ISSN 2368-8874

Finances Québec

INFORMATION BULLETIN

June 30, 2021

2021-5

ADJUSTMENTS TO CERTAIN TAX MEASURES AND HARMONIZATION WITH CHANGES OF A TAX NATURE ANNOUNCED BY THE GOVERNMENT OF CANADA

This information bulletin makes public the impending amendments to the *Act respecting the Régie de l'assurance maladie du Québec* to specify the calculation of the contribution payable to Revenu Québec by insured parties who benefit from the coverage offered by the Québec Public Prescription Drug Insurance Plan for 2021. The amendments follow on the adjustments that the government made recently to take into consideration the adverse effects of the COVID-19 pandemic on insured parties of the Régie de l'assurance maladie du Québec.

Moreover, it presents the adjustments that will be made to the tax credit relating to investment and innovation (C3i) to reflect the update of the economic vitality index by the Institut de la statistique du Québec.

This bulletin also proposes a change to the condition whereby the activities of an international financial centre must be grouped together in one place.

Lastly, it announces the Ministère des Finances' position concerning changes to tax measures made public by the Government of Canada in its *Fall Economic Statement 2020,* more specifically in connection with the security option regime, its April 19, 2021 budget, and its May 20, 2021 press release, which focuses on certain easing introduced concerning registered pension plans and deferred salary leave plans.

To obtain information on the matters dealt with in this information bulletin, contact the Secteur du droit fiscal, de l'optimisation des revenus et des politiques locales et autochtones at secteurdudroitfiscaletdelafiscalite@finances.gouv.qc.ca.

The English and French versions of this bulletin are available on the Ministère des Finances website at www.finances.gouv.qc.ca.

ADJUSTMENTS TO CERTAIN TAX MEASURES AND HARMONIZATION WITH CHANGES OF A TAX NATURE ANNOUNCED BY THE GOVERNMENT OF CANADA

1. CHANGES TO QUÉBEC'S PUBLIC PRESCRIPTION DRUG INSURANCE PLAN FOR 2021

The basic prescription drug insurance plan established by the Québec government guarantees all Quebecers fair access to the medications required by their state of health. Coverage under the plan is provided by the Régie de l'assurance maladie du Québec ("RAMQ"), as the administrator of the Public Prescription Drug Insurance Plan ("PPDIP"), by insurers transacting group insurance or by administrators of private-sector employee benefit plans.

As a general rule, the RAMQ provides coverage for individuals who are not required to become members of a group insurance contract, an individual insurance contract concluded on the basis of one or more of the distinctive characteristics of group insurance[1], or an employee benefit plan applicable to a determined group of persons, as well as coverage for those in whose respect no person is required to ensure coverage.

On July 1 of each year, in accordance with the *Act respecting prescription drug insurance*[2] ("APDI"), the maximum amount of the annual premium for the PPDIP must be adjusted according to a rate set by the RAMQ, in accordance with the rules set out in the Regulation respecting the basic prescription drug insurance plan[3] (hereinafter referred to as "Regulation"), to take into account the increase in the cost of the prescription drug insurance plan for persons whose coverage is paid for by the RAMQ (hereinafter referred to as "persons insured by the RAMQ").

In brief, the Regulation provides that the adjustment is to be made on the basis of the experience of the months of April to March of the financial year ending before the date of the adjustment, taking into account the increase in the costs of the plan and the costs anticipated by the changes to the plan's coverage.

Thus, the annual premium for persons insured by the RAMQ is subject to a maximum amount established by the APDI and the Regulation. However, the APDI provides that the amount of the annual premium is determined in accordance with the *Act respecting the Régie de l'assurance maladie du Québec*[4] ("ARAMQ") and this amount is collected by Revenu Québec as a contribution to the PPDIP.

However, to take into account the paying capacity of persons insured by the RAMQ, the amount of the contribution payable by an insured person is calculated on the basis of his or her family income, from which the amount of the exemption applicable to his or her family situation is deducted.

---

1 The individual insurance contract must be covered by section 42.2 of the *Act respecting prescription drug insurance* (CQLR, chapter A-29.01).

2 CQLR, chapter A-29.01, s. 28.1.

3 CQLR, chapter A-29.01, r. 4.

4 Section 23 of the APDI refers to section 37.6 of the ARAMQ (CQLR, chapter R-5).

In addition, to ensure the progressiveness of the contribution, two contribution rates are applicable to an insured person's family income, less the amount of the exemption. These rates are provided for in the ARAMQ and are used to calculate the contribution payable as established in Appendix K of the insured person's income tax return. The first contribution rate[5] applies to the first $5 000 of income thus reduced, while the second[6] applies to the portion of such income exceeding $5 000.

The applicable contribution rates must be adjusted on July 1 of each year by a rate equal to that determined under the Regulation to adjust the maximum annual premium.

In order to limit the negative effects of the COVID-19 pandemic on persons insured by the RAMQ, the government has twice amended the Regulation so that the rate of adjustment of the maximum annual premium, initially announced for July 1, 2020, will instead be established in two stages, on July 1, 2020[7] and January 1, 2021.[8]

Since the adjustment rates for the maximum annual premium have been set at 1.9% for the period from July 1, 2020 to December 31, 2020 and at 2.2% for the period from January 1, 2021 to June 30, 2021, the various applicable contribution rates must also be adjusted.

Thus, the expression "contribution rate" provided for in the ARAMQ will be amended to provide that, for the 2021 calendar year, the contribution rate will correspond to the percentage applicable on January 1, 2021, for the period beginning on January 1, 2021 and ending on June 30, 2021, and to the percentage applicable on July 1, 2021, for the period beginning on July 1, 2021 and ending on December 31, 2021, in accordance with the rates of adjustment set by the RAMQ pursuant to section 28.1 of the APDI.

In addition, the term "average contribution rate" provided for in the ARAMQ will be amended to provide that, for the 2021 calendar year, the average contribution rate means the contribution rate applicable as of January 1, 2021 added to the contribution rate applicable as of July 1, 2021, then divided by two.

For greater clarity, the other implementing rules for these expressions, including the rounding rules, will remain unchanged.

---

5 For 2020, the first contribution rate is 6.65%, in the case of a single person, and 3.34%, in the case of a person living as a couple.

6 For 2020, the second contribution rate is 9.99%, in the case of a single person, and 5.01% in the case of a person living as a couple.

7 Order in Council 685-2020 concerning the Regulation to amend the Regulation respecting the basic prescription drug insurance plan, (2020) 152 G.O.Q. II, 1790A; Avis concernant le régime général d'assurance médicaments, (2020) 152 G.O.Q. I, 417A.

8 Order in Council 1300-2020 concerning the Regulation to amend the Regulation respecting the basic prescription drug insurance plan, (2020) 152 G.O.Q. II, 3242; Avis concernant le régime général d'assurance médicaments, (2020) 152 G.O.Q. I, 951.

In addition, to take into account the change on January 1, 2021 in the maximum annual premium, set by the RAMQ at $662, the amount of the contribution payable to the PPDIP in the tax return for the 2021 calendar year, for each of the first six months of that year, will correspond to 1/12 of the $662 amount. For the last six months of the calendar year 2021, the usual rules will apply.

❑ Application date

These changes will apply in respect of the 2021 calendar year.

2. MODIFICATION OF THE DEFINITION OF "TERRITORY WITH LOW ECONOMIC VITALITY" FOR THE PURPOSES OF THE TAX CREDIT RELATING TO INVESTMENT AND INNOVATION

On March 10, 2020,[9] the tax credit relating to investment and innovation was introduced to encourage productivity gains of businesses in all regions of Québec, while further promoting investments in regions where the economic vitality index is low.

Briefly, the tax credit relating to investment and innovation is granted to a qualified corporation[10] that acquires, after March 10, 2020 and before January 1, 2025, manufacturing or processing equipment, general-purpose data processing equipment or certain management software packages. It is calculated on the portion of the specified expenses incurred to acquire a specified property in excess of $5 000 or $12 500, depending on the property.

The specified expenses in respect of which a qualified corporation may claim the tax credit may not, however, exceed a cumulative limit of $100 million.

The tax credit relating to investment and innovation to which a qualified corporation is entitled, for a taxation year, may be refundable, in whole or in part, or non-refundable. The refundable portion of the tax credit is determined based on the qualified corporation's assets and gross income.

The rate of the tax credit available to a qualified corporation in respect of a specified property is established based on the territory where the property is acquired to be used mainly, i.e. a territory with low economic vitality,[11] a territory with intermediate economic vitality[12] or a territory with high economic vitality.[13]

---

9 MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2020-2021 – Additional Information*, March 10, 2020, pp. A.3-A.18.

10 A qualified corporation that is a member of a qualified partnership may, on certain conditions, receive the tax credit relating to investment and innovation in respect of its share of the specified expenses incurred by the qualified partnership.

11 Prior to the changes announced in this information bulletin, the expression "territory with low economic vitality" referred to one of the following regional county municipalities (RCMs), agglomerations and city: Antoine-Labelle, Argenteuil, Avignon, Bonaventure, Charlevoix-Est, La Côte-de-Gaspé, La Haute-Côte-Nord, La Haute-Gaspésie, La Matanie, La Matapédia, La Mitis, La Vallée-de-la-Gatineau, Golfe-du-Saint-Laurent, Rocher-Percé, Appalaches, Basques, Etchemins, Sources, Maria-Chapdelaine, Matawinie, Mékinac, Pontiac and Témiscouata RCMs, the Communauté maritime des Îles-de-la-Madeleine, the agglomeration of La Tuque and the city of Shawinigan.

12 The expression "territory with intermediate economic vitality" refers to a territory in Québec that is neither a territory with high economic vitality nor a territory with low economic vitality.

13 The expression "territory with high economic vitality" refers to a municipality listed in Schedule I to the *Act respecting the Communauté métropolitaine de Montréal* (CQLR, chapter C-37.01) or in Schedule A to the *Act respecting the Communauté métropolitaine de Québec* (CQLR, chapter C-37.02).

On March 25, 2021,[14] it was announced that the tax credit rates would be temporarily doubled to encourage Québec businesses to carry out their investment projects and to accelerate Québec's economic recovery.

The table below shows the rates of the tax credit relating to investment and innovation depending on when the specified expenses are incurred and where the specified property is acquired to be used mainly.

TABLE

Rates of the tax credit relating to investment and innovation
(as a percentage)

Territory where the property is acquired to be used mainly	Rates applicable after March 10, 2020 but before March 26, 2021	Rates applicable after March 25, 2021 but before January 1, 2023	Rates applicable after December 31, 2022 but before January 1, 2025
Territory with low economic vitality	20	40	20
Territory with intermediate economic vitality	15	30	15
Territory with high economic vitality	10	20	10

The Institut de la statistique du Québec (ISQ) periodically issues the economic vitality index of the territories.[15] When the tax credit relating to investment and innovation was introduced, it was determined that businesses established in regional county municipalities (RCMs) whose economic vitality index is among the 25% lowest in Québec would benefit from a higher tax credit rate.[16] The list of territories with low economic vitality was established on the basis of the 2018 edition of the classification of Québec RCMs according to the economic vitality index.

Last March, the ISQ published the 2021 edition of the economic vitality index of the territories.

As a result of this update, the RCMs of Maskinongé, Domaine-du-Roy and Papineau are now in the bottom quartile, while they were previously in the third quartile. The Appalaches and Côte-de-Gaspé RCMs and the Communauté maritime des Îles-de-la-Madeleine are no longer in the bottom quartile.

To maintain the objective of allowing corporations established in territories where the economic vitality index is among the 25% lowest in Québec to benefit from the highest rate of the tax credit relating to investment and innovation, the definition of "territory with low economic vitality" will be amended.

---

14 MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2021-2022 – Additional Information*, March 25, 2021, pp. A.12-A.14.

15 INSTITUT DE LA STATISTIQUE DU QUÉBEC, *Economic Vitality Index*, [online], [https://statistique.quebec.ca/en/document/economic-vitality-index].

16 MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2020-2021 – Budget Plan*, March 10, 2020, p. C.42.

❑ Addition of three RCMs to the list of territories with low economic vitality

The tax legislation will therefore be amended to add the RCMs of Maskinongé, Domaine-du-Roy and Papineau to the list of territories with low economic vitality for the purposes of the tax credit relating to investment and innovation.

This amendment will apply in respect of specified expenses incurred after the date of publication of this information bulletin, for the acquisition of a specified property after that date.

However, it will not apply to a property:

- acquired in accordance with a written obligation entered into on or before the day of publication of this information bulletin;
- whose construction by the corporation or partnership, or on its behalf, was under way on the day of publication of this information bulletin.

❑ Removal of two RCMs and one agglomeration from the list of territories with low economic vitality

The tax legislation will also be amended to remove the RCMs of Appalaches and Côte-de-Gaspé and the Communauté maritime des Îles-de-la-Madeleine from the list of territories with low economic vitality for the purposes of the tax credit relating to investment and innovation.

Furthermore, to provide a transitional period, this amendment will apply in respect of specified expenses incurred after March 31, 2023 for the acquisition of a specified property after that date.

3. Adjustment to the definition of an "international financial centre"

Since 1986,[17] the Québec government promotes, mainly by means of tax incentives, the establishment, development, and maintenance within the urban agglomeration of Montréal of businesses specializing in the financial sector as well as the development of Montréal as a world-class financial centre.

In 2010, the international financial centres (IFC) regime was replaced by a refundable tax credit on the qualified wages incurred by a corporation operating an IFC in respect of its eligible employees.[18]

The refundable tax credit was subsequently replaced by a non-refundable tax credit, except for certain back-office activities of an IFC that give rise to entitlement to a refundable tax credit when such activities qualify otherwise as qualified international financial transactions (QIFTs).[19]

---

17 Ministère des Finances du Québec, *Budget 1985-1986 – Budget Speech,* April 23, 1985, Appendix A, p. A-40.

18 Id., *Budget 2010-2011 – Additional Information on the Budgetary Measures*, March 30, 2010, pp. A.53-A.62. The tax holiday for a foreign specialist employee assigned to the operations of an international financial centre was maintained.

19 Id., *Budget 2015-2016 – Additional Information 2015-2016*, March 26, 2015, pp. A.95-A.100. See also: *Act respecting international financial centres* (CQLR, chapter C-8.3), s. 7, par. 22.

More recently, the refundable tax credit for IFCs in respect of back-office activities has been amended to include employees who carry out activities stipulated in an eligible contract that mainly includes qualified international financial operations.[20]

The Minister of Finance is responsible for issuing the sectoral documents necessary for the application of IFC-related tax measures. On this account, he evaluates whether the activities engaged in or that are to be engaged in the course of carrying on an IFC are in compliance with the provisions and objectives of the *Act respecting international financial centres.*

Briefly, for the purposes of such measures and according to the current legislation, an IFC means a business, carried on by a corporation, all of whose activities pertain to QIFTs or to one or more eligible contracts and whose activities require the corporation to employ at least six eligible employees.[21]

Other conditions must also be satisfied for the business to be recognized as an IFC. In particular, its activities pertaining to QIFTs must consist in new activities or an expansion of existing activities and its activities carried out under an eligible contract must also consist in new activities of the corporation. In both instances, the activities must require that the corporation use additional financial, human, and physical resources.

What is more, management of an IFC's activities must be wholly conducted within the urban agglomeration of Montréal[22] and its activities there must be grouped together in one place.

Given the growth observed in the activities of IFCs, the attendant increase in the number of eligible employees, and to allow the corporations operating such centres greater logistical flexibility, the *Act respecting international financial centres* will be amended as regards the conditions to be satisfied for the business of a corporation to be recognized as an IFC.

More specifically, the requirement that the activities of an IFC be grouped together in one place will be modified to allow such activities to be carried out in one or more eligible establishments of the corporation that operates the IFC.

---

20 Id., *Information Bulletin 2017-14*, December 20, 2017, pp. 5-11. The definition of the expression "qualified international financial operation" is found in section 4 of the *Act respecting international financial centres.*

21 *Act respecting international financial centres*, s. 6.

22 The expression "urban agglomeration of Montréal" designates the agglomeration described in section 4 of the *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (CQLR, chapter E-20.001) and is made up of the territories of Ville de Montréal, Ville de Baie-D'Urfé, Ville de Beaconsfield, Ville de Côte-Saint-Luc, Ville de Dollard-Des-Ormeaux, Ville de Dorval, Ville de Hampstead, Ville de Kirkland, Ville de L'Île-Dorval, Ville de Montréal-Est, Ville de Montréal-Ouest, Ville de Mont-Royal, Ville de Pointe-Claire, Ville de Sainte-Anne-de-Bellevue, Village de Senneville, and Ville de Westmount.

In this respect, the expression "eligible establishment" of a corporation will designate an establishment of the corporation where it operates its business and carries out activities pertaining to QIFTs or to one or more eligible contracts of the corporation provided that such activities require it to employ in the establishment at least six eligible employees, for the application of the IFC-related tax measures, and that it is situated within the urban agglomeration of Montréal.

Consequential amendments will be made to the *Act respecting the sectoral parameters of certain fiscal measures,* for example in order to require that the address of the corporations' eligible establishments be specified on business-related documents issued for the application of the IFC-related tax measures.

These amendments will apply to a taxation year of a corporation that ends after the publication of this information bulletin.

4. FEDERAL TAX LEGISLATION AND REGULATIONS

4.1 Harmonization with regard to certain measures announced in the Department of Finance Canada's *Fall Economic Statement 2020*

On November 30, 2020, the Minister of Finance of Canada released *Supporting Canadians and Fighting COVID-19*: *Fall Economic Statement 2020.*[23] On this occasion, the *Legislative proposals to Amend the Income Tax Act and Other Related Legislation, as well as Draft Amendments to Related Regulations*[24] was tabled.

Amendments were thus proposed to the security option regime, in particular to introduce a $200 000 limit on the amount of security options that may vest in an employee in a calendar year and that will continue to be eligible for the security option deduction. The employers whose security options will be subject to the new tax treatment are corporations, other than Canadian-controlled private corporations, and mutual fund trusts whose annual gross revenue exceeds $500 million. Such an employer will also be able, under certain conditions, to designate the securities to be issued as non-qualified securities for the security option deduction. When the security option concerns a non-qualified security, the employer will be authorized, if the conditions are satisfied, to deduct in the calculation of its income an amount equivalent to the benefit pertaining to the security option, which is included in the employee's income.

Given that the Québec tax system is significantly harmonized with the federal tax system from the standpoint of the rules applicable to security options, Québec tax legislation will be amended to incorporate, with adaptations on the basis of its general principles, the amendments proposed therein.

---

23 DEPARTMENT OF FINANCE CANADA, *Supporting Canadians and Fighting COVID-19: Fall Economic Statement 2020*, [online], November 30, 2020, [https://www.budget.gc.ca/fes-eea/2020/report-rapport/FES-EEA-eng.pdf].

24 Ibid., pp. 200-208.

Moreover, Québec tax legislation will be amended so that an employer is obliged to submit to the Minister of Revenue of Québec a copy of the notice filed with the Canada Revenue Agency confirming that the options granted are subject to the new tax treatment. In the same way, when an employer designates securities as non-qualified securities for the application of the federal tax system, the securities will also be deemed non-qualified securities for the application of the Québec tax system. Conversely, an employer will not be authorized to designate a security as being non-qualified security for the application of the Québec tax system if it has not designated the security as being non-qualified security for the application of the federal tax system.

The changes to the Québec tax system will only be adopted after the assent of the federal legislation that follows upon the measures retained, taking into account the technical amendments that may be made prior to the assent. More specifically, such changes will apply on the same date as the one retained for the application of the provisions of the federal tax legislation with which they harmonize.

What is more, the *Fall Economic Statement 2020* proposes other measures. The Ministère des Finances has already indicated Québec's position in respect of fiscal amendments pertaining to the registered disability savings plan in *Information Bulletin 2019-7.*[25]

As for the other income tax measures, they have not been retained because they do not correspond to the characteristics of the Québec tax system or because the latter is satisfactory or does not contain similar provisions. The measures concern:

— the Canada Child Benefit and the children's special allowance, pertaining to a quarterly enhancement for 2021 of the amounts paid under the allowances;[26]

— the registered disability savings plan, as regards the proposed changes to the Canadian regulation on disability savings;

— the patronage dividends paid in shares of agricultural cooperatives;

— the extension of the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy and the Lockdown Support.

25 MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2019-7*, June 14, 2019, p. 5. The measures were also covered by articles 26 and 27 of the "Legislative Proposals Relating to Income Tax and Other Legislation" that accompanied the Minister of Finance of Canada's July 30, 2019, press release. See: DEPARTMENT OF FINANCE CANADA, "Department of Finance Canada Consulting on Draft Proposals to Improve Tax System," [online], July 30, 2019, available at: https://www.canada.ca/en/department-finance/news/2019/07/department-of-finance-canada-consulting-on-draft-proposals-to-improve-tax-system.html].

26 The measures are covered respectively by sections 2, 3 and 5 of the *Act to implement certain provisions of the economic statement tabled in Parliament on November 30, 2020 and other measures* (Statute of Canada 2021, c. 7), assented to on May 6, 2021 (Bill C-14), [online], [https://parl.ca/Content/Bills/432/Government/C-14/C-14_4/C-14_4.PDF].

4.2 Harmonization with certain tax measures announced in the April 19, 2021 federal budget

On April 19, 2021, the Minister of Finance of Canada tabled the 2021 federal budget. At that time, she submitted in the House of Commons supplementary information describing in detail each of the tax measures proposed in the budget, notices of ways and means motions and draft amendments to various regulations to amend federal tax legislation and regulations accordingly.[27] The Minister of Finance also tabled supplementary information by way of consultations on other tax measures.[28]

❑ Income tax measures

Québec's tax legislation and regulation will be amended to incorporate some of the income tax measures proposed in the 2021 federal budget. However, the changes to the Québec tax system will be adopted only after the assent of any federal legislation or the adoption of any federal regulations implementing the measures retained, taking into account technical amendments that may be made prior to the assent or adoption. For greater clarity, these changes will be applicable on the same dates as those retained for the application of the federal measures with which they harmonize.

■ Measures retained

Québec tax legislation and regulation will be amended[29] to incorporate, with adaptations on the basis of their general principles, the measures concerning:

1. the changes to the disability tax credit (BR 1),[30] except as regards the frequency of the administration of therapeutic care (from three times to twice a week);
2. the northern residents deduction (BR 4);
3. the inclusion of postdoctoral fellowship income in "earned income" for RRSP purposes (BR 5);
4. the tax treatment of COVID-19 benefit amounts (BR 6 to BR 8);
5. the correction of errors related to contributions to defined contribution pension plans (BR 9);
6. the registration and revocation rules applicable to charities (BR 11 to BR 14);
7. the temporary immediate expensing in respect of certain property acquired by a Canadian-controlled private corporation (BR 22), subject to the special rules indicated below;

---

27 DEPARTMENT OF FINANCE CANADA, *Budget 2021 – A Recovery Plan for Jobs, Growth, and Resilience*, Annex 6 – "Tax Measures: Supplementary Information," [online], April 19, 2021, [https://www.budget.gc.ca/2021/report-rapport/anx6-en.html].

28 Ibid., Annex 7 – "Consultations on Other Tax Measures: Supplementary Information," [online], [https://www.budget.gc.ca/2021/report-rapport/anx7-en.html].

29 However, certain measures retained do not require any amendment to Québec's tax legislation or regulation.

30 The references in parentheses correspond to the number of the budget resolution (BR) of the *Notice of Ways and Means Motion to amend the Income Tax Act and Other Related Legislation* tabled in the House of Commons on April 19, 2021.

8. the changes made to certain categories of amortization for clean energy production equipment (BR 24);

9. audit authorities (BR 28).

- **Special rules pertaining to the temporary immediate expensing of certain property**

When it published *Information Bulletin 2018-9*, the Ministère des Finances du Québec announced the temporary accelerated depreciation of property that is qualified intellectual property[31] or general-purpose electronic data-processing equipment.[32,33]

Consequently, the qualified intellectual properties and general-purpose electronic data-processing equipment covered by this temporary accelerated depreciation will continue to benefit from the tax treatment that the Québec tax system provides them, and the temporary immediate expensing measure will not apply to such properties. Accordingly, the amount that a corporation deducts in respect of such properties as a capital cost allowance will not reduce for the application of the Québec tax system its maximum amount of $1.5 million granted on an annual basis for the temporary immediate expensing measure in respect of certain property acquired by a Canadian-controlled private corporation (CCPC).

Furthermore, when a CCPC is associated with another CCPC and the maximum amount of $1.5 million is thus divided among them for the application of the federal tax system, information concerning this breakdown will need to be provided by the corporations to the Minister of Revenue of Québec and the amount attributed to a corporation for the application of the Québec tax system for a given taxation year will not exceed the amount that it is attributed to it for the application of the federal tax system for that taxation year.

Measures not retained

Certain measures were not retained because they do not correspond to the characteristics of the Québec tax system or because the latter is satisfactory or does not contain similar provisions. These measures concern:

— the Canada Workers Benefit (BR 2 and BR 3);

— the taxes applicable to registered investments (BR 10);

— the extension of the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy and the Lockdown Support, and the introduction of the Canada Recovery Hiring Program (BR 16 to BR 21);

---

31 Qualified intellectual property, for the application of temporary accelerated depreciation, means property that is a patent or a right allowing the use of patented information, a licence, a permit, know-how, a commercial secret, or other similar property that constitutes an array of knowledge that is a property included in Class 14 of Schedule B of the *Regulation respecting the Taxation Act,* in Class 14.1 of this Schedule or in Class 44 of this Schedule and which satisfies the other conditions stipulated in Québec tax regulation (*Regulation respecting the Taxation Act,* s. 130R3).

32 Property included in Category 50 of Schedule B of the *Regulation respecting the Taxation Act.* To give rise to entitlement to the temporary accelerated depreciation, such a property must be used mainly in Québec in a business.

33 Ministère des Finances du Québec, *Information Bulletin 2018-9*, December 3, 2018, pp. 9-11.

— the reduction of the corporate tax rate for zero-emission technology manufacturers (BR 23);

— the extension of the prescribed time for the application of the Canadian Film or Video Production Tax Credit and the Film or Video Production Services Tax Credit (BR 25);

— the mandatory disclosure of the reportable transactions and the notifiable transactions and the applicable period of reassessment and penalties (BR 26, in part).

■ Subsequent announcements

The Ministère des Finances du Québec will announce later its position concerning the measures pertaining to:

— the electronic filing and certification of tax and information returns (BR 15);

— the mandatory disclosure of uncertain tax treatments and the applicable period of reassessment and penalty (BR 26, in part);

— the avoidance of tax debts (BR 27);

— the limitations applicable to interest deductibility (BR 29);

— the rules proposed to combat hybrid mismatch arrangements (BR 30).

❑ Measures relating to the goods and services tax and the harmonized sales tax

Given the general principle of harmonizing the Québec sales tax (QST) system with the goods and services tax and the harmonized sales tax (GST/HST) system, changes will be made to the QST tax system to incorporate, by adapting it in accordance with its general principles, the proposed federal measures relating to GST new housing rebate conditions, audit authorities, and input tax credit information requirements.

However, the changes to the QST system will be adopted only following assent to any federal statute or adoption of any federal regulation giving effect to the proposed federal measures, taking into account any technical amendments that may be made prior to the assent or adoption, as the case may be. These changes will apply from the same dates as the proposed federal measures with which they harmonize.

It should also be noted that it was previously announced in *Information Bulletin 2021-3* of May 20, 2021 that the QST system would be harmonized with the proposed amendements to the GST/HST system announced in the April 19, 2021 federal budget concerning measures relating to the application of the GST/HST to e-commerce.

❑ Other measures

The Ministère des Finances will monitor the deliberations and consultations that the Department of Finance Canada will carry out with respect to the following measures:

— the digital services tax;

— the tax on unproductive use of Canadian housing by foreign non-resident owners.

It will also participate in the dialogue proposed by the Department of Finance Canada concerning the digital services tax.

4.3 Harmonization with the extension of the relief measures for registered pension plans and deferred salary leave plans announced on May 20, 2021

On May 20, 2021, Canada's Minister of Finance announced[34] a one-year extension of the proposed regulation, first published on July 2, 2020,[35] which provides temporary relief for registered pension plans (RPPs) and deferred salary leave plans (DSLPs). These temporary relief measures are intended to assist Canadian workers and their employers during the COVID-19 pandemic.

Specifically, with respect to RPPs, the extension of the announced relief measures will ensure that employers and sponsors continue to have sufficient financial flexibility to administer these plans during the COVID-19 pandemic. These relief measures include the ability to make catch-up contributions to RPPs by April 30, 2022 and the temporary removal of restrictions that prohibit borrowing.

As a corollary, but in relation to DSLPs, the extension of the relief measures will result in employees who make the decision to postpone their deferred leave due to COVID-19 not suffering any adverse tax consequences for having remained at work during the pandemic.

In the *Information Bulletin 2020-11* of August 17, 2020,[36] the Québec government announced that the relief measures for RPPs and DSLPs proposed by the federal government on July 2, 2020 were retained for the application of the Québec tax system and that they would be applicable on the same dates as the federal measures with which they are harmonized.

Given the extension of these relief measures announced on May 20, 2021 by the federal Minister of Finance, it is appropriate to subscribe once again, for the application of the Québec tax system, to the extension of these same relief measures to the RPP and DSLP rules, for the same periods as those provided for the application of the federal tax system and in accordance with the terms and conditions set out therein.

---

34 DEPARTMENT OF FINANCE CANADA, *Government extends relief for Registered Pension Plans and deferred salary leave plans*, [online], May 20, 2021, [https://www.canada.ca/en/department-finance/news/2021/05/government-extends-relief-for-registered-pension-plans-and-deferred-salary-leave-plans.html].

35 Id., *Government Introduces Draft Regulations Providing Relief for Registered Pension Plans*, [online], July 2, 2020, [https://www.canada.ca/en/department-finance/news/2020/07/government-introduces-draft-regulations-providing-relief-for-registered-pension-plans.html].

36 MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2020-11*, August 17, 2020, p. 6.