

# Corporations

Courtesy translation of  
*Guide de la déclaration de revenus*



# 2004

## Important

Revenu Québec requires corporations established in Québec to file forms in French.

For this reason, it does not produce an English version of the forms to be enclosed with the corporation income tax return. However, Revenu Québec provides translations of the content of the forms and guides for information purposes.

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## General remarks

### Instalment payments

Under the *Taxation Act*, a corporation is not required to make instalment payments of income tax, tax on capital or compensation tax if the total of its income tax and tax on capital payable does not exceed \$1,000 for the taxation year for which it is filing a return or for the previous taxation year. However, the estimated balance of income tax and other taxes (if applicable) must be paid not later than the last day of the second month following the end of the taxation year covered by the return.

### Financial statements

A corporation that operates an international financial centre (IFC) or a business established in the Montréal international trade zone at Mirabel (MITZM), that carries out a major investment project, or that carries on a stock exchange business or securities clearing-house business must enclose, in addition to the documents specified above, the financial statements related to the IFC, the business established in the MITZM, the investment project, or the stock exchange business or securities clearing-house business.

### Inactive corporations

A corporation that was inactive (i.e., that made no commercial transactions) during the taxation year covered by the return must enclose a balance sheet indicating its financial situation at the end of that taxation year.

## Introduction

This guide contains general information on how to complete form CO-17, *Déclaration de revenus des sociétés* (the corporation income tax return). It does not constitute a legal interpretation of the *Taxation Act* (R.S.Q., c. I-3) or any other legislation administered by Revenu Québec. For more information, please consult the *Taxation Act* or the interpretation bulletins pertaining to the relevant sections of the Act and other pertinent legislation.

The numbers in italics at the end of certain paragraphs refer to sections of the *Taxation Act*. Where a number is preceded by the abbreviation AIFC, it refers to a section of the *Act respecting international financial centres*. A reference to a section of the *Regulation respecting the Taxation Act* consists of the letter “R” preceded and followed by numbers.

## Rights and obligations of the corporation as a taxpayer

A corporation must provide all the information necessary with regard to its paid-up capital, income, deductions and credits, in order to determine the amount of income tax and consumption taxes it is required to pay. In this way, the corporation contributes to fiscal equity and participates, according to its situation, in the funding of services provided to the public (such as education, health care and social services). Penalties may be imposed on a corporation that fails to provide the above-mentioned information or that provides inaccurate or incomplete information. Penal provisions also apply.

A corporation that fails to report income is liable to a penalty equal to 10% of the unreported amount if, in one of the three previous taxation years, it failed to report income of the same type. If the corporation has already filed its income tax return, it may avoid a penalty by filing an amended return.

Pursuant to the *Act respecting Access to documents held by public bodies* and the Protection of personal information and the *Act respecting the Ministère du Revenu*, and subject to the restrictions provided for in these laws, the corporation is entitled to obtain any information on file concerning it and to consult any document containing such information.

## Protection of confidential information

All information obtained by Revenu Québec from an income tax return or otherwise remains confidential

However, in the administration of fiscal laws, Revenu Québec may compare, match or link its information files with those of other government departments or agencies, in order to ensure that the corporation has complied with its obligations under the *Act respecting the Ministère du Revenu*. Revenu Québec may also use the information for the purposes of administering and enforcing the fiscal laws for which it is responsible.

In addition, Revenu Québec may use the information it collects for the purposes of carrying out studies or research, tabulating and managing statistics, or conducting surveys, or for administering the socio-fiscal programs for which it is responsible. The information may thus be used in managing the shelter allowance program for older persons and families and the parental wage assistance (PWA) program, as well as in administering and enforcing the *Act to facilitate the payment of support*.

The personnel of Revenu Québec assigned to the administration of fiscal laws or socio-fiscal programs has access to the information obtained from income tax returns only if they require the information to carry out their duties.

Subject to the restrictions set forth in the *Act respecting the Ministère du Revenu*, Revenu Québec may communicate certain information to other government departments or agencies or to other persons, for the specific purposes provided for in that Act.

The communication of such information to the departments, agencies or other persons referred to in the Act is permitted where the information is required to administer laws or programs for which they are jointly or entirely responsible.

A list of the government departments or agencies and other persons to whom this information may be communicated may be found on page 9 of guide CO-17.G.

The information is generally communicated to the government departments, agencies or other persons in question within the scope of written agreements approved by the Commission d'accès à l'information. The Commission analyzes, in particular, the nature of the information communicated and the purposes for which it is communicated, the methods of communication used, the mechanisms put in place to preserve the confidentiality of the information and the security measures taken for this purpose, the intervals at which information is communicated, the means chosen to inform the persons concerned, and the duration of the agreement.

## Transmission of confidential information

If you wish to authorize Revenu Québec to transmit information concerning the corporation's income tax return to a designated third party, complete and sign form MR-69, *Procuration, autorisation relative à la communication de renseignements ou révocation*. This form may also be used to revoke a prior authorization.

## Is the corporation required to file an income tax return?

### Liability for Québec income tax

A corporation that has an establishment in Québec at any time during a taxation year must pay income tax on taxable income for that year.

*22, 1st par.*

A corporation that has no establishment in Québec at any time during a taxation year and that is not resident in Canada, but that disposes of taxable Québec property during a taxation year, must pay income tax on the taxable capital gain resulting from this disposition and on any applicable amounts determined in accordance with subparagraphs (d), (e), (f), (h) and (l) of the first paragraph of section 1089.

*27, 1st par.*

A corporation has an establishment in Québec if it meets one of the following conditions :

- It has a fixed place in Québec where it carries on its business, such as an office, a branch, a mine, an oil or gas well, a farm, a timberland, a factory, a warehouse or a workshop.
- It does not have a fixed place in Québec where it carries on its business, but the main place where it does so is located in Québec.
- It is the owner of an immovable located in Québec that is used principally for the purpose of earning or producing gross income that is rent.
- It carries on a business through an employee, agent or mandatary, established in Québec, who has general authority to enter into contracts for the corporation or a mandator or who regularly fills orders from a stock of merchandise belonging to the corporation or mandator.
- It has an establishment in Canada and owns land in Québec.
- It uses a substantial amount of machinery or equipment in Québec at a given time in a taxation year.

- It is an insurance corporation that is registered in Québec or that holds a permit to carry on its business in Québec.
- It is not resident in Canada but, in a taxation year, it carries on one of the following activities in Québec:
  - it operates a mine;
  - it produces, processes, preserves, packs, or builds goods or products, in whole or in part;
  - it produces or presents a public show;
- it is a member of a partnership that has an establishment in Québec.

An income tax return must be filed by:

- a corporation that had an establishment in Québec at any time during a taxation year;
- an insurance corporation that exercises in Québec any of the rights, powers or objects of a corporation, owns any property in Québec, or has an establishment in Québec;
- a corporation that is not resident in Canada and does not have an establishment in Québec, but that disposed of taxable Québec property in a taxation year;
- a corporation that is subject to any of the special taxes indicated on line 425a or 425b.

However, a corporation that was a registered charity throughout its taxation year is not required to file a return.

Regardless of whether the corporation has income tax payable, you must report its income on the *Déclaration de revenus des sociétés* (form CO-17) and complete the applicable forms and schedules. To help you determine which documents must be completed and filed with the *Déclaration de revenus des sociétés*, we have included a brief description of the forms and schedules in the section of the guide corresponding to the pertinent line of the return. You may also refer to the list of forms and schedules in Part VII of the guide.

In certain cases, the corporation may be required to complete a form or schedule but not to enclose it with the return. By consulting the above-mentioned sections, you will be able to determine which documents to keep on file for audit purposes.

The work charts referred to in the guide are grouped together on pages 60 to 66.

### **Penalty and interest**

A corporation that files its income tax return late is liable to a penalty equal to 5% of the tax unpaid on the due date for the return, and an additional penalty of 1% for each month payment is late (to a maximum of 12 months).

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## **Computer-generated returns**

The income tax return of a corporation is usually filed on the form prescribed by the Deputy Minister of Revenue. However, you may also use a computer-generated return. Revenu Québec provides software users and developers with documents to enable them to meet its requirements.

### **Software users**

When purchasing software, users must ensure that Revenu Québec has assigned an authorization number to the developer for software that reproduces certain forms, including form CO-17, *Déclaration de revenus des sociétés*. For information on this subject, refer to the document *Information for Software Users* (IN-417.A-V), which is found inside guide IN-417-V, *Requirements for Computer-Generated Forms – Corporation Income Tax Return*.

### **Software developers**

Revenu Québec accepts computer-generated returns provided they meet the requirements set out in the guide *Requirements for Computer-Generated Forms – Corporation Income Tax Return* (IN-417-V) and are accompanied by form COR-17.W, *Sommaire des champs à saisir des déclarations des sociétés*. If Revenu Québec receives a computer-generated return that does not meet requirements, it will send the return back to the corporation and request that the latter file a return in the approved format or on the prescribed form.

Software suppliers and individuals or specialists who design their own computer programs must submit sample forms to Revenu Québec for approval every year.

For more information concerning the requirements related to computer-generated returns, write to Revenu Québec at the following address:

Division des produits et services informatisés  
Direction des solutions d'affaires électroniques  
Direction générale du traitement et des technologies  
Revenu Québec  
3800, rue de Marly, secteur 6-4-6  
Sainte-Foy (Québec) G1X 4A5

You may also telephone Revenu Québec at (418) 652-4031 or 1 888 830-7747, extension 4031.

### **Documents to be enclosed with the return**

Most of the forms that a corporation must file in order to claim a deduction or tax credit are produced by Revenu Québec, and copies of these forms are available at its offices. You may also order copies by telephoning an office of Revenu Québec, and certain forms may be printed from the Web site of Revenu Québec at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

### **Date by which the return must be filed**

The income tax return, as well as the required forms, schedules, financial statements and (if applicable) the auditor's report, must be filed within six months after the end of the corporation's taxation year.

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### **Assessment by Revenu Québec**

Once the corporation's return has been sent to Revenu Québec, the latter must examine it with dispatch and assess the income tax and consumption taxes payable for the year and, where applicable, the interest and penalties due, taking into account the instalments and credits the corporation is deemed to have paid as partial payment of this tax payable.

*1005, 1145, 1159.7, 1175 and 1175.19*

### **NOTE**

To ensure that no interest is charged on the amount indicated on a notice of assessment, the amount owing must be paid by the deadline indicated by Revenu Québec on the notice.

In this guide, where the title of a schedule is followed by an asterisk (\*), the schedule is not produced by Revenu Québec. The corporation is responsible for providing a schedule. Indicate the title and number of the schedule in the top right-hand corner of a sheet of paper, and provide the required information and (where applicable) particulars of calculations.

## **Interpretation bulletins**

Revenu Québec publishes bulletins to inform taxpayers of its interpretations concerning the various laws it is responsible for administering. The interpretation bulletins are available in French or English. To obtain a subscription, you may write to the following address:

Les Publications du Québec  
1500 D, rue Jean-Talon Nord, 1<sup>er</sup> étage  
Sainte-Foy (Québec) G1N 2E5

The interpretation bulletins are sent monthly to subscribers.

## **I Identification**

### **Line 01a Québec enterprise number**

The Québec enterprise number (NEQ) is used to identify the corporation in its dealings with various government departments and agencies. It is assigned to the corporation by the Registraire des entreprises. If you have a Québec enterprise number, enter it on line 01a.

**Line 01b Identification and file numbers**

The identification and file numbers replace the registration number. The identification number is composed of 10 numbers that must be entered to the left of the file number IC 0001, which already appears on the form. These numbers are now used to identify corporations in Revenu Québec files. It is therefore important to enter the identification number on line 01b of the return.

**Lines 02 and 03 Name and address of corporation**

Enter the name and address (street, city, province, postal code) on lines 02, 03 and 03b. If the corporation's address has changed, contact Revenu Québec to ensure that the change is made in its files by calling (418) 652-4031 or 1 888-830-7747.

Please note that the remittance slip (form COR-384), which is attached to the notice of assessment, is always sent to the head office.

## II Information

**Line 05 Fiscal period (taxation year)**

The taxation year of a corporation corresponds to its fiscal period. A fiscal period cannot be more than 53 weeks long.

*1 and 7, 2nd par.*

The fiscal period of a professional corporation that is a member of a partnership referred to in subparagraph (b) of the second paragraph of section 7 of the *Taxation Act* cannot end after the end of the calendar year in which the period began.

*7, 2nd par., subpar. (b), subpar. iii*

A corporation may choose the end-date of its first fiscal period; however, this date cannot be changed without the concurrence of the Minister.

*7.0.6*

**Line 06 First return**

The first income tax return of a corporation must be accompanied by the opening balance sheet and, if applicable,

- a copy of all agreements pertaining to the issuing of shares for other than cash consideration, or a copy of all documents giving particulars of the agreements;
- the closing balance sheet of any sole proprietorship, partnership or corporation acquired by the new corporation;
- a copy of the articles of incorporation, if the corporation is incorporated under legislation other than Québec or federal legislation.

In the top right-hand corner of each document, enter the number CO-17S.36.

If the corporation was recently formed as the result of an amalgamation, complete line 34 of the return and provide the names of each of the amalgamated corporations.

If the corporation is a parent corporation filing for the first time after winding up one or more subsidiaries, provide the names of the subsidiaries and complete line 42 of the return.

Indicate all of the information requested on a sheet of paper and enter the number CO-17S.36 in the top right-hand corner.

**Line 08 End-date of previous fiscal period**

If the fiscal period for which the return is being filed is not the corporation's first fiscal period, you must enter the end-date of its previous fiscal period.

**Line 09 Date of incorporation**

All corporations must indicate the date on which they were incorporated. Enter the date in the spaces provided.

**Line 10 Government assistance (subsidy)**

By law, a subsidy received by a corporation may be used, as applicable, to reduce the cost or capital cost of property or the amount of a disbursement or expenditure. It may also constitute income for the corporation.

Under a measure that came into effect on July 5, 2001, a government body that pays subsidies must file with the Minister of Revenue, by the last day of February of each year, an information return indicating the amounts paid as subsidies during the previous calendar year (provided that year is after 2001). The government body must also remit to the corporation a copy of the part of the return that concerns it.

If the corporation received such a subsidy, check “Yes” on line 10.

**Line 11 Designated building or premises**

If, during the fiscal period covered by this return, the corporation carried out its activities primarily in a designated building of the Cité du multimédia or of an information technology development centre (ITDC), a marketplace for the new economy (MNE) or a biotechnology development centre (BDC), or in designated premises of the Centre national des nouvelles technologies de Québec (CNNTQ), check the appropriate box on line 11.

Attach the unrevoked certificate issued by Investissement Québec to form CO-17.

**Line 13 Temporary exemption**

Check “Yes” on line 13 of form CO-17 if you wish the corporation to be recognized as a corporation entitled to the exemption. The corporation will then be entitled to claim exemptions with respect to business income (see line 420a), tax on capital (see line 393, code 01), and contributions to the health services fund (see form LE-34-V).

**Line 14 Loss carry-back**

A corporation that wishes to carry a loss to one of the three previous taxation years, pursuant to sections 727 to 737 of the *Taxation Act*, must complete and file form CO-1012, *Demande par une société d'un report rétrospectif de perte*, by the date on which the *Déclaration de revenus des sociétés* must be filed for the taxation year in which the loss was sustained.

**Line 15 Large corporation**

On line 15 of the return, indicate whether the corporation is a large corporation.

**Line 16 Gross income earned in Québec**

A corporation that had an establishment both in Québec and outside Québec during the taxation year is required to enclose form CO-771.R.3, *Répartition des affaires faites au Québec et ailleurs*, with its return. The amount shown in column C of this form must be entered on line 16 of the return.

**Line 17 Sales figure**

Enter the corporation's total sales figure for the taxation year.

**Line 18 Corporation's total assets**

Enter the total assets as specified in the corporation's financial statements.

**Line 21 Mining corporation**

If the corporation is a mining corporation that has reached the production stage, enter the start-date of production.

**Line 23 Change in control of the corporation**

If the end-date of the fiscal period indicated on line 05 of form CO-17 coincides with a change in control of the corporation, check “Yes” on line 23.

**Line 24 Amended return**

If this is an amended return, check “Yes” on line 24.

**Line 25 Canadian-controlled private corporation**

Check “Yes” on line 25 if the corporation is not a Canadian-controlled private corporation.

**Line 26 Agent corporation, dummy corporation or general partner**

Check “Yes” on line 26 if, for the taxation year covered by the return, the corporation received a mandate to enter into contracts, assumed the costs or responsibilities of an affair or contract on behalf of the party of primary interest, or was a general partner.

**Line 27 Non-profit organization (NPO)**

Check “Yes” on line 27 if, for the taxation year covered by the return, the corporation was a non-profit organization, that is, an entity created and operated solely for non-profit purposes, the income of which is not distributed to proprietors, shareholders or members, or made available to them for personal gain.

**NOTE**

If the corporation is an NPO, you may not have to report its income on the *Déclaration de revenus des sociétés* (form CO-17); however, you may be required to do so on the new *Déclaration de revenus et de renseignements des sociétés sans but lucratif* (CO-17.SP), published by Revenu Québec for 2004 and subsequent taxation years. For more information, see the *Guide de la déclaration de revenus et de renseignements des sociétés sans but lucratif* (CO-17.SP.G) that accompanies the return.

**Line 28 Non-resident corporation**

Check “Yes” on line 28 if the corporation is a non-resident corporation.

**Line 29 Cessation of activities**

If the corporation ceased business activities, check “Yes” on line 29.

**Line 30 Change in the type of corporation during a taxation year**

A corporation may be a public corporation, a private corporation, a Canadian-controlled private corporation (CCPC) or a Canadian corporation.

If there was a change in the type of corporation during the taxation year, check “Yes” on line 30. This may change certain calculations.

**Line 32 Activities of the corporation**

Describe the corporation's activities on line 32.

**Line 34 Corporation formed through an amalgamation**

Check “Yes” on line 34 if there has been an amalgamation of two or more corporations to form a new corporation.

**Line 35 Operations of another business**

Check “Yes” on line 35 if the corporation continued the operations of another business during the taxation year.

**Line 38 Election made under section 518**

On line 38, indicate whether the corporation is party to an election under section 518 of the *Taxation Act*, whereby a taxpayer disposes of property to a taxable Canadian corporation.

If the corporation is the transferor of the property, you must file form TP-518-V, *Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*.

**Line 42 Winding-up of subsidiaries**

If the corporation wound up one or more of its subsidiaries during the year, check “Yes” on line 42 and indicate the Québec enterprise number or the identification and file numbers and the date of the winding-up.

**Line 43 Interest in a partnership**

If the corporation holds an interest in one or more partnerships, check “Yes” on line 43 and indicate the Québec enterprise number or the identification and file numbers.

You must also enclose with the return the financial statements of the partnership or partnerships for the fiscal period ended during, or on the same date as, the corporation's fiscal period. The RL-15 slips issued by the partnership or partnerships to the corporation must also be enclosed.

**NOTE**

A corporation that holds an interest in a business that it carries on jointly with another person must enclose with the Déclaration de revenus des sociétés the financial statements of this joint venture for the fiscal period ended during, or on the same date as, the corporation's fiscal period. The RL-15 slips issued by the joint venture to the corporation must also be enclosed.

**Line 44 Corporation associated with one or more other corporations**

If the corporation was associated with one or more other corporations in the taxation year covered by the return, indicate the number of other corporations in the box provided for this purpose (44), and complete lines 44a to 44d.

**Signature**

The income tax return of a corporation must be signed by a representative of the corporation authorized to do so. The name and title of the authorized signee must be indicated in block letters.

**III Additional information**

All corporations must provide the information requested in points 200, 205 (includes 206, 207 and 208), 210 and 211 of this section. If the corporation is claiming the temporary (five-year) exemption (see line 13, page 8), a list of its shareholders must be enclosed with the return.

**IV Calculation of taxable income****Line 250 Net income (or net loss) according to financial statements or form CO-17.A.1, as applicable****Net income for income tax purposes**

To determine certain amounts to be included on form CO-17.A.1, you may have to use one or more of the schedules or forms listed below.

- a) **Schedule CO-17S.11, *Continuité des provisions***,\* must be completed to show the continuity of all reserves (reserves deducted for the taxation year covered by the return and for the current taxation year), including
  - reserves for doubtful debts,
  - reserves respecting certain goods or services, and
  - reserves for capital gains.
- b) **Schedule CO-17S.13, *Répartition proportionnelle à l'importance des emprunts***,\* must be completed where a savings and credit union is allocating amounts in proportion to the amounts credited to members. The allocation of the credit amounts must be substantiated by calculations.
- c) **Schedule CO-17S.28, *Épuisement gagné à l'égard des ressources naturelles***,\* must be completed where a corporation deducts an amount related to mining operations or the processing of minerals.
- d) **Form CO-130.A, *Déduction pour amortissement***, must be completed if, pursuant to paragraph (a) of section 130 of the *Taxation Act*, a corporation
  - deducts a portion of the capital cost of certain depreciable property in the calculation of its business or property income (without exceeding the amount prescribed by regulation);
  - acquires or disposes of such depreciable property.
- e) **Form CO-130.B, *Déduction relative à des immobilisations incorporelles***, must be completed where the corporation
  - claims a deduction with respect to intangible capital property (under paragraph (b) of section 130 of the *Taxation Act*, such a deduction cannot exceed 7% of the eligible intangible capital amount respecting the business at the end of the year);
  - disposes of or acquires such property.
- f) **Form RD-222, *Déduction des dépenses engagées pour la recherche scientifique et le développement expérimental***, must be completed where the corporation, under sections 222 to 230.0.0.4 of the *Taxation Act*, claims a deduction for

R&D expenditures. The expenditures must be incurred after 1988, in Canada, by the corporation or by a partnership of which the corporation is a member.

- g) Schedule CO-17S.232, *État de l'aliénation des immobilisations*,**\* must be completed if, during a taxation year, the corporation realized a capital gain or sustained a capital loss on the disposition of capital property.
- h) Form CO-786, *Déductions pour des ristournes*,** must be completed if dividends were paid to customers in proportion to their patronage.

On line 250 of the return, enter the net income for the taxation year according to the financial statements (if no adjustments were made to the net income shown in the financial statements) or according to form CO-17.A.1 (if adjustments had to be made to the net income shown in the financial statements). If applicable, enclose the forms used to calculate the amount indicated on form CO-17.A.1.

If the corporation sustained a loss for the year, the amount of the loss must be entered in brackets on line 250.

### **Line 251**

#### **Box a Amount by which the losses exceed the income from the operations of an international financial centre (CFI)**

If the corporation operated an international financial centre (as defined below) in the taxation year covered by the return, you must make certain adjustments in the calculation of taxable income. If applicable, check box a and enter the amount on line 251.

Enclose the financial statements related to the IFC with the return.

For more information concerning international financial centres, refer to the *Act respecting international financial centres* (R.S.Q., c. C-8.3).

#### **Box b Amount by which the losses exceed the income from the operations of a corporation established in the MITZM**

A corporation that, in the taxation year covered by the return, carried on a recognized business, must include in calculating its taxable income for that year the amount by which any loss exceeds any income from the recognized business carried on by the corporation.

If applicable, check box b and enter the amount on line 251. Enclose the financial statements related to the MITZM with the return.

#### **Corporation that is a member of a partnership**

A corporation that is a member of a partnership that, in the fiscal period of the partnership ended in the corporation's taxation year, carried on a recognized business, must include in calculating its taxable income for that year its share of the amount by which any loss exceeds any income from the recognized business carried on by the partnership.

### **Line 253 Gifts or donations**

Gifts or donations made to a charity or other organization in the taxation year covered by the return, or carried forward from previous years, must be calculated on schedule CO-17S.2, *Dons de bienfaisance et autres dons*.\*

Since December 20, 2002, the amount a corporation may deduct no longer corresponds to the fair market value of the property, but rather to the eligible amount of gifts or donations made after that date, that is, the amount by which the fair market value of the property transferred by way of gift exceeds the value of the advantage to which the transferor is entitled.

The maximum amount of the deduction to which the corporation is entitled is the lower of amounts A and D, determined according to work chart 253 on page 55 of this guide.

If applicable, enclose schedule CO-17S.2, *Dons de bienfaisance et autres dons*.\* Indicate on the schedule the name of the charity, amateur sports association, etc., as well as its registration number and the amount of the donation.

**Corporation that is a member of a partnership**

If, during the taxation year covered by the return, the corporation was a member of a partnership at the end of the latter's fiscal period, you may deduct the gifts or donations made by the corporation up to the proportion of its share in the partnership.

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**Corporation that acquired control of another corporation**

If the corporation acquired control of another corporation during the taxation year and charitable donations were unused at the time of this acquisition, the corporation may claim a deduction for these donations solely for the taxation years ended **before** it acquired control of the other corporation. This applies to donations made after March 22, 2004.

**Carry-forward of gifts or donations**

The gifts or donations exceeding the maximum amount may be carried forward and claimed in any of the five subsequent taxation years (provided they have not already been deducted). Where the corporation reports a loss on line 250 of the return, the amount of gifts or donations cannot be used to increase the loss, but may be carried forward.

The gifts or donations made in previous taxation years must be deducted before donations made in the taxation year covered by the return. Receipts must be enclosed with the return.

710 to 716

**Line 255****Gifts to a government**

Gifts to the Government of Canada, the Québec government or the government of another province may be entered on schedule CO-17S.2. Receipts must be enclosed with the return.

Since April 1, 1998, the limit on such gifts has been an amount equal to the corporation's net income for the year or to 75% of this income plus, where applicable, an increase of 25% in respect of the taxable capital gain and the recapture of capital cost allowance respecting the property that was donated, whichever is less.

However, the limit applicable to gifts made before April 1, 1998, or in accordance with a written agreement entered into not later than March 31, 1998, is still 100% of the corporation's net income for the year.

If, in the calculation of taxable income, the corporation is claiming a deduction for gifts made before April 1, 1998, and after March 31, 1998, you must take into account the difference in the limits when completing schedule CO-17S.2.

710, par.(b) and 711

**Gifts of cultural property**

Gifts of cultural property made to a public authority or prescribed institution may be entered on schedule CO-17S.2, provided they have not already been deducted and the receipts are enclosed with the return. You must also enclose the certificate issued by the Canadian Cultural Property Export Review Board or the notice received by the Commission des biens culturels du Québec.

**Gifts of property with heritage value**

Gifts made to an accredited museum or a certified archival centre may be entered on schedule CO-17S.2, provided they have not already been deducted and the receipts are enclosed with the return. You must also enclose the certificate issued by the Commission des biens culturels du Québec attesting that the property was disposed of to an accredited museum or a certified archival centre and indicating the fair market value of the property.

**Ecological gifts**

Ecological gifts made during the taxation year must also be entered on schedule CO-17S.2, *Dons de bienfaisance et autres dons*.\*

The amount deducted for such gifts cannot exceed the corporation's income for the year, minus any amounts already deducted for charitable donations.

710, par.(c), 710.0.1 and 711

Ecological gifts made during the taxation year may be entered on schedule CO-17S.2, provided they have not already been deducted and the receipts are enclosed with the return. You must also enclose the certificate issued by the Ministère de l’Environnement.

### **Carry-forward of gifts**

The deductible amount of a gift to a government or a gift of prescribed cultural property made to a public authority or a prescribed institution (gifts covered in subparagraphs (i) and (ii) of paragraph (d) of section 710 of the *Taxation Act*) that is not used to reduce taxable income to zero may be carried forward and claimed in any of the five subsequent taxation years, provided it has not already been deducted.

Gifts made in previous taxation years must be deducted before gifts made in the taxation year covered by the return.

### **Line 256 Taxable dividends**

If the corporation received or paid dividends during the taxation year, complete schedule CO-17S.3, *Dividendes reçus et dividendes imposables versés*,\* and enclose it with the return.

Enter on line 256 the amount of taxable dividends that the corporation received in the year and that may be deducted in the calculation of its income under section 738, 740, 746 or 845 of the *Taxation Act*.

### **Losses from other years according to schedule CO-17S.4 (lines 260 to 264)**

Schedule CO-17S.4, *Annexe concernant les pertes*,\* which must be enclosed with the return, contains information on the continuity of restricted farm losses, non-capital losses, net capital losses, farm losses, and limited partnership losses.

Include, for each loss,

- the balance from previous years;
- the amount for the current year;
- the amount deducted in the calculation of taxable income;
- the amount that, at the end of the taxation year, cannot be carried forward;
- the amount carried to a previous year;
- the amount allocated to a new corporation resulting from an amalgamation;
- the amount transferred to a parent corporation on the winding-up of a subsidiary corporation, where at least 90% of the issued shares of each class of the subsidiary corporation were owned by the parent corporation immediately before the winding-up;
- the balance at the end of the taxation year.

### **Corporation that is a member of a partnership**

Similarly, the limited partnership losses sustained by a corporation that, for a given taxation year, is a member of a partnership that, in a fiscal period of the partnership that ends in that year, operates such an IFC or recognized business, as applicable, must be determined as if its share of the partnership’s income or loss for the fiscal period from the operations of any IFC, qualified investment fund or recognized business operated by the partnership, any small and medium-sized manufacturing businesses in remote resource regions operated by the partnership, or any major investment project carried out by the partnership, were nil.

*733.0 to 733.0.6, AIFC 56*

### **Line 260 Restricted farm losses**

The amount by which the farm loss exceeds the amount deducted by the corporation is the corporation’s restricted farm loss for the year and may be deducted from farm income for the three previous or ten subsequent years.

*207 and 731*

Enter on line 260 the amount of the restricted farm losses carried forward from previous taxation years.

### **Line 261 Non-capital losses**

Enter on line 261 the amount of any non-capital losses from other years that the corporation wishes to deduct from the net income for the year covered by the return.

**Line 262 Net capital losses**

Enter on line 262 the amount of any net capital losses from other years that the corporation wishes to deduct from the net income for the year covered by the return.

**Line 263 Farm losses**

Enter on line 263 the amount of any farm losses from other years that the corporation wishes to deduct from the net income for the year covered by the return.

**Line 264****Limited partnership losses**

Enter on line 264 the amount of any limited partnership losses from other years that the corporation wishes to deduct from the net income for the year covered by the return.

**Losses sustained by a corporation entitled to the temporary (three-year or five-year) exemption**

However, where a corporation entitled to the three-year or five-year exemption sustains a loss for a taxation year ending after March 25, 1997, the loss may be deducted from its income for the three previous or ten subsequent taxation years.

**Lines 265 and 266 Deductions**

A corporation that meets the applicable conditions may claim one of the deductions listed below. If, for the taxation year covered by the return, the corporation is entitled to one or two of these deductions, enter the deduction codes in boxes 265i and 266i and the amount of the deductions on lines 265 and 266.

If, for the same taxation year, the corporation is entitled to one or two deductions that are not listed below, enter the names of the deductions in the space provided. Indicate code 99 in boxes 265i and 266i and enter the amount of the deductions on lines 265 and 266.

**Code 01 Deduction respecting an IFC**

For a taxation year ending after December 31, 2000, a bank that operates an IFC may claim a “superdeduction” by dividing the deduction respecting an IFC by the proportion of business carried on in Québec. If the corporation operates an IFC, enclose schedule CO-17S.40, *Calcul du montant admis en déduction pour une société qui exploite un CFI*.\*

Once you determine the amount of the deduction, carry the amount to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 01 in box 265i (or in box 266i, if you have already entered a code in box 265i).

Enclose the financial statements related to the IFC with the return.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership that operates an IFC may deduct its share of the income attributable to the activities of that IFC. To do so, the corporation must

- obtain from the partnership, for the fiscal period of the partnership ended in the corporation's taxation year, the portion of the income attributable to the activities of the IFC, calculated as the corporation would do for itself using work chart 265-01A or 265-01B, as applicable, on page 54;
- determine its share of the partnership's income (or loss) for the fiscal period, in proportion to the distribution among itself and the other members of the partnership.

**Code 02 Deduction respecting a labour-sponsored fund**

To determine the amount of the deduction respecting a labour-sponsored fund, complete work chart 265-02 on page 55. Once you determine the amount of the deduction (amount B), carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 02 in box 265i (or in box 266i, if you have already entered a code in box 265i).

**Code 03 Deduction respecting the tax on dividends**

To claim this deduction, you must first complete federal form T761, *Calculation of Parts IV.1 and VI.1 Taxes Payable*. Carry the amount calculated on this form to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 03 in box 265i (or in box 266i, if you have already entered a code in box 265i).

Enclose a copy of form T761 with the return.

**Code 04 Deduction respecting exploration expenses incurred in the Near North and Far North**

To claim the additional deduction, complete form CO-726.4.17.19, *Déduction additionnelle relative à certains frais d'exploration engagés dans le Moyen-Nord et le Grand-Nord québécois*, and enclose it with the return. Once you determine the amount of the deduction, carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 04 in box 265i (or in box 266i, if you have already entered a code in box 265i).

**Code 05 Deduction respecting income from the administration and management of a qualified investment fund**

To claim the deduction, complete form CO-737.18.3, *Déduction relative au revenu tiré de l'administration et de la gestion de fonds d'investissement*. Once you determine the amount of the deduction, carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 05 in box 265i (or in box 266i, if you have already entered a code in box 265i).

In addition to form CO-737.18.3, you must enclose with the return

- a copy of the valid qualification certificate or the valid temporary certificate, as applicable, issued with respect to the fund; and
- a copy of the unrevoked certificate issued to the qualified corporation by the Minister of Finance for the year with respect to the fund.

**Code 06 Deduction respecting income from a business carried on in the MITZM**

To claim the deduction, complete form CO-737.18.11, *Déduction relative à la création de la Zone de commerce international de Montréal à Mirabel*, and enclose it with the return. Once you determine the amount of the deduction, carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 06 in box 265i (or in box 266i, if you have already entered a code in box 265i).

Enclose the financial statements related to the corporation established in the MITZM with the return.

**Corporation that is a member of a partnership**

If, during the taxation year covered by the return, the corporation was a member of a partnership at the end of the latter's fiscal period, you may claim this tax deduction for the corporation's share of the partnership's income from the operation of a recognized business in the MITZM.

**Code 07 Deduction respecting income from a major investment project**

To claim the deduction, complete form CO-737.18.14, *Déduction relative à la réalisation d'un projet majeur d'investissement*, and enclose it with the return. Once you determine the amount of the deduction, carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 07 in box 265i (or in box 266i, if you have already entered a code in box 265i).

You must also enclose with the return

- a copy of the separate financial statements respecting the business related to the major investment project;
- a copy of all the certificates issued by the Minister of Finance, that is,
  - the initial qualification certificate, and
  - all of the annual qualification certificates concerning the taxation year covered by the return.

**Code 08 Deduction for small and medium-sized manufacturing businesses in remote resource regions**

To claim the deduction, complete Part IV of form CO-737.18.18, *Exonération pour les PME manufacturières des régions ressources éloignées*, and enclose it with the return. Once you determine the amount of the deduction, carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 08 in box 265i (or in box 266i, if you have already entered a code in box 265i).

**Code 09 Deduction respecting income from a stock exchange business or securities clearing-house business**

To claim the deduction, complete form CO-737.18.33, *Déduction pour une société qui exploite une entreprise de bourse de valeurs ou une chambre de compensation de valeurs*. Once you determine the amount of the deduction, carry it to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 09 in box 265i (or in box 266i, if you have already entered a code in box 265i).

Enclose form CO-737.18.33 with the return, together with the separate financial statements pertaining to the eligible activities respecting which the deduction is claimed.

**Code 10 Patronage dividend deduction**

To claim this deduction, enter the amount of the rebate (patronage dividend) received by the corporation on line 265 of the return (or line 266, if you have already reported an amount on line 265). This amount is indicated in the centre of the RL-1 slip (*Revenus d'emploi et revenus divers*) and included in the amount in box O of the slip, which must be enclosed with the *Déclaration de revenus des sociétés*. Indicate code 10 in box 265i of the return (or in box 266i, if you have already entered a code in box 265i).

**V Calculation of paid-up capital****General information**

A corporation that has an establishment in Québec at any time during a taxation year must pay, for that year, a tax on the paid-up capital shown in the financial statements for the year.

*1131*

The information that follows concerns all corporations required to pay tax on capital, except banks, savings and credit unions, loan corporations, trust corporations and corporations trading in securities, which must calculate their paid-up capital on form CO-1140, *Capital versé*. Insurance corporations must complete form CO-1167, *Société d'assurance - Calcul des primes payables, des primes taxables, et de la taxe sur le capital relative à l'assurance maritime*.

Some corporations, including co-operatives, co-operative syndicates and mining corporations that have not reached the production stage, are exempt from tax on capital

*1132, 1st par., subpar. (c)*

**Corporation with an interest in a partnership**

A corporation that has an interest in a partnership must include certain amounts in the calculation of its paid-up capital, qualified property and total assets. See the sections of the guide pertaining to line 325 (page 18), line 359 (page 23) and line 379 (page 24).

**Corporation with an interest in a joint venture**

A corporation that has an interest in a joint venture must include certain amounts in the calculation of its paid-up capital, qualified property and total assets. See the sections of the guide pertaining to line 325 (page 18), line 359 (page 23) and line 379 (page 24).

**Amounts to be included****Line 300 Paid-up capital**

In the calculation of its paid-up capital, a corporation must include the paid-up capital stock and any other participating interest in the nature of capital stock. Enter this amount on line 300.

*1136(1), par. (a)*

**Line 301 Surplus**

The corporation's surplus, as shown in its financial statements, must also be included in paid-up capital. Enter this amount on line 301.

*1136(1), par. (b)*

**Line 302 Othersurpluses**

Any other surpluses to be included in paid-up capital must be indicated on line 302.

**Provisions and reserves**

A provision is an amount the consideration for which is accounted for as an expense in calculating the corporation's accounting income (that is, a consideration for an estimated expense). A reserve results from the appropriation of an amount from the retained earnings and other items of the surplus.

For more information, refer to interpretation bulletin IMP.1136-9.

Enter on lines 305 through 312 the provisions and reserves referred to on these lines.

**Line 305 Stocks**

If applicable, enter the amount of the corporation's stocks on line 305.

**Line 306 Investments**

If applicable, enter the amount of the corporation's investments on line 306.

**Line 307 Contingencies**

If applicable, enter the amount of the corporation's contingencies on line 307.

**Line 308 Doubtful debts not deducted**

If applicable, enter the amount of the doubtful debts not deducted on line 308.

**Line 309 Future income tax liabilities or deferred income tax (credit)**

Depending on the method used by the corporation and indicated in its financial statements, the corporation must include in paid-up capital its credit for deferred income tax or its future income tax liabilities.

*1136(1), par. (b.0.1)*

If applicable, enter this amount on line 309.

**Line 312 Other**

On line 312, enter the amount of the provisions or reserves, except

- those for amortization or depletion,
- those permitted by Part I of the *Taxation Act*, to the extent that they were deducted in calculating income under that Part, and
- those for losses, in respect of a contract of lease or of leasing, that a corporation carrying on lease or leasing activities cannot deduct in calculating its income under Part I of the *Taxation Act*.

*1136(1), par. (b)*

**Line 317 Debts secured by corporation property**

On line 317, enter the amount of the debts (including the accrued interest) whose payment is secured by a property of the corporation. Do not include *accounts payable*, secured by corporation property, that have been in existence for less than six months.

*1136(1), par. (c)*

**Line 318 Bank loans and overdrafts**

If applicable, enter the amount of the corporation's bank loans and overdrafts on line 318.

**Line 319 Other loans and advances granted to the corporation**

The corporation must include in its paid-up capital any loans or advances granted to it directly or indirectly, regardless of the source.

*1136(1), par. (d)*

If applicable, enter this amount on line 319.

**Line 320 Accrued interest**

If applicable, enter the amount of accrued interest on line 320.

**Line 323 Bank acceptances and similar securities**

The corporation must include in its paid-up capital the bank acceptances and similar securities accepted by a bank or other person and constituting liabilities of the corporation.

*1136(1), par. (f)*

If applicable, enter this amount on line 323.

**Line 324 Other debts outstanding for more than six months**

On line 324, enter the amount of any other debts that have existed for more than six months, including interest accrued on such debts.

*1136(1), par. (e)*

**NOTE**

A debt repaid before the end of the taxation year is deemed to be a debt at the end of that year if it is established that the repayment was made as part of a series of loans and repayments in order to unduly reduce the paid-up capital

*1136(2)*

**Line 325 Other****Unrealized gains on exchange that are deferred to the end of the year**

A corporation whose taxation year ends after March 14, 2000 must include in paid-up capital the deferred credits resulting from unrealized gains on exchange that are deferred to the end of the taxation year.

The deferred credits resulting from unrealized gains on exchange that are deferred to the end of the taxation year must be included in paid-up capital for the 1995 taxation year and all subsequent taxation years by a corporation that makes an election to this effect. To make such an election, the corporation must notify the Minister in writing by the deadline for filing the *Déclaration de revenus des sociétés* for its taxation year including May 23, 2001.

If applicable, enter this amount on line 325.

**Corporation with an interest in a partnership**

A corporation that has an interest in a partnership must include in its paid-up capital the amounts that would be included in the partnership's paid-up capital if the partnership were a corporation. The corporation must include such amounts on a pro rata basis according to its share of the income or loss of the partnership for the fiscal period of the partnership ending in the corporation's taxation year. If the partnership earns no income and sustains no loss for the fiscal period, it is assumed (for purposes of the calculation) that its income is equal to \$1 million.

*1136(3)*

If applicable, enter this amount on line 325.

**Corporation with an interest in a joint venture**

A corporation that has an interest in a joint venture must include in its paid-up capital the amounts that would be included in the joint venture's paid-up capital if the joint venture were a corporation. The corporation must include such amounts on a pro rata basis according to its share of the income or loss of the joint venture for the fiscal period of the joint venture ending in the corporation's taxation year. If the joint venture earns no income and sustains no loss for the fiscal period, it is assumed (for purposes of the calculation) that its income is equal to \$1 million.

*1136(3)*

If applicable, enter this amount on line 325.

**NOTE**

In calculating its paid-up capital, a corporation must not include or deduct any amount shown in the financial statements of the partnership or joint venture resulting from an operation between the partnership or joint venture and its members.

*1136(3)*

**Corporation whose activities are carried on in the Montréal International Trade Zone at Mirabel**

For a taxation year ending after March 9, 1999, where the deficit of a qualified corporation would be nil, if it were not for the eligible activities that a recognized business carried on by the corporation or by a partnership of which the corporation is a member carries out during the base period applicable to the corporation or partnership (as the case may be), or where the amount of the corporation’s surpluses is less than it would be if it were not for the eligible activities, the corporation must enter on line 325 an amount equal to the lower of the following amounts:

- the amount that would be the corporation’s deficit if only the eligible activities were taken into account;
- the amount by which the amount that would constitute the corporation’s surpluses if no reference were made to the eligible activities exceeds the amount of the surpluses that are included in calculating the corporation’s paid-up capital for the taxation year under paragraph (b) of subsection 1 of section 1136 of the *Taxation Act*.

*1136(1), par. (b.2)*

If applicable, enter the amount on line 325.

**Deductions****Line 331 Expenses relating to the issuing of shares or bonds**

In the calculation of its paid-up capital, a corporation may deduct the costs related to the issuing of shares or bonds, including the discount, provided the costs were not used to reduce its surplus or paid-up capital. If applicable, enter this amount on line 331.

*1137, par. (b)*

**Line 332 Deficit**

Under the *Taxation Act*, a corporation may deduct the amount of its deficit.

*1137, par. (a)*

If applicable, enter this amount on line 332.

**Line 333 Deduction for mining operations**

A corporation may deduct an amount equal to 33 1/3% of the portion of its paid-up capital that would be determined under sections 1136 to 1138 of the *Taxation Act*, without taking into account the deduction for mining operations. This portion is represented by the ratio between

- the higher of the following amounts:
  - (a) the corporation’s gross income for the taxation year from a mineral resource that it owns or operates;
  - (b) the capital cost, to the corporation, of property acquired in the year in the course of a major expansion that results in any of the consequences described in subparagraphs 1 and 2 of subparagraph (ii) of subparagraph (a) of the first paragraph of Class 28 of Schedule B to the *Regulation respecting the Taxation Act*, and that is added to the capital cost, to the corporation, of the property of Class 41 of that Schedule; and
- the aggregate of the corporation’s gross income for that year and, where applicable, the amount by which the amount determined under (b) in the above point exceeds the amount determined under (a) in the above point.

*1137, par. (b.5)*

A corporation’s gross income for a taxation year from a mineral resource that it owns or operates includes, for a taxation year, its gross income for the year attributable to the processing, to any stage that is not beyond the prime metal stage or its equivalent, of ore, metals or minerals from that source, but does not include its gross income for the year attributable to processing beyond that stage.

*1137.0.1, par. (a)*

If applicable, enter this amount on line 333.

**Line 334 Future income tax assets or deferred income tax (debit)**

Depending on the method used by the corporation and indicated in its financial statements, a corporation may deduct from its paid-up capital its future income tax assets or its deferred tax debit.

*1137, par. (b.1)*

If applicable, enter this amount on line 334.

**Line 335 Amounts prescribed by law with respect to an IFC****Corporation whose taxation year begins after March 30, 2004**

Effective March 30, 2004, a formula was devised to calculate the amount prescribed by law with respect to an IFC. If the corporation is entitled to this amount and its taxation year begins after that date, refer to the text at line 393 on page 25 of this guide.

**Corporation whose taxation year begins before March 31, 2004**

If, in a taxation year that began before March 31, 2004, the corporation operated an international financial centre (within the meaning of section 6 of the *Act respecting international financial centres*), certain adjustments must be made in the calculation of paid-up capital. Refer to sections 57 to 60 of the *Act respecting international financial centres* and, where applicable, complete work chart 335 on page 55. Enter the amount (amount A) on line 335 of the return.

*1137, par. (c)*

**Line 336 Costs related to the acquisition or conversion of vessels**

To claim this deduction, enter the amount of the eligible acquisition or conversion costs on line 336, and enclose with the return a copy of the valid certificate issued by the Minister of Economic Development, Innovation and Export Trade.

**Line 337 Eligible acquisition costs with respect to qualified property**

A corporation may, under certain conditions, claim a deduction in the calculation of its paid-up capital for a taxation year if, at the end of the taxation year, it owns qualified property (as described below) that it acquired in the taxation year or in the preceding taxation year. The corporation may claim the aggregate of the costs incurred in the year of acquisition to acquire the property, where the costs were related to a business carried on by the corporation in Québec in the year and are included in the capital cost of the property at the end of the year.

*1137, par. (b.3) and (b.4)*

If applicable, enter the amount of this deduction on line 337.

Enclose a copy of the certificate issued by Tourisme Québec with the return.

**Line 339 Government and non-government assistance**

If applicable, enter the amount of assistance on line 339.

**Lines 345 to 347 \$1 million deduction**

To claim the deduction, complete form CO-1137.A, *Déduction de 1 million de dollars*. Carry amount B, which is calculated on the form, to line 345 of the *Déclaration de revenus des sociétés*. If the corporation was associated with another corporation at the end of the taxation year, see “Corporation that is a member of a group of associated corporations” below. Otherwise, enter 100% on line 346 of the return and carry the amount from line 345 of the return to line 347.

**Corporation that is a member of a group of associated corporations**

A corporation that is associated with one or more other corporations and that, at the end of its taxation year that ends in the same calendar year as the year in which the taxation year of each of the associated corporations ends, is claiming the \$1 million deduction must, in addition, complete form CO-1137.E, *Entente relative à la déduction de 1 million de dollars*. If the corporation is in this situation, carry the percentage entered on line 16 (column 5) of Part II of form CO-1137.E to line 346 of the *Déclaration de revenus des sociétés*. On line 347 of the return, enter the product obtained by multiplying the amount on line 345 by the percentage on line 346.

*1137.0.0.2*

**NOTE**

A corporation that is exempt from income tax but subject to the tax on capital cannot claim this deduction.

**Line 348 Other****Unrealized losses on exchange that are deferred to the end of the year**

A corporation whose taxation year ends after March 14, 2000 may deduct from its paid-up capital the deferred costs resulting from unrealized losses on exchange that are deferred to the end of the taxation year.

If applicable, enter this amount on line 348.

**Corporation whose activities are carried on in the MITZM**

A corporation that is a qualified corporation within the meaning of section 1130 of the *Taxation Act* may deduct on line 348

- any amount included in the subtotal on line 330, except the amount referred to under “Corporation whose activities are carried on in the MITZM” in the section of the guide pertaining to line 325;
- an amount equal to the amount by which the corporation’s deficit, calculated without taking into account the eligible activities of the corporation, exceeds the amount that the corporation deducted in the calculation of its paid-up capital on line 332.

*1137, par. (d) and (e)*

If applicable, enter this amount on line 348.

**Repayment of assistance**

If, for the taxation year covered by this return, the corporation repaid an amount that it received as government or non-government assistance (see the section of the guide pertaining to line 339), enter the amount of the repayment on line 348.

*1137.1 and 1137.3*

**Reduction for investments, loans and advances**

The property that gives entitlement to the reduction for investments, loans and advances in the calculation of paid-up capital is described in the section of the guide pertaining to lines 351 to 359.

**Calculation of qualified property****Line 351 Shares of other corporations**

Enter on line 351 the shares of other corporations (including permanent shares, and any participating interest in the nature of a permanent share, of a savings and credit union) respecting which the reduction for investments, loans and advances may be claimed. However, to give entitlement to the reduction, the investments in permanent shares of a savings and credit union and any participating interest in the nature of such a permanent share must have been held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year.

*1138(1), par. (a) and (a.1)*

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Line 352 Bonds of other corporations**

Enter on line 352 the bonds of other corporations respecting which the reduction for investments, loans and advances may be claimed. However, to give entitlement to the reduction, the investments in bonds must have been held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year.

*1138(1), par. (a)*

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Line 353a Debts of other corporations secured by property other than an account receivable outstanding for less than six months**

You must include in the amount on line 353a the amount of any debts (other than accounts receivable) resulting from the sale of property or the provision of services to another corporation, where the debts are secured, in whole or in part, by property of the other corporation.

Also include any amount that is receivable from another corporation and whose payment is secured, in whole or in part, by property of the other corporation (except accounts receivable as consideration for the disposition of property or the performance of a service that have been outstanding for six months or less).

Investments in debts covered on line 353a must be held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year, unless the debts are accounts receivable that have been outstanding for more than six months at the end of the corporation’s taxation year.

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Line 353b Debts of other corporations outstanding for more than six months**

Enter on this line any amount receivable from another corporation that has been outstanding for more than six months at the end of the corporation’s taxation year.

**NOTE**

The amount of accounts receivable that gives a corporation entitlement to the reduction for investments must be reduced by the reserves for doubtful debts deducted regarding such accounts receivable in the calculation of taxable income.

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Line 354 Other loans and advances to other corporations**

Investments in loans and advances to other corporations that are commercial paper must be held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year.

*1138(1), par. (b)*

However, a loan or advance granted by a corporation to another corporation with which it is associated is deemed not to be a loan or advance to another corporation, if the loan or advance results from the substitution of a debt that was not previously a loan or an advance.

Enter on line 354 the amount of any other loans and advances to other corporations (regardless of whether they are secured or whether they are short-term, long-term or demand loans), provided the amount gives entitlement to the reduction for investments, loans and advances.

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Line 355**

**Loans and advances to a partnership**

Enter on line 355 the amount of any loans and advances made by the corporation to a partnership that give entitlement to the reduction for investments, loans and advances, provided this amount is included in the paid-up capital of a corporation that has an interest in the partnership.

However, a loan or advance granted by a corporation to a partnership is not deemed to be a loan or advance to a partnership if the debtor and the holder of a substituted debt are not dealing at arm’s length at the time of the substitution. Moreover, if the investments in loans and advances referred to on this line are commercial paper, they must be held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year.

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Loans and advances to a joint venture**

Enter on line 355 the amount of any loans and advances made by the corporation to a joint venture that give entitlement to the reduction for investments, loans and advances, provided this amount is included in the paid-up capital of a corporation that has an interest in the joint venture.

However, a loan or advance granted by a corporation to a joint venture is not deemed to be a loan or advance to a joint venture if the debtor and the holder of a substituted debt are not dealing at arm’s length at the time of the substitution.

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**NOTE**

If the investments in loans and advances referred to on this line are commercial paper, they must be held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year.

**Line 357 Bank acceptances and similar securities**

Enter on line 357 the amount of any bank acceptances and similar securities that are accepted by a bank or another person and that are assets of the bank or other person, provided the acceptances and securities are for the benefit of the corporation and are held without interruption throughout the 120-day period that includes the end of the corporation’s taxation year.

*1138(1), par. (d)*

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Line 358 Investments with a financial institution not related to the corporation**

If the corporation’s taxation year begins after March 29, 2001, you may enter on line 358 the amount of its investments in shares and other long-term liabilities of a bank, savings and credit union, trust corporation or corporation trading in securities, where the financial institution concerned is not related to the corporation and the shares and other long-term liabilities are included in the financial institution’s paid-up capital.

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**NOTE**

Effective June 30, 2004, the shares of banks and of corporations related to banks or savings and credit unions, as well as loans and advances made to corporations related to such financial institutions, are subject to the minimum 120-day holding period rule. This applies to all taxation years ending as of that date.

**Line 359 Other****Corporation with an interest in a partnership**

A corporation that has an interest in a partnership must take into account, in the amount of its qualified property, the amounts that would be included in the partnership’s qualified property if the partnership were a corporation. The amount entered by the corporation must be prorated according to its share of the income or loss of the partnership for the partnership’s fiscal period ending in the corporation’s taxation year. If the partnership earns no income and sustains no loss for the fiscal period, it is assumed (for purposes of the calculation) that its income is equal to \$1 million.

*1136(3)*

**Corporation with an interest in a joint venture**

A corporation that has an interest in a joint venture must take into account, in the amount of its qualified property, the amounts that would be included in the joint venture’s qualified property if the joint venture were a corporation. The amount entered by the corporation must be prorated according to its share of the income or loss of the joint venture for the joint venture’s fiscal period ending in the corporation’s taxation year. If the joint venture earns no income and sustains no loss for the fiscal period, it is assumed (for purposes of the calculation) that its income is equal to \$1 million.

*1136(3)*

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Corporation not resident in Canada in the taxation year**

If, throughout the taxation year covered by the return, the corporation was not resident in Canada, enter on line 359 the value for the year of property that is a ship or an aircraft operated by the corporation in international traffic or is movable property held or used by the corporation in its business of transporting persons or goods in international traffic, where the property is used or held by the corporation during the year in the course of carrying on a business through an establishment in Canada.

*1138(1), par.(e) and 1138.4*

If applicable, enclose schedule CO-17S.8, *Liste des placements*.\*

**Calculation of total assets****Line 371 Total assets (according to the balance sheet)**

Enter on line 371 the assets of the corporation according to its financial statements, after subtracting

- the provisions and reserves for depreciation or depletion;
- the amounts deducted under paragraphs (b) and (b.1) of section 1137 of the *Taxation Act*;
- the provisions for doubtful debts, insofar as such provisions were deducted from income pursuant to Part I of the *Taxation Act*.

Doubtful debts that are not deducted cannot be used to reduce assets, even if they are deductible under Part I of the *Taxation Act*. If a deduction exceeds the allowable amount, the assets are reduced only by the allowable amount.

Other provisions or reserves, even where allowable under the *Taxation Act*, cannot be subtracted from the assets shown in the corporation’s financial statements.

However, under paragraph (a) of subsection 3 of section 1138 of the *Taxation Act*, any amount that must be included in paid-up capital and that reduced the corporation’s assets must be added to the assets (see the sections of the guide pertaining to lines 372 to 374 and line 379).

**Line 372 Provisions not allowed as a deduction**

Enter the amount of any provisions (except provisions for depreciation or depletion) that are not deductible in calculating income for income tax purposes, where such provisions were deducted from the total assets shown on line 371.

**Line 373 Mortgage loans that reduced total assets and must be included in paid-up capital**

Enter the amount of any mortgage loans that reduced the total assets shown on line 371 and that must be included in the calculation of paid-up capital

**Line 374 Other amounts**

Enter the total of any other amounts that were subtracted in determining the amount of the assets (line 371) and that must be included in the calculation of paid-up capital.

**Line 379 Other****Corporation with an interest in a partnership**

A corporation that has an interest in a partnership must include in its total assets the amounts that would be included in the partnership’s total assets if the partnership were a corporation, reduced by the amount of the corporation’s interest in the partnership indicated as an asset in its financial statements. The amount entered by the corporation must be prorated<sup>1</sup> according to its share of the income or loss of the partnership for the partnership’s fiscal period ending in the corporation’s taxation year. If the partnership earns no income and sustains no loss for the fiscal period, it is assumed (for purposes of the calculation) that its income is equal to \$1 million.

*1136(3) and 1138(3), par. (b)*

**Corporation with an interest in a joint venture**

A corporation that has an interest in a joint venture must include in its total assets the amounts that would be included in the joint venture’s total assets if the joint venture were a corporation, reduced by the amount of the corporation’s interest in the joint venture indicated as an asset in its financial statements. The amount entered by the corporation must be prorated<sup>2</sup> according to its share of the income or loss of the joint venture for the joint venture’s fiscal period ending in the corporation’s taxation year. If the joint venture earns no income and sustains no loss for the fiscal period, it is assumed (for purposes of the calculation) that its income is equal to \$1 million.

*1136(3) and 1138(3), par. (b)*

- 
1. The prorata applies to the share of income or loss of the partnership before the amount of the interest of the corporation in the partnership shown as an asset in its financial statements is subtracted.
  2. The prorata applies to the share of income or loss of the joint venture before the amount of the interest of the corporation in the joint venture shown as an asset in its financial statements is subtracted

**Line 381 Provisions for depreciation and depletion**

If the provisions for depreciation and depletion are included in the corporation’s liabilities (rather than having been deducted from the amount of assets shown on line 371), enter the amount of these provisions on line 381.

**Line 382 Provisions for doubtful debts**

If the provisions for doubtful debts are included in the corporation’s liabilities (rather than having been deducted from the amount of assets shown on line 371), enter the amount of these provisions on line 382.

**Line 391 Reduction for investments, loans and advances**

The amount on line 350 may be reduced by an amount representing the ratio between the qualified property (line 360) and the total assets (line 390). Enter the amount of this reduction on line 391.

**Line 393 Deduction**

A corporation that meets the applicable conditions may claim one of the deductions mentioned below. If, for the taxation year covered by the return, the corporation is entitled to one of these deductions, enter the deduction code in box 393i and the amount of the deduction on line 393.

**Code 01 Deduction for a corporation entitled to the temporary (five-year) exemption**

If the corporation is claiming an amount with regard to the temporary exemption, see Part III of form CO-1132, *Taxe sur le capital versé*, and complete lines:

- 26 to 30, for a corporation whose taxation year begins **after** June 12, 2003;
- 25 to 30, for a corporation whose taxation year begins **before** June 13, 2003 and ends **after** June 12, 2003.

Enter the amount on line 393 of the return and indicate code 01 in box 393i.

**Code 02 Deduction for a corporation whose activities are conducted in an ITDC, an MNE or a BDC****Corporation that applied for or obtained a qualification certificate before June 13, 2003 (ITDC, MNE or BDC)**

A corporation whose activities are conducted in an ITDC, an MNE or a BDC (that is, an exempt corporation within the meaning of sections 771.12 and 771.13 of the *Taxation Act*) and which held a qualification certificate **before** June 13, 2003 may deduct, for a taxation year included in full in the corporation’s **eligibility period**, an amount equal to its paid-up capital calculated for the purposes of section 1138.2.1 of the *Taxation Act*. However, a corporation that applied in writing to Investissement Québec for a qualification certificate before June 13, 2003 may also claim this deduction, provided it respects the application conditions.

**Corporation that has applied for or obtained a qualification certificate after June 12, 2003 (BDC)**

A corporation whose activities are conducted in a BDC (that is, an exempt corporation within the meaning of sections 771.12 and 771.13 of the *Taxation Act*) and which applied for and obtained a qualification certificate **after** June 12, 2003 may deduct, for a taxation year included in full in the corporation’s **eligibility period**, an amount equal to 75% of its paid-up capital calculated for the purposes of section 1138.2.1 of the *Taxation Act*.

However, the amount that an exempt corporation may deduct in the calculation of its paid-up capital, for a taxation year that includes either the date indicated on the qualification certificate issued by Investissement Québec (or the corporation's reference date,<sup>3</sup> if that date is later), or the last day of its eligibility period, is equal to its paid-up capital multiplied by a fraction whose numerator is, in the first case, the number of days in the taxation year that follow that date and the denominator, 365 and, in the second case, the number of days in the taxation year that are included in the eligibility period and the denominator, the number of days in the taxation year.

*1138.2.1*

However, if, during the taxation year covered by the return, the corporation ceased being an exempt corporation before the end of its five-year exemption period, the eligibility period shall end on the last day of the previous taxation year.

*771.1*

3. The reference date of a corporation that carries out an innovative project varies according to where the project is carried out: in an ITDC, the reference date is March 26, 1997; in an MNE, March 10, 1999; and in a BDC, March 30, 2001.

If applicable, do the calculation in Part III of form CO-771.12, *Exemptions pour une société qui réalise un projet novateur dans un CDTI, un CNE ou un CDB*. Carry the result to line 393 and indicate code 02 in box 393i.

**Code 03 Deduction for a farming corporation or a corporation that carries on a fishing business**

A farming corporation or a corporation whose activities consist mainly in carrying on a fishing business may, if it is not entitled to the temporary exemption, deduct \$400,000 in the calculation of its paid-up capital.

*1138.1*

If applicable, indicate code 03 in box 393i and \$400,000 on line 393.

**Corporation that is a member of a group of associated corporations**

Where such a corporation is associated in a taxation year with one or more other corporations referred to in the preceding paragraph, the amount the corporation may deduct for that year is nil, unless all of the associated corporations have filed an agreement with the Minister of Revenue on form CO-1138.1, *Entente et choix relatifs à la déduction accordée aux sociétés agricoles ou de pêche*. In this case, the corporation may deduct the amount allocated to it under the agreement (column 5 of the form).

*1138.1*

If applicable, complete Part I of this form and enclose it with the return. Indicate code 03 in box 393i and the appropriate amount on line 393.

**Corporations that are associated with each other solely because of their association with a third corporation**

Under a measure that came into effect on November 1, 2001, two corporations that are associated with each other solely because of their association with a third corporation may **each** claim a deduction of up to \$400,000 in the calculation of their paid-up capital, provided the third corporation makes an election to this effect on form CO-1138.1.<sup>4</sup>

If applicable, complete Part II of form CO-1138.1 and enclose the form with the return. Indicate code 03 in box 393i and the appropriate amount on line 393.

**Code 04 Deduction for a corporation that carries out a major investment project**

To claim the deduction, complete form CO-737.18.14, *Déduction relative à la réalisation d'un projet majeur d'investissement*, and enclose it with the return. Once you determine the amount of the deduction, carry the amount to line 393 of the return and indicate code 04 in box 393i.

You must also enclose with the return

- a copy of the separate financial statements for the business constituted by the major investment project;
- a copy of all certificates issued by the Minister of Finance, that is,
  - a copy of the initial qualification certificate, and,
  - a copy of all the annual qualification certificates respecting the taxation year covered by the return.

**Code 05 Deduction for a small or medium-sized manufacturing business in a remote resource region**

To claim the deduction, complete form CO-737.18.18, *Exonération pour les PME manufacturières des régions ressources éloignées*, and enclose it with the return. Once you determine the amount of the deduction, carry it to line 393 of the return and indicate code 05 in box 393i.

**Code 06 Deduction for a stock exchange business or securities clearing-house business**

To claim the deduction, complete the appropriate section of form CO-737.18.33, *Déduction pour une société qui exploite une entreprise de bourse de valeurs ou une chambre de compensation de valeurs*. Once you determine the amount of the deduction, carry it to line 393 of the return and indicate code 06 in box 393i.

Enclose the financial statements of the separate business and form CO-737.18.33 with the return.

4. This measure applies to 2001 and subsequent taxation years, provided the taxation year of at least one of the corporations covered by the election ends after November 1, 2001.

**Code 07 Deduction respecting an IFC**

A corporation that, for a taxation year beginning **after** March 30, 2004, operates an IFC, may deduct, in calculating its paid-up capital for that year, the amount calculated on line 13 of work chart 393-07A (see page 56).

**Corporation that is a member of a partnership**

A corporation that is a member of partnership that operates an IFC may deduct its share of the paid-up capital attributable to the activities of that IFC. To do so, the corporation must obtain from the partnership, for the fiscal period of the partnership ended in the corporation's taxation year, the portion of the paid-up capital attributable to the activities of the IFC calculated on line 20 of work chart 393-07B (see page 57).

**VI Summary of income tax and other taxes****Income tax and contributions payable****Line 420 Taxable income**

Enter on line 420 the taxable income calculated on line 299.

**Line 420a Amount giving entitlement to the temporary exemption**

If the corporation is claiming an amount with regard to the temporary exemption, complete Part IV of form CO-771, *Calcul de l'impôt sur le revenu d'une société*. Carry amount I (calculated in Part IV of form CO-771) to line 420a of the return.

**NOTE**

In all cases, the amount of \$200,000 appearing on line 49 of form CO-771 must be multiplied by a fraction whose numerator is the number of days in the taxation year and whose denominator is 365, where the taxation year has fewer than 51 weeks.

**Line 420b Taxable income that takes the foreign tax credit into account (amount F)**

If, for the taxation year covered by the return, the corporation must take the foreign tax credit into account, enter amount F calculated in Part III (lines 30 to 36) of form CO-771, *Calcul de l'impôt sur le revenu d'une société*, on line 420b of the return.

**Amount N**

A savings or credit union whose fiscal period began **before** June 12, 2003 is eligible for a separate system allowing it to be taxed at a preferred rate on the income it needs to build up its maximum cumulative reserve. Enter amount N calculated in Part VI (line 71) of form CO-771, *Calcul de l'impôt sur le revenu d'une société*, on line 420b of the return.

**Line 420c Income from an eligible business**

To determine the income from an eligible business of a corporation that is neither a deposit insurance corporation within the meaning of paragraph (b) of section 804 of the *Taxation Act*, nor a savings and credit union entitled to the five-year exemption, complete Part II of form CO-771, *Calcul de l'impôt sur le revenu d'une société*.

On line 420c of the return, enter amount D from form CO-771.

**Line 420d Income tax****Form CO-771, *Calcul de l'impôt sur le revenu d'une société***

To calculate the corporation's income tax, complete the section of Part VI of form CO-771 that concerns the corporation, that is,

- section (a), for a corporation (other than a savings and credit union) that is entitled to the temporary (five-year) exemption;
- section (b), for a savings and credit union whose taxation year began before June 12, 2003 and that is not entitled to the temporary exemption;

• section (c), in all other cases, including for a savings and credit union whose taxation year began after June 11, 2003.  
On line 420d of the return, enter the amount of income tax calculated in section (a), (b) or (c) of form CO-771. Enclose this form with the return.

**Form CO-771.12, Exemptions pour une société qui réalise un projet novateur dans un CDTI, un CNE ou un CDB**

To calculate the income tax of a corporation that carries out an innovative project and is entitled to an exemption, first complete parts I to III of form CO-771, and then parts I and II of form CO-771.12.

On line 420d of the return, enter the amount of income tax calculated on line 40 of form CO-771.12. Enclose forms CO-771 and CO-771.12 with your return.

**Line 421 Proportion of business carried on in Québec**

If applicable, complete form CO-771.R.3, *Répartition des affaires faites au Québec et ailleurs*, and enclose it with the return.

Enter on line 421 the percentage indicated in box H of form CO-771.R.3.

**Line 422 Tax deductions**

**a) Foreign tax credit**

If applicable, complete work chart 422 on page 58. On line 2 of the work chart, enter the amount of the foreign tax credit to which the corporation is entitled.

**b) Carry-forward of the foreign tax credit**

If applicable, complete work chart 422 on page 58. On line 4 of the work chart, enter the amount of the foreign tax credit to which the corporation is entitled. Enclose a sheet with particulars of the calculation.

**c) Deduction respecting the tax credit for an environmental trust**

If applicable, complete work chart 422 on page 58. On line 6 of the work chart, enter the amount of the deduction to which the corporation is entitled.

On line 422 of the return, enter the amount of the deductions calculated on line 10 of work chart 422.

**Line 422b Contribution to the anti-poverty fund**

A corporation whose taxation year begins after November 26, 1999, is no longer required to pay the contribution to the anti-poverty fund (Fonds de lutte contre la pauvreté par la réinsertion au travail).

**Line 422bb Contribution to the Youth Fund**

A corporation that carries on its business in Québec and has an establishment in Québec must pay a contribution to the Québec Youth Fund for the period from March 15, 2000, to March 14, 2003.

*1186.7*

If the corporation's taxation year began before March 15, 2003, complete Part I of form CO-1186.6, *Contribution au Fonds Jeunesse Québec*. On line 422bb of the return, enter amount A calculated on the form.

**Line 422bc Contributions**

Enter the total of the amounts indicated on lines 422b and 422bb.

**Line 423 Deduction for logging tax**

Form CO-1179, *Déclaration concernant les opérations forestières*, must be filed by a corporation that

- engages in logging operations;
- has an interest in a partnership that engages in logging operations; or
- both engages in logging operations and has an interest in a partnership that engages in logging operations.

If applicable, complete form CO-1179 and enclose it with the return.

Corporations that pay logging tax in Québec may deduct, from their income tax payable for a taxation year under Part I of the *Taxation Act*, one-third of the logging tax paid for the same year or for a previous year.

*1183 and 1184, par.(b)*

On line 423 of the return, enter the amount corresponding to one-third of the logging tax calculated on form CO-1179.

## Special taxes payable

### Lines 425a and 425b Special tax

A corporation that is subject to a special tax must calculate the amount of the tax and remit the amount due to the Minister of Revenue within two months after the end of its taxation year. If the corporation is required to pay a special tax for the taxation year covered by this return, indicate the code for the tax in box 425ai and the amount on line 425a.

If the corporation is required to pay two special taxes for the taxation year, indicate the code for the second tax in box 425bi and the amount on line 425b.

Finally, if the corporation is required to pay more than two special taxes for the taxation year, indicate the code for one special tax in box 425ai and the amount of this tax on line 425a. Then enter the total of all the other special taxes on line 425b and indicate code 99 in box 425bi.

### Description of special taxes

For a description of the special taxes, refer to guide CO-17.IS.G, *Guide de la déclaration de revenus relatif aux impôts spéciaux*.

## Tax on capital payable

### Line 426

#### Paid-up capital (line 399)

To calculate the paid-up capital of a corporation other than a bank, savings and credit union, loan corporation, trust corporation, corporation trading in securities or insurance corporation, complete page 3 of the return. Enter on line 426 the paid-up capital reported on line 399 of the return.

#### Paid-up capital (form CO-1140)

To calculate the paid-up capital of a bank, savings and credit union, loan corporation, trust corporation or corporation trading in securities, complete form CO-1140, *Capital versé*, and file it with the return.

Enter on line 426 the paid-up capital calculated in Part I of the form.

### Line 427a Tax on capital

A corporation whose taxation year began after December 31, 2002 must calculate the tax payable on its paid-up capital at a rate of

- 1.2% in the case of a bank, savings and credit union, loan corporation, trust corporation or corporation trading in securities;
- 0.6% in the case of any other non-exempt corporation, other than an insurance corporation, a co-operative, a co-operative syndicate or a mining corporation that has not reached the production stage.

1132

Form CO-1132, *Taxe sur le capital versé*, is used to determine the exact amount of tax the corporation must pay.

### Line 428 Proportion of business carried on in Québec

The tax on capital payable by a corporation that has an establishment outside Québec during the taxation year is equal to the portion of the tax calculated on line 427a that is attributable to the proportion of its business carried on in Québec. For more information, see the section of the guide pertaining to line 421 (page 28).

1133

If applicable, complete form CO-771.R.3, *Répartition des affaires faites au Québec et ailleurs*, and file it with the return.

Enter on line 428 the percentage from box H of form CO-771.R.3, if the corporation is required to complete the form; or 100%, in all other cases.

**Line 430 Tax on capital payable, according to the number of days in the taxation year**

If the taxation year of a corporation is shorter than 359 days, the corporation must calculate its tax on capital on a pro rata basis, according to the number of days in its taxation year. In this case, enter, in the space provided, the number of days in the taxation year, and multiply the amount from line 429 by the proportion from line 430. In all other cases, carry the amount from line 429 to line 430a.

1134

**Line 430a****Tax on capital payable**

Enter on line 430a

- the amount from line 429, if the taxation year is 359 days or longer;
- the amount from line 430, if the taxation year is shorter than 359 days; or
- the minimum amount of tax on capital, where this represents the corporation’s required payment.

**Minimum amount of tax**

There is no longer any minimum amount of tax on capital payable by a corporation whose taxation year ends after December 31, 2002, unless the corporation is a bank, a savings and credit union, a loan corporation, a trust corporation or a corporation trading in securities. For such corporations, the minimum amount of tax on capital payable (amount from line 430) may not be lower than \$250.

However, the minimum amount of tax on capital payable by a corporation whose taxation year ends before January 1, 2003 (amount from line 430) may not be lower than

- \$125, for a farming corporation or a corporation whose activities consist mainly in carrying on a fishing business; or
- \$250, for every other corporation except
  - a corporation whose activities consist solely in the operation of an IFC, either directly or through a partnership;
  - a corporation whose activities in the taxation year (and those of any partnership of which the corporation is a member, in the fiscal period of that partnership that ended in the taxation year) consisted solely in carrying on eligible activities of a recognized business carried on by the corporation in the taxation year (or by the partnership in the fiscal period) during either of the following periods :
    - (a) the eligibility period of the corporation (or partnership) in respect of a major investment project relating to the recognized business, or
    - (b) the base period applicable to the corporation (or partnership) in respect of those eligible activities, or
    - (c) the exemption period applicable to the corporation in respect of those eligible activities; and
  - a tax-exempt corporation under sections 1143 and 1144 of the *Taxation Act*.

1135, 1st par.

A corporation that did not carry on a business during the taxation year and whose total assets calculated on line 390 do not exceed \$5,000 is exempt from tax on capital. In this case, enter 0 on line 431.

1144R2

**Line 430b Additional contribution to the anti-poverty fund**

This contribution is no longer payable by any corporation with a taxation year beginning after November 26, 1999.

**Line 430c Additional contribution to the Youth Fund**

A corporation that carries on a business in Québec, has an establishment in Québec and is a financial institution (bank, savings and credit union, loan corporation, trust corporation or corporation trading in securities) must pay the additional contribution to the Québec Youth Fund for the period from March 15, 2000, to March 14, 2003,

- with respect to a taxation year beginning after March 15, 2000, and ending before March 15, 2003; or
- with respect to any portion of a taxation year
  - beginning before March 15, 2000, and ending after March 14, 2000, or
  - beginning before March 15, 2003, and ending after March 14, 2003.

1186.7

If an amount B was calculated in Part II of form CO-1186.6, *Contribution au Fonds Jeunesse Québec*, enter the amount on line 430c.

**Line 431 Tax on capital and additional contributions payable**

Add lines 430a through 430c and enter the result on line 431.

**Tax on capital payable by an insurance corporation**

**Line 432 Premiums for insurance of persons or uninsured employee benefit plans**

Complete Part I of form CO-1167, *Société d’assurance - Calcul des primes payables, des primes taxables, et de la taxe sur le capital relative à l’assurance maritime*, to determine the amount of premiums payable or taxable premiums to be entered on line 432 of the return.

**Line 432a Premiums for damage insurance**

Complete Part II of form CO-1167, *Société d’assurance - Calcul des primes payables, des primes taxables, et de la taxe sur le capital relative à l’assurance maritime*, to determine the amount of premiums payable or taxable premiums to be entered on line 432a of the return.

*1167*

**Line 433 Tax on marine insurance**

Complete Part III of form CO-1167, *Société d’assurance - Calcul des primes payables, des primes taxables, et de la taxe sur le capital relative à l’assurance maritime*, to determine the amount of tax on capital with respect to marine insurance to be entered on line 433 of the return.

**Line 434**

**Tax on capital payable by an insurance corporation**

Enter on line 434 the total amount of tax on capital payable by the insurance corporation, or the minimum amount of tax (as applicable).

**Minimum amount of tax (for every 12-month period)**

The amount of tax that an insurance corporation must pay for every 12-month period as tax on capital respecting insurance premiums payable to the corporation (the amount to be entered on line 434) must not be lower than

- \$500, in the case of marine insurance corporations;
- \$200, in the case of reciprocal or mutual insurance corporations;
- \$600, in the case of
  - life insurance corporations,
  - corporations transacting both in marine insurance and in another type of insurance except life insurance, and
  - any other types of insurance corporations.

*1167, 2nd par.*

However, the obligation to pay a minimum amount of tax does not apply to a corporation whose activities consist solely in the operation of an IFC or to a corporation whose operations consist solely in carrying on eligible activities, in respect of a major investment project relating to a recognized business of the corporation, in its eligibility period in relation to the recognized business.

*1167, 3rd par.*

**Minimum amount of tax (for each taxation year)**

The amount of tax that an insurance corporation (other than one whose activities consist solely in the operation of an IFC) must pay for each taxation year, as tax on capital respecting taxable premiums paid to the corporation, must not be lower than \$600.

*1173.1, 2nd and 3rd pars.*

**Minimum amount of tax (for a 12-month period ending in a taxation year)**

Where a corporation must pay both the minimum amount of tax respecting premiums payable for a 12-month period ending in a taxation year, and the minimum amount of tax respecting taxable premiums for that taxation year, the total amount payable is \$600.

1173.3

**Tax on capital of life insurers****Line 434a Tax on capital of life insurers**

Complete form CO-1175.4, *Société d'assurance vie*, to determine the amount to enter on line 434a of the return.

**Compensation tax payable by a financial institution****Line 436 Compensation tax payable by a financial institution**

Complete form CO-1159.2, *Calcul de la taxe compensatoire des institutions financières*, to calculate the exact amount of compensation tax payable by a financial institution, and file it with the return.

**Payments and credits****Payments****Line 440 Instalments paid**

Carry the amount calculated in Part I of form CO-1027.VE to line 440 of the return. **Failure to enter an amount will result in a delay in the processing of your return.** If the corporation has no amount to report, enter 0 on line 440.

You may also complete Part II of the form, if, in the taxation year, the corporation incurred or paid an expenditure giving entitlement to a refundable tax credit<sup>5</sup> and, in that year, reduced the instalments it was to have paid, in accordance with the rules pertaining to the credit. However, the method of reducing the instalments in the case of refundable tax credits calculated on the basis of the increase in total payroll is different from the method used in the case of credits that are not calculated on such a basis.

In general, the increase in total payroll is determined by comparing the total payroll for a particular calendar year with that for the base year. The base year may be fixed or movable; if it is movable, it corresponds to the year preceding the particular year.

**Tax credits****Refundable tax credits calculated on the basis of the increase in total payroll**

A corporation that, for the calendar year ended in a particular taxation year, maintains the required increase in its total payroll, may reduce its instalments, with respect to refundable tax credits that are calculated on the basis of the increase in total payroll, by an amount not exceeding the lower of the following amounts:

- the tax credit that it obtained for the preceding taxation year; or
- the tax credit that it obtained for the particular taxation year.

The calendar year in question must be 2001 or a subsequent year. Moreover, in order to be entitled to reduce its instalments for a particular taxation year, the corporation must have obtained the refundable tax credit for **at least** one previous taxation year.

The refundable tax credits that are calculated on the basis of the increase in total payroll and respecting which a corporation can reduce its instalments are listed in Table 8 (see guide CO-17.G, page 46).

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5. A tax credit is refundable when its amount is not limited by the amount of tax payable.

**Refundable tax credits not calculated on the basis of the increase in total payroll**

The refundable tax credits respecting which a corporation can reduce its instalments for a taxation year ending after July 11, 2002, are listed in Table 9 (see guide CO-17.G, page 46).

**Order in which instalments are reduced**

The total amount of refundable tax credits to which a corporation is entitled for a taxation year can be used to reduce its instalments, in chronological order. This means that any amount by which these tax credits exceed the instalments is applied against the balance payable on the due date. In other words, the refundable tax credits to which the corporation is entitled for a taxation year must be applied first against the first instalment payment, regardless of the month of the taxation year in which the qualified expenditures giving entitlement to the tax credit were incurred. It is therefore not necessary to break the expenditures down by month in order to claim a reduction in instalments.

Enclose form CO-1027.VE with the return.

**NOTE**

A corporation that, for a taxation year, elects to apply the tax credit for salaries and wages of employees working in E-Commerce Place (Cité du commerce électronique) to its employer contributions to the health services fund cannot reduce its instalments on the basis of that tax credit for the taxation year in question.

**Tax credits**

A corporation that meets the eligibility criteria respecting one of the tax credits below must complete the appropriate form in order to claim the credit. The corporation must enter the amount to which it is entitled

- on one of lines 440a through 440o, in the case of a tax credit named on one of those lines; or
- on one of lines 440p through 440s, in the case of a tax credit that is not specifically named on the return (in this case, enter the code assigned to the credit).

As a rule, tax credits are taxable. However, some are non-taxable, which means that the amount of the tax credit is considered not to be an amount of assistance or an inducement that the corporation received from a government.

**Line 440ba Tax credit for salaries and wages (R&D)**

A corporation that is claiming a tax credit under section 1029.7 of the *Taxation Act* with regard to salaries and wages that the corporation paid in respect of R&D must complete form RD-1029.7, *Crédit d'impôt relatif aux salaires - R-D*, and file it with the return.

Carry to line 440ba the amount of the credit calculated on form RD-1029.7.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the expenditures incurred by the partnership. In this case, refer to Part IV of form RD-1029.7, *Crédit d'impôt relatif aux salaires - R-D*.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations, you should complete form RD-1029.7.8, *Entente concernant la limite de dépenses entre sociétés associées*, and enclose it with the return.

**Line 440bb Tax credit for university research or research carried out by a public research centre or a research consortium**

A corporation that is claiming, in respect of R&D expenditures, a tax credit for university research or research carried out by a public research centre or a research consortium must complete form RD-1029.8.6, *Crédit d'impôt pour la recherche universitaire ou la recherche effectuée par un centre de recherche public ou un consortium de recherche*, and file it with the return.

Carry to line 440bb the amount of the credit calculated on form RD-1029.8.6.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the expenditures incurred by the partnership. In this case, refer to Part III of form RD-1029.8.6, *Crédit d'impôt pour la recherche universitaire ou la recherche effectuée par un centre de recherche public ou un consortium de recherche*.

**Line 440bc Tax credit for pre-competitive research**

A corporation that is claiming a tax credit for pre-competitive research in respect of R&D expenditures must complete form RD-1029.8.10, *Crédit d'impôt pour la recherche précompétitive*, and file it with the return.

Carry to line 440bc the amount of the credit calculated on form RD-1029.8.10.

**NOTE**

Effective June 12, 2003, the rate of the tax credit was reduced from 40% to 35%. This reduction applies to R&D expenditures incurred after June 12, 2003, for R&D carried out after that date or under a contract entered into after that date.

The amount of this tax credit is deemed not to be an amount of assistance or an inducement that the corporation received from a government.

*1029.8.21.2*

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the expenditures incurred by the partnership. In this case, refer to Part III of form RD-1029.8.10, *Crédit d'impôt pour la recherche précompétitive*, in order to calculate the corporation's share of the partnership's qualified expenditures.

**Line 440d Tax credit for taxi firms**

To claim this tax credit, complete form CO-1029.9, *Crédit d'impôt pour une entreprise de taxi*, and file it with the return.

**NOTE**

The amount of this tax credit is deemed not to be an amount of assistance or an inducement that the corporation received from a government.

**Line 440e Property tax refund for forest producers**

Corporations that hold a forest producer's certificate may obtain a property tax refund by applying to the Minister of Revenue by the following deadlines:

- in the case of a Canadian-controlled private corporation within the meaning of section 1 of the *Taxation Act*, within three years following the end of its fiscal period during which the municipality's or school board's fiscal period ends;
- in the case of any other corporation, within four years following the end of its fiscal period during which the municipality's or school board's fiscal period ends.

Municipal and school taxes respecting an assessment unit must have been paid before a corporation may apply for a refund of the taxes. All pertinent information concerning the refund can be found on form FM-220.3, *Demande de remboursement de taxes foncières pour les producteurs forestiers*. If applicable, complete the form and file it with the return.

**Line 440fa Tax credit for training**

This tax credit ceased to apply.

**Line 440fb Tax credit for an on-the-job training period**

To claim the tax credit, complete form CO-1029.8.33.6, *Crédit d'impôt pour stage en milieu de travail*, and file it with the return. Carry to line 440fb the amount calculated on the form.

**NOTE**

Effective June 12, 2003, the rate of the tax credit was reduced from 40% to 30%. This reduction applies to qualified expenditures incurred after June 12, 2003 with respect to a training period that began after that date.

The amount of this tax credit is deemed not to be an amount of assistance or an inducement that the corporation received from a government.

1029.8.33.9

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the expenditures incurred by the partnership. In this case, refer to Part III of form CO-1029.8.33.6, *Crédit d'impôt pour stage en milieu de travail*.

**Line 440fc Tax credit for a design activity carried out by an outside consultant**

If a corporation is claiming this tax credit, carry to line 440fc the amount of the credit calculated on form CO-1029.8.36.5, *Crédit d'impôt pour la réalisation d'une activité de design à l'externe*. If applicable, enclose a copy of the permit issued by the Ministère du Développement économique, de l'Innovation et de l'Exportation.

**NOTE**

Since June 12, 2003, corporations that claim this tax credit, whose rate depends on the amount of their assets, have been able to benefit from a rate varying between 30% and 15%, whereas, previously, they benefited from a rate of between 40% and 20%.

The amount of this tax credit is deemed not to be an amount of assistance or an inducement that the corporation received from a government.

1029.8.36.28

**Corporation that is a member of a partnership**

A corporation that is claiming this credit in respect of expenditures incurred by a partnership of which it is a member, must indicate in Part IV of form CO-1029.8.36.5 the corporation's share of the cost of the contract between the partnership and the certified design consultant (as calculated in Part II of the form).

**Line 440ga Tax credit for a Québec film production**

A corporation that is claiming a refundable tax credit respecting qualified labour expenditures incurred with regard to a film production recognized by SODEC must complete the following forms and file them with the return:

- form CO-1029.8.35, *Crédit d'impôt pour les productions cinématographiques québécoises – Formulaire de demande*;
- form CO-1029.8.35.A, *Crédit d'impôt pour les productions cinématographiques québécoises – Formulaire de renseignements*;
- form CO-1029.8.35.B, *Crédit d'impôt pour les productions cinématographiques québécoises – Formulaire relatif au montage financier*.

**Rates of the tax credit and improvements**

As shown by the comparison table 12 (see CO-17.G, page 53), the rates of the tax credit and the improvements have been reduced since June 12, 2003.

If the corporation is claiming this tax credit, carry to line 440ga the amount of the credit calculated on form CO-1029.8.35. Enclose with the return and forms CO-1029.8.35, CO-1029.8.35.A and CO-1029.8.35.B a copy of the favourable advance ruling in force or the unrevoked certificate, as applicable, issued by SODEC.

For more information, refer to CO-1029.8.35.G-V, *Guide to the Application for a Tax Credit for Québec Film Productions*.

**Line 440gb Tax credit for multimedia titles**

To claim this tax credit, carry to line 440gb the amount of the credit calculated on form CO-1029.8.36.TM, *Crédit d'impôt pour des titres multimédias*.

Enclose with the return

- a copy of the temporary or final certificate or a copy of the document validating the operating receipts, as applicable, issued by SODEC for the multimedia title in question (Part 1); or
- a copy of the valid certificate, valid favourable advance ruling or valid qualification certificate, as applicable, issued by Investissement Québec (Part 2 or General).

#### **Tax credit for corporations specialize d in the production of multimedia titles**

If the corporation is claiming this tax credit, carry to line 440gb the amount of the credit calculated on form CO-1029.8.36.PM, *Crédit d'impôt pour une société spécialisée dans la production de titres multimédias*. Enclose with the return a copy of the valid final certificate issued by Investissement Québec.

#### **Line 440hb Tax credit for the construction of a vessel**

To claim the refundable tax credit for the construction of a vessel, a corporation must carry on a shipbuilding business at its establishment in Québec and must

- build a vessel for which the Ministère du Développement économique, de l'Innovation et de l'Exportation has issued a qualification certificate; and
- complete a copy of form CO-1029.8.36.55, *Demande de crédit d'impôt pour la construction de navires*, and file it with the return.

If the corporation is claiming this tax credit, carry to line 440hb the amount of the credit calculated on form CO-1029.8.36.55.

#### **Line 440hc Tax credit for the conversion of a vessel**

To claim the refundable tax credit for the conversion of a vessel, a corporation must carry on a ship conversion business at its establishment in Québec and must

- convert a vessel for which the Ministère du Développement économique, l'Innovation et de l'Exportation has issued a qualification certificate;
- complete a copy of form CO-1029.8.36.56, *Demande de crédit d'impôt pour la transformation de navires*, and file it with the return.

If the corporation is claiming this tax credit, carry to line 440hc the amount of the credit calculated on form CO-1029.8.36.56.

#### **Line 440ia Tax credit for fees or dues paid to a research consortium**

A corporation that is claiming a tax credit for the fees or dues that the corporation paid to a research consortium must complete form RD-1029.8.9.03, *Crédit d'impôt relatif aux cotisations et aux droits versés à un consortium de recherche*, and file it with the return.

If the corporation is claiming this tax credit, carry to line 440ia the amount of the credit calculated on form RD-1029.8.9.03.

#### **Corporation that is a member of a partnership**

If the corporation is entitled to a tax credit for the fees or dues it paid to a research consortium in respect of R&D expenditures incurred by a partnership of which it is a member, refer to Part III of form RD-1029.8.9.03 to calculate the corporation's share of the partnership's qualified expenditures.

#### **Line 440ib Tax credit for a design activity carried out by an employee of a corporation**

A corporation that is claiming the tax credit for a design activity in respect of wages it incurred for a particular designer who, as an employee of the corporation, carried out in the year an eligible design activity in the fashion design or furniture design sector must complete form CO-1029.8.36.7, *Crédit d'impôt pour la réalisation d'une activité de design à l'interne*, and file it with the return.

If the corporation is claiming this tax credit, carry to line 440ib the amount of the credit calculated on form CO-1029.8.36.7.

Also file with the return a copy of the certificate issued by the Minister of Economic Development, Innovation and Export Trade.

**Line 440l Tax credit with respect to the reporting of tips**

A corporation that is claiming the tax credit with respect to the payroll taxes it is required to pay on tips received or allocated to eligible employees must complete form CO-1029.8.33.13, *Crédit d'impôt relatif à la déclaration des pourboires*, and file it with the return.

Carry to line 440l the amount of the credit calculated on form CO-1029.8.33.13.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the partnership's qualified expenditures. In this case, refer to Part II of form CO-1029.8.33.13, *Crédit d'impôt relatif à la déclaration des pourboires*.

**Line 440m Tax credit for salaries and wages paid with respect to innovative projects (ITDC)**

To claim this tax credit, carry to line 440m the amount of the credit calculated on form CO-1029.8.36.PN, *Crédit d'impôt relatif aux salaires pour un projet novateur*, and file the form with the return. Also enclose a copy of the certificate issued for the year by Investissement Québec with respect to the eligible employee.

**Line 440n****Tax credit for the acquisition of property (ITDC)**

To claim this tax credit, complete Part 1 of form CO-1029.8.36.AL, *Crédits d'impôt pour l'acquisition d'un bien, la location d'un bien ou la location ponctuelle d'installations spécialisées*.

File form CO-1029.8.36.AL with the return and enter, on line 440n, amount A calculated on the form. Also enclose a copy of the unrevoked certificate issued by Investissement Québec.

**Tax credit for the rental of property or the short-term rental of specialized facilities (ITDC)**

To claim this tax credit, complete Part 2 of form CO-1029.8.36.AL, *Crédits d'impôt pour l'acquisition d'un bien, la location d'un bien ou la location ponctuelle d'installations spécialisées*.

File form CO-1029.8.36.AL with the return and enter, on line 440n, amount B calculated on the form. Also enclose a copy of the unrevoked certificate issued by Investissement Québec.

**Line 440o Tax credit respecting the use of less polluting technology**

This tax credit is no longer in effect.

**Lines 440p through 440s Other credits**

For each of the following tax credits, enter, on line 440p, 440q, 440r or 440s, the amount to which you are entitled and, in box 440pi, 440qi, 440ri or 440si, the corresponding code.

**Code 23 Tax credit respecting the income tax paid by an environmental trust**

To claim this tax credit, complete form CO-1029.8.36.53, *Crédit d'impôt relatif à l'impôt payé par une fiducie pour l'environnement*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (23) and the amount of the credit in the spaces provided.

**Code 24 Tax credit for film dubbing**

To claim this tax credit, complete form CO-1029.8.36.DF, *Crédit d'impôt pour le doublage de films*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (24) and the amount of the credit in the spaces provided.

Also file with the return a copy of the certificate issued by SODEC.

**Code 25 Tax credit for the apprenticeship period of specialized employees (IFC)**

To claim this tax credit, complete form CO-1029.8.36.AI, *Crédit d'impôt relatif à la période d'apprentissage d'employés spécialisés – CFI*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (25) and the amount of the credit in the spaces provided.

Also file with the return a copy of the certificate issued by the Minister of Finance with respect to the specialized employee for the calendar year ended in the corporation's taxation year (or in the partnership's fiscal period).

#### **Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the qualified wages it paid to a specialized employee. In this case, complete Part 4 of form CO-1029.8.36.AI.

#### **Code 26 Tax credit for solicitation expenditures (IFC)**

To claim this tax credit, complete form CO-1029.8.36.DI, *Crédit d'impôt relatif à des dépenses de démarchage – CFI*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (26) and the amount of the credit in the spaces provided.

#### **Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the solicitation expenditures it paid. In this case, complete the part of form CO-1029.8.36.DI provided for this purpose.

#### **Code 27 Tax credit respecting fund managers**

To claim this tax credit, complete form CO-1029.8.36.96, *Crédit d'impôt relatif aux gestionnaires de fonds*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (27) and the amount of the credit in the spaces provided.

Also file with the return

- a copy of the qualification certificate issued by the Minister of Finance, certifying that the employee qualifies as a fund manager; and
- a copy of the certificate (referred to in the definition of the term “eligible fund manager” given above) that was issued for the year by the Minister of Finance in respect of the employee.

#### **Code 28 Tax credit for the creation of investment funds**

To claim this tax credit, complete form CO-1029.8.36.90, *Crédit d'impôt pour la création de fonds d'investissement*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (28) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate and the unrevoked certificates issued by the Minister of Finance with respect to the fund and the fund expenditures, respectively.

#### **Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations, also enclose with the return

- a certificate stating the amounts of the tax credits previously claimed by the corporation and by any other member of the group of associated corporations of which the corporation is a member; and
- form CO-1029.8.36.91, *Entente concernant la limite du crédit pour la création de fonds d'investissement*, establishing the corporation's share of the \$1 million balance for the year.

#### **Code 29 Tax credit for film production services**

To claim this tax credit, complete form CO-1029.8.36.SP, *Crédit d'impôt pour des services de production cinématographique*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (29) and the amount of the credit in the spaces provided.

Also file with the return a copy of the valid favourable advance ruling or the valid certificate, as applicable, issued by SODEC.

#### **Code 31 Tax credit for salaries and wages paid by corporations that carry out specified activities in designated sites (Cité du multimedia)**

To claim this tax credit, complete form CO-1029.8.36.SD, *Crédit d'impôt relatif aux salaires versés par une société qui réalise une activité déterminée dans un site désigné*, and file it with the return. Enter the name of the tax credit on one of

lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (31) and the amount of the credit in the spaces provided.

Also file with the return the following documents:

- a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec with respect to the specified activity, for the purposes of this tax credit; and
- a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec with respect to the specified employee, for the purposes of this tax credit.

### **Code 33 Tax credit for railway businesses**

To claim this tax credit, complete form CO-1029.8.36.CF, *Crédit d’impôt pour les entreprises de chemin de fer*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (33) and the amount of the credit in the spaces provided.

### **Corporation that is a member of a partnership**

If the corporation is a member of a partnership that has an establishment in Québec and that carries on a railway business in Québec, the tax credit is granted to the corporation for the taxation year in which the partnership's fiscal period ended.

*1029.8.36.59.3*

### **Code 34 Additional tax credit for R&D**

If applicable, complete form RD-1029.8.16.6, *Crédit d’impôt additionnel pour la recherche scientifique et le développement expérimental*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (34) and the amount of the credit in the spaces provided.

### **Code 35 Tax credit for technological adaptation services**

To claim this tax credit, complete form CO-1029.8.21.22, *Crédit d’impôt pour services d’adaptation technologique*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (35) and the amount of the credit in the spaces provided.

Also file with the return a copy of the receipt issued by

- the eligible competitive intelligence centre,
- the eligible liaison and transfer centre, or
- the eligible college centre for the transfer of technology.

### **Corporation that is a member of a partnership**

If the corporation is a member of a partnership that incurred qualified expenditures in the fiscal period ended in the taxation year covered by this return, the tax credit is equal to 50%, 30% or 40%, as applicable, of the corporation's share of the partnership's expenditures. To claim this tax credit, complete Part 4 of form CO-1029.8.21.22.

*1029.8.21.23*

### **Code 36 Tax credit for salaries and wages paid by corporations that carry out specified activities in designated sites (CNNTQ)**

To claim this tax credit, complete form CO-1029.8.36.SD, *Crédit d’impôt relatif aux salaires versés par une société qui réalise une activité déterminée dans un site désigné*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (36) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked certificates issued to the corporation for the year by Investissement Québec with respect to the specified activity and the specified employee, for the purposes of this tax credit.

**Code 37****Tax credit for salaries and wages paid by corporations that carry out specified activities in designated sites (MNE or BDC)**

To claim this tax credit, complete form CO-1029.8.36.SD, *Crédit d'impôt relatif aux salaires versés par une société qui réalise une activité déterminée dans un site désigné*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (37) and the amount of the credit in the spaces provided.

Also file with the return the following documents:

- a copy of the unrevoked certificate issued to the corporation by Investissement Québec;
- a copy of the unrevoked certificate issued to the corporation by Investissement Québec with respect to the specified activity, for the purposes of this tax credit; and
- a copy of the unrevoked certificate issued to the corporation by Investissement Québec with respect to the specified employee, for the purposes of this tax credit.

**Tax credit for salaries and wages paid in regard to innovative projects (MNE or BDC)**

To claim this tax credit, complete form CO-1029.8.36.PN, *Crédit d'impôt relatif aux salaires pour un projet novateur*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (37) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued to the corporation by Investissement Québec with respect to the eligible employee.

**Code 38****Tax credit for the acquisition of property (MNE or BDC)**

An exempt corporation that, on June 11, 2003, had a qualification certificate in respect of qualified property and carried on all of its activities in a marketplace for the new economy (MNE) may, under certain conditions, claim a tax credit respecting costs related to the acquisition of the property.

In addition, an exempt corporation that, on March 29, 2004, had a qualification certificate in respect of a qualified property and carried on all of its activities in a biotechnology development centre (BDC) may, under certain conditions, claim a tax credit respecting costs related to the acquisition of the property.

However, such a corporation that did not have such a certificate on June 11, 2003 or March 29, 2004, as applicable, but had submitted a written request for one prior to such date may, under certain conditions, claim this tax credit.

To claim this tax credit, complete Part 1 of form CO-1029.8.36.AL, *Crédits d'impôt pour l'acquisition d'un bien, la location d'un bien ou la location ponctuelle d'installations spécialisées*.

File form CO-1029.8.36.AL with the return and enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (38) and the amount of the credit (amount A calculated on form CO-1029.8.36.AL) in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued to the corporation for the year by Investissement Québec with respect to the qualified property.

**Tax credit for the rental of property (MNE or BCD)**

To claim this tax credit, complete Part 2 of form CO-1029.8.36.AL, *Crédits d'impôt pour l'acquisition d'un bien, la location d'un bien ou la location ponctuelle d'installations spécialisées*.

File form CO-1029.8.36.AL with the return and enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (38) and the amount of the credit (amount B calculated on form CO-1029.8.36.AL) in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued to the corporation by Investissement Québec.

**Code 39 Tax credit for salaries and wages (MITZM)**

To claim this tax credit, complete form CO-1029.8.36.SZ, *Crédit d’impôt relatif aux salaires – ZCIMM*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (39) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued to the corporation by Investissement Québec with respect to the eligible employee.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the wages of an eligible employee. In this case, refer to Part IV of form CO-1029.8.36.FZ.

**Code 40 Tax credit respecting customs brokerage services (MITZM)**

To claim this tax credit, complete form CO-1029.8.36.CZ, *Crédit d’impôt pour des services de courtage en douane – ZCIMM*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (40) and the amount of the credit in the spaces provided.

Also file with the return a copy of each unrevoked certificate issued to the corporation by Investissement Québec<sup>6</sup> with respect to the eligible customs brokerage services.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of an eligible customs brokerage expenditure it incurred. In this case, refer to Part IV of form CO-1029.8.36.CZ, *Crédit d’impôt pour des services de courtage en douane – ZCIMM*.

**Code 41 Tax credit for the acquisition or rental of property (MITZM)**

To claim this tax credit, complete form CO-1029.8.36.FZ, *Crédit d’impôt pour l’acquisition ou la location de biens – ZCIMM*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (41) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued to the corporation by Investissement Québec<sup>7</sup> with respect to the property.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the acquisition costs or rental expenses incurred by the partnership. In this case, refer to Part IV of form CO-1029.8.36.FZ.

**Code 42 Tax credit for the production of sound recordings**

To claim this tax credit, complete form CO-1029.8.36.ES, *Crédit d’impôt pour la production d’enregistrements sonores*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (42) and the amount of the credit in the spaces provided.

Also file with the return a copy of the valid favourable advance ruling or the valid certificate, as applicable, issued by SODEC in respect of the recording.

**Code 43 Tax credit for the production of performances**

To claim this tax credit, complete form CO-1029.8.36.SM, *Crédit d’impôt pour la production de spectacles musicaux*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (43) and the amount of the credit in the spaces provided.

Also file with the return a copy of the valid favourable advance ruling or the certificate, as applicable, issued by SODEC in respect of the performance.

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6. Or the Minister of Finance, in the case of a certificate issued before March 31, 2004.

7. Or the Minister of Finance, in the case of a certificate issued before March 31, 2004.

**Code 44 Tax credit for the apprenticeship period of employees working at the Cité de l’optique**

To claim this tax credit, complete form CO-1029.8.36.OP, *Crédit d’impôt relatif à la période d’apprentissage des employés travaillant dans la Cité de l’optique*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (44) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate issued by the Minister of Economic Development, Innovation and Export Trade.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.EP, *Entente entre sociétés associées concernant le crédit d’impôt relatif à la période d’apprentissage des employés travaillant dans la Cité de l’optique*.

**Code 45 Tax credit for the integration of E-commerce solutions**

To claim this tax credit, complete form CO-1029.8.21.42, *Crédit d’impôt pour l’intégration de solutions de commerce électronique*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (45) and the amount of the credit in the spaces provided.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the expenditures incurred by the partnership. In this case, refer to Part V of form CO-1029.8.21.42.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.21.43, *Entente entre sociétés associées relativement à la limite de dépenses admissibles engagées pour l’intégration d’une solution de commerce électronique*.

**Code 46 Tax credit for job creation in the aluminum industry in the Saguenay- Lac-Saint-Jean**

The fiscal legislation has been amended in order to group, in the same division<sup>8</sup> of the *Taxation Act*, the tax credit for job creation in the aluminum industry in the Saguenay-Lac-Saint-Jean region, the tax credit for job creation in the Gaspésie region and certain maritime regions of Québec and the tax credit for job creation in the resource regions.

Consequently, a corporation that, for the 2003 calendar year or a subsequent year, carried on a recognized business in the Saguenay-Lac-Saint-Jean area may, under certain conditions, claim the tax credit for job creation in designated regions. In this case, refer to code 72 on page 47.

**Code 47 Tax credit for the apprenticeship period of employees working at the Angus Technopole**

To claim this tax credit, complete form CO-1029.8.36.TA, *Crédit d’impôt relatif à la période d’apprentissage des employés travaillant dans le Technopôle Angus*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (47) and the amount of the credit in the spaces provided.

**Code 48 Tax credit for book publishing**

To claim this tax credit, complete form CO-1029.8.36.EL-V, *Tax Credit for Book Publishing*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (48) and the amount of the credit in the spaces provided.

Also file with the return a copy of the valid favourable advance ruling or the certificate, as applicable, issued by SODEC with respect to the work or a work that is part of an eligible group of works.

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8. Division II.6.6.6.1 of Chapter III of Title III of Book IX of Part I.

**Code 49 Tax credit respecting salaries and wages of employees working in E-Commerce Place (Cité du commerce électronique)**

To claim this tax credit, complete form CO-1029.8.36.CE, *Crédit d'impôt relatif aux salaires des employés travaillant dans la Cité du commerce électronique*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (49) and the amount of the credit in the spaces provided. If you elect instead to claim the refundable tax credit respecting the contribution to the health services fund, leave lines 440p through 440s blank.

Also file with the return a copy of the certificate issued by Investissement Québec with respect to the employees for whom the tax credit is being claimed.

**Code 50 Tax credit for investment promotion activities**

To claim this tax credit, complete form CO-1029.8.36.IP, *Crédit d'impôt pour la promotion effectuée auprès des investisseurs*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (50) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate (or the provisional certificate, if applicable) issued by the Minister of Finance with respect to the corporation and the road show for which the tax credit is being claimed.

**Code 51 Tax credit for hiring financial analysts specialized in securities of Québec corporations**

To claim this tax credit, complete form CO-1029.8.36.IJ, *Crédit d'impôt pour l'embauche d'analystes financiers*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (51) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate issued by the Minister of Finance with respect to the financial analyst specialized in Québec securities.

**Code 52 Tax credit for the construction of strategic buildings (MITZM)**

To claim this tax credit, complete form CO-1029.8.36.BZ, *Crédit d'impôt pour la construction de bâtiments stratégiques – ZCMM*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (52) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued to the corporation by Investissement Québec with respect to the building.

**Code 53 Tax credit respecting the maintenance of a racehorse**

To claim this tax credit, complete form CO-1029.8.36.CC, *Crédit d'impôt pour l'entretien d'un cheval destiné à la course*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (53) and the amount of the credit in the spaces provided.

Also file with the return a copy of the registration with the Société nationale du cheval de course or the Régie des alcools, des courses et des jeux, certifying the horse's eligibility.

**Code 54 Tax credit for the creation of digital productions**

To claim this tax credit, complete form CO-1029.8.36.SN, *Crédit d'impôt pour la production de spectacles numériques*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (54) and the amount of the credit in the spaces provided.

Also file with the return a copy of the certificate issued by Investissement Québec.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.SY, *Entente concernant le crédit d'impôt pour la production de spectacles numériques*.

**Code 55 Tax credit for job creation in the Gaspésie region and certain maritime regions of Québec**

The fiscal legislation has been amended in order to group, in the same division<sup>9</sup> of the *Taxation Act*, the tax credit for job creation in the Gaspésie region and certain maritime regions of Québec, the tax credit for job creation in the aluminum industry in the Saguenay-Lac-Saint-Jean region, and the tax credit for job creation in the resource regions.

Consequently, a corporation that, for the 2003 calendar year or a subsequent year, carried on a recognized business in the Gaspésie region or certain maritime regions of Québec may, under certain conditions, claim the tax credit for job creation in designated regions. In this case, refer to code 72 on page 47.

**Code 56 Tax credit for solicitation expenditures respecting a foreign investment fund (IFC)**

To claim this tax credit, complete form CO-1029.8.36.FE, *Crédit d’impôt relatif à des dépenses de démarchage pour un fonds d’investissement étranger – CFI*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (56) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked certificate issued by the Minister of Finance with respect to the fund for the year or for one of the two preceding taxation years, as applicable.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.EN, *Entente entre membres d’un groupe associé – CFI*.

**Code 57 Tax credit for job creation in the resource regions<sup>10</sup>**

The fiscal legislation has been amended in order to group, in the same division<sup>11</sup> of the *Taxation Act*, the tax credit for job creation in the resource regions, the tax credit for job creation in the aluminum industry in the Saguenay-Lac-Saint-Jean region and the tax credit for job creation in the Gaspésie region and certain maritime regions of Québec.

Consequently, a corporation that, for the 2003 calendar year or a subsequent year, carried on a recognized business in a resource region may, under certain conditions, claim the tax credit for job creation in designated regions. In this case, refer to code 72 on page 47.

**Code 58 Tax credit for resources**

A qualified corporation that, during a taxation year, incurs eligible expenses may, under certain conditions, claim a refundable tax credit for the year. Since March 31, 2004, the credit has been equal to up to 38.75% of eligible expenses; previously, it was equal to up to

- 33.75%, for eligible expenses incurred after June 12, 2003, but before March 31, 2004;
- 45%, for eligible expenses incurred before June 13, 2003.

The corporation may also claim an improvement, that is, a non-refundable tax credit which is added to the refundable tax credit. For more information on this improvement, see code 69 “Temporary improvement to the tax credit for mineral resources” on page 46.

**Rate of the tax credit**

To claim this tax credit, complete form CO-1029.8.36.EM, *Crédit d’impôt remboursable relatif aux ressources*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (58) and the amount of the credit in the spaces provided.

**Corporation that is a member of a partnership**

If the corporation is a member of a partnership that incurred eligible expenses in the fiscal period ended in the taxation year covered by the return, complete Part II of form CO-1029.8.36.EM.

9. Division II.6.6.6.1 of Chapter III of Title III of Book IX of Part I.

10. Also referred to as the tax credit for processing and manufacturing activities in resource regions.

11. Division II.6.6.6.1 of Chapter III of Title III of Book IX of Part I.

**Code 59 Tax credit for corporations established in the  
City of Biotechnology and Human Health of Metropolitan Montréal**

This taxable tax credit, which was to have been granted to qualified corporations for a period of three consecutive calendar years and was to have applied to calendar years 2001 through 2006, applied, in the end, only to 2001. It was replaced by the tax credit for biotechnology development in designated sites, which is available for the 2002 calendar year and subsequent years. Consequently, a corporation that is eligible for the tax credit for corporations established in the City of Biotechnology and Human Health of Metropolitan Montréal may be entitled, under certain conditions, to the new tax credit for biotechnology development in designated sites (see code 65, page 46. However, a corporation that began to operate a qualified business in 2001 is entitled to the tax credit for two additional consecutive calendar years only.

**Code 60 Tax credit for the short-term rental of specialized facilities (BDC)**

To claim this tax credit, complete Part 2 of form CO-1029.8.36.AL, *Crédits d'impôt pour l'acquisition d'un bien, la location d'un bien ou la location ponctuelle d'installations spécialisées*.

File form CO-1029.8.36.AL with the return and enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (60) and the amount of the credit (amount B calculated on form CO-1029.8.36.AL) in the spaces provided.

Also file with the return

- a copy of the qualification certificate issued to the lessor by Investissement Québec with respect to the eligible specialized facilities;
- a copy of the rate schedule relating to the eligible specialized facility rented during the taxation year covered by the return.

**Code 61 Tax credit for hiring financial analysts specialized in FDs**

To claim this tax credit, complete form CO-1029.8.36.IJ, *Crédit d'impôt pour l'embauche d'analystes financiers*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (61) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate and the annual certificate issued by the Minister of Finance with respect to the financial analyst specialized in Québec securities.

**Code 62 Tax credit to foster the participation of securities dealers on the NASDAQ stock exchange**

To claim this tax credit, complete form CO-1029.8.36.NA, *Crédit d'impôt pour la participation des courtiers en valeurs à la Bourse Nasdaq*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (62) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate issued by the Minister of Finance with respect to the qualified corporation.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.NE, *Entente concernant la limite cumulative des dépenses – Nasdaq*.

**Code 63 Tax credit for E-commerce activities**

To claim this tax credit, complete form CO-1029.8.36.AF, *Crédit d'impôt pour affaires électroniques*. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (63) and the amount of the credit in the spaces provided.

Also file with the return

- a copy of the qualification certificate issued by Investissement Québec with respect to the recognized business;
- a copy of the qualification certificate issued for the year by Investissement Québec to an eligible employee.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.AE, *Entente concernant le crédit d'impôt pour affaires électronique*.

**Code 64 Tax credit for the modernization of the taxi fleet**

To claim this tax credit, complete form TP-1029.9.3-V, *Tax Credit for the Modernization of the Taxi Fleet*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (64) and the amount of the credit in the spaces provided.

Also file with the return a copy of the information return sent to the corporation by the Société de l'assurance automobile du Québec.

**Code 65 Tax credit for biotechnology development in designated sites**

To claim this tax credit, complete form CO-1029.8.36.BI, *Crédit d'impôt pour le développement de la biotechnologie dans des sites désignés*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (65) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate issued by Investissement Québec.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.BX, *Entente concernant le crédit d'impôt pour le développement de la biotechnologie dans des sites désignés*.

**Code 66 Tax credit for nutraceuticals and functional foods**

To claim this tax credit, complete form CO-1029.8.36.NU, *Crédit d'impôt pour les nutraceutiques et les aliments fonctionnels*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (66) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate issued by Investissement Québec.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.NX, *Entente concernant le crédit d'impôt pour les nutraceutiques et les aliments fonctionnels*.

**Code 67 Tax credit for corporations established in an innovation centre**

To claim this tax credit, complete form CO-1029.8.36.CA, *Crédit d'impôt pour une société établie dans un carrefour de l'innovation*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (67) and the amount of the credit in the spaces provided.

Also file with the return a copy of the qualification certificate issued by Investissement Québec.

**Code 68 Tax credit for an on-the-job training period (WAP)**

To claim this tax credit, complete form CO-1029.8.33.6, *Crédit d'impôt pour stage en milieu de travail*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (68) and the amount of the credit in the spaces provided.

**Corporation that is a member of a partnership**

A corporation that is a member of a partnership may claim the tax credit with respect to its share of the qualified expenditures it incurred. In this case, refer to Part 3 of form CO-1029.8.33.6.

**Code 69 Temporary improvement to the tax credit for mineral resources**

A qualified corporation that, for a taxation year, claims a refundable tax credit for mineral resources may also, under

certain conditions, claim the temporary improvement,<sup>12</sup> that is, a non-refundable tax credit which is added to the refundable tax credit calculated in completing form CO-1029.8.36.EM, *Crédit d’impôt remboursable relatif aux ressources* (see code 58, page 58). The rate of the non-refundable tax credit varies, depending on the type of corporation that incurs eligible expenses, the region in which the expenses are incurred and the date on which they are incurred (see guide CO-17.G).

To claim this non-refundable tax credit, complete form CO-1029.8.36.EM first, and then form CO-1029.8.36.ET, *Bonification temporaire du crédit d’impôt relatif aux ressources minérales*. Enter the name of the non-refundable tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (69) and the amount of the credit in the spaces provided.

#### **Code 70 Tax credit for hiring new graduates in remote resource regions**

To claim this tax credit, complete form CO-1029.8.36.ND, *Crédit d’impôt pour l’embauche de nouveaux diplômés dans une région ressource éloignée*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (70) and the amount of the credit in the spaces provided.

#### **Corporation that is a member of a partnership**

A corporation that is an eligible employer and a member of a partnership may claim the tax credit with respect to its share of the eligible salary it paid to hire a new graduate. In this case, complete the part of form CO-1029.8.36.ND that concerns partnerships.

#### **Corporation that is a member of a group of associated corporations**

If the corporation is an eligible employer and a member of a group of eligible associated employers in the year, it may transfer eligible employees within that group according to the rules prescribed for this purpose.

#### **Code 71 Tax credit for the construction of public access roads and bridges in forest areas**

To claim this tax credit, complete form CO-1029.8.36.CP, *Crédit d’impôt pour la construction de chemins d’accès et de ponts d’intérêt public en milieu forestier*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (71) and the amount of the credit in the spaces provided.

Also file with the return a copy of the unrevoked qualification certificate issued by the Ministère des Ressources naturelles et de la Faune.

#### **Corporation that is a member of a partnership**

A qualified corporation that is a member of a partnership may claim the tax credit with respect to its share of the eligible expenses the partnership incurred in regard to the construction of eligible access roads or public bridges. In this case, complete the part of form CO-1029.8.36.CP that concerns partnerships.

#### **Code 72 Tax credit for job creation in designated regions**

To claim this tax credit, complete form CO-1029.8.36.RV, *Crédit d’impôt pour la création d’emplois dans une région désignée*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (72) and the amount of the credit in the spaces provided.

Also file with the return a copy of any unrevoked certificates or qualification certificates issued for the year by Investissement Québec.

#### **Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.RX, *Entente concernant le crédit d’impôt pour la création d’emplois dans une région désignée*, as well as a copy of any unrevoked certificates or qualification certificates issued for the year by Investissement Québec.

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12. The improvement applies with respect to eligible expenses incurred after August 20, 2002 and before January 1, 2008.

**Code 73 Tax credit for job creation in designated regions (marine biotechnology and mariculture)**

To claim this tax credit, complete form CO-1029.8.36.RM, *Crédit d'impôt pour la création d'emplois dans une région désignée – Biotechnologie marine et mariculture*, and file it with the return. Enter the name of the tax credit on one of lines 440p through 440s, to the right of the title “Other credits.” Then enter the code number (73) and the amount of the credit in the spaces provided.

Also file with the return a copy of any unrevoked certificates or qualification certificates issued for the year by Investissement Québec.

**Corporation that is a member of a group of associated corporations**

If the corporation is claiming the tax credit because it is a member of a group of associated corporations in the year, also enclose with the return form CO-1029.8.36.RA, *Entente concernant le crédit d'impôt pour la création d'emplois dans une région désignée – Biotechnologie marine et mariculture*, as well as a copy of any unrevoked certificates or qualification certificates issued for the year by Investissement Québec.

**Balance due or refund****Line 441 Balance due or refund**

A corporation subject to income tax must estimate, at the end of its taxation year, the amount of income tax it is required to pay to the Minister of Revenue and, consequently, the balance of income tax payable to the Minister within the two months following the end of that year.

*1004 and 1027, par. (b)*

**Interest on the balance due**

Interest, capitalized daily at the rate determined according to the rules provided for by regulation, is payable on any balance owing. The interest applies to the period from the deadline for paying the estimated balance due for the year to the date of payment.

**Balance due (boxes 444 and 435)**

Make your cheque or money order payable to the Minister of Revenue of Québec and attach it to page 1 of your return. Be sure to indicate, on the front of the cheque or money order, the corporation's Québec enterprise number, as well as its identification and file numbers, and the end-date of its fiscal period. If you make your payment by cheque, please print (in block letters) the name of the month in which you date your cheque and make sure that the name of the corporation is legible. Enter the amount of your payment in box 435.

**Online payment**

Certain financial institutions allow you to pay a balance due online. For more information, consult Revenu Québec's Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

**Payment at a financial institution**

A corporation may also pay a balance due at a financial institution. Please note, however, that financial institutions will accept payment of the balance owing only if you have the remittance slip (COZ-1027.S-V) that is attached to the statement of monthly remittances sent to you by Revenu Québec for the taxation year covered by the return. You can also order the slip from Revenu Québec by telephone or online.

**Refund (box 445)**

A corporation entitled to a refund may indicate how Revenu Québec should apply the refund by entering the amount in the space provided and checking the corresponding box or boxes (i.e., 490, 491 or 492, as applicable).

However, a refund may be applied in whole or in part to the payment of an amount owed by the corporation under a fiscal law. The remainder, if any, is then applied to a subsequent payment of instalments if box 491 is checked; if box 491 is not checked, the excess amount is refunded to the corporation.

However, Revenu Québec may withhold a refund if the corporation has not filed all of the returns or reports that it is required to file under a fiscal law or regulation. No interest is payable on the refund for the period in which the withholding is valid and binding.

**Refund claimed (box 490)**

If you wish to have the corporation's refund for the taxation year sent to the corporation, enter the amount provided for this purpose and check box 490.

**Direct deposit of refund****Requesting direct deposit**

If a corporation has an account at a financial institution located in Québec and it requests direct deposit, any income tax refund to which it is entitled will be deposited by Revenu Québec directly into its account at the time its notice of assessment is issued.

Direct deposit eliminates the risk of cheques being lost or stolen and ensures that the corporation's refund will be deposited in its account even in the event of a postal strike.

To request direct deposit, enclose with the return a blank cheque with “VOID” written on the front. The corporation's Québec enterprise number, as well as the identification and file numbers shown on lines 01a and 01b of the *Déclaration de revenus des sociétés* (form CO-17), must also appear on the cheque.

Attach the blank cheque to page 1 of the return. Please note that Revenu Québec may refuse to grant a request for direct deposit.

**Changing the account used for direct deposit**

If a corporation has already made a direct deposit request and it wishes to have refunds to which it is entitled deposited in a different account, attach to the return a blank cheque bearing the number of the account concerned.

**Cancelling direct deposit**

A corporation's direct deposit request will remain in force until it is cancelled, either in writing, by telephone or in person.

**Refund applied to a subsequent payment of instalments (box 491)**

If you wish to have a corporation's refund for the taxation year covered by the return applied to a subsequent payment of instalments, enter the amount provided for this purpose and check box 491.

However, if the corporation has a balance due in Revenu Québec's books of account, Revenu Québec will apply, before making the refund, all or part of the refund to the balance, including, if applicable, credit interest calculated as of the date of issue of the notice of assessment determining the amount of the refund.

**Refund transferred to a third party (box 492)**

Since March 10, 1999, a corporation has had the option of transferring to a third party an amount payable to it under the *Taxation Act*. However, Revenu Québec will agree to transfer only the portion of an income tax refund that arises from a refundable tax credit for which the corporation has obtained a certificate from SODEC or Investissement Québec, or for which SODEC, La Financière du Québec or a financial institution has guaranteed temporary financing.

**NOTE**

Revenu Québec is not obligated to transfer an income tax refund to a third party, and the third party's rights are subject to the government's rights to compensation.

To have an income tax refund transferred to a third party, enter the amount provided for this purpose and check box 492. Also complete form CO-1055.2, *Autorisation de transmettre un remboursement d'impôt à un tiers*, and file it with the return or send it to the address indicated on the form.

## Instalment payments

A corporation subject to income tax, tax on capital and, in the case of financial institutions, compensation tax must, for the taxation year following the year covered by the return, calculate its instalments. For more information, refer to form CO-1027, *Calcul des acomptes provisionnels des sociétés*.

Each instalment must be paid to the Minister by the last day of each month of the taxation year.

*1027*

However, a corporation subject to income tax and tax on capital is not required to make monthly instalment payments if, pursuant to the *Taxation Act*, the total income tax and tax on capital payable (excluding compensation tax) for the current year or the preceding year is \$1,000 or less.

If the corporation is required to pay monthly instalments, refer to CO-1027, *Calcul des acomptes provisionnels des sociétés*, which will help you calculate the amount of each instalment.

To make your payment, use the COZ-1027.R form (*Versement mensuel d'impôt sur le revenu, de la taxe sur le capital ou de la taxe compensatoire par une société*) sent to you by Revenu Québec. You may present this form at an authorized financial institution, or mail Part 2 to Revenu Québec, enclosing a cheque or money order payable to the Minister of Revenue of Québec.

### Online payment

Certain financial institutions allow you to pay your monthly instalments online. For more information, consult Revenu Québec's Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

### Payment at a financial institution

A corporation may also pay instalments at a financial institution. Please note, however, that financial institutions will accept payment of the instalments only if you have the remittance slip (COZ-1027.R) that is attached to the statement of monthly remittances sent to you by Revenu Québec for the taxation year covered by the return. You can also order the slip from Revenu Québec by telephone or online.

### Interest on monthly payments

Interest, capitalized daily at the rate determined according to the rules provided for by regulation, is charged on every monthly remittance (or part thereof) that is not made on or before the due date. Additional interest of 10% per annum is charged on any unpaid remittance or portion of a remittance, where the instalment paid was less than 90% of the amount required. Interest accrues from the due date to whichever of the following dates is earlier: the date on which payment is made, or the last day of the two-month period following the end of the taxation year.

*1040*

For the purposes of calculating interest, the minimum payments a corporation is required to make are those whose total for the year corresponds to the lowest of the following amounts: the income tax actually due, the income tax for the preceding year or, if the latter is less than the income tax actually due, the income tax calculated in accordance with method B described in form CO-1027, *Calcul des acomptes provisionnels des sociétés*.

*1038, 4th par.*

### Special cases

Contact Revenu Québec or consult its Web site for information on how to calculate instalment payments if the corporation is in one of the situations described below:

- There were fewer than 183 days in the corporation's preceding taxation year.
- The corporation is a new corporation resulting from an amalgamation.
- All or substantially all of the property of a subsidiary was distributed to the parent corporation on the winding-up of the subsidiary.
- The corporation acquired, further to a rollover, all or substantially all of the property of another corporation with which it has a non-arm's length relationship.
- The corporation claimed the exemption provided for new corporations for the preceding year.

## VII Forms and schedules related to the *Déclaration de revenus des sociétés* and other guides

The forms and schedules referred to in sections I to VI of this guide must be completed where applicable, and either filed with the return or retained for audit purposes. In some cases, the corporation must file forms or schedules that are not referred to in sections I to IV.

### List of forms

See guide CO-17.G, page 84. The forms related to the *Déclaration de revenus des sociétés* are listed below. Some of the forms are referred to in this guide. The dots in the columns to the right of the titles indicate whether a form was available or in preparation at the time this guide was published.

Most of the forms listed are available at offices of Revenu Québec, and some are available on its Web site, at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

### List of schedules

For the purposes of this guide, a schedule is a document containing the information required by Revenu Québec and, if applicable, particulars of calculations to be included with the return. Some schedules consist of a copy of an existing document on which the schedule number is indicated in the top right-hand corner. See guide CO-17.G, page 89. A list of schedules is provided below, and a brief description of certain schedules follows.

### Description of certain schedules

#### CO-17S.9, *Sociétés liées*

This schedule is used to list related corporations, with their names and addresses, particulars of the intercorporate shareholdings and the nature of the ties (foreign parent corporation, Canadian parent corporation, foreign affiliate, Canadian affiliate, or associated corporation). Section 19 of the *Taxation Act* sets forth the cases in which corporations are related.

A corporation resulting from an amalgamation (within the meaning of section 544 of the Act) and one of the predecessor corporations are deemed to have been related persons before the amalgamation if the corporation resulting from the amalgamation had the same shareholders immediately before as immediately after the amalgamation (assuming that it existed immediately before the amalgamation).

#### CO-17S.10, *Transactions avec des actionnaires, des cadres ou des employés*

This schedule is used to itemize transactions made other than in the ordinary course of business, where the transactions were made with shareholders, officers of the corporation or employees and relate to

- property sold to or purchased from shareholders, officers or employees, including property respecting which an election was made under section 518 or 529 of the *Taxation Act*;
- amounts paid to (or on behalf of) shareholders, officers or employees, where the amounts were not part of their remuneration or a reimbursement of authorized expenses;
- loans granted or debts charged to shareholders, persons related to a shareholder, officers or employees, where the loans or debts had not been repaid by the end of the taxation year.

If, in the taxation year covered by the return, the corporation acquired or transferred property pursuant to section 518 or 529 of the Act, make sure that the required election forms were filed. Form TP-529-V, *Disposition of Property by a Partnership to a Taxable Canadian Corporation*, must be used when property is transferred from a partnership. In all other cases, use form TP-518-V, *Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*. These forms are available at all offices of Revenu Québec.

#### CO-17S.10A, *Transactions entre sociétés ayant un lien de dépendance*

Where an election under section 518 has been made with respect to a transaction between corporations not dealing at arm's length, indicate the name, address and registration number of the transferor (where all or substantially all of the transferor's property was transferred to the transferee).

In these circumstances, section 1027R9 of the *Regulation respecting the Taxation Act* requires that the transferee's basic tax instalment be calculated in accordance with that of the transferor.

**CO-17S.12, Paiements de redevances, d'honoraires ou autres paiements semblables**

If the corporation paid royalties, R&D fees, management fees, fees for technical assistance or similar amounts, list each payment and provide the name and address of each recipient.

**CO-17S.35, Sociétés de placements ou de fonds mutuels Société**

This schedule must be attached to the return of an investment corporation (within the meaning of section 1104 of the *Taxation Act*) or a mutual fund corporation (within the meaning of section 1117 of the *Taxation Act*). It must contain the following information:

- particulars of the refundable dividend tax on hand account;
- the calculation of federal and provincial capital gains refunds.

**CO-17S.37, Frais de publicité à l'étranger**

A corporation that is claiming a deduction for expenses related to advertising published in a non-Canadian newspaper or periodical or broadcast on a foreign radio or television station must use this schedule to list the amounts deducted for each newspaper, periodical or radio or television broadcasting firm.

## VIII Transmission of documents

The *Déclaration de revenus des sociétés* (form CO-17) and the enclosed documents should be placed in the following order when they are sent to Revenu Québec:

- a) cheque or money order payable to the Minister of Revenue;
- b) *Sommaire des champs à saisir des déclarations des sociétés* (form COR-17.W-V), if the corporation files a computer-generated return or a facsimile
- c) *Déclaration de revenus des sociétés* (form CO-17);
- d) forms related to the *Déclaration de revenus des sociétés* (as applicable):
 

1. CO-1140 or CO-1167	11. CO-771.R.3	21. CO-1029.8.35
2. CO-1027.VE	12. CO-771.12	22. CO-1029.8.36.5
3. CO-17.A.1	13. CO-1138.1	23. CO-1029.8.36.7
4. CO-17S.2	14. CO-1159.2	24. CO-1029.9
5. CO-17S.3	15. RD-222	25. FM-220.3
6. CO-17S.4	16. RD-1029.7	26. CO-1137.E
7. CO-130.A	17. RD-1029.8.6	27. CO-1175.4
8. CO-130.B	18. CO-1029.8.33.13	28. CO-1029.8.36.SD
9. CO-17S.232	19. RD-1029.8.10	29. CO-1029.8.36.AI
10. CO-771	20. CO-1029.8.33.6	30. and any other applicable forms and schedules;
- e) information slips (RL slips), in numerical order;
- f) official receipts;
- g) financial statements;
- h) *Demande par une société d'un report rétrospectif de perte* (form CO-1012), if applicable;
- i) *Power of Attorney, Authorization to Communicate Information, or Revocation* (form MR-69-V).

The income tax return and attached documents may be submitted to any office of Revenu Québec listed at the end of this guide, or mailed to one of the following offices:

Revenu Québec  
3800, rue de Marly  
Case postale 25333  
Sainte-Foy (Québec) G1X 4A5

Revenu Québec  
Complexe Desjardins  
Case postale 3000, succursale Desjardins  
Montréal (Québec) H5B 1A4

## IX Work charts

### 253 Maximum allowable deduction for gifts or donations

**NOTE**

For taxation years beginning after December 31, 2003, gifts of capital property that has increased in value are no longer subject to the requirement that the gifts must be related to the donee's mission in order for the 25% increase in the limit established on the basis of the donee's income to apply.

Corporation's income for the year			<b>A</b>		1
Corporation's income for the year, calculated before any deductions under section 800 of the <i>Taxation Act</i>					2
Applicable rate			<b>75%</b>		3
Multiply line 2 by 75%.					4
Taxable capital gains for the year*					5
Taxable capital gains for the year, because of the application of section 234.0.1 of the Act	+				6
Amount included in the corporation's income for the year, under section 94 of the Act, for the class of property in question		<b>B</b>			7
Total of the amounts determined in respect of a disposition that is the making of a gift of property**		<b>C</b>			8
Enter amount B or amount C, whichever is lower.	+				9
Add lines 5, 6 and 9.	=				10
Applicable rate	x		<b>25%</b>		11
Multiply line 10 by 25%.	=				12
Add lines 4 and 12. Carry amount A or amount D, whichever is lower, to line 253 of form CO-17.	=		<b>D</b>		13
<b>Maximum allowable deduction for gifts or donations</b>					

\*Capital gains resulting from a disposition that is the making of a gift of property related to the donee's mission, which gift was made by the corporation in the year, and is described in paragraph (a) of section 710 of the Act. A property is related to the donee's mission if the donee acquired the property in connection with its primary mission and can use the property without being required to sell it.

\*\*Total of the amounts determined in respect of a disposition that is the making of a gift of property belonging to a class of property related to the donee's mission, which gift was made by the corporation in the year, and is described in paragraph (a) of section 710 of the Act. Each of the amounts is equal to the lower of the following: the proceeds of disposition of this property (minus all outlays made or expenditures incurred by the corporation for the purpose of making the disposition), or its capital cost.

<b>265-01A Deduction respecting an IFC</b>				
Gross income from the activities of the IFC				1
Total income		÷		2
Divide line 1 by line 2.		=		3
Salaries and wages attributable to the activities of the IFC*				4
Total salaries and wages		÷		5
Divide line 4 by line 5.		=		6
Add lines 3 and 6.				7
		÷	<b>2</b>	8
Divide line 7 by line 2.		=		9
Adjusted net income**		x		10
Multiply line 9 by line 10.	<b>Adjusted net income</b>	=		11
		x	<b>75%</b>	12
Multiply line 11 by 75%. Carry the result to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 01 in box 265i (or in box 266i, if you have already entered a code in box 265i).				13
	<b>Deduction respecting an IFC</b>	=		13

\*Salaries and wages giving entitlement to the exemption from the contribution to the health services fund.

\*\*The net income for income tax purposes of the IFC otherwise determined for the taxation year, excluding any dividend income, any interest income net of interest expenditures directly attributable thereto, with the exception of interest income from the carrying out of a qualified international financial transaction (QIFT), any net capital gain and any other income giving rise to a deduction in the calculation of the IFC operator's taxable income, and reduced by the amount of any charitable donation made by the operator during the taxation year.

<b>265-01B Deduction respecting an IFC</b>		(taxation year beginning before June 13, 2003, and ending after June 12, 2003)	
Amount provided			1
Amount provided	x	<b>25%</b>	x
\$			x
		Number of days in the taxation year after June 12, 2003	=
		Number of days in the taxation year	2
Subtract line 2 from line 1. Carry the result to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 01 in box 265i (or in box 266i, if you have already entered a code in box 265i).			3
	<b>Deduction respecting an IFC</b>	=	3

**265-02 Deduction respecting a labour-sponsored fund**

Amount from line 252 of form CO-17				1																						
Total of the amounts shown on lines 253 through 264 of form CO-17	-			2																						
Subtract line 2 from line 1.	=		<b>A</b>	3																						
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Amount A</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: center;">Number of days in the taxation year before June 13, 2003</td> <td style="width: 5%;"></td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td style="border: 1px solid black; text-align: center;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;"></td><td style="width: 20%;"></td></tr> </table> </td> <td style="text-align: center;">x</td> <td style="border: 1px solid black; text-align: center;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table> </td> <td style="text-align: center;">=</td> <td style="border: 1px solid black; text-align: center;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table> </td> <td style="text-align: right; vertical-align: middle;">4</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">Number of days in the taxation year</td> <td colspan="2"></td> <td></td> </tr> </table>					Amount A		Number of days in the taxation year before June 13, 2003				<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;"></td><td style="width: 20%;"></td></tr> </table>			x	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table>		=	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table>		4			Number of days in the taxation year			
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		Number of days in the taxation year																								

Carry the result (amount B) to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 02 in box 265i (or in box 266i, if you have already entered a code in box 265i).

**265-08A Deduction for small and medium-sized manufacturing businesses in the resource regions**

Amount of the deduction				1																						
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Amount of the deduction</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: center;">Number of days in the taxation year <b>after</b> June 12, 2003</td> <td style="width: 5%;"></td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td style="border: 1px solid black; text-align: center;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;"></td><td style="width: 20%;"></td></tr> </table> </td> <td style="text-align: center;">x</td> <td style="border: 1px solid black; text-align: center;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%; text-align: center;"><b>25%</b></td></tr> </table> </td> <td style="text-align: center;">x</td> <td style="border: 1px solid black; text-align: center;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table> </td> <td style="text-align: right; vertical-align: middle;">2</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">Number of days in the taxation year</td> <td colspan="2"></td> <td></td> </tr> </table>	Amount of the deduction		Number of days in the taxation year <b>after</b> June 12, 2003				<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;"></td><td style="width: 20%;"></td></tr> </table>			x	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%; text-align: center;"><b>25%</b></td></tr> </table>	<b>25%</b>	x	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table>		2			Number of days in the taxation year				=	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 100%;"></td></tr> </table>		3
Amount of the deduction		Number of days in the taxation year <b>after</b> June 12, 2003																								
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<b>25%</b>																										
		Number of days in the taxation year																								

Subtract line 2 from line 1. Carry the result to line 265 of the return (or to line 266, if you have already reported an amount on line 265). Indicate code 08 in box 265i (or in box 266i, if you have already entered a code in box 265i). **Deduction for small and medium-sized manufacturing businesses in the resource regions**

**335 Deduction respecting an IFC**

Amount provided		1
$  \begin{array}{c}  \text{Amount provided} \\  \$ \boxed{\phantom{0000}} \times \boxed{25\%} \times \boxed{\phantom{000000}}  \end{array}  $	$  \begin{array}{c}  \text{Number of days in the} \\  \text{taxation year} \\  \text{after June 12, 2003} \\  \boxed{\phantom{000000}}  \end{array}  $	2
Subtract line 2 from line 1. Carry the result to line 335 of the return.	<b>Deduction respecting an IFC</b>	3

**393-07A Deduction respecting an IFC (taxation year beginning after March 30, 2004)**

Gross income from the activities of the IFC		1
Total gross income	÷	2
Divide line 1 by line 2.	=	3
Salaries and wages attributable to the activities of the IFC*	÷	4
Total salaries and wages	÷	5
Divide line 4 by line 5.	=	6
Add lines 3 and 6.	=	7
Divide line 7 by line 2.	÷	8
Paid-up capital**	×	9
Multiply line 9 by line 10.	=	11
Multiply line 11 by 75%. Carry the result to line 393 of the return and indicate code 07 in box 393i.	×	12
<b>Deduction respecting an IFC</b>	=	13

\*Salaries and wages giving entitlement to the exemption from the contribution to the health services fund.

\*\*Paid-up capital calculated on line 392 of the return.



## More offices to serve you better

### Gatineau

170, rue de l'Hôtel-de-Ville, 6<sup>e</sup> étage  
Gatineau (Québec) J8X 4C2  
(819) 770-1768 or 1 800 267-6299

### Jonquière

2154, rue Deschênes  
Jonquière (Québec) G7S 2A9  
(418) 548-4322 or 1 800 267-6299

### Laval

4, Place-Laval, bureau RC-150  
Laval (Québec) H7N 5Y3  
(450) 972-3320 or 1 866 540-2500

### Longueuil

Place-Longueuil  
825, rue Saint-Laurent Ouest  
Longueuil (Québec) J4K 5K5  
(450) 928-8820 or 1 866 490-2500

### Montréal

- Complexe Desjardins  
C. P. 3000, succursale Desjardins  
Montréal (Québec) H5B 1A4  
(514) 873-2600 or 1 866 440-2500
- Village Olympique, pyramide Est  
5199, rue Sherbrooke Est, bureau 4000  
Montréal (Québec) H1T 4C2  
(514) 873-2610 or 1 866 460-2500
- Les Galeries Saint-Laurent  
2215, boulevard Marcel-Laurin  
Saint-Laurent (Québec) H4R 1K4  
(514) 873-6120 or 1 866 570-2500

### Québec

200, rue Dorchester  
Québec (Québec) G1K 5Z1  
(418) 659-6299 or 1 800 267-6299

### Rimouski

212, avenue Belzile, bureau 250  
Rimouski (Québec) G5L 3C3  
(418) 727-3572 or 1 800 267-6299

### Rouyn-Noranda

19, rue Perreault Ouest, RC  
Rouyn-Noranda (Québec) J9X 6N5  
(819) 764-6761 or 1 800 267-6299

### Saint-Jean-sur-Richelieu

855, boulevard Industriel  
Saint-Jean-sur-Richelieu (Québec) J3B 7Y7  
(450) 349-1120 or 1 866 470-2500

### Sainte-Foy

3800, rue de Marly  
Sainte-Foy (Québec) G1X 4A5  
(418) 659-6299 or 1 800 267-6299

### Sept-Îles

391, avenue Brochu, bureau 1.04  
Sept-Îles (Québec) G4R 4S7  
(418) 968-0203 or 1 800 267-6299

### Sherbrooke

2665, rue King Ouest, 4<sup>e</sup> étage  
Sherbrooke (Québec) J1L 2H5  
(819) 563-3034 or 1 800 267-6299

### Sorel-Tracy

101, rue du Roi  
Sorel-Tracy (Québec) J3P 4N1  
(450) 928-8820 or 1 866 490-2500

### Trois-Rivières

225, rue des Forges, bureau 400  
Trois-Rivières (Québec) G9A 2G7  
(819) 379-5360 or 1 800 267-6299

Information service for persons with a hearing impairment  
Montréal: (514) 873-4455 — Elsewhere in Canada: 1 800 361-3795

We invite you to visit our Web site at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

I-2004-08