

RESOURCE REGIONS CALENDAR YEARS 2001 TO 2010¹

Refundable Tax Credit for Processing Activities in the Resource Regions OLD SYSTEM

SUMMARY

To encourage economic diversification in resource regions and stimulate the development and expansion of businesses, tax assistance was implemented in 2001 regarding specific activities carried out in certain manufacturing and processing sectors.

To be eligible for the tax credit for processing activities in the resource regions (hereafter “Old RR System”), a corporation must have begun operating its recognized business no later than March 31, 2008. A corporation that is eligible under the Old RR System may elect to continue to benefit from this tax credit until the expiry date of December 31, 2010, at the 30% rate. In that event, the corporation shall not be eligible for the Revenu Québec investment tax credit for manufacturing and processing equipment (hereafter “ITC”) except in respect of eligible investments made as of the taxation year following the one that includes December 31, 2010.

However, for a taxation year ending after March 13, 2008, and subsequent taxation years, such a corporation or a corporation associated with it may irrevocably elect to claim the ITC in lieu of the tax credit for processing activities in the resource regions. Making this election irrevocably cancels entitlement to the tax credit under the Old RR System that the corporation could have claimed for the calendar year ending in the taxation year in which such election was made, as well as subsequent calendar years.

Note: Unless otherwise specified, the expression “tax credit” may refer to the old system or the new system.

Nature of Tax Assistance and Calculation Method

The tax assistance consists of a refundable tax credit based on the increase in payroll attributable to eligible employees of an eligible corporation.

The rate of the tax credit is 40% for years prior to 2003, 35% for 2003 and 30% for subsequent years. It is calculated as follows:

¹ In regard to the tax credit for calendar year 2010, the eligible corporation cannot benefit from the 30% credit rate unless it has elected to remain eligible under the Old RR System. If the company has not so elected, it is eligible for the New RR System tax measure by reason only of the law. We encourage you to consult the detailed fact sheet entitled “Tax Credit for Processing Activities in the Resource Regions – New System.”

- For the first two years of eligibility of a corporation whose base calendar year is 2000 or 2001, the tax credit corresponds to:

$$\text{Applicable tax credit rate multiplied by} \left(\begin{array}{l} \text{all eligible wages paid by the} \\ \text{corporation to its eligible} \\ \text{employees for the calendar} \\ \text{year} \end{array} - \begin{array}{l} \text{90\% of all eligible wages paid by} \\ \text{the corporation to its eligible} \\ \text{employees for its base calendar} \\ \text{year} \end{array} \right)$$

- For all other years of eligibility of a corporation, until December 31, 2010, the tax credit corresponds to:

$$\text{Applicable tax credit rate multiplied by} \left(\begin{array}{l} \text{all eligible wages paid by the} \\ \text{corporation to its eligible} \\ \text{employees for the calendar} \\ \text{year}^2 \end{array} - \begin{array}{l} \text{all eligible wages paid by the} \\ \text{corporation to its eligible} \\ \text{employees for its base calendar} \\ \text{year} \end{array} \right)$$

Special rules apply when an eligible corporation, as the case may be:

- has both an establishment in an eligible region and another establishment elsewhere in Québec;
- is associated with one or more other corporations;
- carries out activities previously carried out by another entity such as a corporation, general partnership, or person (transfer of activities from one person to another), as well as in the event of a merger or amalgamation or of the liquidation or winding-up of corporations.

Starting in calendar year 2003, where a corporation holds more than one eligibility certificate for any of the tax credits available in the regions, the *Taxation Act* stipulates that the increase in payroll attributable to eligible employees under any of these credits must be calculated on a consolidated basis starting from the same base calendar year.

Accordingly:

- a corporation that holds more than one eligibility certificate for this tax credit, the refundable tax credit for Gaspésie and certain maritime regions of Québec and/or the refundable tax credit for Aluminum Valley must calculate the increase in payroll attributable to all its employees carrying out eligible activities for any of these credits;
- this increase must be determined using the eligible wages paid to such eligible employees for the base calendar year applicable for the first eligibility certificate issued to the corporation.

For instance, if a corporation holds an eligibility certificate for the refundable tax credit for Aluminum Valley that takes effect as of calendar year 2000 (with a base calendar year of 1999) and an eligibility certificate for the refundable tax credit for processing activities in the resource regions that takes effect in calendar year 2001 (with a base calendar year of 2000), the corporation's tax credit for these two tax measures is calculated on a consolidated basis **as of calendar year 2003**. The following rules apply:

² The total wages paid by a corporation to its eligible employees for the calendar year used to calculate the tax credit are adjusted for calendar years 2008 to 2010. This amount is reduced by 2% for calendar year 2008, by 4% for calendar year 2009 and by 6% for calendar year 2010.

- The corporation's base calendar year for both eligibility certificates is calendar year 1999, i.e. the base calendar year applicable for the first eligibility certificate issued to the corporation. Accordingly, the increase in eligible payroll is calculated, for all activities of the corporation eligible for any of these tax credits, using the corporation's eligible payroll for calendar year 1999.
- The increase in eligible payroll is calculated on a consolidated basis for all eligible employees under any of the eligibility certificates. Accordingly, the corporation must calculate the number of its employees that are eligible for any of the tax credits for calendar year 2003 and compare the total wages paid to such employees for calendar year 2003 with the total wages paid to all eligible employees under any of these tax credits for calendar year 1999.

Special considerations apply when a corporation concurrently carries out activities that are eligible for this tax credit and activities related to the marine biotechnology or sea-farming sectors. For more information, see the detailed fact sheet on the old system for the tax credit for Gaspésie and certain maritime regions of Québec.

For more information on calculations under the Old RR System, consult your tax advisor or Revenu Québec.

Eligibility of the Corporation and of Its Activities (Recognized Business)

Among the conditions that must be satisfied to qualify for this tax credit, a corporation must, during a calendar year, have an establishment in Québec and carry on a recognized business in an eligible region.

According to the *Taxation Act*, some corporations cannot qualify for the purposes of this measure. These include corporations that, for a taxation year:

- are exempt from tax;
- are Crown corporations or wholly owned subsidiaries of such a corporation.

ELIGIBLE ACTIVITIES

A recognized business, for a given taxation year, means a business carried on by the corporation for which Investissement Québec issued an eligibility certificate and that carries on activities in the following sectors:

Wood

- Manufacturing and processing of finished or semi-finished products from wood, including drying and planing.
- Manufacturing and processing of palette components (as of calendar year 2002 only).
- Manufacturing and processing of paper and cardboard products.

For example: manufacturing of containers, stationery items, furniture and engineered wood.

Energy

- Environmentally friendly production of non-conventional energy from biomass or hydrogen.
- Manufacturing of products for the production or use of energy.

Food

- Manufacturing and processing of food (for example: slaughtering of animals, manufacturing of animal feed, preserving, etc.).

Metals

- Manufacturing and processing of finished or semi-finished products from metal (for example: manufacturing of hardware items, automobile parts, metal frames, etc.).

Other Sectors

- Manufacturing of finished or semi-finished products from peat or slate.³
- Manufacturing and processing of finished or semi-finished products from precious stones or fine stones, including the setting of such stones and the manufacturing of jewellery.
- Development and recycling of waste and residual materials resulting from natural resource development or processing.
- Freshwater aquaculture.
- Printing and publishing, including activities relating to typesetting, printing, collating, folding and bundling.
- Manufacturing and processing of finished or semi-finished products from non-metallic minerals (as of calendar year 2002 only).

At the time this tax credit was implemented, the manufacturing activities relating to the **specialized equipment** mentioned below were eligible activities.

- Manufacturing of specialized equipment for forest development or wood processing.
- Manufacturing of specialized equipment for the manufacturing of paper and cardboard.
- Manufacturing of specialized equipment for mining development or metal processing.
- Manufacturing of specialized equipment for the production or use of energy.
- Manufacturing of specialized equipment for freshwater aquaculture.

These activities have been excluded since June 12, 2003. A corporation that submitted an application for an eligibility certificate to Investissement Québec for this tax credit relating to such activities can, however, benefit from the credit relating to these activities up to calendar year 2003 inclusive.

For 2004 and subsequent calendar years, manufacturing of finished products from the various materials covered by this credit also includes manufacturing equipment, whether specialized or not, regardless of the intended sector or application. Consequently, a corporation that manufactures such equipment using metals or non-metallic minerals continues to be eligible for this tax credit until December 31, 2010.

Similarly, starting in calendar year 2004, a corporation that manufactured specialized equipment previously covered by the tax credit for the Aluminum Valley or by the tax credit for Gaspésie and certain maritime regions of Québec can submit an application for an eligibility certificate for this tax credit if such equipment is manufactured using any of the materials covered by this tax credit. The new eligibility certificate issued to the corporation will then be valid, where appropriate, until December 31, 2010.

This equipment is the following:

- Specialized equipment for the production of wind power.

³ Starting in calendar year 2010, if these activities are carried out in the Bas-Saint-Laurent or Côte-Nord regions, they must be claimed under the new system of the refundable tax credit for Gaspésie and certain maritime regions of Québec. However, the corporation may elect to maintain a 30% credit rate until December 31, 2010. In that case, the terms and provisions of this system apply.

- Specialized equipment for sea farming.
- Specialized equipment for aluminum production or aluminum processing companies.

For example, assume a corporation that manufactures specialized equipment for aluminum production or aluminum processing businesses obtained an eligibility certificate for the tax credit for the Aluminum Valley that came into force in calendar year 2000. In view of the exclusions mentioned above, this corporation can enjoy the tax benefits relating to this tax credit only for calendar years 2000 to 2003 inclusive. However, because the equipment is made of metal, the corporation can claim the tax credit for processing activities in the resource regions. If it satisfies the eligibility conditions, it can receive this tax credit until December 31, 2010. Its base calendar year will be 1999, the same year as for its former eligibility certificate.

In general, the activities covered by this credit also include:

- marketing activities incidental to the activities of the recognized business for the years in which they are eligible;
- as of calendar year 2005, marketing activities incidental to the manufacturing or processing activity relative to the product or equipment, by a business associated with the eligible corporation, for the years during which such activity is eligible.

EXCLUDED ACTIVITIES

Excluded activities for the purposes of this tax credit include activities relating to the manufacturing of paper pulp, paper or cardboard, the primary processing of metals (ingots, plates, rods, sheets, etc.), the manufacturing of structural lumber or similar products, including sawing of logs or bolts, and food manufacturing and processing activities carried out in particular in restaurants, hotels, shopping centres (fast-food counters), supermarkets and grocery stores.

From March 23, 2006, subject to the transitional rules set out below, installation activities that are ancillary to manufacturing or processing activities carried out by a corporation or associated business are specifically excluded for the purposes of this tax credit.

Similarly, the activities covered by the refundable tax credit for the Aluminum Valley and by the refundable tax credit for Gaspésie and certain maritime regions of Québec are not recognized as eligible activities of a recognized business.

In this regard, the definition of the term “**wind generator**” has been clarified. Accordingly, a corporation whose activities consist in manufacturing any of the principal components of a wind generator and that submitted a written application for an eligibility certificate for such activities to Investissement Québec before November 12, 2004, can receive the refundable tax credit for processing activities in resource regions for calendar years 2001–2005 if it meets the other application conditions. As of calendar year 2006, manufacturing a “wind generator” includes manufacturing its main components. Accordingly, a corporation that manufactures such components is considered to be a wind generator manufacturer and must comply with the requirements of the tax credit for Gaspésie and certain maritime regions of Québec.

Moreover, starting in calendar year 2010, the definition of “recognized business” excludes a business that carries out any of the following activities:

- manufacturing and processing finished or semi-finished products from peat;
- manufacturing and processing finished or semi-finished products from slate.

Marketing activities incidental to these activities are also excluded from the definition of “recognized business.”

This exclusion applies only to businesses operated in the Bas-Saint-Laurent and Côte-Nord administrative regions.

In addition, starting in calendar year 2010, such activities carried out in these two administrative regions fall under the new system of the tax credit for Gaspésie and certain maritime regions of Québec, unless the corporation has elected, for its taxation year that includes December 31, 2010, to continue benefiting from a 30% credit rate, in accordance with the terms and conditions of this credit.

TRANSITIONAL RULES FOR INSTALLATION ACTIVITIES OF AN ELIGIBLE CORPORATION OR CORPORATION ASSOCIATED WITH SUCH CORPORATION

Notwithstanding the exclusion mentioned above, an eligible corporation for which an eligibility certificate was issued by Investissement Québec before March 23, 2006, or which filed an eligibility certificate application with Investissement Québec prior to that date, may continue to benefit from the tax credit for installation activities ancillary to the manufacturing or processing activities of a corporation or associated business, but only until December 31, 2007.

Furthermore, Investissement Québec may, in exceptional circumstances, issue an eligibility certificate for a corporation with respect to the above installation activities, even if the certificate application was filed on or after March 23, 2006. Accordingly, a corporation may obtain an eligibility certificate for such installation activities if it results from a business restructuring, such as a merger, and if one of the replaced corporations was, immediately prior to the restructuring, eligible for the tax credit for the relevant installation activities.

Similarly, a parent corporation that winds up a wholly owned eligible corporation and is engaged in the relevant installation activities may obtain an eligibility certificate. Finally, an eligible corporation may obtain an eligibility certificate for activities including the specified installation activities if it carries on a recognized business whose installation activities were formerly carried out by an associated corporation. However, in all these cases, the eligibility certificate will only be issued with respect to activities carried out until December 31, 2007.

OTHER CONSIDERATIONS

To be recognized as activities of a recognized business, manufacturing or processing activities must be carried out in an eligible region.

To be considered to be a “recognized business”, the corporation must show Investissement Québec that the business for which an application is filed will contribute, within a reasonable time, to the **creation of at least three full-time jobs** in an establishment of the corporation located in the eligible region.

For the purposes of the last criterion, Investissement Québec may include part-time or seasonal jobs which, taken as a whole, are the equivalent of a minimum of three full-time jobs. In addition, the increase in the number of days worked by existing employees may be included for the purposes of this criterion.

Investissement Québec defines a full-time job as a job involving 26 hours of work per week for 40 weeks a year.

Lastly, the eligible corporation must, as of calendar year 2003, obtain an annual eligibility certificate from Investissement Québec confirming the eligible activities of the corporation for the tax credit.

Eligible Regions

The eligible regions consist of the territories included in the following administrative regions and RCMs:

- Bas-Saint-Laurent
- Saguenay–Lac-St-Jean
- Mauricie
- Abitibi-Témiscamingue
- Côte-Nord
- Nord-du-Québec
- Gaspésie–Îles-de-la-Madeleine⁴
- Antoine-Labelle RCM
- La Vallée-de-la-Gatineau RCM
- Pontiac RCM

Eligible Employee

To be eligible, the employee must:

- work at an establishment of an eligible corporation located in an eligible region;

AND

- allocate at least 75% of his or her time to duties consisting in carrying out, supervising or directly supporting activities of the recognized business, which does not include, among others, duties relating to general administration.

In addition, an eligible corporation must, as of calendar year 2003, obtain an annual eligibility certificate issued by Investissement Québec confirming that the employee's duties satisfy this requirement.

A corporation may hold more than one eligibility certificate regarding various recognized businesses it carries on. In that case, an employee may qualify as an eligible employee, in relation to each of the recognized businesses of the employer when at least 75% of his or her duties are devoted to carrying out, supporting or directly supervising the activities of such recognized businesses carried on by the eligible corporation, considered as a whole.

For example, an employee who devotes 40% of his or her time to supporting the activities of recognized business A and 60% to supporting the activities of recognized business B may qualify as an eligible employee for the purposes of the tax credits in question. For the purposes of calculating the tax credit for calendar years 2000 to 2002, the wage of such employee is divided among the various recognized businesses of the eligible corporation according to the time the employee allocates directly to each of them. In this example, the eligible corporation calculates the increase in payroll of business A by including 40% of the eligible wages paid to the employee and that of business B by including 60% of the eligible wages paid to that employee.

For 2003 and subsequent calendar years, as mentioned in the section entitled “Nature of Tax Assistance and Calculation Method,” the calculation is made on a consolidated basis.

Moreover, employee qualification must be established for each period during a calendar year. Finally, as of calendar year 2003, a period is defined as a pay period.

⁴ Starting in calendar year 2010, the Gaspésie–Îles-de-la-Madeleine administrative region is no longer considered to be an eligible region under either the new or old RR systems. However, a corporation that operates a recognized business in this administrative region that is eligible under the Old RR System on December 31, 2009, becomes eligible under the new system of the tax credit for Gaspésie and certain maritime regions of Québec in respect of said recognized business. The consequences of this revised tax measure are described in the detailed fact sheet entitled “Tax Credit for Gaspésie and Certain Maritime Regions of Québec – New System.”

Employee Assigned to Research and Development Activities

An employee who devotes 25% or more of his or her time to R&D activities during a given pay period is not eligible for the tax measure for that pay period.

Eligible Wages

The eligible wage corresponds to employment income generally calculated under the *Taxation Act* but does not include:

- *for an employee whose activities relate to marketing*, director's fees, a bonus, remuneration for work done in excess of normal work hours and taxable benefits that must be included in the employee's income;
- *for other employees*, director's fees, a bonus, performance premium, remuneration for work done in excess of normal work hours, a commission and taxable benefits that must be included in the employee's income.

The wages for which the tax credit is claimed must have been paid at the time of filing the claim with Revenu Québec.

Nature of the Tax Credit and Claim

This tax credit is a refundable tax credit. When the credit exceeds the tax payable, the corporation can obtain a refund of such excess. The tax credit is calculated and claimed at the end of the taxation year when filing the corporation's tax return. In addition, the tax credit obtained is taxable.

To claim the tax credit regarding a given calendar year, an eligible corporation must enclose, with its tax return for its taxation year in which such calendar year ends, the form prescribed by Revenu Québec and a copy of the eligibility certificate issued by Investissement Québec. For calendar year 2003 and subsequent calendar years, the corporation must also enclose a copy of the annual certificates regarding employees (for the calendar year of the claim and for the base calendar year), as well as the annual eligibility certificate for activities.

In all cases, Investissement Québec considers applications for certificates and annual certificates to be complete if they are signed, if all the sections thereof are duly completed and if they are accompanied by all the documentation required in the form, including, if applicable, a power of attorney authorizing a representative to act on the corporation's behalf.

Base Calendar Year

For eligible corporations whose eligibility certificate for this credit came into effect before January 1, 2002, the base calendar year is 2000. For the other eligible corporations, the base calendar year is the calendar year preceding the year that the corporation's eligibility certificate for the purposes of this credit takes effect.

Despite the foregoing, in the case of an eligibility certificate application made after June 22, 2005, or that of an eligibility certificate application made before June 22, 2005, in which an adjustment of the base calendar year is requested for after that date, the base calendar year for a corporation may be set no more than two years prior to the calendar year in which the application is made. For example, a corporation that submitted a **complete** application for an eligibility certificate to Investissement Québec in 2006 was entitled to select 2004 or 2005 as the base calendar year.

Furthermore, in cases where a complete application for an eligibility certificate was submitted before June 22, 2005, Investissement Québec may establish the base calendar year by considering the filing date of an income tax return for Revenu Québec.

As of calendar year 2003, if a corporation holds more than one eligibility certificate for one or more tax credits available in the regions, it must consider a single reference calendar year, i.e. the one applicable to the first eligibility certificate issued to the corporation.

Election of Applicable Tax Assistance

A corporation eligible for both the refundable tax credit in the resource regions and Revenu Québec's ITC⁵ may, for a taxation year ending after March 13, 2008, irrevocably elect to receive the ITC in lieu of the Old RR System tax credit.

Making this election irrevocably cancels the right to the tax credit under the Old RR System that the corporation could have claimed for the calendar year ending in said taxation year and for subsequent calendar years. If it does not so elect, the corporation may continue to receive this credit according to existing terms and conditions until it expires, insofar as, for calendar year 2010, it has elected to continue to benefit from the Old RR System.

Moreover, where an eligible corporation is associated, during a taxation year, with another corporation that is eligible for a tax credit for the regions, the election to claim the ITC from Revenu Québec, for a taxation year ending after March 13, 2008, must be made jointly by the eligible corporation and by any other corporation with which it is associated. This election must be indicated no later than the income tax return filing deadline applicable to the eligible corporation that wishes to claim the ITC.

Making this election irrevocably cancels the right to the tax credit under the Old RR System, according to the terms and conditions currently in effect, which the member corporation of the group of associated corporations could have claimed for the calendar year ending in the taxation year for which the election is made, and for subsequent calendar years. A member corporation of a group of associated corporations that are already eligible under the Old RR System can continue to receive such credit, according to the terms and conditions currently in effect, until it expires, if no other member corporation of the group elects to claim the ITC.

Interaction with Other Tax Credits, Assistance or Benefits

According to certain terms and conditions stipulated in the *Taxation Act*, the amount of wages considered for the purposes of calculating the tax credit must be reduced by the amount of any government or non-government assistance and any profit or gain, as well as by the amount of wages for which another refundable tax credit is granted or regarding which a tax credit for on-the-job internships was or will be granted.

These reductions for the base calendar year may not exceed the reductions calculated for the calendar year regarding which the tax credit is claimed.

As of April 22, 2005, the reimbursement of assistance, a benefit or other amount that previously served to reduce the amount of wages for the purpose of calculating the tax credit granted to the corporation will be added to the amount of the wages for the purposes of the tax credit to which such corporation is entitled.

Furthermore, where an eligible corporation, in a given taxation year, receives, is entitled to receive or may reasonably expect to receive assistance, a benefit or other amount attributable to an expense of

⁵ This credit was introduced in the 2008–2009 Budget Speech.

the corporation for which a tax credit has been granted, the corporation must pay a special tax stipulated in the *Taxation Act* for that year. As with any tax prescribed by the Act, it is the corporation's responsibility to assess itself for such tax, if applicable, and the entire process is subject to audit by Revenu Québec.

For more information on the interactions between the Old RR System and the other tax measures stipulated in the *Taxation Act*, we recommend that you consult your tax advisor or Revenu Québec.

Tax Credit Eligibility Period

A corporation may be eligible for this tax measure from calendar year 2001 until December 31, 2010, if, in the latter case, it elects to avail itself of its right to continue to benefit from the Old RR System. However, operation of a recognized business in the eligible region must begin no later than March 31, 2008, and the application for an initial certificate must be received by Investissement Québec no later than December 31, 2009.

Cancellation for Major Unforeseen Incidents

Since calendar year 2002, Investissement Québec can, at the request of an eligible corporation, cancel the eligibility certificate issued to it when a major unforeseen incident⁶ occurs. However, such cancellation only becomes effective as of the calendar year following the last calendar year for which the tax credit was claimed.

Afterwards, the eligible corporation may apply for a new eligibility certificate regarding a subsequent calendar year if it satisfies the other eligibility conditions. It must resume carrying on its business before March 31, 2008, or before the end of the second calendar year following the one in which it ceased its activities, based on the later of the two dates.

In the event that the corporation resumes its activities in the same municipality or in a municipality no more than 40 km away, the base calendar year relating to the second certificate will then correspond to the calendar year preceding the one during which the corporation again became eligible for the tax credit.

In the event that the corporation resumes its activities in a municipality that is more than 40 km away, the base calendar year relating to the second certificate will then correspond to the base calendar year of the certificate that was cancelled.

Lastly, by way of example, the loss of a major client or any other consequence of normal business risks attributed, for instance, to difficult economic circumstances or fluctuations in capital or other markets, is not considered a major unforeseen incident.

Initial Eligibility

The corporation must apply initially to Investissement Québec no later than December 31, 2009, using the form provided for that purpose and enclose the required documentation, including a copy of the most recent financial statements of the corporation. This form is available on Investissement Québec's Web site or on request from the Department of Tax Measures of Investissement Québec.

The objective of the initial eligibility certificate is to confirm that a corporation satisfies the eligibility criteria of this refundable tax credit with respect to the activities it carries out and the job creation requirement.

⁶ For example, a fire that destroys a large part of the corporation's facilities.

Annual Eligibility Procedure

Starting in calendar year 2003, eligible corporations must obtain an annual eligibility certificate from Investissement Québec for their activities and an annual eligibility certificate for their employees. This form is available on Investissement Québec's Web site or by contacting the Department of Tax Measures of Investissement Québec.

The annual eligibility certificate identifies the eligible activities carried out by the corporation during the calendar year in question. It takes into account any changes that may have occurred over the course of the year and which affects such activities.

The annual certificate confirms that the employees covered by the certificate spent at least 75% of their time carrying out, supporting or directly supervising the activities of the recognized business. The corporation must obtain this certificate for the calendar year of the claim, as well as for the base calendar year.

For each taxation year for which the corporation intends to claim the tax credit, it must enclose a copy of its latest financial statements and an organization chart of its employees along with its certificate applications.

The other criteria and conditions covered by the *Taxation Act* are verified by Revenu Québec.

For the corporation to ensure that it does not lose its entitlement to the tax credit, annual certificate applications must be filed with Investissement Québec before the end of the fifteenth (15th) month following the end of the corporation's fiscal year. If the application is filed after that date but before the end of the eighteenth (18th) month following the end of the corporation's fiscal year, Revenu Québec may, at its discretion, agree to extend the deadline for filing the certificate. If the application is filed with Investissement Québec after the end of the eighteenth (18th) month following the end of the corporation's fiscal year, no extension of the deadline will be granted. Investissement Québec will consider an annual application admissible if it is duly completed, signed and accompanied by all the required documents, including the power of attorney, if applicable.

On-Site Visit

Investissement Québec reserves the right to visit an eligible corporation's facilities at any time during the eligibility period. Accordingly, the corporation must agree to allow Investissement Québec's representatives access to its facilities and provide any information requested by the latter during the visit.

Interim Financing of the Tax Credit

Investissement Québec may offer, in certain cases, a loan guarantee to ensure interim financing of the tax credit.

Rates Schedule

Since September 1, 2004, Investissement Québec has charged fees for the analysis of an eligibility application regarding the tax measures it administers. For more information, please see the [rates schedule](#) available on this Web site.

This detailed fact sheet is a summary of the tax policy taken from various publications of the Ministère des Finances du Québec and the Taxation Act. Other conditions may apply in certain cases.

While it may refer to certain provisions, of the Taxation Act in particular, this description is not an interpretation by Investissement Québec of the legislative provisions relating to the tax measure.

January 20, 2010