

**Original in French**

November 29, 2011

Mr. Claude Bachand  
Chair  
Committee on Public Finance  
Édifrice Pamphile-Le May  
3<sup>e</sup> étage, bureau 3.15  
1035, rue des Parlementaires  
Québec (Québec) G1A 1A3

**Subject: Bill 32 – *Act giving effect to the Budget Speech delivered on 17 March 2011 and to certain other budget statements and enacting the Act respecting the sectoral parameters of certain fiscal measures***

Dear Mr. Bachand:

The Québec Ombudsman reviews all bills and draft regulations tabled in the National Assembly or published in the *Gazette officielle du Québec*. When it deems necessary, it intervenes under section 27.3 of its constituting act, which empowers it to call the attention of the government to legislative, regulatory or administrative reforms it deems to be in the public interest.

I therefore read Bill 32 (*Act giving effect to the Budget Speech delivered on 17 March 2011 and to certain other budget statements and enacting the Act respecting the sectoral perimeters of certain fiscal measures*).

I was pleased to see that the Québec Ombudsman's recommendation to the Minister of Finance to allow direct deposits of the solidarity tax credit into accounts in a financial institution located outside of Québec is reflected in sections 87, 94 to 96, and 98 of the Bill.

However, I would like to comment on other aspects of the Bill of concern to me.

**Tax treatment of certain amounts repaid by a succession**

Following a complaint received by the liquidator of a succession, the Québec Ombudsman intervened with regard to Revenu Québec and the Ministère des Finances. In order prevent double taxation, we requested a less restrictive

interpretation of the *Taxation Act* when a succession must reimburse benefit amounts received by the deceased.

This request was approved, and at the Association de planification fiscale et financière convention last fall, Revenu Québec advised participants that the tax remedies called for could be applied retroactively.

The Québec Ombudsman's intervention also made the Ministère des Finances aware that double taxation of amounts repaid by a succession could not be avoided when the succession has insufficient income. In such cases, the losses could be applied against income and therefore be unusable.

Sections 59 to 61 and 101 to 104 of the Bill rectify this situation. However, requests for changes with regard to repayments made before January 1, 2010 must be filed before December 31, 2011. In my opinion, this is too tight a deadline for all concerned to be informed and take steps to have the required changes made on time.

Considering the fiscal impact this amendment can have on taxpayers and announcement of the measure in the information bulletin of December 21, 2010, I recommend that subsection 3 of the current section 104 be amended so that a request to the Minister can be submitted no later than December 31, 2013 for reimbursements made before January 1, 2010.

Respectfully yours,

*[French version signed]*

Raymonde Saint-Germain  
Ombudsperson

c.c.: Mr. Raymond Bachand, Minister of Finance and Minister of Revenue  
Mr. Jean St-Gelais, President and Chief Executive Officer, Revenu Québec  
Mr. Luc Monty, Deputy Minister of Finance  
Mr. Stéphane Bédard, Official Opposition House Leader  
Ms. Sylvie Roy, Leader of the Second Opposition Group  
Mr. Dany Henley, Secretary, Committee on Public Finance  
Ms. Catherine Gréas, Secretary, Committee on Institutions