

Capital Cost Allowance

Property Acquired After November 20, 2018

During the *Update on Québec's Economic and Financial Situation* presented on December 3, 2018, the Minister of Finance of Québec announced changes applicable to depreciable property acquired **after November 20, 2018**. These changes pertain to the capital cost allowance (hereafter "CCA") that can be claimed in the year of acquisition,¹ the calculation of the temporary additional CCA of 60% for property in class 50 or 53 and the implementation of a permanent additional CCA of 30% for certain property acquired after December 3, 2018.

These changes affect certain instructions provided in documents to be completed for the taxation year (or fiscal period, in the case of a partnership) **that ends in 2018**. These instructions pertain to:

- **columns G and H** of the table used to calculate CCA included in:
 - form CO-130.A, *Déduction pour amortissement* (2017-01),²
 - Schedule B of form TP-600-V, *Partnership Information Return* (2018-10);³

- **columns 6 and 7** of the table used to calculate CCA included in:
 - form TP-59-V, *Employment Expenses of Salaried Employees and Employees Who Earn Commissions* (2013-10),⁴
 - form TP-78-V, *Employment Expenses of Forestry Workers* (2012-10),⁴
 - form TP-78.4-V, *Employment Expenses of Salaried Musicians* (2012-10),⁴
 - Part 5 of form TP-80-V, *Business or Professional Income and Expenses* (2017-10),⁵
 - Part 4 of form TP-128-V, *Income and Expenses Respecting the Rental of Immovable Property* (2012-10),⁶
 - page 3 of form TP-128.F-V, *Income Earned by a Trust from the Rental of Immovable Property* (2016-10),⁷
 - Schedule F of form TP-646-V, *Trust Income Tax Return* (2018-10),⁸
- the calculation of the temporary additional CCA of 60% for property in classes 50 and 53.

The two tables below summarize the changes based on the dates of acquisition of the property concerned and indicate which work charts to complete to calculate:

- the amounts to enter in columns G and H, or 6 and 7, as applicable, of the CCA tables;
- the temporary additional CCA of 60%.

Table 1 – Property acquired after November 20, 2018, but before December 4, 2018

Type of depreciable property	Changes	Work chart
Class 43.1 or 43.2	For the year of acquisition: ⁹ <ul style="list-style-type: none"> • Suspension of the half-year rule; • UCC of the class increased by an amount up to: <ul style="list-style-type: none"> – the cost of class 43.2 property, – 7/3 of the cost of class 43.1 property. 	▶ CCA can reach 100% of the cost of the acquired property.
Class 50	For the year of acquisition: ¹⁰ <ul style="list-style-type: none"> • Suspension of the half-year rule; • UCC of the class increased by an amount up to half of the cost of the property. 	▶ CCA can reach three times the amount that could otherwise be deducted.
	Temporary additional deduction of 60%	4
Class 53	For the year of acquisition: ¹¹ <ul style="list-style-type: none"> • Suspension of the half-year rule; • UCC of the class increased by an amount up to the cost of the property. 	▶ CCA can reach 100% of the cost of the acquired property.
	Temporary additional deduction of 60%	4
Other classes of property (except 12, 13, ¹² 14 ¹³ and 15 ¹⁴)	For the year of acquisition: ¹⁵ <ul style="list-style-type: none"> • Suspension of the half-year rule; • UCC of the class increased by an amount up to half of the cost of the property. 	▶ CCA can reach three times the amount that could otherwise be deducted.

Table 2 – Property acquired after December 3, 2018

Type of depreciable property	Changes	Work chart
<ul style="list-style-type: none"> Qualified intellectual property¹⁶ Property in classes 43.1, 43.2, 50 and 53 for which an additional CCA of 30% can be claimed¹⁸ 	<ul style="list-style-type: none"> Property included in a separate class; For the year of acquisition:¹⁷ <ul style="list-style-type: none"> Suspension of the half-year rule, UCC of the class increased so that the UCC used to calculate the CCA is equal to the result of the following calculation: capital cost of the property ÷ rate of CCA for the class <p>▶ CCA can reach 100% of the cost of the acquired property.</p>	3
	Implementation of a permanent additional CCA of 30% for the following taxation year or the following fiscal period (in the case of a partnership)	N/A ¹⁹
<ul style="list-style-type: none"> Property in class 43.1 for which the additional CCA of 30% cannot be claimed Property in class 50 primarily used in Québec for which the additional CCA of 30% cannot be claimed 	<p>For the year of acquisition:²⁰</p> <ul style="list-style-type: none"> Suspension of the half-year rule; UCC of the class increased by an amount that can reach: <ul style="list-style-type: none"> 7/3 of the cost of class 43.1 property, 9/11 of the cost of class 50 property. <p>▶ CCA can reach 100% of the cost of the acquired property.</p>	2.1 or 2.2
Property in classes 43.2 and 53 for which the additional CCA of 30% cannot be claimed	<p>For the year of acquisition:²¹</p> <ul style="list-style-type: none"> Suspension of the half-year rule; UCC of the class increased by an amount up to the cost of the property. <p>▶ CCA can reach 100% of the cost of the property.</p>	2.1 or 2.2
<ul style="list-style-type: none"> Other classes of property (except 12, 13,²² 14²³ and 15²⁴) Class 14.1 and class 44 property that is not qualified intellectual property²⁵ Property in class 50 that is not used primarily in Québec 	<p>For the year of acquisition:²⁶</p> <ul style="list-style-type: none"> Suspension of the half-year rule; UCC of the class increased by an amount up to half the cost of the property. <p>▶ CCA can reach three times the amount that would otherwise be deducted.</p>	1.1 or 1.2

Notes

- The half-year rule is suspended for property to be put into use before 2028.
- The increase of the UCC so that the CCA can reach three times the amount that would otherwise be deducted is granted for property available for use before 2024.
- The increase of the UCC so that the CCA can reach 100% of the capital cost of the property is granted for property available for use before 2028. However, for property available for use after 2023, the percentage of the property's cost that the CCA can reach will be progressively decreased (less than 100%).

Work Charts

The columns mentioned in the work charts are the columns of the CCA tables from the forms listed on page 1.

1 Enhanced CCA

Work charts 1.1 and 1.2 are for property that qualifies for enhanced CCA. The amount of the enhanced CCA can be **three times** the amount that would be deducted if the property was acquired before November 21, 2018. However, you cannot use work charts 1.1 and 1.2 for property in classes 13, 14 and 15, even if they qualify for the enhanced CCA.²⁷

For property acquired by a corporation or a partnership, complete work chart 1.1.

For property acquired by an individual or a trust, complete work chart 1.2.

1.1 Corporation or partnership

For **each class of property** concerned, you must provide the amounts **on a separate copy of the work chart**.

Class number

Amount included in column C for property acquired after November 20, 2018²⁸

Amount included in column D as government assistance received or receivable with respect to the property on line 1

Subtract line 2 from line 1.

Amount from column E

Amount in column D that must be **subtracted** from the amount in column C, other than an amount of government assistance on line 2. Enter the amount as a positive amount.

Add lines 4 and 5.

Amount in column C for property **not** covered by line 1

Amount in column D that must be **added** to the amount in column C (for example, a repayment of government assistance)

Add lines 7 and 8.

Subtract line 9 from line 6. If the result is negative, enter 0.

Subtract line 10 from line 3. If the result is negative, enter 0.

Multiply line 11 by 50%.

If the amount on line 6 is greater than the amount on line 9, go to line 18 and enter 0. Otherwise, complete lines 14 through 18.

Amount from line 9

Amount from line 6

Subtract line 15 from line 14.

Multiply line 16 by 50%.

Subtract line 18 from line 13. If the result is:

- positive, enter the amount in column G and add it to the amount in column F to obtain the UCC for CCA purposes (column H);
- negative, enter the amount (preceded by a minus sign “-”) in column G and subtract it from the amount in column F to obtain the UCC for CCA purposes (column H).

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		50%
13		
14		
15		
16		
17		50%
18		
19		

1.2 Individual or trust

For **each class of property** concerned, you must provide the amounts **on a separate copy of the work chart.**

Class number

Amount in column 3 for property acquired after November 20, 2018 ²⁹		1			
Amount in column 4		2			
Amount in column 3 for property not covered by line 1	-	3			
Subtract line 3 from line 2. If the result is negative, enter 0.	=				4
Subtract line 4 from line 1. If the result is negative, enter 0.					5
Multiply line 5 by 50%.					6
				50%	7

If the amount on line 2 is greater than the amount on line 3, go to line 12 and enter 0. Otherwise, complete lines 8 through 12.

Amount from line 3		8			
Amount from line 2	-	9			
Subtract line 9 from line 8.	=	10			
Multiply line 10 by 50%.		11		50%	
Subtract line 12 from line 7. If the result is:	=				12
<ul style="list-style-type: none"> • positive, enter the amount in column 6 and add it to the amount in column 5 to obtain the UCC for CCA purposes (column 7); • negative, enter the amount (preceded by a minus sign "-") in column 6 and subtract it from the amount in column 5 to obtain the UCC for CCA purposes (column 7). 					13

Class number

Amount in column 3 for property acquired after November 20, 2018 ²⁹		1			
Amount in column 4		2			
Amount in column 3 for property not covered by line 1	-	3			
Subtract line 3 from line 2. If the result is negative, enter 0.	=				4
Subtract line 4 from line 1. If the result is negative, enter 0.					5
Multiply line 5 by 50%.					6
				50%	7

If the amount on line 2 is greater than the amount on line 3, go to line 12 and enter 0. Otherwise, complete lines 8 through 12.

Amount from line 3		8			
Amount from line 2	-	9			
Subtract line 9 from line 8.	=	10			
Multiply line 10 by 50%.		11		50%	
Subtract line 12 from line 7. If the result is:	=				12
<ul style="list-style-type: none"> • positive, enter the amount in column 6 and add it to the amount in column 5 to obtain the UCC for CCA purposes (column 7); • negative, enter the amount (preceded by a minus sign "-") in column 6 and subtract it from the amount in column 5 to obtain the UCC for CCA purposes (column 7). 					13

2 CCA that can reach up to 100% of the property cost

Work charts 2.1 and 2.2 cover property in classes 43.1, 43.2 and 53 acquired after November 20, 2018, but before December 4, 2018, and property in these classes acquired after December 3, 2018, that does not qualify for the new permanent additional CCA of 30%. These work charts also cover property in class 50 acquired after December 3, 2018, that is primarily used in Québec, but that does not qualify for the new permanent additional CCA of 30%.

For property acquired by a corporation or a partnership, complete work chart 2.1.

For property acquired by an individual or a trust, complete work chart 2.2.

2.1 Corporation or partnership

For **each class of property** concerned, you must provide the amounts **on a separate copy of the work chart**.

Class number

Amount included in column C for property acquired after November 20, 2018³⁰

Amount included in column D as government assistance received or receivable with respect to the property on line 1

Subtract line 2 from line 1.

Amount from column E

Amount included in column D that must be **subtracted** from the amount in column C, other than an amount of government assistance on line 2.³¹ Enter the amount as a positive amount.

Add lines 4 and 5.

Amount in column C for property **not** covered by line 1

Amount included in column D as government assistance received or receivable with respect to the property on line 7

Subtract line 8 from line 7.

Amount included in column D that must be **added** to the amount in column C (for example, a repayment of government assistance)

Add lines 9 and 10.

Subtract line 11 from line 6. If the result is negative, enter 0.

Subtract line 12 from line 3. If the result is negative, enter 0.

Multiplication factor. If the property is:

- class 43.1 property, enter 7/3;
- class 50 property, enter 9/11;
- class 43.2 or 53 property, enter 1.

Multiply line 13 by line 14.

If the amount on line 6 is greater than the amount on line 11, go to line 20 and enter 0. Otherwise, complete lines 16 through 20.

Amount from line 11

Amount from line 6

Subtract line 17 from line 16.

Multiply line 18 by 50%.

Subtract line 20 from line 15. If the result is:

- positive, enter the amount in column G and add it to the amount in column F to obtain the UCC for CCA purposes (column H);
- negative, enter the amount (preceded by a minus sign “-”) in column G and subtract it from the amount in column F to obtain the UCC for CCA purposes (column H).

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17		
18		
19	50%	
20		
21		

2.2 Individual or trust

For **each class of property** concerned, you must provide the amounts **on a separate copy of the work chart**.

Class number

Amount in column 3 for property acquired after November 20, 2018 ³²				1	<input type="text"/>	<input type="text"/>
Amount in column 4	2	<input type="text"/>	<input type="text"/>			
Amount in column 3 for property not covered by line 1	- 3	<input type="text"/>	<input type="text"/>			
Subtract line 3 from line 2. If the result is negative, enter 0.	=	<input type="text"/>	<input type="text"/>	▶ 4	<input type="text"/>	<input type="text"/>
Subtract line 4 from line 1. If the result is negative, enter 0.	=	<input type="text"/>	<input type="text"/>	5	<input type="text"/>	<input type="text"/>
Multiplication factor. If the property is:						
• class 43.1 property, enter 7/3;						
• class 50 property, enter 9/11;						
• class 43.2 or 53 property, enter 1.				×	6	<input type="text"/>
Multiply line 5 by line 6.	=	<input type="text"/>	<input type="text"/>	7	<input type="text"/>	<input type="text"/>
If the amount on line 2 is greater than the amount on line 3, go to line 12 and enter 0. Otherwise, complete lines 8 through 12.						
Amount from line 3	8	<input type="text"/>	<input type="text"/>			
Amount from line 2	- 9	<input type="text"/>	<input type="text"/>			
Subtract line 9 from line 8.	= 10	<input type="text"/>	<input type="text"/>			
Multiply line 10 by 50%.	×	11	50%			
Subtract line 12 from line 7. If the result is:	=	<input type="text"/>	<input type="text"/>	▶ 12	<input type="text"/>	<input type="text"/>
• positive, enter the amount in column 6 and add it to the amount in column 5 to obtain the UCC for CCA purposes (column 7)						
• negative, enter the amount (preceded by a minus sign "-") in column 6 and subtract it from the amount in column 5 to obtain the UCC for CCA purposes (column 7).	=	<input type="text"/>	<input type="text"/>	13	<input type="text"/>	<input type="text"/>

Class number

Amount in column 3 for property acquired after November 20, 2018 ³²				1	<input type="text"/>	<input type="text"/>
Amount in column 4	2	<input type="text"/>	<input type="text"/>			
Amount in column 3 for property not covered by line 1	- 3	<input type="text"/>	<input type="text"/>			
Subtract line 3 from line 2. If the result is negative, enter 0.	=	<input type="text"/>	<input type="text"/>	▶ 4	<input type="text"/>	<input type="text"/>
Subtract line 4 from line 1. If the result is negative, enter 0.	=	<input type="text"/>	<input type="text"/>	5	<input type="text"/>	<input type="text"/>
Multiplication factor. If the property is:						
• class 43.1 property, enter 7/3;						
• class 50 property, enter 9/11;						
• class 43.2 or 53 property, enter 1.				×	6	<input type="text"/>
Multiply line 5 by line 6.	=	<input type="text"/>	<input type="text"/>	7	<input type="text"/>	<input type="text"/>
If the amount on line 2 is greater than the amount on line 3, go to line 12 and enter 0. Otherwise, complete lines 8 through 12.						
Amount from line 3	8	<input type="text"/>	<input type="text"/>			
Amount from line 2	- 9	<input type="text"/>	<input type="text"/>			
Subtract line 9 from line 8.	= 10	<input type="text"/>	<input type="text"/>			
Multiply line 10 by 50%.	×	11	50%			
Subtract line 12 from line 7. If the result is:	=	<input type="text"/>	<input type="text"/>	▶ 12	<input type="text"/>	<input type="text"/>
• positive, enter the amount in column 6 and add it to the amount in column 5 to obtain the UCC for CCA purposes (column 7)						
• negative, enter the amount (preceded by a minus sign "-") in column 6 and subtract it from the amount in column 5 to obtain the UCC for CCA purposes (column 7).	=	<input type="text"/>	<input type="text"/>	13	<input type="text"/>	<input type="text"/>

3 CCA that can reach 100% of the property cost – Intellectual property and property in classes 43.1, 43.2, 50 and 53 acquired after December 3, 2018, that qualifies for the permanent additional CCA of 30%

If some property in a same class was acquired after December 3, 2018, and some before December 4, 2018, the property must be kept in separate classes. For example, enter class 50 property acquired before December 4, 2018, on one line of the table used to calculate CCA and enter class 50 property acquired after December 3, 2018, on another line.

For **each separate class of property** concerned, you must provide the amounts **on a separate copy of the work chart**.

Separate class number

Amount entered in column C ³³ or in column 3, as applicable		1		
CCA rate for the class	÷	2		
Divide line 1 by line 2.	=	3		
Amount from line 1	-	4		
Subtract line 4 from line 3. Enter the result in column G or column 6 of the applicable CCA table and add the amount to the amount in column F or column 5 to obtain the UCC for CCA purposes (column H or column 7).	=	5		

Separate class number

Amount entered in column C ³³ or in column 3, as applicable		1		
CCA rate for the class	÷	2		
Divide line 1 by line 2.	=	3		
Amount from line 1	-	4		
Subtract line 4 from line 3. Enter the result in column G or column 6 of the applicable CCA table and add the amount to the amount in column F or column 5 to obtain the UCC for CCA purposes (column H or column 7).	=	5		

Example

Class 50 property was acquired on December 10, 2018 at a cost of \$55,000.

Calculation of the amount to enter on line 5

$$(\$55,000 \div 55\%) - \$55,000 = \$45,000$$

Enter the amount from line 5 in the CCA table.

Form CO-130.A and Schedule B of form TP-600-V						
Column C	Column F	Column G	Column H (col. F + col. G)	Column I	Column J	Column K
\$55,000	\$55,000	\$45,000	\$100,000	55%	\$55,000	0

Forms TP-59-V, TP-80-V, TP-128-V, TP-128.F-V and Schedule F of form TP-646-V						
Column 3	Column 5	Column 6	Column 7 (col. 5 + col. 6)	Column 8	Column 9	Column 10
\$55,000	\$55,000	\$45,000	\$100,000	55%	\$55,000	0

4 Additional CCA for property constituting computer equipment or used for manufacturing or processing activities (classes 50 and 53)

Use this work chart to calculate the additional CCA for qualified property acquired:

- after November 20, 2018, but before December 4, 2018;
- after December 3, 2018, if the property is acquired under an agreement entered into before December 4, 2018 or if construction of the property had begun by December 3, 2018.

For **each property** concerned, you must complete a **separate copy of the work chart**. Before you complete this work chart:

- complete work chart 1.1 or 1.2, as applicable, in the case of class 50 property or work chart 2.1 or 2.2, as applicable, in the case of class 53 property;
- enter the result in the appropriate CCA table.

Amount in column J or column 9, as applicable, for the class of property (50 or 53)

1		
×	2	60%
=	3	

Multiply line 1 by 60%.

Portion of the UCC of the class for CCA purposes **that is attributable to the property**
(amount in column H or column 7, as applicable)

UCC of the class for CCA purposes (amount in column H or column 7, as applicable)

Divide line 4 by line 5.

Multiply line 3 by line 6.

4		
÷	5	
=		
×	6	
=	7	

Cost of property

Multiplication factor. If the property is in class:

- 50, enter 16.5%;
- 53, enter 15%.

Multiply line 8 by line 9.³⁴

8		
×	9	
=	10	

Enter the amount from line 7 or line 10, **whichever is less**.

Additional CCA for the taxation year (or fiscal period, in the case of a partnership) in which the property was acquired³⁵

11		
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Notes

1. Subject to the "available for use" rule. Therefore, if the property was not available for use in the taxation year (or fiscal period, in the case of a partnership) in which it was acquired ("year of acquisition"), **replace** "year of acquisition" with "taxation year (or fiscal period, in the case of a partnership) in which the property was available for use."
For more information, contact us.
2. If the property is acquired after November 20, 2018, in one of the circumstances mentioned in note 28, do not take into account the instructions in this document to calculate the amount to enter in columns G and H for the property's class. Instead, follow the instructions for these columns given in the table of the form concerned.
3. See note 2.
4. If the property is acquired after November 20, 2018, in one of the circumstances mentioned in note 28, do not take into account the instructions in this document to calculate the amount to enter in columns 6 and 7 for the property's class. Instead, follow the instructions for these columns given in the table of the form concerned.
5. See note 4.
6. See note 4.
7. See note 4.
8. See note 4.
9. See note 1.
10. See note 1.
11. See note 1.
12. The half-year rule is suspended and the CCA is enhanced where property in class 13 is acquired after November 20, 2018. However, work charts 1.1 and 1.2, which are used to calculate the enhanced CCA, cannot be used for property in this class. If you have acquired class 13 property, contact us.
13. The CCA for class 14 property acquired after November 20, 2018, is enhanced. However, work charts 1.1 and 1.2, which are used to calculate the enhanced CCA, cannot be used for property in this class. If class 14 property is acquired after November 20, 2018, the amount that can be claimed as CCA (column J or column 9, as applicable) for all the property in the class is, as a rule, equal to the total of the following amounts:
 - the CCA that would normally be calculated for the property in the class; and
 - half of the portion of that CCA that is attributable to property acquired after November 20, 2018.
 For more information, contact us.
14. The CCA for class 15 property acquired after November 20, 2018, is enhanced. However, work charts 1.1 and 1.2, which are used to calculate the enhanced CCA, cannot be used for property in this class. If you have acquired class 15 property, contact us.
15. See note 1.
16. "Qualified intellectual property" means property acquired after December 3, 2018, that is a patent or a right to use patented information, a licence, a permit, know-how, a trade secret or other similar property constituting knowledge and that:
 - is property in class 14, class 14.1 or class 44;
 - begins to be used within a reasonable time after being acquired or after its development is completed;
 - is used, for the period covering the process of implementing the innovation or invention, only in Québec and primarily in the course of carrying on a business;
 - is not property acquired from a person or partnership that does not deal at arm's length with the purchaser.
 Qualified intellectual property does not mean a trademark, an industrial design, a copyright or other similar property constituting the expression of knowledge.
17. See note 1.
18. As a rule, the new permanent additional CCA of 30% can be claimed for property that:
 - is new at the time of acquisition and is not acquired from a person or partnership that does not deal at arm's length with the purchaser;
 - is used within a reasonable time after being acquired;
 - is used primarily in Québec, in carrying on a business, for a period of at least 730 consecutive days after it is first used, unless the property is lost or involuntarily destroyed.
19. As the new additional CCA can be claimed for the taxation year (or fiscal period, in the case of a partnership) following the taxation year or fiscal period in which the property was acquired or available for use, as applicable, it cannot be claimed for a taxation year or fiscal period that ends in 2018.
20. See note 1.
21. See note 1.
22. See note 12.
23. See note 13.
24. See note 14.
25. See note 16.
26. See note 1.
27. See notes 12, 13 and 14.
28. There are some exclusions. For example, the changes do not apply to property acquired after November 20, 2018, if:
 - a corporation acquires the property:
 - as part of a transfer of property under section 518 or section 519 of the *Taxation Act*, or
 - as part of an amalgamation with one or more other corporations;
 - the purchaser had previously owned the property;
 - the purchaser was not dealing at arm's length with a person or partnership who previously owned the property at the time that property was owned by that person or partnership.
29. See note 28.
30. See note 28.
31. Amounts included in column D as assistance that the corporation or partnership, as applicable, received or is entitled to receive from a government, a municipality or a public body must be entered:
 - on line 2, if the assistance is related to property covered by line 1 of the work chart (property acquired after November 20, 2018, other than property acquired in one of the circumstances described in note 28);
 - on line 8, if the assistance is related to property covered by line 7 of the work chart (property acquired before November 21, 2018, other than property acquired in one of the circumstances described in note 28).
 However, enter the amount of assistance on line 5 if it relates to property that the corporation or partnership disposed of in a previous taxation year (corporation) or fiscal period (partnership).
32. See note 28.
33. Amounts included in column D as assistance that the corporation or partnership, as applicable, received or is entitled to receive from a government, a municipality or a public body must be subtracted from the amount in column C. Enter the result on line 1.
34. If the taxation year (or fiscal period, in the case of a partnership) is less than 12 months, divide the number of days in the taxation year (or fiscal period) by 365 and multiply the result by the result obtained by multiplying line 8 by line 9. Enter the final result on line 10.
35. Subject to the "available for use" rule. Therefore, if the property was not available for use in the taxation year (or fiscal period, in the case of a partnership) in which it was acquired, **replace** "in which the property was acquired" with "in which the property was available for use."
For more information, contact us.