



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-EIGHTH LEGISLATURE

Bill 37

**An Act giving effect to the Budget Speech
delivered on 24 May 2007, to the 1 June 2007
Ministerial Statement Concerning the
Government's 2007-2008 Budgetary Policy
and to certain other budget statements**

Introduction

**Introduced by
Mr. Jean-Marc Fournier
Minister of Revenue**

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EXPLANATORY NOTES

This bill amends various legislation to give effect to budgetary measures announced in the Budget Speech delivered on 24 May 2007, in the 1 June 2007 Ministerial Statement Concerning the Government's 2007-2008 Budgetary Policy and in Information Bulletins published by the Ministère des Finances in 2006 and 2007. It also gives effect to certain measures announced in the Budget Speech delivered on 23 March 2006.

The bill amends the Act respecting prescription drug insurance and the Act respecting the Régie de l'assurance maladie du Québec to change the rate of adjustment of the premium paid under the Québec prescription drug insurance plan.

The bill amends the Taxation Act to introduce, amend or abolish a number of fiscal measures specific to Québec. More specifically, the amendments deal with

- (1) the reduction of personal income tax;*
- (2) the replacement of the tax credit for adult children who are students by a mechanism for the transfer of an unused portion of a student's basic tax credit to the student's parents;*
- (3) the implementation of a mechanism for the transfer of the unused portion of a student's tax credit for tuition fees and examination fees to any of the student's parents and grandparents;*
- (4) the simplification and improvement of the refundable tax credit for child care expenses;*
- (5) the improvement of the tax credit for retirement income;*
- (6) the implementation of a refundable tax credit for persons providing respite to informal caregivers;*
- (7) changes in the tax rates applicable to the income of corporations;*
- (8) the elimination of the tax on capital on 1 January 2011 and the reduction of the rate of that tax until its elimination;*

(9) an increase in the tax on capital exemption granted to corporations that carry on a farming or fishing business;

(10) the extension of the capital tax credit and the increase of the rate of that credit in respect of certain investments;

(11) the tax treatment of assistance received by subcontractors for the application of certain special taxes.

The bill amends the Act respecting the Québec sales tax to

(1) raise to \$2,000 the maximum refundable amount of the Québec sales tax paid on a hybrid vehicle; and

(2) lift the restriction preventing large businesses from obtaining an input tax refund in respect of certain road vehicles as far as hybrid vehicles eligible for the refund of the first \$2,000 of Québec sales tax are concerned.

The bill also amends the Taxation Act to make amendments similar to those made to the Canada Income Tax Act by Bill C-28 (Statutes of Canada, 2007, chapter 2), assented to on 21 February 2007, and by Bill C-52 (Statutes of Canada, 2007, chapter 29), assented to on 22 June 2007. The bill thus gives effect to harmonization measures announced in particular in the Budget Speeches delivered on 23 March 2006 and 24 May 2007 and in Information Bulletins published by the Ministère des Finances in 2005 and 2006. More specifically, the amendments deal with

(1) the fiscal treatment applicable to taxable dividends;

(2) the averaging of the taxation of the Universal Child Care Benefit; and

(3) the rules relating to registered education savings plans.

The bill amends the Taxation Act to make amendments similar to those made by another federal bill concerning the limitation of the tax benefits arising from charitable donations made under tax shelter arrangements and other gifting arrangements. The bill thus gives effect to harmonization measures announced in particular in Information Bulletin 2003-7, published on 12 December 2003 by the Ministère des Finances, and in the Budget Speech delivered on 23 March 2006.

In addition, the bill amends the Act respecting the Québec sales tax to make amendments similar to those made to the Excise Tax Act by Bill C-40 (Statutes of Canada, 2007, chapter 18) and by Bill C-52 (Statutes of Canada, 2007, chapter 29), both assented to on 22 June 2007. The bill thus gives effect to harmonization measures announced in the Budget Speeches delivered on 12 June 2003, 23 March 2006 and 24 May 2007 and in Information Bulletins published by the Ministère des Finances in 2001, 2003 and 2006. More specifically, the amendments deal with

- (1) the exemption of speech-language pathology services;*
- (2) the exemption of midwifery services;*
- (3) the exemption of health-related services rendered in the practise of the profession of social work;*
- (4) the zero-rated status of industrial hemp, of plasma expanders and of a group of drugs collectively known as Benzodiazepines;*
- (5) the rules applicable to mandataries;*
- (6) the treatment of the right to use certain types of amusement or entertainment devices;*
- (7) the Québec sales tax rebate applicable to specially equipped vehicles;*
- (8) the Québec sales tax new housing rebate;*
- (9) the exemption of supplies of immovables made by charities;*
- (10) the computation of the maximum allowable value of passenger vehicles for input tax refund purposes;*
- (11) the exemption of the supply by a government or municipality of a right to access or use a registration system, and the processing of applications; and*
- (12) the treatment of supplies made by a municipality's small supplier division.*

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

LEGISLATION AMENDED BY THIS BILL:

- Act respecting prescription drug insurance (R.S.Q., chapter A-29.01);
- Public Curator Act (R.S.Q., chapter C-81);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5);
- Act respecting property tax refund (R.S.Q., chapter R-20.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);
- Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 85);
- Act to again amend the Taxation Act and other legislative provisions (2006, chapter 36).

Bill 37

AN ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON 24 MAY 2007, TO THE 1 JUNE 2007 MINISTERIAL STATEMENT CONCERNING THE GOVERNMENT'S 2007-2008 BUDGETARY POLICY AND TO CERTAIN OTHER BUDGET STATEMENTS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING PRESCRIPTION DRUG INSURANCE

1. (1) Section 23 of the Act respecting prescription drug insurance (R.S.Q., chapter A-29.01) is amended by replacing “\$422” by “\$557”.

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

PUBLIC CURATOR ACT

2. Section 24.1 of the Public Curator Act (R.S.Q., chapter C-81), amended by section 1 of chapter 14 of the statutes of 2007, is again amended by replacing “on the seventieth birthday of the annuitant or employee” in paragraph 9 by “at the end of the year in which the annuitant or employee reaches 71 years of age”.

TAXATION ACT

3. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 20 of chapter 12 of the statutes of 2007, is again amended

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

““eligible dividend” means a taxable dividend that is paid after 23 March 2006 by a corporation resident in Canada, that is received by a person resident in Canada and that

(a) is designated, in accordance with subsection 14 of section 89 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), as an eligible dividend for the purposes of that Act; or

(b) if it is included in a particular amount that is deemed to be a dividend or taxable dividend, corresponds, without exceeding the particular amount, to the portion, designated, in accordance with subsection 14 of section 89 of the Income Tax Act, as an eligible dividend for the purposes of that Act, of the

amount, corresponding to the particular amount, that is deemed to be a dividend or taxable dividend for the purposes of that Act;”;

(2) by striking out “and in paragraph *a* of the definition of “earned income” set out in section 1029.8.67” in the definition of “salary or wages”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 23 March 2006.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2007.

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

“6.1.1. If at any time a corporation becomes or ceases to be a Canadian-controlled private corporation, otherwise than because of an acquisition of control to which section 6.2 would, but for this section, apply, the following rules apply:

(*a*) subject to subparagraph *c*, the corporation’s taxation year that would, but for this section, include that time is deemed to end immediately before that time;

(*b*) a new taxation year of the corporation is deemed to begin at that time;

(*c*) despite the definition of “taxation year” in section 1 and sections 5 and 6.1, the corporation’s taxation year that would, but for this section, have been its last taxation year that ended before that time is deemed to end immediately before that time if

i. that taxation year would have ended, but for this subparagraph *c*, and otherwise than because of section 779, Chapter I of Title I.1 of Book VI or paragraph *a* of section 851.22.23 or 999.1, within the 7-day period that ended immediately before that time,

ii. within the 7-day period that ended immediately before that time, no person or group of persons acquired control of the corporation, and the corporation did not become or cease to be a Canadian-controlled private corporation, and

iii. the corporation makes, after 19 December 2006, for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), a valid election under subparagraph iii of paragraph *c* of subsection 3.1 of section 249 of that Act to have that paragraph apply in respect of that taxation year; and

(*d*) for the purpose of determining the corporation’s fiscal period after that time, the corporation is deemed not to have established a fiscal period before that time.

A corporation that makes the valid election referred to in subparagraph iii of subparagraph *c* of the first paragraph in respect of a taxation year shall, not later than 30 days after the day on which the election is made or, if it is later, the corporation's filing-due date for the taxation year, notify the Minister in writing of the election and attach to the notice a copy of every document sent to the Minister of National Revenue in connection with the election.

In the event of non-compliance with a requirement of the second paragraph, the corporation incurs a penalty of \$25 a day for every day the omission continues, up to \$2,500."

(2) Subsection 1 applies to a taxation year that ends after 31 December 2005. However, when section 6.1.1 of the Act applies before 20 December 2006, it is to be read

(1) as if subparagraph iii of subparagraph *c* of the first paragraph was replaced by the following subparagraph:

"iii. the corporation elects, in its fiscal return under this Part for that taxation year, to have this subparagraph *c* apply in respect of that taxation year; and"; and

(2) without reference to the second and third paragraphs.

5. (1) The Act is amended by inserting the following after section 7.19:

"CHAPTER I.1

"RULES RELATING TO GIFTS

"7.20. The existence of an amount of an advantage in respect of a transfer of property does not disqualify the transfer from being a gift to a qualified donee, provided that

(a) the amount of the advantage does not exceed 80% of the fair market value of the transferred property; or

(b) the transferor of the property establishes to the satisfaction of the Minister that the transfer was made with the intention to make a gift.

"7.21. The eligible amount of a gift is equal to the amount by which the fair market value of the property that is the subject of the gift exceeds the amount of the advantage, if any, in respect of the gift.

However, if a taxpayer disposes of the bare ownership of a work of art or of a cultural property described in the third paragraph of section 232 in the course of a recognized gift with reserve of usufruct or use, the eligible amount of the gift is equal to the amount by which the fair market value of the gift, determined under the rules of paragraph *b* of section 710.4 or 752.0.10.4.2,

exceeds the amount of the advantage in respect of the gift, other than the usufruct or right of use.

“7.22. The amount of the advantage in respect of a gift made by a taxpayer is equal to the aggregate of

(a) the aggregate of all amounts, other than an amount referred to in paragraph *b*, each of which is an amount equal to the value, at the time the gift is made, of a property, service, compensation, use or other benefit that the taxpayer, or a person or partnership who does not deal at arm’s length with the taxpayer, has received, obtained or enjoyed, or is entitled, either immediately or in the future and either absolutely or contingently, to receive, obtain, or enjoy

- i. that is consideration for the gift,
- ii. that is in gratitude for the gift, or
- iii. that is in any other way related to the gift; and

(b) the limited-recourse debt, determined under section 851.41.1, in respect of the gift at the time the gift is made.

“7.23. The cost to a taxpayer of a property, acquired by the taxpayer in circumstances where section 7.22 applies to include the value of the property in computing the amount of the advantage in respect of a gift, is equal to the fair market value of the property at the time the gift is made.

“7.24. If at any time in a taxation year a taxpayer has paid an amount, in this section referred to as the “repaid amount”, on account of the principal amount of an indebtedness which was, before that time, an unpaid principal amount that was a limited-recourse debt referred to in section 851.41.1, in this section referred to as the “former limited-recourse debt”, in respect of a gift, in this section referred to as the “original gift”, of the taxpayer, otherwise than by way of an assignment or transfer of a guarantee, security or similar covenant, or by way of a payment in respect of which a taxpayer referred to in section 851.41.1 has incurred an indebtedness that would be a limited-recourse debt referred to in that section if that indebtedness were in respect of a gift made at the time that that indebtedness was incurred, the taxpayer is deemed, for the purposes of sections 710 to 716.0.3 and 752.0.10.1 to 752.0.10.18 and if the former limited-recourse debt is in respect of the original gift, to have made in the taxation year a gift to a qualified donee, the eligible amount of which deemed gift is equal to the amount by which the amount that would have been the eligible amount of the original gift, if the aggregate of all such repaid amounts paid at or before that time were paid immediately before the original gift was made, exceeds the aggregate of the eligible amount of the original gift and the eligible amount of all other gifts deemed under this section to have been made before that time in respect of the original gift.

“7.25. For the purposes of section 7.21, paragraph *c* of section 422 and sections 716 and 752.0.10.12, the fair market value of a property that is the subject of a gift made by a taxpayer to a qualified donee is deemed to be equal to the lesser of the fair market value of the property otherwise determined and the cost or, in the case of a capital property, the adjusted cost base, of the property to the taxpayer immediately before the gift is made if

(a) the taxpayer acquired the property under a gifting arrangement that is a tax shelter as defined in section 1079.1; or

(b) unless the gift is made as a consequence of the taxpayer’s death,

i. the taxpayer acquired the property less than 3 years before the day that the gift is made, or

ii. the taxpayer acquired the property less than 10 years before the day that the gift is made and it is reasonable to conclude that, at the time the taxpayer acquired the property, one of the main reasons for the acquisition was to make a gift of the property to a qualified donee.

“7.26. If a taxpayer acquired a property that is the subject of a gift to which section 7.25 applies because of subparagraph i or ii of paragraph *b* of that section and the property was, at any time within the 3-year or 10-year period that ends when the gift is made, acquired by a person or partnership with whom the taxpayer does not deal at arm’s length, for the purpose of applying section 7.25 to the taxpayer, the cost or, in the case of a capital property, the adjusted cost base, of the property to the taxpayer immediately before the gift is made is deemed to be equal to the lowest amount that is the cost or, in the case of a capital property, the adjusted cost base, to the taxpayer or that person or partnership immediately before the property was disposed of by that person or partnership.

“7.27. Section 7.25 does not apply to a gift

(a) of a property described in an inventory;

(b) of an immovable property situated in Canada;

(c) of a cultural property described in the third paragraph of section 232;

(d) of a property to which section 231.2 would apply, if the portion of paragraph *a* of that section before subparagraph i were read without reference to “, other than a private foundation,”;

(e) of a share of the capital stock of a corporation if

i. the share was issued by the corporation to the donor,

ii. immediately before the gift, the corporation was controlled by the donor, a person related to the donor or a group of persons each of whom is related to the donor, and

iii. section 7.25 would not have applied in respect of the consideration for which the share was issued had that consideration been donated by the donor to the qualified donee when the share was so donated;

(f) by a corporation of a property if

i. the property was acquired by the corporation in circumstances to which section 518 or 529 applied,

ii. immediately before the gift, the shareholder from whom the corporation acquired the property controlled the corporation or was related to a person or each member of a group of persons that controlled the corporation, and

iii. section 7.25 would not have applied in respect of the property had the property not been transferred to the corporation and had the shareholder made the gift to the qualified donee when the corporation so made the gift;

(g) of a property that was acquired in circumstances where any of sections 440, 444, 454, 459 and 460 applied, unless section 7.26 would have applied if this section were read without reference to this paragraph;

(h) of a work of art to a Québec museum;

(i) of the bare ownership of a work of art or of a cultural property described in the third paragraph of section 232; or

(j) of a musical instrument to an entity referred to in the definition of “total musical instrument gifts” in the first paragraph of section 752.0.10.1.

“7.28. The eligible amount of a gift of a property by a taxpayer is equal to zero if it can reasonably be concluded that the gift relates to a transaction or series of transactions

(a) one of the purposes of which is to avoid the application of section 7.25 to the gift of a property; or

(b) that would, if this Part were read without reference to this paragraph, result in a tax benefit to which section 1079.10 applies.

“7.29. If a taxpayer disposes of a property, in this section referred to as the “substantive gift”, that is a capital property or an incorporeal capital property of the taxpayer, to a recipient that is a qualified donee, section 7.25 would have applied in respect of the substantive gift if it had been the subject of a gift by the taxpayer to a qualified donee, and all or a part of the proceeds of disposition of the substantive gift are, or are substituted, directly or indirectly

in any manner whatever, for, property that is the subject of a gift by the taxpayer to the recipient or any person not dealing at arm's length with the recipient, the following rules apply:

(a) for the purposes of section 7.21, the fair market value of the property that is the subject of the gift made by the taxpayer is deemed to be equal to that proportion of the lesser of the fair market value of the substantive gift and the cost or, if the substantive gift is a capital property of the taxpayer, the adjusted cost base, of the substantive gift to the taxpayer immediately before the disposition to the recipient, that the fair market value otherwise determined of the property that is the subject of the gift is of the proceeds of disposition of the substantive gift;

(b) if the substantive gift is a capital property of the taxpayer, for the purposes of subparagraph *f* of the first paragraph of section 93 and section 251, the sale price of the substantive gift is to be reduced by the amount by which the fair market value of the property that is the subject of the gift, determined without reference to this chapter, exceeds the fair market value determined under paragraph *a*; and

(c) if the substantive gift is an incorporeal capital property of the taxpayer, the amount included in computing an excess amount referred to in subparagraph *b* of the second paragraph of section 107 is to be reduced by the amount by which the fair market value of the property that is the subject of the gift, determined without reference to this chapter, exceeds the fair market value determined under paragraph *a*.

“7.30. Section 7.20 does not apply in respect of a gift made by a registered charity to a qualified donee.

“7.31. Despite section 7.21, the eligible amount of a gift made by a taxpayer is equal to zero if the taxpayer does not, before a receipt referred to in section 712 or 752.0.10.3 is issued in respect of the gift, inform the qualified donee or the recipient of any circumstances in respect of which any of sections 7.21, 7.25, 7.26, 7.28 and 7.29 causes the eligible amount of the gift to be less than the fair market value, determined without reference to sections 7.25, 716 and 752.0.10.12, of the property that is the subject of the gift.”

(2) Subsection 1, except when it enacts sections 7.25, 7.27 and 7.28 of the Act, applies in respect of a gift made after 20 December 2002. However,

(1) section 7.22 of the Act is to be read without reference to

(a) subparagraph iii of its paragraph *a*, when it applies in respect of a gift made before 6:00 p.m. Eastern Standard Time on 5 December 2003; and

(b) its paragraph *b*, when it applies in respect of a gift made before 19 February 2003;

(2) section 7.24 of the Act does not apply in respect of a gift made before 19 February 2003;

(3) section 7.26 of the Act does not apply in respect of a gift made before 18 July 2005;

(4) section 7.29 of the Act does not apply in respect of a gift made before 27 February 2004;

(5) section 7.30 of the Act does not apply in respect of a gift made before 9 November 2006; and

(6) section 7.31 of the Act does not apply in respect of a gift made before 1 January 2006.

(3) Subsection 1, when it enacts section 7.25, the portion of section 7.27 before paragraph *j* and section 7.28 of the Act, applies from the taxation year 2003. However, when section 7.28 of the Act applies in respect of a gift made before 18 July 2005, it is to be read as follows:

“7.28. If it can reasonably be concluded that one of the reasons for a series of transactions, that includes a disposition or acquisition of a property of a taxpayer that is the subject of a gift by the taxpayer, is to increase the amount that would be deemed to be the fair market value of the property under section 7.25, the cost of the property for the purposes of section 7.25 is deemed to be the lowest cost to the taxpayer to acquire that property or an identical property at any time.”

(4) In addition, subsection 1, when it enacts section 7.25, the portion of section 7.27 before paragraph *j* and section 7.28 of the Act, applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 12 December 2003. However, it does not apply in respect of cases pending before the courts on 12 December 2003 or to notices of objection served on the Minister of Revenue on or before that date, if one of the subjects of the contestation, expressly invoked on or before that date in the motion of appeal or in the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, concerns the valuation of a property that is the subject of a gift for the purpose of determining the fair market value of the property.

(5) Subsection 1, when it enacts paragraph *j* of section 7.27 of the Act, applies in respect of a gift made after 23 March 2006.

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

“(f) was a child of, and dependent for support on, an individual to whom any of paragraphs *b*, *c* and *d* applies and the child’s income for the year did not exceed \$6,650; or”.

(2) Subsection 1 applies from the taxation year 2007.

7. (1) The Act is amended by inserting the following section after section 8.1:

“8.2. The amount referred to in paragraph *f* of section 8 that must be used for a taxation year subsequent to the taxation year 2007 is to be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula

$(A/B) - 1$.

In the formula in the first paragraph,

(a) *A* is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year preceding that for which an amount is to be adjusted; and

(b) *B* is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the taxation year next before the year preceding that for which the amount is to be adjusted.

If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.

If the amount that results from the adjustment provided for in the first paragraph is not a multiple of \$5, it must be rounded to the nearest multiple of \$5 or, if it is equidistant from two such multiples, to the higher of the two.”

(2) Subsection 1 applies from the taxation year 2008.

8. (1) Section 21.19 of the Act is amended

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

“(d) that, for the purposes of section 6.1.1 and of subsection 1 of section 771 in respect of a particular taxation year, makes a valid election under subsection 11 of section 89 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) to not be considered, for certain purposes, to be a Canadian-controlled private corporation at any time in or

after a taxation year that is the particular taxation year or a preceding taxation year, and that did not revoke the election in accordance with subsection 12 of section 89 of that Act as of the end of a taxation year preceding the particular taxation year.”;

(2) by adding the following paragraphs:

“A corporation that makes the valid election referred to in subparagraph *d* of the first paragraph in respect of the status of the corporation at any time in or after a taxation year, or that revokes the election as of the end of a taxation year shall, not later than 30 days after the day on which the election or revocation is made or, if it is later, the corporation’s filing-due date for the taxation year, notify the Minister in writing of the election or revocation and attach to the notice a copy of every document sent to the Minister of National Revenue in connection with the election or revocation.

“In the event of non-compliance with a requirement of the second paragraph, the corporation incurs a penalty of \$25 a day for every day the omission continues, up to \$2,500.”

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 31 December 2005.

(3) Paragraph 2 of subsection 1 has effect from 20 December 2006.

9. (1) Section 21.32 of the Act is amended

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

“21.32. For the purposes of this Part, any amount received as compensation for a taxable dividend paid on a qualified security that is a share of the capital stock of a public corporation is, to the extent of the amount of such dividend, deemed to have been received from the corporation as a taxable dividend on the share and, if the amount has the characteristics described in the second paragraph, as an eligible dividend on the share, if it has been received”;

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

“The characteristics to which the first paragraph refers in respect of an amount are the following:

(*a*) the amount is deemed, under the first paragraph, to be a taxable dividend;
and

(*b*) the amount is received by a person resident in Canada as

i. compensation for an eligible dividend, or

ii. compensation for a taxable dividend, other than an eligible dividend, paid by a corporation to a shareholder not resident in Canada in circumstances where it may reasonably be considered that the corporation would, if that shareholder had been resident in Canada, have designated the dividend as an eligible dividend under subsection 14 of section 89 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for the purposes of that Act.”

(2) Subsection 1 applies in respect of an amount received as compensation for a dividend paid after 23 March 2006.

10. (1) Section 75.6 of the Act, enacted by section 31 of chapter 12 of the statutes of 2007, is amended

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

“If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”;

(2) by replacing “s’il est équidistant” in the third paragraph in the French text by “s’il en est équidistant”.

(2) Subsection 1 applies from the taxation year 2008.

11. (1) The Act is amended by inserting the following section after section 231.3:

“**231.4.** If a taxpayer is entitled to an amount of an advantage in respect of a gift of a property described in section 231.2, the following rules apply:

(a) that section applies only to that proportion of the taxpayer’s capital gain in respect of the gift that the eligible amount of the gift is of the taxpayer’s proceeds of disposition in respect of the gift; and

(b) section 231 applies to the extent that the taxpayer’s capital gain in respect of the gift exceeds the amount of the capital gain to which section 231.2 applies.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

12. (1) Section 234.0.1 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the amount that the taxpayer claims in prescribed form filed with the taxpayer’s fiscal return for the particular taxation year, not exceeding the eligible amount of the gift, if the taxpayer is not deemed under section 752.0.10.16 to have made a gift of a property before the end of the particular taxation year as a consequence of a disposition of the security by the

donee or as a consequence of the security ceasing to be a non-qualifying security of the taxpayer before the end of that year.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

13. (1) Section 257 of the Act, amended by section 45 of chapter 12 of the statutes of 2007, is again amended by replacing subparagraph iii of paragraph *l* by the following subparagraph:

“iii. any amount deemed, under section 714 or 752.0.10.11, to be the eligible amount of a gift made by the taxpayer as a member of the partnership at the end of any fiscal period of the partnership ending before that time,”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

14. (1) Section 339 of the Act is amended by replacing paragraph *i.1* by the following paragraph:

“(i.1) the amount by which the amount equal to the product obtained by multiplying the amount payable by the taxpayer for the year as a premium on the taxpayer’s business income under the Act respecting parental insurance (chapter A-29.011) by the proportion that the premium rate referred to in subparagraph 1 of the first paragraph of section 6 of that Act is of the premium rate referred to in subparagraph 3 of that paragraph, is exceeded by the amount payable by the taxpayer for the year as a premium on the taxpayer’s business income under that Act, other than an amount, in respect of that amount payable by the taxpayer for the year, in relation to a business of the taxpayer, as that premium, if all of the taxpayer’s income from that business is not required to be included in computing the taxpayer’s income for the year or is deductible in computing the taxpayer’s taxable income for the year under any of sections 725, 737.16, 737.18.10, 737.18.34 and 737.22.0.10; and”.

(2) Subsection 1 applies from the taxation year 2008.

15. (1) Section 421.2 of the Act is amended, in the third paragraph,

(1) by replacing “performing arts presenter” in the definition of “subscription” by “cultural events presenter”;

(2) by replacing the definition of “performing arts presenter” by the following definition:

““cultural events presenter” means

(a) a person or an organization whose mission is to present the arts, history or science and that is responsible for programming professional performances or museum exhibits generating box office or subscription income;

(b) a person or an organization acting on behalf of a person or organization described in paragraph *a*; or

(c) a manager or lessee of a venue for cultural events;”.

(2) Subsection 1 applies in respect of a subscription purchased after 21 April 2005.

16. (1) Section 462.14 of the Act is amended

(1) by replacing “contemplated in section 462.13” in the portion before paragraph *a* by “to which section 462.13 refers”;

(2) by replacing “to be interest” in paragraph *a* by “to have been received as interest”;

(3) by replacing “5/4 of all taxable dividends received, other than dividends deemed under Chapter III of Title IX to have been received, by the taxpayer in the year” in paragraph *b* by “the aggregate of all amounts included in computing the individual’s income for the year under sections 497 and 577 in relation to the taxable dividends received by the individual in the year, other than dividends deemed under Chapter III of Title IX to have been received”.

(2) Paragraph 3 of subsection 1 applies in respect of an amount received after 23 March 2006.

17. (1) Section 497 of the Act is replaced by the following section:

“**497.** A taxpayer shall include, in computing the taxpayer’s income for a taxation year, the aggregate of

(a) the amount by which the aggregate of all amounts, other than an eligible dividend or an amount described in any of subparagraphs *c* to *e*, received by the taxpayer in the taxation year from corporations resident in Canada as, on account of, in lieu of payment of or in satisfaction of, taxable dividends, exceeds, if the taxpayer is an individual, the aggregate of all amounts paid by the taxpayer in the taxation year that are deemed, under section 21.32, to have been received by another person as taxable dividends, other than an eligible dividend;

(b) the amount by which the aggregate of all amounts, other than an amount included in computing the taxpayer’s income because of any of subparagraphs *c* to *e*, received by the taxpayer in the taxation year from corporations resident in Canada as, on account of, in lieu of payment of or in satisfaction of, eligible dividends, exceeds, if the taxpayer is an individual, the aggregate of all amounts paid by the taxpayer in the taxation year that are deemed, under section 21.32, to have been received by another person as eligible dividends;

(c) the aggregate of the taxable dividends received by the taxpayer at any time in the taxation year on a share acquired before that time and after 30 April 1989 from corporations resident in Canada under a dividend rental arrangement of the taxpayer;

(d) the aggregate of the taxable dividends, other than a taxable dividend described in subparagraph *c*, received by the taxpayer in the taxation year from corporations resident in Canada that are not taxable Canadian corporations; and

(e) if the taxpayer is a trust, the aggregate of all amounts each of which is all or part of a taxable dividend, other than a dividend described in subparagraph *c* or *d*, that was received by the trust in the taxation year on a share of the capital stock of a taxable Canadian corporation and that can reasonably be considered to have been included in computing the income of a beneficiary under the trust who was not resident in Canada at the end of the taxation year.

The taxpayer shall also include, in computing the taxpayer's income for a taxation year, if the taxpayer is an individual, other than a trust that is a registered charity, the aggregate of

(a) 25% of the excess amount determined in respect of the taxpayer under subparagraph *a* of the first paragraph for the taxation year; and

(b) 45% of the excess amount determined in respect of the taxpayer under subparagraph *b* of the first paragraph for the taxation year.”

(2) Subsection 1 applies in respect of an amount received or paid after 23 March 2006.

18. (1) The Act is amended by inserting the following section after section 498:

“498.1. If a corporation makes a valid election, for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), under subsection 2 of section 185.1 of that Act in relation to an eligible dividend, in this section referred to as the “original dividend for federal purposes”, that it paid at a particular time after 23 March 2006, the following rules apply:

(a) despite the definition of “eligible dividend” in section 1, the amount of the dividend corresponding to the original dividend for federal purposes, that is an eligible dividend, in this section referred to as the “original dividend for Québec purposes”, that the corporation paid at the particular time is deemed to be equal to the lesser of the amount of the original dividend for Québec purposes, determined without reference to this section, and the amount of the original dividend for federal purposes, determined under paragraph *a* of subsection 2 of section 185.1 of the Income Tax Act;

(b) an amount equal to the amount by which the amount of the original dividend for Québec purposes, determined without reference to this section, exceeds the amount of the original dividend for Québec purposes, determined under subparagraph *a*, is deemed to be a separate taxable dividend, other than an eligible dividend, that was paid by the corporation immediately before the particular time;

(c) each shareholder of the corporation who at the particular time held any of the issued shares of the class of shares in respect of which the original dividend for Québec purposes was paid is deemed

- i. not to have received the original dividend for Québec purposes, and
- ii. to have received at the particular time

(1) as an eligible dividend, the shareholder's proportional share of the amount of any dividend determined under subparagraph *a*, and

(2) as a taxable dividend, other than an eligible dividend, the shareholder's proportional share of the amount of any dividend determined under subparagraph *b*;

(d) a shareholder's proportional share of the amount of a dividend paid at any time on a class of shares of the capital stock of a corporation is the proportion of that amount that the number of shares of that class held by the shareholder at that time is of the number of shares of that class outstanding at that time; and

(e) not later than 30 days after the day on which the election is made, the corporation shall notify the Minister in writing of the election and attach to the notice a copy of every document sent to the Minister of National Revenue in connection with the election.

In the event of non-compliance with a requirement of subparagraph *e* of the first paragraph, the corporation incurs a penalty of \$25 a day for every day the omission continues, up to \$2,500.

Under this Part and despite sections 1010 to 1011, the Minister may make such assessments of the tax, interest and penalties payable as are necessary for any taxation year to give effect to the rules set out in this section in relation to the original dividend for Québec purposes, if the corporation fails to comply with a requirement of subparagraph *e* of the first paragraph in relation to the valid election referred to in that paragraph in respect of the original dividend for federal purposes or if the corporation makes the election after the day that is 30 months after the day on which the original dividend for federal purposes was paid.”

(2) Subsection 1 applies to a taxation year that ends after 23 March 2006. However, when section 498.1 of the Act applies before 20 December 2006, it is to be read

(1) without reference to subparagraph *e* of the first paragraph and the second paragraph; and

(2) as if “if the corporation fails to comply with a requirement of subparagraph *e* of the first paragraph in relation to the valid election referred to in that paragraph in respect of the original dividend for federal purposes or if the corporation makes the election” in the third paragraph was replaced by “if the corporation makes the valid election referred to in the first paragraph in respect of the original dividend for federal purposes”.

19. (1) Section 563 of the Act is replaced by the following section:

“563. If a subsidiary has made a gift in a taxation year, in this section referred to as the “gift year”, for the purpose of computing the amount deductible under section 710 by the parent in computing its taxable income for a taxation year ending after the winding-up of the subsidiary, the parent is deemed to have made a gift, in its taxation year in which the gift year of the subsidiary ended, equal to the amount by which the aggregate of all amounts each of which is the amount of a gift or, in the case of a gift made after 20 December 2002, the eligible amount of the gift, made by the subsidiary in the gift year exceeds the aggregate of the amounts deducted under section 710 in computing the subsidiary’s taxable income in respect of those gifts.”

(2) Subsection 1 applies in respect of a winding-up that begins after 20 December 2002.

20. Section 692.5 of the Act is amended by inserting “427.4,” after “422 to 424,” in paragraph *b*.

21. (1) Section 694.0.0.1 of the Act is amended by adding the following paragraphs:

“Despite the first paragraph, the individual is not required to include, in computing the individual’s taxable income, if the individual so elects, the portion of the amount referred to in the first paragraph that relates to one or more preceding taxation years that are eligible taxation years of the individual if the portion is not less than \$300.

“For the purposes of the second paragraph, “eligible taxation year” of an individual means a taxation year throughout which the individual was resident in Canada, other than a taxation year that ends in a calendar year in which the individual became a bankrupt.”

(2) Subsection 1 applies from the taxation year 2007.

22. (1) The Act is amended by inserting the following section after section 694.0.0.1:

“694.0.0.2. For the purposes of the first paragraph of section 694.0.0.1, if an individual has a spouse at the end of 31 December of a taxation year and the individual or the spouse became a bankrupt in the year, section 779 does not apply for the purpose of determining the individual’s or the spouse’s income for the year.”

(2) Subsection 1 applies from the taxation year 2006.

23. (1) Section 710 of the Act is amended

(1) by replacing “the fair market value of a gift, other than a gift the fair market value of which is included” in the portion of paragraph *a* before subparagraph *i* by “the eligible amount of a gift, other than a gift the eligible amount of which is included”;

(2) by replacing “the fair market value of a gift, other than a gift the fair market value of which is included” in paragraph *b* by “the eligible amount of a gift, other than a gift the eligible amount of which is included”;

(3) by replacing “the fair market value, as certified by the Minister of the Environment, of a gift the object of which is any of the properties described in section 710.0.1, other than a gift the fair market value of which is included” in the portion of paragraph *c* before subparagraph *i* by “the eligible amount of a gift the fair market value of which is certified by the Minister of Sustainable Development, Environment and Parks and the object of which is any of the properties described in section 710.0.1, other than a gift the eligible amount of which is included”;

(4) by replacing the portion of paragraph *d* before subparagraph *i* by the following:

“(d) the aggregate of all amounts each of which is the eligible amount of a gift, other than a gift the eligible amount of which is included in the aggregate described in paragraph *e*, made by the corporation in the year, in any of the five preceding taxation years, if the gift was made in a taxation year that ended before 24 March 2006, or in any of the 20 preceding taxation years, if the gift is made in a taxation year that ends after 23 March 2006, to”;

(5) by replacing “the fair market value” in the portion of paragraph *e* before subparagraph *i* by “the eligible amount”.

(2) Paragraphs 1 to 4 of subsection 1 apply in respect of a gift made after 20 December 2002. However,

(1) when the portion of paragraph *c* of section 710 of the Act before subparagraph *i* applies before 19 April 2006, it is to be read as if “Minister of

Sustainable Development, Environment and Parks” was replaced by “Minister of the Environment”; and

(2) when the portion of paragraph *d* of section 710 of the Act before subparagraph i applies in respect of a gift made before 24 March 2006, it is to be read as follows:

“(d) the aggregate of all amounts each of which is the eligible amount of a gift made by the corporation in the year or in any of the five preceding taxation years to”.

(3) Paragraph 5 of subsection 1 applies in respect of a gift made after 23 March 2006.

24. (1) Section 711 of the Act is amended, in the second paragraph,

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

“(b) B is the aggregate of all amounts each of which is equal to that proportion of the corporation’s taxable capital gain for the year in respect of a gift made by the corporation in the year and in respect of which gift an eligible amount is described in paragraph *a* of section 710 for the year, that the eligible amount of the gift is of the corporation’s proceeds of disposition in respect of the gift;”;

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

“ii. the aggregate of the amounts determined in respect of a disposition that is the making of a gift of a property of the class by the corporation in the year and in respect of which gift an eligible amount is described in paragraph *a* of section 710 for the year, each of which is equal to the lesser of

(1) that proportion of the amount by which the proceeds of disposition of the property exceed any outlays made or expenses incurred by the corporation for the purpose of making the disposition, that the eligible amount of the gift is of the corporation’s proceeds of disposition in respect of the gift, and

(2) that proportion of the capital cost to the corporation of the property that the eligible amount of the gift is of the corporation’s proceeds of disposition in respect of the gift.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

25. (1) Section 714 of the Act is amended by replacing “any gift made in the name of the partnership is deemed a gift” by “the eligible amount of a gift made in the name of the partnership is deemed to be the eligible amount of a gift”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

26. (1) Section 714.2 of the Act is replaced by the following section:

“**714.2.** If, at any given time, a corporation makes a gift of a work of art referred to in section 714.1 to a donee referred to in that section, the lesser of the amount that may reasonably be considered as the consideration for the disposition by the donee of the work of art and its fair market value at the time of the disposition, is deemed, for the purposes of section 710, to be the fair market value for the purpose of computing the eligible amount of the gift at the given time and, for the purposes of section 716, to be the fair market value of the capital property at the given time.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

27. (1) Section 716 of the Act is replaced by the following section:

“**716.** The rule set out in the second paragraph applies if, at any time, a corporation makes a gift of a capital property to a donee referred to in any of paragraphs *a* to *c* of section 710 or, if the corporation is not resident in Canada, a gift of an immovable property situated in Canada to a prescribed donee who provides an undertaking, in a form satisfactory to the Minister, to the effect that the property will be held for use in the public interest, the corporation designates an amount in respect of the gift in the fiscal return it is required to file under section 1000 for the year in which the gift is made, and, at that time, the fair market value of the capital property or immovable property exceeds

(*a*) in the case of a depreciable property of a prescribed class, the lesser of the undepreciated capital cost of that class at the end of the taxation year of the corporation that includes that time, determined without reference to the proceeds of disposition determined in respect of the property under the second paragraph, and the adjusted cost base to the corporation of the property immediately before that time; and

(*b*) in any other case, the adjusted cost base to the corporation of the capital property or immovable property immediately before that time.

The designated amount is deemed to be both the corporation’s proceeds of disposition of the capital property or immovable property and, for the purposes of section 7.21, the fair market value of the gift, but the designated amount may not exceed the fair market value of the capital property or immovable property otherwise determined and may not be less than the greater of

(*a*) in the case of a gift made after 20 December 2002, the amount of the advantage in respect of the gift; and

(*b*) the amount determined under subparagraph *a* or *b* of the first paragraph in respect of the capital property or immovable property.”

(2) Subsection 1 applies in respect of a gift made after 31 December 1999. However, when the second paragraph of section 716 of the Act applies in respect of a gift made before 21 December 2002, the portion of that paragraph before subparagraph *a* is to be read as if “7.21” was replaced by “710”.

28. (1) Section 716.0.1.1 of the Act is amended by replacing “the amount of the fair market value of that gift” by “the eligible amount of that gift”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

29. (1) Section 725.7.1 of the Act is replaced by the following section:

“725.7.1. An individual may deduct, in computing the individual’s taxable income for a taxation year, the aggregate of all amounts each of which is an amount paid in the year as a reimbursement, under the Universal Child Care Benefit Act, enacted by section 168 of the Budget Implementation Act, 2006 (Statutes of Canada, 2006, chapter 4), of an amount that was included in computing the individual’s taxable income for the year or a preceding taxation year under the first paragraph of section 694.0.0.1 or that would have been so included for the year or a preceding taxation year had the individual not made an election under the second paragraph of that section.”

(2) Subsection 1 applies from the taxation year 2007.

30. (1) Section 737.18.14 of the Act is amended, in the first paragraph,

(1) by inserting “, subject to section 737.18.16.1,” after “means” in the definition of “eligible activities”;

(2) by replacing “in relation to the activities carried on in the course of the business” in the definition of “recognized business” by “in relation to the eligible activities carried on in the course of carrying on the business”.

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

31. (1) The Act is amended by inserting the following section after section 737.18.16:

“737.18.16.1. Subject to section 737.18.16, if, at a particular time, the activities carried on in Québec by a person or partnership in relation to a business diminish or cease and it may reasonably be considered that, as a result, a corporation or another partnership begins, after the particular time, to carry on similar activities in the course of carrying on a recognized business, in relation to a major investment project, or increases the scope of similar activities carried on in the course of carrying on such a business, those activities or portions of activities are deemed not to be eligible activities of the

corporation or of the other partnership carried on in the course of carrying on a recognized business, in relation to the major investment project.”

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

32. (1) Section 750 of the Act is amended

(1) by replacing “\$27,635” in paragraph *a* by “\$37,500”;

(2) by replacing “\$55,280” and “\$27,635” in paragraph *b* by “\$75,000” and “\$37,500”, respectively;

(3) by replacing “\$55,280” in paragraph *c* by “\$75,000”.

(2) Subsection 1 applies from the taxation year 2008.

33. (1) Section 750.1 of the Act is amended, in the portion before paragraph *a*, by inserting “752.0.18.13.1,” after “752.0.18.10,” and by inserting “, 776.41.14, 776.41.21” after “770”.

(2) Subsection 1 applies from the taxation year 2007.

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

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

“**750.2.** Each of the amounts referred to in the fourth paragraph that must be used for a taxation year subsequent to the taxation year 2007 is to be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula”;

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

“If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”;

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

“The amounts to which the first paragraph refers are

(*a*) the amounts of \$37,500 and \$75,000, wherever they are mentioned in section 750;

- (b) the amount of \$10,215 mentioned in section 752.0.0.1;
 - (c) the amounts of \$1,860 and \$2,705 mentioned in section 752.0.1;
 - (d) the amount of \$29,290 mentioned in section 752.0.7.1;
 - (e) the amounts of \$1,180 and \$1,465, wherever they are mentioned in section 752.0.7.4;
 - (f) the amount of \$2,295 mentioned in section 752.0.14; and
 - (g) the amounts of \$6,650 and \$1,860, wherever they are mentioned in section 776.41.14.”;
- (4) by striking out the fourth paragraph.

(2) Subsection 1 applies from the taxation year 2008. However, when section 750.2 of the Act applies to the taxation year 2008, it is to be read without reference to subparagraphs *a* and *b* of the fourth paragraph.

(3) In addition, when section 750.2 of the Act applies to the taxation year 2007, it is to be read without reference to subparagraphs *c* to *f* of the third paragraph.

35. (1) Section 752.0.0.1 of the Act is amended

- (1) by replacing “the total of \$6,275 and the complementary amount for the year” in the first paragraph by “\$10,215”;
- (2) by striking out the second paragraph.
- (2) Subsection 1 applies from the taxation year 2008.

36. (1) Section 752.0.0.2 of the Act is repealed.

- (2) Subsection 1 applies from the taxation year 2008.

37. (1) Section 752.0.0.3 of the Act is amended

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

“752.0.0.3. If an individual is resident in Québec on the last day of a taxation year and is the beneficiary of a covered benefit attributable to that year, the amount in dollars referred to in section 752.0.0.1 that would otherwise be taken into account in computing the amount deductible by the individual for the year under section 752.0.0.1, with reference to section 750.2, is to be reduced by the aggregate of all amounts each of which is an amount determined for the year under any of sections 752.0.0.4 to 752.0.0.6.”;

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

“For the purposes of the first paragraph, if an individual dies or ceases to be resident in Canada in a taxation year, the last day of the individual’s taxation year is the day on which the individual died or the last day on which the individual was resident in Canada.”

(2) Subsection 1 applies from the taxation year 2008. However, when the first paragraph of section 752.0.0.3 of the Act applies to the taxation year 2008, it is to be read without reference to “, with reference to section 750.2”.

38. (1) Section 752.0.0.4 of the Act is amended

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

“(j) *J* is the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Commission de la santé et de la sécurité du travail to establish the weighted net income for the purpose of computing, for the particular day, the covered benefit attributable to the year; and”;

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

“For the purposes of subparagraph ii of subparagraph *k* of the second paragraph, “recognized amounts used to establish the weighted net income from a suitable employment or employment held”, for a particular day, means the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Commission de la santé et de la sécurité du travail to establish the weighted net income from a suitable employment or employment held, for the particular day.”

(2) Subsection 1 applies from the taxation year 2008. However, when subparagraph *j* of the second paragraph and the fourth paragraph of section 752.0.0.4 of the Act apply to the taxation year 2008, they are to be read without reference to “, with reference to section 750.2”.

39. (1) Section 752.0.0.5 of the Act is amended

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

“(h) *H* is the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Société de l’assurance automobile du Québec to establish the weighted net income for the purpose of computing, for the particular day, the covered benefit attributable to the year; and”;

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

“For the purposes of subparagraph ii of subparagraph *i* of the second paragraph, “recognized amounts used to establish the weighted net income from a suitable employment or employment held”, for a particular day, means the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2, to the extent that the amount is used by the Société de l’assurance automobile du Québec to establish the weighted net income from a suitable employment or employment held, for the particular day.”

(2) Subsection 1 applies from the taxation year 2008. However, when subparagraph *h* of the second paragraph and the fourth paragraph of section 752.0.0.5 of the Act apply to the taxation year 2008, they are to be read without reference to “, with reference to section 750.2”.

40. (1) Section 752.0.0.6 of the Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) C is the amount in dollars referred to in section 752.0.0.1 that is applicable for the year, with reference to section 750.2;”.

(2) Subsection 1 applies from the taxation year 2008. However, when subparagraph *c* of the second paragraph of section 752.0.0.6 of the Act applies to the taxation year 2008, it is to be read without reference to “, with reference to section 750.2”.

41. (1) Section 752.0.1 of the Act is amended

(1) by striking out paragraphs *b* and *c*;

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

“(d) for each person who is under 18 years of age throughout the year and who is a child of the individual if the person is a dependant of the individual in the year and if the person is not a person in respect of whom the individual’s eligible spouse for the year, within the meaning of sections 776.41.1 to 776.41.4, deducts an amount under section 776.41.5 from the eligible spouse’s tax otherwise payable for the year under this Part, \$1,860 in respect of each completed term, without exceeding two, which began in the year and during which the person was in full-time attendance at an educational institution designated by the Minister of Education, Recreation and Sports for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses (chapter A-13.3), where the person was enrolled in an educational program referred to in section 752.0.2.1; and”;

(3) by striking out paragraph *e*;

(4) by replacing “\$2,550” in the portion of paragraph *f* before subparagraph *i* by “\$2,705”;

(5) by replacing subparagraph *v* of paragraph *f* by the following subparagraph:

“*v.* is not a person in respect of whom

(1) the individual’s eligible spouse for the year, within the meaning of sections 776.41.1 to 776.41.4, deducts an amount under section 776.41.5 from the eligible spouse’s tax otherwise payable for the year under this Part, or

(2) an individual deducts an amount under section 776.41.14 from the individual’s tax otherwise payable for the year under this Part;”.

(2) Subsection 1 applies from the taxation year 2007.

42. (1) Section 752.0.1.1 of the Act is replaced by the following section:

“**752.0.1.1.** If, for the purpose of establishing the amount that an individual may deduct from the individual’s tax otherwise payable for a taxation year under section 752.0.1, the individual includes, in the aggregate referred to in that section, an amount under paragraph *f* of that section in respect of a person who reaches 18 years of age in the year, the amount that would otherwise be applicable for the year under that paragraph is to be replaced by 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.”

(2) Subsection 1 applies from the taxation year 2007.

43. (1) Section 752.0.1.2 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2007.

44. (1) Section 752.0.2 of the Act is replaced by the following section:

“**752.0.2.** The amount to which an individual is entitled under section 752.0.1 in respect of one person for a taxation year must be reduced by an amount equal to 80% of the amount that is the person’s income for the year under this Part or, if the person was not resident in Canada throughout the year, that would be the person’s income for the year under this Part, computed as if the person had been resident in Québec and in Canada throughout the year or, if the person died in the year, throughout the period of the year preceding the time of death.

For the purposes of the first paragraph, the income of a person for a taxation year under this Part must be computed without reference to paragraph *g* of section 312 and Chapter VII.1 of Title VI of Book III.”

- (2) Subsection 1 applies from the taxation year 2007.
- 45.** (1) Section 752.0.4 of the Act is repealed.
- (2) Subsection 1 applies from the taxation year 2007.
- 46.** (1) Section 752.0.5.2 of the Act is repealed.
- (2) Subsection 1 applies from the taxation year 2007.
- 47.** (1) Section 752.0.7 of the Act is amended by replacing “752.0.5.2” wherever it appears in the portion before paragraph *b* by “752.0.3”.
- (2) Subsection 1 applies from the taxation year 2007.
- 48.** (1) Section 752.0.7.1 of the Act is amended by replacing “\$27,635” in the definition of “family income” by “\$29,290”.
- (2) Subsection 1 applies from the taxation year 2007.
- 49.** (1) Section 752.0.7.4 of the Act is amended
- (1) by replacing “\$1,115” in the portion of subparagraph *i* of paragraph *a* before subparagraph 2 by “\$1,180”;
- (2) by replacing subparagraph 2 of subparagraph *i* of paragraph *a* by the following subparagraph:
- “(2) the individual ordinarily lives, throughout the year or, if the individual dies in the year, throughout the period of the year before the time of death, in a self-contained domestic establishment maintained by the individual and in which no person, other than the individual, a person under 18 years of age or a person of whom the individual is the father or mother and who is an eligible student for the year, within the meaning of section 776.41.12, lives during the year or, if the individual dies in the year, during the period of the year before the time of death, and”;
- (3) by inserting the following subparagraph after subparagraph *i* of paragraph *a*:
- “i.1. \$1,465, if the individual complies with the conditions set out in subparagraphs 2 and 3 of subparagraph *i* and
- (1) the individual lives in the year with an eligible student referred to in subparagraph 2 of subparagraph *i*, and
- (2) at the end of the year or on the date of the individual’s death, the individual has no child in respect of whom the individual is entitled to an

amount deemed under section 1029.8.61.18, for the last month of the year, to be an overpayment of the individual's tax payable;”;

(4) by replacing “\$1,000” in subparagraph ii of paragraph *a* by “\$1,500”;

(5) by replacing “\$1,115” in the portion of subparagraph i of paragraph *b* before subparagraph 2 by “\$1,180”;

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

“(2) the eligible spouse ordinarily lives, throughout the year, in a self-contained domestic establishment maintained by the eligible spouse and in which no person, other than the eligible spouse, a person under 18 years of age or a person of whom the eligible spouse is the father or mother and who is an eligible student for the year, within the meaning of section 776.41.12, lives during the year, and”;

(7) by inserting the following subparagraph after subparagraph i of paragraph *b*:

“i.1. \$1,465, if the eligible spouse complies with the conditions set out in subparagraphs 2 and 3 of subparagraph i and

(1) the eligible spouse lives in the year with an eligible student referred to in subparagraph 2 of subparagraph i, and

(2) at the end of the year or on the date of the eligible spouse's death, the eligible spouse has no child in respect of whom the eligible spouse is entitled to an amount deemed under section 1029.8.61.18, for the last month of the year, to be an overpayment of the eligible spouse's tax payable;”;

(8) by replacing “\$1,000” in subparagraph ii of paragraph *b* by “\$1,500”.

(2) Subsection 1 applies from the taxation year 2007.

50. (1) The Act is amended by inserting the following section after section 752.0.7.4:

“752.0.7.4.1. If, for the purpose of establishing the amount that an individual may deduct from the individual's tax otherwise payable for a taxation year under section 752.0.7.4, the individual includes, in the aggregate referred to in that section, a particular amount under subparagraph i.1 of paragraph *a* or *b* of section 752.0.7.4 and the individual or the individual's eligible spouse for the year was entitled to receive, for a month of the year, an amount deemed under section 1029.8.61.18 to be an overpayment of their tax payable for the year, the particular amount that would otherwise be applicable for the year under that paragraph is to be reduced by the proportion of that particular amount that the number of months in the year in respect of which

the individual or the individual's eligible spouse was entitled to such a deemed amount is of 12.”

(2) Subsection 1 applies from the taxation year 2007.

51. (1) Section 752.0.10.1 of the Act is amended

(1) by replacing “the fair market value of a gift, other than a gift the fair market value of which is included in the total cultural gifts” in the definition of “total Crown gifts” in the first paragraph by “the eligible amount of a gift, other than a gift described in the definition of “total cultural gifts””;

(2) by replacing the portion of the definition of “total charitable gifts” in the first paragraph before paragraph *a* by the following:

““total charitable gifts” of an individual for a taxation year means the aggregate of all amounts each of which is the eligible amount of a gift, other than a gift described in the definitions of “total Crown gifts” of the individual for the year, “total cultural gifts” of the individual for the year, “total gifts of qualified property” of the individual for the year and “total musical instrument gifts” of the individual for the year, made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2 are met in respect of that amount, to”;

(3) by replacing the portion of the definition of “total gifts of qualified property” in the first paragraph before paragraph *a* by the following:

““total gifts of qualified property” of an individual for a taxation year means the aggregate of all amounts each of which is the eligible amount of a gift the fair market value of which is certified by the Minister of Sustainable Development, Environment and Parks, other than a gift described in the definitions of “total Crown gifts” of the individual for the year, “total cultural gifts” of the individual for the year and “total musical instrument gifts” of the individual for the year, made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2 are met in respect of that amount, to”;

(4) by replacing “the fair market value of a gift, other than a gift the fair market value of which is included” in the portion of the definition of “total cultural gifts” in the first paragraph before paragraph *a* by “the eligible amount of a gift, other than a gift the eligible amount of which is included”;

(5) by replacing “the fair market value” in the portion of the definition of “total musical instrument gifts” in the first paragraph before paragraph *a* by “the eligible amount”;

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

“(b) B is the aggregate of all amounts each of which is equal to that proportion of the individual’s taxable capital gain for the year in respect of a gift made by the individual in the year and in respect of which gift an eligible amount is included in the individual’s total charitable gifts for the year, that the eligible amount of the gift is of the individual’s proceeds of disposition in respect of the gift;”;

(7) by replacing subparagraph ii of subparagraph *d* of the fourth paragraph by the following subparagraph:

“ii. the aggregate of the amounts determined in respect of a disposition that is the making of a gift of a property of the class made by the individual in the year and in respect of which gift an eligible amount is included in the individual’s total charitable gifts for the year, each of which is equal to the lesser of

(1) that proportion of the amount by which the proceeds of disposition of the property exceed any outlays made or expenses incurred by the individual for the purpose of making the disposition, that the eligible amount of the gift is of the individual’s proceeds of disposition in respect of the gift, and

(2) that proportion of the capital cost to the individual of the property that the eligible amount of the gift is of the individual’s proceeds of disposition in respect of the gift; and”.

(2) Paragraphs 1 to 4, 6 and 7 of subsection 1 apply in respect of a gift made after 20 December 2002. However,

(1) when the portion of the definition of “total charitable gifts” in the first paragraph of section 752.0.10.1 of the Act before paragraph *a* applies in respect of a gift made before 24 March 2006, it is to be read as if “, “total gifts of qualified property” of the individual for the year and “total musical instrument gifts”” was replaced by “and “total gifts of qualified property””; and

(2) when the portion of the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1 of the Act before paragraph *a* applies

(a) in respect of a gift made before 24 March 2006, it is to be read as if “, “total cultural gifts” of the individual for the year and “total musical instrument gifts”” was replaced by “and “total cultural gifts””; and

(b) before 19 April 2006, it is to be read as if “Minister of Sustainable Development, Environment and Parks” was replaced by “Minister of the Environment”.

(3) Paragraph 5 of subsection 1 applies in respect of a gift made after 23 March 2006.

52. (1) Section 752.0.10.3 of the Act is amended by replacing “the fair market value” in the portion before paragraph *a* by “the eligible amount”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

53. (1) Section 752.0.10.11 of the Act is amended by replacing “any gift made in the name of the partnership is deemed to be a gift” by “the eligible amount of a gift made in the name of the partnership is deemed to be the eligible amount of a gift”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

54. (1) Section 752.0.10.11.2 of the Act is replaced by the following section:

“752.0.10.11.2. If, at any given time, an individual makes a gift of a work of art referred to in section 752.0.10.11.1 to a donee referred to in that section, the lesser of the amount that may reasonably be considered as the consideration for the disposition by the donee of the work of art and its fair market value at the time of the disposition, is deemed, for the purposes of the definition of “total charitable gifts” in the first paragraph of section 752.0.10.1, to be the fair market value for the purpose of computing the eligible amount of the gift at the given time, for the purposes of section 752.0.10.12, to be the fair market value of the capital property at the given time and, for the purposes of section 752.0.10.13, to be the fair market value of the work of art at the given time.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

55. (1) Section 752.0.10.12 of the Act is replaced by the following section:

“752.0.10.12. The rule set out in the second paragraph applies if, at any time, an individual makes a gift of a capital property to a donee described in the definitions of “total charitable gifts”, “total Crown gifts” and “total gifts of qualified property” in the first paragraph of section 752.0.10.1 or, if the individual is not resident in Canada, a gift of an immovable property situated in Canada to a prescribed donee who provides an undertaking, in a form satisfactory to the Minister, to the effect that the property will be held for use in the public interest, the individual or the individual’s legal representative designates an amount in respect of the gift in the fiscal return which must be filed by or for the individual under section 1000 for the year in which the gift is made, and, at that time, the fair market value of the capital property or immovable property exceeds

(*a*) in the case of a depreciable property of a prescribed class, the lesser of the undepreciated capital cost of that class at the end of the taxation year of the individual that includes that time, determined without reference to the proceeds of disposition determined in respect of the property under the second paragraph,

and the adjusted cost base to the individual of the property immediately before that time; and

(b) in any other case, the adjusted cost base to the individual of the capital property or immovable property immediately before that time.

The designated amount is deemed to be both the individual's proceeds of disposition of the capital property or immovable property and, for the purposes of section 7.21, the fair market value of the gift, but the designated amount may not exceed the fair market value of the capital property or immovable property otherwise determined and may not be less than the greater of

(a) in the case of a gift made after 20 December 2002, the amount of the advantage in respect of the gift; and

(b) the amount determined under subparagraph *a* or *b* of the first paragraph in respect of the capital property or immovable property.”

(2) Subsection 1 applies in respect of a gift made after 31 December 1999. However, when the second paragraph of section 752.0.10.12 of the Act applies in respect of a gift made before 21 December 2002, the portion of that paragraph before subparagraph *a* is to be read as if “7.21” was replaced by “752.0.10.1”.

56. (1) Section 752.0.10.13 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the individual or the individual's legal representative may designate in the fiscal return required to be filed by or for the individual under section 1000 for the year in which the gift is made, an amount that is deemed to be for the individual, the proceeds of disposition of the work of art and, for the purposes of section 7.21, the fair market value of the gift, that must not exceed the fair market value nor be less than the greater of the amount of the advantage in respect of the gift and the cost amount to the individual of the work of art.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

57. (1) Section 752.0.10.14 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the individual is deemed to have received, at that time, proceeds of disposition equal to the greater of the cost amount to the individual of the work of art at that time and the amount of the advantage in respect of the gift.”

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

58. (1) Section 752.0.10.15.1 of the Act is amended by replacing “the amount of the fair market value of that gift” by “the eligible amount of that gift”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

59. (1) Section 752.0.10.16 of the Act is amended by replacing paragraphs *b* and *c* by the following paragraphs:

“(b) if the security ceases to be a non-qualifying security of the individual at a subsequent time that is within 60 months after the particular time and the donee has not disposed of the security at or before the subsequent time, the individual is deemed to have made a gift to the donee of property at the subsequent time and the fair market value of the property is deemed to be the lesser of the fair market value of the security at the subsequent time and the fair market value of the security at the particular time that would, but for this section, have been included in the individual’s total charitable gifts or total Crown gifts for a taxation year;

“(c) if the security is disposed of by the donee within 60 months after the particular time and paragraph *b* does not apply to the security, the individual is deemed to have made a gift to the donee of a property at the time of the disposition and the fair market value of the property is deemed to be the lesser of the fair market value of any consideration, other than a non-qualifying security of the individual or a property that would be a non-qualifying security of the individual if the individual were alive at the time of the disposition, received by the donee for the security and the fair market value of the security at the particular time that would, but for this section, have been included in the individual’s total charitable gifts or total Crown gifts for a taxation year; and”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

60. (1) Section 752.0.14 of the Act is amended by replacing “\$2,250” in the portion of the first paragraph before subparagraph *a* by “\$2,295”.

(2) Subsection 1 applies from the taxation year 2007.

61. (1) Section 752.0.18.10 of the Act is amended by replacing “by the aggregate of” in the portion before paragraph *a* by “by the amount by which the amount determined under section 752.0.18.13.1 for the year is exceeded by the aggregate of”.

(2) Subsection 1 applies from the taxation year 2007.

62. (1) The Act is amended by inserting the following section after section 752.0.18.13:

“**752.0.18.13.1.** The amount to which the portion of section 752.0.18.10 before paragraph *a* refers, for a taxation year and in relation to an individual, is equal to the aggregate of all amounts each of which is determined by the formula

A/B.

In the formula in the first paragraph,

(a) A is an amount transferred by the individual to another individual, in accordance with section 776.41.21, for the year or for a preceding taxation year, in this paragraph referred to as the “transfer year”; and

(b) B is the percentage determined under section 750.1 for the transfer year.”

(2) Subsection 1 applies from the taxation year 2007.

63. (1) Section 752.0.22 of the Act is amended by inserting “776.41.14,” after “752.0.1,” and by inserting “776.41.21,” after “752.0.13.1.1.”.

(2) Subsection 1 applies from the taxation year 2007.

64. (1) Section 752.0.23.1 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2008.

65. (1) Section 752.0.24 of the Act is amended, in subparagraph *a* of the first paragraph,

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

“ii. such of the amounts as the individual would be allowed to deduct for the year under any of sections 752.0.0.1, 752.0.1 to 752.0.7 and 752.0.14 if the deduction were computed with each particular amount in dollars that is referred to in any of those sections and that would otherwise be applicable for the year, with reference to section 750.2, replaced by the proportion of the particular amount that the number of days in that period is of the number of days in the year, and as though that period were a whole taxation year; and”;

(2) by striking out subparagraph iii.

(2) Subsection 1 applies from the taxation year 2008.

66. (1) Section 752.0.24.1 of the Act is replaced by the following section:

“752.0.24.1. For the purposes of sections 752.0.0.4 to 752.0.0.6, if an individual to whom section 752.0.0.3 applies for a taxation year is resident in Canada only during part of the year, there shall be taken into account, as a covered benefit attributable to the year, only an amount that can reasonably be considered wholly attributable to any period in the year throughout which the individual was resident in Canada.”

(2) Subsection 1 applies from the taxation year 2008.

67. (1) Section 752.0.26 of the Act is replaced by the following section:

“752.0.26. If a separate fiscal return in respect of an individual is filed under any of sections 429, 681 and 1003 for a particular period and another fiscal return in respect of the same individual is filed under this Part for a period ending in the calendar year in which the particular period ends, for the purpose of computing the tax payable under this Part by the individual in such fiscal returns, the aggregate of the deductions claimed in all such returns under sections 752.0.7.1 to 752.0.18.15 must not exceed the aggregate of the deductions that could be claimed under those sections for the year in respect of the individual if no separate fiscal returns were filed under sections 429, 681 and 1003.”

(2) Subsection 1 applies from the taxation year 2008.

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

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

“(b) in the case of an amount that is deductible for such a taxation year under section 752.0.0.1 or 752.0.14, the amount is to be computed as if the particular amount in dollars that is referred to in that section and that would otherwise be applicable for such a taxation year, with reference to section 750.2, 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”;

(2) by striking out subparagraph *b.1* of the first paragraph;

(3) by replacing “any of paragraphs *b*, *c*, *e* and *f* of section 752.0.1” in the portion of the second paragraph before subparagraph *a* by “paragraph *f* of section 752.0.1”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2008.

(3) Paragraph 3 of subsection 1 applies from the taxation year 2007.

69. (1) Section 752.0.27.1 of the Act is replaced by the following section:

“752.0.27.1. For the purposes of sections 752.0.0.4 to 752.0.0.6, if an individual becomes a bankrupt in a calendar year and section 752.0.0.3 applies in respect of the individual for each of the individual’s taxation years referred to in section 779 that end in the calendar year, there shall be taken into account, as a covered benefit attributable to any of those taxation years, only an amount that is wholly attributable to that taxation year.”

(2) Subsection 1 applies from the taxation year 2008.

70. (1) Section 766.2 of the Act is amended by inserting the following subparagraph after subparagraph *a* of the first paragraph:

“(a.1) the individual is not required to include, by reason of the second paragraph of section 694.0.0.1, an amount in computing the individual’s taxable income for the particular taxation year;”.

(2) Subsection 1 applies from the taxation year 2007.

71. (1) Section 766.2.1 of the Act is amended by replacing “subparagraph *a* or *c*” by “any of subparagraphs *a*, *a.1* and *c*”.

(2) Subsection 1 applies from the taxation year 2007.

72. (1) Section 767 of the Act is amended by replacing the first paragraph by the following paragraph:

“**767.** An individual may deduct from the individual’s tax otherwise payable under this Part for a taxation year the aggregate of

(a) the amount obtained by multiplying $\frac{2}{5}$ by the amount the individual is required to include in computing the individual’s income for the year under subparagraph *a* of the second paragraph of section 497; and

(b) the amount obtained by multiplying $\frac{17.255}{45}$ by the amount the individual is required to include in computing the individual’s income for the year under subparagraph *b* of the second paragraph of section 497.”

(2) Subsection 1 applies in respect of a dividend paid after 23 March 2006.

73. (1) Section 771 of the Act is amended, in subsection 1,

(1) by replacing paragraph *d.2* by the following paragraph:

“(d.2) in the case of a corporation other than a corporation referred to in paragraph *a*, to the amount by which the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to its taxable income for the year exceeds, if the corporation has been throughout the year a Canadian-controlled private corporation, the amount obtained by applying the percentage determined in its respect for the year under section 771.0.2.4 to the amount determined in its respect for the year under section 771.2.1.2;”;

(2) by replacing the portion of paragraph *h* before subparagraph ii by the following:

“(h) despite paragraph *d.2*, in the case of a corporation other than a corporation referred to in paragraph *a*, for a taxation year for which it is a qualified corporation, to the amount by which the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to its taxable income for the year exceeds the aggregate of

i. the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to the amount determined in its respect for the year under section 771.8.3, and”;

(3) by striking out subparagraph ii of paragraph *h*;

(4) by replacing the portion of paragraph *j* before subparagraph ii by the following:

“(j) despite paragraph *d.2*, in the case of a corporation other than a corporation referred to in paragraph *a*, for a taxation year for which it is an exempt corporation, to the amount by which the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to its taxable income for the year exceeds the aggregate of

i. the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to the amount determined in its respect for the year under section 771.8.5, and”;

(5) by striking out subparagraph ii of paragraph *j*.

(2) Paragraphs 1, 3 and 5 of subsection 1 apply to a taxation year that begins after 20 February 2007. In addition, when subsection 1 of section 771 of the Act applies to a taxation year that ends after 20 February 2007 and that includes that date, it is to be read as if the portion of paragraph *d.2* before subparagraph i was replaced by the following:

“(d.2) in the case of a corporation other than a corporation referred to in paragraph *a*, to the amount by which the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to its taxable income for the year exceeds the aggregate of”.

(3) Paragraphs 2 and 4 of subsection 1 apply to a taxation year that ends after 20 February 2007.

(4) For the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, for the purpose of computing the amount of a payment that a corporation that is a financial institution or an oil refining corporation, within the meaning assigned to those expressions by section 771.1 of the Act, as amended by section (*insert the number of the section in this Act that amends section 771.1 of the Taxation Act*), is required to make under subparagraph *a* of the first paragraph of section 1027 of the Act, for a taxation year that ends after 31 May 2007 and includes that date, and under section 1038 of the Act, for the purpose of computing the interest provided for in that section that the corporation shall pay, where applicable, in respect of that payment, its estimated tax or its tax payable for that taxation year

(1) must, in respect of a payment that the corporation is required to make before 2 June 2007, be established on the assumption that the corporation is not a financial institution or an oil refining corporation; and

(2) is, in respect of a payment that the corporation is required to make after 1 June 2007, deemed to be equal to the total of that estimated tax or tax payable, computed on the assumption that the corporation is not a financial institution or an oil refining corporation, and the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make, after 1 June 2007, for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which that estimated tax or tax payable, computed without reference to this subsection, exceeds that estimated tax or tax payable, computed on the assumption that the corporation is not a financial institution or an oil refining corporation.

74. (1) Section 771.0.2.2 of the Act is amended

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

“771.0.2.2. For the purposes of sections 771.2.1.2, 771.8.3 and 771.8.5, the amount that must be determined in respect of a corporation for a taxation year under this section is the amount determined in respect of the corporation for the year by the formula

$A/(B \times C)$.”;

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

“(c) C is the basic rate determined in respect of the corporation for the year under section 771.0.2.3.1.”

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007. However, when section 771.0.2.2 of the Act applies to such a taxation year that includes that date, it is to be read as if “771,” was inserted after “for the purposes of sections” in the first paragraph.

75. (1) Section 771.0.2.3 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007. In addition, when section 771.0.2.3 of the Act applies

(1) to a taxation year that ends before 21 February 2007, it is to be read

(a) as if subparagraph *c* of the first paragraph was replaced by the following subparagraph:

“(c) if the taxation year begins before 1 January 2009 and subparagraphs *a* and *b* do not apply, the total of the percentages each of which is the proportion of the base percentage for a calendar year that the number of days in the taxation year that are included in that calendar year is of the number of days in the taxation year; and”;

(b) as if “2005” in subparagraph *a* of the second paragraph was replaced by “2004 or 2005”; and

(2) to a taxation year that ends after 20 February 2007 and that includes that date, it is to be read as follows:

“771.0.2.3. The percentage referred to, in respect of a corporation for a taxation year, in subparagraph *i* of paragraph *d.2* of subsection 1 of section 771 or in subparagraph *ii* of paragraph *h* or *j* of that subsection 1 is equal to the proportion of 6.35% that the number of days in the taxation year that precede 21 February 2007 is of the number of days in the taxation year.”

76. (1) The Act is amended by inserting the following section after section 771.0.2.3:

“771.0.2.3.1. For the purposes of sections 771 and 771.0.2.2, the basic rate that must be determined in respect of a corporation for a taxation year under this section is equal to

(a) if the taxation year begins before 1 January 2009, the total of

i. the proportion of 16.25% that the number of days in the taxation year that precede 21 February 2007 is of the number of days in the taxation year,

ii. the proportion of 9.9% that the number of days in the taxation year that follow 20 February 2007 but precede 1 June 2007 is of the number of days in the taxation year,

iii. the proportion of 11.9% if the corporation is a financial institution or an oil refining corporation, or of 9.9% in any other case, that the number of days in the taxation year that follow 31 May 2007 but precede 1 January 2008 is of the number of days in the taxation year,

iv. the proportion of 11.9% if the corporation is a financial institution or an oil refining corporation, or of 11.4% in any other case, that the number of days in the taxation year that follow 31 December 2007 but precede 1 January 2009 is of the number of days in the taxation year, and

v. the proportion of 11.9% that the number of days in the taxation year that follow 31 December 2008 is of the number of days in the taxation year; and

(b) if the taxation year begins after 31 December 2008, 11.9%.”

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007.

77. (1) Section 771.0.2.4 of the Act is replaced by the following section:

“771.0.2.4. For the purposes of section 771, the percentage that must be determined in respect of a corporation for a taxation year under this section is equal to

(a) if the taxation year begins before 1 January 2009, the total of

i. the proportion of 1.4% that the number of days in the taxation year that precede 24 March 2006 is of the number of days in the taxation year,

ii. the proportion of 1.9% that the number of days in the taxation year that follow 23 March 2006 but precede 1 June 2007 is of the number of days in the taxation year,

iii. the proportion of 3.9% if the corporation is a financial institution or an oil refining corporation, or of 1.9% in any other case, that the number of days in the taxation year that follow 31 May 2007 but precede 1 January 2008 is of the number of days in the taxation year,

iv. the proportion of 3.9% if the corporation is a financial institution or an oil refining corporation, or of 3.4% in any other case, that the number of days in the taxation year that follow 31 December 2007 but precede 1 January 2009 is of the number of days in the taxation year, and

v. the proportion of 3.9% that the number of days in the taxation year that follow 31 December 2008 is of the number of days in the taxation year; and

(b) if the taxation year begins after 31 December 2008, 3.9%.”

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007. In addition, when section 771.0.2.4 of the Act applies to the taxation year 2006, it is to be read as if “2005” in subparagraph *a* of the second paragraph was replaced by “2004 or 2005” and as if “2005” in the portion of the third paragraph before subparagraph *a* was replaced by “2004, 2005”.

78. (1) Section 771.1 of the Act, amended by section 86 of chapter 12 of the statutes of 2007, is again amended

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

““financial institution” means a corporation referred to in paragraph *a* of section 1132;”;

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

““oil refining corporation” for a taxation year means a corporation that, at any time in the year after 31 May 2007, carries on an oil refining business or is the owner or lessee of property used in the carrying on of such a business by another corporation, a partnership or a trust with which the corporation is associated;”;

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

“For the purposes of the definition of “oil refining corporation” in the first paragraph, the following rules apply for the purpose of determining whether a corporation is associated with a partnership or a trust at any time:

(a) a partnership is deemed to be a corporation the taxation year of which corresponds to its fiscal period and all the voting shares in the capital stock of which are owned at that time by each member of the partnership in a proportion equal to the proportion that the member’s share of the income or loss of the partnership for its fiscal period that includes that time is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000; and

(b) a trust is deemed to be a corporation all the voting shares in the capital stock of which

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

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

(2) if subparagraph 1 does not apply and if that time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at that time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market

value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at that time by the person referred to in that section from whom a property of the trust or a property for which it was substituted was directly or indirectly received.”

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007.

79. (1) Section 771.2.1.9 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) in respect of a financial institution, twice its paid-up capital determined for that year in accordance with Title II of Book III of Part IV;”.

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007.

80. (1) Section 771.2.2 of the Act is amended

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

“**771.2.2.** For the purposes of sections 771.2.1.2 and 771.8.3 in respect of a corporation for a taxation year, the following rules apply:

(a) the excess amount described in paragraph *a* of section 771.2.1.2 is to be computed as if the corporation had, for the year;”;

(2) by replacing “, or carries on in Canada” in subparagraphs i and ii of paragraph *a* by “in Canada”;

(3) by replacing “in paragraph *d* of section 771.8.3 shall” in the portion of paragraph *b* before subparagraph i by “in subparagraph *d* of the first paragraph of section 771.8.3 is to”.

(2) Paragraphs 1 and 2 of subsection 1 apply to a taxation year that begins after 20 February 2007.

81. (1) Section 771.2.3 of the Act is amended by striking out “paragraphs *d.2* and *h* of subsection 1 of section 771 and” in the portion before paragraph *a*.

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007.

82. (1) Sections 771.2.4 and 771.2.5 of the Act are amended by striking out “paragraphs *d.2* and *h* of subsection 1 of section 771 and”.

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007.

83. (1) Section 771.2.6 of the Act is amended by striking out “paragraph *d.2* of subsection 1 of section 771 and” in the portion of the first paragraph before subparagraph *a*.

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007.

84. (1) Section 771.2.7 of the Act is amended by striking out “paragraphs *d.2* and *h* of subsection 1 of section 771 and” wherever it appears in the portion before paragraph *b*.

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007.

85. (1) Section 771.6 of the Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

“(a) in respect of a financial institution, a corporation referred to in paragraph *c* of section 1132 or a mining corporation that has not reached the production stage, its paid-up capital that would be determined in accordance with Book III of Part IV if no reference were made to sections 1138.0.1 and 1141.3;”.

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007.

86. (1) Section 772.2 of the Act, amended by section 89 of chapter 12 of the statutes of 2007, is again amended by replacing “subparagraphs *i* and *ii* of paragraph *d.2* of subsection 1 of section 771, subparagraphs *i* to *ii.1* of paragraph *h* of that subsection 1 and subparagraphs *i* to *iii* of paragraph *j* of that subsection 1” in the definition of “tax otherwise payable” by “subparagraphs *i* and *ii.1* of paragraph *h* of subsection 1 of section 771 and subparagraphs *i* and *iii* of paragraph *j* of that subsection 1, and, in paragraph *d.2* of that subsection 1, the deduction provided for in respect of a Canadian-controlled private corporation”.

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007.

87. (1) Section 776.41.5 of the Act is amended by replacing the third paragraph by the following paragraph:

“For the purposes of subparagraph *a* of the second paragraph, the following rules apply:

(a) an individual whose eligible spouse for a taxation year transfers for the year an amount to another individual in accordance with the first paragraph of section 776.41.14 shall reduce the aggregate described in subparagraph *a* of the second paragraph by the total of all amounts each of which is an amount that the eligible spouse so transfers for the year to another individual; and

(b) if the eligible spouse of an individual for a taxation year may deduct, for the year, an amount under any of sections 752.0.10.6, 752.0.11, 752.0.18.10,

752.0.18.15, 772.8, 776.1.1 and 776.1.2, in this subparagraph referred to as the “deductible amount”, the individual may, in respect of the deductible amount, include in the aggregate described in subparagraph *a* of the second paragraph only the portion of the deductible amount specified by the eligible spouse in the fiscal return the eligible spouse files for the year.”

(2) Subsection 1 applies from the taxation year 2007.

88. (1) The Act is amended by inserting the following after section 776.41.11:

“TITLE X

“TRANSFER OF THE UNUSED PORTION OF A STUDENT’S BASIC PERSONAL TAX CREDIT

“776.41.12. In this Title,

“designated educational institution” means an educational institution that the Minister of Education, Recreation and Sports designates for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses (chapter A-13.3);

“eligible student” for a taxation year means, subject to the second paragraph, a person who is 18 years of age or over during the year and who began, in the year, a recognized term of study at a designated educational institution where the person was enrolled in a recognized educational program;

“recognized educational program” means an educational program that provides that each student taking the program spend not less than 9 hours per week on courses or work in the program and that is,

(a) if the educational institution is situated in Québec, an educational program recognized by the Minister of Education, Recreation and Sports for the purposes of the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the postsecondary level established under the Act respecting financial assistance for education expenses; and

(b) if the educational institution is situated outside Québec, an educational program at the college level or at the university level or the equivalent;

“recognized term of study” means a term that is completed and during which a person was in full-time attendance at a designated educational institution.

However, a person is an eligible student only if the person's enrolment in a recognized educational program at a designated educational institution is proven by filing with the Minister a declaration in the prescribed form issued by the designated educational institution and containing the prescribed information.

“776.41.13. For the purposes of this Title, if a person has a major functional deficiency within the meaning of the Regulation respecting financial assistance for education expenses made by Order in Council 344-2004 (2004, G.O. 2, 1211), as amended, and the person, for that reason, pursues studies on a part-time basis during a taxation year, the following rules apply:

(a) the person is deemed to be pursuing studies on a full-time basis during the year; and

(b) the definition of “recognized educational program” in the first paragraph of section 776.41.12 is to be read as if “spend not less than 9 hours per week on courses or work in the program” was replaced by “receive a minimum of 20 hours of instruction per month”.

“776.41.14. An individual who is the father or mother of an eligible student for a taxation year may deduct from the individual's tax otherwise payable for the year under this Part the amount that the eligible student transfers to the individual for the year, for the purposes of this Title, by means of the prescribed form containing the prescribed information and that may not exceed the amount determined by the formula

$A - B.$

In the formula in the first paragraph,

(a) A is the amount obtained by multiplying the percentage determined under section 750.1 for the year by

i. \$6,650, if the eligible student began in the year at least two recognized terms of study, or

ii. the amount by which \$6,650 exceeds \$1,860, if the eligible student began in the year only one recognized term of study; and

(b) B is the eligible student's tax otherwise payable for the year under this Part, computed without reference to the deductions under Book V.

For the purpose of determining, for a taxation year, the amount that an eligible student who reaches 18 years of age in the year may transfer to an individual for the purposes of the first paragraph, subparagraph *a* of the second paragraph is to be read as follows:

“(a) A is the amount obtained by multiplying the percentage determined under section 750.1 for the year by the total of

i. \$1,860 in respect of each recognized term of study, without exceeding two, that the eligible student began in the year, and

ii. the proportion that the number of months in the year following the month in which the eligible student reaches 18 years of age is of 12, multiplied by the amount by which \$6,650 exceeds the amount obtained by multiplying \$1,860 by 2; and”.

“776.41.15. If, for a taxation year, more than one individual is entitled to deduct an amount under section 776.41.14 in respect of the same eligible student, the aggregate of the amounts that the individuals may so deduct may not exceed the limit that is the amount that one of those individuals could deduct for the year under section 776.41.14 in respect of the student, if the individual were the only individual to whom the eligible student could transfer an amount for the year in accordance with the first paragraph of that section.

If the aggregate of the amounts that the individuals could, but for this section, deduct for the year under section 776.41.14 in respect of the eligible student exceeds the limit provided for in the first paragraph, the Minister may determine the amount that each of the individuals may deduct for the year in respect of the student under that section and the amount so determined is deemed to be the amount that the eligible student transferred for the year to the individual in accordance with the first paragraph of that section.

“776.41.16. The amount that an individual referred to in the second paragraph of section 22 or 25 may deduct, under section 776.41.14, from the individual’s tax otherwise payable for a taxation year under this Part may not exceed the portion of that amount that is the proportion referred to in the second paragraph of section 22 or 25.

“776.41.17. The following rules apply for the purpose of determining the amount that an individual who was resident in Canada for only part of a taxation year may deduct, under section 776.41.14, from the individual’s tax otherwise payable for the year under this Part in relation to an eligible student:

(a) in respect of any period in the year throughout which the individual was resident in Canada, the amount deductible under section 776.41.14 in relation to the student is to be established as if the period was a whole taxation year and the amount that the student transfers to the individual for the purposes of the first paragraph of section 776.41.14 was replaced by the proportion of that amount that the number of days in the period is of the number of days in the year; and

(b) in respect of a period in the year that is not referred to in subparagraph a, the amount deductible under section 776.41.14 in relation to the student is to be established as if the period was a whole taxation year.

However, the amount that the individual may deduct for the year under section 776.41.14 in respect of the eligible student, as a consequence of the application of the rules of the first paragraph, must not exceed the amount that would otherwise have been deductible in respect of the student, under that section, if the individual had been resident in Canada throughout the year.

“776.41.18. Section 776.41.14 does not apply for the purpose of computing the tax otherwise payable of an individual referred to in the second paragraph of section 26 for a taxation year under this Part.

However, an individual all or substantially all of whose income for the year, determined under section 28, is included in computing the individual’s taxable income earned in Canada for the year, may deduct, from the individual’s tax otherwise payable for the year under this Part, the portion of the amount, determined under section 776.41.14, that is the proportion referred to in the second paragraph of section 26.

“776.41.19. The amount that an individual who became a bankrupt in a calendar year may deduct, under section 776.41.14, from the individual’s tax otherwise payable under this Part for each of the individual’s taxation years referred to in section 779 that end in the calendar year is equal to the portion of that amount, otherwise determined, that is the proportion that the number of days in that taxation year is of the number of days in the calendar year.

“776.41.20. An individual who dies in a taxation year may deduct an amount for the year under section 776.41.14 only in computing the individual’s tax payable as specified in the individual’s fiscal return that is required to be filed for the year under this Part, otherwise than because an election made by the individual’s legal representative in accordance with the second paragraph of section 429 or section 681 or 1003.

An individual may deduct for a taxation year under section 776.41.14 in respect of an eligible student who dies in the year only the amount that is transferred to the individual by means of the prescribed form that is enclosed with the eligible student’s fiscal return that is required to be filed for the year under this Part, otherwise than because an election made by the eligible student’s legal representative in accordance with the second paragraph of section 429 or section 681 or 1003.

“TITLE XI

“TRANSFER OF THE UNUSED PORTION OF THE TAX CREDIT FOR TUITION FEES AND EXAMINATION FEES

“776.41.21. An individual who is the father, mother, grandfather or grandmother of a person may deduct, from the individual’s tax otherwise payable for a taxation year under this Part, the amount that the person transfers to the individual for the year, for the purposes of this Title, by means of the prescribed form containing the prescribed information and that may not exceed the amount determined by the formula

A – B.

In the formula in the first paragraph,

(a) A is the amount obtained by multiplying the percentage determined under section 750.1 for the year by the aggregate of

i. the amount of the person's tuition fees that are paid in respect of the year and that are referred to in paragraph *a* of section 752.0.18.10, and

ii. the amount of the person's examination fees that are paid in respect of the year and that are referred to in paragraph *b* or *c* of section 752.0.18.10; and

(b) B is the person's tax otherwise payable for the year under this Part, computed by taking into account only the amounts that the person may deduct under sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.10.6, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.18.3, 752.0.18.8, 776.1.5.0.17, 776.1.5.0.18 and 776.41.14.

For the purposes of subparagraph *b* of the second paragraph, the amount that a person may, where applicable, deduct, for a taxation year, under section 752.0.10.6 or 752.0.11 is deemed to be equal to the portion of that amount that the person claims as a deduction in the person's fiscal return that the person files for the year under this Part.

A person may transfer an amount for a taxation year, in accordance with the first paragraph, to no more than one individual, provided the aggregate of the amounts described in subparagraph *a* of the second paragraph in respect of the person exceeds \$100.

“776.41.22. The amount that an individual referred to in the second paragraph of section 22 or 25 may deduct, under section 776.41.21, from the individual's tax otherwise payable for a taxation year under this Part may not exceed the portion of that amount that is the proportion referred to in the second paragraph of section 22 or 25.

“776.41.23. The following rules apply for the purpose of determining the amount that an individual who was resident in Canada for only part of a taxation year may deduct, under section 776.41.21, from the individual's tax otherwise payable for the year under this Part in relation to a person:

(a) in respect of any period in the year throughout which the individual was resident in Canada, the individual may deduct under section 776.41.21, in relation to the person, the portion of the amount that the person transfers to the individual for the year, in accordance with the first paragraph of that section, that may reasonably be considered to be entirely attributable to such a period, established as if the period was a whole taxation year; and

(b) in respect of a period in the year that is not referred to in subparagraph *a*, the amount deductible under section 776.41.21 in relation to the person is to be established as if the period was a whole taxation year.

However, the amount that the individual may deduct for the year under section 776.41.21 in respect of the person, as a consequence of the application of the rules of the first paragraph, must not exceed the amount that would otherwise have been deductible in respect of the person, under that section, if the individual had been resident in Canada throughout the year.

“776.41.24. Section 776.41.21 does not apply for the purpose of computing the tax otherwise payable of an individual referred to in the second paragraph of section 26 for a taxation year under this Part.

However, an individual all or substantially all of whose income for the year, determined under section 28, is included in computing the individual’s taxable income earned in Canada for the year, may deduct, from the individual’s tax otherwise payable for the year under this Part, the portion of the amount, determined under section 776.41.21, that is the proportion referred to in the second paragraph of section 26.

“776.41.25. The amount that an individual who became a bankrupt in a calendar year may deduct, under section 776.41.21, from the individual’s tax otherwise payable under this Part for each of the individual’s taxation years referred to in section 779 that end in the calendar year, is equal to the portion of that amount, otherwise determined, that is the proportion that the number of days in that taxation year is of the number of days in the calendar year.

“776.41.26. An individual who dies in a taxation year may deduct an amount for the year under section 776.41.21 only in computing the individual’s tax payable as specified in the individual’s fiscal return that is required to be filed for the year under this Part, otherwise than because an election made by the individual’s legal representative in accordance with the second paragraph of section 429 or section 681 or 1003.

An individual may deduct for a taxation year under section 776.41.21 in respect of a person who dies in the year only the amount that is transferred to the individual by means of the prescribed form that is enclosed with the person’s fiscal return that is required to be filed for the year under this Part, otherwise than because an election made by the person’s legal representative in accordance with the second paragraph of section 429 or section 681 or 1003.”

(2) Subsection 1 applies from the taxation year 2007.

89. (1) Section 776.65 of the Act is amended

(1) by replacing “and 776.1.5.0.18” in subparagraph *a* of the first paragraph by “, 776.1.5.0.18 and 776.41.14”;

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

“If the first paragraph applies to an individual referred to in the second paragraph of any of sections 22, 25 and 26, the following rules apply for the purpose of determining such an individual’s basic minimum tax deduction for a taxation year:

(a) the amount deducted by the individual under any of sections 752.0.0.1 to 752.0.14 and 752.0.18.3 to 752.0.18.15 in computing the individual’s tax payable for the year under this Part must be determined without reference to the proportion referred to in section 752.0.23 or 752.0.25; and

(b) the amount deducted by the individual under section 776.41.14 in computing the individual’s tax payable for the year under this Part must be determined without reference to the proportion referred to in section 776.41.16 or 776.41.18.”

(2) Subsection 1 applies from the taxation year 2007.

90. (1) Section 779 of the Act is amended by inserting “the second paragraph of sections 776.41.14 and 776.41.21,” after “Chapter V of Title III of Book V,” and by inserting “, II.11.3, II.11.4” after “II.11.1”.

(2) Subsection 1 applies from the taxation year 2007. In addition, when section 779 of the Act applies to the taxation year 2006, it is to be read as if “, II.11.3” was inserted after “II.11.1”.

91. (1) Section 782 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) in Titles IX to XI of Book V.”

(2) Subsection 1 applies from the taxation year 2007.

92. (1) Section 851.33 of the Act is amended

(1) by replacing “the fair market value of a gift made in a taxation year by an *inter vivos* trust referred to in section 851.25 in respect of a congregation would, but for this section, be included” in the portion of the first paragraph before subparagraph *a* by “the eligible amount of a gift made in a taxation year by an *inter vivos* trust referred to in section 851.25 in respect of a congregation would, but for this section, be included”;

(2) by replacing “the fair market value of which is” in the portion of subparagraph *b* of the first paragraph before the formula by “the eligible amount of which is”;

(3) by replacing “the fair market value” in subparagraph *a* of the second paragraph by “the eligible amount”.

(2) Subsection 1 applies in respect of a gift made after 20 December 2002.

93. (1) The heading of Title VIII of Book VI of Part I of the Act is replaced by the following heading:

“COST OF A TAX SHELTER INVESTMENT AND LIMITED-RECOURSE DEBT RELATING TO A GIFTING ARRANGEMENT”.

(2) Subsection 1 has effect from 19 February 2003.

94. (1) The heading of Chapter II of Title VIII of Book VI of Part I of the Act is replaced by the following heading:

“COMPUTATION OF THE COST OF A TAX SHELTER INVESTMENT AND OF A LIMITED-RECOURSE DEBT RELATING TO A GIFTING ARRANGEMENT”.

(2) Subsection 1 has effect from 19 February 2003.

95. (1) The Act is amended by inserting the following section after section 851.41:

“**851.41.1.** The limited-recourse debt in respect of a gift of a taxpayer, at the time the gift is made, is equal to the aggregate of

(a) each limited-recourse amount at that time of the taxpayer and of any other taxpayer not dealing at arm’s length with the taxpayer, that can reasonably be considered to relate to the gift;

(b) each limited-recourse amount at that time, determined under this Title when it is applied to any other taxpayer who deals at arm’s length with and holds, directly or indirectly, an interest in the taxpayer, that can reasonably be considered to relate to the gift; and

(c) each amount that is the unpaid amount at that time of any other indebtedness, of any taxpayer referred to in paragraph *a* or *b*, that can reasonably be considered to relate to the gift if there is a guarantee, security or similar covenant in respect of that or any other indebtedness.”

(2) Subsection 1 applies in respect of a gift made after 18 February 2003.

96. (1) Section 851.48 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**851.48.** For the purposes of this Title, the unpaid principal of an indebtedness that relates to a taxpayer’s expenditure or gift is deemed to be a limited-recourse amount relating to the expenditure or gift, if it may reasonably be considered that information relating to the indebtedness is available outside

Canada and the Minister is not satisfied that the unpaid principal of the indebtedness is not a limited-recourse amount unless”.

(2) Subsection 1 applies in respect of an expenditure or gift made after 18 February 2003.

97. (1) Section 888.3 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2007. However, it does not apply in respect of an annuity the annuitant of which has reached 69 years of age before the taxation year 2007.

98. (1) The Act is amended by inserting the following section after section 888.3:

“888.4. If an amendment is made to an annuity contract to which subparagraph vi of paragraph *k* of subsection 2 of section 147 of the English version of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies, the sole effect of which is to defer annuity commencement to not later than the end of the year in which the individual in respect of whom the annuity contract was purchased reaches 71 years of age, the annuity contract is deemed not to have been disposed of by the individual.”

(2) Subsection 1 applies from the taxation year 2007.

99. (1) Section 895 of the Act is amended

(1) by replacing “in a prescribed educational program as a full-time or part-time student” in subparagraph 1 of subparagraph ii of paragraph *f.1* by “as a student in a prescribed educational program”;

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

“(2) 16 years of age or over and enrolled as a student in a prescribed educational program at a prescribed postsecondary educational institution, and”;

(3) by replacing subparagraph iii of paragraph *f.1* by the following subparagraph:

“iii. any of the following situations apply:

(1) the individual satisfies, at that time, the condition set out in subparagraph 1 of subparagraph ii and has satisfied that condition throughout at least 13 consecutive weeks in the 12-month period that ends at that time, or the total of the payment and all other educational assistance payments made under a registered education savings plan of the promoter to or on behalf of the individual in the 12-month period that ends at that time does not exceed

\$5,000 or such greater amount as the Minister responsible for the administration of the Canada Education Savings Act (Statutes of Canada, 2004, chapter 26) approves in writing in respect of the individual, or

(2) the individual satisfies, at that time, the condition set out in subparagraph 2 of subparagraph ii and the total of the payment and all other educational assistance payments made under a registered education savings plan of the promoter to or on behalf of the individual in the 13-week period that ends at that time does not exceed \$2,500 or such greater amount as the Minister responsible for the administration of the Canada Education Savings Act approves in writing in respect of the individual;”;

(4) by striking out paragraph *j*.

(2) Paragraphs 1 to 3 of subsection 1 apply from the taxation year 2007.

(3) Paragraph 4 of subsection 1 applies in respect of a contribution made after 31 December 2006.

100. (1) Section 895.0.2 of the Act is amended by replacing “subparagraph iii” by “subparagraph 1 of subparagraph iii”.

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

101. (1) Section 961.1.5.0.1 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“**961.1.5.0.1.** The amount to which paragraph *c* of section 961.1.5 refers in respect of a retirement income fund is equal to zero for the year in which the arrangement relating to the fund is made and, for each subsequent year, to the amount determined by the formula”.

(2) Subsection 1 applies from the taxation year 2007. However, when section 961.1.5.0.1 of the Act applies

(1) to the taxation year 2007, the portion of the first paragraph of that section before the formula is to be read as follows, except in respect of section 961.17.0.1 of the Act, paragraph *j* of the definition of “remuneration” in section 1015R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1) and subparagraph *a* of the second paragraph of section 1015R11.0.1 of that regulation:

“**961.1.5.0.1.** The amount to which paragraph *c* of section 961.1.5 refers in respect of a retirement income fund for a year is equal

(*a*) to zero if the year is the year in which the arrangement relating to the fund is made or is the year 2007 and the individual who was the annuitant under the fund on 1 January 2007 reached 69 years of age or 70 years of age in the year 2006; and

(b) in any other case, to the amount determined by the formula”; and

(2) to the taxation year 2008, the portion of the first paragraph of that section before the formula is to be read as follows, except in respect of section 961.17.0.1 of the Act, paragraph *j* of the definition of “remuneration” in section 1015R1 of the Regulation respecting the Taxation Act and subparagraph *a* of the second paragraph of section 1015R11.0.1 of that regulation:

“961.1.5.0.1. The amount to which paragraph *c* of section 961.1.5 refers in respect of a retirement income fund for a year is equal

(a) to zero if the year is the year in which the arrangement relating to the fund is made or is the year 2008 and the individual who was the annuitant under the fund on 1 January 2008 reached 70 years of age in the year 2007; and

(b) in any other case, to the amount determined by the formula”.

102. (1) Section 965.0.17.3 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) to defer annuity commencement to not later than the end of the year in which the individual in respect of whom the annuity contract was purchased reaches 71 years of age; or”.

(2) Subsection 1 applies from the taxation year 2007.

103. (1) Section 965.0.18 of the Act is repealed.

(2) Subsection 1 applies from the taxation year 2007. However, it does not apply in respect of an annuity the annuitant of which has reached 69 years of age before the taxation year 2007.

104. (1) Section 965.91 of the Act is replaced by the following section:

“965.91. For the purposes of paragraph *d* of section 965.90, the following rules apply:

(a) a corporation is deemed to have had not fewer than five full-time employees who are neither insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) nor persons related to such insiders, if

i. a class of shares of its capital stock is listed on a Canadian stock exchange throughout the 12-month period preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus, and

ii. a person, other than such an insider or a person related to such an insider, or a partnership provides the corporation, in the period described in

subparagraph *i*, with services under a service contract and the corporation would normally require the services of more than five full-time employees if those services were not provided; and

(*b*) if the favourable advance ruling referred to in paragraph *e* of section 965.74 or paragraph *c* of section 965.76 confirms that the corporation making a public share issue is carrying on a business on a seasonal basis and that the continuous period during which the business is carried on is comparable to that of other businesses operating in the same sector of activity, paragraph *d* of section 965.90 is to be read as if “throughout the preceding 12 months” was replaced by “throughout a period of seasonal activity that precedes that date”.

(2) Subsection 1 has effect from 20 December 2006.

105. (1) Section 965.94 of the Act, amended by section 95 of chapter 12 of the statutes of 2007, is again amended by adding the following paragraph:

“For the purposes of subparagraph *c* of the first paragraph, if the favourable advance ruling referred to in paragraph *e* of section 965.74 or paragraph *c* of section 965.76 confirms that the subsidiary is carrying on a business on a seasonal basis and that the continuous period during which the business is carried on is comparable to that of other businesses operating in the same sector of activity, subparagraph *c* of the first paragraph is to be read as if “throughout the 12 preceding months” was replaced by “throughout a period of seasonal activity that precedes that date”.

(2) Subsection 1 has effect from 20 December 2006.

106. (1) Section 965.96 of the Act, replaced by section 96 of chapter 12 of the statutes of 2007, is amended by replacing the fourth paragraph by the following paragraph:

“The rules of the second and third paragraphs apply, with the necessary modifications, to

(*a*) the requirement relating to the carrying on of a business set out in paragraph *d* of section 965.90; and

(*b*) the requirement relating to the carrying on of a business on a seasonal basis throughout a period of seasonal activity, because of the application of paragraph *b* of section 965.91.”

(2) Subsection 1 has effect from 20 December 2006.

107. (1) Section 965.97 of the Act, amended by section 97 of chapter 12 of the statutes of 2007, is again amended by replacing the fourth paragraph by the following paragraph:

“The rules of the first, second and third paragraphs apply, with the necessary modifications, to

(a) the requirement relating to the carrying on of a business set out in paragraph *d* of section 965.90; and

(b) the requirement relating to the carrying on of a business on a seasonal basis throughout a period of seasonal activity, because of the application of paragraph *b* of section 965.91.”

(2) Subsection 1 has effect from 20 December 2006.

108. (1) Section 965.129 of the Act is amended by replacing subparagraphs *c* and *d* of the second paragraph by the following subparagraphs:

“(c) C is the adjusted cost of the qualifying shares and valid shares acquired after the particular time referred to in the first paragraph and included in the plan on or before the last day of the second month following the month in which the particular withdrawal occurred; and

“(d) D is the adjusted cost of the qualifying securities acquired after the particular time referred to in the first paragraph and included in the plan on or before the last day of the second month following the month in which the particular withdrawal occurred.”

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

109. (1) Section 985.16 of the Act is replaced by the following section:

“**985.16.** Property accumulated by a registered charity in accordance with section 985.15, including any income related to the property, that is not used for the particular purpose provided for in section 985.15 before the expiration of the period specified in that section or at any earlier time at which a decision has been made in such respect by the charity, is deemed to be income of the charity and the eligible amount of a gift for which it issued a receipt referred to in section 712 or 752.0.10.3 in its taxation year in which such period expires or such decision is made.”

(2) Subsection 1 has effect from 21 December 2002.

110. (1) Section 985.35.6 of the Act is amended by replacing “a gift” in the third paragraph by “the eligible amount of a gift”.

(2) Subsection 1 has effect from 24 March 2006.

111. (1) Section 985.35.16 of the Act is amended by replacing “a gift” in the third paragraph by “the eligible amount of a gift”.

(2) Subsection 1 has effect from 30 June 2006.

112. (1) Section 985.40 of the Act is amended by replacing “a gift” in the third paragraph by “the eligible amount of a gift”.

(2) Subsection 1 has effect from 21 December 2002.

113. (1) Section 1015.3 of the Act is amended

(1) by replacing “\$9,200” in the second paragraph by “\$10,215”;

(2) by replacing the portion of the third paragraph before the formula by the following:

“The amount of \$10,215 to which the second paragraph refers and that is to be used for a taxation year subsequent to the taxation year 2008, is to be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula”;

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

“If the factor determined by the formula in the third paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”;

(4) by replacing “s’il est équidistant” in the fifth paragraph in the French text by “s’il en est équidistant”;

(5) by striking out the sixth paragraph.

(2) Subsection 1 applies from the taxation year 2008.

114. (1) Section 1029.6.0.6 of the Act is amended

(1) by replacing “third” in the first paragraph by “fourth”;

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

“If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”;

(3) by replacing “fourth” in the portion of the third paragraph before subparagraph *a* by “fifth”;

(4) by replacing “third” in the fourth paragraph by “fourth”.

(2) Subsection 1 applies from the taxation year 2008.

115. (1) Section 1029.7 of the Act, amended by section 111 of chapter 12 of the statutes of 2007, is again amended by replacing “in Québec, has an establishment in Québec and” and “to the second paragraph and to the first paragraph of section 1029.8.21.3.2” in the portion of the first paragraph before subparagraph *a* by “in Canada, who” and “to the second paragraph”, respectively.

(2) Subsection 1 applies in respect of an expenditure incurred by a taxpayer after 21 April 2005 in a fiscal period of the taxpayer that begins after that date for scientific research and experimental development undertaken after that date and, where applicable, under a contract entered into after 20 April 2005.

116. (1) Section 1029.8 of the Act, amended by section 113 of chapter 12 of the statutes of 2007, is again amended by replacing “in Québec, has an establishment in Québec” and “to the second paragraph and to the second paragraph of section 1029.8.21.3.2” in the portion of the first paragraph before subparagraph *a* by “in Canada” and “to the second paragraph”, respectively.

(2) Subsection 1 applies in respect of an expenditure incurred by a partnership after 21 April 2005 in a fiscal period of the partnership that begins after that date for scientific research and experimental development undertaken after that date and, where applicable, under a contract entered into after 20 April 2005.

117. (1) Section 1029.8.6 of the Act is amended by replacing “in Québec, has an establishment in Québec and” and “to the second paragraph and to the first paragraph of section 1029.8.21.3.2” in the portion of the first paragraph before subparagraph *a* by “in Canada, who” and “to the second paragraph”, respectively.

(2) Subsection 1 applies in respect of an expenditure incurred by a taxpayer after 21 April 2005 in a fiscal period of the taxpayer that begins after that date for scientific research and experimental development undertaken after that date under a contract entered into after 20 April 2005.

118. (1) Section 1029.8.7 of the Act is amended by replacing “in Québec, has an establishment in Québec” and “to the second paragraph and to the second paragraph of section 1029.8.21.3.2” in the portion of the first paragraph before subparagraph *a* by “in Canada” and “to the second paragraph”, respectively.

(2) Subsection 1 applies in respect of an expenditure incurred by a partnership after 21 April 2005 in a fiscal period of the partnership that begins after that date for scientific research and experimental development undertaken after that date under a contract entered into after 20 April 2005.

119. (1) Section 1029.8.10 of the Act is amended by replacing “in Québec, has an establishment in Québec” and “to the second paragraph and to the first

paragraph of section 1029.8.21.3.2” in the portion of the first paragraph before subparagraph *a* by “in Canada” and “to the second paragraph”, respectively.

(2) Subsection 1 applies in respect of an expenditure incurred by a taxpayer after 21 April 2005 in a fiscal period of the taxpayer that begins after that date for scientific research and experimental development undertaken after that date and, where applicable, under a contract entered into after 20 April 2005.

120. (1) Section 1029.8.11 of the Act is amended by replacing “in Québec, has an establishment in Québec” and “to the second paragraph and to the second paragraph of section 1029.8.21.3.2” in the portion of the first paragraph before subparagraph *a* by “in Canada” and “to the second paragraph”, respectively.

(2) Subsection 1 applies in respect of an expenditure incurred by a partnership after 21 April 2005 in a fiscal period of the partnership that begins after that date for scientific research and experimental development undertaken after that date and, where applicable, under a contract entered into after 20 April 2005.

121. (1) Section 1029.8.20 of the Act is amended by replacing “under section 1029.8.9.0.3, the taxpayer is, for the purposes of that section, deemed” by “under any of sections 1029.7, 1029.8.6, 1029.8.9.0.3 and 1029.8.10, the taxpayer is, for the purposes of those sections, deemed”.

(2) Subsection 1 applies in respect of an expenditure incurred after 21 April 2005 by a taxpayer or a partnership in a fiscal period that begins after that date for scientific research and experimental development undertaken after that date and, where applicable, under a contract entered into after 20 April 2005.

122. (1) Section 1029.8.21.3.2 of the Act is repealed.

(2) Subsection 1 applies in respect of an expenditure incurred after 21 April 2005 by a taxpayer or a partnership in a fiscal period that begins after that date for scientific research and experimental development undertaken after that date and, where applicable, under a contract entered into after 20 April 2005.

123. (1) Section 1029.8.36.0.3.63 of the Act is amended by replacing the portion of paragraph *c* before subparagraph *i* by the following:

“(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a

recognized business in the calendar year, to an employee who reports for work at an establishment of the other corporation situated in Québec, where the salary or wages are paid in respect of a pay period, within the calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the other corporation situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the other corporation that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, exceeds the total of”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

124. (1) Section 1029.8.36.0.3.69 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“1029.8.36.0.3.69. Subject to sections 1029.8.36.0.3.67 and 1029.8.36.0.3.68, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is not associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the third and fourth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the particular taxation year, in relation to a particular recognized business:”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

125. (1) The Act is amended by inserting the following sections after section 1029.8.36.0.3.69:

“1029.8.36.0.3.69.1. Subject to sections 1029.8.36.0.3.67 and 1029.8.36.0.3.68, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases,

after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the particular taxation year, in relation to a particular recognized business:

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the particular recognized business, for which the employee is an eligible employee, is deemed, for the purposes of subparagraph 2 of subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.0.3.61, subparagraph 2 of subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.0.3.62 and subparagraph ii of paragraph a of section 1029.8.36.0.3.63, to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$A \times G,$

ii. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the particular recognized business, is deemed, for the purposes of subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.0.3.61, subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.0.3.62 and paragraph a of section 1029.8.36.0.3.63, to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$B \times G,$

iii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$C \times G,$ and

iv. the eligible amount of the vendor for the particular calendar year is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$D \times G;$

(b) if the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *c* of section 1029.8.36.0.3.63, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph i exceeds the amount determined by the formula

$E \times G$, and

ii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.0.3.63 before subparagraph i, determined in respect of the vendor for the particular calendar year, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph ii exceeds the amount determined by the formula

$F \times G$;

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid, for the purposes of subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or subparagraph ii of paragraph *a* of section 1029.8.36.0.3.63, as the case may be, to employees, in respect of a pay period, within the purchaser's base period in relation to the particular recognized business, for which the employees are eligible employees, the amount determined by the formula

$A \times G$,

ii. to have paid, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.61, subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or paragraph *a* of section 1029.8.36.0.3.63, as the case may be, to employees, in respect of a pay period, within the particular calendar year, for which the employees are eligible employees, in relation to the particular recognized business, the amount determined by the formula

$B \times G$,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount otherwise determined, in relation to the particular recognized business, and

(2) the amount determined by the formula

$C \times G$, and

iv. to have an eligible amount for the particular calendar year equal to the aggregate of

(1) the purchaser's eligible amount otherwise determined for the particular calendar year, and

(2) the amount determined by the formula

$D \times G$; and

(d) if the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 or in subparagraph ii of paragraph *c* of section 1029.8.36.0.3.63, determined in respect of the purchaser, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph i, and

(2) the amount determined by the formula

$E \times G$, and

ii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.0.3.62 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.0.3.63 before subparagraph i, determined in respect of the purchaser for the particular calendar year, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph ii for the particular calendar year, and

(2) the amount determined by the formula

$F \times G$.

In the formulas in subparagraphs *a* to *d* of the first paragraph,

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

i. for the purposes of subparagraph i of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the particular recognized business, for which the employee is an eligible employee, and

ii. for the purposes of subparagraph i of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the recognized business, for which the employee is an eligible employee, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee who reports for work at an establishment of the vendor situated in a designated site, other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the purchaser's base period in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in a designated site or elsewhere, but in connection with the mandates attributable to that establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in computing an amount determined under this subparagraph ii in relation to another recognized business;

(*b*) B is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph ii of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee in relation to the particular recognized business, and

ii. for the purposes of subparagraph ii of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee in relation to the recognized business, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages paid by the vendor to an employee who reports for work at an establishment of the vendor situated in a designated site, other than an excluded employee of the vendor, in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at

work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in a designated site or elsewhere, but in connection with the mandates attributable to that establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60;

(c) C is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph iii of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in the course of carrying on the particular recognized business, in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, for which the employee is an eligible employee, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec but outside a designated site, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph i in relation to another recognized business, and

ii. for the purposes of subparagraph 2 of subparagraph iii of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in the course of carrying on the recognized business, in respect of a pay period, within the vendor’s base period in relation to the recognized business, for which the employee is an eligible employee, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec but outside a designated site, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the vendor’s base period in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the

employee, in relation to the given business, in computing an amount determined under this subparagraph ii in relation to another recognized business, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the purchaser's base period in relation to the recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph ii in relation to another recognized business;

(d) D is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph iv of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the particular recognized business, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an eligible employee of the vendor, in relation to the particular recognized business, or other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of "recognized business" in the first paragraph of section 1029.8.36.0.3.60, and

ii. for the purposes of subparagraph 2 of subparagraph iv of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the recognized business, or the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an eligible employee of the vendor, in relation to the recognized business, or other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at

work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee who reports for work at an establishment of the vendor situated in Québec, other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60;

(*e*) *E* is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee who reports for work at an establishment of the vendor situated in Québec in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60, unless an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined for the particular calendar year under this subparagraph, in relation to another recognized business;

(*f*) *F* is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee who reports for work at an establishment of the vendor situated in Québec in respect of a pay period, within the particular calendar year, throughout which the employee spends, when at work, at least 90% of the time in undertaking, supervising or supporting, in an establishment of the vendor situated in Québec or elsewhere, but in connection with the mandates attributable to such an establishment, work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *c* of the definition of “recognized business” in the first paragraph of section 1029.8.36.0.3.60; and

(*g*) *G* is the proportion that the number of the vendor’s employees referred to in any of subparagraphs *a* to *f*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor’s employees assigned to those activities immediately before the particular time.

“1029.8.36.0.3.69.2. For the purposes of sections 1029.8.36.0.3.69 and 1029.8.36.0.3.69.1, to determine whether a vendor and a purchaser are associated with each other at a particular time, the following rules apply:

(a) if the vendor or purchaser is an individual, other than a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which are owned at the particular time by the individual;

(b) if the vendor or purchaser is a partnership, the vendor or purchaser is deemed to be a corporation whose taxation year is its fiscal period and all the voting shares in the capital stock of which are owned at the particular time by each member of the partnership in a proportion equal to the proportion that the member’s share of the income or loss of the partnership for its fiscal period that includes the particular time is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000; and

(c) if the vendor or purchaser is a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which

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

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

(2) if subparagraph 1 does not apply and the particular time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

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

iii. in any case where subparagraph ii does not apply, are owned at the particular time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the particular time by the person referred to in that section from whom property of the trust or property for which it was substituted was directly or indirectly received.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

126. (1) The Act is amended by inserting the following section after section 1029.8.36.72.82.6:

“1029.8.36.72.82.6.1. For the purpose of computing the amount that is deemed to have been paid to the Minister by a qualified corporation, for a taxation year, under section 1029.8.36.72.82.2 or 1029.8.36.72.82.3, the amount, determined otherwise but without reference to subparagraphs i and iii of subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.72.82.6 and section 1029.8.36.72.82.10, of a salary or wages referred to in the definition of “eligible amount” in the first paragraph of section 1029.8.36.72.82.1, in the portion of subparagraph i of subparagraph *a* of the first paragraph of each of sections 1029.8.36.72.82.2 and 1029.8.36.72.82.3 before subparagraph 1, in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.82.3 before subparagraph 1 or in the portion of each of subparagraphs *a* and *c* of the first paragraph of section 1029.8.36.72.82.4 before subparagraph i, that is paid, in respect of a pay period within the calendar year 2008 or 2009, by the qualified corporation or by another corporation with which the qualified corporation is associated at the end of the calendar year, to an employee and that may reasonably be attributed to activities that are described in a qualification certificate issued, for the purposes of this division, to the qualified corporation, for the year, in respect of a recognized business that it carries on in a resource region, is deemed to be equal to

(*a*) 98% of that amount if the calendar year is the year 2008; and

(*b*) 96% of that amount if the calendar year is the year 2009.”

(2) Subsection 1 applies from 1 January 2008.

127. (1) Section 1029.8.36.72.82.10 of the Act is amended

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

“1029.8.36.72.82.10. Subject to sections 1029.8.36.72.82.8 and 1029.8.36.72.82.9, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that could qualify as a recognized business if it were carried on in a designated region, diminish or cease and it may reasonably be considered that, as a result, another person

or partnership, in this section referred to as the “purchaser”, that is not associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply for the purpose of determining the amount that a particular corporation is deemed to have paid to the Minister under this division for the particular taxation year.”;

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

“(e) E is,

i. if this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the vendor’s business referred to in the first paragraph is a business carried on on a seasonal basis, the proportion that the number of days in the particular calendar year that are included in the period during which such a business is ordinarily carried on on a seasonal basis and that follow the particular time is of the number of days in that period,

ii. if this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the vendor’s business referred to in the first paragraph is not a business carried on on a seasonal basis, the proportion that the number of days in the particular calendar year that follow the particular time is of 365, and

iii. in any other case, 1.”;

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

“Subject to the third paragraph and for the purposes of this section, if the vendor’s business referred to in the first paragraph is a business carried on on a seasonal basis, the proportion that 365 is of the number of days in the particular calendar year during which the purchaser carried on the activities described in that paragraph, and that is referred to in subparagraph i of subparagraph *c* of the first paragraph and in subparagraph 2 of subparagraph iii of that subparagraph *c* or in subparagraph i.1 of subparagraph *c* of the first paragraph and in subparagraph 2 of subparagraph iii.1 of that subparagraph *c*, in the case where the purchaser is the particular corporation, or in subparagraph 1 of subparagraph i of subparagraph *d* of the first paragraph or in subparagraph 1 of subparagraph ii of that subparagraph *d*, in the case where the purchaser is associated with the particular corporation at the end of the particular calendar year, is to be replaced,

(a) if the activities described in the first paragraph relate to a recognized business of the vendor, by the proportion that the number of days that are in the vendor’s base period and in respect of which the vendor paid a salary or wages to an eligible employee in the course of carrying on the business on a

seasonal basis is of the number of days in the particular calendar year during which the purchaser carried on those activities on a seasonal basis;

(b) if the activities described in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, by the proportion that the number of days that are in the purchaser's base period and in respect of which the vendor paid a salary or wages, in the course of carrying on the business on a seasonal basis, to an employee who reports for work at an establishment of the vendor situated in Québec and who spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in a qualification certificate issued to the purchaser, for the purposes of this division, for the year in respect of the recognized business is of the number of days in the particular calendar year during which the purchaser carried on those activities on a seasonal basis; and

(c) if the activities described in the first paragraph relate neither to a recognized business of the vendor nor to a recognized business of the purchaser but relate to a recognized business of another corporation with which the purchaser is associated at the end of the particular calendar year, by the proportion that the number of days that are in the other corporation's base period and in respect of which the vendor paid a salary or wages, in the course of carrying on the business on a seasonal basis, to an employee who reports for work at an establishment of the vendor situated in Québec and who spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in a qualification certificate issued to the other corporation, for the purposes of this division, for the year in respect of the recognized business is of the number of days in the particular calendar year during which the purchaser carried on those activities on a seasonal basis.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

128. (1) Section 1029.8.36.72.82.10.1 of the Act is amended

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

“1029.8.36.72.82.10.1. Subject to sections 1029.8.36.72.82.8 and 1029.8.36.72.82.9, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that could qualify as a recognized business if it were carried on in a designated region, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course

of carrying on such a business, the following rules apply for the purpose of determining the amount that a particular corporation is deemed to have paid to the Minister under this division for the particular taxation year.”;

(2) by striking out subparagraph 3 of subparagraph ii of subparagraphs *a* to *d* of the second paragraph.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

129. Section 1029.8.36.72.82.10.2 of the Act is amended

(1) by replacing “a vendor is associated with a purchaser” in the portion before paragraph *a* by “a vendor and a purchaser are associated with each other”;

(2) by replacing “the individual is deemed” in paragraph *a* by “the vendor or purchaser is deemed”;

(3) by replacing “the partnership is deemed” in paragraph *b* by “the vendor or purchaser is deemed”;

(4) by replacing “the trust is deemed” in the portion of paragraph *c* before subparagraph i by “the vendor or purchaser is deemed”.

130. (1) Section 1029.8.36.72.82.22 of the Act is amended

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

“1029.8.36.72.82.22. Subject to sections 1029.8.36.72.82.20 and 1029.8.36.72.82.21, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that could qualify as a recognized business if it were carried on in an eligible region, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is not associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply for the purpose of determining the amount that a particular corporation is deemed to have paid to the Minister under this division for the particular taxation year.”;

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

“(d) D is,

i. if this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the vendor's business referred to in the first paragraph is a business carried on on a seasonal basis, the proportion that the number of days in the particular calendar year that are included in the period during which such a business is ordinarily carried on on a seasonal basis and that follow the particular time is of the number of days in that period,

ii. if this section applies for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division in respect of the particular calendar year and the vendor's business referred to in the first paragraph is not a business carried on on a seasonal basis, the proportion that the number of days in the particular calendar year that follow the particular time is of 365, and

iii. in any other case, 1.”;

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

“Subject to the third paragraph and for the purposes of this section, if the vendor's business referred to in the first paragraph is a business carried on on a seasonal basis, the proportion that 365 is of the number of days in the particular calendar year during which the purchaser carried on the activities described in the first paragraph, and that is referred to in subparagraph 2 of subparagraph i of subparagraph c of the first paragraph, in the case where the purchaser is the particular corporation, or in subparagraph i of subparagraph d of the first paragraph, in the case where the purchaser is associated with the particular corporation at the end of the particular calendar year, is to be replaced,

(a) if the activities described in the first paragraph relate to a recognized business of the vendor, by the proportion that the number of days that are in the vendor's base period and in respect of which the vendor paid a salary or wages to an eligible employee in the course of carrying on the business on a seasonal basis is of the number of days in the particular calendar year during which the purchaser carried on those activities on a seasonal basis;

(b) if the activities described in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, by the proportion that the number of days that are in the purchaser's base period and in respect of which the vendor paid a salary or wages, in the course of carrying on the business on a seasonal basis, to an employee who reports for work at an establishment of the vendor situated in Québec and who spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in a qualification certificate issued to the purchaser, for the purposes of this division, for the year in respect of the recognized business is of the number of days in the particular calendar year during which the purchaser carried on those activities on a seasonal basis; and

(c) if the activities described in the first paragraph relate neither to a recognized business of the vendor nor to a recognized business of the purchaser but relate to a recognized business of another corporation with which the purchaser is associated at the end of the particular calendar year, by the proportion that the number of days that are in the other corporation's base period and in respect of which the vendor paid a salary or wages, in the course of carrying on the business on a seasonal basis, to an employee who reports for work at an establishment of the vendor situated in Québec and who spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in a qualification certificate issued to the other corporation, for the purposes of this division, for the year in respect of the recognized business is of the number of days in the particular calendar year during which the purchaser carried on those activities on a seasonal basis.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

131. (1) Section 1029.8.36.72.82.23 of the Act is amended

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

“1029.8.36.72.82.23. Subject to sections 1029.8.36.72.82.20 and 1029.8.36.72.82.21, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business that could qualify as a recognized business if it were carried on in an eligible region, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply for the purpose of determining the amount that a particular corporation is deemed to have paid to the Minister under this division for the particular taxation year:”;

(2) by striking out subparagraph 3 of subparagraph ii of subparagraphs *a* and *b* of the second paragraph;

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

“(c) C is the aggregate of all amounts each of which is the salary or wages of an employee paid by the vendor in respect of a pay period, within the particular corporation's base period, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 75% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in a

qualification certificate issued to the particular corporation, for the purposes of this division, for the year in respect of a recognized business, unless an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined under this subparagraph, in relation to another corporation that carries on a recognized business; and”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 30 December 2006.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 1 January 2004.

132. Section 1029.8.36.72.82.24 of the Act is amended

(1) by replacing “a vendor is associated with a purchaser” in the portion before paragraph *a* by “a vendor and a purchaser are associated with each other”;

(2) by replacing “the individual is deemed” in paragraph *a* by “the vendor or purchaser is deemed”;

(3) by replacing “the partnership is deemed” in paragraph *b* by “the vendor or purchaser is deemed”;

(4) by replacing “the trust is deemed” in the portion of paragraph *c* before subparagraph *i* by “the vendor or purchaser is deemed”.

133. (1) Section 1029.8.36.72.86 of the Act is amended by replacing the portion of paragraph *c* before subparagraph *i* by the following:

“(c) the amount by which the aggregate of all amounts each of which is the eligible amount of a qualified corporation that is a member of the group of associated corporations at the end of the calendar year, or the aggregate of all amounts each of which is the salary or wages paid by another qualified corporation that is associated with a qualified corporation that is a member of the group at the end of the calendar year but that does not carry on a recognized business in the calendar year, to an employee in respect of a pay period, within the calendar year, in which the employee reports for work at an establishment of the other corporation situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the other corporation that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, exceeds the total of”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

134. (1) Section 1029.8.36.72.92 of the Act, amended by section 191 of chapter 12 of the statutes of 2007, is again amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“1029.8.36.72.92. Subject to sections 1029.8.36.72.90 and 1029.8.36.72.91, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is not associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply, subject to the fourth and fifth paragraphs, for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the particular taxation year, in relation to a particular recognized business:”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

135. (1) The Act is amended by inserting the following sections after section 1029.8.36.72.92:

“1029.8.36.72.92.1. Subject to sections 1029.8.36.72.90 and 1029.8.36.72.91, if, at a particular time in a particular calendar year that ends in a particular taxation year or in a preceding taxation year, the activities carried on by a person or partnership, in this section referred to as the “vendor”, in relation to a recognized business or a business the activities of which are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, diminish or cease and it may reasonably be considered that, as a result, another person or partnership, in this section referred to as the “purchaser”, that is associated with the vendor at the particular time, begins, after the particular time, to carry on similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities carried on in the course of carrying on such a business, the following rules apply for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under this division for the particular taxation year, in relation to a particular recognized business:

(a) if the particular recognized business is a business of the vendor,

i. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, for which the employee is an eligible employee, is deemed, for the purposes of subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.84, subparagraph 2 of subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 and subparagraph *ii* of paragraph *a* of section 1029.8.36.72.86, to be equal to the amount by which

that amount otherwise determined exceeds the amount determined by the formula

$A \times G$,

ii. the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the particular recognized business, is deemed, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.84, subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 and paragraph *a* of section 1029.8.36.72.86, to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$B \times G$,

iii. the base amount of the vendor, in relation to the particular recognized business, is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$C \times G$, and

iv. the eligible amount of the vendor for the particular calendar year is deemed to be equal to the amount by which that amount otherwise determined exceeds the amount determined by the formula

$D \times G$;

(*b*) if the particular recognized business is a business of a corporation that is associated with the vendor at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.86, determined in respect of the vendor, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph i exceeds the amount determined by the formula

$E \times G$, and

ii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.72.86 before subparagraph i, determined in respect of the vendor for the particular calendar year, is deemed to be equal to the amount by which that amount determined without reference to this subparagraph ii exceeds the amount determined by the formula

$F \times G$;

(c) if the particular recognized business is a business of the purchaser, the purchaser is deemed

i. to have paid, for the purposes of subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.84, subparagraph 2 of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 or subparagraph ii of paragraph *a* of section 1029.8.36.72.86, as the case may be, to employees, in respect of a pay period, within the purchaser's base period in relation to the particular recognized business, for which the employees are eligible employees, the amount determined by the formula

$A \times G$,

ii. to have paid, for the purposes of subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.84, subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 or paragraph *a* of section 1029.8.36.72.86, as the case may be, to employees, in respect of a pay period, within the particular calendar year, for which the employees are eligible employees, in relation to the particular recognized business, the amount determined by the formula

$B \times G$,

iii. to have a base amount, in relation to the particular recognized business, equal to the aggregate of

(1) the purchaser's base amount otherwise determined, in relation to the particular recognized business, and

(2) the amount determined by the formula

$C \times G$, and

iv. to have an eligible amount for the particular calendar year equal to the aggregate of

(1) the purchaser's eligible amount otherwise determined for the particular calendar year, and

(2) the amount determined by the formula

$D \times G$; and

(d) if the particular recognized business is a business of a corporation that is associated with the purchaser at the end of the particular calendar year,

i. the amount that is the aggregate referred to in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 or in subparagraph ii of paragraph *c* of section 1029.8.36.72.86, determined in respect of the purchaser, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph i, and

(2) the amount determined by the formula

$E \times G$, and

ii. the amount that is the second aggregate mentioned in the portion of subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.72.85 before subparagraph 1 or in the portion of paragraph *c* of section 1029.8.36.72.86 before subparagraph i, determined in respect of the purchaser for the particular calendar year, is deemed to be equal to the aggregate of

(1) the amount of that aggregate determined without reference to this subparagraph ii for the particular calendar year, and

(2) the amount determined by the formula

$F \times G$.

In the formulas in subparagraphs *a* to *d* of the first paragraph,

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

i. for the purposes of subparagraph i of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the particular recognized business, for which the employee is an eligible employee, and

ii. for the purposes of subparagraph i of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor's base period in relation to the recognized business, for which the employee is an eligible employee, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages paid by the vendor to an employee, other than an excluded employee of the vendor, in respect of a pay period, within the purchaser's base period in relation to the recognized business, in which the employee reports for work at an establishment of the vendor situated in an eligible site and spends, when at work, at least 90% of the time in undertaking,

supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, unless an amount is included, in respect of the employee, in computing an amount determined under this subparagraph ii in relation to another recognized business;

(b) B is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph ii of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee in relation to the particular recognized business, and

ii. for the purposes of subparagraph ii of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee in relation to the recognized business, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages paid by the vendor to an employee, other than an excluded employee of the vendor, in respect of a pay period, within the particular calendar year, in which the employee reports for work at an establishment of the vendor situated in an eligible site and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83;

(c) C is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph iii of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in the course of carrying on the particular recognized business, in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, for which the employee is an eligible employee, or the salary or wages of an employee, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, in which the employee reports for work at an establishment of the vendor situated in Québec but outside an eligible site and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount

determined under this subparagraph i in relation to another recognized business, and

ii. for the purposes of subparagraph 2 of subparagraph iii of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in the course of carrying on the recognized business, in respect of a pay period, within the vendor's base period in relation to the recognized business, for which the employee is an eligible employee, or the salary or wages of an employee, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the vendor's base period in relation to the recognized business, in which the employee reports for work at an establishment of the vendor situated in Québec but outside an eligible site and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.83, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph ii in relation to another recognized business, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee, other than an excluded employee of the vendor, paid by the vendor in the course of carrying on any given business in respect of a pay period, within the purchaser's base period in relation to the recognized business, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of "recognized business" in the first paragraph of section 1029.8.36.72.83, unless an amount is included, in respect of the employee, in relation to the given business, in computing an amount determined under this subparagraph ii in relation to another recognized business;

(*d*) *D* is the aggregate of all amounts each of which is,

i. for the purposes of subparagraph iv of subparagraph *a* of the first paragraph, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the particular recognized business, or the salary or wages of an employee, other than an eligible employee of the vendor, in relation to the particular recognized business, or other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is

directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, and

ii. for the purposes of subparagraph 2 of subparagraph iv of subparagraph *c* of the first paragraph,

(1) if the activities referred to in the first paragraph relate to a recognized business of the vendor, the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, for which the employee is an eligible employee, in relation to the recognized business, or the salary or wages of an employee, other than an eligible employee of the vendor, in relation to the recognized business, or other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, and

(2) if the activities referred to in the first paragraph do not relate to a recognized business of the vendor but relate to a recognized business of the purchaser, the salary or wages of an employee, other than an excluded employee of the vendor, paid by the vendor in respect of a pay period, within the particular calendar year, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83;

(*e*) E is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the vendor’s base period in relation to the particular recognized business, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83, unless an amount is included, in respect of the employee, in relation to the vendor, in computing an amount determined for the particular calendar year under this subparagraph, in relation to another recognized business;

(*f*) F is the aggregate of all amounts each of which is the salary or wages paid by the vendor to an employee in respect of a pay period, within the particular calendar year, in which the employee reports for work at an establishment of the vendor situated in Québec and spends, when at work, at least 90% of the time in undertaking, supervising or supporting work that is directly related to activities of the vendor that are described in any of

paragraphs *a* to *e* of the definition of “recognized business” in the first paragraph of section 1029.8.36.72.83; and

(*g*) *G* is the proportion that the number of the vendor’s employees referred to in any of subparagraphs *a* to *f*, as the case may be, who were assigned to the carrying on of part of the activities that diminished or ceased at the particular time is of the number of the vendor’s employees assigned to those activities immediately before the particular time.

“1029.8.36.72.92.2. For the purposes of sections 1029.8.36.72.92 and 1029.8.36.72.92.1, to determine whether a vendor and a purchaser are associated with each other at a particular time, the following rules apply:

(*a*) if the vendor or purchaser is an individual, other than a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which are owned at the particular time by the individual;

(*b*) if the vendor or purchaser is a partnership, the vendor or purchaser is deemed to be a corporation whose taxation year is its fiscal period and all the voting shares in the capital stock of which are owned at the particular time by each member of the partnership in a proportion equal to the proportion that the member’s share of the income or loss of the partnership for its fiscal period that includes the particular time is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000; and

(*c*) if the vendor or purchaser is a trust, the vendor or purchaser is deemed to be a corporation all the voting shares in the capital stock of which

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

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

(2) if subparagraph 1 does not apply and the particular time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to

exercise, a power to appoint, are owned at the particular time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the particular time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the particular time by the person referred to in that section from whom property of the trust or property for which it was substituted was directly or indirectly received.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2006.

136. (1) Section 1029.8.61.20 of the Act is amended

(1) by replacing “third” in the first paragraph by “fourth”;

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

“If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”;

(3) by replacing “fourth” in the portion of the third paragraph before subparagraph *a* by “fifth”;

(4) by replacing “third” in the fourth paragraph by “fourth”.

(2) Subsection 1 applies from the taxation year 2008.

137. (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 person for a taxation year in relation to an individual is a housing period of the person of at least”;

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

“ii. the period is included in a housing period of the 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;”;

(3) by replacing “particular period” in subparagraphs iii and iv of paragraph *b* by “particular housing period”.

(2) Subsection 1 applies from the taxation year 2006.

138. (1) Section 1029.8.61.65 of the Act is replaced by the following section:

“1029.8.61.65. For the purposes of section 1029.8.61.64, 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.”

(2) Subsection 1 applies from the taxation year 2007.

139. (1) The Act is amended by inserting the following after section 1029.8.61.70:

“DIVISION II.11.4

“CREDIT FOR PERSONS PROVIDING RESPITE TO INFORMAL CAREGIVERS

“§1. — *Interpretation and general*

“1029.8.61.71. In this division,

“care recipient” means a person who has a significant long-term disability and who has an intervention plan or an individualized service plan developed by a health and social services centre governed by the Act respecting health services and social services (chapter S-4.2) or an institution governed by the Act respecting health services and social services for Cree Native persons (chapter S-5) in respect of whom

(a) the conditions set out in subparagraphs *a* to *b.1* of the first paragraph of section 752.0.14 are met, if the person is 18 years of age or over; or

(b) another person receives an amount to which subparagraph *b* of the second paragraph of section 1029.8.61.18 refers;

“eligible individual” for a taxation year in relation to a care recipient means an individual, other than an excluded individual for the year, in relation to the care recipient, who, in the year, provides a total of at least 400 hours of volunteer respite services in Québec to an informal caregiver for the year in respect of the care recipient;

“excluded individual” for a taxation year in relation to a care recipient means

(a) the care recipient’s spouse;

(b) a person who, but for section 2, is the care recipient's father or mother or who, but for section 1, is the care recipient's child, brother or sister or, where applicable, such a person's spouse; or

(c) a person who is an eligible relative, within the meaning of section 1029.8.61.61, of the informal caregiver for the year, in relation to the care recipient, in respect of whom the informal caregiver is deemed to have paid to the Minister an amount on account of the informal caregiver's tax payable under this Part for the year under section 1029.8.61.64;

"informal caregiver" for a taxation year in relation to a care recipient means a person who lives with the care recipient throughout the period, within the year, during which volunteer respite services are provided to the informal caregiver by an eligible individual in relation to the care recipient, and who is the care recipient's spouse or a person in respect of whom the care recipient is a person referred to in paragraph *a* of the definition of "eligible relative" in section 1029.8.61.61;

"volunteer respite services" means unremunerated services provided by an individual in the home of a care recipient that consist in providing care to the care recipient, performing tasks that are normally carried out by the informal caregiver, in relation to the care recipient, freeing the informal caregiver from certain daily tasks so that the informal caregiver can be with the care recipient at all times, or providing any other similar service in order to provide respite to the informal caregiver.

For the purposes of the definition of "informal caregiver" in the first paragraph, if, for a taxation year, more than one person would be considered, but for this section, to be an informal caregiver in relation to the same care recipient, the person who is the care recipient's main support is deemed, for the year, to be the care recipient's only informal caregiver.

For the purposes of the definition of "eligible individual" in the first paragraph, if, in a taxation year, an individual provides volunteer respite services in respect of more than one care recipient in the same place, the number of hours devoted to those services must be divided equally among the care recipients.

"1029.8.61.72. If an individual is deemed to have paid to the Minister an amount under section 1029.8.61.73 for a taxation year in recognition of volunteer respite services that the individual provided to an informal caregiver in respect of a care recipient, the informal caregiver or care recipient shall, on request in writing by the Minister for information with respect to the care recipient's impairment or developmental disability and its effects on the care recipient or with respect to any therapy that is required to be administered to the care recipient, provide the information so requested in writing.

“§2. — *Credit*

“**1029.8.61.73.** An eligible individual for a taxation year who is resident in Québec at the end of 31 December of the year is deemed to have paid to the Minister, on the individual’s balance-due day for that year, on account of the individual’s tax payable under this Part for the year, an amount equal to the aggregate of all amounts each of which is an amount that is attributed to the individual or that is deemed to be attributed to the individual for the year in accordance with section 1029.8.61.74 in recognition of volunteer respite services that the individual provided during the year to an informal caregiver in respect of a care recipient.

An eligible individual may be deemed to have paid to the Minister an amount under the first paragraph for a taxation year in respect of volunteer respite services provided to an informal caregiver, in relation to a care recipient, only if 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 so file if tax were payable under this Part by the individual for the year, the information return sent to the individual by the informal caregiver for the year in relation to the care recipient.

“**1029.8.61.74.** An informal caregiver for a taxation year in relation to a care recipient may attribute an amount for the year, which may not exceed \$500, to an eligible individual for the year, in relation to the care recipient, provided the aggregate of all amounts each of which is an amount so attributed by the informal caregiver for the year to an eligible individual in relation to the care recipient does not exceed \$1,000.

Subject to the third paragraph, if the amount otherwise attributed by an informal caregiver to an eligible individual under the first paragraph exceeds \$500, the amount attributed to the eligible individual is deemed to be equal to \$500.

If the aggregate of all amounts each of which is an amount otherwise attributed under the first paragraph or deemed to be attributed under the second paragraph for a taxation year by an informal caregiver to an eligible individual in relation to a care recipient exceeds \$1,000, the amount so attributed or deemed to be attributed by the informal caregiver to an eligible individual for the year in relation to the care recipient is deemed to be equal to the amount determined by the Minister for the year in respect of the eligible individual in relation to the care recipient.

“**1029.8.61.75.** No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.73 for a taxation year if the individual is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).”

(2) Subsection 1 applies from the taxation year 2007.

140. (1) Section 1029.8.67 of the Act, amended by section 207 of chapter 12 of the statutes of 2007, is again amended

(1) by replacing the definition of “qualified child care expense” by the following definition:

““qualified child care expense” of an individual for a taxation year means the lesser of

(a) an amount that, subject to section 1029.8.69 and the first paragraph of section 1029.8.81, is equal to the aggregate of the individual’s child care expenses for the year; and

(b) the total of the product obtained when \$10,000 is multiplied by the number of eligible children of the individual for the year each of whom is a person described in section 1029.8.76 and in respect of whom child care expenses referred to in paragraph *a* were incurred, the product obtained when \$7,000 is multiplied by the number of eligible children of the individual for the year each of whom is under seven years of age on 31 December of that year, or would have been had the child then been living, and in respect of whom such expenses were incurred, and the product obtained when \$4,000 is multiplied by the number of all other eligible children of the individual for the year in respect of whom such expenses were incurred;”;

(2) by replacing the definition of “child care expense” by the following definition:

““child care expense” of an individual for a taxation year means an expense that is neither prescribed nor excluded under section 1029.8.68 and that

(a) is incurred in the year for the purpose of providing child care services in Canada including baby sitting services, day nursery services or services provided at a boarding school or a camp for an eligible child of the individual for the year;

(b) is incurred to enable the individual, or, subject to the second paragraph of section 1029.8.81, the individual’s eligible spouse for the year, who resides with the child at the time the expense is incurred,

- i. to perform the duties of an office or employment,
- ii. to carry on a business, either alone or as a partner actively engaged in the business,
- iii. to carry on research or any similar work for which the individual or the individual’s eligible spouse for the year received a grant,
- iv. to attend a qualified educational institution, where the individual or the individual’s eligible spouse for the year is enrolled in an educational program of not less than three consecutive weeks duration that provides that each

student in the program spend not less than 10 hours per week on courses or work in the program or not less than 12 hours per month on courses in the program, as the case may be, or

v. to actively seek employment; and

(c) is paid by the individual, or by the individual's eligible spouse for the year, for services provided in the year by a person resident in Canada other than, at the time the services are provided,

i. the child's father or mother,

ii. a person with whom the individual is living in a conjugal relationship,

iii. a person who resides with the individual and for whom the child in respect of whom the expense was incurred is an eligible child for the year,

iv. a person under 18 years of age related to the individual or to the person with whom the individual is living in a conjugal relationship, or

v. a person in respect of whom either the individual or a person who resides with the individual and for whom the child in respect of whom the expense was incurred is an eligible child for the year, deducts an amount in computing tax payable for the year under section 752.0.1 or 776.41.14;";

(3) by striking out the definition of "supporting person";

(4) by striking out the definition of "earned income".

(2) Subsection 1 applies from the taxation year 2007.

141. (1) Section 1029.8.68 of the Act is replaced by the following section:

"1029.8.68. For the purposes of the definition of "child care expense" in section 1029.8.67, the child care expenses of an individual for a taxation year do not include the amounts paid for an eligible child of the individual who attends, in the year, a boarding school or camp to the extent that the total of those amounts exceeds the product obtained when \$250, if the child is a person described in section 1029.8.76, \$175, if the child is under seven years of age on 31 December of that year, or would have been had the child then been living, or \$100, in any other case, is multiplied by the number of weeks in the year during which the child attended the school or camp, nor the medical expenses described in sections 752.0.11 to 752.0.13.0.1 or any other amounts paid for medical or hospital care, clothing, transportation, general or specific education services, or board or lodging, other than such expenses described in that definition."

(2) Subsection 1 applies from the taxation year 2007.

142. (1) Section 1029.8.69 of the Act is amended

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

“**1029.8.69.** For the purpose of determining an individual’s qualified child care expenses for a taxation year, the individual may include in the aggregate of the individual’s child care expenses for the year, an amount paid as such,”;

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

“(a.1) only if, where the amount was paid to a person required, under the regulations made under section 1086, to send, in respect of that amount, an information return to the individual or the individual’s eligible spouse, the individual attaches a copy of the information return to the fiscal return the individual is required to file for the year under section 1000, or would be so required to file if the individual had tax payable for the year under this Part; and”.

(2) Subsection 1 applies from the taxation year 2007.

143. (1) Sections 1029.8.70 to 1029.8.72 of the Act are repealed.

(2) Subsection 1 applies from the taxation year 2007.

144. (1) Section 1029.8.73 of the Act is amended by replacing “qualified child care expense” by “child care expense”.

(2) Subsection 1 applies from the taxation year 2007.

145. (1) Section 1029.8.74 of the Act is amended

(1) by replacing “shall be read without reference to “, in Canada,” and “resident in Canada”” in paragraph *a* by “is to be read without reference to “, in Canada” and “resident in Canada””;

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

“(b) paragraph *a* of section 1029.8.69, for that year in respect of that individual, if the expenses referred to in that paragraph were paid to a person not resident in Canada, is to be read without reference to “and contains, where the payee is an individual, the individual’s Social Insurance Number”.”

(2) Subsection 1 applies from the taxation year 2007.

146. (1) Section 1029.8.75 of the Act is amended

(1) by replacing “without reference to “in Canada,” and to “resident in Canada”” in the portion before paragraph *a* by “without reference to “in Canada” and to “resident in Canada””;

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

“(a) those expenses, other than amounts paid for a child’s attendance at a boarding school or camp outside Canada, are deemed to be child care expenses of the person for the year for the purposes of this division if the child care services are provided at a place that is closer to the person’s principal place of residence by a reasonably accessible road, in view of the circumstances, than any place in Canada where such child care services are available; and

“(b) if the expenses are deemed under paragraph *a* to be child care expenses of the person for the year, paragraph *a* of section 1029.8.69, in respect of those expenses, is to be read without reference to “and contains, where the payee is an individual, the individual’s Social Insurance Number”.”

(2) Subsection 1 applies from the taxation year 2007.

147. (1) Section 1029.8.76 of the Act is replaced by the following section:

“**1029.8.76.** The person to whom paragraph *b* of the definition of “qualified child care expense” in section 1029.8.67 and section 1029.8.68 refer for a taxation year is an eligible child in respect of whom subparagraphs *a* to *d* of the first paragraph of section 752.0.14 apply for that year.”

(2) Subsection 1 applies from the taxation year 2007.

148. (1) Section 1029.8.79 of the Act is replaced by the following section:

“**1029.8.79.** An individual who either is resident in Québec on the last day of a taxation year, or is resident in Canada outside Québec on the last day of a taxation year and carried on a business in Québec at any time in the taxation year, 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 for that year under this Part, an amount equal, for the year,

(a) if the individual is resident in Québec on the last day of the taxation year or, if the individual is resident in Canada outside Québec on the last day of the taxation year, carried on a business in Québec at any time in the year and has an eligible spouse for the year who is resident in Québec on the last day of the year, to the amount obtained by applying the appropriate percentage determined under section 1029.8.80 in respect of the individual for the year to the individual’s qualified child care expenses for the year;

(b) if the individual is resident in Canada outside Québec on the last day of the taxation year, carried on a business in Québec at any time in the year and either does not have an eligible spouse for the year or the individual’s eligible spouse for the year is, on the last day of the year, neither a person resident in Québec, nor a person resident in Canada outside Québec who carried on a business in Québec at any time in the year, to the product obtained by multiplying the proportion referred to in the second paragraph of section 25 by

the amount obtained by applying the percentage referred to in paragraph *c* of section 750 to the individual's qualified child care expenses for the year; and

(*c*) if the individual and the individual's eligible spouse for the year are resident in Canada outside Québec on the last day of the taxation year and carried on a business in Québec at any time in the year, to the product obtained by multiplying the average of the proportions each of which is referred to in the second paragraph of section 25 and established in respect of the individual or the individual's eligible spouse for the year, by the amount obtained by applying the percentage referred to in paragraph *c* of section 750 to the individual's qualified child care expenses for the year.

For the purposes of this section, if an individual dies or ceases to be resident in Canada in a taxation year, the last day of the individual's taxation year is the day on which the individual died or the last day the individual was resident in Canada.”

(2) Subsection 1 applies from the taxation year 2007.

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

“(*d*) at the time of the application, the individual is described in the portion of paragraph *c* of the definition of “child care expense” in section 1029.8.67 before subparagraph *i*.”

(2) Subsection 1 applies from the taxation year 2007.

150. (1) Section 1029.8.81 of the Act, amended by section 208 of chapter 12 of the statutes of 2007, is replaced by the following section:

“**1029.8.81.** For the purposes of section 1029.8.79, for the purpose of determining the qualified child care expense of an individual for a taxation year, the aggregate of the individual's child care expenses for the year is deemed to be equal to zero, if the individual is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Act respecting the Ministère du Revenu (chapter M-31).

For the purposes of paragraph *b* of the definition of “child care expense” in section 1029.8.67 and of subparagraphs *a* and *b* of the first paragraph of section 1029.8.79, a person is deemed not to be the eligible spouse of an individual for a taxation year if the person is exempt from tax for that year under any of the provisions referred to in the first paragraph.”

(2) Subsection 1 applies from the taxation year 2007.

151. (1) Section 1029.8.101 of the Act is amended by replacing paragraph *a* of the definition of “eligible individual” by the following paragraph:

“(a) a person in respect of whom another individual receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual’s tax payable or a person in respect of whom another individual deducts an amount in computing the other individual’s tax payable for the year under section 776.41.14;”.

(2) Subsection 1 applies from the taxation year 2007.

152. (1) Section 1029.8.110 of the Act is amended by replacing paragraph *a* of the definition of “eligible individual” by the following paragraph:

“(a) a person in respect of whom another individual receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of the other individual’s tax payable or a person in respect of whom another individual deducts an amount in computing the other individual’s tax payable for the year under section 776.41.14; or”.

(2) Subsection 1 applies from the taxation year 2007.

153. (1) Section 1029.8.113 of the Act is replaced by the following section:

“**1029.8.113.** For the purposes of paragraph *c* of section 1029.8.114, a person is a dependant, during a taxation year, of an eligible individual for the year or of the eligible individual’s eligible spouse for the year if, during the year, the person is a person in respect of whom the individual or spouse receives, for the year, an amount deemed under section 1029.8.61.18 to be an overpayment of tax payable or deducts an amount under section 776.41.14 in computing the tax payable for the year.”

(2) Subsection 1 applies from the taxation year 2007.

154. (1) Section 1029.8.116.1 of the Act is amended by replacing paragraph *b* of the definition of “eligible individual” by the following paragraph:

“(b) a person in respect of whom another individual, in computing the other individual’s tax payable for the year, deducts an amount under section 752.0.1, as a consequence of the application of paragraph *d*, or under section 776.41.14;”.

(2) Subsection 1 applies from the taxation year 2007.

155. (1) Section 1029.8.116.8 of the Act, amended by section 211 of chapter 12 of the statutes of 2007, is again amended, in the first paragraph,

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

“(c) the eligible individual or the eligible individual’s eligible spouse for the year deducts an amount in computing the tax payable for the year in respect of that person under section 752.0.1, as a consequence of the application

of paragraph *d* of that section, or could have deducted such an amount but for the person's income for the year; or";

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

“(d) that person is an eligible student for the year within the meaning of section 776.41.12.”

(2) Subsection 1 applies from the taxation year 2007.

156. (1) Section 1079.1 of the Act is amended, in the first paragraph,

(1) by replacing “a limited-recourse amount” in paragraph *b* of the definition of “gifting arrangement” by “a limited-recourse debt, determined under section 851.41.1.”;

(2) by striking out the definition of “limited-recourse amount”.

(2) Subsection 1 applies in respect of a gift made after 6:00 p.m. Eastern Standard Time on 5 December 2003.

157. (1) Section 1129.0.0.1 of the Act, amended by section 223 of chapter 12 of the statutes of 2007, is again amended by replacing “III.1 to III.1.0.5, III.1.1, III.1.1.7 and III.10.1.1 to III.10.2” in the portion of the first paragraph before the definition of “government assistance” and in the second paragraph by “III.0.1, III.1 to III.1.0.5, III.1.1, III.1.1.2, III.1.1.3, III.1.1.7, III.10 and III.10.1 to III.10.2”.

(2) Subsection 1 has effect from 24 March 2006.

158. (1) Section 1129.0.1 of the Act, amended by section 225 of chapter 12 of the statutes of 2007, is again amended by inserting the following definition in alphabetical order:

““contract payment” has the meaning assigned by paragraph *c* of section 1029.8.17;”.

(2) Subsection 1 has effect from 24 March 2006.

159. (1) Section 1129.0.2 of the Act is amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“1129.0.2. Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.7, on account of the taxpayer's tax payable under Part I, in relation to scientific research and experimental development, shall pay the tax computed under the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to wages or a portion of a consideration paid in respect of the research and development, or in respect of work relating to the research and development, is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer; or

(b) a contract payment, government assistance or non-government assistance is received by a person or partnership and the contract payment or assistance would have reduced, in accordance with subparagraph i or ii of subparagraph *c* of the first paragraph of section 1029.8.18, the amount of a portion of a consideration paid in respect of the research and development, or in respect of work relating to the research and development, if the person or partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the taxpayer's filing-due date for the taxation year in which the research and development was undertaken.

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 taxpayer is deemed to have paid to the Minister under section 1029.7, in relation to the research and development, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, in relation to the research and development, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to wages or a portion of a consideration paid by the taxpayer in respect of the research and development, or in respect of work relating to the research and development, were refunded, paid or allocated in the taxation year in which the scientific research and experimental development to which the wages or portion of the consideration relate was undertaken, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by a person or partnership at or before the end of the repayment year, were received in the taxation year in which the scientific research and experimental development to which the contract payment or assistance relates was undertaken; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to wages or a consideration paid after that date.

160. (1) Section 1129.0.3 of the Act is amended

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

“1129.0.3. Every taxpayer who is a member of a particular partnership and who is deemed to have paid an amount to the Minister, under section 1029.8, on account of the taxpayer’s tax payable under Part I, in relation to scientific research and experimental development, shall pay the tax computed under the second paragraph for the taxation year in which a fiscal period of the particular partnership ends, in this section referred to as the “fiscal period of repayment”, in which

(a) an amount relating to wages or a portion of a consideration paid in respect of the research and development, or in respect of work relating to the research and development, is, directly or indirectly, refunded or otherwise paid to the particular partnership or taxpayer or allocated to a payment to be made by the particular partnership or taxpayer; or

(b) a contract payment, government assistance or non-government assistance is received by a person or another partnership and the contract payment or assistance would have reduced, in accordance with subparagraph i or ii of subparagraph c of the first paragraph of section 1029.8.18, the amount of a portion of a consideration paid in respect of the research and development, or in respect of work relating to the research and development, if the person or the other partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the day that is six months after the end of the particular partnership’s fiscal period in which the research and development was undertaken.

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 taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8, in relation to the research and development, if the taxpayer’s share of the income or loss of the particular partnership for the particular partnership’s fiscal period that ends in the taxation year and the particular partnership’s income or loss for that fiscal period were the same as those for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the research and development, if the taxpayer’s share of the income or loss of the particular partnership for the particular partnership’s fiscal period that ends in the taxation year and the particular partnership’s income or loss for that fiscal period were the same as those for the fiscal period of repayment and if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to wages or a portion of a consideration that the particular partnership paid in respect of the research and development, or in respect of work relating to the research and development, were refunded, paid or allocated in the particular partnership’s fiscal period in which the scientific research and experimental development to which the wages or portion of the consideration relate was undertaken, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by a person or another partnership at or before the end of the fiscal period of repayment, were received in the particular partnership's fiscal period in which the scientific research and experimental development to which the contract payment or assistance relates was undertaken; and”;

(2) by replacing “partnership” and “partnership’s” wherever they appear in subparagraph *b* of the second paragraph and in subparagraphs *a* and *b* of the third paragraph by “particular partnership” and “particular partnership’s”, respectively.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to wages or a consideration paid after that date.

161. (1) Section 1129.0.4 of the Act is amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“1129.0.4. Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.6, on account of the taxpayer's tax payable under Part I, in relation to a university research contract or an eligible research contract under which scientific research and experimental development was undertaken, shall pay the tax computed under the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to a qualified expenditure paid in respect of the contract is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer; or

(b) a contract payment, government assistance or non-government assistance is received by an eligible university entity, an eligible public research centre or an eligible research consortium, within the meaning of paragraph *f*, *a.1* or *a.1.1* of section 1029.8.1, as the case may be, and the contract payment or assistance would have reduced, in accordance with subparagraph *iii* of subparagraph *c* of the first paragraph of section 1029.8.18, all or part of the amount of a qualified expenditure paid in respect of the contract, if the eligible university entity, the eligible public research centre or the eligible research consortium had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the taxpayer's filing-due date for the taxation year in which the scientific research and experimental development was undertaken.

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 taxpayer is deemed to have paid to the Minister under section 1029.8.6, in relation to the contract, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, in relation to the contract, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to the amount of a qualified expenditure paid by the taxpayer in respect of the contract, were refunded, paid or allocated in the taxation year in which the scientific research and experimental development to which the expenditure relates was undertaken, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by an eligible university entity, an eligible public research centre or an eligible research consortium, as the case may be, at or before the end of the repayment year, were received in the taxation year in which the scientific research and experimental development to which the contract payment or assistance relates was undertaken; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to the amount of a qualified expenditure paid after that date.

162. (1) Section 1129.0.5 of the Act is amended

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

“**1129.0.5.** Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.7, on account of the taxpayer’s tax payable under Part I, in relation to a university research contract or an eligible research contract under which scientific research and experimental development was undertaken, shall pay the tax computed under the second paragraph for the taxation year in which a fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which

(a) an amount relating to a qualified expenditure paid in respect of the contract is, directly or indirectly, refunded or otherwise paid to the partnership or taxpayer or allocated to a payment to be made by the partnership or taxpayer; or

(b) a contract payment, government assistance or non-government assistance is received by an eligible university entity, an eligible public research centre or an eligible research consortium, within the meaning of paragraph *f*, *a.1* or *a.1.1* of section 1029.8.1, as the case may be, and the contract payment or assistance would have reduced, in accordance with subparagraph iii of subparagraph *c* of the first paragraph of section 1029.8.18, all or part of the amount of a qualified expenditure paid in respect of the contract, if the eligible university entity, the eligible public research centre or the eligible research consortium had received it, had been entitled to receive it or could reasonably

have expected to receive it on or before the day that is six months after the end of the partnership's fiscal period in which the scientific research and experimental development was undertaken.”;

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

“(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the contract, if the taxpayer's share of the income or loss of the partnership for the partnership's fiscal period that ends in the taxation year and the partnership's income or loss for that fiscal period were the same as those for the fiscal period of repayment and if”;

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

“ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by an eligible university entity, an eligible public research centre or an eligible research consortium, as the case may be, at or before the end of the fiscal period of repayment, were received in the partnership's fiscal period in which the scientific research and experimental development to which the contract payment or assistance relates was undertaken; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to the amount of a qualified expenditure paid after that date.

163. (1) Section 1129.0.8 of the Act, amended by section 226 of chapter 12 of the statutes of 2007, is again amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“**1129.0.8.** Every taxpayer who is deemed to have paid an amount to the Minister, under section 1029.8.10 or 1029.8.16.1.4, on account of the taxpayer's tax payable under Part I, in relation to an agreement under which scientific research and experimental development was undertaken, shall pay the tax computed under the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to a qualified expenditure that is made in respect of the agreement is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer; or

(b) a contract payment, government assistance or non-government assistance is received by a person or partnership and the contract payment or assistance would have reduced, in accordance with subparagraph *iv* of subparagraph *c* of the first paragraph of section 1029.8.18, all or part of a qualified expenditure made in respect of the scientific research and experimental development, if the person or partnership had received it, had been entitled to receive it or could

reasonably have expected to receive it on or before the taxpayer's filing-due date for the taxation year in which the scientific research and experimental development was undertaken.

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 taxpayer is deemed to have paid to the Minister under section 1029.8.10 or 1029.8.16.1.4, in relation to the agreement, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, in relation to the agreement, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to a qualified expenditure made by the taxpayer in respect of the agreement, were refunded, paid or allocated in the taxation year in which the scientific research and experimental development to which the expenditure relates was undertaken, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by the person or partnership at or before the end of the repayment year, were received in the taxation year in which the scientific research and experimental development to which the contract payment or assistance relates was undertaken; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to a qualified expenditure made after that date.

164. (1) Section 1129.0.9 of the Act, amended by section 227 of chapter 12 of the statutes of 2007, is again amended

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

“1129.0.9. Every taxpayer who is a member of a particular partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.11 or 1029.8.16.1.5, on account of the taxpayer's tax payable under Part I, in relation to an agreement under which scientific research and experimental development was undertaken, shall pay the tax computed under the second paragraph for the taxation year in which a fiscal period of the particular partnership ends, in this section referred to as the “fiscal period of repayment”, in which

(a) an amount relating to a qualified expenditure that is made in respect of the agreement is, directly or indirectly, refunded or otherwise paid to the particular partnership or to the taxpayer or allocated to a payment to be made by the particular partnership or the taxpayer; or

(b) a contract payment, government assistance or non-government assistance is received by a person or another partnership and the contract payment or assistance would have reduced, in accordance with subparagraph iv of subparagraph c of the first paragraph of section 1029.8.18, all or part of a qualified expenditure made in respect of the scientific research and experimental development, if the person or the other partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the day that is six months after the end of the particular partnership's fiscal period in which the scientific research and experimental development was undertaken.

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 taxpayer would be deemed to have paid to the Minister for a taxation year under section 1029.8.11 or 1029.8.16.1.5, in relation to the agreement, if the taxpayer's share of the income or loss of the particular partnership for the particular partnership's fiscal period that ends in the taxation year and the particular partnership's income or loss for that fiscal period were the same as those for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the taxpayer would be deemed to have paid to the Minister under that section, for a taxation year, in relation to the agreement, if the taxpayer's share of the income or loss of the particular partnership for the particular partnership's fiscal period that ends in the taxation year and the particular partnership's income or loss for that fiscal period were the same as those for the fiscal period of repayment and if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to a qualified expenditure made by the particular partnership in respect of the agreement, were refunded, paid or allocated in the particular partnership's fiscal period in which the scientific research and experimental development to which the expenditure relates was undertaken, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph b of the first paragraph that is received by a person or another partnership at or before the end of the fiscal period of repayment, were received in the particular partnership's fiscal period in which the scientific research and experimental development to which the contract payment or assistance relates was undertaken; and”;

(2) by replacing “partnership” and “partnership’s” wherever they appear in subparagraph b of the second paragraph and in subparagraphs a and b of the third paragraph by “particular partnership” and “particular partnership’s”, respectively.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to a qualified expenditure made after that date.

165. (1) Section 1129.4.3.6 of the Act is amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“1129.4.3.6. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.9, on account of its tax payable under Part I for a particular taxation year, in relation to its qualified labour expenditure for the particular year in respect of a property that is a multimedia title, shall pay the tax computed under the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to an expenditure included in computing the qualified labour expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(b) government assistance or non-government assistance is received by a person or partnership and the assistance would have reduced, in accordance with paragraph *b* of section 1029.8.36.0.3.10.1, the amount of a portion of a consideration included in computing the qualified labour expenditure, if the person or partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the corporation’s filing-due date for the particular taxation year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, in relation to its qualified labour expenditure for the particular year in respect of the property, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, in relation to the qualified labour expenditure, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to an expenditure included in computing the qualified labour expenditure, were refunded, paid or allocated in the particular year, and

ii. every government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by a person or partnership at or before the end of the repayment year, were received in the particular year; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of assistance received, after 23 March 2006, in relation to a salary or wages, or to a consideration, paid after that date.

166. (1) Section 1129.4.3.10 of the Act is amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“1129.4.3.10. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.19, on account of its tax payable for a particular taxation year under Part I, in relation to its qualified labour expenditure for the particular year, shall pay the tax computed under the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to an expenditure included in computing the qualified labour expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(b) government assistance or non-government assistance is received by a person or partnership and the assistance would have reduced, in accordance with paragraph *b* of section 1029.8.36.0.3.21, the amount of a portion of a consideration included in computing the qualified labour expenditure, if the person or partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the corporation’s filing-due date for the particular taxation year.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.19 or 1029.8.36.0.3.22, in relation to its qualified labour expenditure for the particular year, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.19 or 1029.8.36.0.3.22, in relation to the qualified labour expenditure, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to an expenditure included in computing the qualified labour expenditure, were refunded, paid or allocated in the particular year, and

ii. every government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by a person or partnership at or before the end of the repayment year, were received in the particular year; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of assistance received, after 23 March 2006, in relation to a salary or wages, or to a consideration, paid after that date.

167. (1) Section 1129.42 of the Act, replaced by section 265 of chapter 12 of the statutes of 2007, is again replaced by the following section:

“1129.42. In this Part, “contract payment”, “qualified designer”, “qualified outside consultant”, “qualified patternmaker” and “wages” have the meaning assigned by section 1029.8.36.4.”

(2) Subsection 1 has effect from 7 November 2007. In addition, when section 1129.42 of the Act applies before that date and after 23 March 2006, it is to be read as if

(1) the following definition was inserted in alphabetical order:

““qualified designer” has the meaning assigned by section 1029.8.36.4;”;
and

(2) the following definitions were inserted in alphabetical order:

““contract payment” has the meaning assigned by section 1029.8.36.4;

““qualified patternmaker” has the meaning assigned by section 1029.8.36.4;

““wages” has the meaning assigned by section 1029.8.36.4.”

168. (1) Section 1129.43 of the Act is replaced by the following section:

“1129.43. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.5, on account of its tax payable under Part I for a particular taxation year, in respect of an expenditure incurred by the corporation in the particular year in relation to a design activity carried out under a contract entered into with a qualified outside consultant, shall pay the tax computed under the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to the expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(b) a contract payment, government assistance or non-government assistance is received by a person or partnership and the contract payment or assistance would have reduced, in accordance with subparagraph *a* of the first paragraph of section 1029.8.36.18, the wages paid to a qualified designer or qualified patternmaker by the person or partnership and to which the expenditure is attributable, if the person or partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the corporation’s filing-due date for the particular taxation year.

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 for a taxation year preceding the repayment year under section 1029.8.36.5 or 1029.8.36.20, in relation to the expenditure, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.5 or 1029.8.36.20, in relation to the expenditure, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to the expenditure, were refunded, paid or allocated in the particular taxation year, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by the person or partnership at or before the end of the repayment year, were received in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the expenditure.”

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to an expenditure made, or wages paid, after that date under a contract entered into with a qualified outside consultant after 21 April 2005.

(3) In addition, when section 1129.43 of the Act applies in respect of an amount refunded, paid or allocated between 21 April 2005 and 24 March 2006 and relating to an expenditure incurred in that period under a contract entered into with a qualified outside consultant in that period, it is to be read as follows:

“1129.43. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.5, on account of its tax payable under Part I for a particular taxation year, in respect of an expenditure incurred by the corporation in the particular year in relation to a design activity carried out under a contract entered into with a qualified outside consultant, shall pay the tax computed under the second paragraph for a subsequent taxation year, in this section referred to as the “repayment year”, in which an amount relating to the expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.5 or 1029.8.36.20, in relation to the expenditure, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.5 or 1029.8.36.20, in relation to the expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the expenditure, were refunded, paid or allocated in the particular taxation year; and

(*b*) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the expenditure.”

169. (1) Section 1129.44 of the Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

“1129.44. Every corporation that is a member of a particular partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.6, on account of its tax payable under Part I for a particular taxation year, in respect of an expenditure that, in relation to a design activity carried out under a contract entered into with a qualified outside consultant, the particular partnership incurred in the particular partnership’s particular fiscal period that ends in the particular year, shall pay the tax computed under the second paragraph for the taxation year in which a subsequent fiscal period of the particular partnership ends, in this section referred to as the “fiscal period of repayment”, in which

(a) an amount relating to the expenditure is, directly or indirectly, refunded or otherwise paid to the particular partnership or to the corporation or allocated to a payment to be made by the particular partnership or the corporation; or

(b) a contract payment, government assistance or non-government assistance is received by a person or another partnership and the contract payment or assistance would have reduced, in accordance with subparagraph i of subparagraph c of the first paragraph of section 1029.8.36.18, the corporation’s share of wages that are paid to a qualified designer or qualified patternmaker by the person or the other partnership and to whom the expenditure is attributable, if the person or the other partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the day that is six months after the end of the particular fiscal period.

“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 would be deemed to have paid to the Minister for a taxation year in which a fiscal period of the particular partnership preceding the fiscal period of repayment ends, under any of sections 1029.8.36.6, 1029.8.36.21 and 1029.8.36.22, in relation to the expenditure, if the corporation’s share of the income or loss of the particular partnership for that preceding fiscal period and the particular partnership’s income or loss for that preceding fiscal period were the same as those for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.6, 1029.8.36.21 and 1029.8.36.22, for a taxation year in which a fiscal period of the particular partnership preceding the fiscal period of repayment ends, in relation to the expenditure, if the corporation’s share of the income or loss of the particular partnership for that preceding fiscal period and the particular partnership’s income or loss for that preceding fiscal period were the same as those for the fiscal period of repayment and if

i. every amount that is so refunded, paid or allocated at or before the end of the fiscal period of repayment, in relation to the expenditure, were refunded, paid or allocated in the particular fiscal period, and

ii. every contract payment, government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by the person or the other partnership at or before the end of the fiscal period of repayment, were received in the particular fiscal period; and

(*b*) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the expenditure, if the corporation's share of the income or loss of the particular partnership for the particular partnership's fiscal period that ends in the preceding taxation year and the particular partnership's income or loss for that fiscal period were the same as those for the fiscal period of repayment.”;

(2) by replacing “partnership” and “partnership’s” wherever they appear in subparagraphs *a* and *b* of the third paragraph by “particular partnership” and “particular partnership’s”, respectively.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of a contract payment or assistance received, after 23 March 2006, in relation to an expenditure incurred, or wages paid, after that date under a contract entered into with a qualified outside consultant after 21 April 2005.

(3) In addition, when section 1129.44 of the Act applies in respect of an amount refunded, paid or allocated between 21 April 2005 and 24 March 2006 and relating to an expenditure incurred in that period under a contract entered into with a qualified outside consultant in that period, it is to be read:

(1) as if the portion before subparagraph ii of subparagraph *a* of the second paragraph was replaced by the following:

“1129.44. Every corporation that is a member of a partnership and that is deemed to have paid an amount to the Minister, under section 1029.8.36.6, on account of its tax payable under Part I for a particular taxation year, in respect of an expenditure that, in relation to a design activity carried out under a contract entered into with a qualified outside consultant, the partnership incurred in the particular fiscal period of the partnership that ends in the particular year, shall pay the tax computed under the second paragraph for the taxation year in which a subsequent fiscal period of the partnership ends, in this section referred to as the “fiscal period of repayment”, in which an amount relating to the expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends, under any of sections 1029.8.36.6, 1029.8.36.21 and 1029.8.36.22, in relation to the expenditure, if the corporation's share of the income or loss of the partnership for that preceding fiscal period and the partnership's income or loss for that preceding fiscal period were the same as those for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.6, 1029.8.36.21 and 1029.8.36.22, for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends, in relation to the expenditure, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the expenditure, were refunded, paid or allocated in the particular fiscal period, and"; and

(2) as if subparagraph *b* of the second paragraph was replaced by the following subparagraph:

“(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the expenditure, if the corporation's share of the income or loss of the partnership for the partnership's fiscal period that ends in the preceding taxation year and the partnership's income or loss for that fiscal period were the same as those for the fiscal period of repayment.”

170. (1) Section 1129.45.1 of the Act, amended by section 304 of chapter 12 of the statutes of 2007, is replaced by the following section:

“1129.45.1. In this Part, “construction expenditure”, “conversion expenditure”, “cost of construction”, “cost of conversion”, “eligible vessel”, “qualified construction expenditure” and “qualified conversion expenditure” have the meaning assigned by Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I.”

(2) Subsection 1 has effect from 7 November 2007. In addition, when section 1129.45.1 of the Act applies before that date and after 23 March 2006, it is to be read as if

(1) the following definition was inserted in alphabetical order:

““construction expenditure” has the meaning assigned by Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I;”;

(2) the following definition was inserted in alphabetical order:

““conversion expenditure” has the meaning assigned by Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I;”.

171. (1) Section 1129.45.2 of the Act is amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“1129.45.2. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.55, on account of its tax payable under Part I, in relation to an eligible vessel, shall pay the tax computed under the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which

(*a*) an amount relating to an expenditure included in computing a qualified construction expenditure of the corporation in respect of the vessel, or the cost of construction of the vessel to the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(*b*) government assistance or non-government assistance is received by a person or partnership and the assistance would have reduced, in accordance with subparagraph *a.1* of the third paragraph of section 1029.8.36.54 or with subparagraph *i* of subparagraph *a* of the second paragraph of section 1029.8.36.55, the amount of a portion of a consideration paid in respect of a construction expenditure of the corporation in respect of the vessel or to the cost of construction of the vessel to the corporation, if the person or partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the corporation’s filing-due date for the taxation year in which the corporation paid the portion of the consideration or incurred the portion of the cost of construction to which the assistance relates.

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 1029.8.36.55, in relation to the eligible vessel, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, in relation to the vessel, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to an expenditure included in computing a qualified construction expenditure of the corporation in respect of the vessel or in computing the cost of construction of the vessel to the corporation, were refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure to which the amount refunded, paid or allocated relates, and

ii. every government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by a person or partnership at or before the end of the repayment year, were received in the taxation year in which the corporation paid the portion of the consideration or incurred the portion of the cost of construction to which the assistance relates; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of assistance received, after 23 March 2006, in relation to a consideration paid, or another expenditure incurred, after that date.

172. (1) Section 1129.45.2.1 of the Act is amended by replacing the portion before subparagraph *b* of the second paragraph by the following:

“1129.45.2.1. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.55.1, on account of its tax payable under Part I, in relation to an eligible vessel, shall pay the tax computed under the second paragraph for a taxation year, in this section referred to as the “repayment year”, in which

(a) an amount relating to an expenditure included in computing a qualified conversion expenditure of the corporation in respect of the vessel, or the cost of conversion of the vessel to the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(b) government assistance or non-government assistance is received by a person or partnership and the assistance would have reduced, in accordance with subparagraph *a.1* of the third paragraph of section 1029.8.36.54 or with subparagraph *i* of subparagraph *a* of the second paragraph of section 1029.8.36.55.1, the amount of a portion of a consideration paid in respect of a conversion expenditure of the corporation in respect of the vessel or to the cost of conversion of the vessel to the corporation, if the person or partnership had received it, had been entitled to receive it or could reasonably have expected to receive it on or before the corporation’s filing-due date for the taxation year in which the corporation paid the portion of the consideration or incurred the portion of the cost of conversion to which the assistance relates.

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 1029.8.36.55.1, in relation to the eligible vessel, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under that section, in relation to the vessel, if

i. every amount that is so refunded, paid or allocated at or before the end of the repayment year, in relation to an expenditure included in computing a

qualified conversion expenditure of the corporation in respect of the vessel or in computing the cost of conversion of the vessel to the corporation, were refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure to which the amount refunded, paid or allocated relates, and

ii. every government assistance or non-government assistance referred to in subparagraph *b* of the first paragraph that is received by a person or partnership at or before the end of the repayment year, were received in the taxation year in which the corporation paid the portion of the consideration or incurred the portion of the conversion cost to which the assistance relates; and”.

(2) Subsection 1 applies in respect of an amount refunded, paid or allocated, or of assistance received, after 23 March 2006, in relation to a consideration paid, or another expenditure incurred, after that date.

173. (1) Section 1129.52 of the Act is amended by replacing the first paragraph by the following paragraph:

“**1129.52.** Every trust that, at the end of a taxation year, is an environmental trust resident in Québec shall pay a tax for the year equal to the amount obtained by applying the basic rate that would be determined in its respect for the year under section 771.0.2.3.1 if the trust were a corporation other than a financial institution or an oil refining corporation, within the meaning assigned to those expressions by section 771.1, to its income determined under Part I for the year.”

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007.

174. (1) Section 1130 of the Act is amended

(1) by replacing the definition of “financial statements” by the following definition:

““financial statements” means either the financial statements submitted to the shareholders of a corporation or to the members of a partnership or joint venture, as the case may be, and prepared in accordance with generally accepted accounting principles or, if the financial statements are consolidated financial statements, the non-consolidated financial statements prepared in accordance with the same generally accepted accounting principles as those that apply in preparing the consolidated financial statements or,

(a) if such financial statements have not been prepared, such financial statements had they been prepared in accordance with generally accepted accounting principles or, in the case where the financial statements that should have been prepared are consolidated financial statements, such non-consolidated financial statements had they been prepared in accordance with the same

generally accepted accounting principles as those that would have applied in preparing consolidated financial statements; or

(b) if such financial statements have not been prepared in accordance with generally accepted accounting principles, such financial statements had they been prepared in accordance with generally accepted accounting principles or, in the case where the financial statements that were not prepared in accordance with generally accepted accounting principles are consolidated financial statements, such non-consolidated financial statements prepared in accordance with the same generally accepted accounting principles as those that should have applied in preparing the consolidated financial statements;”;

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

““bond” means a negotiable debt security issued to several lenders of funds to meet a need for long-term financing;”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 31 January 2007.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 24 May 2007. It also applies to a taxation year that ended before 25 May 2007 and in respect of which an application for adjustment concerning, for the purposes of paragraph *b* of section 1137 or paragraph *a* of subsection 1 of section 1138 of the Act, an issued security’s qualification as a “bond” is filed with the Minister of Revenue after 23 May 2007.

175. (1) Section 1132.4 of the Act is amended

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

“**1132.4.** The rate referred to in paragraph *a* of section 1132 in respect of a corporation for a taxation year that begins before 1 January 2011 is equal to

(a) if the taxation year begins and ends in the same calendar year, the base percentage for that calendar year; and

(b) if subparagraph *a* does not apply, the total of the percentages each of which is the proportion of the base percentage for a calendar year that the number of days in the taxation year that are included in that calendar year is of the number of days in the taxation year.”;

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

“(e) 0.48%, for the calendar year 2009; and”;

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

“(f) 0.24%, for the calendar year 2010.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2006. In addition, when it applies to the taxation year 2006, subparagraph *a* of the second paragraph of section 1132.4 of the Act is to be read as follows:

“(a) 1.2%, for the calendar year 2004 or 2005;”.

176. (1) Section 1132.5 of the Act is amended

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

“**1132.5.** The rate referred to in paragraph *c* of section 1132 in respect of a corporation for a taxation year that begins before 1 January 2011 is equal to

(a) if the taxation year begins and ends in the same calendar year, the base percentage for that calendar year; and

(b) if subparagraph *a* does not apply, the total of the percentages each of which is the proportion of the base percentage for a calendar year that the number of days in the taxation year that are included in that calendar year is of the number of days in the taxation year.”;

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

“(e) 0.24%, for the calendar year 2009; and”;

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

“(f) 0.12%, for the calendar year 2010.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2006. In addition, when it applies to the taxation year 2006, subparagraph *a* of the second paragraph of section 1132.5 of the Act is to be read as follows:

“(a) 0.6%, for the calendar year 2004 or 2005;”.

177. Section 1135 of the Act is amended by adding “and if its taxation year begins before 1 January 2011” at the end of the second paragraph.

178. (1) Section 1135.1 of the Act, amended by section 277 of chapter 12 of the statutes of 2007, is again amended, in the first paragraph,

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

“1135.1. If a corporation to which Title I of Book III applies is the owner at the end of a particular taxation year of a property described in any of sections 1135.3 to 1135.3.1 that the corporation acquired in that year, or is a member of a partnership at the end of a particular fiscal period of the partnership that ends in the corporation’s particular taxation year and at that time the partnership is the owner of a property described in any of sections 1135.3 to 1135.3.1 that the partnership acquired in that particular fiscal period, the corporation may deduct from its tax otherwise payable under this Part for the particular taxation year a particular amount equal to the aggregate of”;

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

“(a.1) 10% of the aggregate of

i. the aggregate of all amounts each of which is the amount by which the aggregate of the costs incurred by the corporation in the particular taxation year to acquire such a property described in section 1135.3.0.1, except an amount incurred with a person with whom the corporation or a specified shareholder of the corporation does not deal at arm’s length, that are related to a business carried on by the corporation in the particular year in Québec, other than a recognized business in connection with which a major investment project is carried out or is in the process of being carried out, and that are included, at the end of that year, in the capital cost of the property, to the extent that those costs are paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to such costs, 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 that particular year, and

ii. the aggregate of all amounts each of which is the amount by which the corporation’s share of the amount by which the aggregate of the costs incurred by the partnership in the particular fiscal period to acquire such a property described in section 1135.3.0.1, except an amount incurred with a person with whom a corporation that is a member of the partnership or a specified shareholder of that corporation does not deal at arm’s length, that are related to a business carried on by the partnership in the particular fiscal period in Québec, other than a recognized business in connection with which a major investment project is carried out or is in the process of being carried out, and that are included, at the end of that particular fiscal period, in the capital cost of the property, to the extent that those costs are paid, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to such costs, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that particular fiscal period, exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to such costs, that the corporation has received, is entitled to receive or may reasonably expect to

receive on or before the day that is six months after the end of that particular fiscal period; and”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

179. (1) Section 1135.2 of the Act, replaced by section 278 of chapter 12 of the statutes of 2007, is amended by replacing “subparagraphs *a* and *b*” in subparagraphs *a* and *b* of the second paragraph by “any of subparagraphs *a* to *b*”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

180. (1) Section 1135.3 of the Act is amended

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

“**1135.3.** The property to which the first paragraph of section 1135.1 refers is a property described in Class 43 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1), other than a property described in section 1135.3.0.1 or 1135.3.1, that”;

(2) by striking out “and before 1 January 2008” in paragraph *a*.

(2) Paragraph 1 of subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

(3) Paragraph 2 of subsection 1 has effect from 25 May 2007.

181. (1) The Act is amended by inserting the following section after section 1135.3:

“**1135.3.0.1.** The property to which the first paragraph of section 1135.1 and section 1135.3 refer is a property described in Class 43 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1), other than a property described in section 1135.3.1, that

(*a*) is acquired after 20 February 2007, but is not a property acquired pursuant to an obligation in writing entered into before 21 February 2007 or the construction of which, where applicable, by or on behalf of the purchaser, had begun before 20 February 2007;

(*b*) begins to be used within a reasonable time after being acquired;

(*c*) is used solely in Québec and mainly in the course of carrying on a business; and

(*d*) was not, before its acquisition, used for any purpose or acquired to be used or leased for any purpose whatever.”

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

182. (1) Section 1135.3.1 of the Act is amended

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

“1135.3.1. The property to which the first paragraph of section 1135.1 and sections 1135.3 and 1135.3.0.1 refer is a property described in Class 43 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1) that”;

(2) by striking out “and before 1 January 2010” in paragraph *a*.

(2) Paragraph 1 of subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

(3) Paragraph 2 of subsection 1 has effect from 25 May 2007.

183. (1) Section 1135.4 of the Act, amended by section 279 of chapter 12 of the statutes of 2007, is again amended

(1) by replacing “section 1135.3 or 1135.3.1” in the portion before paragraph *a* by “any of sections 1135.3 to 1135.3.1”;

(2) by replacing “of subparagraph *a* or *b*” in paragraph *a* and in the portion of paragraph *b* before subparagraph *i* by “of any of subparagraphs *a* to *b*”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

184. (1) Section 1135.6 of the Act, amended by section 281 of chapter 12 of the statutes of 2007, is again amended by replacing “pays, at a particular time in a taxation year and before 1 January 2009” in the portion before paragraph *a* by “pays at a particular time in a taxation year”.

(2) Subsection 1 has effect from 25 May 2007.

185. (1) The Act is amended by inserting the following section after section 1135.6:

“1135.6.0.1. If a corporation pays at a particular time in a taxation year, pursuant to a legal obligation, a particular amount, in relation to costs incurred to acquire a property described in section 1135.3.0.1, that may reasonably be considered to be a repayment of an amount of assistance referred to in subparagraph *i* or *ii* of subparagraph *a.1* of the first paragraph of section 1135.1 that, for the purpose of determining the amount that the corporation could deduct, in respect of those costs, in computing its tax otherwise payable for a preceding taxation year under this Part, reduced the

amount determined, in respect of the corporation, under that subparagraph i or ii, the following rules apply:

(a) the particular amount is deemed, for the purposes of sections 1135.1 to 1135.12, to have been paid at the particular time by the corporation as costs to acquire, in the year, a property of which the corporation is the owner at the end of the year and that meets the conditions set out in section 1135.3.0.1; and

(b) the costs referred to in paragraph *a* are deemed to be related to a business that the corporation carries on in the year in Québec and included, at the end of that year, in the capital cost of the property.”

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

186. (1) Section 1135.6.1 of the Act, amended by section 282 of chapter 12 of the statutes of 2007, is again amended by replacing “pays, at a particular time in a taxation year and before 1 January 2011” in the portion before paragraph *a* by “pays at a particular time in a taxation year”.

(2) Subsection 1 has effect from 25 May 2007.

187. (1) Section 1135.7 of the Act, amended by section 283 of chapter 12 of the statutes of 2007, is again amended by replacing “pays, at a particular time in a particular fiscal period and before 1 January 2009” in the portion before paragraph *a* by “pays at a particular time in a particular fiscal period”.

(2) Subsection 1 has effect from 25 May 2007.

188. (1) The Act is amended by inserting the following section after section 1135.7:

“1135.7.0.1. If a partnership pays at a particular time in a particular fiscal period, pursuant to a legal obligation, a particular amount, in relation to costs incurred to acquire a property described in section 1135.3.0.1, that may reasonably be considered to be a repayment of an amount of assistance referred to in subparagraph ii of subparagraph *a.1* of the first paragraph of section 1135.1 that, for the purpose of determining the amount that a corporation that is a member of the partnership could deduct, in respect of those costs, in computing its tax otherwise payable under this Part for a taxation year in which ends a fiscal period of the partnership that precedes the particular fiscal period, reduced the amount determined, in respect of the corporation, under that subparagraph ii, the following rules apply:

(a) the particular amount is deemed, for the purposes of sections 1135.1 to 1135.12, to have been paid at the particular time by the partnership as costs to acquire, in the particular fiscal period, a property of which the partnership is the owner at the end of that particular fiscal period and that meets the conditions set out in section 1135.3.0.1; and

(b) the costs referred to in paragraph *a* are deemed to be related to a business that the partnership carries on in the particular fiscal period in Québec and included, at the end of that fiscal period, in the capital cost of the property.”

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

189. (1) Section 1135.7.1 of the Act, amended by section 284 of chapter 12 of the statutes of 2007, is again amended by replacing “pays, at a particular time in a particular fiscal period and before 1 January 2011” in the portion before paragraph *a* by “pays at a particular time in a particular fiscal period”.

(2) Subsection 1 has effect from 25 May 2007.

190. (1) Section 1135.7.2 of the Act, enacted by section 285 of chapter 12 of the statutes of 2007, is amended by replacing “either of subparagraphs *a* and *b*” in paragraph *a* by “any of subparagraphs *a* to *b*”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

191. (1) Section 1135.7.3 of the Act, enacted by section 285 of chapter 12 of the statutes of 2007, is amended by replacing “subparagraph *a* or *b*” in the portion before paragraph *a* by “any of subparagraphs *a* to *b*”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

192. (1) Section 1135.8 of the Act is amended by replacing “section 1135.3” in the portion before paragraph *a* by “section 1135.3 or 1135.3.0.1”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

193. (1) Section 1135.9 of the Act is amended by replacing “section 1135.3 or 1135.3.1” in the second paragraph by “any of sections 1135.3 to 1135.3.1”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

194. (1) Section 1136 of the Act is amended by inserting the following paragraph after the first paragraph of subsection 3:

“For the purposes of the first paragraph, if the share of an amount of \$1,000,000 in profits of a partnership for a fiscal period that is attributable to a corporation, on account of its interest in the partnership, is at least \$200,000, the following rules apply:

(a) the corporation shall include in computing its paid-up capital its share of the retained profits shown in the partnership's financial statements, except to the extent that the share is otherwise included in the corporation's paid-up capital or to the extent that the Minister is of the opinion that the generally accepted accounting principles allow for the share to not be so included in computing the corporation's paid-up capital; and

(b) the corporation may deduct in computing its paid-up capital its share of the unallocated deficit shown in the partnership's financial statements, except to the extent that the share is otherwise deducted in computing the corporation's paid-up capital or to the extent that the Minister is of the opinion that the generally accepted accounting principles do not allow for the share to be so deducted in computing the corporation's paid-up capital.”

(2) Subsection 1 applies to a taxation year that ends after 24 May 2007. It also applies, if a corporation files an application for adjustment with the Minister of Revenue to have this section apply, to a taxation year of the corporation that ends before 25 May 2007 and for which the Minister of Revenue may, on receiving the application for adjustment and under section 1010 of the Act, determine or redetermine the tax on capital payable and make an assessment or reassessment or determine an additional assessment.

195. (1) Section 1138 of the Act is amended

(1) by inserting the following subsection after subsection 2.1.2.2:

“(2.1.2.3) For the purposes of subsection 1 and despite section 1.7, a reference to another corporation in subsection 1 is deemed not to be a reference to a government of a country, province, state or to another political subdivision of a country, other than a municipality or municipal body performing government functions.”;

(2) by replacing subsection 3.1 by the following subsection:

“(3.1) For the purposes of subsection 3, a corporation

(a) may deduct, in computing the amount of its assets,

i. an amount shown in its financial statements resulting from a transaction between a partnership or a joint venture and its members, except to the extent that the transaction increased the amount of the corporation's interest in the partnership or joint venture, shown as an asset in its financial statements, and

ii. the amount of the share of the unallocated deficit of a partnership that the corporation deducted in computing its paid-up capital in accordance with subparagraph *b* of the second paragraph of subsection 3 of section 1136; and

(b) shall include in computing the amount of its assets the amount of the share of the retained profits of a partnership that the corporation included in

computing its paid-up capital in accordance with subparagraph *a* of the second paragraph of subsection 3 of section 1136.”

(2) Subsection 1 applies to a taxation year that ends after 24 May 2007.

(3) Paragraph 1 of subsection 1 also applies to a taxation year that ended before 25 May 2007 and in respect of which an application for adjustment concerning the fact that the government of a country, province, state or other political subdivision of a country is a corporation for the purposes of Part IV of the Act is filed with the Minister of Revenue after 23 May 2007.

(4) Paragraph 2 of subsection 1 also applies, if a corporation files an application for adjustment with the Minister of Revenue to have that paragraph 2 apply, to a taxation year of the corporation that ends before 25 May 2007 and for which the Minister of Revenue may, on receiving the application for adjustment and under section 1010 of the Act, determine or redetermine the tax on capital payable and make an assessment or reassessment or determine an additional assessment.

196. (1) Section 1138.0.1 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**1138.0.1.** A qualified corporation, within the meaning of sections 771.5 to 771.7, for a taxation year may deduct, if it is not described in section 1138.1, in computing its paid-up capital for the year, after the application of section 1138, an amount equal to 75% of the lesser of”.

(2) Subsection 1 applies to a taxation year that ends after 20 February 2007.

197. (1) Section 1138.1 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

“**1138.1.** Every farming corporation or every corporation whose activities consist mainly in carrying on a fishing business may deduct \$5,000,000 in computing its paid-up capital, following the application of section 1138.

“However, if the corporation is associated in a taxation year with one or several other corporations referred to in the first paragraph, the amount it may deduct for the year under this section is equal to the product obtained by multiplying \$5,000,000 by

(*a*) if all the corporations associated with each other during the year have filed with the Minister an agreement in prescribed form whereby they attribute a deduction percentage to one or more of them for the year for the purposes of this section, and the deduction percentage or the total of deduction percentages so attributed, as the case may be, does not exceed 100%, the deduction percentage so attributed to the corporation for the year or, in the absence of such an attribution in its respect, zero; and

(b) in any other case, zero.”

(2) Subsection 1, when it replaces the first paragraph of section 1138.1 of the Act, applies to a taxation year that ends after 20 February 2007. However, when the first paragraph of section 1138.1 of the Act applies to such a taxation year that includes that date, it is to be read as follows:

“**1138.1.** Every farming corporation or every corporation whose activities consist mainly in carrying on a fishing business may deduct in computing its paid-up capital, following the application of section 1138, the greater of

(a) the total of \$400,000 and the proportion of \$4,600,000 that the number of days in the taxation year that follow 20 February 2007 is of the number of days in the year; and

(b) the amount the corporation could deduct for the year under section 1138.0.1 if the first paragraph of that section were read without reference to “, if it is not described in section 1138.1.””

(3) Subsection 1, when it replaces the second paragraph of section 1138.1 of the Act, applies to a taxation year that ends after 31 December 2006. However, when the second paragraph of section 1138.1 of the Act applies to such a taxation year

(1) that ends before 21 February 2007, it is to be read as if the amount of \$5,000,000 in the portion before subparagraph *a* was replaced by an amount of \$400,000; and

(2) that ends after 20 February 2007 and includes that date, it is to be read as if the amount of \$5,000,000 in the portion before subparagraph *a* was replaced by an amount equal to the total of \$400,000 and the proportion of \$4,600,000 that the number of days in the year that follow 20 February 2007 is of the number of days in the year.

198. (1) Section 1138.2.2 of the Act is amended, in the second paragraph,

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

“(c) where the recognized business is carried on by the corporation, the financial statements of the corporation prepared in accordance with generally accepted accounting principles but pertaining only to the eligible activities of the corporation, in relation to the major investment project, and, where applicable, the financial statements of a joint venture in which the corporation has an interest, prepared in accordance with those principles but pertaining only to the activities carried on by the joint venture that would be eligible activities of a corporation, in relation to the major investment project, if the joint venture were a corporation; and”;

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

“ii. where applicable, the financial statements of a joint venture in which the partnership has an interest, prepared in accordance with generally accepted accounting principles but pertaining only to the activities carried on by the joint venture that would be eligible activities of a partnership, in relation to the major investment project, if the joint venture were a partnership, and”.

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

199. (1) Section 1170.1 of the Act is amended by replacing “1170.2 and 1170.3” in the portion of the first paragraph before the formula by “1170.2 to 1170.4”.

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

200. (1) The Act is amended by inserting the following section after section 1170.3:

“1170.4. If, at a particular time, the activities carried on in Québec by an insurance corporation diminish or cease and it may reasonably be considered that, as a result, another insurance corporation begins, after the particular time, to carry on similar activities in the course of carrying on a recognized business, in relation to a major investment project, or increases the scope of similar activities carried on in the course of carrying on such a business, the total payroll attributable to those activities or portions of activities is not to be taken into account, for the purpose of determining the amount that the other insurance corporation may deduct from its tax payable under section 1170.1 for a 12-month period that ends in a taxation year, unless the activities are activities of a recognized business whose acquisition by the other insurance corporation was authorized by the Minister of Finance in accordance with section 1170.3.”

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

201. (1) Section 1175.4.1 of the Act is amended by replacing “1175.4.2 and 1175.4.3” in the portion of the first paragraph before the formula by “1175.4.2 to 1175.4.4”.

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

202. (1) The Act is amended by inserting the following section after section 1175.4.3:

“1175.4.4. If, at a particular time, the activities carried on in Québec by a life insurer diminish or cease and it may reasonably be considered that, as a result, another life insurer begins, after the particular time, to carry on similar activities in the course of carrying on a recognized business, in relation to a major investment project, or increases the scope of similar activities carried on in the course of carrying on such a business, the total payroll attributable to those activities or portions of activities is not to be taken into account, for the purpose of determining the amount that the other life insurer may deduct from its tax payable under section 1175.4.1 for a taxation year, unless the activities are activities of a recognized business whose acquisition by the other life insurer was authorized by the Minister of Finance in accordance with section 1175.4.3.”

(2) Subsection 1 applies to a taxation year in relation to which the time limits provided for in subsection 2 of section 1010 of the Act had not expired on 29 June 2006.

203. (1) Section 1175.19.2 of the Act, replaced by section 289 of chapter 12 of the statutes of 2007, is amended by replacing “section 1135.3 or 1135.3.1” in the portion of the first paragraph before subparagraph *a* by “any of sections 1135.3 to 1135.3.1”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

204. (1) Section 1175.19.2.1 of the Act, replaced by section 290 of chapter 12 of the statutes of 2007, is amended, in the first paragraph,

(1) by replacing “section 1135.3 or 1135.3.1” in the portion before subparagraph *a* by “any of sections 1135.3 to 1135.3.1”;

(2) by replacing “section 1135.3” in the portion of subparagraph *a* before subparagraph *i* by “section 1135.3 or 1135.3.0.1”.

(2) Subsection 1 applies in respect of costs incurred to acquire a property after 20 February 2007.

205. (1) Section 1175.28.14 of the Act, amended by section 296 of chapter 12 of the statutes of 2007, is again amended by striking out paragraph *d*.

(2) Subsection 1 applies from the taxation year 2008.

206. Section 1186.5 of the Act is replaced by the following section:

“1186.5. The Minister shall pay into the consolidated revenue fund the contributions paid to the Minister for a taxation year under section 1186.2.”

207. Section 1186.10 of the Act is replaced by the following section:

“**1186.10.** The Minister shall pay into the consolidated revenue fund the contributions paid to the Minister for a taxation year under section 1186.7.”

ACT RESPECTING THE MINISTÈRE DU REVENU

208. (1) Section 93.1.8 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by inserting “498.1,” after “455.0.1,” in the first paragraph.

(2) Subsection 1 has effect from 24 March 2006.

209. (1) Section 93.1.12 of the Act is amended by inserting “498.1,” after “455.0.1,” in the first paragraph.

(2) Subsection 1 has effect from 24 March 2006.

210. (1) Section 94.0.3.2 of the Act is amended

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

“ $A \times C \times D$, and”;

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

“ $B \times C \times D$ ”;

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

“(c) *C* is the amount by which the basic rate referred to in paragraph *d.2* of subsection 1 of section 771 of the Taxation Act in respect of the person for the taxation year exceeds, if the person has deducted, in accordance with that paragraph *d.2* and because of the fact that the person was a Canadian-controlled private corporation, within the meaning of section 1 of that Act, an amount in computing the person’s tax payable for the year under Part I of that Act,

i. the percentage referred to for the year, in respect of the person, in that paragraph *d.2* for the purpose of computing that deduction, if the percentage determined for the year under this subparagraph *c* is to be applied to the portion of the amount determined for the year under subparagraph *a* or *b* that does not exceed the amount by which the amount established in respect of the person for the year under section 771.2.1.2 of that Act exceeds the amount that would have been established in respect of the person for the year under that section if section 737.18.17 of that Act had applied for the year to the person relating to the major investment project, and

ii. a nil percentage, if the percentage determined for the year under this subparagraph *c* is to be applied to the remaining portion of the amount determined for the year under subparagraph *a* or *b*; and”;

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

“(d) D is the proportion that the person’s business carried on in Québec is of the aggregate of the person’s business carried on in Canada or in Québec and elsewhere, as determined for the taxation year under subsection 2 of section 771 of the Taxation Act.”

(2) Paragraphs 1, 2 and 4 of subsection 1 have effect from 15 March 2000.

(3) Paragraph 3 of subsection 1 applies to a taxation year that begins after 20 February 2007. In addition, when section 94.0.3.2 of the Act applies to a taxation year that ends after 20 February 2007 and includes that date, it is to be read as if “the amount by which the percentage” in the portion of subparagraph *c* of the second paragraph before subparagraph *i* was replaced by “the amount by which the basic rate”.

ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

211. (1) Section 34.1.6.1 of the Act respecting the Régie de l’assurance maladie du Québec (R.S.Q., chapter R-5) is amended

(1) by replacing “sixth” in the third paragraph by “seventh”;

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

“If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”

(2) Subsection 1 applies from the year 2008.

212. (1) Section 37.1 of the Act is amended

(1) by replacing the definition of “dependent child” by the following definition:

““dependent child” of an individual for a year means a child in respect of whom the individual or the individual’s eligible spouse for the year has received, for the year, an amount deemed under section 1029.8.61.18 of the Taxation Act (chapter I-3) to be an overpayment of tax payable, or a child in respect of whom the individual or the individual’s eligible spouse for the year has deducted an amount in computing tax payable for the year under section 776.41.14 of that Act, or could have deducted such an amount if the

individual or the individual's eligible spouse had been resident in Québec for the purposes of that Act, throughout the year or, if the individual or the individual's eligible spouse died in the year, throughout the period of the year preceding the time of death;";

(2) by replacing paragraph *a* of the definition of "contribution rate" by the following paragraph:

"(a) for the year 2007,

i. in the case of subparagraph i of that subparagraph *a*, is equal to 2.9%,

ii. in the case of subparagraph ii of that subparagraph *a*, is equal to 5.76%,

iii. in the case of subparagraph i of that subparagraph *d*, is equal to 4.35%,
and

iv. in the case of subparagraph ii of that subparagraph *d*, is equal to 8.67%;
and";

(3) by replacing "2002" in paragraph *b* of the definition of "contribution rate" by "2007".

(2) Subsection 1 applies from the year 2007.

213. (1) Section 37.6 of the Act is amended by replacing "\$422" in subparagraphs i and ii of subparagraph *a* of the first paragraph by "\$557".

(2) Subsection 1 applies from the year 2007. However, when section 37.6 of the Act applies to the year 2007, subparagraph i of subparagraph *a* of the first paragraph is to be read as if "\$557" was replaced by "\$422".

ACT RESPECTING PROPERTY TAX REFUND

214. (1) Section 1.3 of the Act respecting property tax refund (R.S.Q., chapter R-20.1) is amended

(1) by replacing "fifth" in the third paragraph by "sixth";

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

"If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4."

(2) Subsection 1 applies from the year 2008.

ACT RESPECTING THE QUÉBEC SALES TAX

215. (1) Section 18 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended

(1) by inserting “, à la fois” after “dans le cas où” in paragraph 3 in the French text;

(2) by inserting “and” after “327.2,” in subparagraph *b* of paragraph 3.

(2) Subsection 1 has effect from 1 July 1992.

216. (1) Section 41.0.1 of the Act is amended

(1) by replacing paragraphs 1 and 2 by the following paragraphs:

“(1) the tax collectible in respect of the supply or any amount charged or collected by the registrant on behalf of the person as or on account of tax in respect of the supply is deemed to be collectible, charged or collected, as the case may be, by the registrant, and not by the person, for the purpose of

(a) determining the net tax of the registrant and of the person, and

(b) applying sections 447 to 450 and section 20 of the Act respecting the Ministère du Revenu (chapter M-31);

“(2) the registrant and the person are solidarily liable for all obligations that arise from the application of this Title because of

(a) the tax becoming collectible,

(b) a failure to account for or pay, in the manner and within the time specified in this Title, an amount of net tax of the registrant, or an amount that was paid to the registrant or applied on account of a refund or rebate under Divisions II to IV of Chapter VIII to which the registrant was not entitled or that exceeds the refund or rebate to which the registrant was entitled, that is reasonably attributable to the supply,

(c) the registrant claiming, in respect of the supply, an amount as a deduction under sections 443.1 to 446.1 or sections 447 to 450 to which the registrant was not entitled or in excess of the amount to which the registrant was entitled,

(d) a failure to pay, in the manner and within the time specified in this Title, the amount of any underpayment of net tax by the registrant, or an amount that was paid to the registrant or applied on account of a refund or rebate under Divisions II to IV of Chapter VIII to which the registrant was not entitled or that exceeds the refund or rebate to which the registrant was entitled, that is reasonably attributable to a claim referred to in subparagraph *c*,

(e) a recovery of all or part of a bad debt relating to the supply in respect of which the registrant claimed a deduction under sections 443.1 to 446.1, or

(f) a failure to account for or pay, in the manner and within the time specified in this Title, an amount of net tax of the registrant, or an amount that was paid to the registrant or applied on account of a refund or rebate under Divisions II to IV of Chapter VIII to which the registrant was not entitled or that exceeds the refund or rebate to which the registrant was entitled, that is reasonably attributable to an amount required under section 446 to be added to the net tax of the registrant in respect of a bad debt referred to in subparagraph *e*; and”;

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

“(3) the threshold amounts of the registrant and of the person under sections 462 and 462.1 must be determined as if all or part of the consideration that became due to the person, or was paid to the person without having become due, in respect of the supply had become due to the registrant, or had been paid to the registrant without having become due, as the case may be, and not to the person.”

(2) Paragraph 1 of subsection 1, when it amends paragraph 1 of section 41.0.1 of the Act, and paragraph 2 of subsection 1 apply to a supply made after 20 December 2002.

(3) Paragraph 1 of subsection 1, when it amends paragraph 2 of section 41.0.1 of the Act, applies to a supply made after 23 April 1996 in respect of which an election under section 41.0.1 is made at any time. However, when paragraph 2 of section 41.0.1 of the Act applies in respect of a supply made before 21 December 2002 in respect of which an election under section 41.0.1 was made before that date,

(1) subparagraph *b* of that paragraph 2 is to be read as follows:

“(b) a failure to account for or remit the tax,”; and

(2) subparagraph *c* of that paragraph 2 is to be read as if “sections 443.1 to 446.1 or sections 447 to 450” was replaced by “sections 443.1 to 446.1”.

217. (1) The Act is amended by inserting the following sections after section 41.0.1:

“**41.0.2.** If a registrant acts as mandatary of a supplier in charging and collecting consideration and tax payable in respect of a supply made by the supplier but the registrant does not act as mandatary in making the supply, the registrant is deemed to have acted as mandatary of the supplier in making the supply for the purposes of

(1) section 41.0.1; and

(2) if an election under section 41.0.1 is made in respect of the supply, any other provision that refers to a supply in respect of which an election under that section has been made.

“41.0.3. A registrant and a supplier who have made an election under section 41.0.1 may, in prescribed form containing prescribed information, jointly revoke the election in respect of a supply made on or after the effective date specified in the revocation, and the election is thereby deemed, for the purposes of this Title, not to have been made in respect of that supply.”

(2) Subsection 1, when it enacts section 41.0.2 of the Act, applies to a supply made after 20 December 2002.

(3) Subsection 1, when it enacts section 41.0.3 of the Act, has effect from 20 December 2002.

218. (1) Section 69.5 of the Act is amended by adding the following paragraph:

“For the purposes of the first paragraph, a supply of a right to use the device is deemed to be a supply of a service rendered through the operation of the device.”

(2) Subsection 1 has effect from 1 April 1997.

219. (1) Section 81 of the Act is amended

(1) by replacing paragraph 7 by the following paragraph:

“(7) goods to the supply of which any of Divisions I, II, III or IV of Chapter IV, except paragraph 3.1 of section 178, paragraph 2 of section 198 or section 198.1 or 198.2 applies;”;

(2) by adding the following paragraphs after paragraph 13:

“(14) grain, seeds or mature stalks having no leaves, flowers, seeds or branches, of hemp plants of the genera *Cannabis* brought into Québec and coming from outside Canada, if

(a) in the case of grain or seeds, they are not further processed than sterilized or treated for seeding purposes and are not packaged, prepared or sold for use as feed for wild birds or as pet food;

(b) in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the Industrial Hemp Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19); and

(c) the bringing into Québec is made in accordance with the Controlled Drugs and Substances Act, if applicable; and

“(15) goods from Canada outside Québec to the supply of which paragraph 3.1 of section 178 applies.”

(2) Subsection 1 applies in respect of the bringing into Québec of goods after 12 April 2001.

220. (1) Section 108 of the Act is amended, in the definition of “practitioner”, by replacing the portion before paragraph 1 by the following:

““practitioner” means a person who practices the profession of audiology, chiropody, chiropractic, dietetics, midwifery, occupational therapy, optometry, osteopathy, physiotherapy, podiatry, psychology or speech-language pathology in Québec and who”.

(2) Subsection 1 applies in respect of a supply made after 31 December 2000. However, in respect of a supply made after 31 December 2000 and before 29 December 2006, the portion before paragraph 1 of the definition of “practitioner” in section 108 of the Act is to be read as follows:

““practitioner” means a person who practices the profession of audiology, chiropody, chiropractic, dietetics, occupational therapy, optometry, osteopathy, physiotherapy, podiatry, psychology or speech-language pathology in Québec and who”.

221. (1) Section 114 of the Act is replaced by the following section:

“**114.** A supply of an audiological, chiropodic, chiropractic, midwifery, occupational therapy, optometric, osteopathic, physiotherapy, podiatric, psychological or speech-language pathology service, when rendered to an individual, is exempt if the supply is made by a practitioner.”

(2) Subsection 1 applies in respect of a supply made after 31 December 2000. However, in respect of a supply made after 31 December 2000 and before 29 December 2006, section 114 of the Act is to be read as follows:

“**114.** A supply of an audiological, chiropodic, chiropractic, occupational therapy, optometric, osteopathic, physiotherapy, podiatric, psychological or speech-language pathology service, when rendered to an individual, is exempt if the supply is made by a practitioner.”

222. (1) The Act is amended by inserting the following section after section 114.1:

“**114.2.** A supply of a service rendered in the practise of the profession of social work is exempt in the case where

(1) the service is rendered to an individual within a professional-client relationship between the supplier and the individual and is provided for the prevention, assessment or remediation of, or to assist the individual in coping with, a physical, emotional, behavioural or mental disorder or disability of the individual or of a person to whom the individual is related or to whom the individual provides care or supervision otherwise than in a professional capacity; and

(2) the supplier is licensed or otherwise certified to practise the profession of social work in Québec.”

(2) Subsection 1 applies in respect of a supply made after 3 October 2003.

(3) If a person is, or would be in the absence of section 401 of the Act, entitled to a rebate under sections 400 to 402.0.2 of the Act in respect of an amount that was paid before 22 June 2007 as tax in respect of a supply described in section 114.2 of the Act but not described in another section of Chapter III of Title I of the Act, the person may, despite section 401 of the Act, file an application for the rebate before the later of

(a) 23 June 2008; and

(b) the day that is two years after the day on which the amount was paid.

(4) If a person is, or would be in the absence of the two-year period provided for in section 447 of the Act, entitled to adjust, refund or credit, under sections 447 to 449 of the Act, an amount that was charged or collected before 22 June 2007 as or on account of tax in respect of a supply described in section 114.2 of the Act but not described in another section of Chapter III of Title I of the Act, the person may, despite the two-year period provided for in section 447 of the Act, adjust an amount under paragraph 1 of section 447 of the Act, or refund or credit an amount under paragraph 2 of section 447 of the Act, before the later of

(a) 23 June 2008; and

(b) the day that is two years after the day on which the amount was charged or collected.

223. (1) Section 138.1 of the Act is amended by replacing paragraph 4 by the following paragraph:

“(4) corporeal movable property, other than property supplied by way of lease, licence or similar arrangement in conjunction with the exempt supply of an immovable by way of lease, licence or similar arrangement, that was acquired, manufactured or produced by the charity for the purpose of making a supply of the property and was neither donated to the charity nor used by another person before its acquisition by the charity, or any service supplied by the charity in respect of such property, other than such property or such a service supplied under a contract for catering;”.

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 1996 or is paid after 31 December 1996 without having become due. However, it does not apply in respect of a supply for which tax under Title I of the Act was charged or collected before 4 October 2003.

(3) If, because of the application of paragraph 4 of section 138.1 of the Act, as amended by subsection 1, a charity is considered to have ceased at a particular time to use capital property of the charity primarily in commercial activities of the charity and is deemed under section 243 of the Act to have made, immediately before that time, a supply of the capital property and to have collected tax in respect of that supply, and that cessation would not be considered to have occurred at that time if subsection 1 were not in force, the following rules apply:

(1) the charity is not required to include that tax in determining its net tax for any reporting period; and

(2) for the purpose of determining the basic tax content of the capital property, the charity is deemed to have been entitled to recover an amount equal to that tax as a rebate of tax included in the description of A in the formula in the definition of “basic tax content” in section 1 of the Act.

224. (1) Section 162 of the Act is amended by replacing paragraphs 1 to 5 by the following paragraphs:

“(1) a supply of

(a) a service of registering, or processing an application to register, any property in a property registration system,

(b) a service of filing, or processing an application to file, any document in a property registration system, or

(c) a right to use, or to have access to, a property registration system to register, or make application to register, any property in it or to file, or make application to file, any document in it;

(2) a supply of

(a) a service of filing, or processing an application to file, a document in the registration system of a court or in accordance with legislative requirements,

(b) a right to use, or to have access to, the registration system of a court, or any other registration system in which documents are filed in accordance with legislative requirements, for the purpose of filing a document in that registration system,

(c) a service of issuing or providing, or processing an application to issue or provide, a document from the registration system of a court, or

(d) a right to use, or to have access to, the registration system of a court to issue or obtain a document;

(3) a supply, other than of a right or service supplied in respect of the bringing of alcoholic beverages into Québec, of

(a) a quota, licence, permit or similar right,

(b) a service of processing an application for a quota, licence, permit or similar right, or

(c) a right to use, or to have access to, a filing or registration system to make application for a quota, licence, permit or similar right;

(4) a supply of any document, a service of providing information, or a right to use, or to have access to, a filing or registration system to obtain any document or information that indicates

(a) the vital statistics, residency, citizenship or right to vote of any person,

(b) the registration of any person for any service provided by a government or municipality or by a board, commission or other body established by a government or municipality, or

(c) any other status of any person;

(5) a supply of any document, a service of providing information, or a right to use, or to have access to, a filing or registration system to obtain any document or information, in respect of

(a) the title to, or any right in, property,

(b) any encumbrance or assessment in respect of property, or

(c) the zoning of an immovable;”.

(2) Subsection 1 has effect from 1 July 1992. However,

(1) subsections 1, 2, 4 and 5 of section 162 of the Act do not apply in respect of any supply for which the supplier charged or collected an amount as or on account of tax under Title I of the Act before 28 November 2006;

(2) subsection 3 of section 162 of the Act does not apply in respect of any supply

(a) that is a supply of a right to use, or to have access to, a filing or registration system for which the supplier, before 28 November 2006, charged or collected an amount as or on account of tax under Title I of the Act;

(b) that is a supply of a service made before 28 November 2006 for which the supplier did not, before that date, charge or collect an amount as or on account of tax under Title I of the Act; or

(c) that is a supply of a service made before 28 November 2006 for which the supplier charged or collected, before that date, an amount as or on account of tax and for which supply an amount was claimed in an application for a rebate under section 400 of the Act received by the Minister of Revenue before that date, or as a deduction in respect of any adjustment, refund or credit under section 447 of the Act in a return under Division II of Chapter VIII of Title I of the Act received by the Minister before that date; and

(3) in respect of any supply for which consideration becomes due before 1 January 1997 or is paid before that date without having become due, paragraph 5 of section 162 of the Act is to be read as follows:

“(5) a supply of any document, a service of providing information, or a right to use, or to have access to, a filing or registration system to obtain any document or information, in respect of

(a) the title to, or any right in, property, or

(b) any encumbrance in respect of property;”.

225. (1) Section 163 of the Act is amended by replacing paragraph 3 by the following paragraph:

“(3) a supply of a right to use, to have access to or to enter property of the government, municipality or other body other than a right, referred to in any of paragraphs 1 to 5 of section 162, to use, or to have access to, a filing or registration system.”

(2) Subsection 1 has effect from 1 July 1992. However, it does not apply in respect of a supply for which the supplier charged or collected an amount as or on account of tax under Title I of the Act before 28 November 2006.

226. (1) Section 174 of the Act is amended, in paragraph 1,

(1) by inserting “or substances” after “drugs” in the portion before subparagraph *a*;

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

“(d.1) a drug referred to in Schedule 1 to the Benzodiazepines and Other Targeted Substances Regulations made under the Controlled Drugs and Substances Act;”;

(3) by adding the following subparagraph after subparagraph *f*:

“(g) plasma expander;”.

(2) Paragraphs 1 and 3 of subsection 1 apply in respect of a supply made after 12 April 2001 and of a supply for which consideration becomes due after 12 April 2001 or is paid after that date without having become due.

(3) Paragraph 2 of subsection 1 has effect from 1 September 2000. However, it does not apply

(1) in respect of a supply made after 31 August 2000 and before 28 November 2006, if, before 28 November 2006, the supplier collected an amount as or on account of tax under Title I of the Act in respect of the supply; or

(2) for the purposes of paragraph 7 of section 81 of the Act, in respect of the bringing of a drug into Québec after 31 August 2000 and before 28 November 2006, if, before 28 November 2006, an amount was paid as or on account of tax under Title I of the Act in respect of the bringing of a drug into Québec.

227. (1) Section 178 of the Act is amended by inserting the following paragraph after paragraph 3:

“(3.1) a supply of grain or seeds, or of mature stalks having no leaves, flowers, seeds or branches, of hemp plants of the genera *Cannabis*, if

(a) in the case of grain or seeds, they are not further processed than sterilized or treated for seeding purposes and are not packaged, prepared or sold for use as feed for wild birds or as pet food;

(b) in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the Industrial Hemp Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19); and

(c) the supply is made in accordance with the Controlled Drugs and Substances Act, if applicable;”.

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 12 April 2001 or is paid after that date without having become due.

228. (1) The Act is amended by inserting the following sections after section 199.0.1:

“**199.0.2.** For the purposes of section 199.0.3,

“large business” has the meaning assigned by sections 551 to 551.4 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);

“long-term lease” has the meaning assigned by section 382.8;

“prescribed new hybrid vehicle” means a prescribed new hybrid vehicle for the purposes of section 382.9.

“199.0.3. Despite section 206.1, a registrant that is a large business may include, in determining the registrant’s input tax refund, an amount in respect of the tax payable by the registrant in relation to the supply by way of sale or by way of long-term lease, or to the bringing into Québec, of a prescribed new hybrid vehicle.”

(2) Subsection 1 applies in respect of a supply, or of the bringing into Québec, of a vehicle after 26 June 2007 and before 1 January 2009.

229. (1) Section 247 of the Act is amended by replacing subparagraph 1 of the second paragraph by the following subparagraph:

“(1) A is the tax that would be payable by the registrant in respect of the vehicle if the registrant acquired the vehicle at the particular time for consideration equal to the amount that would be deemed under paragraph *d.3* or *d.4* of section 99 of the Taxation Act (chapter I-3) to be, for the purposes of that section, the capital cost to a taxpayer of a passenger vehicle, in respect of which that paragraph applies, if the formula in section 99R2 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1) were read without reference to B; and”.

(2) Subsection 1 applies in respect of a passenger vehicle acquired or brought into Québec after 27 November 2006 and of a passenger vehicle acquired or brought into Québec before 28 November 2006, unless an input tax refund in respect of the acquisition or bringing into Québec of the vehicle

(1) was claimed, in accordance with section 247 of the Act, in a return filed under Chapter VIII of Title I of the Act before 28 November 2006; and

(2) was determined on the basis that the capital cost of the passenger vehicle for the purposes of the Taxation Act (R.S.Q., chapter I-3) included federal and provincial sales taxes.

230. (1) Section 248 of the Act is replaced by the following section:

“248. If the consideration paid or payable by a registrant for an improvement to a passenger vehicle of the registrant increases the cost to the registrant of the vehicle to an amount that exceeds the amount that would be deemed under paragraph *d.3* or *d.4* of section 99 of the Taxation Act (chapter I-3) to be, for the purposes of that section, the capital cost to a

taxpayer of a passenger vehicle, in respect of which that paragraph applies, if the formula in section 99R2 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1) were read without reference to B, the tax calculated on that excess must not be included in determining an input tax refund of the registrant for any reporting period of the registrant.”

(2) Subsection 1 applies in respect of an improvement to a passenger vehicle acquired or brought into Québec after 27 November 2006 and to an improvement to a passenger vehicle acquired or brought into Québec before 28 November 2006, unless an input tax refund in respect of the acquisition or bringing into Québec of the vehicle

(1) was claimed, in accordance with sections 248, 250 to 252 and 254 of the Act, in a return filed under Chapter VIII of Title I of the Act before 28 November 2006; and

(2) was determined on the basis that the capital cost of the passenger vehicle for the purposes of the Taxation Act (R.S.Q., chapter I-3) included federal and provincial sales taxes.

231. (1) Section 370.12 of the Act is replaced by the following section:

“**370.12.** An individual is entitled to the rebate under section 370.9 in respect of a residential complex only if the individual files an application for the rebate on or before

(1) the day that is two years after the earliest of

(a) the day that is two years after the day the residential complex is first occupied in the manner described in subparagraph *a* of paragraph 3 of section 370.9;

(b) the day ownership of the residential complex is transferred as described in subparagraph *b* of paragraph 3 of section 370.9; and

(c) the day construction or substantial renovation of the residential complex is substantially completed; or

(2) any day after the day provided for in paragraph 1 as the Minister may determine.”

(2) Subsection 1 has effect from 20 December 2002.

232. (1) Section 382.1 of the Act is replaced by the following section:

“**382.1.** For the purposes of this subdivision, “qualifying motor vehicle” means a motor vehicle that is equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle without having to collapse the wheelchair or with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability.”

(2) Subsection 1 has effect,

(1) in the case of the supply or bringing into Québec of a qualifying motor vehicle equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle, from 11 December 1992 if the recipient is an individual and from 24 April 1996 if the recipient is a person other than an individual; and

(2) in the case of the supply or bringing into Québec of a qualifying motor vehicle equipped with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability, from 4 April 1998.

233. (1) Section 382.2 of the Act is amended by striking out paragraph 1.

(2) Subsection 1 has effect,

(1) in the case of the supply of a qualifying motor vehicle equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle, from 11 December 1992 if the recipient is an individual and from 24 April 1996 if the recipient is a person other than an individual; and

(2) in the case of the supply of a qualifying motor vehicle equipped with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability, from 4 April 1998.

(3) Despite paragraph 4 of section 382.2 of the Act, a person has four years after 27 November 2006 to file an application for a rebate under that section with the Minister of Revenue in respect of tax that became payable before 27 November 2006 in respect of the supply of a qualifying motor vehicle other than a qualifying motor vehicle that was never used as capital property or held otherwise than for supply in the ordinary course of business at any time after it was equipped with a device described in section 382.1 of the Act and before it was acquired by the person.

(4) The application referred to in subsection 3 may, despite the second paragraph of section 403 of the Act, be the second application of a person for the rebate if, before 27 November 2006, the person had made an application for the rebate in respect of which an assessment has been made.

234. (1) Section 382.6 of the Act is amended by striking out paragraph 4.

(2) Subsection 1 has effect,

(1) in the case of the bringing into Québec of a qualifying motor vehicle equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle, from 11 December 1992 if the recipient is an individual and from 24 April 1996 if the recipient is a person other than an individual; and

(2) in the case of the bringing into Québec of a qualifying motor vehicle equipped with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability, from 4 April 1998.

(3) Despite paragraph 6 of section 382.6 of the Act, a person has four years after 27 November 2006 to file an application for a rebate under that section with the Minister of Revenue in respect of tax that became payable before 27 November 2006 in respect of the bringing into Québec of a qualifying motor vehicle other than a qualifying motor vehicle that was not used after it was acquired by the recipient and before it was brought into Québec, except to the extent reasonably necessary to deliver the vehicle to a supplier of a service to be performed on it or to bring it into Québec.

(4) The application referred to in subsection 3 may, despite the second paragraph of section 403 of the Act, be the second application of a person for the rebate if, before 27 November 2006, the person has made an application for the rebate in respect of which an assessment has been made.

235. (1) Section 382.7 of the Act is amended by replacing “registrant” in the portion before paragraph 1 by “supplier”.

(2) Subsection 1 has effect,

(1) in the case of the supply of a qualifying motor vehicle equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle, from 11 December 1992 if the recipient is an individual and from 24 April 1996 if the recipient is a person other than an individual; and

(2) in the case of the supply of a qualifying motor vehicle equipped with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability, from 4 April 1998.

(3) Despite paragraph 4 of section 382.2 of the Act, a person has four years after 27 November 2006 to file an application for a rebate under that section with the Minister of Revenue in respect of tax that became payable before 27 November 2006 in respect of the supply of a qualifying motor vehicle other than a qualifying motor vehicle that was never used as capital property or held otherwise than for supply in the ordinary course of business at any time after it was equipped with a device described in section 382.1 of the Act and before it was acquired by the person.

(4) The application referred to in subsection 3 may, despite the second paragraph of section 403 of the Act, be the second application of a person for the rebate if, before 27 November 2006, the person has made an application for the rebate in respect of which an assessment has been made.

236. (1) Section 382.10 of the Act is amended by replacing “\$1,000” by “\$2,000”.

(2) Subsection 1 applies in respect of a supply, or of the bringing into Québec, of a vehicle after 20 February 2007 and before 1 January 2009.

237. (1) Section 382.11 of the Act is amended

(1) by replacing “within” in the portion of paragraph 2 before subparagraph *a* by “not later than”;

(2) by replacing “\$1,000” in subparagraph *a* of paragraph 2 by “\$2,000”;

(3) by adding the following paragraph:

“Despite subparagraph *a* of subparagraph 2 of the first paragraph, the recipient may file an application to obtain an amount of \$1,000, as a portion of the rebate to which the recipient is entitled under section 382.9, on the day on which the total referred to in that subparagraph *a* is equal to or greater than that amount.”

(2) Paragraph 1 of subsection 1 applies in respect of a supply, or of the bringing into Québec, of a vehicle after 23 March 2006 and before 1 January 2009.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a supply, or of the bringing into Québec, of a vehicle after 20 February 2007 and before 1 January 2009.

238. (1) The Act is amended by inserting the following section after the heading of subdivision 3 of Division III of Chapter VIII of Title I:

“**443.1.** For the purposes of this subdivision, “reporting entity” for a supply means

(1) if an election has been made under section 41.0.1 in respect of the supply, the person who is required, under that section, to include the tax collectible in respect of the supply in determining the person’s net tax; and

(2) in any other case, the supplier.”

(2) Subsection 1 has effect from 24 April 1996.

239. (1) Section 444 of the Act is replaced by the following section:

“**444.** If a supplier has made a taxable supply, other than a zero-rated supply, for consideration to a recipient with whom the supplier was dealing at arm’s length, it is established that all or a part of the total of the consideration and tax payable in respect of the supply has become a bad debt and the supplier at any time writes off the bad debt in the supplier’s books of account, the reporting entity for the supply may, in determining the reporting entity’s net tax for the reporting period in which the bad debt is written off or for a

subsequent reporting period, deduct the amount determined by the formula in the second paragraph.

The amount that may be deducted by the reporting entity under the first paragraph is determined by the formula

$$A \times B/C.$$

For the purposes of this formula,

- (1) A is the tax payable in respect of the supply;
- (2) B is the total of the consideration and tax remaining unpaid in respect of the supply that was written off at that time as a bad debt; and
- (3) C is the total of the consideration and tax payable in respect of the supply.”

(2) Subsection 1 applies in respect of a supply made after 23 April 1996.

240. (1) The Act is amended by inserting the following section after section 444:

“**444.1.** A reporting entity may deduct an amount under section 444 in respect of a supply if

(1) the tax collectible in respect of the supply is included in determining the amount of net tax reported in the reporting entity’s return filed under this chapter for the reporting period in which the tax became collectible; and

(2) all net tax remittable, if any, as reported in that return is remitted.”

(2) Subsection 1 applies in respect of a supply made after 23 April 1996.

241. (1) Section 446 of the Act is replaced by the following section:

“**446.** If all or part of a bad debt in respect of which a person has made a deduction under this subdivision is recovered at any time, the person shall, in determining the person’s net tax for the reporting period in which the bad debt or that part is recovered, add the amount determined by the formula

$$A \times B/C.$$

For the purposes of this formula,

- (1) A is the amount of the bad debt recovered at that time;
- (2) B is the tax payable in respect of the supply to which the bad debt relates; and

(3) C is the total of the consideration and tax payable in respect of the supply.”

(2) Subsection 1 applies in respect of a bad debt relating to a supply made after 23 April 1996.

242. (1) Section 446.1 of the Act is replaced by the following section:

“446.1. A person may not claim a deduction under this subdivision in respect of a bad debt relating to a supply unless the deduction is claimed in a return under this chapter filed within four years after the day on which the person was required to file the return under this chapter for the reporting period in which the supplier has written off the bad debt in the supplier’s books of account.”

(2) Subsection 1 applies in respect of a bad debt relating to a supply made after 23 April 1996. However, when a deduction is claimed by a person under section 445 of the Act, as that section applied, before being repealed, to an account receivable transferred to the person before 1 January 2000, section 446.1 of the Act is to be read as if “the supplier has written off” was replaced by “the person has written off”.

(3) Despite section 446.1 of the Act, if a supplier and a registrant acting as mandatary of the supplier have jointly made an election under section 41.0.1 of the Act in respect of a supply made before 20 December 2002 and the supplier writes off a bad debt relating to the supply in the supplier’s books of account at any time before 21 December 2002, the registrant may claim a deduction under section 444 of the Act, in respect of the bad debt written off in a return filed under Chapter VIII of Title I of the Act and received by the Minister of Revenue on or before the later of

(a) the day that is one year after 20 December 2002; and

(b) the day that is four years after the day on which the registrant was required to file a return for the registrant’s reporting period in which the bad debt was written off.

243. (1) Section 456 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“456. If, in a taxation year of a registrant, tax becomes payable, or is paid without having become payable, by the registrant in respect of supplies of a passenger vehicle made under a lease and the total of the consideration for the supplies that would be deductible in computing the registrant’s income for the year for the purposes of the Taxation Act (chapter I-3), if the registrant were a taxpayer under that Act and that Act were read without reference to its section 421.6, exceeds the amount in respect of that consideration that would be deductible in computing the registrant’s income for the year for the purposes of that Act, if the registrant were a taxpayer under that Act and the formulas in

sections 99R2 and 421.6R1 of the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r. 1) were read without reference to B, there must be added in determining the net tax for the appropriate reporting period of the registrant an amount determined by the formula”.

(2) Subsection 1 applies in respect of a reporting period that ends after 27 November 2006 and of a reporting period that ends before 28 November 2006, unless

(1) an amount was added, in accordance with sections 456 and 457 of the Act, in determining the net tax for the reporting period;

(2) the amount was determined on the basis that the capital cost of the passenger vehicle for the purposes of the Taxation Act (R.S.Q., chapter I-3) included federal and provincial sales taxes; and

(3) the return for the reporting period was filed under Chapter VIII of Title I of the Act before 28 November 2006.

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

244. Section 462 of the Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 85) is amended by adding the following paragraph at the end of section 69.5 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), enacted by subsection 2:

“For the purposes of the first paragraph, a supply of a right to use the device is deemed to be a supply of a service rendered through the operation of the device.”

ACT TO AGAIN AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS

245. (1) Section 96 of the Act to again amend the Taxation Act and other legislative provisions (2006, chapter 36) is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a taxation year that ends after 29 June 2006. In addition,

(1) if a recognized arts organization that qualifies as a registered cultural or communications organization under the second paragraph of section 985.35.12 of the Act has expended a disbursement excess for its first taxation year that ends after 29 June 2006, for the purposes of Chapter III.3.2 of Title I of Book VIII of Part I of the Act, the disbursements are deemed to be a disbursement excess of the recognized arts organization, for the purposes of

Chapter III.3 of Title I of Book VIII of Part I of the Act, for its last taxation year that ends before 30 June 2006, except to the extent that those disbursements are included by the registered cultural or communications organization in computing its amounts expended on artistic, cultural or communications activities under section 985.35.15 of the Act; and

(2) when the third paragraph of section 985.31 of the Act applies after 20 December 2002, it is to be read as if “a gift” was replaced by “the eligible amount of a gift”.

(2) Subsection 1 has effect from 6 December 2006.

246. For the purpose of applying section 985.9 of the Taxation Act (R.S.Q., chapter I-3) as it reads in respect of a gift made after 20 December 2002 and in a taxation year that begins before 23 March 2004:

(1) paragraph *a* of that section is to be read as if “the aggregate of all gifts, other than a gift mentioned in section 985.9.1, for which the foundation” was replaced by “the aggregate of all amounts each of which is the eligible amount of a gift, other than a gift mentioned in section 985.9.1, for which the foundation”;

(2) paragraph *a.1* of that section is to be read as if “the aggregate of all amounts each of which is the amount of a gift” was replaced by “the aggregate of all amounts each of which is the eligible amount of a gift”.

247. Despite section 1029.6.0.1.2 of the Taxation Act (R.S.Q., chapter I-3), if a taxpayer who could not, because of amendments made to sections 1029.7, 1029.8, 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 of the Act by sections 94, 96 to 98, 103 and 104 of the Act to amend the Taxation Act and other legislative provisions (2006, chapter 13), be deemed to have paid an amount to the Minister of Revenue for a taxation year under any of Divisions II to II.3 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, files with the Minister of Revenue the prescribed form containing the prescribed information and, where applicable, a copy of the documents referred to in that section 1029.6.0.1.2 more than 12 months after the taxpayer’s filing-due date for the taxation year in order to be deemed to have paid an amount to the Minister for that year under any of those divisions, the taxpayer is deemed to have filed with the Minister of Revenue the prescribed form containing the prescribed information and, where applicable, a copy of those documents on or before the day that is 12 months after the taxpayer’s filing-due date for the taxation year, for the purpose of being so deemed to have paid an amount, if the taxpayer files such an application with the Minister of Revenue on or before 31 August 2008.

248. This Act comes into force on (*insert the date of assent to this Act*).