigned by section 289.2;

""pension plan" has the meaning assigned by section 289.2;

""pension rebate amount" of a pension entity for a claim period means the amount determined by the formula

A × B;

""qualifying employer" of a pension plan for a calendar year means a participating employer of the pension plan that is a registrant and that

(1) where pension contributions were made to the pension plan in the preceding calendar year, made pension contributions to the pension plan in that year; and

(2) in any other case, was the employer of one or more active members of the pension plan in the preceding calendar year;

""recoverable amount" in respect of a claim period of a person means an amount of tax

(1) that is included in determining an input tax refund of the person for the claim period;

(2) for which it can reasonably be regarded that the person has obtained or is entitled to obtain a rebate, refund, remission or compensation under a section of this Act (other than a section of this subdivision) or under any other Act; or

(3) that can reasonably be regarded as having been included in an amount adjusted, refunded or credited to or in favour of the person for which a credit note referred to in section 449 has been received by the person or a debit note referred to in that section has been issued by the person;

""tax recovery rate" of a person for a fiscal year means the lesser of

(1) 100%; and

(2) the fraction (expressed as a percentage) determined by the formula

(A + B)/C.";

(3) by adding the following paragraphs:

"For the purposes of the formula in the definition of "pension rebate amount" in the first paragraph,

(1) A is

(*a*) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

(*b*) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386, and

(*c*) in any other case, 100%; and

(2) B is the total of all amounts each of which is an eligible amount of the pension entity for the claim period.

For the purposes of the formula in the definition of "tax recovery rate" in the first paragraph,

(1) A is the total of all amounts each of which is an input tax refund of the person for a reporting period included in the fiscal year;

(2) B is the total of all amounts each of which is a rebate to which the person is entitled under sections 383 to 388 and 394 to 397.2 for a claim period included in the fiscal year; and

(3) C is the total of all amounts each of which is an amount of tax that became payable, or was paid without having become payable, by the person during the fiscal year."

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

128. (1) Section 402.14 of the Act is replaced by the following section:

"**402.14.** A pension entity of a pension plan is, for each of its claim periods, entitled to a rebate equal to the amount determined by the formula

A – B.

For the purposes of the formula in the first paragraph,

(1) A is the pension rebate amount of the pension entity for the claim period; and

(2) B is the total of all amounts each of which is an amount

(*a*) determined by the formula in the first paragraph of section 402.18 in respect of a qualifying employer because of an election made under that section for the claim period, or

(*b*) determined in accordance with subparagraph 1 of the first paragraph of section 402.19 in respect of a qualifying employer because of an election made under that section for the claim period."

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

129. (1) Section 402.15 of the Act is repealed.

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

130. (1) Sections 402.16 and 402.17 of the Act are replaced by the following sections:

"**402.16.** A pension entity is entitled to a rebate under section 402.14 for a claim period only if the pension entity files an application for the rebate within two years after the day that is

(1) if the pension entity is a registrant, the day on or before which the pension entity is required to file a return under Chapter VIII for the claim period; and

(2) in any other case, the last day of the claim period.

"**402.17.** A pension entity shall not make more than one application for a rebate under this subdivision for any claim period of the pension entity."

(2) Subsection 1 applies in respect of a claim period of a pension entity beginning after 22 September 2009.

131. (1) The Act is amended by inserting the following sections after section 402.17:

"**402.18.** If a pension entity of a pension plan makes an election for a claim period jointly with all persons that are, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan and each of those qualifying employers is engaged exclusively in commercial activities throughout the claim period, each of those qualifying employers may deduct in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister an amount determined by the formula

$A \times B$.

For the purposes of the formula in the first paragraph,

(1) A is the pension rebate amount of the pension entity for the claim period; and

(2) B is the percentage specified for the qualifying employer in the election.

"**402.19.** If a pension entity of a pension plan makes an election for a claim period jointly with all persons that are, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan and any of those qualifying employers is not engaged exclusively in commercial activities throughout the claim period, the following rules apply:

(1) an amount (in this section referred to as a "shared portion") is to be determined in respect of each of those qualifying employers by the formula

$A \times B \times C$;

(2) in the case of a pension plan to which more than 50% of the contributions are made by one or more public service bodies, each of those qualifying employers may deduct, in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister, the amount that is the shared portion determined in its respect; and

(3) in any other case, each of those qualifying employers may deduct, in determining its net tax for the reporting period that includes the day on which the election is filed with the Minister, the amount determined by the formula

D × E.

For the purposes of the formulas in the first paragraph,

(1) A is the pension rebate amount of the pension entity for the claim period;

(2) B is the percentage specified for the qualifying employer in the election;

(3) C is

(*a*) in the case where pension contributions were made to the pension plan in the calendar year that precedes the calendar year that includes the last day of the claim period (in this section referred to as the "preceding calendar year"), the amount determined by the formula

F/G,

(*b*) in the case where subparagraph *a* does not apply and at least one of the qualifying employers of the pension plan was the employer of one or more active members of the pension plan in the preceding calendar year, the amount determined by the formula

H/I, and

(*c*) in any other case, zero;

(4) D is the shared portion in respect of the qualifying employer as determined under subparagraph 1 of the first paragraph; and

(5) E is the tax recovery rate of the qualifying employer for the fiscal year of the qualifying employer that ended on or before the last day of the claim period.

For the purposes of the formulas in the second paragraph,

(1) F is the total of all amounts each of which is a pension contribution made by the qualifying employer to the pension plan in the preceding calendar year;

(2) G is the total of all amounts each of which is a pension contribution made to the pension plan in the preceding calendar year;

(3) H is the number of employees of the qualifying employer in the preceding calendar year who were active members of the pension plan in that year; and

(4) I is the total number of employees of each of those qualifying employers in the preceding calendar year who were active members of the pension plan in that year.

"**402.20.** For the purposes of sections 402.18 and 402.19, a qualifying employer of a pension plan is engaged exclusively in commercial activities throughout a claim period of a pension entity of the pension plan if

(1) in the case of a qualifying employer that is a financial institution at any time in the claim period, all of the activities of the qualifying employer for the claim period are commercial activities; and

(2) in any other case, all or substantially all of the activities of the qualifying employer for the claim period are commercial activities.

"**402.21.** An election made under section 402.18 or 402.19 by a pension entity of a pension plan and the qualifying employers of the pension plan must

(1) be filed with and as prescribed by the Minister, in the prescribed form containing prescribed information;

(2) be filed by the pension entity with the Minister at the same time the application for the rebate under section 402.14 for the claim period is filed by the pension entity;

(3) in the case of an election under section 402.18, state the percentage specified for each qualifying employer, the total of which for all qualifying employers must not exceed 100%; and

(4) in the case of an election under section 402.19, state the percentage specified for each qualifying employer, which percentage must not exceed 100%.

"**402.22.** Where a qualifying employer of a pension plan makes a joint election with the pension entity of the pension plan and the qualifying employer deducts an amount under section 402.18 or subparagraph 2 or 3 of the first paragraph of section 402.19 in determining the net tax for a reporting period and either the qualifying employer or the pension entity of the pension plan knows or ought to know that the qualifying employer is not entitled to the amount or that the amount exceeds the amount to which the qualifying employer is entitled, the qualifying employer and the pension entity are solidarily liable to pay the amount or excess to the Minister."

(2) Subsection 1 applies in respect of the claim period of a pension entity beginning after 22 September 2009.

132. (1) The Act is amended by inserting the following sections after section 450:

"**450.0.1.** For the purposes of this section and sections 450.0.2 to 450.0.12,

"claim period" has the meaning assigned by section 383;

"eligible amount" has the meaning assigned by section 402.13;

"employer resource" has the meaning assigned by section 289.2;

"fiscal year" has the meaning assigned by section 458.1;

"participating employer" has the meaning assigned by section 289.2;

"pension entity" has the meaning assigned by section 289.2;

"pension plan" has the meaning assigned by section 289.2;

"pension rebate amount" has the meaning assigned by section 402.13;

"qualifying employer" has the meaning assigned by section 402.13;

"specified resource" has the meaning assigned by section 289.5.

"**450.0.2.** A person may, on a particular day, issue to a pension entity a note (in sections 450.0.3 and 450.0.4 referred to as a "tax adjustment note") in respect of all or part of a specified resource, specifying an amount determined in accordance with section 450.0.3, if

(1) the person is deemed under subparagraph 2 of the first paragraph of section 289.5 to have collected tax, on or before the particular day, in respect of a taxable supply of the specified resource or part deemed to have been made by the person under subparagraph 1 of that paragraph;

(2) a supply of the specified resource or part is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.5 and tax in respect of that supply is deemed to have been paid under subparagraph *b* of that subparagraph 4 by the pension entity; and

(3) an amount of tax becomes payable, or is paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of a taxable supply of the specified resource or part on or before the particular day.

"**450.0.3.** The amount specified in a tax adjustment note issued under section 450.0.2 on a particular day in respect of a specified resource or part must not exceed the amount determined by the formula

A – B.

For the purposes of the formula in the first paragraph,

(1) A is the lesser of

(*a*) the amount determined under subparagraph 3 of the first paragraph of section 289.5 in respect of the specified resource or part, and

(*b*) the total of all amounts each of which is an amount of tax under the first paragraph of section 16 that became payable, or was paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of a taxable supply of the specified resource or part on or before the particular day; and

(2) B is the total of all amounts each of which is the amount of tax, as determined under this section, specified in another tax adjustment note issued on or before the particular day in respect of the specified resource or part.

"**450.0.4.** Where a person issues a tax adjustment note to a pension entity under section 450.0.2 in respect of a specified resource or part, a supply of the specified resource or part is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.5 and tax (in this section referred to as "deemed tax") in respect of that supply is deemed to have been paid on a particular day under subparagraph *b* of that subparagraph 4 by the pension entity, the following rules apply:

(1) the tax amount of the tax adjustment note may be deducted in determining the net tax of the person for its reporting period that includes the day on which the tax adjustment note is issued;

(2) the pension entity shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

A × (B/C);

(3) if any given part of the amount of the deemed tax is an eligible amount of the pension entity for a particular claim period, the pension entity shall pay to the Minister, on or before the last day of its claim period that follows its claim period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

D × E × (B/C) × [(F – G)/F]; and

(4) if any given part of the amount of the deemed tax is an eligible amount of the pension entity for a particular claim period for which an election under section 402.18 or 402.19 was made jointly by the pension entity and all participating employers of the pension plan that were, for the calendar year that includes the last day of the claim period, qualifying employers of the pension plan, each of those participating employers shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times (H/F)$.

For the purposes of the formulas in the first paragraph,

(1) A is the total of all input tax refunds that the pension entity is entitled to claim in respect of the deemed tax;

(2) B is the tax amount of the tax adjustment note;

(3) C is the amount of the deemed tax;

(4) D is the given part of the amount of the deemed tax;

(5) E is

(*a*) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

(*b*) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386, and

(*c*) in any other case, 100%;

(6) F is the pension rebate amount of the pension entity for the particular claim period;

(7) G is the total determined in subparagraph 2 of the second paragraph of section 402.14 in respect of the pension entity for the particular claim period;

(8) H is the amount of the deduction determined for the participating employer under section 402.18 or subparagraph 2 or 3 of the first paragraph of section 402.19, as the case may be, for the particular claim period.

"**450.0.5.** A person may, on a particular day, issue to a pension entity a note (in sections 450.0.6 and 450.0.7 referred to as a "tax adjustment note") in respect of employer resources consumed or used for the purpose of making a supply (in this section and in sections 450.0.6 and 450.0.7 referred to as the

"actual pension supply") of a property or a service to the pension entity, specifying an amount determined in accordance with section 450.0.6, if

(1) the person is deemed under subparagraph 2 of the first paragraph of section 289.6 to have collected tax, on or before the particular day, in respect of one or more taxable supplies, deemed to have been made by the person under subparagraph 1 of that paragraph, of the employer resources;

(2) a supply of each of those employer resources is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.6 and tax in respect of each of those supplies is deemed to have been paid under subparagraph *b* of that subparagraph 4 by the pension entity; and

(3) an amount of tax becomes payable, or is paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of the actual pension supply on or before the particular day.

"**450.0.6.** The amount specified in a tax adjustment note issued under section 450.0.5 on a particular day in respect of employer resources consumed or used for the purpose of making an actual pension supply must not exceed the amount determined by the formula

A – B.

For the purposes of the formula in the first paragraph,

(1) A is the lesser of

(*a*) the total of all amounts each of which is an amount of tax determined under subparagraph 3 of the first paragraph of section 289.6 in respect of one of those employer resources and that is deemed under subparagraph 2 of that paragraph to have become payable and to have been collected on or before the particular day, and

(*b*) the total of all amounts each of which is an amount of tax under the first paragraph of section 16 that became payable, or was paid without having become payable, to the person (otherwise than by the operation of sections 289.2 to 289.8) by the pension entity in respect of the actual pension supply on or before the particular day; and

(2) B is the total of all amounts each of which is the amount of tax, as determined under this section, specified in another tax adjustment note issued on or before the particular day in respect of employer resources consumed or used for the purpose of making the actual pension supply.

"**450.0.7.** Where a person issues a tax adjustment note to a pension entity under section 450.0.5 in respect of employer resources consumed or

used for the purpose of making an actual pension supply, a supply of each of those employer resources (each of which in this section referred to as a "particular supply") is deemed to have been received by the pension entity under subparagraph *a* of subparagraph 4 of the first paragraph of section 289.6 and tax (in this section referred to as "deemed tax") in respect of each of the particular supplies is deemed to have been paid under subparagraph *b* of that subparagraph 4 by the pension entity, the following rules apply:

(1) the tax amount of the tax adjustment note may be deducted in determining the net tax of the person for its reporting period that includes the day on which the tax adjustment note is issued;

(2) the pension entity shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$A \times (B/C)$;

(3) for each particular claim period for which any part of an amount of deemed tax in respect of a particular supply is an eligible amount of the pension entity, the pension entity shall pay to the Minister, on or before the last day of its claim period that follows its claim period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times [(F - G)/F]$; and

(4) for each particular claim period of the pension entity for which any part of an amount of deemed tax in respect of a particular supply is an eligible amount of the pension entity and for which an election under section 402.18 or 402.19 was made jointly by the pension entity and all participating employers of the pension plan that were, for the calendar year that includes the last day of that period, qualifying employers of the pension plan, each of those participating employers shall add, in determining its net tax for its reporting period that includes the day on which the tax adjustment note is issued, the amount determined by the formula

$D \times E \times (B/C) \times (H/F)$.

For the purposes of the formulas in the first paragraph,

(1) A is the total of all amounts, each of which is the total of all input tax refunds that the pension entity is entitled to claim in respect of deemed tax in respect of a particular supply;

(2) B is the tax amount of the tax adjustment note;

(3) C is the total of all amounts each of which is an amount of deemed tax in respect of a particular supply;

(4) D is the total of all amounts each of which is the part of an amount of deemed tax in respect of a particular supply that is an eligible amount of the pension entity for the particular claim period;

(5) E is

(*a*) 77%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are not entitled to any rebate under section 386,

(*b*) 88%, where the pension entity is governed by a pension plan to which more than 50% of the contributions are made by one or more public service bodies that are entitled to a rebate under section 386, and

(*c*) in any other case, 100%;

(6) F is the pension rebate amount of the pension entity for the particular claim period;

(7) G is the total determined in subparagraph 2 of the second paragraph of section 402.14 in respect of the pension entity for the particular claim period;

(8) H is the amount of the deduction determined for the participating employer under section 402.18 or subparagraph 2 or 3 of the first paragraph of section 402.19, as the case may be, for the particular claim period.

"**450.0.8.** A tax adjustment note referred to in section 450.0.2 or 450.0.5 must be issued in the prescribed form containing prescribed information and in a manner satisfactory to the Minister.

"**450.0.9.** Where a tax adjustment note is issued under section 450.0.2 or 450.0.5 to a pension entity of a pension plan and, as a consequence of that issuance, subparagraph 4 of the first paragraph of section 450.0.4 or 450.0.7 applies to a participating employer of the pension plan, the pension entity shall, in the prescribed form containing prescribed information and in a manner satisfactory to the Minister, notify without delay the participating employer of that issuance.

"**450.0.10.** Where a participating employer of a pension plan is required to add an amount in determining its net tax under subparagraph 4 of the first paragraph of section 450.0.4 or 450.0.7 as a consequence of the issuance of a tax adjustment note under section 450.0.2 or 450.0.5 to a pension entity of the pension plan, the participating employer and the pension entity are solidarily liable to pay the amount to the Minister.

"**450.0.11.** Where a participating employer of a pension plan has ceased to exist on or before the day on which a tax adjustment note is issued under section 450.0.2 or 450.0.5 to a pension entity of the pension plan and the

participating employer would have been required, had it not ceased to exist, to add an amount in determining its net tax under subparagraph 4 of the first paragraph of section 450.0.4 or 450.0.7 as a consequence of that issuance, the pension entity shall pay the amount to the Minister on or before the last day of its claim period that immediately follows its claim period that includes the day on which the tax adjustment note is issued.

"**450.0.12.** Despite the first paragraph of section 35.1 of the Tax Administration Act (chapter A-6.002), every person that issues a tax adjustment note under section 450.0.2 or 450.0.5 shall maintain, for a period of six years from the day on which the tax adjustment note was issued, evidence satisfactory to the Minister that the person was entitled to issue the tax adjustment note for the amount for which it was issued."

(2) Subsection 1 has effect from 23 September 2009.

133. Section 677 of the Act is amended by inserting the following subparagraph after subparagraph 31.0.1 of the first paragraph:

"(31.0.2) determine, for the purposes of the definition of "excluded activity" in the first paragraph of section 289.2, which purposes are prescribed purposes and, for the purposes of the definition of "pension entity" in that paragraph, which person is a prescribed person;".

FUEL TAX ACT

134. (1) Section 1 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended

(1) by inserting the following subparagraph after subparagraph *o* of the first paragraph:

"(*o*.0.1) "Indian tax exemption management program": the program under which the purchase of fuel by a tribal council or a band-empowered entity is exempt, in the circumstances described in section 9.1, from the payment of the tax provided for in section 2, or under which the sale of fuel to an Indian or a band by a retail dealer is exempt, in the circumstances described in section 12.1, from collection of the tax provided for in section 2;";

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

"In this Act and the regulations, the expressions "band", "band-empowered entity", "band management activities", "Indian", "reserve" and "tribal council" have the meaning assigned by the regulations made by the Government for the purposes of section 10.2."

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

135. (1) The Act is amended by inserting the following section after section 9:

"**9.1.** A tribal council or a band-empowered entity that acquires fuel for its own consumption from a fuel retail outlet operated on a reserve by a retail dealer holding a registration certificate provided for in section 23 is exempt from the payment of the tax provided for in section 2 if the prescribed conditions are met in respect of that acquisition.

However, in the case of the acquisition of fuel by a band-empowered entity that is a legal person, the first paragraph applies only if the fuel is intended for band management activities."

(2) Subsection 1 applies in respect of an acquisition of fuel made after 30 June 2011.

136. (1) The Act is amended by inserting the following section after section 10.2:

"**10.2.1.** A retail dealer who operates a fuel retail outlet on a reserve is entitled, provided the dealer makes an application to that effect in the prescribed form containing prescribed information within the time, on the conditions and in the manner prescribed by regulation, to the reimbursement of the amounts the dealer paid in a particular month under section 51.1 to a person holding a collection officer's permit, in respect of a quantity of fuel, if the amount the dealer collected under the first paragraph of section 12 in respect of the fuel sales the dealer made in the particular month is less than the amounts so paid.

However, the amount of the reimbursement may not exceed the amount by which the amount that, but for sections 9.1 and 12.1, is the tax provided for in section 2 that should have been paid or collected, as the case may be, in accordance with this Act in respect of the total of all fuel sales made in that establishment by the retail dealer in the particular month, each of which is a sale made to an Indian, a band, a tribal council or a band-empowered entity in respect of which either no tax provided for in section 2 was payable, in accordance with section 9.1, or the dealer was exempt from collecting such a tax, in accordance with section 12.1, and in respect of which no such tax was actually collected, exceeds the amount equal to the tax, determined in relation to a quantity of fuel, that the holder of a collection officer's permit is exempt from collecting, if applicable, from the retail dealer, in accordance with the sixth paragraph of section 51.1, for the particular month, in relation to that establishment."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

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

"**10.5.** A person is entitled, provided the person makes an application to that effect in the prescribed form containing prescribed information within the

time, on the conditions and in the manner prescribed by regulation, in respect of fuel the person acquired, to the reimbursement of the total of

(*a*) the amount by which the amount paid by the person under section 51.1 in respect of the fuel exceeds the total of the amount collected by the person under section 51.1 or the first paragraph of section 12, as the case may be, in respect of the fuel and the reimbursement to which the person is entitled under section 10.2.1 in respect of the fuel; and

(*b*) the amount by which the reimbursement to which the person is entitled under section 10.2.1 in respect of the fuel exceeds the amount reimbursed to the person under that section in respect of the fuel."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

138. (1) The Act is amended by inserting the following section after section 12:

"**12.1.** Despite section 12, a retail dealer holding a registration certificate provided for in section 23 who operates a fuel retail outlet on a reserve and sells fuel to an Indian or a band for their own consumption is not required to collect the tax imposed by section 2 in respect of the sale if the prescribed conditions are met in respect of the sale."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

139. (1) Section 13 of the Act is amended

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

"If the tax collected for the month in respect of the fuel is greater than the total of the amount the retail dealer paid for the month under section 51.1 to a person holding a collection officer's permit and the amount the retail dealer is required to remit, if applicable, for the month under the seventh paragraph, the difference must be remitted to the Minister on the terms and conditions provided in the first paragraph.";

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

"Despite the third and fifth paragraphs, a retail dealer who operates a fuel retail outlet on a reserve shall, on or before the fifteenth day of each month, render an account to the Minister, using the prescribed form containing prescribed information, of the tax the dealer collected or should have collected in the preceding month and, if the amount that, but for sections 9.1 and 12.1, is the tax provided for in section 2 that should have been paid or collected, as the case may be, in accordance with this Act in respect of the total of all fuel sales made in that establishment by the retail dealer in the preceding month,

each of which is a sale made to an Indian, a band, a tribal council or a band-empowered entity in respect of which either no tax provided for in section 2 was payable, in accordance with section 9.1, or the dealer was exempt from collecting such a tax, in accordance with section 12.1, and in respect of which no such tax was in fact collected, is less than the amount equal to the tax, determined in relation to a quantity of fuel, that the holder of a collection officer's permit is exempt from collecting, if applicable, from the retail dealer, in accordance with the sixth paragraph of section 51.1, for the preceding month, in relation to that establishment, the difference is to be remitted to the Minister at the same time."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

140. (1) The Act is amended by inserting the following sections after section 17.2:

"**17.3.** A retail dealer who operates a fuel retail outlet on a reserve and sells fuel to a purchaser who is an Indian, a band, a tribal council or a band-empowered entity in circumstances in which section 9.1 or 12.1 applies shall

(*a*) keep, for each day of the year, in the prescribed form containing prescribed information, a register of retail sales relating to that establishment; and

(*b*) meet the prescribed conditions in respect of each of those sales.

"**17.4.** A retail dealer who operates a fuel retail outlet on a reserve shall post the price of the fuel in the prescribed manner."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

141. (1) The heading of Division VI of the Act in the French text is replaced by the following heading:

"CERTIFICAT, ATTESTATION ET PERMIS".

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

142. (1) The Act is amended by inserting the following after section 26:

"§1.1. — *Indian tax exemption management program registration certificate*

"**26.1.** To obtain an Indian tax exemption management program registration certificate, an Indian, a band, a tribal council or a band-empowered entity shall make an application to that effect to the Minister in the prescribed form containing prescribed information and provide the prescribed documents."

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

143. (1) Section 51.1 of the Act is amended

(1) by inserting the following paragraphs after the fifth paragraph:

"However, subject to the fourth paragraph, the Minister may, from the day the Minister determines, authorize the holder of a collection officer's permit who is the designated supplier of a retail dealer who operates a fuel retail outlet on a reserve, to apply the percentage of reduction specified by the Minister to the total quantity of fuel subject to a contract between the collection officer and the retail dealer, in which case the collection officer is, despite the fifth paragraph, exempt from collecting the amount equal to the tax in respect of the quantity of fuel subject to the reduction.

The Minister may, at any time, by written notice to the holder of a collection officer's permit and to the retail dealer, revoke the authorization provided for in the sixth paragraph or prescribe a new percentage of reduction, in which case, the new conditions apply from the day the Minister determines.";

(2) by replacing "referred to in the sixth paragraph" in the seventh paragraph by "referred to in the eighth paragraph".

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

144. (1) The Act is amended by inserting the following section after section 51.1:

"**51.1.1.** For the purposes of the sixth paragraph of section 51.1, a retail dealer may choose a designated supplier by making an application to that effect to the Minister in the prescribed form containing prescribed information.

A retail dealer may have no more than one designated supplier at any time.

For the purposes of section 51.1 and this section, "designated supplier" of a retail dealer who operates a fuel retail outlet on a reserve means the holder of a collection officer's permit authorized by the Minister to apply a percentage of reduction to a quantity of fuel subject to a contract between the collection officer and the retail dealer, for the purpose of determining the amount equal to the tax to be collected under section 51.1 in respect of the quantity of fuel."

(2) Subsection 1 applies in respect of a sale of fuel made after 30 June 2011.

145. (1) Section 111 of the Act giving effect to the Budget Speech delivered on 30 March 2010 and to certain other budget statements (2011, chapter 1) is amended by adding the following subsection after subsection 2:

"(3) In addition, in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* or subparagraph *a* of the third paragraph of section 1027 of the Act, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 of the Act, for a taxation year that ends after 30 March 2010 and that includes that date, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation's estimated tax or tax payable for that taxation year

(1) must, in respect of a payment that the corporation is required to make before 31 March 2010, be determined without reference to this section; and

(2) is, in respect of a payment that the corporation is required to make after 30 March 2010,

(*a*) where the corporation is not, at the time of the payment, a qualified Canadian-controlled private corporation, within the meaning of section 1027.0.1 of the Act, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable computed without reference to this section, by the proportion that 12 is of the number of payments that the corporation is required to make after 30 March 2010 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act,

(*b*) where the corporation is, at the time of the payment, a qualified Canadian-controlled private corporation, within the meaning of section 1027.0.1 of the Act, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable computed without reference to this section, by the proportion that 4 is of the number of payments that the corporation is required to make after 30 March 2010 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, or

(*c*) where the corporation ceases to be a qualified Canadian-controlled private corporation, within the meaning of section 1027.0.1 of the Act, at a

particular time in the taxation year that occurs before the time of the payment, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable computed without reference to this section, by the proportion that the number of payments that the corporation is required to make after the particular time for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act is of the number of payments that the corporation is required to make after 30 March 2010 for the taxation year under that subparagraph *a*."

(2) Subsection 1 has effect from 17 February 2011.

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

146. The Act respecting the sectoral parameters of certain fiscal measures, the text of which appears in Schedule I, is enacted.

147. This Act comes into force on (*insert the date of assent to this Act*).

SCHEDULE I
(Section 146)

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

CHAPTER I

PURPOSE AND JURISDICTION

1. This Act governs the issue, amendment and revocation of certificates, qualification certificates and other documents that are necessary for the purposes of certain fiscal measures. It establishes the general rules that apply to the decisions to issue, amend or revoke those documents and sets out, in each of its schedules, the special rules and sectoral parameters that apply to the fiscal measures referred to in this Act.

2. The sectoral parameters set out in the schedules to this Act are administered by

(1) Investissement Québec, as regards Schedule A;

(2) the Minister of Agriculture, Fisheries and Food, as regards Schedule B;

(3) the Minister of Economic Development, Innovation and Export Trade, as regards Schedule C;

(4) the Minister of Education, Recreation and Sports, as regards Schedule D;

(5) the Minister of Finance, as regards Schedule E;

(6) the Minister of Natural Resources and Wildlife, as regards Schedule F;

(7) the Minister of Transport, as regards Schedule G; and

(8) the Société de développement des entreprises culturelles, as regards Schedule H.

CHAPTER II

INTERPRETATION AND GENERAL

3. Unless the context indicates otherwise, any reference to a minister or body in this Act and its regulations is a reference to the ministers and bodies listed in section 2, while a reference to a responsible minister or body is a reference to the minister or body entrusted with the administration of the sectoral parameters set out in a schedule.

4. In this Act and its regulations, unless the context indicates otherwise,

"agreed proportion" has the meaning assigned by section 1.8 of the Taxation Act (R.S.Q., chapter I-3);

"business" means a business within the meaning of section 1 of the Taxation Act, or a part of such a business;

"employee" has the meaning assigned by section 1 of the Taxation Act;

"fiscal law" means a fiscal law within the meaning of the Tax Administration Act (R.S.Q., chapter A-6.002);

"fiscal measure" means a provision or a set of provisions of a fiscal law that allows a person to benefit from a deduction in computing income, taxable income, tax payable or paid-up capital, an exemption from or a reduction of an assessment, an amount deemed to have been paid on account of tax payable, a reduction of the tax on capital payable, or any other similar benefit, that is referred to in section 1.1 of a schedule, including incidental provisions that aim to recover, in whole or in part, the tax benefit so granted;

"fiscal period" has the meaning assigned by Part I of the Taxation Act;

"individual" has the meaning assigned by section 1 of the Taxation Act;

"person" has the meaning assigned by section 1 of the Taxation Act;

"prescribed" means, in the case of a form or information to be provided in a form, prescribed by the responsible minister or by the responsible minister's deputy minister, or prescribed by the responsible body, and, in any other case, prescribed by regulation or determined in accordance with rules prescribed by regulation;

"property" has the meaning assigned by section 1 of the Taxation Act;

"subsidiary controlled corporation" has the meaning assigned by section 1 of the Taxation Act;

"subsidiary wholly-owned corporation" has the meaning assigned by section 1 of the Taxation Act;

"taxation year" has the meaning assigned by Part I of the Taxation Act.

5. In this Act and its regulations, unless otherwise provided,

(1) a legal person, whether or not established for pecuniary gain, is designated by the word "corporation";

(2) a person is considered to be a person resident in Québec or Canada if the person is so considered for the purposes of the Taxation Act, and is considered to be a person not resident in Québec or Canada in any other case;

(3) a person or a partnership is considered not to be dealing at arm's length with another person or partnership if the person or partnership is so considered for the purposes of Part I of the Taxation Act, and is considered to be a person or partnership dealing at arm's length with the other person or partnership in any other case;

(4) a person is considered to be related to another person if the person is so considered for the purposes of Part I of the Taxation Act, and is considered not to be so related in any other case;

(5) a corporation is considered to be associated with another corporation in a taxation year if the corporation is so considered for the purposes of Part I of the Taxation Act, and is considered not to be so associated in any other case;

(6) a corporation is considered to be controlled, directly or indirectly in any manner whatever, by a person or a group of persons if the corporation is so considered for the purposes of Part I of the Taxation Act, and is considered not to be so controlled in any other case;

(7) a reference to a taxation year ending in another year includes a reference to a taxation year the end of which coincides with the end of the other year; and

(8) a reference to a fiscal period ending in a taxation year includes a reference to a fiscal period the end of which coincides with the end of the taxation year.

6. If a fiscal measure requires that a certificate, qualification certificate or other document be issued in respect of a property, activity, business, person or partnership, each portion of the document, issued under this Act, that attests to or certifies the existence of a fact, of a state or of elements of qualification in respect of the property, activity, business, person or partnership is deemed, for the purposes of this Act, its regulations and the fiscal measure, to be a separate document.

7. For greater certainty, the issue, under this Act, of a document in respect of an individual attesting or certifying that the individual is recognized as an

eligible employee, a specified employee or any other type of employee is not binding on the Minister of Revenue with respect to the individual's employee status for the purposes of a fiscal law.

CHAPTER III

CERTIFICATES, QUALIFICATION CERTIFICATES AND OTHER DOCUMENTS

DIVISION I

APPLICATION FOR ISSUE OF DOCUMENT

8. Any application for a certificate, qualification certificate or other document that is necessary for the purposes of a fiscal measure must, as provided for in the relevant provision of a schedule to this Act, be filed with the responsible minister or body

(1) by the person who wishes to benefit from the fiscal measure or, if such a person wishes to do so as a member of a partnership, by the partnership;

(2) by a person or a partnership in respect of an individual who works for the person or partnership, to enable that individual to benefit from the fiscal measure; or

(3) by any other person or partnership to enable a third party to benefit from the fiscal measure.

9. The application must be made in the prescribed form, contain prescribed information and be filed with the required documents. It must also contain any other information or document required by the applicable schedule to this Act and comply with any other special requirement provided for in that schedule.

10. The responsible minister or body may accept an application that is incomplete if only a few details are missing and such omissions are not likely to prevent or significantly delay the examination of the application. Otherwise, the responsible minister or body must return the application to the applicant as soon as possible, specifying which forms, information or documents are missing.

DIVISION II

ISSUE OF DOCUMENT

11. The responsible minister or body must examine with dispatch every application filed for the issue of a certificate, qualification certificate or other document. For such purpose, the responsible minister or body may contact the applicant to request any additional information or document or take any other action the responsible minister or body considers relevant.

However, should a fee determined under Chapter VII be payable in respect of such an application, the responsible minister or body is not required to examine the application unless the fee has been duly paid by the applicant.

12. The responsible minister or body, if of the opinion that all the conditions for the issue of a document are met, issues the document to the applicant. However, the content of the document may differ from what is applied for if an assessment of the applicable facts and parameters so warrants.

If the application is denied, or if the content of the issued document differs from what was applied for, the responsible minister or body must notify the applicant of the decision in writing, giving the reasons on which it is based, and inform the applicant of the right to apply for a review of the decision within the time specified in section 23. If the application was made in respect of an individual described in paragraph 2 of section 8, the responsible minister or body must also, except for the purposes of Chapter III of Schedule E, send the individual a copy of the notice.

13. The period of validity of a document issued under this Act is indeterminate, unless the applicable schedule specifies the period for which it is issued.

14. Every document issued under this Act must state, in addition to the information required by the applicable schedule, the date of its coming into force, which date may precede the date of its issue. The document must also state, if it is issued for a specified period, its period of validity.

CHAPTER IV

AMENDMENT AND REVOCATION OF A DOCUMENT

15. The responsible minister or body may amend or revoke a certificate, qualification certificate or other document that has been issued for the purposes of a fiscal measure whose sectoral parameters are under their administration, if information or documents brought to their attention so warrant.

A person or a partnership to whom such a document has been issued is required, on pain of revocation of the document, to inform the responsible minister or body of any change that may entail in the amendment or revocation of the document.

In addition to any grounds set out in a provision of a schedule to this Act, the responsible minister or body is justified in revoking such a document if

(1) a condition for the issue of the document is no longer complied with; or

(2) the person or partnership to whom the document was issued made a false statement or omitted material information in the application for the issue

of the document or in any other document filed in support of the application, and

(*a*) it may reasonably be considered that the document would not have been issued had it not been for the false statement or omission, or

(*b*) the person or partnership made the false statement or omitted the material information knowingly or under circumstances amounting to gross negligence.

16. Before amending or revoking a document, the responsible minister or body must send a written notice of intention to the person or partnership to whom the document was issued, stating the grounds on which the intended action is based. The responsible minister or body must give the person or partnership 30 days as of the date of the notice to make representations and, if need be, to file any relevant document.

17. After the expiry of the time provided for in section 16, the responsible minister or body must, with dispatch, communicate the decision in writing to the person or partnership.

If the decision is to amend or revoke the document, the responsible minister or body must attach the reasons for the decision to the new document referred to in section 18 or to the notice of revocation referred to in section 19 and notify the person or partnership in writing of the right to apply for a review of the decision within the time specified in section 23.

18. To amend a document that was issued to a person or a partnership, the responsible minister or body replaces it with a new document with the same date of coming into force.

If the amendment applies only in respect of a part of the period of validity of the document, the new document must reflect that fact by describing both the situation prevailing before the amendment and the new situation.

The new document must be sent to the person or partnership.

19. To revoke a document, the responsible minister or body sends a notice of revocation to the person or partnership to whom the document was issued.

20. The revocation of a document becomes effective on the date specified by the responsible minister or body in the notice of revocation.

Unless otherwise provided by a special provision of the applicable schedule to this Act, the effective date of the revocation, which may precede the date of the notice of revocation, is

(1) the earliest date as of which a condition for the issue of the document is no longer met, if the document is revoked on the ground set out in subparagraph 1 of the third paragraph of section 15;

(2) the date of coming into force of the document, if the document is revoked on the ground set out in subparagraph 2 of the third paragraph of section 15 and the condition of subparagraph *a* of that subparagraph 2 is met; and

(3) the date determined by the responsible minister or body, in any other case.

21. If a document has been issued to a person or a partnership in respect of an individual described in paragraph 2 of section 8, the responsible minister or body must send the individual a copy of any notice or document sent to the person or partnership in accordance with this chapter.

In the case of a notice of intention provided for in section 16, the responsible minister or body must also give the individual 30 days as of the date of the notice to make representations and, if need be, to file any relevant document.

The second paragraph does not apply in respect of an individual to whom Chapter III of Schedule E applies. The same is true of the first paragraph except in the case of a new document issued under section 18 or a notice of revocation issued under section 19.

CHAPTER V

REVIEW

22. On the initiative of an interested person, an application may be made to the responsible minister or body for the review of any decision rendered under Chapter III or IV denying an application for a certificate, qualification certificate or other document or amending or revoking such a document. The same applies to a decision to issue a document whose content differs from what is applied for.

However, should a fee determined under Chapter VII be payable in respect of the application for review, the application is not admissible unless the fee has been duly paid by the interested person.

23. The application for review must be filed in writing within 60 days of the notification of the contested decision or the issue of the document whose content differs from what was applied for. The application for review must set out the grounds on which it is based.

However, the responsible minister or body may consider an application for review that was filed after the expiry of the time specified in the first paragraph for reasons the responsible minister or body deems reasonable in the circumstances.

24. The responsible minister or body must process the application for review with dispatch, and may maintain, quash or amend the contested decision. Before rendering a decision, the responsible minister or body must give interested parties an opportunity to make representations or file any relevant document.

25. The responsible minister or body communicates the review decision in writing, including reasons, to interested parties.

26. For the purposes of this chapter, the person or partnership who applied for the issue of a document and, if the application for review is filed in respect of an individual described in paragraph 2 of section 8, the individual, except for the purposes of Chapter III of Schedule E, are interested parties.

CHAPTER VI

INSPECTION AND INQUIRY

27. The responsible minister or body, or a person designated by the responsible minister or body, may, for the purposes of this Act,

(1) require any information or document, examine any document and make a copy of it;

(2) require that such information or a copy of such a document be sent, including by fax machine, via telematics or on a computer medium; and

(3) enter, at any reasonable hour, any establishment of a person or a partnership.

A copy of a document certified by the responsible minister or body, or by the person designated by the responsible minister or body, is admissible in evidence and has the same probative force as the original.

28. The responsible minister or body, or a person designated by the responsible minister or body, may inquire into any matter relating to the carrying out of this Act.

29. When conducting an inspection or inquiry, any person designated by a minister or body must, on request, identify himself or herself and produce a document attesting his or her capacity.

No proceedings may be brought against such a person for an act performed in good faith in the exercise of his or her functions.

CHAPTER VII

FEES

30. The responsible minister or body may, in a regulation, require, in the cases and subject to the terms and conditions prescribed in the regulation, the payment of a fee relating to

(1) the examination of an application for the issue of a certificate, qualification certificate or other document referred to in this Act;

(2) the issue or amendment of such a document;

(3) an application for the review of a decision rendered under Chapter III or IV; and

(4) any other act performed or document issued under this Act.

CHAPTER VIII

COMMUNICATION OF INFORMATION

31. At the request of the Minister of Finance, the responsible minister or body must communicate to that Minister any information held by the responsible minister or body for the purposes of this Act if such communication is necessary to formulate or evaluate the fiscal policy of the Government or to inform a person or a partnership concerning the application of the fiscal policy in respect of the person or partnership.

The communication of information is carried on despite sections 23 and 24 of the Act respecting Access to documents held by public bodies and the Protection of personal information (R.S.Q., chapter A-2.1) and the first paragraph of section 59 of that Act.

32. The communication of information to the Minister of Finance for a purpose described in the first paragraph of section 31, carried on in accordance with that section or on the initiative of a responsible minister or body referred to in that first paragraph, need not be the subject of an agreement referred to in sections 68 and 68.1 of the Act respecting Access to documents held by public bodies and the Protection of personal information or be recorded in the register provided for in section 41.3 of that Act.

CHAPTER IX

REGULATIONS

33. The Government may make regulations prescribing the measures required to carry out this Act.

34. Every regulation made under this Act comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation.

A regulation made under section 33 may also, if it so provides, apply to a period that precedes the date of its publication, but that is not prior to (*insert the date of assent to this Act*). The same applies to the first regulation made by a minister or body under section 30, provided it is made within a reasonable time after (*insert the date of assent to this Act*). However, if that first regulation is made for the purposes of Chapters II and III of Schedule E, it may not apply to a period that is before 31 March 2010.

CHAPTER X

PENAL PROVISIONS

35. Every person who

(1) provides false or inaccurate information to the responsible minister or body, or to a person designated by either of them to exercise all or part of the powers conferred on them by sections 27 and 28, or

(2) hinders or attempts to hinder in any way a person acting as required or permitted by this Act,

is guilty of an offence.

36. Every person who, by an act or omission, assists another person in committing an offence under section 35 or, by encouragement, advice or consent or by an authorization or an order, induces another person to commit such an offence is guilty of the same offence.

37. A person who commits an offence under section 35 is liable to a fine of not less than $2,000 nor more than $25,000.

38. Penal proceedings for an offence under paragraph 1 of section 35 are prescribed one year from the date on which the prosecutor became aware of the commission of the offence. However, no proceedings may be instituted for such an offence if more than five years have elapsed from the date of the commission of the offence.

CHAPTER XI

AMENDING PROVISIONS

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

39. Section 4 of the Act respecting international financial centres (R.S.Q., chapter C-8.3) is amended by replacing subparagraph *a* of paragraph 2 of the

definition of "designated financial corporation" by the following subparagraph:

"(*a*) no ultimate beneficiary in respect of the corporation or partnership, at any given time in the taxation year or fiscal period of the corporation or partnership that includes the particular time, is an individual who is an employee of the corporation or partnership in respect of whom a certificate referred to in section 19, as it read before being repealed, section 20 or any of sections 2.10 and 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) has been issued, for a period including that given time, to the corporation or partnership in relation to the international financial centre or in respect of whom it may reasonably be expected that such a certificate will be issued for such a period;".

40. Section 6 of the Act is amended

(1) by replacing subparagraph 6 of the first paragraph by the following subparagraph:

"(6) in respect of which the corporation holds a valid certificate, issued under this Act or the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*), for a period that includes the time during which this definition applies.";

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

"For the purposes of subparagraph 2 of the first paragraph, an employee of a corporation in respect of whom a certificate recognizing the employee as a specialist is issued to the corporation, for all or part of a calendar year, is deemed to be an eligible employee of the corporation for all or part of the taxation year that includes all or part of the calendar year."

41. Section 9 of the Act is amended by adding the following paragraph at the end:

"After 30 March 2010, an application for such a qualification certificate must be filed under section 2.2 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)."

42. Section 11 of the Act is amended

(1) by replacing "partnership" by "a partnership";

(2) by adding the following paragraph:

"However, if the qualification certificate was issued under Chapter II of Schedule E to the Act respecting the sectoral parameters of certain fiscal

measures (*insert the year and chapter number of this Act*), the application for the issue of a certificate must be filed under section 2.2 of that schedule."

43. Section 13 of the Act is amended

(1) by replacing "partnership" by "a partnership";

(2) by adding the following paragraph:

"If the tax benefit is under subdivision 1 of Division III of that Chapter V, the application must, after 30 March 2010, be filed under section 3.2 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)."

44. Section 14 of the Act is repealed.

45. Section 17 of the Act is amended

(1) by replacing "partnership" by "a partnership";

(2) by adding the following paragraph:

"If the tax benefit is under subdivision 1 of Division III of that Chapter V, the application must, after 30 March 2010, be filed under section 3.2 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)."

46. Section 19 of the Act is repealed.

47. Sections 24 to 30 of the Act are repealed.

48. The Act is amended by inserting the following section after section 30:

"**30.1.** For the purpose of amending or revoking, after (*insert the date preceding the date of assent to this Act*), a qualification certificate or a certificate issued under this Act, Chapter IV of the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) as well as sections 2.14 to 2.16, 3.9 and 3.10 of Schedule E to that Act apply, with the necessary modifications."

49. Section 31 of the Act is amended by striking out "or before amending or revoking such a document" in the first paragraph.

50. Section 36 of the Act is amended by inserting ", or of a similar qualification certificate or certificate issued under the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)," after "under this Act".

51. Section 39 of the Act is amended by replacing paragraph 1 by the following paragraph:

"(1) the sums collected under sections 35 and 36 and section 30 of the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) where it applies in respect of a qualification certificate or a certificate referred to in Chapter II or III of Schedule E to that Act;".

52. Section 51 of the Act is replaced by the following section:

"**51.** A person who is a corporation operating an international financial centre in a taxation year, a member of a partnership at the end of a fiscal period of the partnership that ends in a taxation year and during which the partnership operates such a centre, or an individual entitled, for a taxation year, to a deduction in computing the individual's taxable income under section 65 or 71, shall enclose with the fiscal return required to be filed by the person for the year under section 1000 of the Taxation Act (chapter I-3) a copy of the certificate that, if the person is that corporation or that member, is referred to in section 12 and was issued for the year in respect of the person or for the fiscal period in respect of the partnership or, if the person is that individual, is referred to in section 19, as it read before being repealed, section 20 or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) and was issued for the year in respect of the individual."

53. Section 63 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

"(1) except where section 104 applies for the period or part of the period in respect of the employee in relation to that employment, a qualification certificate referred to in section 14, as it read before being repealed, section 15 or section 3.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) was issued in respect of the employee in relation to that employment and is valid for that period or part of the period;

"(2) where section 104 applies for the period or part of the period in respect of the employee in relation to that employment, a certificate referred to in section 20 was issued for the preceding taxation year in respect of the employee in relation to that employment and has not been revoked; and";

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

"(1) in the case of an employee in respect of whom subparagraph 1 of the first paragraph applies by reason of a qualification certificate issued in respect

of the employee in accordance with section 15 in relation to that employment or in respect of whom subparagraph 2 of that paragraph applies, the lesser of".

54. Section 64 of the Act is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

"(1) a period covered by a valid certificate referred to in section 19, as it read before being repealed, section 20 or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) that was issued in respect of the employee in relation to that employment; or".

55. Section 65.1 of the Act is amended by replacing paragraph 3 by the following paragraph:

"(3) section 51 is to be read as if "is referred to in section 19, as it read before being repealed, section 20 or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) and was issued for the year in respect of the individual" was replaced by "is referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) and was issued in respect of the individual for the taxation year that includes the particular time referred to in the portion of section 65.1 before paragraph 1"."

56. Section 66 of the Act is amended, in the first paragraph,

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

"(*b*) for any part of the period referred to in subparagraph *a*, the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) that was issued in respect of the individual in relation to the establishment of the international financial centre and the certificate recognizes the individual as a specialist for that part of the period, and";

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

"(4) for any part of the period beginning at the particular time and ending at the end of the particular year or the part of the particular year, the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures that was issued in respect of the individual in relation to that employment and the certificate recognizes the individual as a specialist for that part of the period."

57. Section 69.2 of the Act is amended by replacing subparagraph 4 of the first paragraph of section 66 enacted by subparagraph *b* of subparagraph 2 of each of the first and third paragraphs by the following subparagraph:

““(4) the individual held a valid certificate referred to in section 19, as it read before being repealed, or section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures that was issued in respect of the individual in relation to that employment and the certificate recognizes the individual as a specialist for the particular year or the part of the particular year.””

58. Section 69.3 of the Act is amended by replacing subparagraph 3 of the fourth paragraph by the following subparagraph:

“(3) may deduct, in computing the individual’s taxable income for a taxation year preceding the year 2001, in relation to that employment, an amount under section 737.16 of the Taxation Act (chapter I-3), or could so deduct such an amount if the corporation or partnership had not failed to apply, in respect of the individual, for a certificate referred to in section 19 or in section 737.15 of the Taxation Act, as they read before being repealed, or the qualification certificate referred to in section 14, as it read before being repealed.”

59. Section 104 of the Act is replaced by the following section:

“**104.** The Minister is deemed to have issued, pursuant to section 15, a qualification certificate, valid at any particular time, to a corporation or a partnership in respect of one of its employees where the employee

(1) was an employee of the corporation or partnership on 31 December 1999; and

(2) held a valid certificate issued to the corporation or partnership in respect of the employee for the taxation year 1999 and each subsequent taxation year ending before the particular time, pursuant to section 20 or 21, as it read before being repealed.”

CINEMA ACT

60. Section 168 of the Cinema Act (R.S.Q., chapter C-18.1) is amended

(1) by striking out subparagraph 2 of the first paragraph;

(2) by striking out the second paragraph.

TAXATION ACT

61. Section 737.20 of the Taxation Act (R.S.Q., chapter I-3) is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

"ii. the individual would meet the condition set out in subparagraph i if an employer had not failed to apply, in respect of the individual, for a qualification certificate or a certificate referred to in any of sections 737.18.6, 737.18.29, 737.19, 737.22.0.0.1, 737.22.0.0.5, 737.22.0.1 and 737.22.0.5, section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*), section 19 of the Act respecting international financial centres (chapter C-8.3), as it read before being repealed, or section 737.15, as it read before being repealed; and".

62. Section 737.27 of the Act is amended by replacing the definition of "eligible seaman" by the following definition:

""eligible seaman" for a taxation year means an individual who is the employee of an eligible shipowner for the year and in respect of whom a certificate has been issued by the Minister of Transport certifying that the individual is recognized as an eligible seaman in respect of the shipowner for that year;".

63. Section 1029.8.36.59.32 of the Act is amended by replacing the definition of "qualification certificate" in the first paragraph by the following definition:

""qualification certificate" means a qualification certificate issued either under section 11 of the Cooperative Investment Plan Act, as it read before being repealed, or under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*);".

64. Section 1049.0.3 of the Act is amended by replacing paragraphs *b* and *c* of the definition of "culpable conduct" in the first paragraph by the following paragraphs:

"(*b*) shows indifference towards compliance with this Act, the Cooperative Investment Plan Act (chapter R-8.1.1) or the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) where it applies in respect of the deduction in respect of the second cooperative investment plan, within the meaning assigned to that expression by section 5.1 of Schedule C to that Act; or

"(*c*) shows a wilful, reckless or wanton disregard of this Act, of the Cooperative Investment Plan Act or the Act respecting the sectoral parameters of certain fiscal measures where it applies in respect of the deduction in respect of the second cooperative investment plan, within the meaning assigned to that expression by section 5.1 of Schedule C to that Act;".

65. Section 1049.0.5.1 of the Act is amended by inserting ", of the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) where it applies in respect of the deduction in respect of the second cooperative investment plan, within the meaning assigned

to that expression by section 5.1 of Schedule C to that Act" after "(chapter R-8.1.1)" in the portion before paragraph *a*.

66. Section 1049.13.1 of the Act is amended by replacing "sections 6 and 11" by "section 6".

67. Section 1129.12.8 of the Act is amended by replacing the definition of "qualification certificate" by the following definition:

""qualification certificate" means a qualification certificate issued either under section 11 of the Cooperative Investment Plan Act, as it read before being repealed or under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*);".

68. Section 1129.12.12 of the Act is amended by replacing the definition of "qualification certificate" in the first paragraph by the following definition:

""qualification certificate" means a qualification certificate issued either under section 11 of the Cooperative Investment Plan Act, as it read before being repealed or under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*);".

ACT RESPECTING INVESTISSEMENT QUÉBEC

69. Section 21 of the Act respecting Investissement Québec (R.S.Q., chapter I-16.0.1) is amended by adding the following paragraph at the end:

"The Company's administration of the sectoral parameters provided in Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) is considered to be a mandate given to the Company by the Government."

COOPERATIVE INVESTMENT PLAN ACT

70. Section 2 of the Cooperative Investment Plan Act (R.S.Q., chapter R-8.1.1) is amended, in the first paragraph,

(1) by replacing the definition of "assets" by the following definition:

""total assets" of a cooperative or federation of cooperatives for a year means the total assets shown in its financial statements for its last fiscal period ended in the calendar year that precedes the year in which an application for authorization to issue preferred shares for the purposes of this Act is filed in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*), less the revaluation surplus of its property and less the amount of its incorporeal assets that exceeds the expenditure made in that respect without

taking account of any consideration for the purchase of those incorporeal assets which consists of a share of the cooperative's or federation's capital stock;";

(2) by replacing "the year of the application for authorization under section 10" in the definition of "equity" by "the year in which an application for authorization to issue preferred shares for the purposes of this Act is filed in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)".

71. Section 3 of the Act is amended

(1) by replacing "the year of the application for authorization under section 10" in the portion of the first paragraph before subparagraph 1 by "the year in which the cooperative applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)";

(2) by replacing "the year of the application for authorization under section 10" in the portion of the second paragraph before subparagraph 1 by "the year in which the cooperative applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures";

(3) by replacing "the year of the application for authorization under section 10" in the third paragraph by "the year in which the cooperative applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures,".

72. Section 4 of the Act is amended by replacing "the year of the application for authorization under section 10" in the portion before paragraph 1 by "the year in which the federation of cooperatives applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)".

73. Chapter III of the Act, comprising sections 10 to 16, and sections 18 and 19 of the Act are repealed.

74. Section 23 of the Act is amended

(1) by replacing "issued under section 11 or Chapter IV" in paragraph 1 by "issued under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)";

(2) by replacing "has been revoked in accordance with section 13" in paragraph 4 by "is deemed to be revoked in accordance with section 5.8 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures".

75. Section 24 of the Act is replaced by the following section:

"**24.** The Minister makes available to the public a register of cooperatives and federations of cooperatives holding a qualification certificate issued under this Act or under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) and of those whose qualification certificate has been revoked."

76. Section 29 of the Act is amended by replacing paragraph 1 by the following paragraph:

"(1) contravenes section 25, or the second paragraph of section 15 of the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) where that paragraph applies in respect of Chapter V of Schedule C to that Act,".

ACT RESPECTING THE SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

77. Sections 27 and 27.1 of the Act respecting the Société de développement des entreprises culturelles (R.S.Q., chapter S-10.002) are repealed.

CHAPTER XII

MISCELLANEOUS, TRANSITIONAL AND FINAL PROVISIONS

DIVISION I

VALIDATION OF ACTS PERFORMED BEFORE (*insert the date of assent to this Act*)

78. Decisions rendered and all other acts performed by a minister or body before (*insert the date of assent to this Act*) that concern the issue, amendment or revocation of a certificate, qualification certificate or other document that is necessary for the purposes of a measure referred to in section 79 are validated insofar as those acts were based on standards not provided for by an Act or regulation.

Fees charged in respect of those acts are also validated, insofar as the fees were not authorized by an Act or regulation.

In this section, any reference to a Minister includes a reference to the Minister of Tourism.

79. The measures to which sections 78 and 80 refer are those listed in section 1.1 of each of the schedules to this Act as well as the following measures:

(1) the deduction in respect of a qualified investment fund provided for in Title VII.2.1 of Book IV of Part I of the Taxation Act (R.S.Q., chapter I-3);

(2) the deduction in respect of an independent trader in financial derivatives provided for in Title VII.2.5 of that Book IV;

(3) the deduction in respect of Québec business investment companies provided for in Title VI.2 of Book VII of that Part I;

(4) the tax credit for scientific research and experimental development provided for in Division II.3 of Chapter III.1 of Title III of Book IX of that Part I;

(5) the tax credit for the creation of digital productions provided for in Division II.6.0.0.6 of that Chapter III.1;

(6) the tax credit for e-business activities provided for in Division II.6.0.1.7 of that Chapter III.1;

(7) the tax credit for job creation in the optics industry in the Québec area provided for in Division II.6.6.1 of that Chapter III.1;

(8) the tax credit for job creation in the manufacturing or environmental sector in the Angus Technopole provided for in Division II.6.6.3 of that Chapter III.1;

(9) the tax credits for the development of the fields of biotechnology and nutraceuticals provided for in Division II.6.6.5 of that Chapter III.1;

(10) the tax credit for job creation in the Carrefours de l'innovation provided for in Division II.6.6.7 of that Chapter III.1;

(11) the tax credit for investment fund creation provided for in Division II.6.8 of that Chapter III.1;

(12) the tax credit relating to fund managers provided for in Division II.6.9 of that Chapter III.1;

(13) the tax credit for solicitation expenditure in respect of a foreign investment fund provided for in Division II.6.12 of that Chapter III.1;

(14) the tax credit relating to financial analysts specialized in securities of Québec corporations or in financial derivatives provided for in Division II.6.13 of that Chapter III.1;

(15) the tax credit relating to communications between corporations and stock market investors provided for in Division II.6.14 of that Chapter III.1;

(16) the tax credits to foster the participation of securities dealers on the NASDAQ Stock Exchange provided for in Division II.6.14.1 of that Chapter III.1; and

(17) the capital tax holiday in respect of a property used in the operation of recreational facilities in Québec provided for in paragraphs *b*.3 and *b*.4 of section 1137 and sections 1137.2 to 1137.7 of the Taxation Act.

DIVISION II

TRANSITIONAL PROVISIONS

80. The provisions of Chapters III and IV that concern the issue, amendment or revocation, after (*insert the date preceding the date of assent to this Act*), of a document that is necessary for the purposes of a measure referred to in section 79, in relation either to a date or period that precedes 1 January 2011 or, where the measure is one listed in section 1.1 of Schedule H, to a period having begun before 1 January 2011, and the provisions of Chapter V that concern the review, after (*insert the date preceding the date of assent to this Act*), of a decision in respect of such a document, in relation to such a preceding date or period, apply on the basis of the standards applicable on that date or during that period, despite the fact that those standards are not provided for by an Act or regulation.

For that purpose, any reference to a Minister in Chapters IV and V includes a reference to the Minister of Tourism.

For the purposes of the first paragraph, a reference to standards applicable during a period or on a date is a reference to such standards established by the Minister of Finance and, if applicable, by the minister or body responsible for their application.

81. Before (*insert the date of assent to this Act*), the first paragraph of section 22 is to be read

(1) where it applies between 30 March 2010 and 1 January 2011, as if "under Chapter III or IV" was replaced by "under Chapter II or III of Schedule E or under Division III of Chapter III of the Act respecting international financial centres (R.S.Q. chapter C-8.3)"; and

(2) where it applies between 31 December 2010 and (*insert the date of assent to this Act*), without reference to "under Chapter III or IV".

82. Between 30 March 2010 and (*insert the date of assent to this Act*), the third paragraph of section 10, the second paragraph of section 12, section 23 and Divisions III and IV of Chapter III of the Act respecting international financial centres (R.S.Q., chapter C-8.3), except the second paragraph of each of sections 26 and 29, apply in respect of Chapters II and III of Schedule E as if they were part of this Act. To that end, those Divisions are to be read as if

(1) "under this subdivision" in section 23 was replaced by "under Division III of Chapter II of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*) or under Division II of Chapter III of that Act";

(2) "to section 10" in the first paragraph of section 24 was replaced by "to section 2.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)";

(3) "to section 19 or 20, or section 21 as it read before being repealed" in the second paragraph of section 27 was replaced by "to section 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)"; and

(4) "under this chapter" in the first paragraph of section 31 was replaced by "under Chapter II or III of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)".

83. Section 1 of the Regulation respecting the tariff of fees and the annual contribution payable under the Act respecting international financial centres (R.R.Q., chapter C-8.3, r. 1) is deemed to be a regulation made under section 30 by the Minister of Finance for the purposes of Chapters II and III of Schedule E and applies to those chapters until the date of coming into force of the first regulation made by that Minister under that section for the purposes of those chapters or, if applicable, until the earlier effective date provided for, in accordance with the second paragraph of section 34, in that first regulation. For that purpose, that section 1 is to be read

(1) as if a reference to the Act was a reference to Chapters II and III of Schedule E to this Act;

(2) as if "section 9 of the Act" in subparagraph 1 of the first paragraph was replaced by "section 2.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (*insert the year and chapter number of this Act*)";

(3) as if "section 11 of the Act" in subparagraph 2 of the first paragraph was replaced by "section 2.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures";

(4) as if "section 13 of the Act" in subparagraph 3 of the first paragraph was replaced by "section 2.8 or 3.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures";

(5) as if "section 17 of the Act" in subparagraph 4 of the first paragraph was replaced by "section 2.10 or 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures";

(6) as if "sections 10 and 12 of the Act" in subparagraph 5 of the first paragraph was replaced by "sections 2.3 and 2.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures"; and

(7) as if "sections 14 to 16 or sections 19 to 22 of the Act" in subparagraph 6 of the first paragraph was replaced by "sections 2.8 and 3.3 or sections 2.10 and 3.5 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures".

DIVISION III

ADMINISTRATION

84. The Minister of Finance is responsible for the administration of this Act.

DIVISION IV

FINAL PROVISIONS

85. Chapter I (except for the portion of section 2 before paragraph 1 and paragraph 5 of that section where they apply in respect of Chapter II or III of Schedule E), the first sentence of the first paragraph of section 12, the first paragraph of section 15, sections 60, 62, 69 and 77 and Schedules A to H (except for paragraph 4 of section 1.1 and Chapter V of Schedule C and the portion of section 1.1 before paragraph 3 and Chapters II and III of Schedule E) have effect from 1 January 2011.

86. The portion of section 2 before paragraph 1 and paragraph 5 of that section where they apply in respect of Chapter II or III of Schedule E, Chapter II, section 13, the first paragraph of section 22, sections 26, 39 to 46, 50, 52 to 59, 61, 81 to 84 and the portion of section 1.1 of Schedule E before paragraph 3, Chapter II of that Schedule (except for Division IV) and Chapter III of that Schedule (except for Division III) have effect from 31 March 2010.

87. This Act comes into force on (*insert the date of assent to this Act*).

SCHEDULE A

INVESTISSEMENT QUÉBEC

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. Investissement Québec administers the sectoral parameters of the following fiscal measures:

(1) the deduction in respect of a foreign specialist working in the Montréal international trade zone at Mirabel provided for in sections 737.18.6 to 737.18.7.3, 737.18.9 to 737.18.10.1 and 737.18.13 of the Taxation Act (R.S.Q., chapter I-3);

(2) the deduction in respect of manufacturing or processing businesses in the resource regions provided for in sections 737.18.18 to 737.18.26 and 1138.2.3 of the Taxation Act and sections 33, 34 and 34.1.0.1 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);

(3) the deduction in respect of a foreign specialist in respect of the new economy provided for in sections 737.22.0.1 to 737.22.0.4 of the Taxation Act;

(4) the tax credit for multimedia titles (general) provided for in sections 1029.8.36.0.3.8 to 1029.8.36.0.3.17 of the Taxation Act;

(5) the tax credit for corporations specialized in the production of multimedia titles provided for in sections 1029.8.36.0.3.18 to 1029.8.36.0.3.26 of the Taxation Act;

(6) the tax credit for corporations established in E-Commerce Place provided for in sections 1029.8.36.0.3.46 to 1029.8.36.0.3.59 of the Taxation Act and sections 34.1.9 to 34.1.11 of the Act respecting the Régie de l'assurance maladie du Québec;

(7) the tax credit for major employment-generating projects provided for in sections 1029.8.36.0.3.72 to 1029.8.36.0.3.78 of the Taxation Act;

(8) the tax holidays and tax credits to foster the development of the new economy provided for in sections 771, 771.1, 771.8.5, 771.12, 771.13, 1029.8.36.0.17 to 1029.8.36.0.36.1 and 1138.2.1 of the Taxation Act and sections 33 and 34 of the Act respecting the Régie de l'assurance maladie du Québec;

(9) the tax holidays and tax credits relating to the Montréal international trade zone at Mirabel provided for in sections 737.18.6, 737.18.6.1, 737.18.8

to 737.18.9.2, 737.18.11, 737.18.12, 1029.8.36.0.38 to 1029.8.36.0.93, 1130, 1137 and 1137.8 of the Taxation Act and section 34 of the Act respecting the Régie de l'assurance maladie du Québec;

(10) the tax credit for job creation in the resource regions, in the Aluminum Valley and in the Gaspésie and certain maritime regions of Québec provided for in sections 1029.8.36.72.82.1 to 1029.8.36.72.82.12 of the Taxation Act;

(11) the tax credit for job creation in the Gaspésie and certain maritime regions of Québec in the fields of marine biotechnology, mariculture and marine products processing provided for in sections 1029.8.36.72.82.13 to 1029.8.36.72.82.26 of the Taxation Act; and

(12) the tax credit for the development of e-business provided for in sections 1029.8.36.0.3.79 to 1029.8.36.0.3.83 of the Taxation Act.

CHAPTER II

SECTORAL PARAMETERS OF DEDUCTION RELATING TO FOREIGN SPECIALIST WORKING IN MONTRÉAL INTERNATIONAL TRADE ZONE AT MIRABEL

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, unless the context indicates otherwise,

"eligible activity" of a recognized business carried on by a corporation in a taxation year, or by a partnership in a fiscal period, means an activity that is specified in the business certificate, within the meaning of the first paragraph of section 10.3, held by the corporation or partnership in respect of the recognized business, and that is carried on in the Montréal international trade zone at Mirabel by the corporation in the year or by the partnership in the fiscal period;

"eligible employer" means a corporation or partnership that holds a valid business certificate within the meaning of the first paragraph of section 10.3;

"foreign specialist tax holiday" means the fiscal measure provided for in Title VII.2.2 of Book IV of Part I of the Taxation Act that allows an individual to deduct an amount in computing his or her taxable income for a taxation year under section 737.18.10 of that Act;

"Montréal international trade zone at Mirabel" has the meaning assigned by section 10.1;

"recognized business" of a corporation for a taxation year, or of a partnership for a fiscal period, means a business that the corporation or partnership declares it is carrying on in the year or fiscal period, and in respect of which the

corporation or partnership holds a business certificate, within the meaning of the first paragraph of section 10.3.

Where a certificate referred to in the definition of "eligible employer" in the first paragraph is revoked retroactively, it is, for the purposes of that definition, deemed to be valid until the date of the notice of revocation.

2.2. In order for an individual who works for an eligible employer to benefit from the foreign specialist tax holiday for a taxation year, the eligible employer must have obtained a certificate in respect of the individual (in this chapter referred to as a "specialist certificate"). The certificate is valid only for the taxation year for which it was obtained.

However, subject to section 2.3, a specialist certificate obtained by an eligible employer in respect of an individual for a particular taxation year is valid only if the employment contract binding the individual to the employer was entered into before 13 June 2003.

2.3. For the purposes of this chapter, a contract resulting from the renewal, after 12 June 2003, of an employment contract referred to in the second paragraph of section 2.2 (in this section referred to as the "original contract") is deemed not to be an employment contract separate from the original contract.

The rule set out in the first paragraph applies, with the necessary modifications, to a new employment contract that is entered into after 12 June 2003 with another eligible employer, which employer is deemed not to be an employer separate from the eligible employer (in this section referred to as the "first employer") who entered into the original contract, provided that

(1) the other eligible employer declares to Investissement Québec that

(*a*) it controls, directly or indirectly, the first employer,

(*b*) it is, directly or indirectly, a controlled subsidiary of the first employer, or

(*c*) as a result of a transaction referred to in section 518 or 566 of the Taxation Act, it is carrying on the business of the first employer in the course of which the individual who entered into the original contract performed duties that met the conditions of section 2.5; and

(2) it may reasonably be considered that, but for the change of employer, the individual who entered into the original contract would have continued to be recognized as a foreign specialist in respect of the first employer, in accordance with section 2.5, until the time when the individual took up employment with the other eligible employer.

2.4. The parameters provided for in this chapter are administered by Investissement Québec only in the exercise of its powers of amendment and revocation.

DIVISION II

SPECIALIST CERTIFICATE

2.5. A specialist certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as a specialist in respect of the employer for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

2.6. An individual may be recognized as a specialist in respect of an eligible employer if the individual is an administrator or professional whose expertise is widely recognized in the individual's community and the individual's duties with the employer are carried on exclusively or almost exclusively, on a continuous basis, in that capacity in the Montréal international trade zone at Mirabel and relate to the eligible activities of the recognized business carried on by the employer.

2.7. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as a specialist in respect of an eligible employer, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

CHAPTER III

SECTORAL PARAMETERS OF TAX HOLIDAYS RELATING TO MANUFACTURING OR PROCESSING BUSINESSES IN RESOURCE REGIONS

DIVISION I

INTERPRETATION AND GENERAL

3.1. In this chapter, unless the context indicates otherwise,

"eligible region" means

(1) any of the following administrative regions described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapter D-11, r. 1):

(*a*) Bas-Saint-Laurent administrative region (01),

(*b*) Saguenay–Lac-Saint-Jean administrative region (02),

(*c*) Abitibi-Témiscamingue administrative region (08),

(*d*) Côte-Nord administrative region (09),

(*e*) Nord-du-Québec administrative region (10), and

(*f*) Gaspésie–Îles-de-la-Madeleine administrative region (11);

(2) any of the following regional county municipalities:

(*a*) Municipalité régionale de comté d'Antoine-Labelle,

(*b*) Municipalité régionale de comté de La Vallée-de-la-Gatineau,

(*c*) Municipalité régionale de comté de Mékinac, and

(*d*) Municipalité régionale de comté de Pontiac; or

(3) the urban agglomeration of La Tuque, described in section 8 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (R.S.Q., chapter E-20.001);

"qualified total payroll" of a corporation for a taxation year means the qualified total payroll of the corporation for the year, as determined for the purposes of Title VII.2.4 of Book IV of Part I of the Taxation Act;

"tax holiday relating to manufacturing or processing businesses" means any of the following fiscal measures from which a corporation may benefit:

(1) the fiscal measure provided for in Title VII.2.4 of Book IV of Part I of the Taxation Act, under which the corporation may deduct an amount in computing its taxable income for a taxation year;

(2) the fiscal measure provided for in section 1138.2.3 of the Taxation Act, under which the corporation may benefit from a deduction in computing its paid-up capital for a taxation year; and

(3) the fiscal measure provided for in sections 33, 34 and 34.1.0.1 of the Act respecting the Régie de l'assurance maladie du Québec, which allows the corporation to benefit from a contribution exemption under the sixth paragraph of section 34 of that Act;

"total payroll" of a corporation for a taxation year means the total payroll of the corporation for the year, as determined for the purposes of Title VII.2.4 of Book IV of Part I of the Taxation Act.

3.2. A corporation must obtain a qualification certificate from Investissement Québec under this chapter for each taxation year ending after

31 December 2007 for which the corporation intends to benefit from a tax holiday relating to manufacturing or processing businesses.

DIVISION II

QUALIFICATION CERTIFICATE

3.3. A qualification certificate issued to a corporation under this chapter states whether or not a specified transfer of activities occurred at or before the end of the taxation year for which the application for the qualification certificate was filed. If applicable, the qualification certificate states the date of each specified transfer of activities, lists the activities it concerns and specifies the applicable tax benefit reduction factor for the year.

3.4. A transfer of activities is recognized as a specified transfer of activities if it occurs after 26 June 2007 and concerns activities of an establishment located in Québec, outside an eligible region.

However, a transfer of activities that occurred at any time in the part of the year 2007 that begins on 27 June is deemed to have occurred on or before 26 June of that year if, in the opinion of Investissement Québec, the transfer is the materialization of an agreement that was sufficiently advanced on the latter date.

3.5. A transfer of activities occurs at any time if activities are relocated from an establishment located in any place to an establishment of a corporation located in an eligible region and the relocation is carried out as part of the continuation of a business or part of a business by the corporation, as part of an outsourcing contract in favour of the corporation, or as a part of a reorganization of the business of the corporation.

The total payroll is the main factor to be taken into account in determining whether a transfer of activities occurred at any time.

3.6. The reduction factor that is applicable to a corporation for a taxation year corresponds to the proportion that the part of the corporation's qualified total payroll, for the taxation year, that relates to the activities transferred as part of a specified transfer of activities that occurred at or before the end of the year is of all the corporation's qualified total payroll for the year.

CHAPTER IV

SECTORAL PARAMETERS OF DEDUCTION RELATING TO FOREIGN SPECIALIST WORKING IN NEW ECONOMY SECTOR

DIVISION I

INTERPRETATION AND GENERAL

4.1. In this chapter, unless the context indicates otherwise,

"biotechnology development centre" has the meaning assigned by section 9.1;

"eligible activity" of an eligible employer for a taxation year means,

(1) if the eligible employer is a corporation described in paragraph 1 of the definition of "eligible employer", an activity of the employer that is mentioned in the corporation certificate, within the meaning of subparagraph 1 of the first paragraph of section 7.2, issued to the corporation for the year;

(2) if the eligible employer is a corporation described in paragraph 3 of the definition of "eligible employer", an activity of the employer that is mentioned in the activities certificate, within the meaning of subparagraph 2 of the first paragraph of section 9.3, issued to the corporation for the year; or

(3) if the eligible employer is a corporation described in any of paragraphs 4 to 7 of the definition of "eligible employer", an activity of a business of the employer that is referred to in that paragraph;

"eligible employer" for a taxation year means

(1) a corporation to which a corporation certificate, within the meaning of subparagraph 1 of the first paragraph of section 7.2, is issued for the year;

(2) a corporation that holds a valid exempt corporation certificate, within the meaning of the first paragraph of section 9.2;

(3) a corporation to which a specified corporation certificate, within the meaning of subparagraph 1 of the first paragraph of section 9.3, is issued for the year;

(4) a corporation to which an unrevoked qualification certificate has been issued in respect of a business it carries on in the year, for the purposes of Division II.6.0.1.7 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act;

(5) a corporation to which an unrevoked qualification certificate has been issued in respect of a business it carries on in the year, for the purposes of Division II.6.6.7 of that Chapter III.1;

(6) a corporation to which an unrevoked qualification certificate has been issued in respect of a business that is referred to in paragraph *a* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.56 of the Taxation Act and that the corporation carries on in the year, for the purposes of Division II.6.6.5 of that Chapter III.1; or

(7) a corporation to which an unrevoked qualification certificate has been issued in respect of a business that is referred to in paragraph *b* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.56 of that Act and that the corporation carries on in the year, for the purposes of that Division II.6.6.5;

"foreign specialist tax holiday" means the fiscal measure provided for in Title VII.3.1 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing his or her taxable income for a taxation year.

For the purposes of the definition of "eligible employer" in the first paragraph, the following rules must be taken into consideration:

(1) where a qualification certificate or a certificate referred to in any of paragraphs 2 and 4 to 7 of that definition is revoked retroactively, it is deemed to be valid until the date of the notice of revocation; and

(2) where a certificate referred to in paragraph 1 or 3 of that definition is revoked, it is deemed to be valid for the whole taxation year for which it was issued.

4.2. In order for an individual who works for an eligible employer to benefit from the foreign specialist tax holiday for a taxation year, the eligible employer must obtain a certificate in respect of the individual (in this chapter referred to as a "specialist certificate") from Investissement Québec. The certificate must be obtained for each taxation year for which the individual may claim the tax holiday.

The employer must file an application for the certificate before 1 March of the calendar year that follows the taxation year concerned.

However, subject to section 4.3, a specialist certificate obtained by an eligible employer in respect of an individual for a particular taxation year is valid only if the employment contract binding the individual to the employer was entered into before 13 June 2003. This rule does not apply to a corporation described in paragraph 2 or 3 of the definition of "eligible employer" in the first paragraph of section 4.1 that carries on a business in a biotechnology development centre.

4.3. For the purposes of this chapter, a contract resulting from the renewal, after 12 June 2003, of an employment contract referred to in the third paragraph of section 4.2 (in this section referred to as the "original contract") is deemed not to be an employment contract separate from the original contract.

The rule set out in the first paragraph applies, with the necessary modifications, to a new employment contract that is entered into after 12 June 2003 with another eligible employer, which employer is deemed not to be an employer separate from the eligible employer (in this section referred to as the "first employer") who entered into the original contract, provided that

(1) the other eligible employer is a corporation described in the third paragraph;

(2) the other eligible employer declares to Investissement Québec that

(*a*) it controls, directly or indirectly, the first employer,

(*b*) it is, directly or indirectly, a controlled subsidiary of the first employer, or

(*c*) as a result of a transaction referred to in section 518 or 566 of the Taxation Act, it is carrying on the business of the first employer in the course of which the individual who entered into the original contract performed duties that met the conditions of section 4.5; and

(3) it may reasonably be considered that, but for the change of employer, the individual who entered into the original contract would have continued to be recognized as a specialist in respect of the first employer, in accordance with section 4.5, until the time when the individual took up employment with the other eligible employer.

The corporation to which subparagraph 1 of the second paragraph refers is,

(1) if the first employer is a corporation described in any of paragraphs 1 and 4 to 7 of the definition of "eligible employer" in the first paragraph of section 4.1, a corporation described in that paragraph;

(2) if the first employer is a corporation described in paragraph 2 of the definition of "eligible employer" in the first paragraph of section 4.1, a corporation described in that paragraph that does not carry on a business in a biotechnology development centre; or

(3) if the first employer is a corporation described in paragraph 3 of the definition of "eligible employer" in the first paragraph of section 4.1, either of the following corporations:

(*a*) if the new employment contract is entered into between 12 June 2003 and 31 March 2004, a corporation described in that paragraph, and

(*b*) if the new employment contract is entered into after 30 March 2004, a corporation described in that paragraph that does not carry on a business in a biotechnology development centre.

4.4. Where an eligible employer is not a corporation that is described in paragraph 2 or 3 of the definition of "eligible employer" in the first paragraph of section 4.1 and that carries on a business in a biotechnology development centre, the parameters provided for in this chapter are administered by Investissement Québec only in the exercise of its powers of amendment and revocation.

DIVISION II

SPECIALIST CERTIFICATE

4.5. A specialist certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as a specialist in respect of the employer for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

4.6. An individual may be recognized as a specialist in respect of an eligible employer if

(1) unless the employer is a corporation described in paragraph 2 of the definition of "eligible employer" in the first paragraph of section 4.1, the individual's duties with the employer are exclusively or almost exclusively, on a continuous basis, attributable to eligible activities of the employer; and

(2) the individual's duties with the employer consist exclusively or almost exclusively, on a continuous basis, in carrying on any of, or a combination of, the following activities:

(*a*) training activities;

(*b*) research and development;

(*c*) specialized tasks with respect to innovation management, marketing, transfer of technologies or innovation financing;

(*d*) if the employer is a corporation described in any of paragraphs 1, 4 and 5 of the definition of "eligible employer" in the first paragraph of section 4.1, the development and operation of technological systems or infrastructures; and

(*e*) if the employer is a corporation described in paragraph 6 or 7 of the definition of "eligible employer" in the first paragraph of section 4.1, or a

corporation described in paragraph 2 or 3 of that definition that carries on a business in a biotechnology development centre, another activity in connection with biotechnology.

4.7. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as a specialist in respect of an eligible employer, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

4.8. An eligible employer to which a specialist certificate is issued for a taxation year must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

CHAPTER V

SECTORAL PARAMETERS OF TAX CREDIT FOR MULTIMEDIA TITLES (GENERAL)

DIVISION I

INTERPRETATION AND GENERAL

5.1. In this chapter, unless the context indicates otherwise,

"chroma key shooting" means any studio shooting in front of a plain coloured screen, generally blue or green, allowing, by means of electronic wizardry, the incorporation of objects, images or special effects in the final image;

"completion date" of the final version of a title means, subject to the third paragraph, its distribution date or the date of the distribution of the first title of a series of titles of which the title is part;

"computer-aided special effects and animation" means special effects and animation sequences, as generally understood in the industry, created using digital technology, excluding effects that are strictly sound effects, subtitles and animation sequences essentially created by means of editing techniques;

"tax credit for multimedia titles" means the fiscal measure provided for in Division II.6.0.1.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"title" means an organized set of information.

For the purposes of the definition of "completion date" of the final version of a title in the first paragraph, the following rules must be taken into account:

(1) the titles that are part of the same collection do not constitute a series of titles if the script or, if there is no script, the action of the title, and the subject matter are substantially different from one title to another;

(2) the distribution date of a title distributed over the Internet is the date on which it is put online; and

(3) the distribution date of a title designed to be used with a game console or on a computer is the date from which the master copy is ready to be reproduced for commercialization purposes.

The completion date of the final version of a title developed by a corporation under a subcontract is the date on which the title is delivered to the client of the corporation.

5.2. To benefit from the tax credit for multimedia titles, a corporation must obtain a qualification certificate (in this chapter referred to as an "initial qualification certificate") from Investissement Québec in respect of each title for which the corporation intends to claim the credit.

A corporation must also obtain a certificate (in this chapter referred to as a "production work certificate") from Investissement Québec in respect of each such title. Certificates must be obtained for each taxation year for which the corporation intends to claim the tax credit for multimedia titles.

A corporation to which a production work certificate has been issued in respect of a title must obtain from Investissement Québec, after the completion of a final version of the title, a qualification certificate (in this chapter referred to as a "final qualification certificate"). The application for a final qualification certificate must be filed within two months after the completion date of the final version of the title.

DIVISION II

INITIAL QUALIFICATION CERTIFICATE

5.3. An initial qualification certificate issued to a corporation certifies that the title referred to in the certificate is recognized as an eligible multimedia title or as an eligible related title, as the case may be. In addition, the certificate states

(1) whether or not the title is being produced to order;

(2) whether or not the title is intended to be commercialized; and

(3) whether or not the title is available in a French version.

Investissement Québec may no longer issue an initial qualification certificate in respect of a title where, on the completion date of the final version, the title

meets neither the conditions to be recognized as an eligible multimedia title nor the conditions to be recognized as an eligible related title.

5.4. To be recognized as an eligible multimedia title, a title must, subject to section 5.9,

(1) be produced by the corporation referred to in section 5.2;

(2) contain a substantial volume of three of the following four types of information, in digital form: text, sound, still images and animated images; and

(3) be published on an electronic medium and controlled by software allowing interactivity.

However, a title is deemed to meet the condition of subparagraph 2 of the first paragraph if it is intended for users with a disability.

Similarly, a title that is part of another title produced by a corporation having no establishment in Québec is deemed to meet the conditions of subparagraphs 2 and 3 of the first paragraph if it is established to Investissement Québec's satisfaction that the other title meets those conditions.

For the purposes of subparagraph 3 of the first paragraph, a title is controlled by software allowing interactivity if the user participates in the action of the title. In determining whether that condition is met, the following elements must be taken into account:

(1) the feedback capability of the title;

(2) the control that the user may exert on the action of the title; and

(3) the adaptation potential of the title to the user's needs.

5.5. To be recognized as an eligible related title, a title must, subject to section 5.9,

(1) be produced by the corporation referred to in section 5.2;

(2) contain a substantial volume of three of the following four types of information: text, sound, still images and animated images; and

(3) be linked to a main multimedia title that is subject to an intellectual property right or a licence held by the corporation referred to in section 5.2 or by another corporation with which the corporation is associated, so that it is related to that right or licence.

However, a title is deemed to meet the condition of subparagraph 2 of the first paragraph if it is intended for users with a disability.

Similarly, a title that is part of another title produced by a corporation having no establishment in Québec is deemed to meet the conditions of subparagraphs 2 and 3 of the first paragraph if it is established to Investissement Québec's satisfaction that the other title meets those conditions.

5.6. A particular title is considered to be a main multimedia title in relation to another title (in this section referred to as a "related title"), if

(1) it is produced by the corporation that produces the related title or by a corporation associated with it;

(2) it meets the conditions of subparagraphs 2 and 3 of the first paragraph of section 5.4 or those of the first paragraph of section 6.4; and

(3) it is established to Investissement Québec's satisfaction that the total labour expenditure, in respect of the title, of the corporation that produces it is at least $1,000,000 or that it is reasonable to expect that that total will be at least $1,000,000.

In addition, where the particular title is produced by a corporation associated with the corporation that produces the related title, it may be considered to be a main multimedia title, in relation to the related title, only if it is established to Investissement Québec's satisfaction that the corporations are associated with each other throughout the period commencing at the beginning of the design stage of the related title and ending on the completion date of the final version, or that it is reasonable to expect that they will be associated with each other throughout that period.

The conditions for recognition as an eligible related title are deemed never to have been met in respect of a given title where it appears, on the last day of the twelve-month period following the completion date of the final version of the given title or, if it is earlier, on the last day of the thirty-six-month period following the completion date of the final version of the main multimedia title to which the given title is linked, that the total labour expenditure, in respect of the main multimedia title, of the corporation that produces it is less than $1,000,000. The same applies where it appears, at a particular time in the period referred to in the second paragraph, that the corporation that produces the given title and the corporation that produces the main multimedia title are no longer associated with each other.

In this section, the total labour expenditure of a corporation in respect of a particular title is the aggregate of all amounts each of which is the amount of the corporation's qualified labour expenditure for a particular taxation year, in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of the Taxation Act, the portion of the corporation's qualified labour expenditure for a particular taxation year that may reasonably be attributed to the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.18 of that Act, or the amount that would be the amount of the corporation's qualified labour expenditure for a particular taxation year

in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of that Act, if the corporation were a qualified corporation within the meaning of that first paragraph. However, only the amounts that are incurred and paid on or before the day that is 12 months after the completion date of the final version of the related title linked to the particular title and that relate exclusively to the production of the particular title may be taken into account.

5.7. A title is considered to be produced to order if production began after an order was placed with the corporation by a person or partnership other than a corporation associated with it.

5.8. A title is considered to be intended for commercialization only if it is available to the public and genuine commercialization efforts are made.

5.9. The following titles may be recognized neither as eligible multimedia titles nor as eligible related titles:

(1) titles that essentially are interpersonal communication services such as electronic bulletin board systems, discussion forums or videoconferencing, or transactional services such as online shopping, electronic ticketing, cybermalls or online payment systems;

(2) titles designed to advertise a for-profit corporation, present its activities or promote its products or services; and

(3) titles that encourage violence, sexism or discrimination.

However, subparagraph 2 of the first paragraph does not operate to exclude a title that meets the conditions of the first paragraph of section 5.5 solely because it is designed to promote the main multimedia title to which it is linked.

DIVISION III

PRODUCTION WORK CERTIFICATE

5.10. A production work certificate issued to a corporation for a taxation year specifies the work carried out in the year, in respect of the title referred to in the certificate, that is recognized as eligible production work.

The certificate also states the name of the individuals who, in the taxation year and while in the service of the corporation or of a subcontractor not dealing at arm's length with it, are directly engaged in such work. In addition, the certificate specifies the functions performed by each individual in the course of the work, the period during which the individual engaged in such work, the number of hours spent by the individual on such work and, if applicable, the name of the subcontractor not dealing at arm's length for which the individual works.

The production work certificate states the name of any person or partnership, other than a subcontractor not dealing at arm's length, with which the corporation entered into a subcontract, specifies which work referred to in the first paragraph is performed under the subcontract, and states the proportion, expressed as a percentage, that the services rendered to the corporation by the person or partnership in connection with such work is of all the services rendered to the corporation by the person or partnership.

Investissement Québec issues a production work certificate in relation to a title to a corporation only if the corporation holds a valid initial qualification certificate in respect of the title.

An individual is deemed, in a particular period in which the individual works for the corporation or for a subcontractor not dealing at arm's length with it, to spend all the hours of work completed in the service of the corporation or subcontractor engaging in work recognized as eligible production work in respect of a title if, during the period, the individual spends at least 90% of those hours engaging in such work.

In this section, "subcontractor not dealing at arm's length" with a corporation means a person or partnership in respect of whom the following conditions are met:

(1) the corporation and the person or partnership have entered into a subcontract concerning the carrying out of work referred to in the first paragraph; and

(2) the corporation is not dealing at arm's length with the person or partnership at the time the subcontract is entered into.

5.11. To be recognized as eligible production work in relation to a title, work must be engaged in for the purpose of completing a stage in the production of the title and in the period commencing at the beginning of the design stage and ending 36 months after the completion date of the final version. Such work includes activities relating to the writing of the title's script, the development of its interactive structure, the acquisition and production of its constituent elements, its computer development and the system architecture. In the case of a title that is recognized as an eligible related title, such work also includes eligible computer-aided special effects and animation activities.

However, activities relating to mastering, media duplication, the acquisition of copyrights, the promotion, distribution or dissemination of a title, other than activities relating to the system architecture, may not be recognized as eligible production work in respect of a title.

Activities relating to the system architecture include the design, installation and maintenance of a network and of the servers required to operate a title, as well as the management of the system security and of the data access.

Activities that contribute directly to the creation of computer-aided special effects and animation and to chroma keying, such as motion capture, correction of animation curves, rendering, image retouching, graphics, filming, the use of computerized and automated animation benches, the use of computer-assisted automated cameras and chroma key shooting, are considered to be eligible computer-aided special effects and animation activities.

DIVISION IV

FINAL QUALIFICATION CERTIFICATE

5.12. A final qualification certificate issued to a corporation in relation to a title confirms the content of the valid initial qualification certificate the corporation holds in respect of the title. It also specifies the completion date of the final version of the title.

5.13. Investissement Québec must revoke the initial qualification certificate that was issued to a corporation in relation to a title if the corporation fails to file an application for a final qualification certificate in respect of the title within the time limit set out in the third paragraph of section 5.2 or if such an application is denied. The effective date of the revocation is the date of coming into force of the initial qualification certificate.

CHAPTER VI

SECTORAL PARAMETERS OF TAX CREDIT FOR CORPORATIONS SPECIALIZED IN PRODUCTION OF MULTIMEDIA TITLES

DIVISION I

INTERPRETATION AND GENERAL

6.1. In this chapter, unless the context indicates otherwise,

"chroma key shooting" means any studio shooting in front of a plain coloured screen, generally blue or green, allowing, by means of electronic wizardry, the incorporation of objects, images or special effects in the final image;

"completion date" of the final version of a title means, subject to the third paragraph, its distribution date or the date of the distribution of the first title of a series of titles of which the title is part;

"computer-aided special effects and animation" means special effects and animation sequences, as generally understood in the industry, created using digital technology, excluding effects that are strictly sound effects, subtitles and animation sequences essentially created by means of editing techniques;

"eligible title" means a title that is recognized by Investissement Québec under section 6.4 or 6.5 as an eligible multimedia title or as an eligible related title;

"tax credit for corporations specialized in the production of multimedia titles" means the fiscal measure provided for in Division II.6.0.1.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"title" means an organized set of information.

For the purposes of the definition of "completion date" of the final version of a title in the first paragraph, the following rules must be taken into account:

(1) the titles that are part of the same collection do not constitute a series of titles if the script or, if there is no script, the action of the title, and the subject matter are substantially different from one title to another;

(2) the distribution date of a title distributed over the Internet is the date on which it is put online; and

(3) the distribution date of a title designed to be used with a game console or on a computer is the date from which the master copy is ready to be reproduced for commercialization purposes.

The completion date of the final version of a title developed by a corporation under a subcontract is the date on which the title is delivered to the client of the corporation.

6.2. To benefit from the tax credit for corporations specialized in the production of multimedia titles, a corporation must obtain a certificate (in this chapter referred to as a "specialized corporation certificate") from Investissement Québec, in respect of its activities for the purposes of Division II.6.0.1.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act.

A corporation must also obtain a certificate (in this chapter referred to as a "production work certificate") from Investissement Québec, in respect of the group of titles for which the corporation intends to claim the tax credit.

The certificates referred to in the first and second paragraphs must be obtained for each taxation year for which the corporation wishes to benefit from the fiscal measure.

A corporation to which a production work certificate has been issued in relation to a group of titles must also obtain from Investissement Québec, after the completion of the final version of a title included in that group, a qualification certificate in respect of the title (in this chapter referred to as a "final qualification

certificate"). The application for a final qualification certificate must be filed within two months after the completion date of the final version of the title.

DIVISION II

SPECIALIZED CORPORATION CERTIFICATE

6.3. The specialized corporation certificate issued to a corporation for a taxation year certifies that all or substantially all of the activities it carries on in Québec consist in producing, for itself or for another person or a partnership, eligible titles and, if applicable, in engaging in scientific research and experimental development relating to those titles. It specifies, as the case may be,

(1) that at least 75% of the eligible titles produced by the corporation in the year were not produced to order, are to be commercialized and are available in a French version, or that at least 75% of its gross revenue for the year is derived from such eligible titles;

(2) that at least 75% of the eligible titles produced by the corporation in the year were not produced to order and are to be commercialized, or that at least 75% of its gross revenue for the year is derived from such eligible titles; or

(3) that less than 75% of the eligible titles produced by the corporation in the year were not produced to order and are to be commercialized, and that less than 75% of its gross revenue for the year is derived from such eligible titles.

The specialized corporation certificate identifies the titles being produced by the corporation in the taxation year that are either titles described in the first paragraph of section 6.9 or titles that are not eligible titles for any other reason.

6.4. To be recognized as an eligible multimedia title, a title must, subject to section 6.9,

(1) contain a substantial volume of three of the following four types of information, in digital form: text, sound, still images and animated images; and

(2) be published on an electronic medium and controlled by software allowing interactivity.

However, a title is deemed to meet the condition of subparagraph 1 of the first paragraph if it is intended for users with a disability.

Similarly, a title that is part of another title produced by a corporation having no establishment in Québec is deemed to meet the conditions of the first

paragraph if it is established to Investissement Québec's satisfaction that the other title meets those conditions.

For the purposes of subparagraph 2 of the first paragraph, a title is controlled by software allowing interactivity if the user participates in the action of the title. In determining whether that condition is met, the following elements must be taken into account:

(1) the feedback capability of the title;

(2) the control that the user may exert on the action of the title; and

(3) the adaptation potential of the title to the user's needs.

6.5. To be recognized as an eligible related title, a title must, subject to section 6.9,

(1) contain a substantial volume of three of the following four types of information: text, sound, still images and animated images; and

(2) be linked to a main multimedia title that is subject to an intellectual property right or a licence held by the corporation that produces it or by another corporation with which the corporation is associated, so that it is related to that right or licence.

However, a title is deemed to meet the condition of subparagraph 1 of the first paragraph if it is intended for users with a disability.

Similarly, a title that is part of another title produced by a corporation having no establishment in Québec is deemed to meet the conditions of the first paragraph if it is established to Investissement Québec's satisfaction that the other title meets those conditions.

6.6. A particular title is considered to be a main multimedia title in relation to another title (in this section referred to as a "related title"), if

(1) it is produced by the corporation that produces the related title or by a corporation associated with it;

(2) it meets the conditions of subparagraphs 2 and 3 of the first paragraph of section 5.4 or those of the first paragraph of section 6.4; and

(3) it is established to Investissement Québec's satisfaction that the total labour expenditure, in respect of the title, of the corporation that produces it is at least $1,000,000 or that it is reasonable to expect that that total will be at least $1,000,000.

In addition, where the particular title is produced by a corporation associated with the corporation that produces the related title, it may be considered to be

a main multimedia title, in relation to the related title, only if it is established to Investissement Québec's satisfaction that the corporations are associated with each other throughout the period commencing at the beginning of the design stage of the related title and ending on the completion date of the final version, or that it is reasonable to expect that they will be associated with each other throughout that period.

The conditions for recognition as an eligible related title are deemed never to have been met in respect of a given title where it appears, on the last day of the twelve-month period following the completion date of the final version of the given title or, if it is earlier, on the last day of the thirty-six-month period following the completion date of the final version of the main multimedia title to which the given title is linked, that the total labour expenditure, in respect of the main multimedia title, of the corporation that produces it is less than $1,000,000. The same applies where it appears, at a particular time in the period referred to in the second paragraph, that the corporation that produces the given title and the corporation that produces the main multimedia title are no longer associated with each other.

In this section, the total labour expenditure of a corporation in respect of a particular title is the aggregate of all amounts each of which is the amount of the corporation's qualified labour expenditure for a particular taxation year, in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of the Taxation Act, the portion of the corporation's qualified labour expenditure for a particular taxation year that may reasonably be attributed to the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.18 of that Act, or the amount that would be the amount of the corporation's qualified labour expenditure for a particular taxation year in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of that Act, if the corporation were a qualified corporation within the meaning of that first paragraph. However, only the amounts that are incurred and paid on or before the day that is 12 months after the completion date of the final version of the related title linked to the particular title and that relate exclusively to the production of the particular title may be taken into account.

6.7. A title is considered to be produced to order if production began after an order was placed with the corporation by a person or partnership other than a corporation associated with it.

6.8. A title is considered to be intended for commercialization only if it is available to the public and genuine commercialization efforts are made.

6.9. The following titles may be recognized neither as eligible multimedia titles nor as eligible related titles:

(1) titles that essentially are interpersonal communication services such as electronic bulletin board systems, discussion forums or videoconferencing, or

transactional services such as online shopping, electronic ticketing, cybermalls or online payment systems;

(2) titles designed to advertise a for-profit corporation, present its activities or promote its products or services; and

(3) titles that encourage violence, sexism or discrimination.

However, subparagraph 2 of the first paragraph does not operate to exclude a title that meets the conditions of the first paragraph of section 6.5 solely because it is designed to promote the main multimedia title to which it is linked.

DIVISION III

PRODUCTION WORK CERTIFICATE

6.10. A production work certificate issued to a corporation for a taxation year specifies the work carried out in the year by the corporation or, if applicable, on its behalf, in respect of any eligible title it produces, that is recognized as eligible production work.

The certificate also states the name of the individuals who, in the taxation year and while in the service of the corporation or of a subcontractor not dealing at arm's length with it, are directly engaged in such work. In addition, the certificate specifies the functions performed by each individual in the course of the work, the percentage of the individual's working time devoted to such work and, if applicable, the name of the subcontractor not dealing at arm's length for which the individual works.

The production work certificate states the name of any person or partnership, other than a subcontractor not dealing at arm's length, with which the corporation entered into a subcontract, specifies which work referred to in the first paragraph is performed under the subcontract, and states the proportion, expressed as a percentage, that the services rendered to the corporation by the person or partnership in connection with such work is of all the services rendered to the corporation by the person or partnership.

An individual is deemed, in a particular period in which the individual works for the corporation or for a subcontractor not dealing at arm's length with it, to spend all of the individual's working time for the corporation or subcontractor engaging in work recognized as eligible production work in respect of an eligible title the corporation produces if, during the period, the individual spends at least 90% of working time engaging in such work.

In this section, "subcontractor not dealing at arm's length" with a corporation means a person or partnership in respect of whom the following conditions are met:

(1) the corporation and the person or partnership have entered into a subcontract concerning the carrying out of work referred to in the first paragraph; and

(2) the corporation is not dealing at arm's length with the person or partnership at the time the subcontract is entered into.

6.11. To be recognized as eligible production work in relation to an eligible title, work must be engaged in for the purpose of completing a stage in the production of the title and in the period commencing at the beginning of the design stage and ending 36 months after the completion date of the final version. Such work includes activities relating to the writing of the title's script, the development of its interactive structure, the acquisition and production of its constituent elements, its computer development and the system architecture. If the eligible title is a title that is recognized as an eligible related title, such work also includes eligible computer-aided special effects and animation activities.

However, activities relating to mastering, media duplication, the acquisition of copyrights, the promotion, distribution or dissemination of an eligible title, other than activities relating to the system architecture, may not be recognized as eligible production work in respect of an eligible title.

Activities relating to the system architecture include the design, installation and maintenance of a network and of the servers required to operate a title, as well as the management of the system security and of the data access.

Activities that contribute directly to the creation of computer-aided special effects and animation and to chroma keying, such as motion capture, correction of animation curves, rendering, image retouching, graphics, filming, the use of computerized and automated animation benches, the use of computer-assisted automated cameras and chroma key shooting, are considered to be eligible computer-aided special effects and animation activities.

DIVISION IV

FINAL QUALIFICATION CERTIFICATE

6.12. A final qualification certificate issued to a corporation in respect of a title that has been taken into consideration for the purpose of issuing a specialized corporation certificate to the corporation for a taxation year confirms that the title is an eligible title and states

(1) whether or not the title is being produced to order;

(2) whether or not the title is intended to be commercialized; and

(3) whether or not the title is available in a French version.

6.13. If a corporation fails to file an application for a final qualification certificate in respect of a particular title within the time limit set out in the fourth paragraph of section 6.2 or if such an application is denied, Investissement Québec must amend or revoke, as applicable, each of the specialized corporation certificates issued to the corporation for a taxation year in which the title was being produced. Similarly, Investissement Québec may amend such a certificate if the characteristics of the title that are confirmed by the final qualification certificate differ from those taken into account when the certificate was issued.

CHAPTER VII

SECTORAL PARAMETERS OF TAX CREDIT FOR CORPORATIONS ESTABLISHED IN E-COMMERCE PLACE

DIVISION I

INTERPRETATION AND GENERAL

7.1. In this chapter,

"E-Commerce Place" means all the buildings located in Montréal at 1350 and 1360, boulevard René-Lévesque Ouest;

"tax credit relating to E-Commerce Place" means the fiscal measure provided for in Division II.6.0.1.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year or, if a corporation so elects for a taxation year, the fiscal measure provided for in subdivision 3.1 of Division I of Chapter IV of the Act respecting the Régie de l'assurance maladie du Québec, under which it is deemed to have made an overpayment to the Minister of Revenue under that Division I.

7.2. To benefit from the tax credit relating to E-Commerce Place, a corporation must obtain the following certificates from Investissement Québec:

(1) a certificate for the purposes of Division II.6.0.1.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (in this chapter referred to as a "corporation certificate"); and

(2) a certificate in respect of each individual for whom the corporation claims the tax credit (in this chapter referred to as an "employee certificate").

The certificates must be obtained for each taxation year for which the corporation intends to claim the tax credit.

However, Investissement Québec may deliver such certificates for a particular taxation year only if the following conditions are met in respect of the corporation that applied for them:

(1) a corporation certificate was issued to the corporation for the most recent taxation year, prior to the particular year, for which it filed a written application for that purpose before 12 June 2003;

(2) a corporation certificate was issued to the corporation for each taxation year that is between that prior year and the particular year; and

(3) at the time the certificates must be issued for the particular year, no certificate referred to in subparagraph 1 or 2 has been revoked.

If, at a particular time, Investissement Québec revokes a corporation certificate issued to the corporation for a given taxation year not prior to the taxation year referred to in subparagraph 1 of the third paragraph, any certificate issued to the corporation for a taxation year subsequent to the given year is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. The same applies to any employee certificate issued for the given year, except that the effective date of the deemed revocation is the date specified in the notice of revocation of the corporation certificate.

7.3. For the purpose of applying, for a particular taxation year, the third paragraph of section 7.2 in respect of a particular corporation resulting from a corporate reorganization involving at least one other corporation that held a valid corporation certificate for its taxation year ending immediately before the time of the reorganization or that includes that time (in this section and in section 7.4 referred to as the "reorganization year"), any corporation certificate issued to the other corporation, or, if there is more than one, to any of the other corporations, for any of its taxation years that is the reorganization year, the year referred to in subparagraph 1 of that third paragraph or a year between those two taxation years, or that is deemed to have been issued to the corporation because of this paragraph, is, subject to the second paragraph, deemed to have been issued to the particular corporation for the same taxation year. This paragraph is deemed to have applied before 1 January 2011 in respect of any other corporation resulting from a corporate reorganization, if a corporation certificate was issued to the other corporation before that date.

However, if a corporation certificate that was issued to a given corporation and to which the first paragraph would otherwise apply is revoked by Investissement Québec, none of the corporation certificates that were issued, or that are deemed to have been issued, to the given corporation are deemed to have been issued to the particular corporation under the first paragraph.

If, at a particular time, the application of the second paragraph causes the conditions of subparagraphs 1 and 2 of the third paragraph of section 7.2 to

cease to be met in respect of the particular corporation for a particular taxation year, any certificate issued to the particular corporation is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is revoked.

In this section and in section 7.4, "corporate reorganization" means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) a reorganization in the course of which a corporation transfers to another corporation all of its activities referred to in the unrevoked corporation certificate issued to the corporation for the taxation year that includes the time of the transfer, which time is considered to be the time of the reorganization, provided that all the issued shares of each class of shares of the capital stock of each of the two corporations that are parties to the transfer are owned by the same person or are owned by the same group of persons and are distributed among its members in such a manner that the proportion of issued shares of any class of shares of the capital stock of either of the two corporations that are owned by each member is identical to the proportion of issued shares of the corresponding class of shares of the capital stock of the other corporation that are owned by that member.

For the purposes of subparagraph 2 of the fourth paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this section referred to as the "parent"), if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of the first paragraph and of section 7.4, either the parent or the other corporation referred to in subparagraph 3 of the fourth paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in subparagraph 2 or 3 of that fourth paragraph.

The corporation certificate held for the reorganization year by the corporation that transferred all its activities referred to in the certificate is deemed to be revoked by Investissement Québec as of the time of the reorganization. However, this presumption does not apply in respect of the second paragraph.

DIVISION II

CORPORATION CERTIFICATE

7.4. A particular corporation certificate issued to a corporation for a taxation year certifies that at least 75% of the activities carried on by the corporation in the premises it occupies in E-Commerce Place for the year consist in developing and supplying products and services relating to e-business or are

activities relating to the operation of e-business solutions. The particular certificate also lists the corporation's activities that are recognized as such.

If the corporation is a particular corporation referred to in the first paragraph of section 7.3 for the taxation year, the particular certificate must specify the time of the corporate reorganization as well as the names of all other corporations holding a valid corporation certificate for the reorganization year which, at the time of issue, had not been revoked by Investissement Québec. It also specifies, if applicable, for each of the other corporations listed in the certificate that, for a preceding taxation year, was itself a particular corporation referred to in the first paragraph of section 7.3, both the time of the preceding reorganization from which it resulted and the names of all other corporations holding a valid corporation certificate for the year of that preceding reorganization which, at the time of issue, had not been revoked by Investissement Québec.

If part of the premises is not yet available for occupation, the corporation must establish to Investissement Québec's satisfaction that it has entered into a lease to occupy that part of the premises at the earliest date possible. Once that fact is established, the corporation is deemed, for the purposes of the first paragraph, to carry on, in that part of the premises and throughout the period during which it may not occupy it, the activities that it carries on elsewhere and that are listed in the particular certificate.

7.5. Subject to section 7.7, each of the following activities is an activity consisting in developing and supplying products and services relating to e-business:

(1) consulting in information technology or e-business solutions and processes;

(2) the development, integration or implementation of information systems or technology infrastructures;

(3) the design or development of e-commerce solutions;

(4) the development of security services relating to e-commerce activities;

(5) the development of distribution software packages; and

(6) the development of electronic banking relating to e-commerce activities.

7.6. Subject to section 7.7, each of the following activities is an activity relating to the operation of e-business solutions:

(1) the processing of electronic transactions through a transactional website; and

(2) the management, operation, maintenance or evolution of systems, applications or infrastructures, namely,

(*a*) the management of processing centres relating to e-business,

(*b*) the management of remote operation centres,

(*c*) the maintenance or evolution of e-business applications or solutions,

(*d*) the management of local or wide area networks,

(*e*) the operation of 24/7 technical assistance services to businesses and customers,

(*f*) the management of customer service centres deriving from e-commerce activities,

(*g*) the operation of technological outsourcing services, and

(*h*) the operation of business process outsourcing services relating to the operation of an e-business solution (back office), or the management of business processes in connection with the internal operation of an e-business solution (internal back office) if those processes involve the centralization, consolidation and coordination of back office activities of the corporation in the same place and if the centralization of the corporation's business processes allows more than one of its establishments in Québec and elsewhere to be served.

7.7. The following activities are neither activities consisting in developing and supplying products and services relating to e-business, nor activities relating to the operation of e-business solutions:

(1) the repair, maintenance and reconditioning of hardware or equipment;

(2) the manufacturing of machines, instruments, components, parts, hardware or equipment;

(3) the assembly of parts or components, such as the assembly of television sets, computer monitors, calculators or cash registers;

(4) audio or video signal distribution services via television broadcasting, telephony, cable broadcasting, satellites or other cellular networks;

(5) the operation of radio or television broadcasting satellites, studios or networks;

(6) cinematography, including postproduction, and audiovisual production, including television programs, that do not relate to a global e-business solution;

(7) teleconferencing services;

(8) an Internet access service, unless it is provided in the course of supplying an e-business solution;

(9) the publishing of books or newspapers and the production of disks;

(10) training provided by a specialized school or body;

(11) a telemarketing activity;

(12) an activity relating to surveys; and

(13) the business processes relating to human resources management, credit card processing and any activity that does not refer to an e-business activity or to the management, maintenance or evolution of centralized computerized systems or infrastructures.

DIVISION III

EMPLOYEE CERTIFICATE

7.8. An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

7.9. An individual may be recognized as an eligible employee of a corporation, if

(1) the individual works full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks;

(2) all or substantially all of the individual's duties consist in undertaking, supervising or directly supporting work relating to an activity of the corporation referred to in section 7.5 or 7.6; and

(3) the individual performs his or her duties either in the corporation's premises that are situated in E-Commerce Place, or elsewhere but in connection with contracts attributable to the business carried on by the corporation in those premises.

For the purposes of subparagraph 2 of the first paragraph, an individual's administrative tasks are not to be considered as part of duties consisting in undertaking, supervising or directly supporting work relating to an activity of the corporation referred to in section 7.5 or 7.6.

In this section, "administrative tasks" include tasks relating to commercialization, operations management, accounting, finance, legal affairs, public relations, communications, contract solicitation, and human and physical resources management.

7.10. The number of employee certificates that Investissement Québec may issue to a corporation for a taxation year may not exceed the result obtained by dividing the total area of the premises occupied by the corporation in E-Commerce Place by the area of the average reasonable space intended for the exclusive use of an individual recognized as an eligible employee of the corporation for the year and that is needed by that individual to perform his or her duties.

The area of the average reasonable space is assessed taking into account the nature of the duties performed and the proportion that, for the same work shift, each type of work station of the corporation for which an employee certificate may be issued is of all such work stations.

7.11. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee of a corporation, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

CHAPTER VIII

SECTORAL PARAMETERS OF TAX CREDIT FOR MAJOR EMPLOYMENT-GENERATING PROJECTS

DIVISION I

INTERPRETATION AND GENERAL

8.1. In this chapter, unless the context indicates otherwise,

"eligible contract" of a corporation means a contract that is entered into by the corporation and that is recognized as an eligible contract under a current certificate issued in its respect;

"qualifying period" of a corporation, in relation to a contract, means, depending on whether the first day on which activities in connection with the contract are carried on is or is not prior to 2 January 2007, the 24- or 36-month period that begins

(1) if the corporation certificate in relation to the contract was issued to the corporation after 19 December 2007, on 31 December 2008 or, if it is earlier, on that first day, or

(2) in any other case, on that first day;

"tax credit for major employment-generating projects" means the fiscal measure provided for in Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

8.2. To benefit from the tax credit for major employment-generating projects, in relation to a particular contract, a corporation must obtain the following certificates from Investissement Québec:

(1) a certificate in respect of the corporation, in relation to the particular contract (in this chapter referred to as a "corporation certificate");

(2) a certificate in respect of the particular contract (in this chapter referred to as a "contract certificate"); and

(3) a certificate in respect of each individual for whom, in relation to the particular contract, the corporation claims the tax credit (in this chapter referred to as an "employee certificate").

Employee certificates must be obtained for each taxation year for which the corporation intends to benefit from the tax credit. However, Investissement Québec may not issue an employee certificate to a corporation for a taxation year that begins after 31 December 2016.

Investissement Québec may issue a certificate referred to in subparagraph 1 or 2 of the first paragraph to a corporation only if it filed an application for that purpose with Investissement Québec before 1 April 2008.

The revocation by Investissement Québec of a contract certificate in respect of a particular contract entails the revocation of the related corporation certificate. In such a case, the notice of revocation of the contract certificate is considered to be a notice of revocation of the corporation certificate as well.

Investissement Québec may issue an employee certificate to a corporation in relation to a particular contract, for a particular taxation year, only if the corporation certificate held by the corporation, in relation to the contract, is valid for all or part of the particular year.

If, at a particular time, Investissement Québec revokes a corporation certificate issued to a corporation, in relation to a particular contract, any employee certificate issued to the corporation, in relation to the contract, for a taxation year subsequent to the given year that includes the date on which the revocation becomes effective is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. The same applies to such an employee certificate issued for the given year,

except that the effective date of the deemed revocation is the date specified in the notice of revocation of the corporation certificate.

8.3. If the carrying out of a particular contract devolves on a particular corporation and the particular corporation resulted from a corporate reorganization involving another corporation that held, immediately before the reorganization, in relation to the particular contract, a corporation certificate and a contract certificate that had not been revoked, the following rules apply:

(1) the particular corporation, the other corporation and any other corporation involved in a preceding reorganization, in respect of which this subparagraph applied in relation to the particular contract, are, for the purpose of applying sections 8.5 and 8.16 to those corporations, deemed to be a single corporation, unless their corporation certificate, in relation to the contract, is revoked;

(2) for the purposes of the third paragraph of section 8.2, the particular corporation is deemed to have filed its application for a corporation certificate and a contract certificate, in relation to the particular contract, on or before 31 March 2008; and

(3) for the purposes of subparagraph 1 of the first paragraph of section 8.8, the particular corporation is deemed to have entered into the particular contract before 1 January 2008.

Subparagraph 1 of the first paragraph is deemed to have applied, in relation to the particular contract, before 1 January 2011 in respect of any other corporation involved in a corporate reorganization, if a corporation certificate and a contract certificate, in relation to the contract, were issued to the corporation resulting from the reorganization for a period beginning before that date.

If the reorganization is described in subparagraph 3 of the seventh paragraph, the other corporation must provide to the particular corporation a copy of any certificate, in relation to the particular contract, issued to it by Investissement Québec or, if the other corporation itself resulted from a preceding corporate reorganization, any copy of such a certificate that was provided to it by the other corporation involved in that preceding reorganization.

The corporation certificate and the contract certificate, in relation to the particular contract, held by the other corporation immediately before the reorganization are deemed to be revoked by Investissement Québec as of the time of the reorganization. The same applies to any employee certificate held by the corporation for the taxation year that ends immediately before the time of the reorganization or that includes that time.

The corporation certificate issued to the particular corporation, in relation to a particular contract entered into by the particular corporation after 31 December 2007 or following an application it filed after 31 March 2008, is

deemed to be revoked by Investissement Québec as of the date of its coming into force, if, after the time of the corporate reorganization from which it resulted, Investissement Québec revokes any of the following certificates, in relation to the contract:

(1) the corporation certificate issued to another corporation referred to in subparagraph 1 of the first paragraph, following the last application for a corporation certificate that was filed before 1 April 2008;

(2) the corporation certificate issued to any other corporation referred to in that subparagraph 1, following an application filed after 31 March 2008;

(3) the corporation certificate issued to another corporation referred to in that subparagraph 1 that is the last corporation to have entered into the particular contract before 1 January 2008; or

(4) the corporation certificate issued to any other corporation referred to in that subparagraph 1 that entered into the particular contract after 31 December 2007.

The fifth paragraph does not apply if the effective date of the revocation of any of the certificates referred to in subparagraphs 1 to 4 of that paragraph precedes the time of the corporate reorganization in which the other corporation is involved.

In this section, "corporate reorganization" means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) the carrying on, as of a particular time, of a business by a corporation, if the business was, immediately before that time, carried on by another corporation and the other corporation was carrying out, in the course of the business, a contract that was an eligible contract of the other corporation.

For the purposes of subparagraph 2 of the seventh paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this chapter referred to as the "parent") if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of this chapter, either the parent or the corporation described in subparagraph 3 of the seventh paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in subparagraph 2 or 3 of that paragraph.

DIVISION II

CORPORATION CERTIFICATE

8.4. A corporation certificate issued to a corporation, in relation to a particular contract, certifies that the corporation operates in the field of information technologies under the contract. The corporation certificate also confirms that, in the opinion of Investissement Québec, the carrying out of the contract will result in the creation of at least 150 jobs in the 36-month period that is specified in the corporation certificate and that begins on the earlier of

(1) 31 December 2008; and

(2) the date on which activities in connection with the contract are first carried on.

However, if the corporation certificate, in relation to a contract, is issued to a particular corporation resulting from a corporate reorganization described in the seventh paragraph of section 8.3, Investissement Québec must instead specify in the corporation certificate the 24- or 36-month period that applied to the other corporation involved in the reorganization, in relation to the contract.

8.5. Investissement Québec is justified in revoking a corporation certificate, in relation to a particular contract, issued to a corporation, if it is evident, at the end of the corporation's qualifying period in relation to the contract, that the number of jobs created, during that period, because of the carrying out of the contract, did not exceed 149 at any time. The effective date of the revocation is the date of coming into force of the corporation certificate.

If a corporation certificate, in relation to a particular contract, issued to a corporation is revoked at a particular time by Investissement Québec under the first paragraph, the contract certificate in respect of the contract and any employee certificate, in relation to the contract, issued to the corporation are deemed to be revoked at that time by Investissement Québec. The effective date of each deemed revocation is the date of coming into force of the certificate that is deemed to be revoked.

8.6. To determine whether a corporation meets the job creation requirement to which sections 8.4 and 8.5 refer, in relation to a particular contract, Investissement Québec must only count the number of jobs created each of which is held by an individual in respect of whom an employee certificate has been issued to the corporation, in relation to the contract.

However, the first paragraph applies with reference to the following rules:

(1) if an employee certificate in respect of an individual could be issued to the corporation, in relation to the particular contract, but for section 8.18, Investissement Québec may count the job held by the individual; and

(2) if, in any period, the corporation carries out two or more particular contracts that are eligible contracts of the corporation and two or more employee certificates are issued to it in respect of the same individual who works for the corporation, in relation to the particular contracts, Investissement Québec may only count the job held by the individual in relation to one of those contracts.

DIVISION III

CONTRACT CERTIFICATE

8.7. A contract certificate issued to a corporation certifies that the contract referred to in the certificate is recognized as an eligible contract. It also lists the activities carried on under the contract.

8.8. A contract entered into by a corporation may be recognized as an eligible contract, if

(1) the contract is entered into after 31 December 2004 and before 1 January 2008;

(2) the activities carried on under the contract consist in

(*a*) developing and supplying products and services relating to e-business;

(*b*) activities relating to the operation of e-business solutions; or

(*c*) activities of a customer relations centre that provides support, at a transactional level, to a sales and marketing service and whose technological environment uses various media in the context of technological convergence in computer telephony;

(3) the majority of the activities carried on under the contract are not activities in respect of which the corporation avails itself of a fiscal measure referred to in another chapter of this schedule; and

(4) subject to the second paragraph, the contract is not a subcontract entered into with a person or partnership with whom the corporation is not dealing at arm's length.

Subparagraph 4 of the first paragraph does not apply if

(1) the corporation establishes to Investissement Québec's satisfaction that the contract relates to services that are ultimately provided to a customer who is a person or partnership with whom the corporation is dealing at arm's length and that relate to a business all or substantially all of which is carried on outside Québec by the customer; and

(2) the activity subcontracted to the corporation under the contract was not carried on in Québec before the contract was entered into.

8.9. Subject to section 8.12, each of the following activities consist in developing and supplying products and services relating to e-business:

(1) consulting in information technology or e-business solutions and processes;

(2) the development, integration or implementation of information systems or technology infrastructures;

(3) the design or development of e-commerce solutions;

(4) the development of security services relating to e-commerce activities;

(5) the development of distribution software packages; and

(6) the development of electronic banking relating to e-commerce activities.

8.10. Subject to section 8.12, each of the following activities is an activity relating to the operation of e-business solutions:

(1) the processing of electronic transactions through a transactional website; and

(2) the management, operation, maintenance or evolution of systems, applications or infrastructures, namely,

(*a*) the management of processing centres relating to e-business,

(*b*) the management of remote operation centres,

(*c*) the maintenance or evolution of e-business applications or solutions,

(*d*) the management of local or wide area networks,

(*e*) the operation of technological outsourcing services, and

(*f*) the operation of business process outsourcing services relating to the operation of an e-business solution (back office), or the management of business processes in connection with the internal operation of an e-business solution (internal back office) if those processes involve the centralization, consolidation and coordination of back office activities of the corporation in the same place and if the centralization of the corporation's business processes allows more than one of its establishments in Québec and elsewhere to be served.

8.11. Subject to the second paragraph and section 8.12, each of the following activities is an activity related to the operation of a customer relations centre:

(1) e-commerce customer relations management, if the products sold are related to information technologies;

(2) technical assistance to businesses and customers (help desk) related to the use of an e-business solution or of a product that supports such a solution, provided such assistance relates to the technical aspects of the product; and

(3) customer service directly related to the use of an e-commerce solution.

An activity described in the first paragraph is considered to be an activity related to the operation of a corporation's customer relations centre only if

(1) the corporation carries on activities consisting mostly in dealing with incoming calls, unless the corporation provides e-commerce customer relations management services;

(2) the corporation carries on activities in a specialized field and its employees have specialized training; and

(3) the corporation's technological environment uses various media, allowing for the convergence of new technologies.

An activity described in subparagraph 2 of the first paragraph does not include the management of subscriptions to a cellular telephony service, such as the management of plan changes and the management of the warranties of a product that supports an e-business solution.

8.12. The following activities are neither activities consisting in developing and supplying products and services relating to e-business, nor activities related to the operation of e-business solutions, nor activities related to the operation of a customer relations centre:

(1) the installation, repair, maintenance and reconditioning of hardware or equipment;

(2) the manufacturing of machines, instruments, components, parts, hardware or equipment;

(3) the assembly of parts or components, such as the assembly of television sets, computer monitors, calculators or cash registers;

(4) traditional audio or video signal distribution services via television broadcasting, telephony, cable broadcasting, satellites or other cellular networks that do not support e-business solutions;

(5) the operation of radio or television broadcasting satellites, studios or networks;

(6) cinematography, including postproduction, and audiovisual production, including television programs, that do not relate to a global e-business solution;

(7) teleconferencing services;

(8) the publishing of books or newspapers, and the production of disks, with a view to commercializing, promoting and financing applications;

(9) training provided by a specialized school or body;

(10) a telemarketing activity;

(11) an activity relating to surveys; and

(12) the business processes relating to human resources management, credit card processing and any activity that does not refer to an e-business activity or to the management, maintenance or evolution of centralized computerized systems or infrastructures.

DIVISION IV

EMPLOYEE CERTIFICATE

8.13. An employee certificate issued to a corporation, in relation to a particular contract, certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation, in relation to the contract, for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

8.14. An individual may be recognized as an eligible employee of a corporation, in relation to a particular contract, if

(1) the individual works full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks;

(2) at least 75% of the individual's duties consist in undertaking, supervising or directly supporting activities carried on under one or more eligible contracts of the corporation; and

(3) the particular contract is an eligible contract referred to in subparagraph 2.

For the purposes of subparagraph 2 of the first paragraph, an individual's administrative tasks are not to be considered as part of duties consisting in undertaking, supervising or directly supporting activities carried on under an eligible contract of the corporation.

In this section, "administrative tasks" include tasks relating to commercialization, operations management, accounting, finance, legal affairs, public relations, communications, contract solicitation, and human and physical resources management.

8.15. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee of a corporation, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

8.16. Investissement Québec may not, for a particular period, issue any employee certificate to a corporation, in relation to a particular contract if, during that particular period, which is included in the job maintenance period, in relation to the contract, determined in accordance with the second paragraph, the corporation does not maintain at least 150 jobs that relate to the activities carried on under the contract.

The job maintenance period, in relation to a particular contract entered into by a corporation, is the period beginning on the last day, included in the corporation's qualifying period, in relation to the contract, where at least 150 jobs created by the corporation during the qualifying period were held by individuals whose duties with the corporation were related to the activities carried on under the contract, and ending

(1) where a reduced activity period is determined in accordance with the third paragraph, in relation to the particular contract, on the day that precedes the day on which the reduced activity period begins; and

(2) in any other case, on the last day during which the corporation carried on activities under the particular contract.

Subject to the fourth paragraph, a corporation's reduced activity period, in relation to a particular contract, is

(1) where the contract has an expected term of four years or less, the period, if any, not exceeding six months that ends on the day specified in the particular contract as the last day for its carrying out and that begins after the end of the corporation's qualifying period in relation to the contract; and

(2) in any other case, the 12-month period ending on

(*a*) 31 December 2016, if the particular contract has an indefinite term, or

(*b*) the day specified in the particular contract as the last day for its carrying out, if it has a set term.

However, no reduced activity period is determined, in relation to a particular contract entered into by a corporation, if the corporation failed to maintain at least 150 jobs that relate to the activities carried on under the contract, for at least half of the 12-month period ending on the day preceding the day on which the reduced activity period, in relation to the contract, would otherwise have begun. The same applies if, before the day on which the reduced activity period would otherwise have begun, the corporation prematurely terminates the carrying out of the particular contract before 1 January 2017, either because the corporation has been placed under a receiving order issued under the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3) or has made an assignment of property under that Act, or by reason of superior force or any other event that affected it.

8.17. In determining the number of jobs that relate to the carrying on of activities under a particular contract, Investissement Québec must only count the number of jobs each of which is held by an individual who meets the conditions of section 8.14, in relation to the contract, for recognition as an eligible employee of the corporation. However, if the corporation carries out, in any period, two or more particular contracts that are eligible contracts of the corporation and an individual who works for it meets the conditions of section 8.14 in relation to those particular contracts, Investissement Québec may only count the job held by the individual in relation to one of those contracts.

8.18. Investissement Québec may not issue an employee certificate in respect of an individual to a corporation for a taxation year or part of the taxation year, if such a certificate in respect of the individual has been issued, for the same year or part of year, under another chapter of this schedule.

CHAPTER IX

SECTORAL PARAMETERS OF TAX HOLIDAYS AND TAX CREDITS TO FOSTER DEVELOPMENT OF NEW ECONOMY

DIVISION I

INTERPRETATION AND GENERAL

9.1. In this chapter, unless the context indicates otherwise,

"biotechnology development centre" means a set of buildings or parts of a building each of which meets the following conditions:

(1) it has been designated as forming part of one of the centres mentioned in the first paragraph of section 9.5 either by Investissement Québec after 31 December 2010 under that paragraph, or by Investissement Québec or the Minister of Finance before 1 January 2011;

(2) the designation has not been cancelled; and

(3) it is located at one of the addresses mentioned in respect of that centre in the third paragraph of section 9.5;

"Centre national des nouvelles technologies de Québec" means all of the buildings and parts of a building each of which is located at one of the addresses mentioned in the third paragraph of section 9.7 and meets the following conditions:

(1) it was designated as forming part of that centre either by Investissement Québec after 31 December 2010 under the first paragraph of section 9.7, or by Investissement Québec or the Minister of Finance before 1 January 2011; and

(2) the designation has not been cancelled;

"Cité du multimédia" means all of the buildings each of which is located in Montréal at

(1) 711 or 731, rue de la Commune;

(2) 10 or 111, rue Duke;

(3) 33 or 87, rue Prince;

(4) 50, 75 or 80, rue Queen; or

(5) 700, rue Wellington;

"designated site" means

(1) a biotechnology development centre;

(2) a new economy centre;

(3) the Centre national des nouvelles technologies de Québec; or

(4) the Cité du multimédia;

"fiscal measure relating to an innovative project" means any of the following fiscal measures that a corporation holding a certificate for carrying on a business in a qualified centre referred to in the first paragraph of section 9.2 may benefit from:

(1) a tax credit on qualified wages;

(2) a tax credit relating to the acquisition or rental of property;

(3) a tax credit relating to the rental of an eligible facility;

(4) the fiscal measure provided for in sections 771, 771.1.1, 771.8.5, 771.12 and 771.13 of the Taxation Act, which allows the corporation to deduct an amount under subparagraphs i to iii of paragraph *j* of subsection 1 of section 771 of that Act in computing its tax payable for a taxation year under Part I of that Act;

(5) the fiscal measure provided for in section 1138.2.1 of the Taxation Act, under which the corporation may deduct an amount in computing its paid-up capital for a taxation year; and

(6) the fiscal measure provided for in sections 33 and 34 of the Act respecting the Régie de l'assurance maladie du Québec, which allows the corporation to obtain a contribution exemption under subparagraphs *a* and *a*.1 of the seventh paragraph of section 34 of that Act;

"information technology development centre" means one or more of the following buildings or parts of a building:

(1) in the case of the centre in Gatineau, the buildings located at 200, rue Montcalm and at 490, boulevard Saint-Joseph;

(2) in the case of the centre in Laval, the building located at 440, boulevard Armand-Frappier;

(3) in the case of the centre in Montréal, all of the buildings or parts of a building designated by the Minister of Finance as forming part of the centre, each of which is located at one of the addresses mentioned in the definition of "Cité du multimédia";

(4) in the case of the centre in Québec, all of the buildings or parts of a building designated by the Minister of Finance as forming part of the centre, each of which is located at one of the addresses mentioned in the third paragraph of section 9.7; and

(5) in the case of the centre in Sherbrooke, the buildings located at 740, rue Galt Ouest and at 2424, rue King Ouest;

"new economy centre" means a set of buildings or parts of a building each of which meets the following conditions:

(1) it was designated as forming part of one of the centres listed in the second paragraph of section 9.6 either by Investissement Québec after 31 December 2010 under the first paragraph of that section, or by Investissement Québec or the Minister of Finance before 1 January 2011; and

(2) the designation has not been cancelled;

"qualified centre" means

(1) a biotechnology development centre;

(2) an information technology development centre; or

(3) a new economy centre;

"tax credit on qualified wages" means the fiscal measure provided for in Division II.6.0.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, which allows a corporation carrying on its business in a qualified centre to be deemed under section 1029.8.36.0.19, 1029.8.36.0.20 or 1029.8.36.0.30 of that division to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax credit on specified wages" means the fiscal measure provided for in Division II.6.0.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, which allows a corporation carrying on its business in a designated site to be deemed under section 1029.8.36.0.22 or 1029.8.36.0.31 of that division to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax credit relating to the acquisition or rental of property" means the fiscal measure provided for in Division II.6.0.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, which allows a corporation carrying on a business in a qualified centre to be deemed under section 1029.8.36.0.25 or 1029.8.36.0.32 of that division to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax credit relating to the new economy" means a fiscal measure that a corporation holding a certificate referred to in subparagraph 1 of the first paragraph of section 9.3 may benefit from and that is

(1) if the corporation carries on a business in a biotechnology development centre, any of the following fiscal measures:

(*a*) a tax credit on specified wages,

(*b*) a tax credit relating to the acquisition or rental of property, and

(*c*) a tax credit relating to the rental of an eligible facility; and

(2) in any other case, a tax credit on specified wages;

"tax credit relating to the rental of an eligible facility" means the fiscal measure provided for in Division II.6.0.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, which allows a corporation carrying on a business in a biotechnology development centre to be deemed under section 1029.8.36.0.25.1 or 1029.8.36.0.32.1 of that division to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

9.2. To benefit from a fiscal measure relating to an innovative project, a corporation must hold a valid certificate for carrying on a business in a qualified centre (in this chapter referred to as an "exempt corporation certificate"). In the case of the tax credit relating to the acquisition or rental of property, the corporation must also hold a valid certificate in respect of each property for which it claims the tax credit (in this chapter referred to as a "property certificate").

If the fiscal measure is the tax credit on qualified wages, the corporation must obtain a certificate from Investissement Québec in respect of each individual for whom it claims the tax credit (in this chapter referred to as an "eligible employee certificate"). Such certificates must be obtained for each taxation year for which the corporation intends to claim the tax credit.

If the corporation carries on a business in a biotechnology development centre, the corporation must, to benefit from the tax credit relating to the rental of an eligible facility, obtain from the person who owns the facility, in relation to the centre, for which the corporation claims the tax credit a copy of the certificate relating to the facility that the person obtained from Investissement Québec (in this chapter referred to as a "facility certificate").

However, Investissement Québec may not, for a particular taxation year, issue a certificate referred to in the second paragraph to a corporation unless, at the time the certificate is to be issued, the exempt corporation certificate held by the corporation is still valid or the date of coming into force of its revocation is subsequent to the first day of the particular taxation year.

9.3. To benefit from a tax credit relating to the new economy, a corporation must obtain the following certificates from Investissement Québec:

(1) a certificate for carrying out an activity that relates to the new economy in a designated site (in this chapter referred to as a "specified corporation certificate"); and

(2) a certificate in respect of its activities that relate to the new economy, in relation to a designated site in which it carries on a business (in this chapter referred to as an "activities certificate").

Depending on which tax credit relating to the new economy the corporation intends to benefit from, the corporation must obtain one or more of the following certificates from Investissement Québec:

(1) in the case of the tax credit on specified wages, a certificate in respect of each individual for whom the corporation claims the tax credit (in this chapter referred to as a "specified employee certificate"); and

(2) if the corporation carries on a business in a biotechnology development centre and the tax credit concerned is the tax credit relating to the acquisition or rental of property, a property certificate in respect of each property for which the corporation claims the tax credit.

The certificates referred to in the first paragraph must be obtained for each taxation year for which the corporation intends to claim a tax credit relating to the new economy. Similarly, the certificate referred to in subparagraph 1 of the second paragraph must be obtained for each taxation year for which the corporation intends to benefit from the tax credit in respect of wages that relates to the new economy.

However, Investissement Québec may not, for a particular taxation year, issue a certificate referred to in the first paragraph and subparagraph 1 of the second paragraph to a corporation that holds an exempt corporation certificate issued following an application filed on or before 11 June 2003 and, after that date, either was entitled to obtain a specified corporation certificate because of subparagraph *f* of the first paragraph of section 771.13 of the Taxation Act or elected to become a corporation holding such a certificate, unless

(1) a specified corporation certificate was issued to the corporation for the preceding taxation year that is the particular year referred to in the seventh paragraph of section 9.25 or the year for which it made the election, as the case may be;

(2) a specified corporation certificate was issued to the corporation for each taxation year that is between that preceding year and the particular year; and

(3) at the time the certificates are to be issued for the particular year, none of the following certificates have been revoked:

(*a*) the exempt corporation certificate; and

(*b*) the certificates referred to in subparagraphs 1 and 2.

Similarly, Investissement Québec may not, for a particular taxation year, issue a certificate referred to in the first paragraph and subparagraph 1 of the second paragraph to a corporation that is not referred to in the fourth paragraph, unless

(1) a specified corporation certificate was issued to the corporation for the most recent preceding taxation year for which the corporation filed a written application for that purpose before 12 June 2003;

(2) a specified corporation certificate was issued to the corporation for each taxation year that is between that preceding year and the particular year; and

(3) at the time the certificates are to be issued for the particular year, none of the certificates referred to in subparagraphs 1 and 2 have been revoked.

If, at a particular time, Investissement Québec revokes the exempt corporation certificate issued to the corporation referred to in the fourth paragraph, any certificate referred to in the first paragraph and subparagraph 1 of the second paragraph issued to the corporation for a taxation year following an application filed after 11 June 2003 is deemed to be revoked by Investissement Québec at

that time. If, at a particular time, Investissement Québec revokes a specified corporation certificate issued to the corporation referred to in the fourth or fifth paragraph for a given taxation year that, if the corporation is referred to in the fifth paragraph, does not precede the taxation year referred to in subparagraph 1 of that paragraph, the same applies in respect of any certificate issued to the corporation for a taxation year following the given year. In such cases, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. Any specified employee certificate and any activities certificate issued for the given year are also deemed to be revoked by Investissement Québec at that time, except that the effective date of their deemed revocation is the date specified in the notice of revocation of the specified corporation certificate.

The revocation by Investissement Québec of the exempt corporation certificate issued to a corporation gives rise to the application of the presumption in the sixth paragraph only if the date on which the revocation becomes effective precedes the date of coming into force of the election referred to in the fourth paragraph.

If the corporation carries on a business in a biotechnology development centre, the sixth paragraph applies only in respect of a certificate issued to it for a taxation year that begins before 31 March 2004 whose date of coming into force precedes that date. The same applies to the fourth and fifth paragraphs, which only operate for the purposes of the sixth paragraph. However, when the sixth paragraph applies to a taxation year that includes 31 March 2004, it is to be read as follows:

"If, at a particular time, Investissement Québec revokes the exempt corporation certificate issued to the corporation referred to in the fourth paragraph, any certificate referred to in the first paragraph and subparagraph 1 of the second paragraph issued to the corporation for the taxation year that includes 31 March 2004 is deemed to be amended by Investissement Québec at that time to replace the date of its coming into force by 31 March 2004. If, at a particular time, Investissement Québec revokes a specified corporation certificate issued to the corporation referred to in the fourth or fifth paragraph for a given taxation year that, if the corporation is referred to in the fifth paragraph, does not precede the taxation year referred to in subparagraph 1 of that paragraph, the same applies in respect of any certificate issued to the corporation for the taxation year that is subsequent to the given year and includes 31 March 2004."

To benefit from the tax credit relating to the rental of an eligible facility, the corporation carrying on a business in a biotechnology development centre must obtain from the person who owns the facility for which the corporation claims the tax credit a copy of the facility certificate that the person obtained from Investissement Québec in respect of the facility.

9.4. For the purpose of applying, for a particular taxation year, the fourth or fifth paragraph of section 9.3 in respect of a particular corporation resulting

from a corporate reorganization involving at least one other corporation that held a valid specified corporation certificate for its taxation year that ended immediately before the time of the reorganization or included that time (in this section and in section 9.25 referred to as the "reorganization year"), one or more of the following presumptions apply, as the case may be:

(1) where the other corporation or, if there are more than one, any of the other corporations is referred to in the fourth paragraph of section 9.3 or is deemed to hold an exempt corporation certificate because of the application of this subparagraph, the exempt corporation certificate held or deemed to be held by that corporation is, subject to the third paragraph, deemed to be held by the particular corporation, and each of the specified corporation certificates that were issued to it or are deemed to have been issued to it because of the application of this subparagraph is, subject to the third paragraph, deemed to have been issued to the particular corporation;

(2) where subparagraph 1 does not apply in respect of the other corporation or, if there are more than one, in respect of any of the other corporations, any specified corporation certificate that was issued to the corporation for any of its taxation years that is the reorganization year, the year referred to in subparagraph 1 of the fifth paragraph of section 9.3 or a year between those two taxation years, or that is deemed to have been issued to the corporation for such a year because of the application of this subparagraph, is, subject to the third paragraph, deemed to have been issued to the particular corporation for the same taxation year.

The first paragraph is deemed to have applied before 1 January 2011 in respect of any other corporation resulting from a corporate reorganization, if a specified corporation certificate was issued to that other corporation before that date.

If the exempt corporation certificate held by a given corporation, or a specified corporation certificate issued to it that would otherwise be referred to in the first paragraph is revoked by Investissement Québec, one of the following rules applies, as the case may be:

(1) in the case of the revocation of the exempt corporation certificate, neither that certificate nor any of the specified corporation certificates issued to the given corporation is deemed to be held by, or to have been issued to, the particular corporation under subparagraph 1 of the first paragraph;

(2) in the case of the revocation of a specified corporation certificate referred to in subparagraph 1 of the first paragraph, neither the exempt corporation certificate held or deemed to be held by the given corporation, nor any of the specified corporation certificates that were issued or are deemed to have been issued to it is deemed to be held by, or to have been issued to, the particular corporation under that subparagraph 1;

(3) in the case of the revocation of a specified corporation certificate referred to in subparagraph 2 of the first paragraph, none of the specified corporation

certificates that were issued or are deemed to have been issued to the given corporation are deemed to have been issued to the particular corporation under that subparagraph 2.

However, the revocation by Investissement Québec of the exempt corporation certificate held by a given corporation gives rise to the application of the third paragraph only if the effective date of the revocation precedes the date of the acquisition of control referred to in the seventh paragraph of section 9.25 or before the date of coming into force of the election referred to in the fourth paragraph of section 9.3.

If, at a particular time, because of the application of the third paragraph, the particular corporation can no longer meet, for a particular taxation year, neither the conditions of subparagraphs 1 and 2 of the fourth paragraph of section 9.3 nor the conditions of subparagraphs 1 and 2 of the fifth paragraph of that section, any certificate described in the first paragraph of section 9.3 or in subparagraph 1 of the second paragraph of that section that was issued to it is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked.

In this section and in section 9.25, "corporate reorganization" means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) a reorganization in the course of which a corporation transfers to another corporation all of its activities referred to in the unrevoked activities certificate issued to the corporation for the taxation year that includes the time of the transfer, which time is considered to be the time of the reorganization, provided that all the issued shares of each class of shares of the capital stock of each of the two corporations that are parties to the transfer are owned by the same person or are owned by the same group of persons and are distributed among its members in such a manner that the proportion of issued shares of any class of shares of the capital stock of either of the two corporations that are owned by each member is identical to the proportion of issued shares of the corresponding class of shares of the capital stock of the other corporation that are owned by that member.

For the purposes of subparagraph 2 of the sixth paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this section referred to as the "parent"), if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of this section and of section 9.25, either the parent or the other corporation referred to in subparagraph 3 of the sixth paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in subparagraph 2 or 3 of that sixth paragraph.

The specified corporation certificate held for the reorganization year by the corporation that transferred all its activities referred to in the valid activities certificate it holds for the same year is deemed to be revoked by Investissement Québec as of the time of the reorganization. However, this presumption does not apply in respect of the third paragraph.

DIVISION II

DESIGNATION OF QUALIFIED CENTRE OR DESIGNATED SITE

9.5. Subject to the second paragraph, Investissement Québec may designate a building or part of a building as forming part of one of the following centres, provided that it is located at the address or at one of the addresses mentioned in the third paragraph for each of those centres:

(1) the Centre de développement des biotechnologies de Laval;

(2) the Centre de développement des biotechnologies de Lévis;

(3) the Centre de développement des biotechnologies de Saint-Hyacinthe; and

(4) the Centre de développement des biotechnologies de Sherbrooke.

Investissement Québec may determine the maximum area of a biotechnology development centre. However, the total area of all the centres may not exceed 29,120 square metres at any time.

The address or addresses of the biotechnology development centres are:

(1) for the centre in Laval, 500, boulevard Cartier Ouest;

(2) for the centre in Lévis, 205, route Monseigneur-Bourget;

(3) for the centre in Saint-Hyacinthe, 3405, rue Casavant Ouest and 4375, avenue Beaudry; and

(4) for the centre in Sherbrooke, 3201, rue Jean-Mignault and 1580, rue Ida-Métivier.

9.6. Investissement Québec may designate a building or part of a building as forming part of a new economy centre. However, the designated maximum area may not exceed 130,000 square metres for the whole of Québec at any time.

The following, listed by administrative region, are the new economy centres that have been designated:

(1) for the Bas-Saint-Laurent region,

(*a*) the Centre de la nouvelle économie de La Pocatière,

(*b*) the Centre de la nouvelle économie de Matane,

(*c*) the Centre de la nouvelle économie de Rimouski, and

(*d*) the Centre de la nouvelle économie de Rivière-du-Loup;

(2) for the Saguenay–Lac-Saint-Jean region,

(*a*) the Centre de la nouvelle économie d'Alma,

(*b*) the Centre de la nouvelle économie de Chicoutimi,

(*c*) the Centre de la nouvelle économie de Jonquière,

(*d*) the Centre de la nouvelle économie de La Baie, and

(*e*) the Centre de la nouvelle économie de Saint-Félicien;

(3) for the Capitale-Nationale region, the Centre de la nouvelle économie de Pont-Rouge;

(4) for the Mauricie region,

(*a*) the Centre de la nouvelle économie de Grand-Mère,

(*b*) the Centre de la nouvelle économie de Shawinigan, and

(*c*) the Centre de la nouvelle économie de Trois-Rivières;

(5) for the Abitibi-Témiscamingue region, the Centre de la nouvelle économie de Rouyn-Noranda;

(6) for the Côte-Nord region,

(*a*) the Centre de la nouvelle économie de Baie-Comeau, and

(*b*) the Centre de la nouvelle économie de Sept-Îles;

(7) for the Gaspésie–Îles-de-la-Madeleine region,

(*a*) the Centre de la nouvelle économie de Caplan, and

(*b*) the Centre de la nouvelle économie de Gaspé;

(8) for the Chaudière-Appalaches region,

(*a*) the Centre de la nouvelle économie de Lévis,

(*b*) the Centre de la nouvelle économie de Saint-Georges, and

(*c*) the Centre de la nouvelle économie de Thetford Mines;

(9) for the Lanaudière region, the Centre de la nouvelle économie de Lachenaie;

(10) for the Laurentides region,

(*a*) the Centre de la nouvelle économie de Boisbriand,

(*b*) the Centre de la nouvelle économie de Lachute, and

(*c*) the Centre de la nouvelle économie de Sainte-Adèle;

(11) for the Montérégie region,

(*a*) the Centre de la nouvelle économie d'Acton Vale,

(*b*) the Centre de la nouvelle économie de Bromont,

(*c*) the Centre de la nouvelle économie de Longueuil,

(*d*) the Centre de la nouvelle économie de Mont-Saint-Hilaire,

(*e*) the Centre de la nouvelle économie de Saint-Hyacinthe,

(*f*) the Centre de la nouvelle économie de Saint-Jean-sur-Richelieu,

(*g*) the Centre de la nouvelle économie de Saint-Joseph-de-Sorel,

(*h*) the Centre de la nouvelle économie de Salaberry-de-Valleyfield, and

(*i*) the Centre de la nouvelle économie de Varennes; and

(12) for the Centre-du-Québec region,

(*a*) the Centre de la nouvelle économie de Bécancour,

(*b*) the Centre de la nouvelle économie de Drummondville,

(*c*) the Centre de la nouvelle économie de Sainte-Monique, and

(*d*) the Centre de la nouvelle économie de Victoriaville.

9.7. Investissement Québec may designate a building or part of a building as forming part of the Centre national des nouvelles technologies de Québec, provided that it is located at one of the addresses mentioned in the third

paragraph. However, the designated maximum area may not exceed 47,900 square metres at any time.

For the purposes of the first paragraph, the 10,700-square-metre area that is attributable to the Centre de développement des technologies de l'information de Québec must not be taken into account in calculating the maximum area.

The addresses of the buildings or parts of a building that may form part of the Centre national des nouvelles technologies de Québec are the following:

(1) 350, 390, 410, 420, 570, 585, 600, 680, 750 and 820, boulevard Charest Est;

(2) 400, boulevard Jean-Lesage;

(3) 779, rue Saint-François;

(4) 335, 337, 575, 633, 683, 690, 726, 770 and 771, rue Saint-Joseph Est; and

(5) 330 and 390, rue Saint-Vallier Est.

9.8. Investissement Québec may, in relation to a designation provided for in this division, enter into an agreement with any person who owns a building included in whole or in part in a qualified centre or a designated site. It may also amend such an agreement. In addition, it is deemed to be a party to any such agreement to which the Minister of Finance is a party.

9.9. The power of Investissement Québec under this division to designate buildings or parts of a building as forming part of certain qualified centres or certain designated sites includes the power to cancel such a designation by Investissement Québec or by the Minister of Finance.

DIVISION III

EXEMPT CORPORATION CERTIFICATE

9.10. An exempt corporation certificate held by a corporation certifies that the business that the corporation declares it is carrying on is an innovative project carried out in a qualified centre.

If part of the corporation's premises that are located in the qualified centre is not yet available for occupation, the corporation must establish to Investissement Québec's satisfaction that it has entered into a lease to occupy that part of the premises at the earliest date possible. Once that fact is established, the corporation is deemed, for the purposes of the first paragraph, to carry out, in that part of the premises and throughout the period during which it may not occupy it, the portion of the innovative project the corporation carries out elsewhere in Québec.

The parameters provided for in this division are administered by Investissement Québec only within the scope of its powers of amendment and revocation.

9.11. To be considered an innovative project, a business must,

(1) if it is carried on in an information technology development centre or in a new economy centre, meet the following criteria:

(*a*) be a project in the information technology sector,

(*b*) include planned investigation for the purpose of acquiring new technical or scientific knowledge, or consist in work to translate research discoveries or other knowledge into applications, prior to commercial production, and

(*c*) have as purpose the development of a product, service or production or manufacturing process which, at the time the application for the exempt corporation certificate is filed,

i. does not exist in Québec in the form described in the business plan,

ii. has not generated income other than income incidental to its development, and

iii. is a product, service or process whose development requires specialized skills in an emerging sector; or

(2) if it is carried on in a biotechnology development centre, meet the following criteria:

(*a*) belong to any segment of the biotechnology sector, including human health, animal or plant agrobiotechnology, the environment, and human or animal nutrition,

(*b*) be in a start-up or development phase,

(*c*) have as purpose the discovery of a substance or the invention, improvement or development of a product, compound or process presenting a competitive advantage in Québec, and

(*d*) require specialized skills in a scientific or technological field whose development in Québec is considered strategic for research, development or valorization activities.

DIVISION IV

ELIGIBLE EMPLOYEE CERTIFICATE

9.12. An eligible employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized as an eligible employee

of the corporation for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

9.13. An individual may be recognized as an eligible employee of a corporation if

(1) the individual works full time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks;

(2) the individual's work for the corporation allows him or her to acquire specialized skills in an emerging sector of activity;

(3) the individual performs his or her duties mainly in the qualified centre where the corporation carries on a business; and

(4) the individual is working exclusively or almost exclusively on an innovative project for which the corporation holds an exempt corporation certificate.

For the purposes of subparagraph 4 of the first paragraph, the time spent by an individual on the performance of administrative tasks is not considered to be spent on the innovative project.

In this section, "administrative tasks" include tasks relating to commercialization, accounting, communications, clerical support, human resources management, implementation of technology on a customer's premises, contract solicitation, general, legal or financial services, and customer service.

9.14. For the purposes of subparagraph 3 of the first paragraph of section 9.13, an individual who works for a corporation is deemed to perform his or her duties in the qualified centre where the corporation carries on business during the period in which the individual receives refresher training outside the centre, provided all the conditions of that section are otherwise met and the individual receives his or her usual remuneration during that period.

If the qualified centre is a biotechnology development centre, the individual is deemed to perform his or her duties in the centre when using a person's specialized facility, in relation to the centre, that the corporation is renting in the course of carrying on a business.

The individual is deemed to perform his or her duties in the qualified centre when performing them elsewhere in Québec because part of the corporation's premises located in the centre is not available for occupation. In such a case, the presumption applies only for the period referred to in the second paragraph of section 9.10 and only if the evidence required by that paragraph is provided to Investissement Québec's satisfaction.

9.15. The number of eligible employee certificates that Investissement Québec may issue to a corporation for a taxation year, in respect of a qualified centre where it carries on a business, may not exceed the result obtained by dividing the total area of the premises occupied by the corporation in the qualified centre by the area of the average reasonable space intended for the exclusive use of an individual recognized as an eligible employee of the corporation for the year and that is needed by that individual to perform his or her duties.

The area of the average reasonable space is assessed taking into account the nature of the duties performed and the proportion that, for the same work shift, each type of work station of the corporation for which an eligible employee certificate may be issued is of all such work stations.

9.16. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee of a corporation, consider that the individual continued to work and to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

DIVISION V

PROPERTY CERTIFICATE

9.17. A property certificate certifies that the property referred to in the certificate is,

(1) where the certificate is issued to a corporation holding a specified corporation certificate and carrying on a business in a biotechnology development centre, a specialized property that relates to an activity related to biotechnologies mentioned in the valid activities certificate held by the corporation in relation to the centre; or

(2) where the certificate is held by a corporation which, at the time of the application for the certificate, held, or met the conditions to obtain, an exempt corporation certificate, a specialized property that relates to the innovative project carried out by the corporation.

If the certificate is described in subparagraph 2 of the first paragraph, Investissement Québec takes into account the criteria provided for in that subparagraph only in exercising its powers of amendment and revocation.

9.18. Investissement Québec may not issue a property certificate in respect of incorporeal property (other than specialized application software or system software), inventory, property consumed in connection with an activity related to biotechnologies, promotional material, furniture or general use equipment.

As regards a certificate described in subparagraph 2 of the first paragraph of section 9.17, the first paragraph applies only within the scope of the power of revocation of Investissement Québec. For that purpose, that paragraph is to be read as if "in connection with an activity related to biotechnologies" was replaced by "in connection with the carrying out of the innovative project".

9.19. If a corporation holding a valid specified corporation certificate and carrying on business in a biotechnology development centre holds a property certificate described in subparagraph 2 of the first paragraph of section 9.17, what is certified in the certificate is deemed to remain valid if the property referred to in the certificate relates to an activity related to biotechnologies mentioned in the valid activities certificate held by the corporation in relation to the centre.

DIVISION VI

FACILITY CERTIFICATE

9.20. A facility certificate issued to a person certifies that the facility referred to in the certificate and owned by the person is recognized as an eligible facility in relation to a biotechnology development centre.

9.21. No facility certificate may be issued to a person in respect of a facility owned by the person unless the person submits to Investissement Québec, with the certificate application, a rate schedule specifying the various rental fees charged for using the facility.

A person who owns a facility and amends the related rate schedule must diligently submit the amended rate schedule to Investissement Québec. If the person fails to comply with this requirement, Investissement Québec may revoke the certificate issued to the person in respect of the facility as of the date on which the rate schedule is amended.

9.22. A facility may be recognized as an eligible facility in relation to a biotechnology development centre, if

(1) it is a facility described in section 9.23 in relation to the centre; and

(2) the rate schedule sent to Investissement Québec in respect of the facility provides for rental fees that are reasonable in the circumstances.

9.23. Only the following facilities may be recognized as eligible facilities in relation to a biotechnology development centre:

(1) a person's facility that is set up by the person in the biotechnology development centre outside the premises occupied by a corporation holding a specified corporation certificate or an exempt corporation certificate, and comprises exclusively or almost exclusively properties each of which

(*a*) is a specialized property used in the field of biotechnology;

(*b*) before being placed in the biotechnology development centre, has not been used for any purpose, nor acquired to be used for a purpose other than its rental; and

(*c*) is intended to be rented on an ad hoc basis to two or more persons; and

(2) a facility used in the field of biotechnology that is,

(*a*) if the biotechnology development centre is the one in Laval,

i. a specialized facility of the Centre québécois d'innovation en biotechnologie that is located in that biotechnology development centre, or

ii. a specialized facility of the Institut national de la recherche scientifique (INRS) that is located in the Cité de la biotechnologie et de la santé humaine du Montréal Métropolitain;

(*b*) if the biotechnology development centre is the one in Lévis,

i. the chemistry and biology laboratories of the chemistry and biology department of the Cégep de Lévis-Lauzon that are located in Lévis, or

ii. a specialized facility of TRANS BIO TECH Centre collégial de transfert en biotechnologies that is located in Lévis;

(*c*) if the biotechnology development centre is the one in Saint-Hyacinthe,

i. a specialized facility of the Centre de recherche et de développement des aliments that is located in Saint-Hyacinthe,

ii. a specialized facility of Cintech agroalimentaire that is located in Saint-Hyacinthe, or

iii. a specialized facility of the Institut de biotechnologie vétérinaire et alimentaire (IBVA) that is located in Saint-Hyacinthe; or

(*d*) if the biotechnology development centre is the one in Sherbrooke,

i. a specialized facility of the Centre de recherche clinique of the Centre hospitalier universitaire de Sherbrooke that is located on the premises of the hospital centre, or

ii. a specialized facility of the faculty of medicine of the Université de Sherbrooke that is located on the Campus de la santé of the university.

For the purposes of this section, "Cité de la biotechnologie et de la santé humaine du Montréal métropolitain" means a site located in the territory of Ville de Laval and established by the Minister of Finance as the Cité de la biotechnologie et de la santé humaine du Montréal métropolitain.

9.24. The person who owns a facility and rents it to a corporation holding a valid exempt corporation certificate or a valid specified corporation certificate must give the corporation a copy of the facility certificate issued to the person in respect of the facility, as well as a copy of the current rate schedule in respect of the facility.

DIVISION VII

SPECIFIED CORPORATION CERTIFICATE

9.25. A particular specified corporation certificate issued to a corporation for a taxation year certifies that the corporation is carrying out in the year, in a designated site that is specified in the certificate, an activity that is listed in the activities certificate issued to it for the year in relation to the site.

If the corporation is a particular corporation referred to in the first paragraph of section 9.4 for the taxation year, the particular certificate must specify the time of the corporate reorganization, as well as the names of all other corporations holding a specified corporation certificate for the reorganization year which, at the time of issue, had not been revoked by Investissement Québec. It also specifies, if applicable, for each of the other corporations mentioned in the particular certificate which, for a preceding taxation year, was itself a particular corporation referred to in the first paragraph of section 9.4, both the time of the preceding reorganization from which it resulted and the names of all other corporations holding a specified corporation certificate for the year of that preceding reorganization which, at the time of issue, had not been revoked by Investissement Québec.

The particular certificate must also specify the date of coming into force of the specified corporation certificate issued to the corporation for the first taxation year in which it carried out, in a designated site, an activity listed in the activities certificate issued to it for the year in relation to the site. However, in the following circumstances, the date that must be specified in the particular certificate is,

(1) where the corporation is a particular corporation referred to in the first paragraph of section 9.4, the date that is the earliest among all dates each of which is the date of coming into force of the exempt corporation certificate held by another corporation whose name would be mentioned in the particular certificate if the second paragraph were read as follows, or, if the other corporation does not hold such a certificate, the date of the first specified corporation certificate issued to it:

"If the corporation is a particular corporation referred to in the first paragraph of section 9.4 for the taxation year, the particular certificate must specify the time of the corporate reorganization, as well as the names of all other corporations holding a specified corporation certificate for the reorganization year. It also specifies, if applicable, for each of the other corporations mentioned in the particular certificate which, for a preceding taxation year, was itself a particular corporation referred to in section 9.4, both the time of the preceding reorganization from which it resulted and the names of all other corporations holding a specified corporation certificate for the year of that preceding reorganization."; or

(2) if the corporation is referred to in the fourth paragraph of section 9.3 and is not a particular corporation referred to in the first paragraph of section 9.4, the date of coming into force of the exempt corporation certificate it holds.

If the corporation is carrying on a business in a biotechnology development centre, the particular certificate must specify the rate that, subject to subparagraphs *b* to *d* of the first paragraph of section 1029.8.36.0.22.1 of the Taxation Act, is applicable to the tax credit on specified wages. The rate specified is 30%, except in the circumstances described in the first or second paragraph of section 9.26, in which case the rate is 40%. In addition, if the corporation is a particular corporation referred to in the first paragraph of section 9.27, Investissement Québec must specify in the particular certificate, in support of the 40% rate, the information that would be required by the second paragraph if it were read as if the reference to section 9.4 was replaced, wherever it appears, by a reference to section 9.27.

If part of the corporation's premises located in the designated site is not available for occupation, the corporation must establish to Investissement Québec's satisfaction that it has entered into a lease to occupy that part of the premises at the earliest date possible. Once that fact is established, the corporation is deemed, for the purposes of the first paragraph, to carry out, in that part of the premises and throughout the period of the taxation year during which it may not occupy it, the activities that it is carrying out elsewhere in Québec and that are listed in the activities certificate issued to it for the year in relation to the site.

If, in a taxation year, a corporation carries on a business in more than one designated site and Investissement Québec issues a specified corporation certificate in respect of each of those sites to the corporation for the year, the certificates are deemed to be one and the same specified corporation certificate. For that purpose, the following rules apply in respect of the latter certificate:

(1) its date of coming into force is the date that is the earliest of the dates of coming into force of the certificates that form it; and

(2) it will be considered revoked only when all the certificates that form it are revoked.

A corporation holding an exempt corporation certificate must inform Investissement Québec diligently if, at a particular time in a particular taxation year, control of a corporation holding a specified corporation certificate is acquired, in accordance with subparagraph *f* of the first paragraph of section 771.13 of the Taxation Act, by the corporation, by a person or group of persons controlling it or by a group described in that subparagraph *f* to which the corporation belongs as a member or as a corporation controlled by one or more members of the group. In such a case, Investissement Québec must issue a specified corporation certificate for the year to the corporation and to any other corporation holding an exempt corporation certificate that is likewise part of the group, unless the corporation or any such other corporation has notified Investissement Québec that it elects to maintain its exempt corporation status despite the acquisition of control.

A particular corporation holding an exempt corporation certificate makes the election referred to in the fourth paragraph of section 9.3 or in the first paragraph of section 9.26, for a taxation year, by filing with Investissement Québec an application for a specified corporation certificate for the year.

9.26. A rate of 40% is specified in the specified corporation certificate issued for a particular taxation year to a corporation that carries on a business in a biotechnology development centre, holds an exempt corporation certificate issued to it following an application filed before 12 June 2003 and, after 30 March 2004, was entitled to obtain a specified corporation certificate because of subparagraph *f* of the first paragraph of section 771.13 of the Taxation Act or elected to become a corporation holding such a certificate, if

(1) a specified corporation certificate was issued to the corporation for the preceding taxation year that is the particular year referred to in the seventh paragraph of section 9.25 or the year for which it made the election;

(2) a specified corporation certificate was issued to the corporation for each taxation year that is between that preceding year and the particular year; and

(3) at the time the specified corporation certificate is to be issued for the particular year, none of the following certificates have been revoked:

(*a*) the exempt corporation certificate; and

(*b*) the certificates referred to in subparagraphs 1 and 2.

The 40% rate is also specified in the specified corporation certificate issued for a particular taxation year to a corporation that carries on a business in a biotechnology development centre, but to which the first paragraph does not apply, if

(1) a specified corporation certificate was issued to the corporation for the most recent preceding taxation year for which the corporation filed a written application for that purpose before 12 June 2003;

(2) a specified corporation certificate was issued to the corporation for each taxation year that is between that preceding year and the particular year; and

(3) at the time the specified corporation certificate is to be issued to the corporation for the particular year, none of the certificates referred to in subparagraphs 1 and 2 have been revoked.

If, at a particular time, Investissement Québec revokes the exempt corporation certificate issued to the corporation referred to in the first paragraph, any specified corporation certificate issued to the corporation is deemed to be amended by Investissement Québec at that time to replace the specified rate of 40% by a rate of 30%. If, at a particular time, Investissement Québec revokes a specified corporation certificate issued to the corporation referred to in the first or second paragraph for a given taxation year which, if the corporation is referred to in the second paragraph, does not precede the taxation year referred to in subparagraph 1 of that paragraph, the same applies to any specified corporation certificate issued to the corporation for a taxation year subsequent to the given year.

The revocation by Investissement Québec of the exempt corporation certificate issued to a corporation gives rise to the application of the presumption in the third paragraph only if the effective date of the revocation precedes the date of coming into force of the election referred to in the first paragraph.

9.27. For the purpose of applying, for a particular taxation year, the first or second paragraph of section 9.26 in respect of a particular corporation resulting from a corporate reorganization involving at least one other corporation that held a valid specified corporation certificate for its taxation year that ended immediately before the time of the reorganization or included that time (in this section and in section 9.25 referred to as the "reorganization year"), one or more of the following presumptions apply, as the case may be:

(1) where the other corporation or, if there are more than one, any of the other corporations is referred to in the first paragraph of section 9.26 or is deemed to hold an exempt corporation certificate because of the application of this subparagraph, the exempt corporation certificate held or deemed to be held by that corporation is, subject to the third paragraph, deemed to be held by the particular corporation, and each of the specified corporation certificates that were issued to it or are deemed to have been issued to it because of the application of this subparagraph is, subject to the third paragraph, deemed to have been issued to the particular corporation; or

(2) where subparagraph 1 does not apply in respect of the other corporation or, if there are more than one, in respect of any of the other corporations, any specified corporation certificate that was issued to the corporation for any of its taxation years that is the reorganization year, the year referred to in subparagraph 1 of the second paragraph of section 9.26 or a year between those two taxation years, or that is deemed to have been issued to the corporation for such a year because of the application of this subparagraph, is, subject to

the third paragraph, deemed to have been issued to the particular corporation for the same taxation year.

The first paragraph is deemed to have applied before 1 January 2011 in respect of any other corporation resulting from a reorganization, if a specified corporation certificate was issued to that other corporation before that date.

If the exempt corporation certificate held by a given corporation, or a specified corporation certificate issued to it that would otherwise be referred to in the first paragraph is revoked by Investissement Québec, one of the following rules applies, as the case may be:

(1) in the case of the revocation of the exempt corporation certificate, neither that certificate nor any of the specified corporation certificates issued to the given corporation is deemed to be held by, or to have been issued to, the particular corporation under subparagraph 1 of the first paragraph;

(2) in the case of the revocation of a specified corporation certificate referred to in subparagraph 1 of the first paragraph, neither the exempt corporation certificate held or deemed to be held by the given corporation, nor any of the specified corporation certificates that were issued or are deemed to have been issued to it is deemed to be held by, or to have been issued to, the particular corporation under that subparagraph 1; or

(3) in the case of the revocation of a specified corporation certificate referred to in subparagraph 2 of the first paragraph, none of the specified corporation certificates that were issued or are deemed to have been issued to the given corporation are deemed to have been issued to the particular corporation under that subparagraph 2.

However, the revocation by Investissement Québec of the exempt corporation certificate held by a given corporation gives rise to the application of the third paragraph only if the effective date of the revocation precedes the date of the acquisition of control referred to in the seventh paragraph of section 9.25 or before the date of coming into force of the election referred to in the first paragraph of section 9.26.

If, at a particular time, because of the application of the third paragraph, the particular corporation can no longer meet, for a taxation year, neither the conditions of subparagraphs 1 and 2 of the first paragraph of section 9.26 nor the conditions of subparagraphs 1 and 2 of the second paragraph of that section, any specified corporation certificate that was issued to it is deemed to have been amended by Investissement Québec at that time to replace, in accordance with the third paragraph of section 9.26, the rate of 40% by a rate of 30%.

In this section, “corporate reorganization” means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) a reorganization in the course of which a corporation transfers to another corporation all of its activities referred to in the unrevoked activities certificate issued to the corporation for the taxation year that includes the time of the transfer, which time is considered to be the time of the reorganization, provided that all the issued shares of each class of shares of the capital stock of each of the two corporations that are parties to the transfer are owned by the same person or are owned by the same group of persons and are distributed among its members in such a manner that the proportion of issued shares of any class of shares of the capital stock of either of the two corporations that are owned by each member is identical to the proportion of issued shares of the corresponding class of shares of the capital stock of the other corporation that are owned by that member.

For the purposes of subparagraph 2 of the sixth paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this section referred to as the "parent"), if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of this section, either the parent or the other corporation referred to in subparagraph 3 of the sixth paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in subparagraph 2 or 3 of that sixth paragraph.

The specified corporation certificate held for the reorganization year by the corporation that transferred all its activities referred to in the valid activities certificate it holds for the same year is deemed to be revoked by Investissement Québec as of the time of the reorganization. However, this presumption does not apply in respect of the third paragraph.

DIVISION VIII

ACTIVITIES CERTIFICATE

9.28. An activities certificate issued, for a taxation year, to a corporation carrying on a business in a designated site certifies that each of the activities mentioned in the certificate is recognized,

(1) if the designated site is a biotechnology development centre, as an activity related to biotechnologies;

(2) if the designated site is a new economy centre, as an activity related to the new economy; or

(3) if the designated site is the Centre national des nouvelles technologies de Québec or the Cité du multimédia, as an activity related to information technologies.

If the designated site is a biotechnology development centre and the corporation does not hold an exempt corporation certificate, the activities certificate also specifies, for the purpose of establishing the beginning of the period referred to in paragraph *b* or *c* of the definition of "eligibility period" in the first paragraph of section 1029.8.36.0.17 of the Taxation Act, the date of coming into force of the first specified corporation certificate issued to the corporation following an application filed after 30 March 2004.

9.29. Subject to section 9.32, an activity may be recognized as an activity related to biotechnologies if

(1) the activity is an innovative activity in the field of biotechnology; and

(2) the activity is related to

(*a*) human health,

(*b*) animal or plant agrobiotechnology,

(*c*) the environment, or

(*d*) human or animal nutrition.

9.30. Subject to section 9.32, an activity may be recognized as an activity related to the new economy if

(1) the activity is an innovative activity; and

(2) the activity is carried out in any of the following sectors:

(*a*) information technologies, including electronic data processing, telecommunications, geomatics, measurement and control instrumentation, multimedia and consulting services,

(*b*) production technologies, including design and engineering, manufacturing and assembly, automated handling of materials and manufacturing information systems,

(*c*) biotechnologies, including human and animal health, farming, agri-food, forestry and the environment,

(*d*) materials technologies, including chemical and metallic materials, polymers and composite materials, and

(*e*) scientific and technological services, including engineering services, testing laboratories, scientific and technical consulting services and the design of computer systems.

9.31. Subject to section 9.32, an activity may be recognized as an activity related to information technologies if

(1) the activity is an innovative activity; and

(2) the activity is carried out in the sectors of information technology and communications, including electronic data processing, telecommunications, multimedia and consulting services.

9.32. The following activities may be recognized neither as activities related to biotechnologies, nor as activities related to the new economy or activities related to information technologies:

(1) the repair, maintenance and reconditioning of electronic or computer hardware;

(2) the manufacturing of machines, instruments, components, parts, hardware or equipment;

(3) the assembly of parts or components, such as the assembly of television sets, computer monitors, calculators or cash registers;

(4) audio or video signal distribution services via television broadcasting, telephony, cable broadcasting, satellites or other cellular networks;

(5) distribution services such as those of newspaper chains, periodicals, video clubs and television stations;

(6) the operation of radio or television broadcasting satellites, studios or networks;

(7) the operation of telephone services or electromagnetic telecommunications services, such as a call centre or a telephone network;

(8) activities related to print media, non-digital film, including post-production, or non-digital audiovisual production, including a television program;

(9) activities carried out by a primary supplier, in particular a museum, a library or an information bank;

(10) activities carried out by an Internet access provider;

(11) teleconferencing services;

(12) the publishing of books and the production of disks; and

(13) activities related to market analysis and market development, financial packaging, business plan preparation, capital property financing, advertising, promoting, manufacturing, processing or commercializing.

DIVISION IX

SPECIFIED EMPLOYEE CERTIFICATE

9.33. A specified employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized as a specified employee of the corporation for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

9.34. An individual may be recognized as a specified employee of a corporation if

(1) the individual works full time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks;

(2) the individual undertakes, supervises or directly supports, in a designated site where the corporation carries on a business, work relating to an activity of the corporation that is mentioned in the activities certificate issued to the corporation, in relation to the site, for the year for which the application for an employee certificate is filed; and

(3) the individual performs his or her duties exclusively or almost exclusively in the designated site.

9.35. For the purposes of subparagraph 3 of the first paragraph of section 9.34, an individual who works for a corporation is deemed to perform his or her duties in a designated site where the corporation carries on a business during the period in which the individual receives refresher training outside the site, provided all the conditions of that section are otherwise met and the individual receives his or her usual remuneration during that period.

An individual is also deemed to perform, in the designated site, the duties that the individual performs in a research centre equipped with specialized equipment or in a natural setting, if

(1) the research centre or natural setting is located neither in another establishment of the corporation, nor in the establishment of a client or of a person with whom the corporation is not dealing at arm's length; and

(2) it would be unreasonable to require that those duties be performed in the designated site.

If the designated site is a biotechnology development centre, the individual is deemed to perform his or her duties in the centre when using a person's specialized facility, in relation to the centre, that the corporation is renting in the course of carrying out an activity mentioned in the valid activities certificate it holds in relation to the centre.

The individual is also deemed to perform his or her duties in the designated site when performing them elsewhere in Québec because part of the corporation's

premises located in the site is not available for occupation. In such a case, the presumption applies only for the period referred to in the fifth paragraph of section 9.25 and only if the evidence required by that paragraph is provided to Investissement Québec's satisfaction. The latter presumption also has effect for the purposes of subparagraph 2 of the first paragraph of section 9.34.

9.36. The number of specified employee certificates that Investissement Québec may issue to a corporation for a taxation year, in respect of a designated site where the corporation carries on a business, may not exceed the result obtained by dividing the total area of the premises occupied by the corporation in the designated site by the area of the average reasonable space that is intended for the exclusive use of an individual recognized as a specified employee of the corporation for the year and that is needed by that individual to perform his or her duties.

The area of the average reasonable space is assessed taking into account the nature of the duties performed and the proportion that, for the same work shift, each type of work station of the corporation for which a specified employee certificate may be issued is of all such work stations.

9.37. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as a specified employee of a corporation, consider that the individual continued to work and to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

CHAPTER X

SECTORAL PARAMETERS OF TAX HOLIDAYS AND TAX CREDITS RELATING TO MONTRÉAL INTERNATIONAL TRADE ZONE AT MIRABEL

DIVISION I

INTERPRETATION AND GENERAL

10.1. In this chapter, unless the context indicates otherwise,

"fiscal measure relating to the Montréal international trade zone at Mirabel" means any of the following fiscal measures from which a corporation to which the certificate referred to in the first paragraph of section 10.3 is or has been issued, or a corporation that is a member of a partnership to which such a certificate has been issued or, in the case of the measure described in paragraph 6, another person who is a member of such a partnership may benefit:

(1) the tax credit for wages;

(2) the tax credit for customs brokerage services;

(3) the tax credit for the acquisition costs or rental expenses of a property;

(4) the fiscal measure provided for in Title VII.2.2 of Book IV of Part I of the Taxation Act, which allows the corporation to deduct an amount in computing its taxable income, for a taxation year, under section 737.18.11 of that Act;

(5) the fiscal measure provided for in sections 1130, 1137 and 1138.2.1 of the Taxation Act, which allows the corporation to deduct an amount in computing its paid-up capital for a taxation year under paragraphs *d* and *e* of section 1137 of that Act; and

(6) the fiscal measure provided for in sections 33 and 34 of the Act respecting the Régie de l'assurance maladie du Québec, which allows the corporation or the other person to obtain a contribution exemption under subparagraph *b* of the seventh paragraph of section 34 of that Act;

"Montréal international trade zone at Mirabel" means the zone that consists of the lots of the official cadastre of Mirabel bearing numbers 1 554 289, 1 554 299, 1 555 365, 1 689 485, 1 689 486, 1 689 487, 1 689 505, 1 689 506, 1 689 507, 1 689 508, 1 689 509, 1 689 548, 1 689 549, 1 689 551, 1 689 552, 1 689 555, 1 689 780, 1 689 781, 1 689 783, 1 689 784, 1 689 785, 1 689 786, 1 689 787, 1 689 789, 1 689 790, 1 689 791, 1 689 793, 1 689 794, 1 689 795, 1 689 796, 1 689 797, 1 689 798, 1 689 799, 1 689 897, 1 689 898, 1 689 899, 1 689 900, 1 689 901, 1 689 902, 1 689 903, 1 689 904, 1 689 905, 1 689 906, 1 689 907, 1 689 908, 1 689 910, 1 689 911, 1 689 913, 1 689 981, 1 689 992, 1 690 004, 1 690 006, 1 690 007, 1 809 917, 1 809 918, 1 809 923, 2 362 199, 2 362 203, 2 362 326, 2 455 559, 2 455 561, 2 455 562, 2 455 563, 2 455 564, 2 455 565, 2 455 567 and 3 495 456;

"tax credit for customs brokerage services" means the fiscal measure provided for in Division II.6.0.5 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax credit for the acquisition costs or rental expenses of a property" means the fiscal measure provided for in Division II.6.0.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax credit for the construction, renovation or alteration of strategic buildings" means the fiscal measure provided for in Division II.6.0.7 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax credit for wages" means the fiscal measure provided for in Division II.6.0.4 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

10.2. For the purposes of this Act and despite sections 1175.27, 1175.28.15 and 1175.28.17 of the Taxation Act, every person who is a member of a partnership that holds the certificate referred to in the first paragraph of section 10.3 is considered to be the person who benefits from, or avails himself, herself or itself of, the fiscal measure described in paragraph 6 of the definition of "fiscal measure relating to the Montréal international trade zone at Mirabel" in section 10.1, according to the agreed proportion in respect of the person for the partnership's fiscal period that ends in the person's taxation year for which the measure applies.

10.3. To benefit from a fiscal measure relating to the Montréal international trade zone at Mirabel, a corporation or, if it avails itself of the measure as a member of a partnership, the partnership must hold a valid certificate in respect of the business carried on in the zone (in this chapter referred to as a "business certificate"). The same applies if another person who is a member of the partnership intends to avail himself, herself or itself of the fiscal measure described in paragraph 6 of the definition of "fiscal measure relating to the Montréal international trade zone at Mirabel" in section 10.1.

Depending on which fiscal measure relating to the Montréal international trade zone at Mirabel the corporation or the partnership of which the corporation is a member intends to benefit from, the corporation or the partnership must obtain one or more of the following certificates from Investissement Québec:

(1) in the case of the tax credit for wages, a certificate in respect of each individual for whom the corporation claims the tax credit (in this chapter referred to as an "employee certificate");

(2) in the case of the tax credit for customs brokerage services, a certificate in respect of each contract for which the corporation claims the tax credit (in this chapter referred to as a "contract certificate"); and

(3) in the case of the tax credit for the acquisition costs or rental expenses of a property, a certificate in respect of each property for which the corporation claims the tax credit (in this chapter referred to as a "property certificate").

The certificates referred to in subparagraphs 1 and 2 of the second paragraph must be obtained, as the case may be, for each taxation year for which the corporation intends to benefit from the tax credit relating to the Montréal international trade zone at Mirabel to which that paragraph refers, or for each fiscal period of the partnership of which the corporation is a member that ends in such a taxation year.

However, Investissement Québec may not issue a particular certificate referred to in the second paragraph to a corporation or partnership, in relation to a business, unless the business certificate held by the corporation or the partnership in respect of the business is still valid on the date of coming into force of the particular certificate.

If, at a particular time, Investissement Québec revokes the business certificate held by the corporation or the partnership in respect of a business, any certificate referred to in the second paragraph that relates to the business and whose date of coming into force is subsequent to the effective date of the revocation is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. Any certificate referred to in the second paragraph that relates to the business and that is still valid on the effective date of the revocation of the business certificate is also deemed to be revoked by Investissement Québec at that particular time, except that the deemed revocation becomes effective on the latter date.

10.4. Despite the first paragraph of section 10.3, to benefit from a fiscal measure relating to the Montréal international trade zone at Mirabel, a particular corporation resulting from a corporate reorganization must obtain a business certificate from Investissement Québec in respect of a particular business. However, Investissement Québec may issue the certificate only if

(1) following the reorganization, the particular corporation carries on the particular business in the Montréal international trade zone at Mirabel;

(2) another corporation that was part of the reorganization held, immediately before the reorganization, an unrevoked business certificate that was issued to it, in respect of the particular business, either following an application filed before 12 June 2003 or, if the other corporation itself resulted from a reorganization, under this paragraph; and

(3) in the case of a reorganization referred to in subparagraph 3 of the fourth paragraph and where the particular business that was transferred to the particular corporation is only part of the business in respect of which the other corporation held a business certificate, the other corporation ceases as of the time of the transfer to carry on, in the Montréal international trade zone at Mirabel, the portion of that business that was not transferred.

The first paragraph is deemed to have applied before 1 January 2011 in respect of any corporation resulting from a corporate reorganization, if a business certificate was issued to it before that date in respect of the business carried on following the reorganization.

A particular business certificate issued to a particular corporation under the first paragraph is deemed to be revoked by Investissement Québec at a particular time if the business certificate that the other corporation held immediately before the reorganization from which it resulted is revoked by Investissement

Québec at that time or is deemed to be revoked because of the application of this paragraph. The effective date of the deemed revocation is the date of coming into force of the particular certificate.

In this section and sections 10.6 and 10.20, "corporate reorganization" means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) a reorganization in the course of which a corporation transfers to another corporation all or part of the activities of the particular business that are specified in the business certificate issued to the corporation that is valid immediately before the time of the transfer, which time is considered to be the time of the reorganization, provided that all the issued shares of each class of shares of the capital stock of each of the two corporations that are parties to the transfer are owned by the same person or are owned by the same group of persons and are distributed among its members in such a manner that the proportion of issued shares of any class of shares of the capital stock of either of the two corporations that are owned by each member is identical to the proportion of issued shares of the corresponding class of shares of the capital stock of the other corporation that are owned by the member.

For the purposes of subparagraph 2 of the fourth paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this section referred to as the "parent"), if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of this section and sections 10.6 and 10.20, the parent or the other corporation referred to in subparagraph 3 of the fourth paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in subparagraph 2 or 3 of that fourth paragraph.

The business certificate held by the corporation that transferred, in the course of a corporate reorganization described in subparagraph 3 of the fourth paragraph, all or part of the activities of the particular business that are described in the certificate is deemed to be revoked by Investissement Québec as of the time of the reorganization. However, this presumption does not apply in respect of the third paragraph.

10.5. A corporation which, for any taxation year, benefited from the tax credit for the construction, renovation or alteration of strategic buildings, in relation to a particular building, must, to avoid paying the special tax provided for in section 1129.4.30 of the Taxation Act, obtain from Investissement Québec a certificate in respect of the building (in this chapter referred to as a "building certificate").

The certificate must be obtained for each of the nine taxation years following the taxation year that includes the date specified in the work completion certificate held by the corporation in relation to the particular building.

DIVISION II

BUSINESS CERTIFICATE

10.6. A particular business certificate issued to a corporation or a partnership, in relation to a particular business, certifies that all or substantially all of the activities of the business that the corporation or partnership carries on in the Montréal international trade zone at Mirabel are activities that are mentioned in the certificate. The certificate also certifies that those activities are recognized as eligible activities.

A particular certificate issued following an application filed before 12 June 2003 confirms the business plan enclosed with the application, which plan specifies, among other things, the particular sectors to which the activities of the particular business must belong.

In the case of a particular corporation referred to in the first paragraph of section 10.4, the particular certificate specifies the time of the corporate reorganization and the name of the other corporation holding, immediately before that time, a valid business certificate in respect of the particular business. If the other corporation also resulted from a corporate reorganization, the certificate specifies, for any other corporation mentioned in the particular certificate which, in the course of a preceding reorganization, was a corporation referred to in the first paragraph of section 10.4, both the time of the preceding reorganization from which it resulted and the name of the other corporation holding, immediately before that time, a valid business certificate in respect of the particular business. The particular certificate also specifies, for the purposes of the provisions of the Taxation Act that are listed in the fifth paragraph, as a deemed effective date, the date of coming into force of the business certificate issued, in respect of the particular business, to the other corporation or, if there are more than one, to the corporation among those other corporations that applied for the certificate before 12 June 2003. Lastly, for the purposes of the presumptions of the Taxation Act that are listed in the sixth paragraph, the latter certificate is deemed to have been issued to the particular corporation.

If an immovable or a part of immovable located in the Montréal international trade zone at Mirabel that the corporation or the partnership needs to carry on the particular business is not yet available for occupation, the corporation or partnership must give an undertaking to Investissement Québec that it will occupy the immovable or part of immovable at the earliest date possible. Once that undertaking has been given, the corporation or the partnership is deemed, for the purposes of this chapter, to carry on, in that immovable or part of immovable and throughout the period during which it may not occupy it, activities of the particular business that it carries on elsewhere in Québec.

The provisions of the Taxation Act to which the third paragraph refers are the following:

(1) the definition of "base period" in the first paragraph of section 737.18.6;

(2) paragraph *b* of the definition of "qualified wages" in the first paragraph of section 1029.8.36.0.38;

(3) paragraph *b* of the definition of "qualified brokerage expenditure" in the first paragraph of section 1029.8.36.0.55; and

(4) the definition of "qualified property" in the first paragraph of section 1029.8.36.0.72.

The presumptions of the Taxation Act to which the third paragraph refers are those set out in the following provisions of that Act:

(1) section 737.18.9.1; and

(2) the third paragraph of each of sections 1029.8.36.0.38, 1029.8.36.0.55 and 1029.8.36.0.72.

10.7. A business certificate issued to a corporation or a partnership in respect of a particular business whose activities are the expansion of the particular activities which, on the date it becomes effective, are carried on in Québec outside the Montréal international trade zone at Mirabel, is valid only for the period in which the corporation or partnership complies with its undertaking not to reduce the particular activities or move them inside the zone.

10.8. To be recognized as an eligible activity, an activity must be provided for in the business plan referred to in the second paragraph of section 10.6 and relate to one or more of the following sectors of activity:

(1) international logistics;

(2) aircraft maintenance and repair;

(3) training in the field of aviation; and

(4) minor processing.

An activity that is provided for in the business plan referred to in the second paragraph of section 10.6 may also be recognized as an eligible activity if, in the opinion of Investissement Québec, it is of special interest to Québec.

10.9. Subject to section 10.10, an activity relates to international logistics if it is closely related to the international or interprovincial distribution of

goods. In this respect, for each class of goods, Québec must be neither the origin nor the destination of property representing more than 20% of the value of the goods included in that class. However, a more substantial part of the property of a class of goods may come from Québec or be distributed in Québec if such property is not otherwise distributed in Québec by other businesses.

10.10. The transportation activities of a corporation or partnership providing air, trucking or railway services are not considered to be activities that relate to international logistics, unless they consist in ground activities of an air carrier that are directly related to the transhipment or storage of goods.

10.11. The aircraft maintenance and repair sector includes activities relating to the maintenance and repair of navigation instruments and ground service equipment.

10.12. An activity relates to training in the field of aviation if it complements training activities that are offered in Québec outside the Montréal international trade zone at Mirabel or if it contributes mainly to the training of flight personnel or airport personnel that are not resident in Québec.

For the purposes of the first paragraph,

"airport personnel" includes firefighters, de-icing workers, air traffic controllers, investigators, flight safety managers and ramp agents;

"flight personnel" includes pilots, flight attendants and flight engineers.

10.13. A manufacturing or processing activity relates to minor processing if the total of the value added at the time of the manufacturing or processing and the cost of the components purchased in the Montréal international trade zone at Mirabel for that activity does not exceed half of the total value of the product manufactured or processed, and if the decision to establish, in the zone, a particular business of which the activity is a part is significantly motivated by one or more of the following factors:

(1) the proximity of an international airport;

(2) the presence of a free zone;

(3) easy access to air, road, rail or maritime transportation; and

(4) the availability of a sizable establishment area.

However, such a manufacturing or processing activity may not be recognized as an eligible activity unless it contributes to the development of facilities dedicated to airport purposes and to the economic development of Québec and is in keeping with the requirements of international trade agreements.

DIVISION III

EMPLOYEE CERTIFICATE

10.14. An employee certificate issued to a corporation or a partnership, in relation to a particular business, certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation or partnership for the taxation year or fiscal period for which the application for the certificate was made or for the part of the year or period specified in the certificate.

10.15. An individual may be recognized as an eligible employee of a corporation or a partnership, if

(1) the individual works full-time for the corporation or partnership, that is, at least 26 hours per week, for an expected minimum period of at least 40 weeks; and

(2) at least 75% of the individual's duties with the corporation or partnership consist in work relating to an activity of a particular business (other than an activity that relates to minor processing) that is specified in the valid business certificate held by the corporation or partnership in respect of the business.

For the purposes of subparagraph 2 of the first paragraph, an individual's administrative tasks are not to be considered as work relating to an activity specified in a business certificate.

In this section, "administrative tasks" include tasks relating to operations management, accounting, finances, legal affairs, public relations, communications, contract solicitation and human and physical resources management.

DIVISION IV

CONTRACT CERTIFICATE

10.16. A contract certificate issued to a corporation or a partnership, in relation to a particular business, certifies that the contract referred to in the certificate is recognized as an eligible contract for the taxation year of the corporation or the fiscal period of the partnership for which the application for the certificate was made. The contract certificate also lists the services rendered under the contract by a customs broker to the corporation in the year, or to the partnership in the period, that constitute customs brokerage services rendered in relation to the activities of the particular business that are specified in the valid business certificate held by the corporation or partnership in respect of the business.

10.17. A contract between a corporation or a partnership and a customs broker under which the customs broker undertakes to render customs brokerage services to the corporation or partnership, in relation to the activities of a

particular business that are specified in the business certificate held by the corporation or partnership in respect of the business, is recognized as an eligible contract.

DIVISION V

PROPERTY CERTIFICATE

10.18. A property certificate issued to a corporation or a partnership certifies that the property referred to in the certificate is dedicated to the Montréal international trade zone at Mirabel. If the property is leased by the person or partnership, the certificate also specifies the eligible lease period of the property determined in accordance with the second paragraph.

The eligible lease period of a property is the lease period during which the total rent paid in respect of the property does not exceed 25% of the acquisition cost of an identical property.

10.19. A property is considered to be dedicated to the Montréal international trade zone at Mirabel if, within a reasonable time after its acquisition or after the date of the contract under which it is leased, it is used by the corporation or partnership only in the Montréal international trade zone at Mirabel and exclusively or almost exclusively to earn income from the activities of a particular business that are specified in the business certificate held by the corporation or partnership in respect of the business.

In the circumstances described in the fourth paragraph of section 10.6, a property is deemed to be used in the Montréal international trade zone at Mirabel for the period during which it is used by the corporation or partnership in Québec outside the zone, if

(1) during that period, it is used exclusively or almost exclusively to earn income from the activities specified in the business certificate held by the corporation or partnership in respect of the particular business; and

(2) it continues to be so used by the corporation or partnership in the carrying on of the particular business after the corporation or partnership has begun to occupy the immovable or the part of immovable, referred to in that fourth paragraph, that is located in the Montréal international trade zone at Mirabel.

10.20. Investissement Québec must revoke the property certificate issued to a corporation or a partnership, in respect of a property acquired or leased by it, if, at any time in the three-year period after the date on which the property began to be used by the corporation or partnership, the property ceases to be used by the corporation or partnership only in the Montréal international trade zone at Mirabel or exclusively or almost exclusively to earn income from the activities specified in the business certificate held by the corporation or partnership in respect of the particular business. The effective date of the

revocation is the date of coming into force of the property certificate that is revoked.

If a property certificate has been issued to another corporation referred to in subparagraph 2 of the first paragraph of section 10.4 in relation to a particular business carried on by the other corporation, the particular corporation resulting from the corporate reorganization following which the particular corporation continues the carrying on of the particular business and the other corporation are deemed to be one and the same corporation in determining, for the purposes of this section and section 10.18, if the property has been used and, if so, to what end.

10.21. Investissement Québec may not issue a property certificate to a corporation or a partnership in respect of a property that is office furniture or general-use equipment or that is used by individuals holding administrative duties with the corporation or partnership. The same applies in respect of a property that is an aircraft, a vehicle or rolling stock, except in the case of equipment intended for the transhipment of goods or the handling of goods inside a warehouse, hangar or assembly shop.

DIVISION VI

BUILDING CERTIFICATE

10.22. A building certificate issued to a corporation certifies that, for the taxation year for which the application for the certificate was made, the building or the part of building that is referred to in the certificate is not used or intended to be used for residential purposes and that at least three quarters of the total space is used for the carrying on of one or more businesses recognized by Investissement Québec or is intended to be so used.

If at least three quarters of the total space of the building or of the part of building is occupied by the same corporation for the carrying on of a business recognized by Investissement Québec, the name of the corporation is also specified in the building certificate.

10.23. A business in whose respect an unrevoked business certificate is held is recognized by Investissement Québec. A business of a corporation may also be recognized by Investissement Québec if

(1) at the time the business begins to be carried on in the building or the part of building referred to in section 10.22, the business is not identical or similar to another business carried on in Québec at that time by a person other than the corporation;

(2) all or substantially all the activities of the business relate to one or more of the sectors of activity referred to in the first paragraph of section 10.8;

(3) the activities of the business are new activities for the corporation or constitute a significant expansion of a business already carried on by the corporation; and

(4) the activities of the business do not arise from the relocation of a business that was carried on in Québec outside the Montréal international trade zone at Mirabel.

CHAPTER XI

SECTORAL PARAMETERS OF TAX CREDIT FOR JOB CREATION IN RESOURCE REGIONS, IN ALUMINUM VALLEY AND IN GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC

DIVISION I

INTERPRETATION AND GENERAL

11.1. In this chapter, unless the context indicates otherwise,

"base year" of a corporation, relating to the particular calendar year that ends in a taxation year for which the corporation claims the tax credit for job creation in certain regions of Québec, means, subject to the third paragraph, the calendar year that precedes the first calendar year covered by the first qualification certificate issued to the corporation that

(1) is valid at the beginning of the particular year; and

(2) either is referred to in the first paragraph of section 11.2 or, if that first calendar year precedes the year 2003, was issued for the purposes of any of the following divisions:

(*a*) Division II.6.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, in which case the qualification certificate is referred to in this chapter as an "initial qualification certificate" in relation to the Saguenay–Lac-Saint-Jean region;

(*b*) Division II.6.6.4 of that Chapter III.1, in which case the qualification certificate is referred to in this chapter as an "initial qualification certificate" in relation to the eligible regions; and

(*c*) Division II.6.6.6 of that Chapter III.1, in which case the qualification certificate is referred to in this chapter as an "initial qualification certificate" in relation to the resource regions;

"designated region" means

(1) a resource region;

(2) an eligible region; or

(3) the Saguenay–Lac-Saint-Jean region;

"eligible region" means

(1) the Bas-Saint-Laurent region;

(2) the Côte-Nord region; or

(3) the Gaspésie–Îles-de-la-Madeleine region;

"recognized business", for a calendar year, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, means the set of activities carried on by a corporation in one or more resource regions, one or more eligible regions or in the Saguenay–Lac-Saint-Jean region, as the case may be, that are specified in a qualification certificate referred to in subparagraph 1 of the second paragraph of section 11.2 that is issued to the corporation for the calendar year;

"resource region" means

(1) any of the following regions or parts of a region:

(*a*) either the Bas-Saint-Laurent region or, if this definition applies to a calendar year subsequent to the year 2012, the part of that region that includes the territories of the regional county municipalities of La Matapédia, Matane and La Mitis,

(*b*) either the Saguenay–Lac-Saint-Jean region or, if this definition applies to a calendar year subsequent to the year 2012, the part of that region that includes the territories of the regional county municipalities of Maria-Chapdelaine, Le Fjord-du-Saguenay and Le Domaine-du-Roy,

(*c*) either the Mauricie region or, if this definition applies to a calendar year subsequent to the year 2012, the part of that region that includes the territories of the urban agglomeration of La Tuque, Municipalité régionale de comté de Mékinac and Ville de Shawinigan,

(*d*) the Abitibi-Témiscamingue region,

(*e*) the Côte-Nord region, and

(*f*) the Nord-du-Québec region; or

(2) any of the following regional county municipalities:

(*a*) Municipalité régionale de comté d'Antoine-Labelle,

(*b*) Municipalité régionale de comté de La Vallée-de-la-Gatineau, and

(*c*) Municipalité régionale de comté de Pontiac;

"tax credit for job creation in certain regions of Québec" means the fiscal measure provided for in Division II.6.6.6.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

For the purposes of the definition of "base year" in the first paragraph, the following presumptions must be taken into consideration, as applicable:

(1) a qualification certificate issued to a corporation for a period beginning in the calendar year 2000 or 2001, in respect of a particular business that is recognized by Investissement Québec in relation to that calendar year and that was carried on by the corporation for the purposes of any of Divisions II.6.6.2, II.6.6.4 and II.6.6.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, is, if the corporation so elected and despite the revocation of the certificate by Investissement Québec at the corporation's request, deemed valid, for the purpose of determining the corporation's base year that relates to a subsequent calendar year that is covered, in whole or in part, by a qualification certificate referred to in the first paragraph of section 11.2 that is subsequently issued to the corporation in respect of activities recognized by Investissement Québec that are part of the business, or by a qualification certificate subsequently issued to the corporation, in relation to the business and for the purposes of that Division II.6.6.2, II.6.6.4 or II.6.6.6; and

(2) a qualification certificate referred to in the first paragraph of section 11.2 or issued for the purposes of any of Divisions II.6.6.2, II.6.6.4 and II.6.6.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, revoked by Investissement Québec at the request of the corporation to which it has been issued, because of a major unforeseen event affecting the corporation in a particular calendar year, is deemed valid, for the purpose of determining the corporation's base year that relates to a calendar year subsequent to the particular calendar year, if the corporation resumes the activities that were interrupted because of the major unforeseen event in a municipality or in another place that is more than 40 kilometres away from the municipality or the place where the corporation used to carry on the activities.

However, the base year of a corporation that carried on, before 1 April 2008, a recognized business in relation to the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, is

(1) the calendar year that precedes the calendar year ending in the taxation year for which an election under the first paragraph of section 1029.8.36.72.82.3.1 of the Taxation Act was made for the first time by the corporation, if the corporation made the second election referred to in paragraph *a* of the definition of "base period" in the first paragraph of section 1029.8.36.72.82.1 of that Act; or

(2) the calendar year 2010, if the corporation made the election under the first paragraph of section 1029.8.36.72.82.3.1.1 of that Act.

11.2. To benefit from the tax credit for job creation in certain regions of Québec, a corporation that is carrying on activities in one or more designated regions must obtain a qualification certificate from Investissement Québec in relation to any set of activities which, according to the designated region or regions in which the corporation is carrying on the activities and the nature of the activities, is

(1) the set of activities that are carried on by the corporation in one or more resource regions in the first calendar year for which the application for the qualification certificate is filed and that may be recognized by Investissement Québec in respect of such a region, in which case the qualification certificate is referred to in this chapter as an "initial qualification certificate", in relation to the resource regions;

(2) the set of activities that are carried on by the corporation in one or more eligible regions in the first calendar year for which the application for the qualification certificate is filed and that may be recognized by Investissement Québec in respect of such a region, in which case the qualification certificate is referred to in this chapter as an "initial qualification certificate", in relation to the eligible regions; or

(3) the set of activities that are carried on by the corporation in the Saguenay–Lac-Saint-Jean region in the first calendar year for which the application for the qualification certificate is filed and that may be recognized by Investissement Québec in respect of that region, in which case the qualification certificate is referred to in this chapter as an "initial qualification certificate", in relation to the Saguenay–Lac-Saint-Jean region.

To benefit from the tax credit, a corporation must also obtain the following documents from Investissement Québec:

(1) a qualification certificate (in this chapter referred to as a "business qualification certificate") in respect of activities carried on by the corporation in one or more resource regions, one or more eligible regions or the Saguenay–Lac-Saint-Jean region and for which the corporation claims the tax credit; and

(2) a certificate (in this chapter referred to as an "employee certificate") in respect of each individual who meets the requirements for recognition as an eligible employee of the corporation.

The documents referred to in the second paragraph must be obtained for each calendar year that ends in a taxation year for which the corporation intends to claim the tax credit for job creation in certain regions of Québec. The certificates referred to in subparagraph 2 of that paragraph must also be obtained for the base year that relates to such a calendar year.

However, Investissement Québec may not issue an initial qualification certificate to a corporation, in relation to the eligible regions or the Saguenay–

Lac-Saint-Jean region, as the case may be, unless the first calendar year for which the application for the certificate is filed precedes the year 2016. Similarly, Investissement Québec may not issue an initial qualification certificate to a corporation in relation to the resource regions unless

(1) the corporation results from a corporate reorganization described in the fifth paragraph of section 11.4 in the course of which an unrevoked initial qualification certificate in relation to the resource regions is deemed to have been issued to the corporation under subparagraph 2 of the first paragraph of that section; or

(2) because of a major unforeseen event, an initial qualification certificate issued to the corporation in relation to the resource regions has been revoked by Investissement Québec at the corporation's request and the corporation resumes the activities recognized by Investissement Québec in respect of such a region that were interrupted because of the event before the beginning of the third calendar year that follows the calendar year in which the activities were interrupted.

Similarly, Investissement Québec may not, for a particular calendar year, issue to a corporation a business qualification certificate in respect of the activities carried on by the corporation in one or more resource regions, one or more eligible regions or the Saguenay–Lac-Saint-Jean region unless the initial qualification certificate, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, issued to the corporation is valid for the particular year.

Investissement Québec is deemed to revoke the initial qualification certificate, in relation to the resource regions, that was issued to a corporation if the corporation makes an election under the first paragraph of section 1029.8.36.72.82.3.1.1 of the Taxation Act. The deemed revocation becomes effective on 1 January 2011.

If, at a particular time, Investissement Québec revokes an initial qualification certificate issued to a corporation, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, any business qualification certificate issued to the corporation in relation to such regions, for the particular calendar year that includes the effective date of the revocation or for a subsequent calendar year, is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the qualification certificate that is deemed to be revoked.

Investissement Québec may not issue a document referred to in the second paragraph to a corporation for a calendar year subsequent to the year 2015.

11.3. Investissement Québec may not issue an initial qualification certificate in relation to the set of activities carried on by a corporation in the eligible regions or the Saguenay–Lac-Saint-Jean region unless the corporation establishes

to Investissement Québec's satisfaction that at least three full-time jobs will be created within a reasonable time in the territory of one or more eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be.

For the purpose of determining the number of jobs created, any full-time, part-time or seasonal job created by a corporation in any establishment located in an eligible region or the Saguenay–Lac-Saint-Jean region, as the case may be, as well as any increase in the number of hours worked by employees of such an establishment, may be taken into account. The job or the increase in the number of hours worked is considered to be all or part of a full-time job, depending on the number of hours involved. In the case of an initial qualification certificate issued to a corporation in relation to the eligible regions, any such job that is created or any such increase that occurs in a period preceding the date of coming into force of the initial qualification certificate may also be taken into account if the corporation held, for that period, a valid initial qualification certificate within the meaning of Chapter XII.

11.4. If a particular corporation carries on a set of activities in one or more designated regions and resulted from a corporate reorganization involving another corporation that held, immediately before the reorganization, a valid business qualification certificate in relation to that set of activities, the following rules must be taken into consideration in this chapter:

(1) for the purpose of applying section 11.3 or the third paragraph of section 11.1 to the particular corporation, that corporation and the other corporation are deemed to be one and the same corporation;

(2) any unrevoked initial qualification certificate issued to the other corporation, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, or deemed to have been issued to it because of the application of this subparagraph is deemed to have been issued to the particular corporation; and

(3) any unrevoked employee certificate issued to the other corporation or deemed to have been issued to it because of the application of this subparagraph for its base year is deemed to have been issued to the particular corporation for the calendar year, unless the date of coming into force of the first initial qualification certificate issued to the latter corporation precedes the date of coming into force of the first initial qualification certificate issued to the other corporation.

However, the presumption set out in subparagraph 3 of the first paragraph does not apply in the case of a corporate reorganization that is described in subparagraph 3 of the fifth paragraph and the presumption set out in subparagraph 2 of the first paragraph applies to such a reorganization only for the purposes of subparagraph 1 of the fourth paragraph of section 11.2 and for the purpose of establishing whether an activity is referred to in the second paragraph of any of sections 11.7, 11.9 and 11.11.

If, immediately before a reorganization that occurs in the first 15 days of a particular calendar year, the other corporation did not hold, for the particular year, a business qualification certificate in respect of the set of activities referred to in the first paragraph that is transferred in the course of the reorganization, but held a valid initial qualification certificate, the unrevoked business qualification certificate issued to it, in respect of that set of activities, for the calendar year that precedes the particular year is deemed, for the purposes of the first paragraph and of subparagraph 3 of the fifth paragraph, to have been issued for the particular year and be valid immediately before the reorganization.

The first paragraph is deemed to have applied before 1 January 2011 in respect of any other corporation itself resulting from a corporate reorganization that occurred before that date in the circumstances described in that paragraph.

In this chapter, "corporate reorganization" means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) a reorganization in the course of which a corporation transfers to another corporation all of its activities referred to in an unrevoked business qualification certificate issued to the corporation for the calendar year that includes the time of the transfer, which time is considered to be the time of the reorganization, provided that all the issued shares of each class of shares of the capital stock of each of the two corporations that are parties to the transfer are owned by the same person or are owned by the same group of persons and are distributed among its members in such a manner that the proportion of issued shares of any class of shares of the capital stock of either of the two corporations that are owned by each member is identical to the proportion of issued shares of the corresponding class of shares of the capital stock of the other corporation that are owned by the member.

For the purposes of subparagraph 2 of the definition of "corporate reorganization" in the fifth paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this chapter referred to as the "parent"), if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of this chapter, either the parent or the other corporation referred to in paragraph 3 of the definition of "corporate reorganization" in the fifth paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in paragraph 2 or 3 of that definition.

DIVISION II

INITIAL QUALIFICATION CERTIFICATE AND BUSINESS QUALIFICATION CERTIFICATE

11.5. An initial qualification certificate issued to a corporation, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, confirms that the activities specified in the certificate and carried on by the corporation in such a region, in the first calendar year referred to in the certificate, are activities recognized by Investissement Québec in respect of a resource region, an eligible region or the Saguenay–Lac-Saint-Jean region, as the case may be. However, that first calendar year may not precede the calendar year preceding the calendar year in which the corporation filed the application for the certificate with Investissement Québec.

If the initial qualification certificate is issued to a corporation resulting from a corporate reorganization described in subparagraph 1 or 2 of the fifth paragraph of section 11.4, it also sets out the activities specified in the initial qualification certificate, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, that was held, immediately before the reorganization, by the other corporation referred to in the first paragraph of that section. If, subsequently, the latter certificate is amended or revoked, Investissement Québec must make the resulting amendments to the initial qualification certificate issued to the corporation.

A corporation that files an application for an initial qualification certificate, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, is required to inform Investissement Québec of all the activities it carried on, in the first calendar year for which it makes the application, in one or more resource regions, one or more eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be.

If, as of a particular date, an activity may no longer be recognized in respect of a resource region under sections 11.7 to 11.10, in respect of an eligible region under sections 11.11 to 11.13 or in respect of the Saguenay–Lac-Saint-Jean region under sections 11.14 to 11.17, and a corporation holds an initial qualification certificate in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, in which the activity is specified, Investissement Québec must, at the corporation's request, amend the qualification certificate to specify that the activity is recognized only for a period that ends immediately before the particular date.

If, as of a particular date, an activity may be recognized in respect of a resource region under sections 11.7 to 11.10, in respect of an eligible region under sections 11.11 to 11.13 or in respect of the Saguenay–Lac-Saint-Jean region under sections 11.14 to 11.17, and the corporation carried on the activity in such a region in the first calendar year covered by the initial qualification certificate it holds in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, Investissement Québec

must amend the qualification certificate to specify that the activity is recognized as of the particular date.

11.6. A business qualification certificate issued to a corporation, for a calendar year, confirms that the activities specified in it and carried on by the corporation in one or more designated regions in the year constitute a business recognized by Investissement Québec for the year in respect of the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, depending on whether

(1) the designated regions are resource regions and the activities are recognized by Investissement Québec in respect of such a region;

(2) the designated regions are eligible regions and the activities are recognized by Investissement Québec in respect of such a region; or

(3) the designated region is the Saguenay–Lac-Saint-Jean region and the activities are recognized by Investissement Québec in respect of that region.

11.7. Subject to sections 11.9 and 11.10, an activity may be recognized by Investissement Québec in respect of a resource region if it is,

(1) in relation to the wood processing sector,

(*a*) an activity that consists in manufacturing or processing finished or semi-finished products from wood,

(*b*) an activity that consists in manufacturing or processing paper or paperboard products, or

(*c*) an activity that consists in manufacturing or processing crate components, in seasoning timber in a kiln or in planing timber in a plant;

(2) in relation to the metal processing sector, an activity that consists in manufacturing or processing finished or semi-finished products from metals;

(3) in relation to the non-metallic mineral processing sector, an activity that consists in manufacturing or processing finished or semi-finished products from non-metallic minerals, such as peat and slate;

(4) in relation to the food processing sector, an activity that consists in manufacturing or processing food products;

(5) in relation to the energy sector,

(*a*) an activity that consists in producing ecological non-conventional energy from the biomass or hydrogen, or

(*b*) an activity that consists in manufacturing products for the production or use of energy, namely,

i. components that directly produce energy or convert a form of energy into another, such as turbines and alternators, or

ii. industrial-use electrical materials and components that perform connection, commutation, relay or control functions, such as control panels, electric relays and switch cabinets; or

(6) in relation to other sectors,

(*a*) an activity that consists in reclaiming or recycling waste and residues resulting directly from the development or processing of natural resources,

(*b*) a fresh-water aquaculture activity,

(*c*) an activity that consists in manufacturing or processing finished or semi-finished products from gemstones or semi-precious stones, including an activity that consists in the setting of gemstones or semi-precious stones, or in jewellery making, or

(*d*) a printing or publishing activity, including an activity relating to typesetting, printing, collating, folding or bundling.

An activity that consists in manufacturing specialized equipment for logging operations, wood processing, paper or paperboard manufacturing, mining, metal processing, energy production or use, or fresh-water aquaculture, other than an activity described in the first paragraph, may be recognized by Investissement Québec in respect of a resource region if the activity is specified in an unrevoked initial qualification certificate issued to the corporation, in relation to the resource regions, following an application filed before 12 June 2003.

Any activity, other than a commercialization activity, that is related to an activity referred to in any subparagraph of the first paragraph or in the second paragraph, such as the technical design of products or production facilities, the receiving or storing of raw materials, or the assembling or handling of goods in process, is deemed to be referred to in that subparagraph or the second paragraph.

A design or engineering activity that is carried on by a corporation for the purpose of manufacturing or processing a property may be recognized by Investissement Québec in respect of a resource region even if the manufacturing or processing of the property is entrusted to a third party, provided that the manufacturing or processing activities are activities referred to in the first or second paragraph and that the corporation retains broad control over the manufacturing or processing process.

11.8. A commercialization activity that is carried on by a corporation in a particular calendar year may be recognized by Investissement Québec in respect of a resource region if it is incidental to an activity that is referred to in section 11.7 and carried on in such a region in the particular year by the corporation or a corporation associated with it, in the course of a recognized business, for that year, in relation to the resource regions.

For the purposes of this chapter, a commercialization activity referred to in the first paragraph is deemed to be carried on in a resource region.

11.9. None of the following activities may be recognized by Investissement Québec in respect of a resource region:

(1) an activity related to pulp, paper or paperboard manufacturing;

(2) an activity related to the primary processing of wood, metals or non-metallic minerals;

(3) an activity that consists in manufacturing or processing finished or semi-finished products from peat or slate and that is carried on by a corporation in the Bas-Saint-Laurent region or in the Côte-Nord region;

(4) an activity that consists in manufacturing or processing alcoholic beverages;

(5) a food manufacturing or processing activity that is carried on in restaurants, hotels, shopping centre fast-food outlets, supermarkets, grocery stores or other similar commercial establishments;

(6) a maintenance or repair activity;

(7) a scientific research and experimental development activity;

(8) an activity related to the sawing of logs or bolts to produce timber or similar products, such as boards, dimension lumber, poles and ties, an activity that takes place before logs are delivered to a sawmill or any other place for processing logs, or an activity related to the production of timber or similar products;

(9) an activity relating to the development of wildlife resources; and

(10) an installation activity, such as an activity involved in the installation of factory-built houses, steel joists, ventilation ducts, electrical systems or kitchen cabinets.

However, despite subparagraph 8 of the first paragraph, an activity of a corporation that relates to the production of timber or similar products and that is subsequent to the sawing of logs or bolts may be recognized by Investissement Québec in respect of a resource region if the activity is specified in the

unrevoked initial qualification certificate, in relation to the resource regions, issued to the corporation following an application filed before 11 July 2002.

11.10. An activity that may be recognized by Investissement Québec in respect of an eligible region, otherwise than under subparagraph 4 or 5 of the first paragraph of section 11.11, or in respect of the Saguenay–Lac-Saint-Jean region may not be recognized in respect of a resource region.

11.11. Subject to section 11.13, an activity may be recognized by Investissement Québec in respect of an eligible region if it is

(1) an activity that consists in producing wind power or manufacturing wind turbines or their key components, in particular, towers, rotors or nacelles, unless the activity is carried on in the Côte-Nord region or the part of the Bas-Saint-Laurent region that is not included in the territory of the Municipalité régionale de comté de Matane;

(2) subject to the second paragraph, an activity that consists in manufacturing or processing finished or semi-finished products in the field of marine biotechnology;

(3) subject to the second paragraph, a mariculture activity, unless the activity is carried on in the Bas-Saint-Laurent region;

(4) an activity that consists in manufacturing or processing finished or semi-finished products from peat or slate, other than an activity related to the primary processing of those minerals, and that is carried on by a corporation that did not make the election under the first paragraph of section 1029.8.36.72.82.3.1.1 of the Taxation Act; or

(5) a processing or manufacturing activity that is not otherwise referred to in this paragraph, is included in the group described under code 31, 32 or 33 of the North American Industry Classification System (NAICS) - Canada, as amended from time to time and published by Statistics Canada, and is carried on in the Gaspésie–Îles-de-la-Madeleine region.

However, subparagraph 2 or 3 of the first paragraph applies to an activity only if it is specified in a valid initial qualification certificate, in relation to the eligible regions, issued to the corporation for a period beginning in a calendar year that precedes the year 2004.

Any activity, other than a commercialization activity, that is related to an activity referred to in any subparagraph of the first paragraph, such as the technical design of products or production facilities, the receiving or storing of raw materials, or the assembling or handling of goods in process, is deemed to be referred to in that subparagraph.

A design or engineering activity that is carried on by a corporation for the purpose of manufacturing or processing a property may be recognized by

Investissement Québec in respect of an eligible region even if the manufacturing or processing of the property is entrusted to a third party, provided that the manufacturing or processing activities are activities referred to in the first paragraph and that the corporation retains broad control over the manufacturing or processing process.

11.12. A commercialization activity that is carried on by a corporation in a particular calendar year may be recognized by Investissement Québec in respect of an eligible region if it is incidental to an activity that is referred to in section 11.11 and carried on in such a region in the particular year by the corporation or a corporation associated with it, in the course of a recognized business, for that year, in relation to the eligible regions.

For the purposes of this chapter, a commercialization activity referred to in the first paragraph is deemed to be carried on in an eligible region.

11.13. None of the following activities may be recognized by Investissement Québec in respect of an eligible region:

(1) an activity that consists in manufacturing or processing alcoholic beverages;

(2) a food manufacturing or processing activity that is carried on in restaurants, hotels, shopping centre fast-food outlets, supermarkets, grocery stores or other similar commercial establishments;

(3) a maintenance and repair activity;

(4) a scientific research and experimental development activity; and

(5) an installation activity, such as an activity involved in the installation of factory-built houses, steel joists, ventilation ducts, electrical systems or kitchen cabinets.

11.14. Subject to sections 11.16 and 11.17, an activity may be recognized by Investissement Québec in respect of the Saguenay–Lac-Saint-Jean region if it is

(1) an activity that consists in manufacturing finished or semi-finished products made from aluminum, provided the aluminum has already undergone primary processing; or

(2) an activity that consists in reclaiming or recycling waste and residues resulting directly from the processing of aluminum.

Any activity, other than a commercialization activity, that is related to an activity referred to in either of the subparagraphs of the first paragraph, such as the technical design of products or production facilities, the receiving or

storing of raw materials, or the assembling or handling of goods in process, is deemed to be referred to in that subparagraph.

A design or engineering activity that is carried on by a corporation for the purpose of manufacturing or processing a property may be recognized by Investissement Québec in respect of the Saguenay–Lac-Saint-Jean region even if the manufacturing or processing of the property is entrusted to a third party, provided that the manufacturing or processing activities are activities referred to in the first paragraph and that the corporation retains broad control over the manufacturing or processing process.

11.15. A commercialization activity that is carried on by a corporation in a particular calendar year may be recognized by Investissement Québec in respect of the Saguenay–Lac-Saint-Jean region if it is incidental to an activity that is referred to in section 11.14 and carried on in that region in the particular year by the corporation or a corporation associated with it, in the course of a recognized business, for that year, in relation to the Saguenay–Lac-Saint-Jean region.

For the purposes of this chapter, a commercialization activity referred to in the first paragraph is deemed to be carried on in the Saguenay–Lac-Saint-Jean region.

11.16. None of the following activities may be recognized by Investissement Québec in respect of the Saguenay–Lac-Saint-Jean region:

(1) a maintenance and repair activity;

(2) a scientific research and experimental development activity; and

(3) an installation activity.

11.17. An activity that may be recognized by Investissement Québec in respect of an eligible region, otherwise than under subparagraph 5 of the first paragraph of section 11.11, may not be recognized in respect of the Saguenay–Lac-Saint-Jean region.

11.18. Investissement Québec may, at the request of a corporation, revoke the initial qualification certificate issued to the corporation, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, if, because of a major unforeseen event, the corporation must cease carrying on activities that are recognized by Investissement Québec in respect of such a region. The revocation becomes effective at the beginning of the calendar year following the calendar year in which the activities ceased.

A decrease in the corporation's volume of business following the loss of a major client does not constitute a major unforeseen event.

DIVISION III

EMPLOYEE CERTIFICATE

11.19. An employee certificate issued to a corporation under this chapter certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation for pay periods that end in the calendar year for which the certificate was applied for. The certificate also specifies the number of such pay periods.

For its base year that relates to a particular calendar year, the corporation is required to apply to Investissement Québec for an employee certificate in respect of any individual working for it who, in accordance with section 11.20, may be recognized as an eligible employee of the corporation. A corporation resulting from a corporate reorganization described in subparagraph 1 or 2 of the fifth paragraph of section 11.4 is also required to apply, for the given calendar year that is its base year that relates to a particular calendar year, for an employee certificate in respect of any individual who may be so recognized and who worked in the given year for the other corporation referred to in the first paragraph of section 11.4, if the base year of the other corporation, immediately before the reorganization, was subsequent to the given calendar year.

If Investissement Québec amends or revokes one or more qualification certificates issued to a corporation for a particular calendar year each of which is either a business qualification certificate or a qualification certificate referred to in subparagraph 1 of the second paragraph of section 12.2, it must make consequential changes by amending or revoking, as applicable, any employee certificate that was issued to the corporation for the particular year and in respect of which activities that are specified in the qualification certificate or certificates so revoked or that are modified by the amendment to the qualification certificate or certificates were taken into account.

Similarly, if Investissement Québec amends or revokes one or more qualification certificates issued to a corporation and each of which is either an initial qualification certificate, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, as the case may be, or a qualification certificate referred to in the first paragraph of section 12.2, it must make consequential changes

(1) by amending or revoking, as applicable, any employee certificate that was issued to the corporation for its base year that relates to a particular calendar year and in respect of which activities that are specified in the qualification certificate or certificates so revoked or that are modified by the amendment to the qualification certificate or certificates were taken into account; or

(2) by issuing, if applicable, an employee certificate in respect of any individual who worked for the corporation in its base year that relates to a particular calendar year and that, because of the amendments made to the

qualification certificate or certificates, may, in accordance with section 11.20, be recognized as an eligible employee of the corporation.

Investissement Québec must, at the corporation's request, amend or revoke, as applicable, any employee certificate issued to it for the base year that relates to a calendar year subsequent to 2012, if the request is based on the fact that, from the calendar year 2013, the set of activities each of which is an activity recognized in respect of a resource region and carried on by the corporation in that base year in one or more of the following parts of regions is no longer taken into consideration:

(1) the part of the Bas-Saint-Laurent region not included in the territories of the regional county municipalities of La Matapédia, Matane and La Mitis;

(2) the part of the Saguenay–Lac-Saint-Jean region not included in the territories of the regional county municipalities of Maria-Chapdelaine, Le Fjord-du-Saguenay and Le Domaine-du-Roy; or

(3) the part of the Mauricie region not included in the territories of the urban agglomeration of La Tuque, Municipalité régionale de comté de Mékinac and Ville de Shawinigan.

If an employee certificate issued to a corporation for a base year of the corporation is amended or revoked because of the application of the fifth paragraph or of subparagraph 1 of the fourth paragraph, Investissement Québec must specify, in the amended certificate or in the notice of revocation, as the case may be, as of which calendar year that relates to that base year the amendment or revocation must be taken into consideration. The same applies if a new employee certificate is issued to the corporation for that base year because of the application of subparagraph 2 of the fourth paragraph.

11.20. An individual may be recognized as an eligible employee of a corporation, for a pay period that ends in a calendar year, if the proportion, expressed as a percentage, that the time spent by the individual during the period in undertaking, supervising or directly supporting the set of activities specified in one or more qualification certificates issued to the corporation for the year, each of which is either a business qualification certificate or a qualification certificate referred to in subparagraph 1 of the second paragraph of section 12.2, is of the time spent by the individual during the period in performing all his or her duties with the corporation is at least 75%.

If the calendar year is the base year that relates to a particular calendar year, the activities to be taken into consideration for the purpose of computing the proportion described in the first paragraph in respect of an individual are the following, not the activities referred to in that paragraph:

(1) the activities specified in any initial qualification certificate, in relation to the resource regions, the eligible regions or the Saguenay–Lac-Saint-Jean region, that was issued to the corporation and is still valid for the particular calendar year, if, according to the certificate, they are recognized for a period included in that particular year;

(2) the activities specified in a qualification certificate referred to in the first paragraph of section 12.2 that was issued to the corporation and is still valid for the particular calendar year, if, according to the certificate, they are recognized for a period included in that particular year and, if the calendar year is subsequent to the calendar year that is the corporation's base period, within the meaning of the first paragraph of section 1029.8.36.72.82.13 of the Taxation Act, that is applicable to the particular calendar year, any other activity that either is specified in a qualification certificate referred to in subparagraph 1 of the second paragraph of section 12.2 that was issued to the corporation for the calendar year and that is not revoked, or would have been so specified in the certificate, or in such a certificate, if the corporation had made a request to that effect; and

(3) if the calendar year is referred to in the third paragraph of section 11.1, any other activity that either is specified in a business qualification certificate or in a qualification certificate referred to in subparagraph 1 of the second paragraph of section 12.2 that was issued to the corporation for the calendar year and is not revoked, or would have been so specified in the certificate, or in such a certificate, if the corporation had made a request to that effect.

However, if the calendar year to which subparagraph 3 of the second paragraph refers is the year 2010, that subparagraph is to be applied without reference, if applicable, to the business qualification certificate according to which the activities in respect of a resource region are recognized by Investissement Québec.

For the purposes of the first and second paragraphs, the administrative tasks of an individual may not be considered to relate to the activities that are specified in a qualification certificate referred to in those paragraphs.

In this section, "administrative tasks" include tasks relating to operations management, accounting, legal or financial services, communications, public relations, and human and physical resources management. They also include tasks relating to commercialization, other than those referred to in the first paragraph of any of sections 11.8, 11.12, 11.15 and 12.8.

11.21. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee, consider that the individual continued to work and to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

CHAPTER XII

SECTORAL PARAMETERS OF TAX CREDIT FOR JOB CREATION IN GASPÉSIE AND CERTAIN MARITIME REGIONS OF QUÉBEC IN FIELDS OF MARINE BIOTECHNOLOGY, MARICULTURE AND MARINE PRODUCTS PROCESSING

DIVISION I

INTERPRETATION AND GENERAL

12.1. In this chapter, unless the context indicates otherwise,

"eligible region" means

(1) the Bas-Saint-Laurent region;

(2) the Côte-Nord region; or

(3) the Gaspésie–Îles-de-la-Madeleine region;

"recognized business", in relation to a calendar year, means the set of activities carried on by a corporation that are specified in a qualification certificate referred to in subparagraph 1 of the second paragraph of section 12.2 and issued to the corporation for the calendar year;

"tax credit for job creation in the fields of marine biotechnology, mariculture and marine products processing" means the fiscal measure provided for in Division II.6.6.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

For the purposes of this chapter, a qualification certificate referred to in subparagraph 2 of the first paragraph of section 11.2 or issued for the purposes of Division II.6.6.4 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act and according to which one or more marine products processing activities referred to in section 12.7 are recognized by Investissement Québec is deemed to be a qualification certificate referred to in the first paragraph of section 12.2 in which those activities are the only one that have been specified.

12.2. To benefit from the tax credit for job creation in the fields of marine biotechnology, mariculture and marine products processing, a corporation that is carrying on activities in one or more eligible regions must obtain a qualification certificate (in this chapter referred to as an "initial qualification certificate") from Investissement Québec in relation to the set of activities that are carried on by the corporation in such a region in the first calendar year for which the application for the qualification certificate is filed and that may be recognized by Investissement Québec.

To benefit from the tax credit, a corporation must also obtain the following documents from Investissement Québec:

(1) a qualification certificate (in this chapter referred to as a "business qualification certificate") in respect of activities that are carried on by the corporation in one or more eligible regions and for which the corporation claims the tax credit; and

(2) a certificate (in this chapter referred to as an "employee certificate") in respect of each individual who meets the requirements for recognition as an eligible employee of the corporation.

The documents referred to in the second paragraph must be obtained for each calendar year that ends in a taxation year for which the corporation intends to claim the tax credit for job creation in the fields of marine biotechnology, mariculture and marine products processing.

However, Investissement Québec may not issue an initial qualification certificate to a corporation unless the first calendar year for which the application for the certificate is filed precedes the year 2016.

Similarly, Investissement Québec may not issue a business qualification certificate to a corporation for a particular calendar year in respect of the activities carried on by the corporation in one or more eligible regions unless the initial qualification certificate issued to the corporation is valid for the particular year.

If, at a particular time, Investissement Québec revokes an initial qualification certificate issued to a corporation, any business qualification certificate issued to the corporation for the particular calendar year that includes the effective date of the revocation or for a subsequent calendar year is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the qualification certificate that is deemed to be revoked.

Investissement Québec may not issue a document referred to in the second paragraph to a corporation for a calendar year subsequent to the year 2015.

12.3. Investissement Québec may issue an initial qualification certificate in relation to the set of activities carried on by a corporation in the eligible regions only if the corporation establishes to Investissement Québec's satisfaction that at least three full-time jobs will be created within a reasonable time in such regions.

For the purpose of determining the number of jobs created, any full-time, part-time or seasonal job created by a corporation in any establishment located in an eligible region, as well as any increase in the number of hours worked by employees of such an establishment, may be taken into account. The job or the increase in the number of hours worked is considered to be all or part of a

full-time job, depending on the number of hours involved. Any such job that is created or any such increase that occurs in a period preceding the date of coming into force of the initial qualification certificate may also be taken into account if the corporation held, for that period, a valid initial qualification certificate, in relation to the eligible regions, within the meaning of Chapter XI.

12.4. If a particular corporation carries on a set of activities in one or more eligible regions and resulted from a corporate reorganization involving another corporation that held, immediately before the reorganization, a valid business qualification certificate in relation to that set of activities, the following rules must be taken into consideration in this chapter:

(1) for the purpose of applying section 12.3 to the particular corporation, that corporation and the other corporation are deemed to be one and the same corporation; and

(2) any unrevoked initial qualification certificate issued to the other corporation or deemed to have been issued to it because of the application of this subparagraph is deemed to have been issued to the particular corporation.

However, the presumption set out in subparagraph 2 of the first paragraph does not apply in the case of a corporate reorganization that is described in subparagraph 3 of the fifth paragraph.

If, immediately before a reorganization that occurs in the first 15 days of a particular calendar year, the other corporation did not hold, for the particular year, a business qualification certificate in respect of the set of activities referred to in the first paragraph that is transferred in the course of the reorganization, but held a valid initial qualification certificate, the unrevoked business qualification certificate issued to it, in respect of that set of activities, for the calendar year that precedes the particular year is deemed, for the purposes of the first paragraph and of subparagraph 3 of the fifth paragraph, to have been issued for the particular year and be valid immediately before the reorganization.

The first paragraph is deemed to have applied before 1 January 2011 in respect of any other corporation itself resulting from a corporate reorganization that occurred before that date in the circumstances described in that paragraph.

In this chapter, "corporate reorganization" means

(1) an amalgamation of corporations;

(2) the winding-up of a wholly-owned subsidiary into its parent; or

(3) a reorganization in the course of which a corporation transfers to another corporation all of its activities referred to in an unrevoked business qualification certificate issued to the corporation for the calendar year including the time of the transfer, which time is considered to be the time of the reorganization, provided that all the issued shares of each class of shares of the capital stock of each of the two corporations that are parties to the transfer are owned by the same person or are owned by the same group of persons and are distributed among its members in such a manner that the proportion of issued shares of any class of shares of the capital stock of either of the two corporations that are owned by each member is identical to the proportion of issued shares of the corresponding class of shares of the capital stock of the other corporation that are owned by the member.

For the purposes of paragraph 2 of the definition of "corporate reorganization" in the fifth paragraph, a corporation is a wholly-owned subsidiary of another corporation (in this chapter referred to as the "parent"), if at least 90% of all the issued shares of each class of shares of its capital stock are owned by the parent.

For the purposes of this chapter, either the parent or the other corporation referred to in paragraph 3 of the definition of "corporate reorganization" in the fifth paragraph is considered to be the corporation resulting from a corporate reorganization, depending on whether the reorganization is described in paragraph 2 or 3 of that definition.

DIVISION II

INITIAL QUALIFICATION CERTIFICATE AND BUSINESS QUALIFICATION CERTIFICATE

12.5. An initial qualification certificate issued to a corporation confirms that the activities specified in the certificate and carried on by the corporation in an eligible region, in the first calendar year referred to in the certificate, are activities recognized by Investissement Québec under this chapter. However, that first calendar year may not precede the calendar year preceding the calendar year in which the corporation filed the application for the certificate with Investissement Québec.

If the initial qualification certificate is issued to a corporation resulting from a corporate reorganization described in subparagraph 1 or 2 of the fifth paragraph of section 12.4, it also sets out the activities specified in the initial qualification certificate that was held, immediately before the reorganization, by the other corporation referred to in the first paragraph of that section. If, subsequently, the latter certificate is amended or revoked, Investissement Québec must make the resulting amendments to the initial qualification certificate issued to the corporation.

A corporation that files an application for an initial qualification certificate is required to inform Investissement Québec of all the activities it carried on

in one or more eligible regions in the first calendar year for which it makes the application.

If, as of a particular date, an activity may no longer be recognized under sections 12.7 to 12.9 and a corporation holds an initial qualification certificate in which the activity is specified, Investissement Québec must, at the corporation's request, amend the qualification certificate to specify that the activity is recognized only for a period that ends immediately before the particular date.

If, as of a particular date, an activity may be recognized under sections 12.7 to 12.9 and the corporation carried on the activity in an eligible region in the first calendar year covered by the initial qualification certificate it holds, Investissement Québec must amend the qualification certificate to specify that the activity is recognized as of the particular date.

12.6. A business qualification certificate issued to a corporation, for a calendar year, specifies the activities carried on by the corporation in one or more eligible regions in the year that are recognized by Investissement Québec under this chapter. It confirms that the activities constitute a business that is recognized by Investissement Québec for the year for the purposes of the tax credit for job creation in the fields of marine biotechnology, mariculture and marine products processing.

12.7. Subject to section 12.9, an activity may be recognized by Investissement Québec if it is

(1) an activity that consists in manufacturing or processing finished or semi-finished products in the field of marine biotechnology;

(2) a mariculture activity; or

(3) an activity that consists in processing marine products, such as fish and seafood, except where it is carried on in the part of the Bas-Saint-Laurent region that is not included in the territory of Municipalité régionale de comté de Matane.

Any activity, other than a commercialization activity, that is related to an activity referred to in any subparagraph of the first paragraph, such as the technical design of products or production facilities, the receiving or storing of raw materials, or the assembling or handling of goods in process, is deemed to be referred to in that subparagraph.

12.8. A commercialization activity that is carried on by a corporation in a particular calendar year may be recognized by Investissement Québec if the activity is incidental to an activity that is referred to in section 12.7 and carried on in an eligible region in the particular year by the corporation or a corporation associated with it, in the course of a recognized business in relation to that year.

For the purposes of this chapter, a commercialization activity referred to in the first paragraph is deemed to be carried on in an eligible region.

12.9. None of the following activities may be recognized by Investissement Québec:

(1) a marine products processing activity that is carried on in restaurants, hotels, shopping centre fast-food outlets, supermarkets, grocery stores or other similar commercial establishments; and

(2) a scientific research and experimental development activity.

12.10. Investissement Québec may, at the request of a corporation, revoke the initial qualification certificate issued to the corporation if, because of a major unforeseen event, the corporation must cease carrying on activities that are recognized by Investissement Québec for the purposes of this chapter. The revocation becomes effective at the beginning of the calendar year following the calendar year in which the activities ceased.

A decrease in the corporation's volume of business following the loss of a major client does not constitute a major unforeseen event.

DIVISION III

EMPLOYEE CERTIFICATE

12.11. An employee certificate issued to a corporation under this chapter certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation for pay periods that end in the calendar year for which the certificate was applied for. The certificate also specifies the number of such pay periods.

If Investissement Québec amends or revokes one or more qualification certificates issued to a corporation for a particular calendar year each of which is either a business qualification certificate or a qualification certificate referred to in subparagraph 1 of the second paragraph of section 11.2, it must make consequential changes by amending or revoking, as applicable, any employee certificate that was issued to the corporation for the particular year and in respect of which activities that are specified in the qualification certificate or certificates so revoked or that are modified by amendment to the qualification certificate or certificates were taken into account.

12.12. An individual may be recognized as an eligible employee of a corporation, for a pay period that ends in a calendar year, if the proportion, expressed as a percentage, that the time spent by the individual during the period in undertaking, supervising or directly supporting the set of activities specified in one or more qualification certificates issued to the corporation for the year, each of which is either a business qualification certificate or a

qualification certificate referred to in subparagraph 1 of the second paragraph of section 11.2, is of the time spent by the individual during the period in performing all his or her duties with the corporation is at least 75%.

For the purposes of the first paragraph, the administrative tasks of an individual may not be considered to relate to the activities that are specified in a qualification certificate referred to in that paragraph.

In this section, "administrative tasks" include tasks relating to operations management, accounting, legal or financial services, communications, public relations, and human and physical resources management. They also include the tasks relating to commercialization, other than those referred to in the first paragraph of any of sections 11.8, 11.12, 11.15 and 12.8.

12.13. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee, consider that the individual continued to work and to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

CHAPTER XIII

SECTORAL PARAMETERS OF TAX CREDIT FOR DEVELOPMENT OF E-BUSINESS

DIVISION I

INTERPRETATION AND GENERAL

13.1. In this chapter, "tax credit for the development of e-business" means the fiscal measure provided for in Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

13.2. To benefit from the tax credit for the development of e-business, a corporation must obtain the following certificates from Investissement Québec:

(1) a certificate in respect of the corporation (in this chapter referred to as a "corporation certificate"); and

(2) a certificate in respect of each individual for whom the corporation claims the tax credit (in this chapter referred to as an "employee certificate").

The certificates must be obtained for each taxation year for which the corporation intends to claim the tax credit.

However, Investissement Québec may issue an employee certificate in respect of an individual to a corporation for a particular taxation year only if a corporation certificate is also issued to the corporation for the year and that certificate covers the whole year or, if applicable, the part of the year for which the individual meets the conditions of section 13.10.

If, at a particular time, Investissement Québec revokes a corporation certificate issued to a corporation for a taxation year, any employee certificate issued to the corporation for that year is also deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the employee certificate that is deemed to be revoked. If, in the circumstances described in the first or second paragraph of section 13.8, Investissement Québec changes the part of a taxation year that is specified in a corporation certificate, it must, if applicable, make consequential changes by amending or revoking any employee certificate issued to the corporation in relation to that year.

Investissement Québec may not issue a certificate referred to in the first paragraph to a corporation for a taxation year that begins after 31 December 2015.

DIVISION II

CORPORATION CERTIFICATE

13.3. A corporation certificate issued to a corporation for a taxation year certifies that the corporation meets the following criteria for the year or, if the first or second paragraph of section 13.8 applies, for the part of the year specified in the certificate:

(1) the criteria relating to activities;

(2) the criterion relating to services provided; and

(3) the criterion relating to the maintenance of a minimum number of jobs.

The part of the taxation year that, if applicable, is specified in the certificate corresponds to a part of the year that either is described in subparagraph 1 or 2 of the first paragraph of section 13.8 or meets the conditions of subparagraphs 1 and 2 of the second paragraph of that section.

The certificate also specifies, if applicable, the proportion of gross revenue deriving from the activities referred to in subparagraph 7 of the first paragraph of section 13.5 that is attributable to applications developed by the corporation to be used exclusively outside Québec.

13.4. The criteria relating to activities are met if the proportion of the corporation's gross revenue deriving from eligible activities in the information

technology sector is at least 75% and the proportion of its gross revenue deriving from activities referred to in subparagraphs 5 and 7 to 9 of the first paragraph of section 13.5 is at least 50%.

The criteria are considered to be met for a particular taxation year of the corporation if they are met for the corporation's preceding taxation year or, if the first or second paragraph of section 13.8 applies to that preceding year, for a part of that preceding year that either is referred to in subparagraph 1 or 2 of that first paragraph or meets the conditions of subparagraphs 1 and 2 of that second paragraph.

However, if the preceding taxation year has less than 183 days, the second paragraph is to be read as follows:

"The criteria are considered to be met for a particular taxation year of the corporation if they are met for its most recent previous taxation year that has at least 183 days."

Similarly, a part of a taxation year is taken into consideration for the purposes of the second paragraph only if it has at least 183 days.

13.5. The following activities are eligible activities of the information technology sector:

(1) computer and peripheral equipment manufacturing activities included in the group described under code 334110 of the North American Industry Classification System (NAICS) - Canada, as amended from time to time and published by Statistics Canada, which code is in this paragraph referred to as the "NAICS code";

(2) radio and television broadcasting and wireless communications equipment manufacturing activities included in the group described under NAICS code 334220;

(3) activities carried on by computer, computer peripheral and pre-packaged software wholesaler-distributors included in the group described under NAICS code 417310;

(4) activities carried on by computer and software stores included in the group described under NAICS code 443120;

(5) activities carried on by software publishers included in the group described under NAICS code 511210;

(6) activities consisting in data processing, hosting and related services included in the group described under NAICS code 51821;

(7) activities consisting in computer systems design and related services included in the group described under NAICS code 541510;

(8) subject to the second paragraph, activities consisting in temporary help services included in the group described under NAICS code 561320; and

(9) subject to the second paragraph, activities carried on by professional employer organizations included in the group described under NAICS code 561330.

However, the following activities do not constitute eligible activities of the information technology sector:

(1) any activity that, but for this subparagraph, would be described in subparagraph 8 or 9 of the first paragraph and that either consists in providing employees who do not mainly carry on activities described in subparagraphs 1 to 7 of that paragraph, or is carried on on behalf of a client with whom the corporation is not dealing at arm's length; and

(2) any other activity that, but for this subparagraph, would be described in subparagraph 8 or 9 of the first paragraph, if, for the taxation year or the part of year concerned, the corporation's gross revenue deriving from the set of its activities that would be described in those subparagraphs if no reference was made to this paragraph is equal to or greater than the corporation's gross revenue deriving from the set of its activities described in subparagraphs 5 and 7 of the first paragraph.

In addition, for a taxation year of a corporation whose first day is prior to 30 October 2010 and that either begins or ends in that calendar year, the activities described in subparagraphs 8 and 9 of the first paragraph constitute eligible activities of the information technology sector only if the corporation made an election under section 13.14.

13.6. The criterion relating to services provided is met if at least 75% of the corporation's gross revenue deriving from activities described in subparagraph 7 of the first paragraph of section 13.5 is attributable to the following services provided by the corporation:

(1) services whose ultimate beneficiary is a person or a partnership with whom the corporation is dealing at arm's length; and

(2) services that relate to an application developed by the corporation and used exclusively outside Québec.

For the purposes of the first paragraph, services provided by a corporation to a member of a cooperative or of a federation of cooperatives are considered to be services provided to a person with whom the corporation is not dealing at arm's length if the corporation is not dealing at arm's length with the cooperative or federation of cooperatives.

The particular person or partnership who directly or indirectly uses the applications developed by a corporation following the provision of services by the corporation to that person or partnership as part of activities referred to in

the first paragraph is considered to be the ultimate beneficiary of those services, not the customers of the particular person or partnership.

For the purposes of this section and the third paragraph of section 13.3, Investissement Québec may consider that a corporation developed an application that is used exclusively outside Québec if it is of the opinion that the use of that application in Québec is insignificant in proportion to its overall use. To that end, Investissement Québec must take into account the impact that such a decision would likely have on the growth of activities in Québec that are related to the use of such an application and the impact of the increase of those activities on the competitiveness of businesses that carry on similar activities in Québec.

In this section, for the purpose of determining whether a corporation is considered not to be dealing at arm's length with another person or partnership, in addition to subparagraph 3 of section 5 of this Act, the following rules apply:

(1) a corporation is deemed not to be dealing at arm's length with another person or partnership if the corporation has, in respect of the other person or partnership, a significant influence deriving from a particular agreement; and

(2) if a corporation is not dealing at arm's length with another person or partnership and the other person or partnership has, in respect of a third person or partnership, a significant influence deriving from a particular agreement, the corporation is deemed not to be dealing at arm's length with the third person or partnership.

For the purposes of the fifth paragraph, a "significant influence" deriving from a particular agreement means an influence deriving from an agreement that is a franchise, licence, lease, distribution, supply or management agreement or other similar agreement or arrangement the main purpose of which is to govern the relationship between a particular person or partnership and another person or partnership with regard to the carrying on of the business of the other person or partnership, such that, were the influence exercised, the particular person or partnership would, in fact, control the other person or partnership.

13.7. The criterion relating to the maintenance of a minimum number of jobs is met if, throughout the taxation year or part of year concerned, there are at least six individuals, among the individuals working for the corporation, who meet the conditions of the first paragraph of section 13.10.

The criterion relating to the maintenance of a minimum number of jobs is deemed to be met if the corporation establishes to Investissement Québec's satisfaction that it does not otherwise meet the criterion because of exceptional circumstances beyond the corporation's control, such as the departure of employees and the impossibility of immediately filling the positions left vacant. Circumstances relating to a business start-up or a transfer of activities do not in themselves constitute exceptional circumstances.

Investissement Québec is justified in revoking the corporation certificate issued to a corporation because of the application of the presumption provided for in the second paragraph, if it ascertains that the corporation did not fill the vacant positions within a time that may be considered reasonable, particularly given the availability of skilled labour. In such a case, the effective date of the revocation is the date of coming into force of the corporation certificate.

13.8. If, at any time in a particular taxation year, activities until then carried on by a person or a partnership are the subject of a particular transfer to another person or partnership and, taking the whole particular year into consideration, it appears that a corporation involved in the transfer did not meet the criteria set out in sections 13.4 to 13.7, the criteria may, for the purpose of determining whether the corporation is entitled to obtain a corporation certificate for the particular year, be applied only to a part of the year that is described in either of the following subparagraphs:

(1) if the corporation is the transferor, the part of the particular year that begins at the same time as the particular year and that ends on the day preceding the day of the particular transfer; or

(2) if the corporation is the transferee, a part of the particular year that begins on the day of the particular transfer and that ends on the last day of that year or, if it is earlier, the day preceding the day of any other particular transfer of activities in which the corporation is involved.

If a corporation has, at any time, begun to carry on activities referred to in section 13.11 as part of a new business and, taking into consideration the whole particular taxation year included, at least in part, in the start-up period of the business, it appears that the corporation does not meet the criteria set out in sections 13.4 to 13.7, the criteria may, for the purpose of determining whether the corporation is entitled to obtain a corporation certificate for the particular year, be applied only to a part of the year that meets the following conditions:

(1) it is included in a portion of the particular year throughout which there are at least six individuals, among the individuals working for the corporation, who meet the conditions of the first paragraph of section 13.10; and

(2) it ends at the end of the particular year or, if it is earlier, on the day preceding the day of any particular transfer of activities in which the corporation is involved.

However, the second paragraph does not apply if a corporation certificate was issued to the corporation for a preceding taxation year.

For the purposes of this section, "particular transfer" of activities at any time in a taxation year of a corporation means a transfer, including a transfer deriving from the winding-up of a corporation, relating to activities which, at that time, would require the work of at least six individuals who meet the conditions of

the first paragraph of section 13.10, if only those activities were taken into account.

DIVISION III

EMPLOYEE CERTIFICATE

13.9. An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

13.10. An individual may be recognized as an eligible employee of a corporation, if

(1) the individual works full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks; and

(2) the individual spends at least 75% of working time performing duties that consist in undertaking, supervising or directly supporting eligible activities of the corporation or, if the individual's services are lent to a client of the corporation as part of a temporary help agreement, eligible activities of the client.

For the purposes of subparagraph 2 of the first paragraph, an individual's administrative tasks may not be considered to be part of duties that consist in undertaking, supervising or directly supporting eligible activities.

Where, for a taxation year of a corporation whose first day is prior to 30 October 2010 and that either begins or ends in that calendar year, the percentage of the working time spent by an individual in performing duties that consist in undertaking, supervising or directly supporting eligible activities must be determined in accordance with subparagraph 2 of the first paragraph, the activities of a client of the corporation must be taken into account only if the corporation made an election under section 13.14.

In this section, "administrative tasks" include tasks relating to operations management, accounting, finance, legal affairs, public relations, communications, contract solicitation, and human and physical resources management.

13.11. Subject to section 13.12, each of the following activities is an eligible activity:

(1) information technology consulting services relating to technology or systems development, or consulting services in e-business processes and solutions, such as strategic planning, business process reconfiguration and technology architecture design;

(2) the development or integration of information systems, such as distribution packages and computer software and programs, or of technology infrastructures, such as technology architecture upgrading and integration of hardware and software components, as well as, to the extent that it is incidental to such a development or integration activity carried on by the corporation, any activity relating to the maintenance or evolution of such information systems or such technology infrastructures;

(3) the design or development of e-commerce solutions, such as portals, search engines and transactional websites; and

(4) the development of security and identification services, such as electronic imaging, artificial intelligence and interface, that are related to e-business activities, such as Internet security.

For the purposes of subparagraph 2 of the first paragraph, an activity relating to the maintenance or evolution of information systems or of technology infrastructures also includes any activity required for the proper operation of systems and infrastructures or required to resolve or prevent problems or incidents, provided that the activity is

(1) a technical corrective or preventive intervention that modifies one or more technical aspects of the components, including computerized processes; or

(2) a diagnostic activity, with remote access and control of systems and technology infrastructures, that leads directly or indirectly to a technical intervention referred to in subparagraph 1.

However, for the purpose of determining, for a taxation year of a corporation whose first day is prior to 30 October 2010 and that either begins or ends in that calendar year, whether an activity is an eligible activity, the second paragraph is taken into consideration only if the corporation made an election under section 13.14.

13.12. The following activities are not eligible activities:

(1) activities unrelated to e-business;

(2) the operation of an e-business solution, such as the processing of electronic transactions through a transactional website;

(3) the management or operation of computer systems, applications or infrastructures stemming from e-business activities, namely,

(*a*) the management of e-business processing centres,

(*b*) the management of remote operations centres,

(*c*) the management of networks and systems, including systems monitoring,

(*d*) the operation of business process outsourcing services related to the operation of an e-business solution (back office), and

(*e*) the management of business processes associated with the internal operation of an e-business solution (internal back office);

(4) the operation of a customer relations centre, namely,

(*a*) the operation of an existing customer relations management service stemming from e-business activities, and

(*b*) the operation of a first-level administrative or technical assistance service for businesses and customers, related to the use of an e-business solution, such as taking calls or emails, user support in the use of systems, applications and features, monitoring and recording of requests, initial diagnosis and advice to resolve incidents or problems, referral of information concerning such incidents or problems to more specialized persons for resolution, and resetting passwords;

(5) hardware installation; and

(6) training.

However, the first paragraph does not operate to exclude an activity described in subparagraph 2 of the first paragraph of section 13.11 because of the application of the second paragraph of that section.

In addition, for the purpose of determining, for a taxation year of a corporation whose first day is prior to 30 October 2010 and that either begins or ends in that calendar year, the activities that do not constitute eligible activities, the corporation must have made an election under section 13.14 in order for subparagraph *a* of subparagraph 4 of the first paragraph to be taken into consideration otherwise than as an example of activities consisting in the operation of a customer relations centre and for the following provisions of that first paragraph to be taken into account:

(1) subparagraphs *a* to *e* of subparagraph 3;

(2) subparagraph *b* of subparagraph 4; and

(3) subparagraphs 5 and 6.

13.13. If an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions of the first paragraph of section 13.10 for recognition as an eligible employee, consider that the individual continued

to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period. In such a case, the individual is deemed, for the purposes of the first paragraph of section 13.7 and subparagraph 1 of the second paragraph of section 13.8 to be included, throughout the period of absence, in the group of individuals who work for the corporation.

DIVISION IV

SPECIAL RULE

13.14. For a taxation year whose first day is prior to 30 October 2010 and that either begins or ends in that calendar year, a corporation may file an election in writing with Investissement Québec, on or before the last day of the fifteenth month following the end of that taxation year, to have the activities or provisions referred to in the third paragraph of sections 13.5 and 13.10 to 13.12 taken into consideration to the extent and for the purposes provided for in each of those paragraphs.

SCHEDULE B

MINISTER OF AGRICULTURE, FISHERIES AND FOOD

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Minister of Agriculture, Fisheries and Food administers the sectoral parameters of the tax credit for the acquisition of pig manure treatment facilities provided for in sections 1029.8.36.53.10 to 1029.8.36.53.20 of the Taxation Act (R.S.Q., chapter I-3).

CHAPTER II

SECTORAL PARAMETERS OF TAX CREDIT FOR ACQUISITION OF PIG MANURE TREATMENT FACILITIES

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, "tax credit for the acquisition of pig manure treatment facilities" means the fiscal measure provided for in Division II.6.4.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a taxpayer is deemed to have paid an amount to the Minister of Revenue on account of the taxpayer's tax payable under that Part for a taxation year.

2.2. To benefit from the tax credit for the acquisition of pig manure treatment facilities, in respect of a facility, a person or, if the person claims the credit as a member of a partnership, the partnership must obtain a certificate in respect of the facility (in this chapter referred to as a "facility certificate") from the Minister.

DIVISION II

FACILITY CERTIFICATE

2.3. Before the installation of a facility begins, the person or partnership applying for a facility certificate in its respect must file the following documents with the Minister:

(1) the required authorizations from the Minister of Sustainable Development, Environment and Parks;

(2) the required authorizations from municipal authorities; and

(3) the plans and specifications for the facility, prepared by an engineer.

2.4. A facility certificate issued to a person or a partnership certifies that the facility referred to in the certificate is recognized as an eligible facility in relation to a farming establishment of the person or partnership.

2.5. The Minister may issue a facility certificate to a person or a partnership only if the person or partnership

(1) is a pig producer or carries on a mixed business that produces pigs or whose purpose is pig production and is recognized by the Minister for that purpose;

(2) is registered with the Minister under the Regulation respecting the registration of agricultural operations and the payment of property taxes and compensations made by Order in Council 340-97 dated 19 March 1997 (1997, G.O. 2, 1275), as amended; and

(3) manages a minimum of 4 cubic metres of pig manure daily.

2.6. To be recognized as an eligible facility in relation to a farming establishment of a person or partnership, a facility must

(1) be the subject of plans and specifications prepared by an engineer and filed with the Minister before the work begins;

(2) be installed in Québec at the farming establishment of the person or partnership;

(3) not be eligible for the Prime-Vert program adopted under section 2 of the Act respecting the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (R.S.Q., chapter M-14) and administered by the Minister;

(4) be designed to treat manure so as to concentrate its fertilizing elements into smaller volumes and facilitate its disposal; and

(5) be

(*a*) equipment needed to treat manure, or

(*b*) a component of an infrastructure that facilitates the treatment of manure, or a new or renovated building resulting from the work required to install such an infrastructure.

For the purposes of subparagraph *b* of subparagraph 5 of the first paragraph, the Minister determines what additional components are needed so the infrastructure meets the conditions of subparagraphs 1 to 4 of that paragraph, as well as the proportion of each of those components that may reasonably be attributed to the implementation of the manure treatment process.

2.7. With respect to a building where the management of animal waste is carried out on bedding, the following cannot be recognized as eligible facilities:

(1) any structure resulting from the modification of a building to install feces and urine separation equipment under slats; and

(2) any manure storage structure serving the building.

Solid manure storage structures and scrapers or belts used to separate feces and urine may, however, be recognized as eligible facilities.

DIVISION III

VERIFICATION

2.8. After a facility has been installed, the person or partnership to whom a facility certificate was issued in respect of the facility must provide the Minister with all the information needed to verify whether the facility is in compliance with the previously filed plans and specifications.

2.9. The Minister must, among other things, verify whether a facility, after it has been installed at the farming establishment of the person or partnership to whom a facility certificate was issued in respect of the facility, is in compliance with the plans and specifications prepared by an engineer and filed with the Minister before the work began, in order to make sure that the facility meets the conditions for recognition as an eligible facility.

SCHEDULE C

MINISTER OF ECONOMIC DEVELOPMENT, INNOVATION AND EXPORT TRADE

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Minister of Economic Development, Innovation and Export Trade administers the sectoral parameters of the following fiscal measures:

(1) the deferral of the taxation of a qualified patronage dividend provided for in sections 726.27 to 726.29 of the Taxation Act (R.S.Q., chapter I-3);

(2) the deduction in respect of a foreign researcher provided for in sections 737.19 to 737.22 of the Taxation Act;

(3) the deduction in respect of foreign experts provided for in sections 737.22.0.0.5 to 737.22.0.0.8 of the Taxation Act;

(4) the deduction in respect of the second cooperative investment plan provided for in sections 726.4 and 965.39.1 to 965.39.7 of the Taxation Act;

(5) the refundable tax credit for university research and for research carried on by a public research centre or a research consortium and the tax credit for fees and dues paid to a research consortium provided for in sections 1029.8.1 to 1029.8.7 and 1029.8.9.0.2 to 1029.8.9.0.4 of the Taxation Act;

(6) the tax credit for private partnership pre-competitive research provided for in sections 1029.8.16.1.1 to 1029.8.16.1.9 of the Taxation Act;

(7) the design tax credit provided for in sections 1029.8.36.4 to 1029.8.36.28 of the Taxation Act;

(8) the tax credit for the construction or conversion of vessels and the tax holiday on capital in respect of the construction or conversion of vessels provided for in sections 1029.8.36.54 to 1029.8.36.59, 1130, 1137, 1137.1, 1137.1.1 and 1137.7 of the Taxation Act; and

(9) the tax holiday for a corporation dedicated to the commercialization of intellectual property provided for in sections 771, 771.1, 771.1.1, 771.8.5.1, 771.14 and 771.15 of the Taxation Act.

CHAPTER II

SECTORAL PARAMETERS OF DEFERRAL OF TAXATION OF QUALIFIED PATRONAGE DIVIDEND

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter,

"shareholding workers cooperative" has the meaning assigned by the first paragraph of section 2 of the Cooperative Investment Plan Act (R.S.Q., chapter R-8.1.1);

"Deferral of the taxation of a qualified patronage dividend" means the fiscal measure provided for in Title VI.9 of Book IV of Part I of the Taxation Act, under which a person may defer the taxation of a patronage dividend until the disposition of the related preferred share.

2.2. A cooperative or a federation of cooperatives must obtain a certificate from the Minister so that the patronage dividends it pays in respect of a taxation year in the form of preferred shares may give rise to the deferral of the taxation of a qualified patronage dividend. The certificate is valid only for the taxation year for which it is obtained.

DIVISION II

CERTIFICATE

2.3. An application for a certificate must be filed with the Minister within six months after the end of the taxation year for which it is made.

However, if the circumstances so warrant, the Minister may grant an application despite the expiry of the time limit specified in the first paragraph, provided that the application is filed by the end of the twelfth month following the end of the taxation year concerned.

2.4. An application for a certificate must be accompanied by

(1) a statement, signed by two directors or officers of the cooperative or federation of cooperatives having filed the application, certifying either that the cooperative meets the criteria set out in subparagraphs 1 and 2 of the first paragraph of section 2.6 and, if applicable, in the third paragraph of that section, or that the federation of cooperatives meets the criteria set out in paragraphs 1 and 2 of section 2.7, as the case may be;

(2) any other information required in relation to the qualification of the cooperative or federation of cooperatives.

2.5. A certificate issued to a cooperative or a federation of cooperatives under this chapter confirms that the cooperative or federation of cooperatives is recognized as a qualified cooperative for the taxation year for which the application for the certificate was made.

2.6. A cooperative governed by the Cooperatives Act (R.S.Q., chapter C-67.2) may be recognized as a qualified cooperative for a taxation year if

(1) it meets the conditions of subparagraphs 1 and 2 of the first paragraph of section 3 of the Cooperative Investment Plan Act for the taxation year;

(2) at the end of the taxation year, the majority of its members are either domiciled in Québec if they are natural persons, or have an establishment in Québec, in other cases; and

(3) the Minister is of the opinion that the cooperative is in compliance with the Cooperatives Act for the taxation year.

Supporting members, auxiliary members and associate members, within the meaning assigned to those expressions by the Cooperatives Act, are not members for the purposes of subparagraph 2 of the first paragraph.

In addition, if the cooperative is a shareholding workers cooperative, the corporation in which it holds shares and that employs its members must also meet the condition of subparagraph 1 of the second paragraph of section 3 of the Cooperative Investment Plan Act at the end of its last taxation year that ended before the taxation year for which the cooperative files an application for a certificate.

For the purposes of the third paragraph, in the case of a corporation that is in its first fiscal period, the reference to its last taxation year that ended before the taxation year for which the cooperative files an application for a certificate is to be read as a reference to its first fiscal period, if the Minister is satisfied that the corporation will meet, for that first fiscal period, the condition referred to in that paragraph.

2.7. A federation of cooperatives governed by the Cooperatives Act may be recognized as a qualified cooperative for a taxation year if

(1) it meets the conditions of paragraphs 1 and 2 of section 4 of the Cooperative Investment Plan Act for the taxation year;

(2) at the end of the taxation year, the majority of its members are either domiciled in Québec if they are natural persons, or have an establishment in Québec, in other cases; and

(3) the Minister is of the opinion that the federation is in compliance with the Cooperatives Act for the taxation year.

2.8. A cooperative or federation of cooperatives governed by the Canada Cooperatives Act (Statutes of Canada, 1998, chapter 1) may also be recognized as a qualified cooperative for a taxation year if it meets the conditions of section 2.6 or 2.7, as applicable, and complies with the same requirements as those imposed on a cooperative or a federation of cooperatives under the Cooperatives Act.

DIVISION III

REVOCATION OF CERTIFICATE

2.9. The Minister is justified in revoking a certificate issued to a cooperative or a federation of cooperatives if the cooperative or federation has been required to produce a cooperative compliance program under section 185.5 of the Cooperatives Act or has failed to produce such a program or to implement it within the time prescribed.

2.10. A cooperative or federation of cooperatives whose certificate has been revoked may not obtain a new certificate before the expiry of a 36-month period following the effective date of the revocation.

CHAPTER III

SECTORAL PARAMETERS OF DEDUCTION IN RESPECT OF FOREIGN RESEARCHERS

DIVISION I

INTERPRETATION AND GENERAL

3.1. In this chapter, unless the context indicates otherwise,

"eligible employer" means a person or partnership who declares to the Minister that the person or partnership is carrying on a business in Canada and undertaking or causing to be undertaken on the person's or partnership's behalf in Québec scientific research and experimental development related to a business of the person or partnership and that the person or partnership is neither an eligible university entity within the meaning of section 2.1 of Schedule D, nor a person exempt from tax under section 984 or 985 of the Taxation Act or that would be exempt from tax under that section 985 but for section 192 of that Act;

"foreign researcher tax holiday" means the fiscal measure provided for in Title VII.3 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing the individual's taxable income for a taxation year.

3.2. In order for an individual who works for an eligible employer to benefit from the foreign researcher tax holiday for a taxation year, the eligible employer

must obtain a qualification certificate in respect of the foreign researcher (in this chapter referred to as a "researcher qualification certificate") from the Minister.

The employer must file an application for the qualification certificate before 1 March of the calendar year that follows the individual's taxation year for which he or she first claims the tax holiday.

DIVISION II

RESEARCHER QUALIFICATION CERTIFICATE

3.3. A researcher qualification certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as a researcher.

3.4. To be recognized as a researcher, an individual must

(1) be specialized in the field of pure or applied science or a related field;

(2) hold, or possess knowledge equivalent to the knowledge acquired by the holder of, a Master's degree recognized by a Québec university in any of the fields referred to in paragraph 1; and

(3) have the skills required to carry out scientific research and experimental development activities.

3.5. An eligible employer to which a researcher qualification certificate is issued must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return.

CHAPTER IV

SECTORAL PARAMETERS OF DEDUCTION IN RESPECT OF FOREIGN EXPERTS

DIVISION I

INTERPRETATION AND GENERAL

4.1. In this chapter, unless the context indicates otherwise,

"eligible employer" means a person or partnership who declares to the Minister that the person or partnership is carrying on a business in Canada for the period in which the person or partnership undertakes or causes to be undertaken on the person's or partnership's behalf in Québec, as part of a project, scientific research and experimental development related to a business of the person or partnership, as well as for the periods preceding and following the carrying out of the project, and that the person or partnership is neither an

eligible university entity within the meaning of section 2.1 of Schedule D, nor a person mentioned in section 984 or 985 of the Taxation Act;

"foreign expert tax holiday" means the fiscal measure provided for in Title VII.3.0.2 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing the individual's taxable income for a taxation year.

4.2. In order for an individual who works for an eligible employer to benefit from the foreign expert tax holiday for a taxation year, the eligible employer must obtain a qualification certificate in respect of the individual (in this chapter referred to as an "expert qualification certificate") from the Minister. The certificate must be obtained for each taxation year for which the individual may claim the tax holiday.

The employer must file an application for the qualification certificate before 1 March of the calendar year that follows the individual's taxation year concerned.

DIVISION II

EXPERT QUALIFICATION CERTIFICATE

4.3. An expert qualification certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as an expert in respect of the employer for the taxation year for which the application for the qualification certificate was made or for the part of the year specified in it.

4.4. In order for an individual to be recognized as an expert in respect of an eligible employer, the individual must

(1) be specialized in a field appropriate to the valorization of scientific research and experimental development results;

(2) hold, or possess knowledge equivalent to the knowledge acquired by the holder of, a diploma recognized by a Québec university in a field referred to in paragraph 1;

(3) have the skills required to carry out activities that consist in the valorization of the results deriving from the employer's scientific research and experimental development projects, which activities include

(*a*) the management of innovation resulting from those projects,

(*b*) the commercialization and marketing of the results deriving from those projects,

(*c*) the transfer of advanced technologies resulting from those projects,

(*d*) the financing of scientific research and experimental development activities; and

(4) have duties with the employer that consist exclusively or almost exclusively, on a continuous basis, in carrying on activities that consist in the valorization of the results deriving from the employer's scientific research and experimental development projects.

4.5. If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as an expert in respect of an eligible employer, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

4.6. An eligible employer to which an expert qualification certificate is issued for a taxation year must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

CHAPTER V

SECTORAL PARAMETERS OF DEDUCTION IN RESPECT OF SECOND COOPERATIVE INVESTMENT PLAN

DIVISION I

INTERPRETATION AND GENERAL

5.1. In this chapter, "capitalization rate", "expansion or development project", "qualified cooperative", "qualified federation of cooperatives", "shareholding workers cooperative", "solidarity cooperative", "supporting member" and "work cooperative" have the meaning assigned by the first paragraph of section 2 of the Cooperative Investment Plan Act, and "qualified investor" has the meaning assigned by section 9 of that Act.

Similarly, "deduction in respect of the second cooperative investment plan" means the fiscal measure provided for in Title VI.3 of Book IV of Part I of the Taxation Act and in Title VI.3.1 of Book VII of that Part, under which an individual may deduct an amount in computing his or her taxable income for a taxation year, in respect of a preferred share, issued for the purposes of the Cooperative Investment Plan Act, that the individual acquired or is deemed to have acquired.

5.2. A cooperative or a federation of cooperatives must obtain a qualification certificate from the Minister to be authorized to issue, for the purposes of the Cooperative Investment Plan Act, preferred shares the acquisition of which may allow individuals to benefit from the deduction in respect of the second cooperative investment plan.

DIVISION II

QUALIFICATION CERTIFICATE

5.3. An application for a qualification certificate authorizing a cooperative or a federation of cooperatives to issue preferred shares for the purposes of the Cooperative Investment Plan Act must be accompanied by

(1) an excerpt from the by-law of the cooperative or federation of cooperatives authorizing the issue of preferred shares;

(2) a copy of the resolution of the board of directors determining how the preferred shares are to be issued;

(3) a statement signed by two directors certifying that the conditions of subparagraphs 1 to 4 of the first paragraph of section 3 of the Cooperative Investment Plan Act or paragraphs 1 to 4 of section 4 of that Act have been met;

(4) a statement signed by two directors certifying that the conditions of the second paragraph of section 3 of the Cooperative Investment Plan Act have been met;

(5) the following information and documents:

(*a*) a certificate signed by the auditor of the books of the cooperative or federation of cooperatives certifying that its capitalization rate is less than 60%, except in the case of a work cooperative, a shareholding workers cooperative or a solidarity cooperative that would be a work cooperative but for its supporting members, or

(*b*) the information and documents specified in the second paragraph in respect of an expansion or development project;

(6) a certificate signed by the auditor of the books of the cooperative or federation of cooperatives certifying that the condition of subparagraph 6 of the first paragraph of section 3 of the Cooperative Investment Plan Act or paragraph 6 of section 4 of that Act has been met;

(7) a copy of the last annual report of the cooperative or federation of cooperatives, subject, in the case of a cooperative, to the third paragraph of section 3 of the Cooperative Investment Plan Act; and

(8) any other information required in relation to the qualification of the cooperative or federation of cooperatives.

The information and documents to which subparagraph *b* of subparagraph 5 of the first paragraph refers in respect of an expansion or development project are the following:

(1) a detailed description of the project;

(2) the date on which the project is to begin;

(3) the expected value of the share issue in relation to the total cost of the project; and

(4) a statement signed by two directors confirming that the cooperative or federation of cooperatives is in the process of carrying out the project in accordance with the information and documents referred to in subparagraphs 1 to 3 and confirming the effect of the project on the capitalization rate and the volume of business of the cooperative or federation of cooperatives.

5.4. A qualification certificate issued to a cooperative or a federation of cooperatives under this chapter certifies that the cooperative or federation of cooperatives is authorized to issue preferred shares for the purposes of the Cooperative Investment Plan Act. If applicable, the qualification certificate also specifies that the authorization results from an exemption obtained in accordance with section 17 of that Act.

If a qualification certificate is issued under this chapter by reason of an exemption obtained in accordance with section 17 of the Cooperative Investment Plan Act, its period of validity ends at the expiry of the 12-month period that follows its date of issue.

5.5. The Minister issues a qualification certificate to a cooperative or a federation of cooperatives under this chapter if the Minister is of the opinion, as applicable, that

(1) the cooperative is a qualified cooperative;

(2) the federation of cooperatives is a qualified federation of cooperatives; or

(3) the cooperative or federation of cooperatives, as the case may be, meets the requirements of section 5 of the Cooperative Investment Plan Act.

DIVISION III

REVOCATION OF QUALIFICATION CERTIFICATE

5.6. The Minister is justified in revoking a qualification certificate issued to a cooperative or a federation of cooperatives under this chapter or the Cooperative Investment Plan Act, if

(1) the cooperative or federation of cooperatives has issued securities to an investor who is not a qualified investor;

(2) the cooperative or federation of cooperatives, knowingly or under circumstances amounting to gross negligence, has made a false statement or omitted to enter important information in any document required for the purposes of the Cooperative Investment Plan Act or in any information return it is required to file with the Minister of Revenue under section 1086 of the Taxation Act;

(3) the cooperative or federation of cooperatives has omitted to send any document required for the purposes of this Act or the Cooperative Investment Plan Act;

(4) the cooperative or federation of cooperatives, being governed by the Cooperatives Act or the Canada Cooperatives Act, did not send a copy of its annual report within the time prescribed, as required by the Cooperatives Act or the Cooperative Investment Plan Act;

(5) the cooperative or federation of cooperatives was constituted or organized primarily to take advantage of the cooperative investment plan and not to serve its object; or

(6) the cooperative or federation of cooperatives has been required to produce a cooperative compliance program under section 185.5 of the Cooperatives Act or has failed to produce such a program or to implement it within the time prescribed.

5.7. The effective date of the revocation of a qualification certificate issued under this chapter or under the Cooperative Investment Plan Act may not be earlier than the date of the notice of revocation. The notice must be sent to the head office of the cooperative or federation of cooperatives by registered mail.

5.8. The qualification certificate of a cooperative or a federation of cooperatives issued under this chapter or under the Cooperative Investment Plan Act is deemed to be revoked on the date of its dissolution or, if the cooperative or federation of cooperatives is dissolved under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., chapter P-45), the Cooperatives Act or the Canada Cooperatives Act or has decided to wind-up in accordance with the Cooperatives Act or the Canada Cooperatives Act, on the date on which its liquidation was decided.

5.9. The qualification certificate of a cooperative or a federation of cooperatives issued under this chapter or under the Cooperative Investment Plan Act is deemed to be revoked on the effective date of an amalgamation to which the cooperative or federation of cooperatives is party

(*a*) that is carried out in accordance with the rules set out in Division II or Division V of Chapter XXI of Title I of the Cooperatives Act;

(*b*) that is carried out in accordance with the rules set out in Division III of that Chapter XXI, where the cooperative or federation is the absorbed cooperative or federation;

(*c*) that is carried out in accordance with the rules set out in sections 295 to 297 of the Canada Cooperatives Act;

(*d*) that is carried out in accordance with the rules set out in subsection 1 of section 298 of that Act, where the cooperative or federation is a wholly-owned subsidiary cooperative; or

(*e*) that is carried out in accordance with the rules set out in subsection 2 of that section 298, where the cooperative or federation is a subsidiary whose shares have been cancelled.

5.10. A cooperative or federation of cooperatives whose qualification certificate has been revoked may not obtain a new qualification certificate before the expiry of a 36-month period following the effective date of the revocation.

CHAPTER VI

SECTORAL PARAMETERS OF TAX CREDIT FOR RESEARCH CARRIED ON BY RESEARCH CONSORTIUM AND OF TAX CREDIT FOR FEES AND DUES PAID TO RESEARCH CONSORTIUM

DIVISION I

INTERPRETATION AND GENERAL

6.1. In this chapter, unless the context indicates otherwise,

"research consortium" means a non-profit private research centre established in Canada whose members carry on businesses in the same sector of activity or in related sectors of activity;

"tax credit for fees and dues paid to a research consortium" means the fiscal measure provided for in Division II.2.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a person is deemed to have paid an amount to the Minister of Revenue on account of the person's tax payable under that Part for a taxation year;

"tax credit for research carried on by a research consortium" means the fiscal measure provided for in Division II.2.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a person is deemed to have paid an amount to the Minister of Revenue on account of the person's tax payable under that Part for a taxation year.

6.2. To be recognized as an eligible research consortium, for the purposes of the tax credit for research carried on by a research consortium and the tax

credit for fees and dues paid to a research consortium, a body must obtain a certificate in its respect (in this chapter referred to as a "consortium certificate") from the Minister.

DIVISION II

CONSORTIUM CERTIFICATE

6.3. A consortium certificate issued to a body certifies that the body is recognized as an eligible research consortium. Such a certificate is valid for an indeterminate period, unless otherwise specified in the certificate.

6.4. In order for a body to be recognized as an eligible research consortium, it must be a research consortium in respect of which the following conditions are met:

(1) the number of members forming the research consortium and their financial contribution are sufficiently representative of a sector of activity;

(2) the public or parapublic bodies operating in that sector of activity that are members of the research consortium do not constitute a majority of its members and do not provide the major part of its financing;

(3) the association agreement of the members of the research consortium requires that a research program concerning the members' scientific and technological interests be established every year, and provides that the research results obtained will be available to all the members for use and development according to their specific needs;

(4) the mission of the research consortium is to carry on scientific research and experimental development work in Québec that is generic in nature and is not likely to lead to readily marketable results;

(5) the results of scientific research and experimental development work carried on by the research consortium may give rise to applications in various industrial sectors or to products that are commercially different among its members and that vary according to the use and development each may make of those results; and

(6) the research consortium has employees who have the skills required to carry on scientific research and experimental development work and has the premises and equipment needed to carry on that work in Québec.

The condition of subparagraph 3 of the first paragraph is not considered met if the association agreement does not clearly define the manner in which the research results obtained may be used and developed by the members of the research consortium.

The Minister may recognize only one research consortium per sector of activity.

6.5. A body that holds a valid consortium certificate must file a notice of change of status with the Minister if

(1) a change that has occurred in its human or physical resources could compromise its capacity to carry out scientific research and experimental development work;

(2) the composition of the consortium has changed significantly; or

(3) the association agreement of the members of the consortium or the consortium's mission has been modified.

If a body fails to fulfil its obligation to file a notice of change of status, the Minister may revoke the consortium certificate issued to it.

CHAPTER VII

SECTORAL PARAMETERS OF TAX CREDIT FOR PRIVATE PARTNERSHIP PRE-COMPETITIVE RESEARCH

DIVISION I

INTERPRETATION AND GENERAL

7.1. In this chapter, unless the context indicates otherwise,

"research project" means a scientific research and experimental development project;

"tax credit for private partnership pre-competitive research" means the fiscal measure provided for in Division II.3.0.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a person is deemed to have paid an amount to the Minister on account of the person's tax payable under that Part for a taxation year.

7.2. To benefit from the tax credit for private partnership pre-competitive research, in respect of a research project, a person or, if the person claims the tax credit as a member of a partnership, the partnership must obtain a certificate in that respect (in this chapter referred to as a "research project certificate") from the Minister. Such a certificate is valid for a maximum period of three years.

DIVISION II

RESEARCH PROJECT CERTIFICATE

7.3. The Minister may not issue a research project certificate in respect of a research project provided for in a partnership agreement unless an application to that effect is filed with the Minister before the beginning of the project.

Despite the first paragraph, the Minister may issue a research project certificate to a person or a partnership in respect of a research project carried out within the scope of a partnership agreement to which the person or partnership is a party if

(1) the application for the certificate is filed with the Minister on or before the 90th day following the day on which the research project began; or

(2) the application for the certificate is filed with the Minister within three years following the day on which the research project began and

(*a*) the application could not be filed within the time provided in subparagraph 1 for reasons beyond the control of the person or of the members of the partnership,

(*b*) the application gives the reasons why it could not be filed within such time, and

(*c*) the Minister considers that the reasons put forward justify the admissibility of the application.

7.4. A research project certificate issued to a person or a partnership certifies that the research project referred to in it is a pre-competitive research project carried out under a partnership agreement to which the person or partnership is a party. The certificate also specifies the date on which its period of validity ends.

7.5. In order for a research project to be considered to be a pre-competitive research project carried out under a partnership agreement to which the person or partnership filing the application for a certificate is a party, the following conditions must be met:

(1) each party to the partnership agreement (in this section referred to as a "partner") has a scientific and technological interest in seeing the research project carried out, and the purpose of the partnership agreement coincides with the respective interests of all the partners, even if their sectors of activity differ;

(2) the partners are on an equal footing and share responsibility for the research project, each partner assuming its own liability, without guaranteeing the liability of the other partners;

(3) the partners pool their contributions to the research project, which contributions may be inputs of equipment, efforts, cash, knowledge or expertise;

(4) the expected duration and the purpose of the research project are defined in the partnership agreement;

(5) the research project affords each partner the possibility of using the results, such that each partner has an interest in seeing the project carried out in order to benefit from the results with a view to enhance its growth;

(6) the research project will affect the partners, whether the project is successful or not;

(7) each partner is entitled to benefit from the research project results, the planned sharing of those results being based on the interests of each partner and having to be coherent with the pursuit of its technological development; in that respect, the partnership agreement must include the obligation to negotiate conditions relating to the rights of each of the partners to exploit the intellectual property deriving from the research project, and must govern the disclosure of information on the obtention of a patent protecting the intellectual property, if applicable;

(8) all the partners participate in managing the research project and no partner is subordinate to another; and

(9) each partner performs a part of the work required to carry out the research project, while participating in the overall research project.

For the purpose of determining whether the condition of subparagraph 8 of the first paragraph is met, the establishment of a management committee and the development of a decision-making or dispute settlement mechanism, which may be provided for in the partnership agreement, are indicators that the research project is managed jointly.

For the purposes of subparagraph 9 of the first paragraph, groups of researchers, developers or engineers are considered to participate in the overall research project if they separately carry out work related to various aspects of the research project and participate in study sessions and discussions to integrate their respective research results in the overall structure of the project.

CHAPTER VIII

SECTORAL PARAMETERS OF DESIGN TAX CREDIT

DIVISION I

INTERPRETATION AND GENERAL

8.1. In this chapter, unless the context indicates otherwise,

"design tax credit" means the fiscal measure provided for in Division II.6.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"qualified outside consultant" means a person or partnership who holds an unrevoked certificate of qualification referred to in subparagraph 1 of the second paragraph of section 8.2 issued by the Minister.

8.2. To benefit from the design tax credit, a corporation or, if it claims the tax credit as a member of a partnership, the partnership must obtain a certificate in respect of a design activity (in this chapter referred to as an "activity certificate") from the Minister. Such a certificate must be obtained, as applicable, for each taxation year in which the corporation intends to claim the tax credit, or for each fiscal period of the partnership that ends in such a taxation year.

In addition, depending on the provision of the design tax credit that the corporation intends to benefit from, a corporation must get a copy of one or more of the following certificates from the persons or partnerships concerned:

(1) the certificate of qualification as a qualified outside consultant (in this chapter referred to as a "consultant certificate") obtained from the Minister by a person or partnership who entered into a contract as a qualified outside consultant with the corporation or the partnership of which the corporation is a member;

(2) the certificate of qualification as a qualified designer (in this chapter referred to as a "designer certificate") obtained from the Minister by an individual who works as a qualified designer for the corporation or the partnership of which the corporation is a member; and

(3) the certificate of qualification as a qualified patternmaker (in this chapter referred to as a "patternmaker certificate") obtained from the Minister by an individual who works as a qualified patternmaker for the corporation or the partnership of which the corporation is a member.

DIVISION II

ACTIVITY CERTIFICATE

8.3. An activity certificate issued to a corporation or a partnership for a taxation year or a fiscal period, as applicable, certifies that a design activity relating to a business carried on by the corporation or partnership in Québec was carried out in the year or the fiscal period by the corporation or partnership or, on its behalf, by a qualified outside consultant.

8.4. An activity certificate may be issued only for the design of industrially manufactured goods.

8.5. The design of industrially manufactured goods comprises all the creative activities stemming from a systematic and documented approach that consists in determining the formal, functional and symbolic properties of industrially manufactured goods.

It includes pattern drawing activities.

However, it does not include

(1) software or website design;

(2) the design of a good according to characteristics that meet the specific needs of an individual who does not carry on a business and who has ordered such a good;

(3) layout design that consists in combining or adapting previously designed products to integrate them into a specific environment or site; or

(4) subject to the fourth paragraph, graphic design whose objective is to create visual communication objects, whether graphic artwork consisting in a written, figurative or symbolic representation of objects, facts or ideas, graphic artwork applied or printed on product packaging, or on publishing products such as books, publications or promotional documents, or graphic artwork pertaining to signage, business logos, advertising, identification codes, safety warnings, written user or operating instructions and legally required notices such as the place of manufacture.

The graphic design leading to the printing or application of graphic artwork directly on an industrially manufactured good is an industrially manufactured goods design activity to the extent that such graphic artwork enhances the good either aesthetically or in terms of its functionality. Such graphic artwork must be created by a designer, who may make different versions of it. However, it must not be a modification or an adaptation of existing graphic artwork or of an existing motif.

8.6. Pattern drawing consists in designing patterns and producing geometric or technical drawings for the transformation of textiles, leather or fur. It includes the cutting of a pattern into parts for use in cutting the first sample. It also includes the construction of basic templates, the drafting of technical specifications and the grading and adjustment of a prototype.

DIVISION III

CONSULTANT CERTIFICATE

8.7. A consultant certificate certifies that the person or the partnership to whom it is issued is recognized as a qualified outside consultant.

8.8. A person or a partnership may be recognized as a qualified outside consultant if

(1) the person or partnership has an establishment in Québec; and

(2) the person or partnership carries on in Québec, on behalf of a corporation or a partnership, an industrially manufactured goods design activity that relates to a business carried on in Québec by that corporation or partnership.

DIVISION IV

DESIGNER CERTIFICATE

8.9. A designer certificate certifies that the individual to whom it is issued is recognized as a qualified designer.

8.10. To be recognized as a qualified designer, an individual must, in connection with the industrially manufactured goods design activities he or she carries on,

(1) hold a diploma in design issued by an educational institution that is recognized by the Minister of Education, Recreation and Sports or an equivalent diploma; or

(2) have skills that are satisfactory to the Minister.

DIVISION V

PATTERNMAKER CERTIFICATE

8.11. A patternmaker certificate certifies that the individual to whom it is issued is recognized as a qualified patternmaker.

8.12. To be recognized as a qualified patternmaker, an individual must, in connection with the industrially manufactured goods design activities carried on by the individual, have the technical skills necessary to carry out pattern drawing activities in order to give concrete form to the ideas of a designer, and

(1) hold a diploma of vocational studies issued by the Minister of Education, Recreation and Sports or an equivalent diploma; or

(2) have skills that are satisfactory to the Minister.

CHAPTER IX

SECTORAL PARAMETERS OF TAX CREDIT FOR CONSTRUCTION OR CONVERSION OF VESSELS AND TAX HOLIDAY ON CAPITAL IN RESPECT OF CONSTRUCTION OR CONVERSION OF VESSELS

DIVISION I

INTERPRETATION AND GENERAL

9.1. In this chapter, unless the context indicates otherwise,

"construction work" in respect of a vessel means all the work relating to the construction or reconstruction of the vessel that may give rise to a new certificate of registry in the Canadian Register of Vessels, established under section 43 of the Canada Shipping Act, 2001 (Statutes of Canada, 2001, chapter 26), including the assembly of the parts or modules of the vessel that are manufactured by a third party in a place other than that of the assembly, but excluding the manufacture of parts or modules of the vessel by a third party without final assembly;

"conversion work" in respect of a vessel means work that is major on a technical and quantitative level, that involves substantial changes to the superstructures, machinery or equipment, that alters the essential characteristics of the vessel and that meets at least two of the following requirements:

(1) the work requires the replacement or installation of structural elements whose total weight is greater than 15% of the vessel's total weight before the beginning of the work;

(2) the cost of the work is greater than 20% of the vessel's market value before the beginning of the work;

(3) the work substantially changes the vocation of the vessel;

"tax credit for the construction or conversion of vessels" means the fiscal measure provided for in Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"tax holiday on capital in respect of vessels" means the fiscal measure provided for in paragraphs *b*.2 and *b*.2.1 of section 1137 and sections 1130, 1137.1, 1137.1.1 and 1137.7 of the Taxation Act, under which a corporation may deduct an amount in computing its paid-up capital for a taxation year;

"vessel" includes a semi-submergible rig stabilized by submerging pontoons and by anchoring, as well as a floating plant if it is intended to remain floating and be registered as a vessel, but does not include a self-elevating platform.

9.2. A corporation must obtain a qualification certificate (in Division II referred to as a "vessel qualification certificate") from the Minister, in respect of each vessel for which the corporation intends to claim the tax credit for the construction or conversion of vessels. Such a qualification certificate is valid for a maximum period of three years. If the construction or conversion work in respect of the vessel is carried out under a subcontract, the corporation must also obtain a qualification certificate in respect of the subcontract (in Division II referred to as a "subcontract qualification certificate") from the Minister.

A corporation must obtain a qualification certificate (in Division III referred to as a "vessel qualification certificate") from the Minister, in respect of each vessel for which the corporation intends to claim the tax holiday on capital in respect of vessels. Such a qualification certificate is valid for a period that starts at the beginning of the period of construction or conversion of the vessel referred to in the qualification certificate and that ends at the end of the fourth year following the year in which the vessel is delivered. If the construction or conversion work in respect of the vessel is carried out under a subcontract, the corporation must also obtain a qualification certificate in respect of the subcontract (in Division III referred to as a "subcontract qualification certificate") from the Minister.

The corporation must file an application for a qualification certificate in respect of a vessel that is the subject of a construction or conversion project,

(1) in the case of a qualification certificate referred to in the first paragraph, after a preliminary agreement has been reached with the client in respect of the project, but before a firm contract has been entered into in that respect; or

(2) in the case of a qualification certificate referred to in the second paragraph, before the beginning of the construction or conversion work in respect of the vessel.

The application for a qualification certificate in respect of a subcontract under which the construction or conversion work in respect of a vessel is carried out must be filed by the corporation at the same time as the application for a qualification certificate in respect of the vessel concerned.

DIVISION II

QUALIFICATION CERTIFICATES RELATING TO TAX CREDIT FOR CONSTRUCTION OR CONVERSION OF VESSELS

9.3. A vessel qualification certificate issued to a corporation certifies that the vessel to be constructed or converted and referred to in the certificate is recognized as an eligible vessel and that it will be a prototype vessel or the first, second or third vessel of a series of vessels.

9.4. The Minister may issue a vessel qualification certificate to a corporation, in relation to a vessel to be constructed or converted, only if the corporation

(1) has an establishment in Québec that has direct access to a navigable body of water;

(2) has the tools, land, keep blocks, ramps, dry docks, and workshops under permanent shelter that are necessary for the construction or conversion of vessels in whole or in modules;

(3) shows that it has the capacity to launch the vessel;

(4) shows that it has the capacity to construct or convert a vessel and has constructed or converted a vessel or barge of more than 50 gross tonnage in the last five years for a client with whom it is dealing at arm's length; and

(5) permanently has a number of employees working on a regular basis on naval construction, reconstruction or repair on a hauling ramp or in a dry dock.

9.5. A vessel may be recognized as an eligible vessel if

(1) its gross tonnage is at least 50 tons;

(2) it is intended to be used for the transportation of goods or passengers or for the provision of a specialized service;

(3) it is undergoing construction or conversion work in Québec; and

(4) it may be certified for navigation by Transport Canada.

9.6. A vessel is a prototype vessel if

(1) it is undergoing construction or conversion work that is not of the same nature as work done previously by the corporation;

(2) the construction or conversion work in respect of the vessel requires an investment in innovation, in planning and in the production methods and processes, or the vessel is technologically advanced and ecological; and

(3) it is the first vessel of a series whose repeat business potential is established, in particular by commitments to order, letters of intent of clients already operating maritime services or a market study showing the construction potential for a series of vessels, and whose entry into service will allow the development of a market not occupied by Québec businesses.

A vessel is the first, second or third vessel of a series if it is constructed or converted in that order after a benchmark prototype vessel and according to

the plans and specifications for the construction or conversion of that prototype vessel.

For the purposes of the second paragraph, a prototype vessel is a vessel in respect of which the corporation holds a valid vessel qualification certificate certifying that the vessel is a prototype vessel.

9.7. A subcontract qualification certificate issued to a corporation certifies that the work to be carried out under the subcontract referred to in the certificate requires the use of labour in Québec that represents more than 50% of the cost of the subcontract, and that the work is construction or conversion work in respect of a vessel for which the corporation has obtained a vessel qualification certificate.

DIVISION III

QUALIFICATION CERTIFICATES RELATING TO TAX HOLIDAY ON CAPITAL IN RESPECT OF VESSELS

9.8. A vessel qualification certificate issued to a corporation certifies that the vessel to be constructed or converted and referred to in the certificate is recognized as an eligible vessel.

9.9. A vessel may be recognized as an eligible vessel if it meets the conditions of section 9.5.

9.10. A subcontract qualification certificate issued to a corporation certifies that the subcontract referred to in the certificate entrusts a person or partnership operating a naval shipyard in Québec with the carrying out in Québec of construction or conversion work in respect of a vessel for which the corporation obtained a vessel qualification certificate.

CHAPTER X

SECTORAL PARAMETERS OF TAX HOLIDAY FOR CORPORATION DEDICATED TO COMMERCIALIZATION OF INTELLECTUAL PROPERTY

DIVISION I

INTERPRETATION AND GENERAL

10.1. In this chapter, unless the context indicates otherwise,

"computer program" has the meaning assigned by section 2 of the Copyright Act (Revised Statutes of Canada, 1985, chapter C-42);

"eligible institute" means a person or entity that is an eligible public research centre or an eligible university entity for the purposes of Division II.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act;

"issuance period" of a corporation means the period beginning at the time identified by the corporation as the time when it began to operate the business referred to in the first paragraph of section 10.3, and ending on the last day of the 10-year period beginning on the date of its incorporation;

"tax holiday for a corporation dedicated to the commercialization of intellectual property" means the fiscal measure provided for in sections 771, 771.1, 771.1.1, 771.8.5.1, 771.14 and 771.15 of the Taxation Act, which allows a corporation to deduct an amount under subparagraph *j*.1 of subsection 1 of section 771 of that Act in computing its tax payable for a taxation year under Part I of that Act.

10.2. To benefit from the tax holiday for a corporation dedicated to the commercialization of intellectual property, a corporation must obtain from the Minister a certificate in respect of its business (in this chapter referred to as a "business certificate"). An application for such a certificate must be filed for each period, not exceeding three years, for which the corporation intends to benefit from the tax holiday or would intend to do so if it had tax payable under Part I of the Taxation Act for a taxation year included in whole or in part in the period.

However, the Minister may deliver a business certificate for a particular period, other than the first, only if the following conditions are met in respect of the corporation applying for it:

(1) a business certificate was issued to the corporation for any preceding period included in its issuance period; and

(2) at the time the business certificate is to be issued for the particular period, no certificate referred to in subparagraph 1 has been revoked.

If, at a particular time, the Minister revokes a business certificate issued to the corporation for a given period, any business certificate issued to the corporation for a particular period subsequent to the given period is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked.

DIVISION II

BUSINESS CERTIFICATE

10.3. A business certificate issued to a corporation certifies that the business that the corporation declares it is carrying on is recognized as an eligible commercialization business for the period specified in the certificate.

In the case of the first business certificate, its date of coming into force is the date identified by the corporation as the date on which it began to carry on the business concerned.

The period for which the Minister issues a business certificate may not exceed three years and must be within the corporation's issuance period.

10.4. A business may be recognized as an eligible commercialization business if its activities consist only of

(1) the manufacturing and selling of goods more than 50% of whose value is derived from an eligible intellectual property;

(2) the manufacturing and selling of goods of which an essential component is an eligible intellectual property; or

(3) the licensing of computer programs each of which is an eligible intellectual property.

10.5. A property is considered to be an eligible intellectual property if

(1) the property was developed by one or more individuals each of whom is either an inventor for the purposes of the Patent Act (Revised Statutes of Canada, 1985, chapter P-4) or an author for the purposes of the Copyright Act, in the course of employment with or academic study at an eligible institute, and its development did not result from a research contract carried out on behalf of a person or entity other than the institute;

(2) no person or partnership owned the property, in any manner whatever, other than

(*a*) the eligible institute where the research work for its development took place,

(*b*) an individual referred to in paragraph 1,

(*c*) the corporation referred to in the first paragraph of section 10.2, or

(*d*) a subsidiary of an eligible institute, or an entity controlled by such an institute, that is recognized by the Minister;

(3) where the eligible institute referred to in subparagraph *a* of paragraph 2 has an official policy on disclosure of intellectual property, the property was disclosed to the institute in a timely manner and within the deadline required in accordance with the policy; and

(4) the property is a property in respect of which a patent has been issued under the Patent Act, a property in respect of which an application for a patent was filed under that Act by a person or entity referred to in any of subparagraphs *a* to *d* of paragraph 2, provided the patent may reasonably be expected to be issued in accordance with the application no later than the last day of the issuance period of the corporation referred to in the first paragraph of section 10.2, or a copyrighted computer program which the Minister considers to be a significant technological advance at the time it is completed.

SCHEDULE D

MINISTER OF EDUCATION, RECREATION AND SPORTS

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Minister of Education, Recreation and Sports administers the sectoral parameters of the following fiscal measures:

(1) the deduction in respect of a foreign researcher on a postdoctoral internship provided for in sections 737.22.0.0.1 to 737.22.0.0.4 of the Taxation Act (R.S.Q., chapter I-3); and

(2) the deduction in respect of foreign professors provided for in sections 737.22.0.0.5 to 737.22.0.0.8 of the Taxation Act.

CHAPTER II

SECTORAL PARAMETERS OF DEDUCTION IN RESPECT OF FOREIGN RESEARCHERS ON POSTDOCTORAL INTERNSHIP

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, unless the context indicates otherwise,

"eligible employer" means an eligible public research centre or an eligible university entity;

"eligible public research centre" means a centre or body that is an eligible public research centre for the purposes of Division II.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act;

"eligible university entity" means an entity that is an eligible university entity for the purposes of Division II.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act;

"tax holiday for a foreign researcher on a postdoctoral internship" means the fiscal measure provided for in Title VII.3.0.1 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing his or her taxable income for a taxation year.

2.2. In order for an individual who works for an eligible employer to benefit from the tax holiday for a foreign researcher on a postdoctoral internship for a taxation year, the eligible employer must obtain a certificate in respect of the individual (in this chapter referred to as a "researcher certificate") from the

Minister. The certificate must be obtained for each taxation year for which the individual may claim the tax holiday.

The employer must file the application for the certificate before 1 March of the calendar year that follows the individual's taxation year concerned.

DIVISION II

RESEARCHER CERTIFICATE

2.3. A researcher certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as a researcher on a postdoctoral internship in respect of the employer for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

2.4. An individual may be recognized as a researcher on a postdoctoral internship in respect of an eligible employer if

(1) the individual is specialized in the field of pure or applied science or a related field;

(2) the individual holds, subject to the second paragraph, a doctoral degree in one of the fields referred to in subparagraph 1 or another degree that, in the Minister's opinion, is equivalent;

(3) the individual is serving a full-time postdoctoral internship as a researcher with the employer for a set term; and

(4) the individual's duties with the employer are performed exclusively or almost exclusively, on a continuous basis, as a researcher within the scope of the postdoctoral internship.

For the condition of subparagraph 2 of the first paragraph to be met, not more than five years may have elapsed, at the time the individual begins a full-time postdoctoral internship with the eligible employer for the first time, since the individual obtained the diploma referred to in that subparagraph. However, if, before beginning that first internship, the individual temporarily interrupted his or her research activities for reasons the Minister considers reasonable, the time elapsed may be longer, but must not exceed 10 years.

2.5. If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as a researcher on a postdoctoral internship in respect of an eligible employer, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

2.6. An eligible employer to which a researcher certificate is issued for a taxation year must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

CHAPTER III

SECTORAL PARAMETERS OF DEDUCTION IN RESPECT OF FOREIGN PROFESSORS

DIVISION I

INTERPRETATION AND GENERAL

3.1. In this chapter, unless the context indicates otherwise,

"eligible employer" means a Québec university;

"foreign professor tax holiday" means the fiscal measure provided for in Title VII.3.2 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing the individual's taxable income for a taxation year.

3.2. In order for an individual who works for an eligible employer to benefit from the foreign professor tax holiday for a taxation year, the eligible employer must obtain a certificate in respect of the individual (in this chapter referred to as a "professor certificate") from the Minister. The certificate must be obtained for each taxation year for which the individual may claim the tax holiday.

The employer must file the application for the certificate before 1 March of the calendar year that follows the individual's taxation year concerned.

DIVISION II

PROFESSOR CERTIFICATE

3.3. A professor certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as a professor in respect of the employer for the taxation year for which the application for the certificate was made or for the part of the year specified in it.

3.4. An individual may be recognized as a professor in respect of an eligible employer if

(1) the individual holds a position as a professor with the employer;

(2) the individual is specialized in the field of science and engineering, finance, health or new information and communication technologies;

(3) the individual holds a doctoral degree in one of the fields referred to in paragraph 2 or another degree that, in the Minister's opinion, is equivalent; and

(4) the individual's duties with the employer are performed exclusively or almost exclusively, on a continuous basis, as a professor in one of the fields referred to in paragraph 2.

3.5. If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as a professor in respect of an eligible employer, consider that the individual continued to perform the his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

3.6. An eligible employer to which a professor certificate is issued for a taxation year must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

SCHEDULE E

MINISTER OF FINANCE

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Minister of Finance administers the sectoral parameters of the following fiscal measures:

(1) the tax credit for international financial centres provided for in sections 1029.8.36.166.61 to 1029.8.36.166.64 of the Taxation Act (R.S.Q., chapter I-3);

(2) the deduction relating to foreign specialists assigned to the operations of an international financial centre provided for in sections 65 to 70 of the Act respecting international financial centres (R.S.Q., chapter C-8.3) and sections 737.16 and 737.18 of the Taxation Act;

(3) the tax holidays relating to the carrying out of a major investment project provided for in sections 737.18.14 to 737.18.17, 771.2.5, 1130, 1138.2.2, 1141.8, 1166, 1170.1 to 1170.4, 1175.1 and 1175.4.1 to 1175.4.4 of the Taxation Act, sections 94.0.3.1 to 94.0.3.4 of the Tax Administration Act (R.S.Q., chapter A-6.002) and sections 33 and 34 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5); and

(4) the deduction relating to foreign specialists in the service of a corporation that operates a stock exchange or a securities clearing-house provided for in sections 737.18.29 to 737.18.30.3, 737.18.34 and 737.18.35 of the Taxation Act.

CHAPTER II

SECTORAL PARAMETERS OF TAX CREDIT FOR INTERNATIONAL FINANCIAL CENTRES

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, unless the context indicates otherwise,

"international financial centre" means a business described in section 6 of the Act respecting international financial centres;

"international financial transaction" has the meaning assigned by section 4 of the Act respecting international financial centres;

"qualified international financial transaction" has the meaning assigned by sections 7 to 8 of the Act respecting international financial centres;

"specialized worker" of a corporation for a particular period means an individual who, in any of the individual's taxation years during which the individual works for a corporation, is recognized as a specialist for a particular period of that taxation year, according to a certificate referred to in subparagraph 2 of the first paragraph of section 3.2 that was issued to the corporation;

"tax credit for international financial centres" means the fiscal measure provided for in Division II.6.14.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"urban agglomeration of Montréal" has the meaning assigned by section 4 of the Act respecting international financial centres.

2.2. A corporation that intends to operate an international financial centre within the urban agglomeration of Montréal and that wishes to benefit from the tax credit for international financial centres must obtain from the Minister

(1) a qualification certificate in respect of that business (in this chapter referred to as a "corporation qualification certificate"); and

(2) a qualification certificate in respect of each of the individuals for which it wishes to benefit from the tax credit (in this chapter referred to as an "employee qualification certificate").

Moreover, to benefit from the tax credit, such a corporation must also obtain from the Minister

(1) a certificate in respect of that business (in this chapter referred to as a "business certificate"); and

(2) a certificate in respect of each of the individuals for which it claims the tax credit (in this chapter referred to as an "employee certificate").

The certificates referred to in the second paragraph must be obtained for each taxation year for which the corporation intends to claim the tax credit for international financial centres.

DIVISION II

BUSINESS-RELATED DOCUMENTS

2.3. A business qualification certificate issued to a corporation certifies, subject to the Act respecting international financial centres, that the business referred to in the certificate is recognized as an international financial centre. It also specifies the categories of qualified international financial transactions engaged in or to be engaged in in the course of carrying on the business.

2.4. The Minister issues a business qualification certificate to a corporation if the Minister is of the opinion that the activities engaged in or to be engaged in by the corporation in the course of carrying on its business are in compliance with the provisions and objectives of the Act respecting international financial centres.

2.5. A business certificate issued to a corporation certifies that the business that is referred to in the certificate and that is carried on by the corporation in the taxation year for which the application for the certificate is filed is recognized for that year, or for the part of that year that is specified in the certificate, as an international financial centre.

2.6. The Minister may issue a business certificate to a corporation if, for all or part of the taxation year for which the application for the certificate is filed,

(1) the business qualification certificate issued in respect of the business was valid; and

(2) the Minister is of the opinion that

(*a*) the activities of the business were related to qualified international financial transactions, and

(*b*) those activities required, at all times, the work of at least six individuals each of whom is recognized by the Minister as an eligible employee of the corporation, for all or part of the year or part of year, under an employee certificate the corporation obtained in respect of the employee for the year.

Where an individual is a specialized worker of the corporation for a particular period that begins or ends in a taxation year of the corporation, the following presumptions must be taken into account for the purposes of subparagraph *b* of subparagraph 2 of the first paragraph:

(1) the individual is deemed to have been recognized by the Minister as an eligible employee of the corporation for the part of the taxation year that is included in the particular period; and

(2) the corporation is deemed to have obtained an employee certificate in respect of the individual for the taxation year, under which the individual is so recognized.

2.7. If the condition of subparagraph *b* of subparagraph 2 of the first paragraph of section 2.6 is not met for a particular period of a taxation year for which a business qualification certificate issued to a corporation is valid, the Minister may nevertheless recognize the business for the particular period provided the corporation shows, to the Minister's satisfaction, that the situation is temporary and due to exceptional circumstances that are beyond its control.

DIVISION III

DOCUMENTS RELATING TO EMPLOYEES

2.8. An employee qualification certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister as an eligible employee of the corporation.

2.9. In order for the Minister to recognize an individual as an eligible employee of a corporation, the Minister must be of the opinion that it may reasonably be expected that, from the date specified in the certificate, the individual will be working full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks, and that his or her duties with the corporation will be devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation that constitutes or is to constitute an international financial centre.

2.10. An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister as an eligible employee of the corporation for the taxation year for which the application for the certificate was made or for the part of that taxation year that is specified in the application.

2.11. The Minister recognizes an individual as an eligible employee of the corporation if

(1) the employee qualification certificate that was issued to the corporation in respect of the individual is valid;

(2) the individual is working full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks; and

(3) the individual's duties with the corporation were devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation in respect of which a business qualification certificate was valid.

2.12. The duties of an individual with a corporation that are devoted to carrying out a qualified international financial transaction mean the duties that are directly attributable to the transactional process that is specific to the transaction.

However, unless they constitute in themselves a qualified international financial transaction, the individual's duties that relate to legal affairs, communications, accounting, finance, taxation, corporate management, human and physical resources management, electronic data processing, marketing, messenger services, reception work or secretarial work do not constitute duties that are directly attributable to the transactional process that is specific to a qualified international financial transaction.

2.13. If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee of a corporation, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them before the beginning of that period.

DIVISION IV

SPECIAL RULES

2.14. The Minister is justified in revoking a business qualification certificate issued under this chapter or a similar qualification certificate issued under the Act respecting international financial centres if the Minister is of the opinion that the activities engaged in, in the course of the business referred to in the certificate, by the corporation or the partnership that obtained it are no longer in compliance with the provisions or the objectives of that Act, whether or not the corporation or partnership contravened the provisions of that Act or of this Act.

2.15. The effective date of the revocation of a qualification certificate or certificate issued under this chapter, or of a similar document issued under the Act respecting international financial centres, may not precede the date of the notice of revocation by more than four years.

2.16. The Minister may, before issuing a qualification certificate or a certificate under this chapter or before amending or revoking such a document or a similar document issued under the Act respecting international financial centres, obtain the advice of CFI Montréal — Centre Financier International or of any other body pursuing similar objectives.

CHAPTER III

SECTORAL PARAMETERS OF DEDUCTION RELATING TO FOREIGN SPECIALISTS ASSIGNED TO OPERATIONS OF INTERNATIONAL FINANCIAL CENTRE

DIVISION I

INTERPRETATION AND GENERAL

3.1. In this chapter, unless the context indicates otherwise,

"back-office activities" has the meaning assigned by section 4 of the Act respecting international financial centres;

"business certificate" means a certificate referred to in subparagraph 1 of the second paragraph of section 2.2 or section 12 of the Act respecting international financial centres;

"business qualification certificate" means a qualification certificate referred to in subparagraph 1 of the first paragraph of section 2.2 or section 10 of the Act respecting international financial centres;

"eligible employer" means a corporation or a partnership operating a business that is recognized as an international financial centre, according to the following documents that were issued in its respect:

(1) the business qualification certificate; and

(2) the business certificate for the taxation year of the corporation or for the fiscal period of the partnership for which this definition is applied;

"foreign specialist tax holiday" means the fiscal measure provided for in subdivision 1 of Division III of Chapter V of the Act respecting international financial centres and in sections 737.16 and 737.18 of the Taxation Act, under which an individual may deduct an amount in computing the individual's taxable income for a taxation year;

"international financial centre" means a business described in section 6 of the Act respecting international financial centres;

"international financial transaction" has the meaning assigned by section 4 of the Act respecting international financial centres;

"strategic personnel" has the meaning assigned by section 4 of the Act respecting international financial centres.

For the purposes of the definition of "eligible employer" in the first paragraph, the following presumptions apply to a corporation or a partnership in respect of the qualification certificate or the certificate issued to it and referred to in that definition:

(1) if the qualification certificate is revoked retroactively,

(*a*) it is deemed to be valid until the date of issue of the notice of revocation, and

(*b*) the corporation or partnership is deemed to hold, in respect of the business to which the qualification certificate relates, for the taxation year or the fiscal period in which it was revoked, a valid business certificate for the period corresponding to the part of that year or of that fiscal period that ends on that date of issue; and

(2) a revoked certificate is deemed to be valid for the whole taxation year or for the whole fiscal period for which it had been issued.

3.2. In order for an individual who works for an eligible employer to benefit from the foreign specialist tax holiday, the eligible employer must obtain the following documents from the Minister:

(1) a qualification certificate in respect of the individual (in this chapter referred to as a "specialist qualification certificate"); and

(2) a certificate in respect of the individual (in this chapter referred to as a "specialist certificate").

A certificate referred to in this section must be obtained for each taxation year for which the eligible employer wishes an individual who is working for it to be allowed to claim the foreign specialist tax holiday.

The employer must file an application for a certificate before 1 March of the calendar year that follows the individual's taxation year concerned.

However, the Minister may, if the Minister considers that the circumstances so warrant, allow such an application to be filed after the expiry of that time limit.

DIVISION II

DOCUMENTS RELATING TO SPECIALISTS

3.3. A specialist qualification certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized by the Minister as a specialist in respect of the eligible employer. The Minister specifies the period of validity of the certificate in the certificate, which period may not exceed five years.

3.4. In order for the Minister to recognize an individual as a specialist in respect of an eligible employer, the Minister must be of the opinion that the individual is a specialist in the field of international financial transactions and that it may reasonably be expected that

(1) from the date on which the individual takes up employment with the employer to the end of the period of validity specified in the qualification certificate,

(*a*) the individual's duties with the employer will be devoted, in a proportion of at least 75%, to the operations of a business of the employer that constitutes or is to constitute an international financial centre, other than back office activities, or

(*b*) the individual will be a member of the strategic personnel of the business described in subparagraph *a* and the individual's duties with the employer will be devoted, in a proportion of at least 75%, to the operations of that business; and

(2) in the case of an individual who has become or is to become resident in Canada to establish an international financial centre of the employer in Canada,

(*a*) the individual's duties with the person or partnership for which the individual will be working during the period of establishment of the international financial centre will be devoted, during that period, in a proportion of at least 75%, to the establishment of the international financial centre,

(*b*) the individual will take up employment with the employer within 12 months after the day on which the individual becomes resident in Canada to establish the international financial centre of the employer, and

(*c*) from the date on which the individual takes up employment with the employer to the end of the period of validity specified in the qualification certificate,

i. the individual's duties with the employer will be devoted, in a proportion of at least 75%, to the operations of the business of the employer that is to constitute an international financial centre, other than back office activities, or

ii. the individual will be a member of the strategic personnel of the business described in subparagraph i and the individual's duties with the employer will be devoted, in a proportion of at least 75%, to the operations of that business.

3.5. A specialist certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized by the Minister as a specialist in respect of the eligible employer for the taxation year for which the application for the certificate is made or for the part of the year specified in it.

3.6. The Minister recognizes an individual as a specialist in respect of an eligible employer for all or a part of the individual's taxation year for which an application for a certificate was filed with the Minister if

(1) the specialist qualification certificate, or the qualification certificate referred to in section 14 of the Act respecting international financial centres, issued to the employer in respect of the individual is valid in respect of the year or part of year; and

(2) throughout the year or part of year,

(*a*) the individual's duties with the person or partnership referred to in subparagraph *a* of subparagraph 2 of the first paragraph of section 66 of the Act respecting international financial centres were devoted, in a proportion of at least 75%, to the establishment of the business which is to constitute an international financial centre of the employer,

(*b*) the individual's duties with the employer were devoted, in a proportion of at least 75%, to the operations, other than back office activities, of a business of the employer in respect of which a business qualification certificate issued to the employer was valid, or

(*c*) the individual's duties with the employer were devoted, in a proportion of at least 75%, to the operations of the business described in subparagraph *b* and the individual was a member of the strategic personnel of that business.

3.7. If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as a specialist in respect of an eligible employer, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them before the beginning of that period.

3.8. An eligible employer to which a specialist certificate is issued for a taxation year under this chapter must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

DIVISION III

SPECIAL RULES

3.9. The effective date of the revocation of a qualification certificate that is a specialist qualification certificate or a qualification certificate issued under section 14 or 15 of the Act respecting international financial centres may not precede the date of the notice of revocation by more than four years. The same applies in the case of the revocation of a certificate that is a specialist certificate or a certificate issued under section 19 or 20 of that Act.

3.10. The Minister may, before issuing a qualification certificate or a specialist certificate, or before revoking such a document or a document issued under any of sections 14, 15, 19 and 20 of the Act respecting international financial centres, obtain the advice of CFI Montréal—Centre Financier International or of any other body pursuing similar objectives.

CHAPTER IV

SECTORAL PARAMETERS OF FISCAL MEASURES RELATING TO CARRYING OUT OF A MAJOR INVESTMENT PROJECT

DIVISION I

INTERPRETATION AND GENERAL

4.1. In this chapter, unless the context indicates otherwise,

"exemption period" of a corporation or a partnership, in relation to an investment project, means the 10-year period that begins on the date specified for that purpose by the Minister in the first certificate referred to in the second paragraph of section 4.3 that is issued to the corporation or partnership in respect of the project;

"fiscal measure relating to the carrying out of a major investment project" means any of the following fiscal measures from which a corporation holding a certificate referred to in the first paragraph of section 4.3, a corporation that is a member of a partnership holding such a certificate or, if the measure is the measure described in paragraph 5 or 8, any other person who is a member of such a partnership, may benefit:

(1) the fiscal measure provided for in Title VII.2.3 of Book IV of Part I of the Taxation Act and in section 771.2.5 of that Act, under which the corporation may deduct an amount in computing its taxable income for a taxation year;

(2) the fiscal measure provided for in sections 1130, 1138.2.2 and 1141.8 of the Taxation Act, under which the corporation may deduct an amount in computing its paid-up capital for a taxation year;

(3) the fiscal measure provided for in sections 1166 and 1170.1 to 1170.4 of the Taxation Act, under which the corporation may, if it is an insurance corporation within the meaning of the first paragraph of that section 1166, deduct an amount in computing its tax payable under Part VI of that Act for a taxation year;

(4) the fiscal measure provided for in sections 1175.1 and 1175.4.1 to 1175.4.4 of the Taxation Act, under which the corporation may, if it is a life insurer within the meaning of section 1 of that Act, deduct an amount in computing its tax payable under Part VI.1 of that Act for a taxation year;

(5) the fiscal measure provided for in sections 33 and 34 of the Act respecting the Régie de l'assurance maladie du Québec, which allows the corporation or the other person to obtain a contribution exemption under subparagraph *d* of the seventh paragraph of that section 34;

(6) the fiscal measure provided for in sections 94.0.3.1, 94.0.3.2 and 94.0.3.4 of the Tax Administration Act, which allows the corporation to obtain from the Minister of Revenue the payment of an amount determined in accordance with subparagraph *a* of the first paragraph of section 94.0.3.2 of that Act as a refund of all or part of the tax that it paid under Part I of the Taxation Act for a taxation year;

(7) the fiscal measure provided for in sections 94.0.3.1, 94.0.3.2 and 94.0.3.4 of the Tax Administration Act, which allows the corporation to obtain from the Minister of Revenue the payment of an amount determined in accordance with subparagraph *b* of the first paragraph of section 94.0.3.2 of that Act as a refund of all or part of the capital tax that it paid under Part IV, VI or VI.1 of the Taxation Act for a taxation year;

(8) the fiscal measure provided for in sections 94.0.3.1 to 94.0.3.4 of the Tax Administration Act, which allows the corporation to obtain from the Minister of Revenue the payment of an amount determined in accordance with subparagraph *c* of the first paragraph of section 94.0.3.2 of that Act or in accordance with the first paragraph of section 94.0.3.3 of that Act as a refund of the contributions paid under section 34 of the Act respecting the Régie de l'assurance maladie du Québec, or allows the other person to obtain from that Minister the payment of an amount determined in accordance with the first paragraph of that section 94.0.3.3 as a refund of such contributions;

"international resort" means a complex or group of lodging units that features recreational facilities or developed natural attractions and whose existence and prosperity depend on international tourism;

"start-up period" of an investment project means the period that begins on the date referred to in the second paragraph and that ends at the end of the calendar year that includes

(1) the 36th month after that date, if the investment project is referred to in subparagraph *a* of subparagraph 3 of the first paragraph of section 4.7; or

(2) the 48th month after that date, if the investment project is referred to in subparagraph *b* or *c* of that subparagraph 3;

"wages" means a salary or wages for the purposes of Part I of the Taxation Act.

The date referred to in the definition of "start-up period" in the first paragraph is the date of the beginning of the exemption period relating to the investment project that is specified by the Minister in the first certificate referred to in the second paragraph of section 4.3 that was issued to the corporation or partnership

in respect of the project or that would have been so specified if a first certificate of the kind had been issued to the corporation or partnership.

4.2. For the purposes of this Act and despite sections 1175.27, 1175.28.15 and 1175.28.17 of the Taxation Act and section 94.0.3.3 of the Tax Administration Act, every person who is a member of a partnership that holds the certificate referred to in the first paragraph of section 4.3 is considered to be the person benefiting from or availing himself, herself or itself of the fiscal measure described in paragraph 5 or 8 of the definition of "fiscal measure relating to the carrying out of a major investment project" in the first paragraph of section 4.1, according to the agreed proportion in respect of the person for the fiscal period of the partnership that ends in the person's taxation year for which the measure applies.

4.3. To benefit from a fiscal measure relating to the carrying out of a major investment project, in respect of an investment project, a corporation or, if it avails itself of the measure as a member of a partnership, the partnership must hold a certificate in respect of the project (in this chapter referred to as an "initial certificate").

In addition, the corporation or partnership must, for that purpose, obtain a certificate in respect of the investment project (in this chapter referred to as an "annual certificate") from the Minister for each calendar year that is

(1) a calendar year at least part of which is included both in the corporation's exemption period in relation to the project and in a taxation year for which the corporation intends to benefit, in respect of the project, from a fiscal measure relating to the carrying out of a major investment project; or

(2) a calendar year at least part of which is included both in the partnership's exemption period in relation to the project and in a fiscal period of the partnership that ends in a taxation year of the corporation for which the corporation intends to benefit, in respect of the project, from a fiscal measure relating to the carrying out of a major investment project.

The certificates referred to in the first and second paragraphs, obtained by a partnership, are also required in order for a person, other than a corporation, who is a member of the partnership to avail himself, herself or itself of the fiscal measure referred to in paragraph 5 or 8 of the definition of "fiscal measure relating to the carrying out of a major investment project" in the first paragraph of section 4.1.

Subject to subparagraph 4 of the first paragraph of section 4.4, the Minister may not issue an initial certificate in respect of an investment project unless the application for such a certificate was filed with the Minister in writing before 12 June 2003.

Similarly, the Minister may not issue an annual certificate to a corporation or a partnership in respect of an investment project for a particular calendar

year unless, at the time the annual certificate is to be issued, the initial certificate that the corporation or partnership holds in respect of the project is still valid.

If, at a particular time, the Minister revokes the initial certificate issued to a corporation or a partnership in respect of an investment project, any annual certificate issued to the corporation or partnership in respect of the project for a calendar year subsequent to the year that includes the effective date of the revocation is deemed to be revoked by the Minister at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. The annual certificate issued in respect of the project for the calendar year that includes the effective date of the revocation of the initial certificate is also deemed to be revoked by the Minister at that time, except that the effective date of the deemed revocation is the effective date of the revocation of the initial certificate.

4.4. If, at any given time in a particular calendar year, a corporation or a partnership acquires from another corporation or partnership (in this section referred to as the "transferee" and the "transferor", respectively) all or substantially all of the part that is carried on in Québec of the business within which activities arising out of the carrying out of the investment project in respect of which the transferor holds a valid initial certificate are carried on and, for the purposes of this chapter, the Minister agrees to the transfer of the carrying out of the investment project to the transferee, the following rules apply:

(1) the initial certificate issued to the transferor is deemed to be revoked from that time;

(2) the annual certificate issued to the transferor in respect of the project for the particular year or for a subsequent calendar year is also deemed to be revoked from that time or, if it is later, its date of coming into force;

(3) the first annual certificate issued or deemed, because of the application of this subparagraph, to have been issued to the transferor in respect of the project is, for the purposes of the definition of "exemption period" in section 4.1 and of the second paragraph of each of sections 4.1 and 4.16, deemed to have been issued to the transferee; and

(4) the Minister must issue an initial certificate to the transferee in respect of the project, which comes into force at that time.

The first paragraph is deemed to have applied, before 1 January 2011, in relation to the acquisition by a transferee, before that date, of all or substantially all of the part that is carried on in Québec of the business within which activities arising out of the carrying out of the investment project in respect of which an initial certificate was issued to a transferor are carried on if, for the purposes of the fiscal measure relating to the carrying out of a major investment project,

the Minister had agreed to the transfer of the carrying out of the investment project to the transferee.

The Minister may agree to the transfer of the carrying out of the investment project to the transferee if the transferee undertakes to continue in Québec the carrying out of all or substantially all of the project as submitted to and approved by the Minister at the time of the transfer.

If the Minister issued a particular initial certificate to a transferee under subparagraph 4 of the first paragraph in relation to the acquisition (in this paragraph referred to as the "particular acquisition") by the transferee, at a given time, of all or substantially all of the part that is carried on in Québec of the particular business within which activities arising out of the carrying out of the investment project in respect of which that certificate was issued are carried on and if, at a time subsequent to the given time, the Minister revokes or is deemed, because of the application of this paragraph, to have revoked the initial certificate that was issued to the transferor involved in the particular acquisition, in respect of the project, the particular certificate that was issued to the transferee under that subparagraph is also deemed to have been revoked by the Minister at that subsequent time. The effective date of the deemed revocation is the date of coming into force of the particular certificate.

Lastly, if, at a time subsequent to the given time, a first annual certificate is issued in respect of an investment project, the certificate is, for the purposes of sections 94.0.3.2 and 94.0.3.3 of the Tax Administration Act, deemed to have also been issued to a transferor to which the first paragraph applied before that subsequent time in relation to the project. The Minister must, in such a case, send a copy of the certificate to the transferor.

4.5. Despite paragraph 5 of section 5 of this Act, a corporation or a partnership is associated with another person or partnership in a calendar year if it would be so considered under that paragraph 5 provided

(1) the rules of subparagraphs *a* to *c* of the second paragraph of section 737.18.20 of the Taxation Act applied to that paragraph 5, with the necessary modifications; and

(2) "taxation year" was replaced, wherever it appears in that paragraph 5 and in the relevant provisions of the Taxation Act, by "calendar year".

DIVISION II

INITIAL CERTIFICATE

4.6. An initial certificate issued to a corporation or a partnership states that the investment project referred to in the certificate will likely be recognized as a major investment project.

4.7. The Minister issues an initial certificate in respect of an investment project to a corporation or a partnership if

(1) the project is to be carried out after 14 March 2000 and the corporation or partnership shows, to the Minister's satisfaction, that the activities arising out of the project will be carried on in Québec;

(2) subject to subparagraph 1 of the second paragraph, the project concerns activities in

(*a*) the primary sector,

(*b*) the secondary sector, or

(*c*) the propulsive service sector;

(3) subject to subparagraph 2 of the second paragraph, the corporation or partnership shows, to the Minister's satisfaction, that it is likely that, as a result of the carrying out of the project,

(*a*) not later than the end of the calendar year that includes the 36th month after the date referred to in the second paragraph of section 4.1 in respect of the project, a total payroll of at least $15,000,000, determined in accordance with section 4.8, will be generated,

(*b*) not later than the end of the calendar year that includes the 48th month after the date referred to in the second paragraph of section 4.1 in respect of the project, a total payroll of at least $4,000,000, determined in accordance with section 4.8, will be generated and the total capital investments attributable to its carrying out, determined in accordance with section 4.12, will be at least $300,000,000, or

(*c*) not later than the end of the calendar year that includes the 48th month after the date referred to in the second paragraph of section 4.1 in respect of the project, the total capital investments attributable to its carrying out, determined in accordance with section 4.12, will be at least $300,000,000, where the investment project consists in the expansion or modernization of a production unit; and

(4) if the investment project consists in the development of an international resort, the major portion of the building construction activities under the project must be entrusted to subcontractors.

If the investment project consists in the development of an international resort, the following rules apply:

(1) the project may also involve activities in the traditional service sector, particularly property management activities, including such management activities that are construction-related; and

(2) subparagraph 3 of the first paragraph is to be read without reference to subparagraphs *a* and *c*.

For the purposes of subparagraph 2 of the first paragraph, "propulsive service sector" means telecommunications services, electric power services, financial services and business services ~~ot~~her than services offered by placement agencies and accounting services ~~su~~ch as staffing services, computer services and related services, advertising services, architectural, engineering and other scientific and technical services, management consultancy services and services offered by law or notarial firms.

4.8. The total payroll generated by the carrying out of an investment project for all or part of a calendar year is,

(1) if none of the corporations or partnerships taking part in the project are associated, in the year or part of the year, with any other such corporation or partnership, the aggregate of all amounts each of which is the total payroll in respect of the carrying out of the project, for that year or part of the year, of such a corporation or partnership, determined in accordance with section 4.9; or

(2) if corporations or partnerships taking part in the project are associated with each other in the year or part of the year, the amount determined by the formula

A + B.

In the formula in subparagraph 2 of the first paragraph,

(1) A is the aggregate of all amounts each of which is the total payroll in respect of the carrying out of the investment project for the year or part of the year, determined in accordance with section 4.9, of a corporation or partnership taking part in the project that is not associated, in the year or part of the year, with any other such corporation or partnership; and

(2) B is the aggregate of all amounts each of which is the total payroll in respect of the carrying out of the investment project for the year or part of the year of an associated group of investors in respect of the project, determined in accordance with section 4.10.

In this section and section 4.10, "associated group of investors" in respect of an investment project for all or part of a calendar year means all the corporations and partnerships taking part in the investment project that are associated with each other in the year or part of the year.

4.9. The total payroll in respect of the carrying out of an investment project, for all or part of a calendar year, of a corporation or partnership taking part in the project that is not associated, in the year or part of the year, with any other such corporation or partnership is, subject to section 4.11, the lesser of

(1) the amount by which the aggregate of all amounts each of which is the wages paid by the corporation or partnership, in the year or part of the year, to an individual who reports for work at an establishment situated in Québec and whose duties relate to the activities that the project involves exceeds the aggregate of all amounts each of which is the wages paid by the corporation or partnership, in the base year in relation to the investment project or in the particular part of the base year, to an individual who reported for work at an establishment situated in Québec and whose duties related to the activities that the project involves; and

(2) the amount determined by the formula

A – B.

In the formula in subparagraph 2 of the first paragraph,

(1) A is the aggregate of all amounts each of which is the wages paid, in the year or part of the year, by the corporation or partnership, or by another person or partnership that has an establishment in Québec and is associated with the corporation or partnership in the year or part of the year, to an individual who reports for work at an establishment situated in Québec and works in the sector of activity in which the investment project is carried out or in a related sector of activity; and

(2) B is the aggregate of all amounts each of which is the wages paid by a person or partnership referred to in subparagraph 1, in the base year in relation to the project or in the particular part of the base year, to an individual who reported for work at an establishment situated in Québec and worked in a sector referred to in that subparagraph.

In this section and section 4.10, "base year" in relation to an investment project means the calendar year preceding the one that includes either the date of the beginning of the exemption period that is specified by the Minister in the first annual certificate issued in respect of the project or that would be so specified if a first annual certificate had been issued in its respect.

For the purposes of this section and section 4.10, the particular part of a base year in relation to an investment project is the same part of that year as the part of the calendar year for which the total payroll in respect of the carrying out of the investment project is determined.

4.10. The total payroll in respect of the carrying out of an investment project of an associated group of investors in respect of the project, for all or part of a calendar year, is, subject to section 4.11, the lesser of

(1) the amount by which the aggregate of all amounts each of which is the wages paid by a corporation or partnership that is a member of the associated group of investors, in the year or part of the year, to an individual who reports for work at an establishment situated in Québec and whose duties relate to the

activities that the project involves exceeds the aggregate of all amounts each of which is the wages paid by such a corporation or partnership, in the base year in relation to the investment project or in the particular part of the base year, to an individual who reported for work at an establishment situated in Québec and whose duties related to the activities that the project involves; and

(2) the amount determined by the formula

A – B.

In the formula in subparagraph 2 of the first paragraph,

(1) A is the aggregate of all amounts each of which is the wages paid, in the year or part of the year, by a corporation or partnership that is a member of the associated group of investors, or by another person or partnership who has an establishment in Québec and is associated with such a member in the year or part of the year, to an individual who reports for work at an establishment situated in Québec and works in the sector of activity in which the investment project is carried out or in a related sector of activity; and

(2) B is the aggregate of all amounts each of which is the wages paid by a person or partnership referred to in subparagraph 1, in the base year in relation to the investment project or in the particular part of the base year, to an individual who reported for work at an establishment situated in Québec and worked in a sector referred to in that subparagraph.

4.11. In determining the total payroll in respect of the carrying out of an investment project for all or part of a calendar year in accordance with section 4.9 or 4.10, the following amounts are not to be taken into account:

(1) the amount of the wages that are paid, in the project start-up period that is included in the year or part of the year, to an individual whose duties consist in building, extending, improving or modernizing the site on which the project is to be carried out, including, if the project consists in the development of an international resort, building lodging units;

(2) the amount that a corporation or partnership that is carrying out the project pays, at any time in the year or part of the year that is after the time of its acquisition of a given business carried on in Québec, to an individual whose duties relate to activities that were carried on in the course of the given business before the time of the acquisition, unless the given business is the business within which the project is carried out and the Minister agreed to the transfer of the carrying out of the investment project to the corporation or partnership in accordance with section 4.4; and

(3) the amount of the wages that a corporation or partnership that is carrying out the project pays, at any time in the year or part of the year that is subsequent to the time particular activities of a business carried on in Québec are transferred

to the corporation or partnership under an outsourcing contract, to an individual whose duties relate to the particular activities.

4.12. Subject to the second paragraph, the total capital investments attributable to the carrying out of an investment project, at a particular time, correspond to the aggregate of the capital expenditures incurred to obtain goods or services with a view to establishing, in Québec, the business or part of the business within which activities arising out of the carrying out of the investment project are carried on, or with a view to increasing, improving or modernizing the production of such a business or part of a business.

If the investment project consists in developing an international resort, an expenditure incurred with a view to building lodging units intended for sale is deemed, at a particular time, to be a capital expenditure referred to in the first paragraph, provided the total capital investments attributable to the carrying out of the project, determined without reference to this paragraph, is, at that time, at least $150,000,000.

DIVISION III

ANNUAL CERTIFICATE

4.13. An annual certificate issued to a corporation or a partnership for a calendar year in respect of an investment project certifies that the corporation or partnership is continuing, in the calendar year, to carry out the investment project in respect of which an initial certificate was issued to it. The annual certificate also confirms that the project is recognized for the year as a major investment project, unless it is issued under the fourth paragraph of section 4.15, in which case it states that it is likely that the project will be so recognized.

In the first annual certificate issued in respect of an investment project, the Minister specifies the date of the beginning of the corporation's or partnership's exemption period in relation to the project.

4.14. An annual certificate in respect of an investment project may be issued for a particular calendar year to a corporation or a partnership if,

(1) in the case of a project recognized as a major investment project under subparagraph *a* of subparagraph 3 of the first paragraph of section 4.7, the total payroll generated by the carrying out of the project is at least $15,000,000 for the particular year;

(2) in the case of a project recognized as a major investment project under subparagraph *b* of subparagraph 3 of the first paragraph of section 4.7, the total payroll generated by the carrying out of the project is at least $4,000,000 for the particular year and the total capital investments attributable to the carrying out of the project, at any time in the particular year, is at least $300,000,000; or

(3) in the case of a project recognized as a major investment project under subparagraph *c* of subparagraph 3 of the first paragraph of section 4.7, the total capital investments attributable to the carrying out of the project, at any time in the particular year, is at least $300,000,000.

If a first annual certificate was issued in respect of an investment project for a particular calendar year, the requirements of the first paragraph that are applicable to the project are deemed to be met for the purposes of the issue of an annual certificate for any calendar year that is subsequent to the particular year and that is included in the start-up period of the project.

The Minister may not issue an annual certificate to a corporation or a partnership, in respect of an investment project, for a calendar year that is subsequent to the start-up period of the project unless a first annual certificate has been issued in respect of the project for a calendar year included in that period. In addition, an annual certificate may be issued in respect of an investment project only for a calendar year or part of a calendar year that is included in the corporation's or partnership's exemption period in relation to the project.

If the investment project consists in the development of an international resort, subparagraph 2 of the first paragraph is to be read, in relation to a particular calendar year other than the first calendar year for which an annual certificate is issued in respect of the project, as if "$300,000,000" was replaced by "$150,000,000".

4.15. The Minister may, at any time, issue a first annual certificate in respect of an investment project referred to in subparagraph *a* of subparagraph 3 of the first paragraph of section 4.7 for a particular calendar year although, at that time, the project does not meet the requirement of subparagraph 1 of the first paragraph of section 4.14, if

(1) the product obtained by multiplying the total payroll that has been generated by the carrying out of the project for the part of the particular year taken into account by the Minister by the proportion that 365 is of the number of days in that part of the particular year is equal to or greater than $15,000,000; and

(2) the Minister is of the opinion that, in light of all the undertakings given by the end of the part of the particular year taken into account by the Minister in relation to the project, the total payroll that will be generated by the carrying out of the project for the particular year will be equal to or greater than $15,000,000.

The Minister may also, at any time, issue a first annual certificate in respect of an investment project referred to in subparagraph *b* of subparagraph 3 of the first paragraph of section 4.7 for a particular calendar year although, at that time, the project does not meet the requirements of subparagraph 2 of the first paragraph of section 4.14, if the Minister is of the opinion that, in light of all

the undertakings given in relation to the project and of the forecasted increases in the total payroll that will be generated by the carrying out of the project, those requirements will likely have been met, for a calendar year, by the end of the start-up period of the project.

The Minister may furthermore, at any time, issue a first annual certificate in respect of an investment project referred to in subparagraph *c* of subparagraph 3 of the first paragraph of section 4.7 for a particular calendar year although, at that time, the project does not meet the requirement of subparagraph 3 of the first paragraph of section 4.14, if the Minister is of the opinion that, in light of all the undertakings given in relation to the project, that requirement will likely have been met, for a calendar year, by the end of the start-up period of the project.

Moreover, the Minister may, at any time, issue an annual certificate in respect of an investment project referred to in any of subparagraphs *a* to *c* of subparagraph 3 of the first paragraph of section 4.7 for a particular calendar year that is subsequent to the start-up period of the project, although, at that time, the project does not meet the requirements of subparagraph 1, 2 or 3, as applicable, of the first paragraph of section 4.14, if the Minister is of the opinion that they will likely have been met by the end of the particular year.

4.16. The Minister is justified in revoking the first annual certificate issued, for a particular calendar year, to a corporation or a partnership in respect of an investment project under the first paragraph of section 4.15 if the Minister ascertains that the requirement of subparagraph 1 of the first paragraph of section 4.14 has not been met by the end of that year. In addition, the Minister may revoke the first annual certificate issued, for a particular calendar year, to a corporation or a partnership in respect of an investment project under the second or third paragraph of section 4.15 if the Minister ascertains that the requirements of subparagraph 2 or 3, as applicable, of the first paragraph of section 4.14 have been met neither for the particular calendar year nor for a subsequent calendar year that is included in the start-up period of the project. In such cases, the effective date of the revocation is the date of coming into force of the certificate that is revoked.

If, at a particular time, the first annual certificate that was issued to a corporation or a partnership for a particular calendar year in respect of an investment project is revoked by the Minister, the following rules apply:

(1) the certificate is deemed never to have been issued;

(2) the Minister may, for a calendar year that is subsequent to the particular year and that is included in the start-up period of the project, issue a first annual certificate to the corporation or partnership in respect of the project or amend an annual certificate that the Minister has already issued to it so that that certificate becomes the first annual certificate of the corporation or partnership if, for that subsequent year, the project meets the requirements of any of

subparagraphs 1 to 3 of the first paragraph of section 4.14 or if one of the first three paragraphs of section 4.15 so allows; and

(3) any annual certificate issued to the corporation or partnership in respect of the project for any calendar year that is not subsequent to the calendar year for which a certificate referred to in subparagraph 2 was issued is deemed to be revoked by the Minister at that particular time.

The effective date of the deemed revocation under subparagraph 3 of the second paragraph is the date of coming into force of the annual certificate that is deemed to be revoked.

4.17. The Minister is justified in revoking an annual certificate that was issued for a calendar year in respect of an investment project under the fourth paragraph of section 4.15 if the Minister ascertains that the requirements of whichever of subparagraphs 1 to 3 of the first paragraph of section 4.14 that is applicable to the project have not been met by the end of the year. In such a case, the effective date of the revocation is the date of coming into force of the annual certificate.

CHAPTER V

SECTORAL PARAMETERS OF DEDUCTION RELATING TO FOREIGN SPECIALIST IN SERVICE OF STOCK EXCHANGE OR SECURITIES CLEARING-HOUSE

DIVISION I

INTERPRETATION AND GENERAL

5.1. In this chapter, unless the context indicates otherwise,

"eligible activities" of a recognized business carried on by an eligible employer in a taxation year means the activities relating to the operations carried out in the course of the recognized business;

"eligible employer" for a taxation year means a corporation that declares to the Minister that it

(1) carries on a recognized business in Québec in the year;

(2) carries out eligible activities of that recognized business in an establishment located within the urban agglomeration of Montréal; and

(3) pays employees of an establishment located in Québec more than 50% of the wages it pays in the year;

"foreign specialist tax holiday" means the fiscal measure provided for in Title VII.2.6 of Book IV of Part I of the Taxation Act, which allows an individual

to deduct an amount in computing his or her taxable income for a taxation year under section 737.18.34 of that Act;

"recognized business" has the meaning assigned by the first paragraph of section 737.18.29 of the Taxation Act;

"urban agglomeration of Montréal" means the urban agglomeration described in section 4 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (R.S.Q., chapter E-20.001).

In determining, for the purposes of the definition of "eligible employer" in the first paragraph, the proportion of wages an employer pays employees of an establishment located in Québec, the corporation must observe the rules set out in the fourth paragraph of section 737.18.29 of the Taxation Act.

5.2. In order for an individual who works for an eligible employer to benefit from the foreign specialist tax holiday for a taxation year, the eligible employer must obtain a certificate in respect of the individual (in this chapter referred to as a "specialist certificate") from the Minister. The certificate must be obtained for each taxation year for which the individual may claim the tax holiday.

The eligible employer must file the application for the certificate before 1 March of the calendar year that follows the individual's taxation year concerned.

DIVISION II

SPECIALIST CERTIFICATE

5.3. A specialist certificate issued to an eligible employer certifies that the individual referred to in the certificate is recognized as a specialist in respect of the employer for the taxation year for which the application for the certificate is made or for the part of the year specified in it.

5.4. An individual may be recognized as a specialist in respect of an eligible employer if

(1) the individual works full-time for the employer, that is, at least 26 hours per week, for an expected minimum period of 40 weeks;

(2) the individual's duties with the employer consist exclusively or almost exclusively, on a continuous basis, in undertaking, supervising or directly supporting work related to the eligible activities of a recognized business carried on by the employer; and

(3) the individual performs his or her duties in an establishment of the employer located within the urban agglomeration of Montréal where the employer's recognized business is carried on, or elsewhere but in connection with his or her work relating to such an establishment.

5.5. If an individual is temporarily absent from work for reasons the Minister considers reasonable, the Minister may, for the purpose of determining whether the individual meets the conditions for recognition as a specialist in respect of an eligible employer, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.

5.6. An eligible employer to which a specialist certificate is issued for a taxation year must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

SCHEDULE F

MINISTER OF NATURAL RESOURCES AND WILDLIFE

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Minister of Natural Resources and Wildlife administers the sectoral parameters of the tax credit for the construction and major repair of public access roads and bridges in forest areas provided for in sections 1029.8.36.59.12 to 1029.8.36.59.20 of the Taxation Act (R.S.Q., chapter I-3).

CHAPTER II

SECTORAL PARAMETERS OF CREDIT FOR CONSTRUCTION AND MAJOR REPAIR OF PUBLIC ACCESS ROADS AND BRIDGES IN FOREST AREAS

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, unless the context indicates otherwise,

"annual forest management plan" means a plan referred to in section 59 of the Forest Act (R.S.Q., chapter F-4.1);

"annual forest management report" means a report referred to in section 70 of the Forest Act;

"forest management agreement" means an agreement referred to in section 84.1 of the Forest Act;

"forest management contract" means a contract referred to in section 102 of the Forest Act;

"special forest management plan" means a plan referred to in section 79 of the Forest Act;

"tax credit for the construction of access roads in forest areas" means the fiscal measure provided for in Division II.6.5.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"timber supply and forest management agreement" means an agreement referred to in section 36 of the Forest Act.

2.2. To benefit from the tax credit for the construction of access roads in forest areas in respect of an access road or a bridge that a corporation is to build or have built or that is to undergo major repair, the corporation or, if the corporation claims the tax credit as a member of a partnership, the partnership must obtain a certificate in respect of that access road or bridge (in this chapter referred to as an "access road certificate") from the Minister.

For the purposes of the first paragraph, where the Minister issued an access road certificate to a corporation or a partnership before 31 March 2010, the period for which the certificate was issued is deemed to have ended on 31 December 2010, unless it ended before that date.

DIVISION II

ACCESS ROAD CERTIFICATE

2.3. At the time the annual forest management plan is submitted, a corporation or a partnership must provide the Minister with information on the access roads and bridges it intends to build or refurbish during the period covered by the plan and for which access road certificates are to be applied for. The corporation or partnership must also provide the Minister with such information on submitting amendments to the plan.

An application for such a certificate must be filed before the end of the period referred to in the annual plan in respect of any access road or bridge mentioned in the annual plan or a special forest management plan.

2.4. An access road certificate issued to a corporation or a partnership certifies that the access road or bridge referred to in the certificate is recognized as an eligible access road or bridge of the corporation or partnership for the period specified in the certificate.

The Minister may not specify a period ending after 31 March 2013 on an access road certificate.

2.5. To be recognized as an eligible access road of a corporation or a partnership, an access road to be built or to undergo major repair work must

(1) be expected to have a service life of more than three years;

(2) be located or be built on Québec public lands;

(3) be a penetration road, or part of such a road, that gives access to the territory and resources, in particular for the harvest of timber, and be linked to at least two secondary roads having a minimum length of 300 metres each; and

(4) appear in an annual forest management plan approved by the Minister within the scope of a timber supply and forest management agreement, a forest management agreement or a forest management contract to which the corporation or partnership is a party, or in a special forest management plan.

For the purposes of subparagraph 3 of the first paragraph, any forest road, including a winter road, is considered to be a secondary road. Furthermore, a secondary road to be built under a five-year plan may be taken into consideration to determine whether an access road meets the condition of that subparagraph 3.

2.6. An access road may be recognized as an eligible access road of a corporation or a partnership only if the construction or major repair work to be carried out on it meets the requirements of the Forest Act and the Regulation respecting standards of forest management for forests in the public domain made under Order in Council 498-96 dated 24 April 1996 (1996, G.O. 2, 2165), as amended.

Similarly, in order for the access road to be recognized as an eligible access road, the construction or major repair work must meet the design criteria contained in the *Guide de signalisation routière sur les terres et dans les forêts du domaine de l'État* (2001), published by the Minister, and the access road must, once the work is completed, belong exclusively to one of classes 1 to 4, or to the non-standard class, listed in the forest road classification included in that guide.

Major repair work on an access road is repair work required to improve the state of the road to the point where, once the work is completed, the road will be in a class higher than that to which it belonged before the work started. Such work must be carried on over a distance of at least 500 metres.

2.7. To be recognized as an eligible bridge of a corporation or a partnership, a bridge to be built or to undergo major repair work must be part of an access road that meets the conditions of the first paragraph of section 2.5 or be intended to be built to be part of such an access road.

2.8. A bridge may be recognized as an eligible bridge of a corporation or a partnership only if the construction or major repair work to be carried out meets the requirements of the Forest Act and the Regulation respecting standards of forest management for forests in the public domain.

Major repair work on a bridge is repair work required to improve its load-carrying capacity. Such work includes work to ensure the stability of the bridge and the safety of users.

DIVISION III

VERIFICATION

2.9. Once the construction or major repair work on an access road or a bridge is completed, a corporation or a partnership must submit to the Minister the prescribed form containing prescribed information and, in the case of a bridge, the plans and specifications of the bridge as built or improved.

2.10. At the time the annual forest management report is submitted, a corporation or a partnership must, with respect to the completed access roads and bridges for which an access road certificate was issued to it, provide the Minister with all the information needed to ascertain that the construction or repair work that was carried out complies with the conditions of this chapter for the qualification of those infrastructures as eligible access roads or bridges.

SCHEDULE G

MINISTER OF TRANSPORT

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Minister of Transport administers the sectoral parameters of the deduction granted to seamen engaged in the international transportation of freight provided for in sections 737.27 to 737.28.1 of the Taxation Act (R.S.Q., chapter I-3).

CHAPTER II

SECTORAL PARAMETERS OF DEDUCTION GRANTED TO SEAMEN ENGAGED IN INTERNATIONAL TRANSPORTATION OF FREIGHT

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, unless the context indicates otherwise,

"eligible shipowner" means a person or partnership who declares to the Minister that the person or partnership is an eligible shipowner within the meaning of section 737.27 of the Taxation Act;

"tax holiday for seamen engaged in the international transportation of freight" means the fiscal measure provided for in Title VII.6 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing his or her taxable income for a taxation year.

2.2. In order for an individual who works for an eligible shipowner to benefit from the tax holiday for seamen engaged in the international transportation of freight for a taxation year, the eligible shipowner must obtain the following certificates from the Minister:

(1) a certificate in respect of the individual (in this chapter referred to as a "seaman certificate"); and

(2) a certificate in respect of the vessel on which the individual performed the duties relating to his or her work (in this chapter referred to as a "vessel certificate").

The certificates referred to in the first paragraph must be obtained for each taxation year for which the individual may claim the tax holiday for seamen engaged in the international transportation of freight.

The application for the seaman certificate must be filed before 1 March of the calendar year that follows the individual's taxation year concerned.

The application for the vessel certificate must be filed before 1 February of the calendar year that follows the individual's taxation year to which the application for the seaman certificate relates. A detailed statement of the assignment of the vessel and a list of the individuals making up its crew for any period covered by the certificate must be filed with the application.

DIVISION II

SEAMAN CERTIFICATE

2.3. A seaman certificate issued to an eligible shipowner certifies that the individual referred to in the certificate is recognized as an eligible seaman in respect of that shipowner for the taxation year for which the application for the certificate was made. The certificate is deemed to specify the date of the beginning of that taxation year as the date of its coming into force.

The certificate states the name of the eligible shipowner and that of the vessel on which the individual performed his or her duties and for which a vessel certificate was issued to that shipowner.

The certificate also specifies any period described in paragraph 2 of section 2.4 for which the conditions of that section are met.

2.4. An individual may be recognized as an eligible seaman in respect of an eligible shipowner for a taxation year, if

(1) the individual worked for the shipowner during the year; and

(2) for a period of at least 10 consecutive days beginning or ending in the year, the individual performed all or substantially all of his or her duties on a vessel engaged in international freight transportation for which a vessel certificate was issued to the shipowner.

2.5. An eligible shipowner to which a seaman certificate is issued for a taxation year must promptly send a copy of the certificate to the individual concerned so that it may be attached to his or her fiscal return for the year.

DIVISION III

VESSEL CERTIFICATE

2.6. The vessel certificate issued to an eligible shipowner certifies that the vessel referred to in the certificate is recognized as an eligible vessel for the individual's taxation year to which the application for the seaman certificate relates. It is deemed to specify the date of the beginning of that taxation year as the date of its coming into force.

2.7. A vessel may be recognized as an eligible vessel for a taxation year if

(1) it is a Canadian-flagged vessel;

(2) its port of registry is located in Québec; and

(3) it is engaged in freight transportation outside Canadian waters for periods of at least 10 consecutive days beginning or ending in the year.

SCHEDULE H

SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

CHAPTER I

MEASURES COVERED BY THIS SCHEDULE

1.1. The Société de développement des entreprises culturelles administers the sectoral parameters of the following fiscal measures:

(1) the deduction in respect of a foreign worker holding a key position in a foreign production provided for in sections 737.22.0.9 to 737.22.0.11 of the Taxation Act (R.S.Q., chapter I-3);

(2) the tax credit for Québec film productions provided for in sections 1029.8.34 to 1029.8.36 of the Taxation Act;

(3) the tax credit for film dubbing provided for in sections 1029.8.36.0.0.1 to 1029.8.36.0.0.3 of the Taxation Act;

(4) the film production services tax credit provided for in sections 1029.8.36.0.0.4 to 1029.8.36.0.0.6 of the Taxation Act;

(5) the tax credit for the production of sound recordings provided for in sections 1029.8.36.0.0.7 to 1029.8.36.0.0.9 of the Taxation Act;

(6) the tax credit for the production of performances provided for in sections 1029.8.36.0.0.10 to 1029.8.36.0.0.12 of the Taxation Act; and

(7) the tax credit for book publishing provided for in sections 1029.8.36.0.0.13 to 1029.8.36.0.0.15 of the Taxation Act.

CHAPTER II

SECTORAL PARAMETERS OF DEDUCTION IN RESPECT OF FOREIGN WORKER HOLDING KEY POSITION IN FOREIGN PRODUCTION

DIVISION I

INTERPRETATION AND GENERAL

2.1. In this chapter, unless the context indicates otherwise,

"film production services tax credit" has the meaning assigned by the first paragraph of section 5.1;

"production" means a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series;

"tax holiday for a foreign worker holding a key position in a foreign production" means the fiscal measure provided for in Title VII.3.3 of Book IV of Part I of the Taxation Act, under which an individual may deduct an amount in computing the individual's taxable income for a taxation year.

2.2. An individual must obtain a certificate from the Société de développement des entreprises culturelles in respect of each eligible production for which the individual intends to claim the tax holiday for a foreign worker holding a key position in a foreign production.

2.3. The Société de développement des entreprises culturelles must, in order to determine whether a production is considered as an eligible production, apply the same rules as those provided for in sections 5.6 to 5.8 to determine whether a production is recognized as an eligible production for the purposes of the film production services tax credit.

DIVISION II

CERTIFICATE

2.4. A certificate issued to an individual under this chapter certifies that the individual works as a producer, an executive producer, a director, an artistic director, a director of photography, a musical director, a chief film editor or a visual effects supervisor, in the course of the eligible production referred to in the certificate.

2.5. An individual may be recognized as a producer in respect of an eligible production if the individual is the person responsible for decision-making in respect of the eligible production throughout the project development and production processes.

CHAPTER III

SECTORAL PARAMETERS OF TAX CREDIT FOR QUÉBEC FILM PRODUCTIONS

DIVISION I

INTERPRETATION AND GENERAL

3.1. In this chapter, unless the context indicates otherwise,

"chroma key shooting" means any studio shooting in front of a plain coloured screen, generally blue or green, allowing, by means of electronic wizardry, the incorporation of objects, images or special effects in the final image;

"computer-aided special effects and animation" means special effects and animation sequences, as generally understood in the industry, created using

digital technology, excluding effects that are strictly sound effects, subtitles and animation sequences essentially created by means of editing techniques;

"film" means a property that is a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series;

"labour expenditure" of a corporation for a taxation year in respect of a film means an expenditure that would be a labour expenditure of the corporation for the year in respect of the film for the purposes of the tax credit for Québec film productions if no reference were made to subparagraph *e* of the second paragraph of section 1029.8.34 of the Taxation Act;

"producer" in respect of a film means the individual responsible for decision-making in respect of the film throughout the project development and production processes;

"production costs" of a corporation in respect of a film means costs incurred by the corporation in respect of the film that are production costs referred to in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.34 of the Taxation Act before subparagraph 1;

"tax credit for Québec film productions" means the fiscal measure provided for in Division II.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"television broadcaster" means the holder of a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission.

Any reference made, in a provision of this chapter, to an amount incurred or paid, including a labour expenditure, costs, a remuneration, a talent fee or an advance, is to be replaced, if the provision applies in respect of a favourable advance ruling, by a reference to such an amount determined according to a budget.

In this chapter, a reference to a favourable advance ruling is a reference to the document certifying the favourable advance ruling given.

3.2. A corporation must obtain a favourable advance ruling or a qualification certificate from the Société de développement des entreprises culturelles in respect of each film for which it intends to claim the tax credit for Québec film productions.

In addition, a corporation must obtain one or more of the following certificates from the Société de développement des entreprises culturelles, as applicable:

(1) if the film is one for which the corporation intends to claim one or more of the following tax credit enhancements:

(*a*) the tax credit enhancement applicable to certain French-language productions, a certificate in respect of the film (in this chapter referred to as a "French-language production certificate"),

(*b*) the tax credit enhancement applicable to giant-screen films, a certificate in respect of the film (in this chapter referred to as a "giant-screen film certificate"), or

(*c*) the tax credit enhancement applicable to certain productions that do not receive an amount of financial assistance granted by a public body, a certificate in respect of the film (in this chapter referred to as a "production with no financial assistance certificate"); and

(2) if it intends to avail itself of subparagraph *a*.1 of the first paragraph of section 1029.8.35 of the Taxation Act, a certificate in respect of the corporation as a regional corporation (in this chapter referred to as a "regional corporation certificate").

If, at any time in the taxation year for which the corporation intends to benefit from the tax credit for Québec film productions or in the 24 months that precede that year, the corporation is not dealing at arm's length with a corporation that is a television broadcaster, it must also obtain a certificate (in this chapter referred to as a "non-arm's length certificate") from the Société de développement des entreprises culturelles.

The certificate referred to in subparagraph 2 of the second paragraph must be obtained for each taxation year for which the corporation intends to avail itself in respect of a film of subparagraph *a*.1 of the first paragraph of section 1029.8.35 of the Taxation Act. Similarly, the non-arm's length certificate must be obtained for each taxation year referred to in the third paragraph for which the corporation intends to claim the tax credit for Québec film productions.

DIVISION II

FAVOURABLE ADVANCE RULING AND QUALIFICATION CERTIFICATE

3.3. A qualification certificate must be obtained for a film whose first trial composite is completed. If applicable, the qualification certificate confirms the favourable advance ruling given in respect of the film.

An application by a corporation for the issue of a qualification certificate in respect of a film must be filed,

(1) if the film was given a favourable advance ruling, within 18 months after the end of the corporation's taxation year that includes the recording date of its first trial composite of the film; and

(2) in any other case, within three years after the end of that taxation year.

The Société de développement des entreprises culturelles may issue a qualification certificate to a corporation in respect of a film only if, at the time of the application for the qualification certificate, at least 95% of the amount that is the total production costs incurred by the corporation in respect of the film has been paid.

The Société de développement des entreprises culturelles must revoke a favourable advance ruling given to a corporation in respect of a film if the corporation fails to file an application for a qualification certificate in respect of the film within the time limit specified in the second paragraph or if such an application is denied. The effective date of the revocation is the date of coming into force of the favourable advance ruling.

3.4. A favourable advance ruling or a qualification certificate given or issued to a corporation under this chapter certifies that the film referred to in it is recognized as a Québec film production.

If the corporation holds a valid regional corporation certificate, the Société de développement des entreprises culturelles must make sure, in the case of a co-produced film, that the following conditions have been met:

(1) the corporation is making the film either with another corporation in respect of which it is established, to the satisfaction of the Société de développement des entreprises culturelles, that it is a qualified corporation for the purposes of the tax credit for Québec film productions, or under a government agreement to which the Gouvernement du Québec, the Government of Canada or any of their departments, agencies or bodies is a party;

(2) the corporation is actively involved in its development; and

(3) the corporation's share of the labour expenditure and production costs in respect of the film is a reasonable reflection of the corporation's share of copyrights and revenues in the film, as well as its share of artistic, technical and financial responsibility with regard to the co-production of the film.

For the purposes of subparagraph *b*.1 of the second paragraph of section 1029.8.34 of the Taxation Act, the favourable advance ruling or the qualification certificate specifies, in the case of a docuseries, the name of the person who plays the role of the main character in the film.

If the film is a co-production, the favourable advance ruling or the qualification certificate specifies the corporation's share, expressed as a

percentage, of the labour expenditure and production costs in respect of the film for each taxation year for which they were incurred.

For the purposes of this section,

"labour expenditure" in respect of a film for a taxation year means the amount that would be obtained if, for each of the items included in the corporation's labour expenditure in respect of the film for the taxation year, the amounts that the corporation incurred were replaced by all the amounts incurred in respect of the film and all those amounts were added together;

"production costs" in respect of a film for a taxation year means the aggregate of the costs incurred in respect of the film before the end of the year that are production costs referred to in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.34 of the Taxation Act before subparagraph 1, or that would be such production costs had they been incurred by the corporation.

3.5. The Société de développement des entreprises culturelles attaches to the favourable advance ruling or the qualification certificate it gives or issues in respect of a film to a corporation referred to in subparagraph 2 of the second paragraph of section 3.2 a document specifying, by budgetary item, the amount that is the portion of the corporation's labour expenditure in respect of the film, for any taxation year for which the favourable advance ruling or qualification certificate is given or issued, that relates to services rendered in Québec, outside the Montréal area, in relation to the film.

However, in the case of a co-produced film, the first paragraph applies only if the conditions of the second paragraph of section 3.4 are met.

In this section, the "Montréal area" means the portion of the territory of Québec located within 25 kilometres, by the shortest passable road normally used, from any point of the circumference of a circle having a radius of 25 kilometres the centre of which is the Papineau subway station.

3.6. The Société de développement des entreprises culturelles attaches to the favourable advance ruling or the qualification certificate it gives or issues in respect of a film for which a corporation intends to avail itself of subparagraph *b* of the first paragraph of section 1029.8.35 of the Taxation Act, a document specifying, by budgetary item, the amount that is the portion of the corporation's labour expenditure in respect of the film, for any taxation year for which the favourable advance ruling or the qualification certificate is given or issued, that relates to eligible computer-aided special effects and animation activities, in relation to the film.

Activities that contribute directly to the creation of computer-aided special effects and animation and to chroma keying, such as motion capture, correction of animation curves, rendering, image retouching, graphics, filming, the use of computerized and automated animation benches, the use of computer-assisted

automated cameras and chroma key shooting are considered to be eligible computer-aided special effects and animation activities.

3.7. A film other than an inter-provincial co-production may be recognized as a Québec film production if

(1) the film belongs to an eligible class of films;

(2) no part of the film belongs to a class of films described in section 3.9 or is a variety or magazine program other than those that are described in subparagraph 4 or 5 of the first paragraph of section 3.8; and

(3) the film meets the following requirements:

(*a*) the exploitation requirements of section 3.10,

(*b*) the production requirements of section 3.11,

(*c*) in the case of films with a running length of 75 minutes or longer, the creative personnel requirements of section 3.12, and

(*d*) the production costs requirements of section 3.13.

A film that is an inter-provincial co-production may be recognized as a Québec film production if

(1) the Québec part of the film belongs to an eligible class of films;

(2) the Québec part of the film meets

(*a*) the exploitation requirements of section 3.10, and

(*b*) the production requirements of section 3.11;

(3) at least 75% of the production costs incurred in respect of the Québec part of the film or, in the case of a serial film, in respect of the Québec part of all the episodes, other than the costs related to financing the film, is paid to individuals who were resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the year in which the application for a favourable advance ruling or a qualification certificate was filed in respect of the film, or to corporations or partnerships that had an establishment in Québec during the taxation year of the corporation in which the application was filed; and

(4) the corporation referred to in the first paragraph of section 3.2

(*a*) is co-producing the film with one or more co-producing corporations from one or more other provinces or territories of Canada,

(*b*) has a financial participation in the film equal to or greater than 20%,

(*c*) can show its effective independence with respect to the other corporations involved in the co-production of the film,

(*d*) has the necessary rights to import the film into Québec, in the same proportion as its financial participation in the film and its share of the rights to the receipts from the film, and

(*e*) has a creative and technical participation in the co-production of the film at least equal to its financial participation in the co-production of the film.

However, subparagraph 4 of the second paragraph does not apply to a film in respect of which the Société de développement des entreprises culturelles considers that work was sufficiently advanced on 13 March 2008.

In the case of a film made under a government co-production agreement entered into by another government in Canada or by any department or agency of such a government, the rules of subparagraphs 1 to 3 of the second paragraph also apply to the Canadian part of the film.

In addition, for the purpose of determining whether a film is an international co-production at a particular date, the policies and requirements of Telefilm Canada that apply on that date apply as if they were expressly specified in this division.

For the purposes of the second paragraph, "production costs" in respect of a film means the aggregate of the costs incurred in respect of the film by a corporation that are production costs referred to in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.34 of the Taxation Act before subparagraph 1, or that would be such production costs had they been incurred by the corporation referred to in the first paragraph of section 3.2.

3.8. Subject to section 3.9, the following are eligible classes of films:

(1) fiction films, including films consisting entirely of sketches taken in full from a script and designed and arranged especially for television;

(2) documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for children under 13 years of age, which may comprise less;

(3) television magazine and variety programs, including variety programs featuring educational games, quizzes and contests for children under 13 years of age that are broadcast not later than 7:00 p.m. Monday through Friday, or 7:30 p.m. on Saturday or Sunday;

(4) television variety programs, including games, quizzes and contests that meet any of the following requirements:

(*a*) at least two thirds of their content consists of performances by performing artists, other than interviews, or of recordings of improvisation matches,

(*b*) they are talk show-type programs during which all or substantially all the subjects of discussion are artistic, literary, dramatic or musical events or works, or

(*c*) all or substantially all of their content consists of performances by performing artists, other than interviews, or of recordings of improvisation matches, and of discussions concerning artistic, literary, dramatic or musical events or works; and

(5) television magazine programs that meet the following requirements:

(*a*) they consist of a series of at least seven episodes and are part of a program cycle,

(*b*) they are neither fiction, nor a reconstruction of actual events, nor reality television,

(*c*) each program comprises at least 30 minutes of programming,

(*d*) each program covers a number of subjects, whether or not they belong to the same field of knowledge, and

(*e*) each program consists of independent segments of comparable length.

In addition, to constitute eligible classes of films, the television magazine and variety programs referred to in subparagraphs 4 and 5 of the first paragraph must be broadcast in prime time, more specifically, in the case of a program broadcast Monday through Friday, between 6 p.m. and midnight, and in the case of a program broadcast on Saturday or Sunday, between 9 a.m. and midnight, unless

(1) the programs are intended primarily for an audience outside the Montréal metropolitan area;

(2) at least 60% of the amount that is the total production costs incurred by the corporation referred to in the first paragraph of section 3.2 in respect of the film, other than the costs related to financing the film, is paid to individuals domiciled outside the Montréal metropolitan area for at least two years before the date on which the shooting began, or to corporations whose principal establishment is located outside the Montréal metropolitan area; and

(3) the programs are produced by a business that has no establishment in the Montréal metropolitan area.

For the purposes of subparagraph *b* of subparagraph 5 of the first paragraph, a reality television production is an audiovisual production in which a situation is created and filmed to be edited into its final form. The situation features a place, a group of individuals and a theme.

For the purposes of the second paragraph, the Montréal metropolitan area means the territory of Île de Montréal, Île Jésus and the Montérégie administrative region (16), described in the Décret concernant la révision des limites des régions administratives du Québec (R.R.Q., chapitre D-11, r. 1).

3.9. The following are not eligible classes of films:

(1) films produced for industrial, commercial, institutional or business purposes;

(2) films produced for the purpose of teaching or learning a technique;

(3) films intended for an adult audience that contain explicit sex scenes;

(4) video clips;

(5) films featuring a sports event or a sports activity;

(6) news or public affairs programs, or news features;

(7) weather, road or stock market reports;

(8) gala, award or parade television programs that present a live or pre-recorded event, in real time, with or without modification during editing;

(9) games, quizzes and contests, in any form, except educational programs in the form of games, quizzes or contests intended for children under 13 years of age, and except the programs described in subparagraph 4 of the first paragraph of section 3.8;

(10) fundraising productions;

(11) reality television productions;

(12) "making of" productions; and

(13) films, other than documentaries, consisting exclusively or almost exclusively of stock footage.

For the purposes of subparagraph 11 of the first paragraph, a reality television production is an audiovisual production in which a situation is created and filmed to be edited into its final form. The situation features a place, a group of individuals and a theme.

3.10. The following exploitation requirements must be met by a film, as applicable:

(1) for a film whose primary market is the television market, there must be an undertaking from a television broadcaster to broadcast it in Québec;

(2) for a film whose primary market is the theatrical market,

(*a*) if the conditions under which a giant-screen film certificate may be obtained are met, there must be an undertaking that the film will be shown in Canada in a public performance venue, and

(*b*) in any other case, there must be an undertaking by the holder of a distribution licence that the film will be shown in Québec in a public performance venue primarily used for showing films of all classes;

(3) if a film is not an original French-language film and the application for a favourable advance ruling or a qualification certificate is filed in its respect with an undertaking by a television broadcaster to broadcast it in French in Québec or by the holder of a distribution licence that the film will be shown in French in theatres in Québec, the French dubbing of the film must be done in Québec, subject to the third paragraph;

(4) if a film is produced by a corporation that does not deal at arm's length with a corporation that is a television broadcaster, it must be initially broadcast by a television broadcaster other than a corporation with which the corporation does not deal at arm's length;

(5) if a film is intended to be broadcast in Québec, close-captioning for the hearing-impaired is mandatory, unless the producer shows that it is impossible to satisfy this condition for technical reasons; and

(6) the producer must give an undertaking to have a film closed-captioned for the hearing-impaired before exploiting it on the video market in Québec.

For the purposes of subparagraph *b* of subparagraph 2 of the first paragraph, "class" means a class specified in section 81 of the Cinema Act (R.S.Q., chapter C-18.1).

The requirement of subparagraph 3 of the first paragraph does not apply if a film is an international co-production involving a country of the Francophonie and, under the official co-production agreement, the foreign co-producer is responsible for delivering an original French version.

The application for a favourable advance ruling in respect of a film must be filed with the undertakings referred to in subparagraph 1, subparagraph *b* of subparagraph 2 and subparagraph 6 of the first paragraph. Depending on the undertaking involved, when applying for a qualification certificate, the

corporation must file a document confirming the television broadcasting of the film in Québec, its distribution in theatres in Québec or its dubbing.

The application for a qualification certificate in respect of a film must be filed with the undertaking referred to in subparagraph *a* of subparagraph 2 of the first paragraph.

3.11. The following production requirements must be met by a film:

(1) the position of producer must be held by an individual who was resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the year in which an application for a favourable advance ruling or a qualification certificate is filed in respect of the film; and

(2) the corporation filing the application must control the production of the film.

If there is a succession of producers during the development of the project or the production of the film because, for instance, of a change in ownership of the film, the requirement of subparagraph 1 of the first paragraph is considered to be met only if all of the producers were resident in Québec at the end of the particular year.

3.12. The creative personnel requirements are met by a film if the film obtains, in respect of its creative personnel, according to the rules of the third paragraph,

(1) a minimum of six points out of ten, calculated by awarding the number of points specified in the second paragraph for a particular function of that personnel only if the individual who wholly performs the function was resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the calendar year in which an application for a favourable advance ruling or a qualification certificate was filed in respect of the production; or

(2) a minimum of seven points out of ten, calculated by adding

(*a*) the total of the numbers each of which is the number of points specified in the second paragraph for a particular function of that personnel that is wholly performed by an individual who was resident in Québec at the end of the particular year, and

(*b*) the lesser of two and the total of the numbers each of which is the number of points specified in the second paragraph for a particular function of that personnel that is wholly performed by an individual who, at the end of the particular year, was not resident in Québec but was a Canadian citizen within the meaning of the Citizenship Act (Revised Statutes of Canada, 1985, chapter C-29) or a permanent resident within the meaning of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27).

For the purposes of the first paragraph, the following number of points may be allotted to a film in respect of an individual:

(1) for the director, 2 points;

(2) for the screenwriter, 2 points;

(3) for the first lead actor, 1 point;

(4) for the second lead actor, 1 point;

(5) for the production designer, 1 point;

(6) for the director of photography, 1 point;

(7) for the music composer, 1 point; and

(8) for the chief film editor, 1 point.

The rules to which the first paragraph refers are the following:

(1) if the position of screenwriter is filled by more than one individual, the two points allotted for that function may, despite subparagraph 1 of the first paragraph and subparagraph *a* of subparagraph 2 of that paragraph, be taken into consideration only if all the individuals were resident in Québec at the end of the particular year or if one of them is

(*a*) an individual who was resident in Québec at the end of the particular year,

(*b*) the author of the script, provided that it is an original work or a film adaptation of a copyrighted work,

(*c*) the screenwriter who determines the final version of the script, and

(*d*) the screenwriter who receives the highest fee;

(2) the identity of the first and second lead actors is determined not only on the basis of the remuneration paid, regardless of its form, but also on the basis of on-screen time;

(3) if there is no actor, the individual who performs the function of dancer, singer, variety artist, host, announcer, moderator or off-screen interviewer or voices the part of a character in an animated film, depending on the nature of the film, may be substituted;

(4) the individual who is the focus of a documentary film is not considered to be an actor;

(5) the point for the function of music composer is allotted only if the music created for the film is an original work;

(6) in the case of an animated film, the function of animation camera operator is substituted for that of director of photography and the function of design supervisor for that of production designer; and

(7) if there is no production designer, the art director may be substituted and in the absence of an art director, the head set designer may be substituted.

However, the creative personnel requirements are not met by a film if it does not obtain at least two of the points allotted for the functions of director and screenwriter and at least one of the points allotted for the functions of first and second lead actors.

A documentary that is unable to obtain the minimum number of points specified in the first paragraph because some functions listed in the second paragraph are not performed by anyone is deemed to have obtained the minimum number of points if all the individuals who perform such functions during the production were resident in Québec at the end of the particular year.

3.13. The following production cost requirements must be met by a film:

(1) in the case of a film with a running length of 75 minutes or longer,

(*a*) at least 75% of the amount that is the total post-production costs, including costs incurred for laboratory work, film cutting, sound editing and re-recording, and preparing and integrating film credits and music, is paid for services provided in Québec, and

(*b*) at least 75% of the amount that is the total production costs incurred by the corporation referred to in the first paragraph of section 3.2 in respect of the film, excluding the costs listed in subparagraph *a,* the remuneration of the producer and of the creative personnel listed in the second paragraph of section 3.12 and the costs related to financing the film, is paid to individuals who were resident in Québec at the end of the calendar year (in the second paragraph referred to as the "particular year") that precedes the year in which the application for a favourable advance ruling or a qualification certificate was filed in respect of the film, or to corporations or partnerships that had an establishment in Québec during the taxation year of the corporation in which the application was filed; and

(2) in the case of a film with a running time of less than 75 minutes, at least 75% of the amount that is the total production costs incurred by the corporation referred to in the first paragraph of section 3.2 in respect of the film, other than the costs related to financing the film, is paid to individuals who were resident in Québec at the end of the calendar year (in the second paragraph referred to as the "particular year") that precedes the year in which the application for a

favourable advance ruling or a qualification certificate was filed in respect of the film, or to corporations or partnerships that had an establishment in Québec during the taxation year of the corporation in which the application was filed.

If the business of a corporation or partnership referred to in subparagraph *b* of subparagraph 1 of the first paragraph or in subparagraph 2 of the first paragraph consists essentially in offering the services of a shareholder, of a member of the partnership or of a person related to a shareholder of the corporation or to a member of the partnership, any amount paid to the corporation or partnership is considered to be an amount paid to a corporation or partnership that has an establishment in Québec only if the shareholder, the member or the related person who supplied the services in the course of the production of the film was resident in Québec at the end of the particular year.

If there is a succession of corporations during the development of the project or the production of the film because, for instance, of a change in ownership of the film, the requirements of the first paragraph are deemed to be met where it appears that they would be met if the total production costs incurred by each corporation were taken into consideration. However, each corporation must show, to the satisfaction of the Société de développement des entreprises culturelles, that it is a qualified corporation for the purposes of the tax credit for Québec film productions.

For the purpose of determining whether a film that meets the conditions for a giant-screen film certificate also meets the requirements of the first paragraph, costs related to production or post-production services not available in Québec are not to be taken into account.

3.14. Each episode of a serial film may be recognized as a Québec film production if the conditions of section 3.7 are met in its respect. In such a case, the Société de développement des entreprises culturelles specifies in the favourable advance ruling or the qualification certificate which episodes of the film are recognized.

DIVISION III

FRENCH-LANGUAGE PRODUCTION CERTIFICATE

3.15. A French-language production certificate issued to a corporation certifies that the film referred to in the certificate is eligible for the tax credit enhancement applicable to certain French-language productions.

3.16. A film is eligible for the tax credit enhancement applicable to certain French-language productions if

(1) it belongs to a class of eligible films; and

(2) the following requirements are met by the film:

(*a*) the screenwriting and exploitation requirements, and

(*b*) the creative personnel requirements.

3.17. The following are classes of eligible films:

(1) feature-length, medium-length and short fiction films, other than animation, including co-produced feature-length films;

(2) one-off documentaries, including co-productions, intended mainly for exploitation in French-language markets; and

(3) productions intended for a young audience.

For the purposes of subparagraph 3 of the first paragraph, a production intended for a young audience, including an animated film, means a French-language one-off or serial production intended for a young audience which

(1) in the case of a program targeted to children under 13 years of age, is designed and produced according to their expectations rather than those of adults;

(2) in the case of a program targeted to young persons 13 to 17 years of age, features young protagonists and reflects reality from a young person's point of view; and

(3) is not a family-oriented production.

3.18. The following screenwriting and exploitation requirements must be met by a film:

(1) in the case of a film intended for commercial theatrical exploitation, it is written and developed in French and its initial exploitation in Québec is in French; and

(2) in the case of a film intended for the television market, it is written and developed in French, its financial structure includes 51% or more French-language television broadcasting licences in dollar terms, and its initial broadcast in Québec is in French.

3.19. The following creative personnel requirements must be met by a film:

(1) it must obtain a minimum of five points out of seven in respect of its creative personnel, according to the allotment rules set out in the second paragraph and the following weighting:

(*a*) for the director, two points,

(*b*) for the screenwriter, two points,

(*c*) for the first lead actor, two points, and

(*d*) for the second lead actor, one point; and

(2) except for a co-production, at least 75% of the acting fees paid to individuals, other than individuals performing a function listed in subparagraph 1, are paid to individuals who were resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the calendar year in which an application for a favourable advance ruling or a qualification certificate is filed in respect of the film.

For the purposes of the first paragraph, the points are allotted in accordance with the following rules:

(1) the number of points specified in subparagraph 1 of the first paragraph for a particular function of the creative personnel is allotted only if the individual who wholly performs the function was resident in Québec at the end of the particular year; and

(2) the identity of the first and second lead actors is determined not only on the basis of remuneration, regardless of its form, but also on the basis of on-screen time.

However, a documentary that is unable to obtain the minimum number of points specified in subparagraph 1 of the first paragraph because some functions listed in that subparagraph are not performed by anyone is deemed to have obtained the minimum number of points if all the individuals who perform such functions during the production were resident in Québec at the end of the particular year.

In the case of a co-production, the requirements of this section, except the requirement of subparagraph 2 of the first paragraph, must be met in respect of the entire co-production and not only in respect of the Québec portion of the co-production.

DIVISION IV

GIANT-SCREEN FILM CERTIFICATE

3.20. A giant-screen film certificate issued to a corporation certifies that the film referred to in the certificate is eligible for the tax credit enhancement applicable to giant-screen films.

3.21. A giant-screen film as generally understood in the industry is considered to be a giant-screen film.

DIVISION V

PRODUCTION WITH NO FINANCIAL ASSISTANCE CERTIFICATE

3.22. A production with no financial assistance certificate issued to a corporation certifies that the film referred to in the certificate belongs to a class of films eligible for the tax credit enhancement applicable to certain productions that do not receive an amount of financial assistance granted by a public body.

3.23. The following are classes of films eligible for the tax credit enhancement applicable to certain productions that do not receive an amount of financial assistance granted by a public body:

(1) feature-length fiction films with a minimum running length of 75 minutes, other than those referred to in paragraph 2;

(2) series or miniseries each episode of which is a fiction production with a minimum running length of 75 minutes; and

(3) one-off documentaries with a minimum running length of 30 minutes and documentaries intended for children under 13 years of age, which may have a shorter running length.

DIVISION VI

REGIONAL CORPORATION CERTIFICATE

3.24. A regional corporation certificate issued to a corporation certifies that it is recognized as a regional corporation for the taxation year for which the application for the certificate was filed.

3.25. A corporation may be recognized as a regional corporation if

(1) it does not carry on its film or television production activities mainly within the Montréal area during the particular taxation year in which it files its application for a regional corporation certificate or during the 24-month period preceding that year;

(2) it deals at arm's length with all corporations that carry on film or television production activities mainly within the Montréal area, at any time in the particular taxation year or the 24-month period preceding that year; and

(3) it is not directly or indirectly controlled in any manner whatever at any time in the particular taxation year or the 24-month period preceding that year, by one or more individuals domiciled in the Montréal area or by one or more corporations that carry on film or television production activities mainly within the Montréal area.

In this section, the "Montréal area" means the portion of the territory of Québec located within 25 kilometres, by the shortest passable road normally used, from any point in a circle having a radius of 25 kilometres the centre of which is the Papineau subway station.

DIVISION VII

NON-ARM'S LENGTH CERTIFICATE

3.26. An application for a non-arm's length certificate for a particular taxation year must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year.

To that end, the corporation must, on request, provide the Société de développement des entreprises culturelles with any document or information the latter considers necessary to enable it to determine the volume of independent productions produced by the corporation during the three taxation years preceding the particular year.

3.27. A non-arm's length certificate issued to a corporation certifies that over 50% of the aggregate of its production costs for the last three taxation years, preceding the particular taxation year referred to in section 3.26, during which a film was produced were incurred in relation to films broadcast by a television broadcaster with which the corporation deals at arm's length.

3.28. The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a non-arm's length certificate if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster with which the corporation does not deal at arm's length.

CHAPTER IV

SECTORAL PARAMETERS OF TAX CREDIT FOR FILM DUBBING

DIVISION I

INTERPRETATION AND GENERAL

4.1. In this chapter, unless the context indicates otherwise,

"film" means a property that is a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series;

"tax credit for film dubbing" means the fiscal measure provided for in Division II.6.0.0.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

4.2. A corporation must obtain a qualification certificate from the Société de développement des entreprises culturelles in respect of the dubbed version of each film for which it intends to claim the tax credit for film dubbing.

DIVISION II

QUALIFICATION CERTIFICATE

4.3. A qualification certificate issued to a corporation under this chapter certifies that the dubbed version of a film referred to in the qualification certificate is recognized as an eligible production of the corporation.

An application for a qualification certificate in respect of the dubbed version of a film must be filed by a corporation with the Société de développement des entreprises culturelles within three years following the end of the corporation's taxation year that includes the recording date of the dubbed master copy of the film.

4.4. A dubbed version of a film may be recognized as an eligible production of a corporation if

(1) the film belongs to an eligible class of films;

(2) no part of the film belongs to a class of films referred to in section 4.6 or is a variety or magazine program other than those described in subparagraph 4 or 5 of the first paragraph of section 4.5; and

(3) at least three quarters of the individuals who, for the purpose of producing the dubbed version, provided services relating to the actors' performance and to stage management were resident in Québec at the end of the calendar year preceding the year in which the services were provided.

For the purposes of subparagraph 3 of the first paragraph, stage management means directing the actors during the recording of the dubbed version of the film.

If there is a succession of corporations during the dubbing of a film, the condition of subparagraph 3 of the first paragraph is deemed to be met provided it appears that the requirement would be met if all the individuals who provided services relating to the actors' performance and to stage management to the corporations for the production of that dubbed version were taken into account. However, each of the corporations must show, to the satisfaction of the Société de développement des entreprises culturelles, that it is an eligible corporation for the purposes of the tax credit for film dubbing.

4.5. Subject to section 4.6, the following are eligible classes of films:

(1) fiction films, including films consisting entirely of sketches taken in full from a script and designed and arranged especially for television;

(2) documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for children under 13 years of age, which may comprise less;

(3) television magazine and variety programs, including variety programs featuring educational games, quizzes and contests for children under 13 years of age;

(4) television variety programs, including games, quizzes and contests that meet any of the following requirements:

(*a*) at least two thirds of their content consists of performances by performing artists, other than interviews, or of recordings of improvisation matches,

(*b*) they are talk show-type programs during which all or substantially all the subjects of discussion are artistic, literary, dramatic or musical events or works, or

(*c*) all or substantially all of their content consists of performances by performing artists, other than interviews, or of recordings of improvisation matches, and of discussions concerning artistic, literary, dramatic or musical events or works; and

(5) television magazine programs that meet the following requirements:

(*a*) they consist of a series of at least seven episodes and are part of a program cycle,

(*b*) they are neither fiction, nor a reconstruction of actual events, nor reality television,

(*c*) each program comprises at least 30 minutes of programming,

(*d*) each program covers a number of subjects, whether or not they belong to the same field of knowledge, and

(*e*) each program consists of independent segments of comparable length.

For the purposes of subparagraph *b* of subparagraph 5 of the first paragraph, a reality television production is an audiovisual production in which a situation is created and filmed to be edited into its final form. The situation features a place, a group of individuals and a theme.

4.6. The following are not eligible classes of films:

(1) films produced for industrial, commercial, institutional or business purposes;

(2) films produced for the purpose of teaching or learning a technique;

(3) films intended for an adult audience that contain explicit sex scenes;

(4) video clips;

(5) films featuring a sports event or a sports activity;

(6) news or public affairs programs, or news features;

(7) weather, road or stock market reports;

(8) gala, award or parade television programs that present a live or pre-recorded event, in real time, with or without modification during editing;

(9) games, quizzes and contests, in any form, except educational programs in the form of games, quizzes or contests intended for children under 13 years of age, and except the programs described in subparagraph 4 of the first paragraph of section 4.5;

(10) fundraising productions;

(11) reality television productions;

(12) "making of" productions; and

(13) films, other than documentaries, consisting exclusively or almost exclusively of stock footage.

For the purposes of subparagraph 11 of the first paragraph, a reality television production is an audiovisual production in which a situation is created and

filmed to be edited in its final form. The situation features a place, a group of individuals and a theme.

4.7. In the case of a dubbed serial film, the dubbed version of each episode is recognized as an eligible production if the conditions of section 4.4 are met in its respect. In such a case, the Société de développement des entreprises culturelles specifies in the qualification certificate which episodes of the film are recognized.

CHAPTER V

SECTORAL PARAMETERS OF FILM PRODUCTION SERVICES TAX CREDIT

DIVISION I

INTERPRETATION AND GENERAL

5.1. In this chapter, unless the context indicates otherwise,

"chroma key shooting" means any studio shooting in front of a plain coloured screen, generally blue or green, allowing, by means of electronic wizardry, the incorporation of objects, images or special effects in the final image;

"computer-aided special effects and animation" means special effects and animation sequences, as generally understood in the industry, created using digital technology, excluding effects that are exclusively sound effects, subtitles and animation sequences essentially created by means of editing techniques;

"film" means a property that is a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series;

"film production services tax credit" means the fiscal measure provided for in Division II.6.0.0.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"labour cost" of a corporation for a taxation year in respect of a film means the aggregate of all amounts each of which is an amount described in any of paragraphs *a* to *c* of the definition of "production costs" in the first paragraph of section 1029.8.36.0.0.4 of the Taxation Act that would be included in the corporation's production costs for the year in respect of the film for the purposes of the film production services tax credit if no reference were made to subparagraph *c* of the third paragraph of that section;

"labour expenditure" of a corporation for a taxation year in respect of a film means an expenditure that would be a labour expenditure of the corporation for the year in respect of the film for the purposes of the film production services

tax credit if no reference were made to subparagraph *d* of the second paragraph of section 1029.8.36.0.0.4 of the Taxation Act;

"production costs" of a corporation in respect of a film means costs incurred by the corporation in respect of the film that are production costs referred to in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.34 of the Taxation Act before subparagraph 1;

"television broadcaster" means the holder of a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission.

Any reference made, in a provision of this chapter, to an amount incurred or paid, including a labour expenditure, costs, a remuneration, a talent fee or an advance, is to be replaced, when necessary, by a reference to such an amount determined according to a budget.

In this chapter, a reference to a favourable advance ruling is a reference to the document certifying the favourable advance ruling given.

5.2. An approval certificate and a favourable advance ruling must be obtained from the Société de développement des entreprises culturelles in respect of each film for which a corporation intends to claim the film production services tax credit.

Where the corporation owns the copyright in the film, it alone may file applications for those documents. Otherwise, the corporation files the application for a favourable advance ruling while the corporation that owns the copyright files the application for an approval certificate.

If, at any time in the taxation year for which the corporation intends to benefit from the film production services tax credit or in the 24 months that precede that year, the corporation does not deal at arm's length with a corporation that is a television broadcaster, it must also obtain a certificate (in this chapter referred to as a "non-arm's length certificate") from the Société de développement des entreprises culturelles. The certificate must be obtained for each such taxation year for which the corporation intends to claim the tax credit.

DIVISION II

APPROVAL CERTIFICATE

5.3. An approval certificate issued to a corporation under this chapter certifies that the film referred to in the certificate is recognized as an eligible production or as an eligible low-budget production.

The Société de développement des entreprises culturelles issues an approval certificate to a corporation only if the corporation owns the copyright in the film.

Unless it is a qualified corporation for the purposes of the film production services tax credit, the corporation must send a copy of the approval certificate it was issued in respect of the film to each of the corporations that has entered into a service contract with it for the production of the film and intends to claim the tax credit in respect of the film.

5.4. A film may be recognized as an eligible production if

(1) the film belongs to an eligible class of films described in subparagraph 1 or 2 of the first paragraph of section 5.5;

(2) no part of the film belongs to a class of films referred to in section 5.6; and

(3) the film does not meet the conditions for recognition as an eligible low-budget production.

A film may be recognized as an eligible low-budget production if

(1) the film belongs to an eligible class of films;

(2) no part of the film belongs to a class of films referred to in section 5.6 or is a variety or magazine program other than those described in subparagraph 4 or 5 of the first paragraph of section 5.5; and

(3) the film's production costs do not exceed

(*a*) in the case of a film that is part of a television production series consisting of several episodes, or that is the pilot program of such a series of episodes, $100,000 if it has a running length of less than 30 minutes, or $200,000 in any other case, or

(*b*) in the case of a film not referred to in subparagraph *a*, $1,000,000.

5.5. Subject to section 5.6, the following are eligible classes of films:

(1) fiction films, including films consisting entirely of sketches taken in full from a script and designed and arranged especially for television;

(2) documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for children under 13 years of age, which may comprise less;

(3) television magazine and variety programs, including variety programs featuring educational games, quizzes and contests for children under 13 years of age that are broadcast not later than 7:00 p.m. from Monday to Friday, or 7:30 p.m. on Saturday or Sunday;

(4) television variety programs, including games, quizzes and contests that meet any of the following requirements:

(*a*) at least two thirds of their content consists of performances by performing artists, other than interviews, or of recordings of improvisation matches,

(*b*) they are talk show-type programs during which all or substantially all the subjects of discussion are artistic, literary, dramatic or musical events or works, or

(*c*) all or substantially all of their content consists of performances by performing artists, other than interviews, or of recordings of improvisation matches, and of discussions concerning artistic, literary, dramatic or musical events or works; and

(5) television magazine programs that meet the following requirements:

(*a*) they consist of a series of at least seven episodes and are part of a program cycle,

(*b*) they are neither fiction, nor a reconstruction of actual events, nor reality television,

(*c*) each program comprises at least 30 minutes of programming,

(*d*) each program covers a number of subjects, whether or not they belong to the same field of knowledge, and

(*e*) each program consists of independent segments of comparable length.

In addition, to constitute eligible classes of films, the television magazine and variety programs referred to in subparagraphs 4 and 5 of the first paragraph must be broadcast in prime time, more specifically, in the case of a program broadcast Monday through Friday, between 6 p.m. and midnight, and in the case of a program broadcast on Saturday or Sunday, between 9 a.m. and midnight, unless

(1) the programs are intended primarily for an audience outside the Montréal metropolitan area;

(2) at least 60% of the amount that is the total production costs incurred by the corporation referred to in the first paragraph of section 5.2 in respect of the film, other than the costs related to financing the film, is paid to individuals domiciled outside the Montréal metropolitan area for at least two years before the date on which the shooting began, or to corporations whose principal establishment is located outside the Montréal metropolitan area; and

(3) the programs are produced by a business that has no establishment in the Montréal metropolitan area.

For the purposes of subparagraph *b* of subparagraph 5 of the first paragraph and of subparagraph 11 of the first paragraph of section 5.6, a reality television production is an audiovisual production in which a situation is created and filmed to be edited into its final form. The situation features a place, a group of individuals and a theme.

For the purposes of the second paragraph, the Montréal metropolitan area means the territory of Île de Montréal, Île Jésus and the Montérégie region.

5.6. The following are not eligible classes of films:

(1) films produced for industrial, commercial, institutional or business purposes;

(2) films produced for the purpose of teaching or learning a technique;

(3) films intended for an adult audience that contain explicit sex scenes;

(4) video clips;

(5) films featuring a sports event or a sports activity;

(6) news or public affairs programs, or news features;

(7) weather, road or stock market reports;

(8) gala, award or parade television programs that present a live or pre-recorded event, in real time, with or without modification during editing;

(9) games, quizzes and contests, in any form, except educational programs in the form of games, quizzes or contests intended for children under 13 years of age, and except the programs described in subparagraph 4 of the first paragraph of section 5.5;

(10) fundraising productions;

(11) reality television productions;

(12) "making of" productions; and

(13) films, other than documentaries, consisting exclusively or almost exclusively of stock footage.

5.7. In the case of a serial film, each episode may be recognized as an eligible production or as an eligible low-budget production if the conditions of the first or second paragraph of section 5.4 are met in its respect. In such a case, the Société de développement des entreprises culturelles specifies in the approval certificate which episodes of the film are recognized.

DIVISION III

FAVOURABLE ADVANCE RULING

5.8. A favourable advance ruling given to a corporation under this chapter certifies that the corporation is recognized, in respect of the film referred to in the ruling, for the purposes of the definition of "qualified corporation" in the first paragraph of section 1029.8.36.0.0.4 of the Taxation Act. It also specifies whether the main filming or taping in Québec in respect of the film is carried out after 12 June 2009.

To be valid, an application for a favourable advance ruling filed in respect of a film must be accompanied by a copy of the approval certificate issued in relation to the film.

A corporation may be recognized in respect of a film if

(1) the corporation owns the copyright in the film throughout the period in which production of the film is carried out in Québec; or

(2) the corporation has entered into a service contract for the production of the film with the corporation that owns the copyright in the film.

However, the condition of subparagraph 2 of the third paragraph applies only if it is established, to the satisfaction of the Société de développement des entreprises culturelles, that the corporation that owns the copyright in the film does not meet the conditions, other than the condition related to obtaining a favourable advance ruling in respect of the film, to be a qualified corporation for the purposes of the film production services tax credit.

5.9. The Société de développement des entreprises culturelles attaches to the favourable advance ruling it gives to a corporation in respect of a film a document specifying, by budgetary item, the amount that is,

(1) if the film is recognized as an eligible production for which the corporation intends to avail itself of subparagraph *a*.1 of the first paragraph of section 1029.8.36.0.0.5 of the Taxation Act, the portion of the corporation's labour cost in respect of the film, for any taxation year for which the favourable advance ruling is given, that relates to eligible activities connected with the production of computer-aided special effects and animation, in relation to the film; or

(2) if the film is recognized as an eligible low-budget production for which the corporation intends to avail itself of subparagraph *b* of the first paragraph of section 1029.8.36.0.0.5 of that Act, the portion of the corporation's labour expenditure in respect of the film, for any taxation year for which the favourable advance ruling is given, that relates to eligible activities connected with the production of computer-aided special effects and animation, in relation to the film.

Activities that contribute directly to the creation of computer-aided special effects and animation and to chroma keying, such as motion capture, correction of animation curves, rendering, image retouching, graphics, filming, the use of computerized and automated animation benches, the use of computer-assisted automated cameras and chroma key shooting are considered to be eligible computer-aided special effects and animation activities.

DIVISION IV

NON-ARM'S LENGTH CERTIFICATE

5.10. An application for a non-arm's length certificate, for a particular taxation year, must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year.

For that purpose, the corporation must, on request, provide the Société de développement des entreprises culturelles with any document or information the Société considers necessary to enable it to determine the volume of the independent productions produced by the corporation during the three taxation years preceding the particular year.

5.11. A non-arm's length certificate issued to a corporation certifies that over 50% of its production costs for the last three taxation years, preceding the particular taxation year referred to in section 5.10, during which a film was produced were incurred in relation to films broadcast by a television broadcaster with which the corporation deals at arm's length.

5.12. The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a non-arm's length certificate if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster with which the corporation does not deal at arm's length.

CHAPTER VI

SECTORAL PARAMETERS OF TAX CREDIT FOR PRODUCTION OF SOUND RECORDINGS

DIVISION I

INTERPRETATION AND GENERAL

6.1. In this chapter, unless the context indicates otherwise,

"film" means a property that is a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series;

"labour expenditure" of a corporation for a taxation year in respect of a recording means an expenditure that would be a labour expenditure of the

corporation for the year in respect of the recording for the purposes of the tax credit for the production of sound recordings if no reference were made to subparagraph *c* of the second paragraph of section 1029.8.36.0.0.7 of the Taxation Act;

"title" means an organized set of information;

"production costs" of a corporation at a particular time in respect of a recording means the aggregate of the costs incurred by the corporation in respect of the recording at or before that time that are production costs described in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.36.0.0.7 of the Taxation Act that precedes subparagraph 1;

"recording" means a sound recording, a digital audiovisual recording or a clip;

"tax credit for the production of sound recordings" means the fiscal measure provided for in Division II.6.0.0.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year;

"television broadcaster" means the holder of a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission.

A reference, in a provision of this chapter, to an amount incurred or paid, including a labour expenditure, costs, a remuneration, a talent fee or an advance, is to be replaced, if the provision applies in respect of a favourable advance ruling, by a reference to such an amount determined according to a budget.

In this chapter, a reference to a favourable advance ruling is a reference to the document certifying the favourable advance ruling given.

6.2. A corporation must obtain a favourable advance ruling or a qualification certificate from the Société de développement des entreprises culturelles in respect of each recording for which it intends to claim the tax credit for the production of sound recordings.

Despite any other provision of this chapter, a favourable advance ruling or a qualification certificate is given or issued to a corporation, in respect of a particular recording, only if

(1) the corporation is a record company recognized by the Société de développement des entreprises culturelles; or

(2) the corporation has entered into an agreement, with a view to exploiting the particular recording, with another corporation that is a record company recognized by the Société de développement des entreprises culturelles.

DIVISION II

FAVOURABLE ADVANCE RULING AND QUALIFICATION CERTIFICATE

6.3. A qualification certificate must be obtained for a recording whose master is completed. If applicable, the qualification certificate confirms the favourable advance ruling given in respect of the recording.

An application by a corporation for the issue of a qualification certificate in respect of a recording must be filed,

(1) if the recording was given a favourable advance ruling, within 18 months after the end of the corporation's taxation year that includes the completion date of the master of the recording; and

(2) in any other case, within three years after the end of that taxation year.

The Société de développement des entreprises culturelles must revoke a favourable advance ruling given to a corporation in respect of a recording if the corporation fails to file an application for a qualification certificate in respect of the recording within the time limit specified in the second paragraph or if such an application is denied. The effective date of the revocation is the date of coming into force of the favourable advance ruling.

6.4. A favourable advance ruling or a qualification certificate given or issued to a corporation under this chapter certifies that the recording referred to in it is recognized as a qualified sound recording, a qualified digital audiovisual recording or a qualified clip of the corporation. The favourable advance ruling or qualification certificate also states that the corporation is a record company recognized by the Société de développement des entreprises culturelles or a corporation that has entered into an agreement with such a corporation with a view to exploiting the recording.

If the recording is a co-production, the favourable advance ruling or the qualification certificate specifies the corporation's share, expressed as a percentage, of the labour expenditure and production costs in respect of the recording for each taxation year for which they were incurred. The corporation's share must reflect, in respect of the recording, the corporation's production costs at the end of the year and the corporation's labour expenditure for the year and take into account the scope of the responsibilities assumed by the corporation in the co-production.

For the purposes of this section,

"labour expenditure" in respect of a recording for a taxation year means the amount that would be obtained if, for each of the items included in the corporation's labour expenditure in respect of the recording for the taxation year, the amounts that the corporation incurred were replaced by all the amounts

incurred in respect of the recording and all those amounts were added together;

"production costs" in respect of a recording for a taxation year means the aggregate of the costs incurred in respect of the recording before the end of the year that are production costs described in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.36.0.0.7 of the Taxation Act that precedes subparagraph 1, or that would be such production costs had they been incurred by the corporation.

6.5. In order for a sound recording to be recognized as a qualified sound recording of a corporation,

(1) unless it is a recording of a comedy show, the sound recording must be on a physical medium and at least 60% of it, determined with reference to its length in minutes, must consist in musical content;

(2) the sound recording must obtain, in respect of its creative personnel, a minimum of five points out of nine, calculated by awarding the number of points specified in the second paragraph for a particular function of that personnel only if the individual who wholly performs the function was resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the calendar year in which the recording work began or, if the function performed by the individual is that of lyricist, scriptwriter or composer, was resident in Québec for a continuous period of at least five years prior to the beginning of the work;

(3) at least 75% of the amount that is the corporation's production costs in respect of the sound recording, other than the remuneration paid to an individual who performs a function referred to in any of subparagraphs 1 to 8 of the second paragraph, must have been paid to individuals who were resident in Québec at the end of the particular year or to corporations that had an establishment in Québec in that year;

(4) the sound recording must be produced by the corporation to be released in the retail market for commercial exploitation purposes; and

(5) the sound recording must not have been produced for the purpose of teaching or learning a technique or to further the specific objectives of a business or a corporation, other than the one set out in subparagraph 4, and is not an audiobook, a sound effects database or a component of a game.

For the purposes of the first paragraph, the following number of points may be allotted to a recording in respect of an individual:

(1) for the lyricist or the scriptwriter,

(*a*) two points in the case of a recording of a comedy show, or

(*b*) one point in any other case;

(2) for the composer,

(*a*) two points in the case of an instrumental recording, or

(*b*) one point in any other case;

(3) for the artistic director, one point;

(4) for the musical director, one point;

(5) for the director, one point;

(6) for the music arranger, one point;

(7) for the sound engineer, one point; and

(8) for the featured artist, two points.

For the purposes of this section,

(1) where a function referred to in any of subparagraphs 1 to 7 of the second paragraph is performed by two or more individuals, the number of points awarded for that function must be taken into account, despite subparagraph 2 of the first paragraph, if the requirement of that subparagraph 2 would be met in respect of at least half of the individuals were it read without reference to "wholly"; and

(2) whether an individual is the featured artist is determined on the basis of the individual's remuneration, the individual's designation as the featured artist in promotional materials and the length of the individual's performance.

If there is a succession of particular corporations during the production of a sound recording, the condition of subparagraph 3 of the first paragraph is deemed to be met provided it appears that the requirements would be met if all the individuals and corporations that provided services to the particular corporations in respect of the production of the sound recording were taken into account. However, each particular corporation must show to the satisfaction of the Société de développement des entreprises culturelles that it is a qualified corporation for the purposes of the tax credit for the production of sound recordings.

6.6. In order for a digital audiovisual recording to be recognized as a qualified digital audiovisual recording of a corporation,

(1) the digital audiovisual recording must run at least

(*a*) 20 minutes, if it is intended for children under 13 years of age, or

(*b*) 30 minutes, in any other case;

(2) the main feature of the digital audiovisual recording must consist exclusively or almost exclusively of numbers by an artist that are taken from the artist's performances, from never previously released productions or from clips;

(3) the digital audiovisual recording must obtain, in respect of its creative personnel, a minimum of five points out of nine, calculated by awarding the number of points specified in the second paragraph for a particular function of that personnel only if the individual who wholly performs the function was resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the calendar year in which the recording work began or, if the function performed by the individual is that of lyricist, scriptwriter or composer, was resident in Québec for a continuous period of at least five years prior to the beginning of the work;

(4) at least 75% of the amount that is the corporation's production costs in respect of the digital audiovisual recording, other than the remuneration paid to an individual who performs a function referred to in any of subparagraphs 1 to 8 of the second paragraph, must have been paid to individuals who were resident in Québec at the end of the particular year or to corporations that had an establishment in Québec in that year;

(5) the digital audiovisual recording must be produced by the corporation to be released in the retail market for commercial exploitation purposes; and

(6) the digital audiovisual recording must not be described in section 6.7.

For the purposes of the first paragraph, the following number of points may be allotted to a digital audiovisual recording in respect of an individual:

(1) for the lyricist or the scriptwriter,

(*a*) two points in the case of a recording of a comedy show, or

(*b*) one point in any other case;

(2) for the composer,

(*a*) two points in the case of an instrumental recording, or

(*b*) one point in any other case;

(3) for the artistic director, one point;

(4) for the musical director, one point;

(5) for the director, one point;

(6) for the music arranger, one point;

(7) for the sound engineer, one point; and

(8) for the featured artist, two points.

For the purposes of this section,

(1) in determining whether a main feature consists exclusively or almost exclusively of numbers by an artist that are taken from the artist's performances, from never previously released productions or from clips, the artist's participation as an actor, host or guest artist must not be taken into account;

(2) where a function referred to in any of subparagraphs 1 to 7 of the second paragraph is performed by two or more individuals, the number of points awarded for that function must be taken into account, despite subparagraph 3 of the first paragraph, if the requirement of that subparagraph 3 would be met in respect of at least half of the individuals were it read without reference to "wholly"; and

(3) no points may be taken into account for the function of lyricist or scriptwriter in the case of an instrumental recording; and

(4) whether an individual is the featured artist is determined on the basis of the individual's remuneration, the individual's designation as the featured artist in promotional materials and the length of the individual's performance.

If there is a succession of particular corporations during the production of a digital audiovisual recording, the condition of subparagraph 4 of the first paragraph is deemed to be met provided it appears that the requirement would be met if all the individuals and corporations that provided services to the particular corporations in respect of the production of the digital audiovisual recording were taken into account. However, each particular corporation must show to the satisfaction of the Société de développement des entreprises culturelles that it is a qualified corporation for the purposes of the tax credit for the production of sound recordings.

6.7. A digital audiovisual recording to which subparagraph 6 of the first paragraph of section 6.6 refers is such a recording of a particular corporation that

(1) is a title that has allowed any corporation to benefit from the tax credit for multimedia titles within the meaning of section 5.1 of Schedule A or from the tax credit for corporations specialized in the production of multimedia titles within the meaning of section 6.1 of that schedule;

(2) consists mainly in a film or a part of a film that has allowed a corporation referred to in the second paragraph to benefit from the tax credit for Québec film productions within the meaning of the first paragraph of section 3.1 or

from the film production services tax credit within the meaning of the first paragraph of section 5.1;

(3) is produced for the purpose of teaching or learning a technique or to further the specific objectives of a business or a corporation, other than the one set out in subparagraph 5 of the first paragraph of section 6.6;

(4) is an audiobook, a sound effects database or a component of a game;

(5) consists wholly or partly in explicit sex scenes; or

(6) is likely to incite hatred toward an identifiable group.

A corporation to which subparagraph 2 of the first paragraph refers is any of

(1) the particular corporation;

(2) a corporation that is associated with the particular corporation at the time that the particular corporation files with the Société de développement des entreprises culturelles, in respect of the digital audiovisual recording, an application for a favourable advance ruling or, if such an application is not filed, an application for a qualification certificate; and

(3) a corporation that would have been associated with the particular corporation at the time referred to in subparagraph 2 if the corporation had not been dissolved and the persons or partnerships that directly or indirectly controlled the corporation, in any manner whatever, immediately before its dissolution, had still controlled it at that time.

For the purposes of this section, paragraph 5 of section 5 of this Act and the relevant provisions of the Taxation Act are to be read as if "in a taxation year" wherever it appears was replaced by "at any time", with the necessary modifications.

6.8. In order for a clip to be recognized as a qualified clip of a corporation,

(1) the clip must have been produced to complement a recording that is recognized as a qualified sound recording or a qualified digital audiovisual recording, within 24 months after the recording date of the master of the recording or within 24 months after the recording date of the master of the first clip produced to complement the recording;

(2) the clip must have been produced by the corporation to promote the recording referred to in subparagraph 1;

(3) the clip must have been produced by the corporation for commercialization or for broadcasting by a television broadcaster or by the holder of a distribution

licence under which the clip will be exploited in Québec in a public performance venue;

(4) at least 75% of the amount that is the corporation's production costs in respect of the clip, other than the remuneration paid to the director, must have been paid to individuals who were resident in Québec at the end of the calendar year (in this section referred to as the "particular year") that precedes the calendar year in which the recording work began or to corporations that had an establishment in Québec in the particular year;

(5) the director of the clip must have been resident in Québec at the end of the particular year; and

(6) the clip must not be a component of a game, must not contain explicit sex scenes and must not be likely to incite hatred toward an identifiable group.

For the purposes of subparagraph 3 of the first paragraph, a clip is considered to have been commercialized if it is offered on the Internet for downloading purposes.

If there is a succession of particular corporations during the production of a clip, the condition of subparagraph 4 of the first paragraph is deemed to be met provided it appears that the requirement would be met if all the individuals and corporations that provided services to the particular corporations in respect of the production of the clip were taken into account. However, each particular corporation must show to the satisfaction of the Société de développement des entreprises culturelles that it is a qualified corporation for the purposes of the tax credit for the production of sound recordings.

DIVISION III

RECOGNITION OF A RECORD COMPANY

6.9. A corporation may be recognized by the Société de développement des entreprises culturelles as a record company in respect of a recording if

(1) it has distributed in the retail market, at any time in the taxation year in which production of the recording began (in this section referred to as the "particular year") or in the 365-day period preceding the beginning of that year, at least five sound recordings or digital audiovisual recordings on any of its labels;

(2) it has released, in the period including the particular year and the 730 days preceding the beginning of that year, at least three new sound recordings or digital audiovisual recordings on any of its labels; and

(3) it has entered, with one or more distributors, into a distribution agreement that is in force, for all its labels, throughout the particular year.

CHAPTER VII

SECTORAL PARAMETERS OF TAX CREDIT FOR PRODUCTION OF PERFORMANCES

DIVISION I

INTERPRETATION AND GENERAL

7.1. In this chapter, unless the context indicates otherwise,

"labour expenditure" of a corporation for a taxation year in respect of a performance means an expenditure that would be a labour expenditure of the corporation for the year, in respect of the performance, for the purposes of the tax credit for the production of performances if no reference were made to subparagraph *d* of the second paragraph of section 1029.8.36.0.0.10 of the Taxation Act;

"production costs" of a corporation at a particular time in respect of a performance means the aggregate of the costs incurred by the corporation in respect of the performance at or before that time that are production costs described in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.36.0.0.10 of the Taxation Act that precedes subparagraph 1;

"tax credit for the production of performances" means the fiscal measure provided for in Division II.6.0.0.4 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

A reference made, in a provision of this chapter, to an amount incurred or paid, including a labour expenditure, costs, a remuneration, a talent fee or an advance, is to be replaced, if the provision applies in respect of a favourable advance ruling, by a reference to such an amount determined according to a budget.

In this chapter, a reference to a favourable advance ruling is a reference to the document certifying the favourable advance ruling given.

7.2. A corporation must obtain a favourable advance ruling or a qualification certificate from the Société de développement des entreprises culturelles in respect of each performance for which it intends to claim the tax credit for the production of performances. The favourable advance ruling or qualification certificate is valid only for

(1) the period from the preproduction stage to the end of the first year following the first showing before an audience;

(2) the period covering the second year following the first showing before an audience; or

(3) the period covering the third year following the first showing before an audience.

DIVISION II

FAVOURABLE ADVANCE RULING AND QUALIFICATION CERTIFICATE

7.3. A qualification certificate must be obtained for a performance for each of the periods specified in section 7.2. If applicable, the qualification certificate confirms the favourable advance ruling given in respect of the performance for that period.

An application by a corporation for the issue of a qualification certificate in respect of a performance for a period referred to in section 7.2 must be filed,

(1) if the performance has been given a favourable advance ruling for that period, within 18 months after the end of the corporation's taxation year that includes the last day of the period; and

(2) in any other case, within three years after the end of that taxation year.

The Société de développement des entreprises culturelles must revoke a favourable advance ruling given to a corporation in respect of a performance if the corporation fails to file an application for a qualification certificate in respect of the performance within the time specified in the second paragraph or if such an application is denied. The effective date of the revocation is the date of coming into force of the favourable advance ruling.

7.4. A favourable advance ruling or a qualification certificate given or issued to a corporation under this chapter certifies that the performance referred to in it is recognized as a qualified performance of the corporation for the period referred to in section 7.2 that is specified in the ruling or qualification certificate. If the performance is an aquatic show, a circus show or an ice show any of the periods referred to in section 7.2 of which began before 14 March 2008 and had not ended on 13 March 2008, it may also be so recognized for a period referred to in section 7.2, even if the conditions of section 7.6 are met in its respect only from any day included in that period, unless that rule has already been applied to such an earlier period. In such a case, the date from which all those conditions are met in respect of the performance must be specified in the favourable advance ruling or the qualification certificate.

If the performance is a co-production, the favourable advance ruling or qualification certificate specifies the corporation's share, expressed as a percentage, of the labour expenditure and production costs in respect of the

performance for each taxation year for which they were incurred. The corporation's share must reflect, in respect of the performance, the corporation's production costs at the end of the year and the corporation's labour expenditure for the year, and take into account the scope of the responsibilities assumed by the corporation in the co-production.

For the purposes of this section,

"labour expenditure" in respect of a performance for a taxation year means the amount that would be obtained if, for each of the items included in the corporation's labour expenditure in respect of the performance for the taxation year, the amounts that the corporation has incurred were replaced by all the amounts incurred in respect of the performance and all those amounts were added together; and

"production costs" in respect of a performance for a taxation year means the aggregate of the costs incurred in respect of the performance before the end of the year that are production costs described in the portion of subparagraph i of paragraph *b* of the definition of "qualified labour expenditure" in the first paragraph of section 1029.8.36.0.0.10 of the Taxation Act that precedes subparagraph 1, or that would be such production costs had they been incurred by the corporation.

7.5. A favourable advance ruling or a qualification certificate may not be given or issued in respect of a performance for a period specified in paragraph 2 or 3 of section 7.2 if the requirements of section 7.6 have not been met in respect of the performance for the period referred to in paragraph 1 of section 7.2.

However, the first paragraph does not apply in respect of a performance that is an aquatic show, a circus show or an ice show in respect of which any of the periods referred to in section 7.2 began before 14 March 2008 and had not ended on 13 March 2008.

7.6. In order for a given performance to be recognized as a qualified performance of a corporation,

(1) it must be a music, live theatre, aquatic, comedy, mime, magic, circus or ice show;

(2) it must be produced by the corporation and the corporation must give at least five public showings of one or more performances each of which is

(*a*) a performance in respect of which the requirements of subparagraphs 1 and 4 to 6 are met, and

(*b*) a performance that the corporation produced or co-produced in the taxation year during which it began producing the given performance or in the 365 days that preceded the beginning of that year;

(3) its production and its exploitation must be under the control of the corporation, which must demonstrate, to the satisfaction of the Société de développement des entreprises culturelles, that it is a qualified corporation for the purposes of the tax credit for the production of performances;

(4) it must obtain, in respect of its creative personnel, a minimum of five points out of nine, calculated by awarding the number of points specified in the second paragraph for a particular function of that personnel only if the individual who wholly performs the function

(*a*) was resident in Québec at the end of the calendar year that precedes the calendar year in which the period specified in section 7.2 for which the application for a favourable advance ruling or a qualification certificate was filed in respect of the performance began, if the function performed by the individual is that of music arranger, artistic director, lighting designer, sound designer, musical director or featured artist, or

(*b*) was resident in Québec at the end of the calendar year that precedes the calendar year in which the performance production work began or, if the function performed by the individual is that of lyricist, scriptwriter or composer, was resident in Québec for a continuous period of at least five years prior to the beginning of the work;

(5) at least 75% of the amount that is the corporation's production costs in respect of the performance, other than the remuneration paid to an individual who performs a function referred to in any of subparagraphs 1 to 8 of the second paragraph, must have been paid to individuals who were resident in Québec at the end of the particular calendar year that precedes the year in which the performance production work began or to corporations that had an establishment in Québec in that particular calendar year; and

(6) the performance must not be a show given at a private event, a benefit or a gala, a component of a game or part of an entertainment or catering service.

For the purposes of the first paragraph, the following number of points may be allotted to a performance in respect of an individual:

(1) for the lyricist or the scriptwriter,

(*a*) two points in the case of a comedy or live theatre show, or

(*b*) one point in any other case;

(2) for the composer,

(*a*) two points in the case of an instrumental recording, or

(*b*) one point in any other case;

(3) for the artistic director, one point;

(4) for the musical director, one point;

(5) for the lighting designer, one point;

(6) for the sound designer, one point;

(7) for the music arranger, one point; and

(8) for the featured artist, two points.

For the purposes of this section,

(1) where a function referred to in any of subparagraphs 1 to 7 of the second paragraph is performed by two or more individuals, the number of points awarded for that function must be taken into account, despite subparagraph 4 of the first paragraph, if the requirement of that subparagraph 4 would be met in respect of at least half of the individuals were the portion of that subparagraph before subparagraph *a* read without reference to "wholly";

(2) no points may be taken into account for the function of lyricist or scriptwriter in the case of an instrumental performance; and

(3) which individual is the featured artist is determined on the basis of the individual's remuneration, the individual's designation as the featured artist in promotional materials and the length of the individual's performance.

For the purposes of subparagraph 3 of the first paragraph, a corporation is considered to have control of the production and exploitation of a performance if, alone or with other corporations, the corporation is responsible or shares responsibility for the artistic, technical and financial aspects of the performance, including its preproduction, production, marketing and promotion.

For the purposes of subparagraph 6 of the first paragraph, a show given at a private event is a performance that is not almost exclusively presented in public showings.

If there is a succession of particular corporations during the production of a performance, the condition of subparagraph 5 of the first paragraph is deemed to be met provided it appears that the requirement would be met if all the individuals and corporations that provided services to the particular corporations in respect of the production of the performance were taken into account. However, each of the corporations must show, to the satisfaction of the Société de développement des entreprises culturelles, that it is a qualified corporation for the purposes of the tax credit for the production of performances.

CHAPTER VIII

SECTORAL PARAMETERS OF TAX CREDIT FOR BOOK PUBLISHING

DIVISION I

INTERPRETATION AND GENERAL

8.1. In this chapter, unless the context indicates otherwise,

"labour expenditure attributable to preparation costs" of a corporation for a taxation year in respect of a work or a group of works means an expenditure that would be a labour expenditure attributable to preparation costs of the corporation in respect of the work or group of works for the purposes of the tax credit for book publishing if no reference were made to subparagraph *c* of the fifth paragraph of section 1029.8.36.0.0.13 of the Taxation Act;

"labour expenditure attributable to printing and reprinting costs" of a corporation for a taxation year in respect of a work or a group of works means an expenditure that would be a labour expenditure attributable to printing and reprinting costs of the corporation in respect of the work or group of works for the purposes of the tax credit for book publishing if no reference were made to subparagraph *c* of the third paragraph of section 1029.8.36.0.0.13 of the Taxation Act;

"publishing costs" of a corporation in respect of a work or a group of works means the costs incurred by the corporation that are printing and reprinting costs or preparation costs directly attributable to the printing and reprinting or the preparation of the work or group of works for the purposes of the tax credit for book publishing;

"Québec author" means, subject to the second paragraph, an individual who is an author or who is the editor of a work, or of a work that is part of a group of works written by a team of contributors, and who was resident in Québec at the end of the calendar year that precedes the calendar year in which the publishing work began, or was resident in Québec for at least five consecutive years prior to the beginning of the publishing work;

"tax credit for book publishing" means the fiscal measure provided for in Division II.6.0.0.5 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

If the work is a translation, only the translator is considered to be the author of the work.

Where a reference is made, in a provision of this chapter, to an amount incurred or paid, including a labour expenditure, costs, a remuneration, a talent fee or an advance, it is to be replaced, if the provision applies in respect of a

favourable advance ruling, by a reference to such an amount determined according to a budget.

In this chapter, a reference to a favourable advance ruling is a reference to the document certifying the favourable advance ruling given.

8.2. A corporation must obtain a favourable advance ruling or a qualification certificate from the Société de développement des entreprises culturelles in respect of each work or group of works for which it intends to claim the tax credit for book publishing.

Despite any other provision of this chapter, a favourable advance ruling or a qualification certificate may be given or issued to a corporation in respect of a particular work or group of works only if the corporation is a publishing house recognized by the Société de développement des entreprises culturelles.

DIVISION II

FAVOURABLE ADVANCE RULING AND QUALIFICATION CERTIFICATE

8.3. A qualification certificate must be obtained for a work or a group of works after the first printing of the work or of all the works that are part of the group is completed. If applicable, the qualification certificate confirms the favourable advance ruling given in respect of the work or group of works.

An application by a corporation for the issue of a qualification certificate in respect of a work or a group of works must be filed,

(1) if the work or group of works has been given a favourable advance ruling, within 18 months after the end of the corporation's taxation year that includes the date of completion of the first printing of the work or of the last work that is part of the group; and

(2) in any other case, within three years after the end of that taxation year.

The Société de développement des entreprises culturelles must revoke a favourable advance ruling given to a corporation in respect of a work or a group of works if the corporation fails to file an application for a qualification certificate in respect of the work or group of works within the time specified in the second paragraph or if such an application is denied. The effective date of the revocation is the date of coming into force of the favourable advance ruling.

8.4. A favourable advance ruling or a qualification certificate that is given or issued to a corporation under this chapter certifies that the work or group of works that is referred to in it is recognized as an eligible work or an eligible

group of works of the corporation. It specifies the date of the beginning of publishing work relating to the work or group of works. If applicable, the title of every work that is part of the group is also given in the certificate. In addition, the favourable advance ruling or qualification certificate states that the corporation is a publishing house recognized by the Société de développement des entreprises culturelles.

If the work or group of works is co-published, the favourable advance ruling or qualification certificate specifies the corporation's share, expressed as a percentage, of the labour expenditure and publishing costs in respect of the work or group of works for each taxation year for which they were incurred. The corporation's share must take into account the scope of the responsibilities assumed by the corporation, especially as regards the financial aspect.

For the purposes of this section,

"labour expenditure" in respect of a work or a group of works for a taxation year means the amount that would be obtained if, for each of the items included in the corporation's labour expenditure attributable to printing and reprinting costs in respect of the work or group of works for the taxation year and for each of the items included in the corporation's labour expenditure attributable to preparation costs in respect of the work or group of works for the taxation year, the amounts that the corporation has incurred were replaced by all the amounts incurred in respect of the work or group of works and all those amounts were added together; and

"publishing costs" in respect of a work or a group of works for a taxation year means the aggregate of the costs incurred in respect of the work or group of works before the end of the year that are printing and reprinting costs or preparation costs directly attributable to the printing and reprinting or the preparation of the work or group of works for the purposes of the tax credit for book publishing or that would be such printing and reprinting costs or such preparation costs had they been incurred by the corporation.

8.5. In order for a work to be recognized as an eligible work of a corporation,

(1) the work must be published for commercial exploitation purposes and have a first print run of at least 100 copies;

(2) the work must be by a Québec author or, if it is signed by two or more authors, at least half of them must be Québec authors;

(3) the work must be published in the form of a bound book;

(4) the work must contain at least

(*a*) 8 pages, if it is a children's book,

(*b*) 16 pages, if it is a comic book,

(*c*) 32 pages, if it is a poetry book, or

(*d*) 48 pages, if it is any other type of book;

(5) the work must be published under the corporation's trademark or, if it is intended to be exported, under a third party's trademark;

(6) the corporation must assume alone or, if applicable, with the other corporations involved in co-publishing the work, all the financial and commercial risks related to publishing the work;

(7) at least 75% of the amount that is the aggregate of the corporation's publishing costs in respect of the work, other than non-refundable advances paid to Québec authors, must have been paid to individuals who were resident in Québec at the end of the particular calendar year that precedes the calendar year in which the publishing work began or to corporations that had an establishment in Québec in that particular calendar year; and

(8) the work must not be described in section 8.7.

For the purposes of subparagraph 2 of the first paragraph, an individual whose sole role is to illustrate a work is not considered to be an author.

If there is a succession of particular corporations during the publication of a work, the condition of subparagraph 7 of the first paragraph is deemed to be met provided it appears that the requirement would be met if all the individuals and corporations that provided services to the particular corporations in respect of the preparation and printing of the work were taken into account. However, each particular corporation must show to the satisfaction of the Société de développement des entreprises culturelles that it is a qualified corporation for the purposes of the tax credit for book publishing.

8.6. In order for a group of works to be recognized as an eligible group of works of a corporation,

(1) all the works that are part of the group must be wholly published by the same corporation or, in the case of a co-publication, by the same corporations, all of which must be publishing houses recognized by the Société de développement des entreprises culturelles;

(2) the first printing of the last work that is part of the group must be completed within 36 months after the first printing of the first work;

(3) at least 75% of the amount that is the aggregate of the corporation's publishing costs in respect of the group of works, other than non-refundable advances paid to Québec authors, must have been paid to individuals who were resident in Québec at the end of the particular calendar year that precedes the

calendar year in which the publishing work began or to corporations that had an establishment in Québec in that particular calendar year;

(4) the requirements of the first paragraph of section 8.5, other than the requirement of subparagraph 7 of that paragraph, must be met in respect of each work that is part of the group; and

(5) no one work in the group must have entailed preparation and printing costs that are inordinate when compared with those incurred for the other works in the group.

If there is a succession of particular corporations during the publication of a group of works, the condition of subparagraph 3 of the first paragraph is deemed to be met provided it appears that the requirement would be met if all the individuals and corporations that provided services to the particular corporations in respect of the preparation and printing of the group of works were taken into account. However, each particular corporation must show to the satisfaction of the Société de développement des entreprises culturelles that it is a qualified corporation for the purposes of the tax credit for book publishing.

8.7. A work to which subparagraph 8 of the first paragraph of section 8.5 refers is

(1) a work that is a periodical publication, including a work that is updated on an ongoing basis;

(2) a work that contains advertising, other than advertising aimed at promoting the publishing products of the corporation referred to in the first paragraph of section 8.2;

(3) a work that is a directory, a calendar, a day planner, a catalogue, a drawing book, a colouring book, a workbook or any other work which, by its very nature, will become obsolete or may be used only once;

(4) a work whose pages are typewritten, photocopied, mimeographed or handwritten;

(5) a work that encourages sexism, violence or discrimination; or

(6) a work published for promotional or business purposes.

DIVISION III

RECOGNITION OF A PUBLISHING HOUSE

8.8. A corporation may be recognized as a publishing house by the Société de développement des entreprises culturelles if

(1) it edits and publishes books;

(2) its main activity consists in publishing for commercial purposes, with a view to achieving profitability;

(3) it has entered into contracts with one or more authors or copyright holders to publish their works or the works in which they hold the copyright;

(4) it commercializes the works it publishes; and

(5) it has a collection of at least three works by Québec authors who have no interest in the affairs of the publishing house.