

DEUTSCHES KONSULAT

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CORPORATION TAX ACT

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PROVINCIAL REVENUE

PARLIAMENT BUILDINGS,
QUEBEC.

APRIL 1939.

**AN ACT
RESPECTING
CORPORATIONS AND COMPANIES**

(3 GEO. VI, CHAPTER 19)

**REVENUE OFFICE,
PARLIAMENT BUILDINGS,
QUEBEC.**

APRIL 1939.

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3 GEORGE VI, CHAPTER 19

An Act respecting corporations and companies

[Assented to, the 28th of April, 1939]

HIS MAJESTY, with the advice and consent of the
Legislative Council and of the Legislative Assembly
of Quebec, enacts as follows:

1. Chapter 26 of the Revised Statutes, 1925, as amended by the acts 16 George V, chapter 61; 20 George V, chapter 26; 21 George V, chapter 28; 22 George V, chapter 23; 24 George V, chapter 13; 25-26 George V, chapter 15, and 2 George VI, chapter 28, is repealed and replaced by the following:

"CHAPTER 26

"AN ACT RESPECTING TAXATION OF CORPORATIONS

"**1.** This act may be cited as the *Corporation Tax Act*. Short title.

"INTERPRETATION

"**2.** In the present act:

1. "Bank" includes a corporation or joint-stock company Bank. wherever incorporated for the purpose of doing a banking business or the business of a savings bank, which transacts such business in the Province of Quebec, whether the head office is situated in the Province of Quebec or elsewhere;

2. "Head office" in the case of a company having its Head-office. head office outside of the Province means the office which the company designates as its principal office in the Province and, where no such place is designated, such place of business as may be designated by the Treasurer;

Paid-up
capital.

3. The words: "paid-up capital" mean and include:

a. the paid-up capital stock of the company, comprising ordinary and preferred stock;

b. its surplus and reserve funds except any reserve for ordinary wear and tear, the creation of which is allowed as a charge against revenue under this act;

c. all indebtedness of the company, whether assumed or undertaken by the company, and represented by bonds, mortgages, debentures, income bonds, income debentures, liens, notes and any security to which the property of the company is subject;

d. every other indebtedness of a capital nature;

e. every other undivided interest or other participating interest, in the nature of capital stock, such as "units", "trustee shares", "trustee certificates" and the like.

Goodwill.

However, when goodwill is included as an asset, a deduction may be allowed to the extent that such goodwill, in the opinion of the Treasurer, has no value.

Deficit.

Provided also, that when the balance sheet submitted to shareholders shows a deficit, the amount of such deficit may be deducted from the amount of such paid-up capital;

Company.

4. "Company", in addition to its ordinary meaning, means:

a. every stock company or joint-stock company and every corporation legally constituted, whatever may be the nature and place of its constitution;

b. a company placed in the hands of a trustee, assignee, liquidator or other person; the word: "company", in such a case, shall include such trustee, assignee, liquidator or other person;

c. every person, partnership, syndicate or trustee doing in Quebec the business of a person, partnership, syndicate or trustee having his or its head office outside of the Province of Quebec;

Canadian
Company.

5. The words "Canadian Company" mean a company incorporated in virtue of the laws of the former Province of Lower Canada, or of the former Province of Canada, or of the laws of the Dominion of Canada, or of any Province of Canada, including the Province of Quebec;

Insurance
Company.

6. "Insurance Company" means:

a. all life, health, livestock, plate-glass, steam-boiler, fire, ocean marine, inland navigation, accidents, sickness, or burglary insurance companies;

b. all registry and identification, guarantee, and employers' liability insurance companies and any other kind

of insurance company or insurance association issuing policies in its own name or through an agent or broker, whether on an assessment system or otherwise; and

c. all companies, firms, individuals or aggregation of individuals, by whatever name known, doing an insurance business in the Province;

7. "Trust Company" means any trust company within the meaning of the Trust Companies' Act (Chap. 248); Trust company.

8. "Loan Company" means an incorporated company, an association or partnership, other than a bank or an insurance company as defined in this act, constituted, authorized or operated for the purpose of lending money, and include shall finance corporations or associations; Loan company.

9. "Ordinary company" means any company contemplated by subdivision 1 of section 3; Ordinary company.

10. "Doing business in this Province" or "carrying on any undertaking, trade or business therein" mean exercising any of the corporate rights, powers or objects of a company or possessing any property in the Province or having therein a place of business within the meaning of this act; Doing business.

11. "Premium" means: Premium.

a. all amounts payable as a consideration for insurance contracts and shall include the first premium and the other premiums thereafter payable thereon;

b. all premium deposits, assessments, policy fees, membership fees and every other compensation for a contract of insurance;

12. "Profits" include: Profits.

a. the annual profits directly or indirectly made from any trade or industry or from any commercial, financial or other business;

b. the interest, dividends and profits directly or indirectly received from money at interest, with or without guarantee, or from investments in securities or any other form of investment, and also the annual profit or gain from any other source; and

c. rents, royalties and other like periodical receipts which depend upon the production or use of any real property of a company, notwithstanding that the same are payable on account of the use or sale of any such property;

13. "Quebec" means the Province of Quebec;

14. "Net revenue" has the same meaning as "profits"; Net revenue.

15. "Treasurer" means the Provincial Treasurer.

"TAXES ON PAID-UP CAPITAL AND PLACES OF BUSINESS

Taxes on capital and places of business.

'3. In order to provide for the exigencies of the public service of the Province, every one of the following companies, corporations, partnerships, associations, firms, business houses and persons, doing business in this Province, in his or its own name or under a firm name or through any person paid by salary or commission or in any other manner, acting as employee, vendor, agent, representative or otherwise, shall pay annually to His Majesty in the rights of the Province, at the time and in the manner hereinafter provided, the following taxes:

1—ORDINARY COMPANIES

Ordinary companies.

In the case of every incorporated company carrying on any undertaking, trade or business which is not otherwise specially taxed under the following subdivisions of this section 3:

a. one-tenth of one per centum upon the amount of the paid-up capital of the company;

b. an additional tax of fifty dollars for each place of business in the cities of Montreal and Quebec and of twenty-five dollars for each place of business in any other municipality; however, when the amount of the paid-up capital of the company is under twenty-five thousand dollars, the amount of the tax shall be twenty-five dollars for each place of business in the cities of Montreal and Quebec and twenty dollars for each place of business in any other municipality.

What is considered a place of business.

The places of business for which this additional tax is payable are the following:

a. The company's head office, offices, stores, factories, workshops, agencies, stations;

b. The executive office of a company;

c. Any building, or part of a building or any property where a company carries on any of its operations;

d. Any building, office in a building, room or location where a company invites patronage either through its name being placed in public view on the property, a listing of its name in a telephone directory, or an advertisement in the press giving the name of the company and its address at such a location, and any office, room or location situated in the Province, used by a company as its mailing address;

e. Any office or room of an agent of a company which agent accepts or takes orders or makes contracts for a company which is his principal;

f. Any permanent sample depot, where a representative of the company may display samples of his company's products for sale;

g. Any depot where a representative of a company may buy materials for the use of his company;

h. Any depot for the distribution of goods.

The above places of business are taxable whether they are in the name of the company or in the name of a person or employee under the control of the company.

When a company has several places of business on the same premises, they shall, for the purposes of this subdivision, be considered as but one place of business.

If an agent of a company is also the agent of another company or of several companies, each of such companies shall be deemed to be maintaining a place of business in the office of such agent.

2—BANKS

In the case of every bank,

a. A tax of one-fifth of one per centum on the paid-up ^{Banks.} capital stock thereof and one-tenth of one per centum on its reserve fund and undivided profits;

b. An additional tax of three thousand dollars for its principal office in each of the cities of Montreal and Quebec, and of two hundred dollars for each additional office in the Province save and except for any agency where the person in charge thereof is paid only on a commission basis.

3—INSURANCES COMPANIES

In the case of every insurance company, a tax of one ^{Insurance} and three-quarters per centum in the case of a life insurance ^{companies.} company and of two per centum in the case of every other insurance company, on every premium received by the company or its agent or agents in respect of the business transacted in Quebec.

For the purposes of the preceding paragraph, shall be ^{Business} deemed as business transacted in Quebec, the payment ^{transacted} of a premium in respect of insurance of a person resident ^{in Quebec.} in Quebec or of property situated in Quebec, if such person is resident in Quebec at the time of payment of the premium or if such property has a situs within Quebec at any time during the term of insurance.

Shall also be deemed to be a premium received in res- ^{Idem.}pect of business transacted in Quebec, all premiums procured or received in Quebec or all premiums in respect of a contract made in this Province, except an annuity contract.

When a premium is taxed elsewhere.

When any premium is already taxed by any other province, state or country, the Treasurer may, if he deem it just so to do, exempt an insurance company from the payment of the tax on the said premium.

In the case of reinsurance, the principal insuring company shall be liable for the payment of the total premium tax; however, the reinsuring company shall be exempt from the premium tax on the portion of the premium paid to it for such reinsurance.

Deductions allowed.

Only return premiums and the cash value of the dividends paid or credited to policy holders shall be deductible from the premiums received, provided the amounts so paid or credited are in respect of risks reported and allocated as being risks of persons residing in or property located in Quebec.

No deduction shall be allowed for the payment to the insured of cash surrender or loan values.

The minimum of the annual tax on premiums is:

Minimum tax.

a. one hundred dollars, in the case of a reciprocal or mutual insurance company;

b. three hundred dollars, in the case of a marine insurance company;

c. five hundred dollars, in the case of every other insurance company.

The minimum sums above mentioned shall respectively be the amount of the first tax exigible from every insurance company beginning to transact business in this Province.

The taxes imposed under this subdivision 3 shall be in addition to all other fees, licenses, levies or taxes imposed under any other law of this Province.

Retaliatory tax.

Whenever insurance companies incorporated in this Province are subjected in another province, state or country to a higher tax than that exacted in such other province, state or country from the insurance companies incorporated therein, the Lieutenant--Governor in Council may increase the tax upon insurance companies incorporated in such other province, state or country, doing business in this Province, to an amount equal to the discriminating tax.

Monthly payment and return in certain cases.

The Treasurer shall be informed of every contract of insurance on any moveable or immoveable property situated in the Province effected in any extra-provincial company not having an office in the Province. Every person, firm or corporation, and every officer or agent or employee of any such person, firm or corporation, having an actual knowledge of the facts, shall, within one month, notify the Treasurer in writing, under oath, of (a) the amount of such insurance; (b) the amount of premiums which would

have been chargeable for such insurance had the same been placed with an insurance company having an office or place of business in the Province. Such person, firm or corporation shall, upon filing such sworn declaration to the above effect, with the Treasurer, within the delay above specified, pay at the same time to the Provincial Revenue Office the amount which the Province would have been entitled to receive from a company having an office or place of business in the Province, had such insurance been placed with such company. When such insurance is effected directly by the possessor of the property, the declaration shall be made and the tax paid by him; when it is effected through an agent or broker, the declaration shall be made and the tax paid by such agent or broker.

Any person, firm, association or corporation or any officer, agent or employee, infringing the preceding paragraph, shall, for each offence, be liable to a fine equal to twice the amount of the tax.

4—LOAN COMPANIES

In the case of every loan company:

a. If it be a company with fixed or permanent capital, a tax of one-twentieth of one per centum on the paid-up capital-stock thereof, plus one-twentieth of one per centum on all moneys invested in Quebec by such company, except for its office premises and excluding cash in bank; the tax, in no case, shall be less than one hundred dollars;

b. If it be a company without a fixed capital, a minimum tax of one hundred dollars, plus one-twentieth of one per centum on all moneys invested in Quebec by such company, except for its office premises and excluding cash in bank; the tax, in no case, shall be less than one hundred dollars;

An additional tax of one hundred dollars for each office or place of business in the cities of Montreal and Quebec, and of fifty dollars for each office or place of business in any other place, when the fixed capital of the company exceeds one hundred thousand dollars; when the fixed capital is one hundred thousand dollars or less, or when there is no fixed capital, the additional tax shall be fifty dollars for each office or place of business in the cities of Montreal and Quebec, and twenty-five dollars for each office or place of business in any other place.

The places of business for which this additional tax is payable are those specified in subdivision 1 of this section.

5—NAVIGATION COMPANIES

Navigation
companies.

In the case of every navigation company, steamship company, partnership or association, owning or operating one or more steamships or vessels, navigating between any place in the Province and any other place either within or without the Province, or any agent of such company, partnership or association,

a. the several taxes imposed upon the ordinary companies under this act;

Hotels.

b. in addition, when such company, partnership or association operates one or more hotels in the Province, a tax of one-tenth of one per centum on the capital employed in operating such hotels and also the tax upon places of business payable by ordinary companies.

6—TELEGRAPH COMPANIES

Telegraph
companies.

In the case of every company owning, operating or utilizing a telegraph system or part of a telegraph system in the Province, an annual tax of five thousand dollars;

However, when a telegraph company leases its system to another company or enters into an agreement with another company to operate its telegraph system for it, it shall then be subject to the several taxes imposed by this act on ordinary companies, except the tax upon places of business; however, the minimum tax on capital shall be two thousand dollars.

7—TELEPHONE COMPANIES

Telephone
companies.

In the case of every company owning, operating or utilizing for gain a telephone system or part of a telephone system in the Province,

a. a tax of one-fifth of one per centum on the paid-up capital thereof, when it has a paid-up capital of one hundred thousand dollars or more;

b. the tax imposed on ordinary companies, when the paid-up capital thereof is less than one hundred thousand dollars.

8—EXPRESS COMPANIES

Express
companies.

In the case of every company, including a railway company, carrying on the business of an express company over a railway in Quebec, a tax of eight hundred dollars for each one hundred miles or fraction thereof of railroad used in the Province, but in no case shall the tax be more than ten thousand dollars.

9—TRAMWAY COMPANIES

In the case of every tramway company operating a line of tramway or both a line of tramway and a transportation service, ^{Tramway companies.}

a. a tax of one per centum on the gross revenues derived from all its business;

b. in addition, when such company operates one or more hotels in the Province, a tax of one-tenth of one per centum on the capital employed in operating such hotels and also a place of business tax of fifty dollars for each hotel. ^{Hotels.}

10—RAILWAY COMPANIES

In the case of every company owning, operating or utilizing a railway in the Province, a tax of sixty dollars per mile of single track upon each main line and upon each branch line, and, where the line has two or more tracks, a tax of forty dollars per mile for each additional track, owned, operated or utilized in the Province. ^{Railway companies.}

Any company utilizing the railway system or part of the railway system of another company paying the tax provided by this subdivision 10, a tax equivalent to one-fourth of the above-mentioned tax; both companies shall, in such case, be jointly and severally liable for the payment of the last-mentioned tax.

The measurement of track for the purposes of this subdivision shall not include switches or sidings.

In addition to the tax above determined, every railway company operating one or more hotels in this Province shall pay a tax of one-tenth of one per centum on the capital employed in operating such hotels and, for each hotel, a place of business tax of fifty dollars. ^{Hotels.}

The Lieutenant-Governor in Council may grant, indefinitely or for a stated period, such reduction of taxation as he deems just, to a railway company which operates solely for the purpose of forest exploitation and which neither exacts nor receives any remuneration for the conveyance of persons or effects.

11—SLEEPING, PARLOR AND OTHER CAR COMPANIES

In the case of every company, firm, association or partnership doing business in Quebec, by leasing or hiring sleeping, parlor, dining, tank or other cars to any railway company, or whose sleeping, parlor or other cars are run upon the lines of or are used by any railway company doing business in the Province, ^{Car companies.}

a. a tax of one-third of one per centum on the capital of the company invested in such cars and rolling stock in use in the Province;

b. an additional tax of fifty dollars for each office or place of business in the cities of Montreal and Quebec, and of twenty-five dollars for each office or place of business in any other place.

The places of business for which this additional tax is imposed are those specified in subdivision 1 of this section.

12—TRUST COMPANIES

Trust
companies.

In the case of every trust company,

a. a tax of two and one-half per centum on gross revenues derived from its business in the Province;

b. an additional tax of fifty dollars for each place of business in the cities of Montreal and Quebec, and of twenty-five dollars for each place of business elsewhere.

The places of business for which this additional tax is imposed are those specified in subdivision 1 of this section.

13—GAS AND ELECTRIC COMPANIES

Gas and
electric
companies.

In the case of every company generating, transmitting, distributing or selling electrical energy or gas or both, a tax of one-fifth of one per centum on its paid-up capital and also the tax upon places of business payable by ordinary companies.

14—GASOLINE COMPANIES

Gazoline
companies.

In the case of every company producing, selling, distributing or delivering gasoline or any other liquid products prepared or compounded for the purpose of generating power, a tax of three-eighths of one per centum on its paid-up capital and also the tax upon places of business payable by ordinary companies.

15—REAL ESTATE COMPANIES

Real estate
companies.

In the case of every real estate company, the taxes on capital and upon places of business payable by ordinary companies.

However, a real estate company doing no business other than the sale of building lots or other than holding vacant lots, shall pay a tax of one-twentieth of one per centum on its paid-up capital and, in addition, the tax upon places of business payable by ordinary companies.

16—LIQUOR COMPANIES

In the case of every Canadian company distilling, distributing, delivering or selling alcoholic liquor in the Province a tax of three-eighths of one per centum on the amount of its paid-up capital. Liquor companies.

In the case of every other company distilling, distributing, delivering or selling alcoholic liquor to corporations or persons of the Province of Quebec, a capital tax based on its sales in the Province, at the rate of one-fifth of one per centum upon such sales.

The minimum capital tax so payable by any liquor company mentioned in the two preceding paragraphs shall be in the sum of twenty-five dollars, in addition to the tax upon places of business payable by ordinary companies, which is exigible in all cases.

17—BREWERY COMPANIES

In the case of every company making, distributing, delivering or selling beer in this Province, a tax of one-fifth of one per centum on the amount of its paid-up capital and also the tax upon places of business payable by ordinary companies. Brewery companies.

18—TOBACCO COMPANIES

In the case of every company manufacturing, distributing, delivering or selling cigarettes, cigars or other tobacco products in the Province, a tax of one-fifth of one per centum on the amount of its paid-up capital and also the tax upon places of business payable by ordinary companies. Tobacco companies.

This subdivision 18 shall not apply to a company planting or growing tobacco and which does not manufacture cigarettes.

19.—PARTNERSHIPS, ASSOCIATIONS, FIRMS OR PERSONS HAVING THEIR
CHIEF OFFICE OR PRINCIPAL PLACE OF BUSINESS OUTSIDE
OF CANADA AND NOT TAXED UNDER ANY OTHER
PROVISION OF THIS ACT

In the case of every partnership, association, firm or person, whose main office or principal place of business is outside the Dominion of Canada and which is not taxed under any other provision of this act, Foreign partnerships.

a. a tax of one-tenth of one per centum upon the gross revenues thereof in the Province, the minimum tax to be twenty-five dollars;

b. an additional tax of fifty dollars for each office or place of business in the cities of Montreal and Quebec, and of

twenty-five dollars for each office or place of business in any other place.

The places of business for which this additional tax is imposed are those specified in subdivision 1 of this section.]]

“SPECIAL CASES

Assessment
in special
cases.

4. Upon the Treasurer's recommendation to the Lieutenant-Governor in Council, the latter may fix, at a sum less than that hereinabove prescribed, the tax payable on capital of any company which,

- a. does part only of its business in the Province; or
- b. does no business therein other than holding the stocks, bonds or other securities of other companies; or
- c. being a holding company and having its statutory office outside Quebec has an office or holds director's meetings in the Province, or keeps in Quebec a bank account or part of the securities under its control; or
- d. being a mining company is not, in the opinion of the Treasurer, developing its properties and is not producing for the market.

5. Any company whose head office, in virtue of its incorporation or otherwise, is designated as being in Quebec, which is entirely without assets and which, in the opinion of the Treasurer, has not commenced or has ceased to do business, shall, if it has not surrendered its charter, pay an annual tax of twenty dollars for which its directors shall be jointly and severally liable.

TAX ON PROFITS

Tax on
profits.

“6. In addition to the taxes on capital and upon places of business mentioned in this act, every company, partnership or person contemplated by subdivisions 1, 4, 5, 6, 7, 8, 11, 13, 14, 15, 16, 17, 18 and 19 of section 3, every holding company and every mining company whose annual profits are not taxed under the Quebec Mining Act (Chap. 80), having its head office or an office in the Province or which is carrying on business therein, directly or through a person paid by salary, commission or otherwise, acting as employee, vendor, agent, representative or in any other capacity, shall pay an annual tax of two and one-half per centum calculated on its total net revenue for the calendar year immediately preceding the date when the present tax is exigible.

“DEDUCTIONS

“7. In computing profits deduction may be made of,

1. Such reasonable amount as the Treasurer may allow for depreciation, depletion, obsolescence, or bad debts; however, in no case shall the amount deductible for depreciation, depletion, obsolescence or bad debts exceed the amount respectively set forth therefor in the financial statements submitted by the company to its shareholders.

Deductions.
allowed.

2. One-half of the dividends received from Canadian corporations where such corporations are taxable under this act, and one-half of the dividends received from Canadian corporations having paid a tax on profits in the other provinces, provided that such provinces allow a similar exemption to companies of Quebec

Dividends
from other
companies.

“8. In computing profits, no deduction shall be allowed in respect of,

Items not
deductible
from profits.

a. Disbursements or expenses not wholly, exclusively and necessarily laid out or expended for the purposes of earning revenue;

b. Any outlay, loss or replacement of capital or any payment on account of capital;

c. Amounts transferred or credited to a reserve, contingent account or sinking-fund, except such amount for bad debts, depreciation, depletion and obsolescence as the Treasurer may allow;

d. Carrying charges or expenses on an unproductive property or assets not acquired for the purposes of the trade, manufacture or business of the company; or a liability not incurred in connection with the trade, manufacture or business of the company;

e. The whole or any portion of any salary, bonus, fees or commission which the Treasurer may consider in his opinion in excess of what is reasonable for the service performed;

f. The amount of tax upon revenue, paid or payable to the Dominion of Canada or to any other jurisdiction, including the Province of Quebec;

g. The whole of any salary paid or payable to a person who is not an officer nor an employee of the company;

h. The whole or any part of a commission which, in the opinion of the Treasurer, is not earned;

i. The whole or any part of a commission which is at a rate in excess of the one set forth in the contract passed between the company and its employee or agent.

The provisions contained in this section shall apply, whether the salary, bonus, fees or commissions have been fixed by the board of directors of the company or otherwise.

Tax on profits paid elsewhere.

“9. All corporations liable to the tax upon profits shall be entitled to deduct from the total of the tax which would otherwise be payable, the amount of any tax upon profits payable to any other province, state or country, for the same year, according to the following rules;

a. The quota of profits which shall be considered to have been made in such other province, state or country shall be proportionate to the percentage which the gross sales made or the gross revenue received in each such province, state or country bear to the total gross sales made or gross revenue received;

b. No deduction shall be allowed unless the corporation furnish satisfactory evidence to the Treasurer of the amount of the said tax paid or payable for such same year to the government of such other province, state or country;

c. No deduction shall be allowed with respect to the taxes paid to the Dominion of Canada on the net income of corporations.

Tax on profits of holding companies.

“10. The Lieutenant-Governor in Council may, upon the recommendation of the Treasurer, fix at a sum less than that prescribed by the above provisions the tax payable on profits of any company doing no business in the Province other than that of holding the stocks, bonds and other securities of other companies.

“LEVY AND APPLICATION OF TAX

Date of payment of capital and place of business taxes.

“11. The taxes exigible under this act, excepting the tax on profits and the tax mentioned in the second to last paragraph of subdivision 3 of section 3, are payable in advance on the first juridical day of May in each year.

Date when measure of tax is determined.

The taxes on capital and places of business shall be determined upon the amount of paid-up capital, mileage or other basis in respect of which the amount of such tax is to be ascertained as the same stood on the thirty-first of December preceding the date when the taxes imposed by this act are payable.

When capital tax is measured on gross revenue.

Wherever the capital tax is measured on the gross revenue, the gross revenue of the calendar year immediately preceding the date on which the present tax is payable, will serve as a basis for the computation of the tax.

When the financial year of a company expires at any other date or if the financial year of a company is for a period shorter or longer than twelve months, the Treasurer may determine both the period to be covered and the date which will serve as a basis for the computation of the taxes imposed by this act. Fiscal year in certain cases.

There shall be no rebate nor refund of the taxes imposed by this act when a company, during any financial year, ceases to exist, to have an office, to hold assets or to transact business in the Province, and such company shall pay the taxes imposed by this act for the complete financial year. Incomplete fiscal year.

"12. Every corporation, company, partnership, association, firm or person, liable to the tax, commencing business after the first of May, shall be bound to pay only a proportionate amount of the tax, from the first day of the month during which such business is so commenced. Such proportional tax shall be exigible from the date at which such corporation, company, partnership, association, firm or person commences business in the Province. Proportionate tax when company commences business during year.

"13. The tax on profits shall be payable within the four months immediately following the last day of the financial year of each corporation, company, partnership, firm, association or person owing it. Date when profit tax is payable.

"14. Legal interest shall be exigible upon every tax imposed by this act from the date upon which such tax became due. Interest.

"15. Likewise such taxes are exigible from the trustee in bankruptcy, trustee or liquidator who continues, as such, to carry on in the Province the business of any corporation, company, partnership, firm or association above mentioned. Taxes due by trustee.

"16. The full amount of the taxes due by any corporation, company, partnership, association, firm or person contemplated by this act, shall be payable to the Treasurer at the Provincial Revenue Office. Taxes payable to Treasurer at revenue office.

"17. Every company on which a tax is imposed by this act shall, within the four months following the close of its financial year and without notice or demand, deliver to the Provincial Revenue Office such returns as the Lieutenant-Governor in Council may prescribe for the purpose of carrying out the provisions of this act. Companies to file annual returns.

Every company taxable or not in virtue of the present act shall also, upon a request from the Provincial Revenue Office, deliver to the said office such returns.

The provisions of this act shall apply to every company whether or not under the control of another company; and no annual report consolidated so as to cover the affairs of several companies shall be accepted.

Assessment of
tax when no
return filed.

"18. Failing to receive the required statements in due time, the Treasurer, at his discretion, may establish an amount which will represent the several taxes due and payable for the year for which the statements have not been received.

Verification
of returns.

"19. The written attestation that the annual financial statements are in agreement with the books of the company shall be verified by the signature of the president, or other officer of the company having personal knowledge of the affairs of such company, or, in the case of any company not incorporated in Quebec, of the manager or chief agent of the company in the Province, or of such other person or persons acting for the company, as the Treasurer may require.

Fine.

Every person, partnership or corporation neglecting or refusing to furnish the certificate required in the preceding paragraph shall be liable to a fine of five hundred dollars and costs.

Secrecy.

"20. No person employed in the service of His Majesty shall communicate or allow to be communicated to any person not legally entitled thereto any information obtained under the provisions of this act, or allow any such person to inspect or have access to any statement or return furnished under the provisions of this act.

Any person violating any of the provisions of this section shall be liable to a fine of not less than twenty-five dollars and of not more than two hundred dollars, and costs, and, in default of payment of the fine and costs, to an imprisonment from one to three months.

Tax to be
forwarded
with return.

"21. Every company upon which a tax is imposed by this act shall forward to the Provincial Revenue Office with its return the amount of the taxes payable, as estimated by the company in the return; in default of payment of the tax at the time of the filing of the return as aforesaid, a penalty of five per centum of the amount of the tax payable shall be added thereto by the Treasurer for the first

Penalties.

month or fraction thereof, and, thereafter, a further penalty of one per centum per month shall be added by the Treasurer for each additional month or fraction thereof during which the said tax and penalties remain unpaid.

"22. In the case of companies, corporations, partnerships, associations, firms or persons commencing to do business in the course of any year, the returns required under this act shall be furnished on the day such business is commenced. Return to be filed when company commences business during year.

"23. If the Treasurer, in order to enable him to determine whether the returns furnished are correct, desires to obtain further information, he may, by registered letter addressed to the president, manager, secretary or agent or to any member of the company, and to any partnership, association, firm or person, coming within the purview of this act, require a further return attested under oath to be furnished within thirty days. Treasurer may require further information.

"24. Any person, partnership or corporation neglecting or refusing to furnish, within the delay provided under this act, a return required of him or it under sections 17, 22 and 23, or furnishing an inexact or false return, shall be liable, in addition to the costs, in the first case, to a fine of five hundred dollars, and, in the second, to a fine of one thousand dollars. Penalties.

"25. Whenever the Treasurer deems it necessary, he may appoint one or more persons to ascertain, at the head office or any other place of business of any company, the paid-up capital, income or all other affairs of any company; for the purposes of such inquiry, such person or persons shall have all the powers conferred upon a commissioner appointed under the Public Inquiry Commission Act (Chap. 8). Inquiry as to paid-up capital, income, etc.

The company, its officers and employees shall be obliged to furnish to the investigator the information which he requires and allow him and facilitate the examination of all correspondence, books, documents and vouchers of any kind of which he may desire to take cognizance.

Any one violating the provisions of this section shall be liable to a fine of five hundred dollars and costs.

"26. When a foreign company carries on any business in Quebec and fails to maintain in Quebec adequate records and books of account reflecting the operations carried on Assessment of foreign company neglecting to keep records in Quebec.

in Quebec, the Treasurer may fix the taxes upon capital, profits and places of business, as he may deem just.

Information
to be given
yearly by
municipal
corporations.

"27. The clerk or secretary-treasurer of every municipal corporation shall, annually, on or before the first day of May, make a report to the Comptroller of Provincial Revenue setting forth the names and addresses of all corporations, companies, firms, partnerships, associations or persons mentioned in this act, established or doing business within his respective municipality, specifying the number of offices, places of business, factories or workshops of each; and, in default of so doing, he shall be liable to a fine of twenty-five dollars and costs, and, in default of payment of such fine and costs, to an imprisonment of one month.

Privileged
claim.

"28. All sums due to the Crown in virtue of this act shall constitute a privileged debt ranking immediately after law costs.

Application of
taxes.

"29. The taxes imposed by this act shall form part of the consolidated revenue fund of the Province.

Any proportion of such taxes may be applied, from time to time, by the Treasurer, under the direction of the Lieutenant-Governor in Council, to the payment of the expenses incurred for the carrying out of this act.

When sales
are deemed
to be made in
Quebec.

"30. Sales made by a company to purchasers residing in Quebec shall be considered as having been made in this Province, if the company has an office in Quebec or does business therein through a person residing in Quebec, acting as an employee, vendor, agent, representative or in any other capacity.

When sales
are deemed
to be made
elsewhere.

"31. Sales made by a company, having in Quebec its head office or its principal place of business for Canada, to purchasers residing in any other province or country, shall be considered as having been made in Quebec, unless such company has its own office or branch in such other province or country and is paying therein taxes upon capital and profits.

REGULATIONS

Regulations
by lieutenant-
Governor in
Council.

"32. The Lieutenant-Governor in Council may make regulations:

a. to determine that part of the paid-up capital, capital-stock, gross revenue and net revenue which will serve as

a basis for the computation of the taxes imposed by this act in the case of companies transacting business both in Quebec and elsewhere;

b. to determine what constitutes investments and annuity contracts;

c. to authorize officers of the Provincial Revenue Office to administer declarations or affidavits in connection with returns filed under this act, but any person so authorized shall not charge any fee therefor;

d. to prescribe the form of returns as he may deem necessary for the purpose of carrying out the provisions of this act;

e. to exempt in whole or in part any class or classes of business, any corporation in liquidation or in the hands of a receiver, and any company incorporated for drainage, agricultural, colonization, religious, charitable, philanthropic, social or educational purposes;

f. to effect the carrying out of the provisions of this act and the attaining of the objects thereof;

g. to authorize the Comptroller of Provincial Revenue or other officer of the Provincial Revenue Office to exercise such of the powers given to the Lieutenant-Governor in Council by this act and which the latter may deem proper to confer upon him.

Such regulations shall come into force fifteen days after the date of their publication in the *Quebec Official Gazette*.

EXEMPTIONS

"33. This act shall not apply:

1. To any society or establishment manufacturing butter or cheese, or both, established under the Butter and Cheese Society Act (Chap. 66); Companies exempted.

2. To the Dairy Association of the Province of Quebec, established under the Dairy Association Act (Chap. 61);

3. To any company incorporated for the purpose of drainage, agriculture or colonization;

4. To any company which is organized, administered and operated on a coöperative basis and which:—

a. markets the products of the members or shareholders thereof under the obligation to pay to them the proceeds from the sales less a reasonable amount for expenses and reserves; or

b. purchases supplies and equipment for the use of such members or shareholders under the obligation to turn

such supplies and equipment over to them at cost plus a reasonable amount for expenses and reserves.

5. To any mutual insurance company recognized by or established under the Quebec Insurance Act (Chap. 243) provided that such company do not transact a cash premium business or under a fixed premium system;

6. To any credit coöperative syndicate established under the Quebec Coöperative Syndicates' Act (Chap. 254) and commonly known as "*Caisses Populaires*";

7. The society known under the name of "*L'Alliance Nationale*".

Carrying out
of this act.

"34. The Treasurer shall have charge of the carrying out of this act."

2. This act shall be in effect as from the 30th of April, 1939.

3. For the purpose of this act, the Lieutenant-Governor in Council is however authorized to change or alter the taxes herein above provided and in such manner and in such proportion as he may deem fit.

4. This act shall come into force on the day of its sanction.

