

1981, chapter 12

**AN ACT TO AMEND CERTAIN LEGISLATION
TO GIVE EFFECT TO GOVERNMENT BUDGET POLICY
FOR THE FISCAL PERIOD 1981-1982**

Bill No. 11

Introduced by Mr Jacques Parizeau

First reading: 28 May 1981

Second reading: 10 June 1981

Third reading: 18 June 1981

Assented to: 18 June 1981

Coming into force: 18 June 1981

Acts amended:

Taxation Act (R.S.Q., chapter I-3)

Act respecting fiscal incentives to industrial development (R.S.Q., chapter S-34)

Real Estate Tax Refund Act (1979, chapter 12)

Act respecting the Ministère du revenu (R.S.Q., chapter M-31)

Retail Sales Tax Act (R.S.Q., chapter I-1)

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

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

Act respecting municipal taxation and providing amendments to certain legislation (1979, chapter 72)

Act respecting private education (R.S.Q., chapter E-9)

Social Aid Act (R.S.Q., chapter A-16)

Automobile Insurance Act (R.S.Q., chapter A-25)



CHAPTER 12

An Act to amend certain legislation
to give effect to Government budget policy
for the fiscal period 1981-1982

[Assented to 18 June 1981]

HER MAJESTY, with the advice and consent of the National Assembly of Québec, enacts as follows:

R.S.Q., c.
I-3, s.
163.1,
added.

1. (1) The Taxation Act (R.S.Q., chapter I-3) is amended by inserting, after section 163, the following section:

Deduction
of interest
paid in
respect of
a policy
loan.

“163.1 For the purposes of sections 160 and 163, an amount paid in the year by a taxpayer pursuant to a legal obligation to pay interest includes an amount paid by him in the year, after 1980 and in respect of a period commencing after 1980, which is an interest, within the meaning of paragraph *i* of section 835, in respect of a policy loan, within the meaning that it would be given under paragraph *h* of the same section if that paragraph did not contemplate an advance granted in accordance with the terms and conditions of an annuity contract granted by an insurer to the extent that the amount is attested by the insurer, in the form and within the period prescribed, as being

- (a) such an interest paid in the year on the loan;
- (b) such an interest that is not included in the computation of the adjusted cost base, within the meaning of section 976, to the taxpayer, of his interest in the policy; and
- (c) an interest that is not paid on money borrowed before 1978 to acquire a life insurance policy, within the meaning of paragraph *e* of section 835, that is an annuity contract issued before 1978 under which pension payments are to begin not later than on the day the policyholder reaches 75 years of age or on an amount payable in respect of property acquired before 1978 which is an interest in such a contract.”

(2) This section applies to the taxation year 1981 and subsequent taxation years.

R.S.Q., c.
I-3, s.
545, am. **2.** (1) Section 545 of the said Act is amended by adding the following paragraph:

Carry-over
in the case
of amalga-
mation.

“(3) The new corporation is deemed, for the purposes of computing the amounts that it is deemed to have paid to the Minister pursuant to section 1029.2, to have paid to the Minister pursuant to that section all the amounts that would otherwise have been deemed to have been paid to the Minister pursuant to that section by the predecessor corporations.”

(2) This section applies to a taxation year ending after 10 March 1981.

R.S.Q., c.
I-3, s.
547.2,
added. **3.** (1) The said Act is amended by inserting, after section 547.1, the following section:

Election
deemed to
be made
by the
parent
corporation
in the case
of amalga-
mation.

“**547.2** Where a predecessor corporation had made an election pursuant to section 1029.1 in respect of a non-capital loss sustained by it in a taxation year and where an amount, in respect of that loss, would have been deemed to have been paid by it to the Minister pursuant to section 1029.2 on the last day of its first taxation year that would have begun at the time of amalgamation if such a year had existed and if the corporation had had to pay sufficient tax for that year under this Part, that loss is deemed to have been a loss of the new corporation, the election is deemed to have been made by the latter and an amount deemed to have been paid to the Minister pursuant to section 1029.2 by the predecessor corporation in respect of that loss on the last day of a taxation year ending before the amalgamation is deemed to have been paid by the new corporation in respect of that loss on the last day of that year, for the purposes of determining either an amount deemed to have been paid to the Minister pursuant to section 1029.2 by the new corporation in respect of the loss on the last day of a taxation year, or the extent to which section 1029.3 has the effect of limiting an amount deemed to have been paid to the Minister pursuant to section 1029.2 by the new corporation in respect of the loss.

However, this section may in no case change the determination of the taxation year or of the income of the new corporation or of a predecessor corporation, or the determination of the taxable income, of the tax payable under this Act or of an amount deemed to have been paid to the Minister pursuant to section 1029.2 in respect of a predecessor corporation.”

(2) This section applies to a taxation year ending after 10 March 1981.

R.S.Q., c.
I-3, s.
564,
replaced.

4. (1) Section 564 of the said Act, replaced by section 59 of chapter 13 of the statutes of 1980, is again replaced by the following section:

Provisions
applicable.

"564. Subject to the special provisions of this chapter, section 545, except as regards the computing of the taxable income of the parent corporation and subsection 3 of that section, section 546, subject to sections 481 to 483, section 548, the first paragraph of section 549 and sections 550 to 553 apply, *mutatis mutandis*, to a winding-up described in section 556."

(2) This section, to the extent that it strikes out, in section 564 of the Taxation Act, the reference to the second paragraph of section 549 of the said Act, applies to the taxation year 1972 and subsequent taxation years and, to the extent that it adds, to the said section 564, the reference to subsection 3 of section 545 of the said Act, applies to a taxation year ending after 10 March 1981.

R.S.Q., c.
I-3, s.
564.5,
replaced.

5. (1) Section 564.5 of the said Act is replaced by the following section:

Parent
corpora-
tion:
deemed
existence,
fiscal
periods,
control.

"564.5 For the purposes of sections 564.2 to 564.4, 564.7, 727, 729, 734 to 735.1 and 1029.1 to 1029.6, a parent corporation incorporated or otherwise formed after the end of a taxation year during which one of its subsidiaries sustained a loss is deemed, for the purposes of computing its taxable income for any taxation year and computing an amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.2 in respect of that loss on the last day of any taxation year, to have been in existence during the period commencing immediately before the end of the first year during which the subsidiary sustained a loss and ending immediately after its incorporation, to have had throughout that period fiscal periods ending on the day of the year on which its first fiscal period ended and to have been controlled throughout that period by the person or group of persons who controlled it immediately after its incorporation."

(2) This section applies to a taxation year ending after 10 March 1981.

R.S.Q.,
c. I-3,
s. 564.7,
added.

6. (1) The said Act is amended by inserting, after section 564.6, the following section:

Deemed
election in
the case of
winding-
up.

"564.7 Where a subsidiary has made an election pursuant to section 1029.1 in respect of a non-capital loss that it has sustained in a particular taxation year and an amount, in respect of that loss, would have been deemed to have been paid by it to the Minister pursuant to section 1029.2 on the last day of its first taxation year which would have begun after the beginning of its winding-up, if such a taxation year had existed and if the subsidiary had had sufficient tax payable for such a year under this Part, the loss is deemed to have been sustained by the parent corporation in its taxation year during which the particular taxation year of the

subsidiary ended, the election is deemed to have been made by the parent corporation for its taxation year during which the particular taxation year of the subsidiary ended and an amount deemed to have been paid by the subsidiary to the Minister pursuant to section 1029.2 in respect of the loss on the last day either of its taxation year during which its winding-up began, or of a taxation year preceding that year, is deemed to have been paid by the parent corporation in respect of the loss on the last day of the taxation year of the parent corporation during which the said taxation year of the subsidiary ended, for the purposes of determining either and amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.2 in respect of the loss on the last day of a taxation year commencing after the beginning of the winding-up of the subsidiary, or the extent to which section 1029.3 has the effect of limiting an amount deemed to have been paid by the parent corporation to the Minister pursuant to section 1029.2 in respect of the loss."

(2) This section applies to a taxation year ending after 10 March 1981.

R.S.Q.,
c. I-3,
s. 735.1,
added.

7. (1) The said Act is amended by inserting, after section 735, the following section:

Loss not
deductible
where an
election is
made.

"735.1 Notwithstanding section 727, no deduction may be made by a corporation in computing its taxable income for a taxation year following the year in which a non-capital loss is sustained, in respect of that loss, where an election contemplated in section 1029.1 was made in respect of that loss for the taxation year during which the loss was sustained."

(2) This section applies to a taxation year ending after 10 March 1981.

R.S.Q., c.
I-3, s.
771, am.

8. (1) Section 771 of the said Act, amended by section 68 of chapter 13 of the statutes of 1980, is again amended by replacing subsection 1 by the following subsection:

Tax paya-
ble by a
corpora-
tion.

"771. (1) Except as otherwise provided in this Part, the tax payable by a corporation for a taxation year is equal,

(a) in the case of a deposit insurance corporation described in paragraph *b* of section 804, to 3 per cent of its taxable income for the year;

(b) in the case of a corporation, other than a corporation contemplated in paragraph *a*, for its 1981 taxation year, to the amount by which 13 per cent of its taxable income for the year exceeds 10 per cent of the amount used as the basis for computing the amount that the corporation may deduct for the year pursuant to

i. subsection 1 of section 125 of the Income Tax Act (Statutes of Canada); or

ii. subsection 3 of section 137 of the Act referred to in subparagraph i;

(c) in the case of a corporation contemplated in paragraph *b*, for its 1982 taxation year, to the amount by which 13 per cent of its taxable income for the year exceeds the aggregate of

i. 5 per cent of the lesser of its taxable income for the year and the amount by which its income for the year from an eligible business operated by it exceeds its loss for the year from such a business; and

ii. 5 per cent of the amount used as a basis for computing the amount that the corporation may deduct for the year pursuant to the provisions mentioned in subparagraph i or ii of paragraph *b*; and

(d) in the case of a corporation contemplated in paragraph *b*, for a taxation year ending after 1982, to the amount by which 13 per cent of its taxable income for the year exceeds the aggregate of

i. 7.5 per cent of the lesser of its taxable income for the year and the amount by which its income for the year from an eligible business operated by it exceeds its loss for the year from such a business; and

ii. 2.5 per cent of the amount used as a basis for computing the amount that the corporation may deduct for the year pursuant to the provisions mentioned in subparagraph i or ii of paragraph *b*."

(2) This section applies to a taxation year ending after 30 June 1981, subject to subsections 3 to 7.

(3) Notwithstanding paragraph *a* of subsection 1 of section 771 of the Taxation Act, enacted by this section, the tax payable pursuant to the said paragraph *a* by a corporation referred to therein for a taxation year that includes 1 July 1981 is equal to the aggregate of

(a) such proportion of 12 per cent of its taxable income for the year as is represented by the ratio between the number of days in the year preceding 1 July 1981 and the total number of days in the year; and

(b) such proportion of 3 per cent of its taxable income for the year as is represented by the ratio between the number of days in the year following 30 June 1981 and the total number of days in the year.

(4) Notwithstanding paragraph *b* of subsection 1 of section 771 of the Taxation Act, enacted by this section, the tax payable pursuant to the said paragraph *b* by a corporation contemplated therein for a 1981 taxation year that includes 1 July 1981, is equal to the aggregate of

(a) such proportion of the amount by which 13 per cent of its taxable income for the year exceeds 5 per cent of the amount that the corporation may deduct for the year pursuant to the provisions mentioned in subparagraph i or ii of the said paragraph *b*, as is represented by the ratio between the number of days in the year preceding 1 July 1981 and the total number of days in the year; and

(b) such proportion of the excess amount described in the said paragraph *b*, as is represented by the ratio between the number of days in the year after 30 June 1981 and the total number of days in the year.

(5) Notwithstanding paragraph *c* of subsection 1 of section 771 of the Taxation Act, enacted by this section, the tax payable pursuant to the said paragraph *c* by a corporation referred to therein, for a 1982 taxation year that includes 1 January 1982, is equal to the aggregate of

(a) such proportion of the amount by which 13 per cent of its taxable income for the year exceeds 5 per cent of the amount that the corporation may deduct for the year pursuant to the provisions referred to in subparagraph i or ii of paragraph *b* of the said subsection 1, as is represented by the ratio between the number of days in the year preceding 1 July 1981 and the total number of days in the year;

(b) such proportion of the excess amount that would be computed for the year pursuant to paragraph *b* of the said subsection 1 if the said paragraph *b* applied to that year, as is represented by the ratio between the number of days in the year after 30 June 1981 and preceding 1 January 1982 and the total number of days in the year; and

(c) such proportion of the excess amount computed pursuant to the said paragraph *c*, as is represented by the ratio between the number of days in the year after 31 December 1981 and the total number of days in the year.

(6) Notwithstanding paragraph *d* of subsection 1 of section 771 of the Taxation Act, enacted by this section, the tax payable pursuant to the said paragraph *d* by a corporation referred to therein for a taxation year ending after 1982 that includes 1 January 1983, is equal to the aggregate of

(a) such proportion of the excess amount that would be computed for the year pursuant to paragraph *c* of the said subsection 1

if the said paragraph *c* applied to that year, as is represented by the ratio between the number of days in the year preceding 1 January 1983 and the total number of days in the year; and

(*b*) such proportion of the excess amount computed for the year pursuant to the said paragraph *d*, as is represented by the ratio between the number of days in the year after 31 December 1982 and the total number of days in the year.

(7) For the purposes of subsections 4 to 6, section 771.2 of the Taxation Act, enacted by section 9 of this Act, applies, *mutatis mutandis*.

R.S.Q.,
c. I-3,
ss. 771.1,
771.2,
added.

9. (1) The said Act is amended by inserting, after section 771, the following sections:

"eligible
business"

"771.1 For the purposes of this Title, the expression "eligible business" has the meaning given to it in the regulation.

Rules
respecting
computa-
tion of tax.

"771.2 For the purposes of subsection 1 of section 771, where a corporation has made an election contemplated in section 1029.1 in respect of a non-capital loss that it has sustained during a particular taxation year, the tax payable by it pursuant to the said subsection for any of the five taxation years immediately following the particular year must be computed as if the corporation, for the purpose of establishing the amount used as a basis for computing the amount that the corporation may deduct for the year pursuant to the provisions mentioned in subparagraph i or ii of paragraph *b* of the said subsection, could disregard the deduction allowed in computing its taxable income for that subsequent year in respect of the loss."

(2) This section, to the extent that it enacts section 771.1 of the Taxation Act, applies to a taxation year ending after 30 June 1981 and, to the extent that it enacts section 771.2 of the said Act, applies to a taxation year ending after 10 March 1981.

R.S.Q.,
c. I-3,
s. 776.1,
replaced.

10. (1) Section 776.1 of the said Act, enacted by section 69 of chapter 13 of the statutes of 1980, is replaced by the following section:

Additional
deduction.

"776.1 An individual may deduct from his tax otherwise payable for a taxation year under this Part, computed after any other deduction allowed for the year under this Part, an amount equal to 5 per cent of the amount of that tax otherwise payable for the year."

(2) This section applies to the taxation year 1982 and subsequent taxation years.

R.S.Q., c.
I-3, s.
966, am. **11.** (1) Section 966 of the said Act, amended by section 96 of chapter 13 of the statutes of 1980, is again amended by replacing paragraph *b.3* by the following paragraph:

“premium”; “(b.3) “premium” under a life insurance policy includes interest paid after 1977 to a life insurer in respect of a policy loan in respect of such policy, except such interest deductible after 1980 in accordance with sections 160 to 163.1;”.

(2) This section applies to the taxation year 1981 and subsequent taxation years.

R.S.Q., c.
I-3, ss.
1029.1 to
1029.6,
added. **12.** (1) The said Act is amended by inserting, after section 1029, the following chapter and sections:

“CHAPTER III.1

“REFUNDABLE TAX CREDIT

Election. **“1029.1** Where a corporation sustains a non-capital loss for a taxation year, it may elect, irrevocably, in its fiscal return to be filed for the year with the Minister according to section 1000, not later than six months from the end of the fiscal period, that this chapter apply.

Tax
deemed to
be paid. **“1029.2** Every corporation that has made an election referred to in section 1029.1, in respect of a non-capital loss sustained during a particular taxation year, is deemed to have paid to the Minister in respect of such loss:

(a) on the last day of the particular year, as partial payment of its tax payable for the year pursuant to this Part, the lesser of the following amounts:

i. such proportion of 3 per cent of the amount by which such loss exceeds the part of such loss deductible in computing its taxable income for the preceding taxation year, as is represented by the ratio between its business carried on in Québec during the particular year and the aggregate of its business carried on in Québec and elsewhere during the latter year as established under subsection 2 of section 771; and

ii. the amount by which its tax payable for the particular year under Part IV exceeds the amount by which the aggregate of each amount determined pursuant to subparagraph i in respect of each non-capital loss sustained by the corporation during any of the five preceding taxation years, and which has been the object of an election referred to in section 1029.1, exceeds the aggregate of the amounts deemed to have been paid to the Minister by the corporation under this section on the last day of the particular year and of any of the five preceding years in respect of each of those losses; and

(b) on the last day of any of the five taxation years immediately following the particular year, as partial payment of its tax payable for such subsequent year pursuant to this Part, the lesser of the following amounts:

i. the excess, over the amounts deemed to have been paid to the Minister by the corporation under this paragraph on the last day of a taxation year preceding that subsequent year in respect of the loss, of the amount by which the amount determined under subparagraph i of paragraph *a* exceeds the amount determined pursuant to the said paragraph *a* in respect of the loss; and

ii. the amount by which the aggregate of its tax payable pursuant to Part I and its tax payable pursuant to Part IV for that subsequent year exceeds the aggregate, in respect of each non-capital loss sustained by the corporation during a taxation year preceding the particular year, and which was the object of an election referred to in section 1029.1, of the amounts deemed to have been paid to the Minister by the corporation pursuant to this paragraph on the last day of that subsequent year.

Non-capital
loss.

“1029.3 Notwithstanding section 1029.2, an amount may in no case be deemed to have been paid to the Minister under this section on the last day of a taxation year in respect of the portion of a non-capital loss in respect of which paragraph *b* of section 564.4 or 736 would apply for that year were it not for section 735.1.

Estimation
of amount
paid in
respect of
loss.

“1029.4 Every corporation that has made an election referred to in section 1029.1, in respect of a non-capital loss sustained by it during a particular taxation year, shall in the fiscal return it is bound to file with the Minister, in accordance with section 1000, for the particular year or for any subsequent taxation year during which it is deemed to have paid to the Minister, under section 1029.2, an amount in respect of such loss, estimate that amount.

Furthermore, it shall, in that fiscal return filed for the particular year, request the Minister to make a determination of the loss, as provided in section 1006.

Determina-
tion by the
Minister.

“1029.5 The Minister shall determine with all due dispatch the amount deemed to have been paid to him under section 1029.2 on the last day of a taxation year by a corporation that has made an election referred to in section 1029.1 in respect of a non-capital loss, and transmit to the corporation a notice of refundable tax credit in respect of that amount.

Determina-
tion by the
Minister.

“1029.6 Paragraph *f* of section 312, paragraph *e* of subsection 1 of section 336 and sections 1000 to 1004 and 1009 to 1079, to the extent that they refer to an assessment or a reassessment and

a determination or redetermination of tax, apply *mutatis mutandis* to a determination or redetermination of an amount deemed to have been paid to the Minister under section 1029.2 by a corporation.”

(2) This section applies to a taxation year ending after 10 March 1981.

R.S.Q., c.
I-3, s.
1052, am.

13. (1) Section 1052 of the said Act is amended by replacing that part which precedes paragraph *a* by the following:

Interest
on
over-
payment.

“**1052.** Where an overpayment by a taxpayer is refunded or applied on another liability, interest at the rate fixed in accordance with section 28 of the Act respecting the Ministère du revenu (R.S.Q., chapter M-31) is paid to him on such excess for the period ending on the day of such refund or application and commencing on the sixty-first day following the latest of the following dates:”.

(2) This section applies, in the case of an individual, in respect of a return the filing deadline for which expires after 10 March 1981, or before 11 March 1981 if the return has not been filed with the Minister before the latter date, and, in the case of a corporation, in respect of a return the filing deadline for which expires after 28 May 1981, or before 29 May 1981 if the return has not been filed with the Minister before the latter date.

R.S.Q., c.
I-3, s.
1132, am.

14. (1) Section 1132 of the said Act, amended by section 108 of chapter 13 of the statutes of 1980, is again amended:

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

Banks,
loan cor-
porations,
trust cor-
porations.

“(a) in the case of a bank, loan corporation, trust corporation or a corporation dealing in securities, to nine-tenths of one per cent of its paid-up capital;” and

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

Other cor-
porations.

“(c) in the case of any other corporation, except an insurance corporation within the meaning assigned to it by the Act respecting insurance (R.S.Q., chapter A-32), a savings and credit union within the meaning of section 797, and a cooperative association, a cooperative syndicate or a cooperative agricultural association governed by the Cooperative Associations Act (R.S.Q., chapter A-24), by the Cooperative Syndicates Act (R.S.Q., chapter S-38) or by the Act respecting cooperative agricultural associations (R.S.Q., chapter S-24), to nine-twentieths of one per cent of its paid-up capital.”

(2) This section applies in respect of a taxation year ending after 30 June 1981; however, where such a taxation year of a corporation includes a period prior to 1 July 1981, the tax payable pursuant to paragraphs *a* and *c* of section 1132 of the Taxation Act, as replaced by this section, by that corporation for that year is, notwithstanding those paragraphs, equal

(a) in the case of a corporation referred to in the said paragraph *a*, to the aggregate

i. of the product obtained by multiplying its paid-up capital by three-fifths of one per cent, in such proportion as the number of days in that year preceding 1 July 1981 is of the total number of days in that year; and

ii. of the product obtained by multiplying its paid-up capital by nine-tenths of one per cent, in such proportion as the number of days in that year following 30 June 1981 is of the total number of days in that year; and

(b) in the case of a corporation referred to in the said paragraph *c*, to the aggregate

i. of the product obtained by multiplying its paid-up capital by three-tenths of one per cent, in such proportion as the number of days in that year preceding 1 July 1981 is of the total number of days in that year; and

ii. of the product obtained by multiplying its paid-up capital by nine-twentieths of one per cent, in such proportion as the number of days in that year following 30 June 1981 is of the total number of days in that year.

R.S.Q.,
c. I-3,
s. 1143, am.

15. (1) Section 1143 of the said Act is amended by replacing the first paragraph by the following paragraph:

Corporation
exempt
from
capital
tax.

“1143. Every tax exempt corporation under sections 980 to 996 or 998 and 998.1, except a prescribed corporation, or every corporation whose property is deemed to be the property of an *inter vivos* trust contemplated in section 851.25, is exempt from capital tax.”

(2) This section applies to a taxation year ending after 30 June 1981; however, where a corporation whose exemption from capital tax provided for by the first paragraph of section 1143 of the Taxation Act, as it read before being replaced by this section, is abolished owing to this section, has such a taxation year including a period prior to 1 July 1981, the tax payable, pursuant to sections 1132 and 1134 of the Taxation Act, by that corporation for that year is, notwithstanding the latter sections and every other provision of the said Act, equal,

(a) in the case of a corporation referred to in paragraph *a* of the said section 1132, to the product obtained by multiplying its paid-up capital by nine-tenths of one per cent, in such proportion as the number of days in that year following 30 June 1981 is of three hundred and sixty five;

(b) in the case of a corporation referred to in paragraph *b* of the said section 1132, to the product obtained by multiplying \$100 by the ratio described in paragraph *a*; and

(c) in the case of a corporation referred to in paragraph *c* of the said section 1132, to the product obtained by multiplying its paid-up capital by nine-twentieths of one per cent, in such proportion as is described in paragraph *a*.

R.S.Q., c.
I-3, ss.
1027.1,
1027.2,
added.

Loan to a
related
corpora-
tion.

16. (1) The said Act is amended by inserting, after section 1207, the following sections:

“1207.1 Section 1207 does not apply where an individual makes a loan to or disposes of property to a corporation with which he is then related in consideration of a promise or covenant to pay an amount of money, if the individual owns at least 90 per cent of the issued shares of each class of the capital stock of the corporation, or if he belongs to a group of persons whose members own at least 90 per cent of the issued shares of each class of the capital stock of the corporation and meet the conditions described in section 1207.2.

Conditions
respecting
a loan.

“1207.2 The conditions referred to in section 1207.1 are the following:

(a) each member must own shares of each class of the capital stock issued by the corporation;

(b) the ratio between the number of shares of one of those classes owned by each member and the total number of issued shares of that class must be the same as the ratio between the number of shares of every other class owned by him and the total number of issued shares of the latter class;

(c) each member must have, in consideration of such a promise or covenant, at the same time and on identical conditions, made a loan to or disposed of property to the corporation;

(d) the ratio between the value of the property thus lent or disposed of by each member and the total value of the property thus lent or disposed of by all the members must be the same as the ratio between the number of shares of a class of the capital stock of the corporation owned by that member and the total number of issued shares of that class; and

(e) in the case of a promise or covenant to pay an amount of money on demand, it must be provided that the amount shall be paid to each member at the same time.”

(2) This section applies to the year 1981 and subsequent years.

R.S.Q., c.
S-34, s. 4,
replaced.

17. (1) Section 4 of the Act respecting fiscal incentives to industrial development (R.S.Q., chapter S-34) is replaced by the following section:

Election
by a cor-
poration.

“4. Any corporation meeting all the conditions set out in section 6 for a taxation year ending before 1 July 1981 may elect for that year that a sum equal to one-half of the tax otherwise payable for the year by the corporation be deposited in the fund by the Minister of Revenue in favour of the corporation.”

(2) This section applies after 30 June 1981.

R.S.Q., c.
S-34, s.
15, am.

18. (1) Section 15 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) 25 per cent of such allowable expenditure, when the certificate is issued before 11 March 1981, or 50 per cent of the allowable expenditure, when the certificate is issued after 10 March 1981; or”.

(2) This section applies after 10 March 1981.

R.S.Q., c.
S-34, s.
17, am.

19. (1) Section 17 of the said Act is amended by replacing the second paragraph by the following paragraph:

Restriction
of with-
drawals.

“The aggregate of the withdrawals contemplated in this section and in section 14 for all the taxation years, in respect of an allowable expenditure contemplated by a certificate shall not, however, exceed 25 per cent of such allowable expenditure if the certificate is issued before 11 March 1981 or 50 per cent of such expenditure if the certificate is issued after 10 March 1981.”

(2) This section applies after 10 March 1981.

1979, c.
12, s. 19,
replaced.

20. (1) Section 19 of the Real Estate Tax Refund Act (1979, chapter 12) is replaced by the following section:

Payment
to appli-
cant.

“19. Subject to the second paragraph of section 4 and section 45, the Minister shall pay the real estate tax refund to the person who applied for it.”

(2) This section applies in respect of real estate tax refunds for the taxation year 1980 and subsequent taxation years.

1979, c. 12,
s. 46.1,
added.

21. (1) The said Act is amended by inserting, after section 46, the following section:

No interest payable.

"46.1 No interest is payable on any amount that the Minister pays to a person under this Act, except an amount he must pay following an objection or an appeal.

Interest rate.

The interest rate is then the rate fixed pursuant to section 28 of the Act respecting the Ministère du revenu."

(2) This section applies in respect of real estate tax refunds for the taxation year 1980 and subsequent taxation years.

R.S.Q., c. M-31, s. 30, am.

22. (1) Section 30 of the Act respecting the Ministère du revenu (R.S.Q., chapter M-31) is amended by replacing the first paragraph by the following paragraph:

Interest on refund.

"30. When the Minister, by reason of the application of a fiscal law, makes a refund on which interest is payable or when, in accordance with section 31, he allocates the amount of such a refund to another payment that must be made by a creditor of the department, that amount bears interest at the rate fixed under section 28. That interest, pursuant to any Act referred to in the second paragraph of section 95, is computed, notwithstanding section 1052 of the Taxation Act, for the period ending on the day the amount is refunded or allocated and commencing,

(a) in the case of an application for a refund, on the sixty-first day after the application;

(b) in the case of a refund, without an application, established through a notice of assessment, on the date of the notice."

(2) This section applies from 28 May 1981; however, the said section does not apply to the computation of interest concerning an amount refunded or allocated pursuant to any Act referred to in the second paragraph of section 95 of the Act respecting the Ministère du revenu following an application for a refund filed with the Minister before 28 May 1981.

R.S.Q., c. M-31, s. 31, am.

23. Section 31 of the said Act is amended by adding, at the end, the following paragraphs:

Regulations respecting the allocation of a refund.

"The Government may make regulations to determine that a refund due to a person by reason of the application of the Taxation Act may also be allocated to the payment of any amount for which that person is indebted to the Government under an Act other than a fiscal law.

Procedure.

In such a case, the Minister shall

(a) first, make, where necessary, the allocation provided for under the first paragraph,

(b) then, inform the department contemplated in the regulation of the amount allocated to the debt existing pursuant to the Act determined in that regulation,

(c) pay the balance of the refund to the person entitled thereto, and

(d) send to that person, whether or not any amount is paid to him, a notice containing a detailed account of the sums allocated.

Conditions and modalities respecting the allocation.

Subject to section 69, a regulation contemplated in the second paragraph may prescribe the conditions and modalities of the operations respecting the allocation provided for in the same paragraph and in particular the method of transmitting to the Ministère du Revenu the necessary accounting data and the order in which the allocations of the amounts contemplated in paragraph *b* of the third paragraph must be made.

Amounts paid into consolidated revenue fund.

The amounts allocated under a regulation made pursuant to the second paragraph are paid into the consolidated revenue fund."

R.S.Q., c. I-1, s. 2, am.

24. (1) The Retail Sales Tax Act (R.S.Q., chapter I-1), amended by chapters 20, 72 and 78 of the statutes of 1979 and by chapter 14 of the statutes of 1980, is again amended by adding, after paragraph 16 of section 2, the following paragraphs:

"advertising insert";

"(17) "advertising insert" means a printed advertisement that a person causes to be distributed with a newspaper or periodical according to an agreement with the publisher of the newspaper or periodical;

"classroom supplies".

"(18) "classroom supplies" means the small articles that a teacher or pupil uses in a classroom in carrying on his activities and that are rapidly consumed by use."

(2) This section is declaratory except in respect of cases pending on 28 May 1981.

R.S.Q., c. I-1, s. 17, am.

25. (1) Section 17 of the said Act is amended by replacing

(1) paragraph *j* by the following paragraph:

"(j) Sales of fishing nets, fishing apparatus, ships or boats for commercial fishing, ships or boats of 500 tons gross or more, ocean drilling-rigs, dredgers, ships or boats of less than 500 tons gross mainly used for public transport of passengers, for transport of merchandise for commercial purposes, for towing, for fire fighting, or for marine research for economic or ecological purposes, pontoons used in connection with the above-mentioned objects and spare parts for the objects listed in this paragraph;"

(2) paragraph *t* by the following paragraph:

“(t) Sales of periodicals, printed books, advertising inserts and classroom supplies;”;

(3) paragraph *ad* by the following paragraph:

“(ad) Sales of woven or knitted fabric and natural or synthetic thread or yarn for embroidery, sewing, weaving or knitting, curtains and drapes made with such fabrics, thread or yarn, household linen, footwear and clothing, including handbags, suspenders, belts, neckties, scarves and safety goggles, except

- i. electric blankets;
 - ii. rugs and carpets;
 - iii. footwear the retail sales price of which is over \$ 125 a pair;
 - iv. clothing the retail sales unit price of which is over \$ 500;
- and
- v. clothing, whatever the price, the main object of which is to protect the body against the risk of injury or ailment arising out of the practice of any sporting activity;”.

(2) This section, to the extent that it enacts paragraph *j* of section 17 of the Retail Sales Tax Act, has effect from 1 January 1981, and, to the extent that it enacts subparagraph iii of paragraph *ad* of the said section 17, it has effect from 11 March 1981; to the extent that, in paragraph *t* of the said section 17, it exempts the sale of advertising inserts from the tax imposed by the said Act, it is declaratory.

R.S.Q., c.
I-2, s. 8,
replaced.

26. (1) Section 8 of the Tobacco Tax Act (R.S.Q., chapter I-2), replaced by section 21 of chapter 14 of the statutes of 1980, is again replaced by the following section:

Tax.

“**8.** Every person must, at the time of a retail sale of tobacco in Québec, for consumption by himself or by any other person at his expense, pay a tobacco consumer tax equal to 45 per cent of the retail price of that tobacco.”

(2) This section applies from 11 March 1981.

R.S.Q., c.
R-5, s. 34,
replaced.

27. (1) Section 34 of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q. chapter R-5) is replaced by the following section:

Contribution
of
employers.

“**34.** Every employer, on the date and in the manner prescribed, shall pay to the Minister of Revenue a contribution equal

to 3% of the wages that he pays to his employee who reports for work in his establishment in Québec or to whom those wages, if the employee is not required to report for work at an establishment of his employer, are paid from such an establishment in Québec.”

(2) This section applies in respect of the computation of the contribution to be paid by an employer respecting wages he pays after 31 March 1981; however, where an employer is a municipal corporation, by whatever law governed, this section applies only in respect of the computation of the contribution to be paid by the municipal corporation in respect of the wages it pays after 31 December 1981.

R.S.Q., c.
R-5, s. 38,
replaced. **28.** (1) Section 38 of the said Act is replaced by the following section:

“**38.** A special fund designated under the name of “health services fund” is established at the Ministère des Finances in order to provide for

(a) the payment of the sums required by the Régie for the application of the Health Insurance Act and this Act, with the exception, in the latter case, of the sums recoverable under the fourth and fifth paragraphs of section 2;

(b) the financing of hospital services offered under the programs of the Ministère des Affaires sociales.”

(2) This section applies from 1 April 1981.

R.S.Q., c.
R-5, s. 39,
replaced. **29.** (1) Section 39 of the said Act is replaced by the following section:

Contribu-
tion
remitted
to the fund. **“39.** The Minister of Revenue shall remit to the health services fund, at least once a month, the contribution contemplated in section 34.

Distribu-
tion of the
fund. The Minister of Finance shall distribute the sums paid into the health services fund equally among the Régie de l'assurance-maladie and the Ministère des Affaires sociales.

Periodic
payments. The Minister of Finance shall periodically add, to the sums thus assigned to the Régie, out of the consolidated revenue fund and according to the development of the needs of the Régie as established within the scope of section 23 of the Financial Administration Act (R.S.Q., chapter A-6), sums for a total amount, for one financial year of the Régie, that must be equal to the difference between the amount of such needs and the amount of the sums assigned to it pursuant to the preceding paragraph during the same financial year.”

(2) This section applies from 1 April 1981.

R.S.Q., c.
R-5, s. 40,
replaced. **30.** (1) Section 40 of the said Act is replaced by the following section:

Allocation
of the
fund. **“40.** The Minister of Finance shall dispose of the health services fund in accordance with the needs of the Régie and of the Ministère des Affaires sociales.

Accounting
of with-
drawals
from fund. The Minister of Finance may prescribe the manner in which the sums paid into the fund and those withdrawn from it are to be accounted for.”

(2) This section applies from 1 April 1981.

1979, c.
72, s. 226,
replaced,
s. 226.1,
added. **31.** (1) Section 226 of the Act respecting municipal taxation and providing amendments to certain legislation (1979, chapter 72) is replaced by the following sections:

Collection
of taxes. **“226.** The amount of tax provided for in section 221 shall be paid to the Minister of Revenue not later than the sixtieth day following the end of each fiscal period of the person contemplated in that section, or 1 March of the calendar year following the end of that fiscal period, whichever is later. The Minister of Revenue shall collect that tax on behalf of the municipal corporations.

Deemed
fiscal
period. **“226.1** Where a person has a fiscal period exceeding 365 days and thus does not have a fiscal period ending in a particular calendar year, the first fiscal period of that person ending in the calendar year following the particular year is deemed, for the purposes of this subdivision, to end on the last day of the particular calendar year.”

(2) This section applies in respect of the payment of the tax prescribed in section 221 of the Act respecting municipal taxation and providing amendments to certain legislation, for the municipal fiscal period 1982 and for subsequent municipal fiscal periods.

R.S.Q., c.
E-9, s. 14,
replaced,
ss. 14.1 to
14.4,
added. **32.** Section 14 of the Private Education Act (R.S.Q., chapter E-9), amended by section 29 of chapter 23 of the statutes of 1979, is replaced by the following sections:

Annual
grant. **“14.** The Government shall pay to every institution declared to be of public interest, for each school year, a grant consisting of a base amount for each pupil registered full time in a regular program on 20 September of that school year at the college level and on 30 September for other levels, and an amount representing the rental value of the immoveables where it provides instruction.

Uneven
number of
sessions. However, where a college institution provides a program of studies distributed over an uneven number of sessions, the grant

contemplated in the first paragraph is reduced by one-half and is paid for each pupil registered full time in the program on 20 September and for each pupil registered full time in the program on 31 January of the same school year.

Amount of
grants.

“14.1 For the school year 1981-1982, the base amount is \$ 950 at the kindergarten level, \$ 1 400 at the elementary level and \$ 2 000 at the secondary or high school level. At the college level, the amount is \$ 2 630 for the general program, and for the vocational program the amount is

- (1) \$ 4 215 for biology technology;
- (2) \$ 2 692 for physics technology;
- (3) \$ 3 125 for humanities technology;
- (4) \$ 2 273 for management technology;
- (5) \$ 3 342 for arts.

Readjust-
ments.

The Government shall change those amounts every year before 1 May by readjusting them according to the variations in the amount of the grants made for the same year and for the same level, to the school boards, the regional school boards, the Conseil scolaire de l'Île de Montréal and to the general and vocational colleges. For that purpose, however, the Government shall take no account of the variations in the amount of the grants made to the latter institutions for expenses inherent in the public system.

Rental
value.

“14.2 The amount of the rental value provided for in section 14 is determined by the Minister in accordance with the guide respecting the measure of the rental value of immoveables of private institutions in force on 28 May 1981.

Adult pro-
grams.

“14.3 The Government shall determine every year before 1 May, taking into account the amount of the grants paid to the general and vocational colleges during the same year and for the same category of pupils, the amount, the conditions and the modalities of the grants made to college institutions declared to be of public interest in respect of an adult education program.

Tuition.

“14.4 To qualify for the grant contemplated in sections 14 and 14.3, an institution declared to be of public interest may in no case require of a pupil tuition and other related fees in excess of 50% of the amount of the grant applicable to him.”

R.S.Q.,
c. E-9,
s. 17,
replaced,
ss. 17.1 to
17.4,
added.

33. Section 17 of the said Act, amended by section 30 of chapter 23 of the statutes of 1979, is replaced by the following sections:

Annual
grant.

“**17.** The Government shall pay to every institution recognized for purposes of grants, for each school year, a grant consisting of a base amount for each pupil registered full time in a regular program on 20 September of that school year at the college level and on 30 September for other levels, and an amount representing the rental value of the immoveables where it provides instruction.

Uneven
number of
sessions.

The second paragraph of section 14 applies in the same circumstances to the computation of the grant under this section.

Amount of
grants.

“**17.1** For the school year 1981-1982, the base amount is \$ 695 at the kindergarten level, \$ 1 025 at the elementary level and \$ 1 465 at the secondary or high school level. At the college level, the amount is \$ 1 930 for the general program, and for the vocational program the amount is

- (1) \$ 2 496 for biology technology;
- (2) \$ 1 965 for physics technology;
- (3) \$ 1 851 for humanities technology;
- (4) \$ 1 832 for management technology;
- (5) \$ 2 146 for arts.

Readjust-
ments.

The Government shall change those amounts every year before 1 May by readjusting them according to the variations in the amount of the grants made for the same year and for the same level, to the school boards, the regional school boards, the Conseil scolaire de l'Île de Montréal and to the general and vocational colleges. For that purpose, however, the Government shall take no account of the variations in the amount of the grants made to the latter institutions for expenses inherent in the public system.

Rental
value.

“**17.2** The amount of the rental value provided for in section 17 is determined by the Minister in accordance with the guide referred to in section 14.2.

Adult pro-
grams.

“**17.3** The Government shall determine every year before 1 May, taking into account the amount of the grants paid to the general and vocational colleges during the same year and for the same category of pupils, the amount, the conditions and the modalities of the grants made to college institutions recognized for purposes of grants in respect of an adult education program.

Tuition.

“**17.4** To qualify for the grant contemplated in sections 17 and 17.3, an institution recognized for purposes of grants may in no case require of a pupil tuition and other related fees in excess of the amount of the grant applicable to him.”

R.S.Q., c.
E-9, s. 21,
am. **34.** The first paragraph of section 21 of the said Act is repealed.

R.S.Q.,
c. E-9,
s. 21, am. **35.** Section 21 of the said Act is amended by replacing the figures "14" and "17" in the first line of the second paragraph by the figures "14.4" and "17.4".

Adult
programs. **36.** For the school year 1981-1982, the Government shall pay to every institution declared to be of public interest, for each pupil of college level registered full time in an adult education program, the amount of \$ 785.

Amount
of grant. For an institution recognized for the purposes of grants, the amount will be \$ 590.

R.S.Q., c.
A-16, s. 7,
am. **37.** Section 7 of the Social Aid Act (R.S.Q., chapter A-16) is amended by replacing the word "day" in the second line and in the fourth line by the words "full time".

R.S.Q., c.
A-16, s.
10, am. **38.** Section 10 of the said Act is amended by adding, at the end, the words "in accordance with the regulations".

R.S.Q., c.
A-16, s.
12, am. **39.** Section 12 of the said Act is amended by striking out the third paragraph.

R.S.Q.,
c. A-16,
s. 13.1, am. **40.** Section 13.1 of the said Act, enacted by section 18 of the Act to promote the payment of support (1980, chapter 21) is amended by replacing the first paragraph by the following paragraph:

Subroga-
tion. **"13.1** If social aid is paid to a creditor of support before or after such support has been granted to him by judgment, the Minister is subrogated of right in the rights of the creditor up to the amount of the aid granted and the amounts due by the debtor, unless the creditor elects to exercise his recourse himself."

R.S.Q., c.
A-16, s.
13.2, am. **41.** Section 13.2 of the said Act, enacted by section 18 of the Act to promote the payment of support (1980, chapter 21), is amended by adding, at the end, the following paragraph:

Support
payments
remitted
to the
Minister. **"However,** the collector of support payments or the prothonotary of the district in which the seizure is effected must, on demand, remit to the Minister the amounts collected where they represent arrears of support payable for a period during which the beneficiary received social aid."

R.S.Q., c.
A-16, s.
25, am. **42.** Section 25 of the said Act is amended by replacing the second and third paragraphs by the following paragraphs:

Reim-
bursement
of social
aid.

“Every person having received or receiving social aid must repay the amount or value thereof in accordance with the modalities and time limits and with interest as prescribed by regulation if

(a) the aid was granted pursuant to section 13 or as a guarantee of repayment of a loan;

(b) the aid was granted when the person was not entitled thereto; or

(c) the aid is used for purposes other than those for which it has been granted.

Recovery.

The value of the aid may be recovered at any time as a debt due to the public treasury; it may also be deducted from any future payment, in accordance with the regulations, or from a refund due by the Minister of Revenue pursuant to the application of a fiscal law in accordance with section 31 of the Act respecting the Ministère du revenu (R.S.Q., chapter M-31).

Exemption.

A person may be exempted, in accordance with the regulations, from the repayment provided for under the second paragraph if his income is less than the allowable income determined by regulation.”

R.S.Q., c.
A-16, s.
31, am.

43. The first paragraph of section 31 of the said Act is amended

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

“(b) the value of the property owned by a family or individual beyond which such family or individual is excluded from social aid and the manner of establishing the amount thereof and the extent to which the property contemplated in section 23 is to be included in determining that value if the presumption of that section is not overturned;”;

(2) by replacing the figure “9” in subparagraph *h* by the figure “11”;

(3) by replacing subparagraph *j* by the following subparagraph:

“(j) the conditions on and the extent to which social aid may be refused, discontinued, suspended or reduced in the cases contemplated in section 12, taking into account the age, the capacity for work, whether an individual or a family is concerned or the fact that there already has been refusal or abandonment, without sufficient cause, of an employment that the adult could fill or continue to fill;”;

(4) by replacing subparagraph *r* by the following subparagraph:

“(r) the formalities of review and the conditions on which social aid is re-established pending a decision following an application for review;” and

(5) by replacing subparagraph *s* by the following subparagraphs:

“(s) the mode of repayment of social aid, the minimum amount of each payment claimed, the conditions on and the cases and circumstances in which the amount is increased and the time when the repayment begins;

“(s.1) the conditions on which interest is payable on a repayment, the rate of the interest and the amount to which it applies;

“(s.2) the cases and circumstances in which an individual or a family is exempt from the repayment of capital or interest;”.

R.S.Q., c.
A-25, s.
74, am.

44. Section 74 of the Automobile Insurance Act (R.S.Q., chapter A-25) is amended by adding, at the end, the following paragraph:

Deduction
of social
aid pay-
ments.

“The Régie shall, on demand, deduct from the indemnities payable pursuant to this Act the amount paid by the Ministère du Travail, de la Main-d’œuvre et de la Sécurité du revenu pursuant to section 13 of the Social Aid Act (R.S.Q., chapter A-16) pending the payment of such indemnities, and refund the equivalent of that amount to the Ministère du Travail, de la Main-d’œuvre et de la Sécurité du revenu.”

Coming
into force.

45. This Act comes into force on the day of its sanction.