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(An act respecting corporations & companies)

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1939.

**An act to impose taxes upon corporations,
companies, partnerships, associations,
firms and persons.**

Revised Statutes of Quebec, 1925

Chapter 26, as amended by 16 Geo. V, Ch. 61; 20 Geo. V,
Ch. 26; 21 Geo. V, Ch. 28; 22 Geo. V, Ch. 23;
24 Geo. V, Ch. 13; 25-26 Geo. V, Ch. 15
and 2 Geo. VI, Ch. 28.

REVENUE OFFICE

Parliament Buildings, Quebec

Province of Quebec

April 1938



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REVENUE OFFICE
Parliament Buildings, Quebec
Province of Quebec

April 1938

An act to increase taxes upon corporations,
corporations, partnerships, associations,
firms and persons.

Enacted at the City of New York, January 1, 1938.

Approved by the Senate, March 1, 1938.
Approved by the Assembly, March 1, 1938.
Approved by the Governor, March 1, 1938.

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THE CITY OF NEW YORK

April 1938

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CHAPTER 26

AN ACT TO IMPOSE TAXES UPON CORPORATIONS, COMPANIES, PARTNERSHIPS, ASSOCIATIONS, FIRMS, AND PERSONS

1. This act may be cited as the Corporation Tax Act. Short title.
2. Saving any special provision to the contrary, the Provincial Treasurer shall have charge of the carrying out of this act. Carrying out of act.

Division I

DECLARATORY AND INTERPRETATIVE

3. In order to provide for the exigencies of the public service, every one of the following companies, corporations, partnerships, associations, firms, and persons, doing business in this Province, in his or its own name or through an agent, namely: Tax imposed upon companies, etc.

1. Every incorporated company carrying on any undertaking, trade or business therein;

2. Each of the following companies, whether incorporated or not:

Every bank carrying on the business of banking therein;

Every insurance company accepting risks and transacting the business of insurance therein;

Every loan company making loans therein;

Every navigation company, steamship company, partnership or association, owning, operating or running one or more steamships or vessels, between any place in the Province and any other place in the Province, or in any other Province, or in any other country; or any agent of such company, partnership or association;

Every telegraph company and every other company working a telegraph line in the Province for the use of the public;

Every telephone company working a telephone line therein;

Every express company, partnership or association, foreign to the Province, carrying on therein an express and forwarding business and any business incidental thereto;

Every tramway company operating a line of tramway or a line of vehicles not on track or both;

Every railway company working a railway or part of a railway therein;

Every company, partnership, firm or association, leasing sleeping cars or parlor cars, or whose sleeping cars or parlors cars run upon the line of or are used by any railway company or railway companies within the Province, and

Every trust company carrying on business therein;

3. Every partnership, association, firm or person, whose chief office or principal place of business is outside the Dominion of Canada, and which does not come within the meaning of paragraph 2 of this section,—shall, annually, pay the several taxes mentioned and specified in section 5, which taxes are hereby imposed upon each of such corporations, companies and persons, or upon each such partnership, association, firm or agent, respectively. Likewise such taxes, commencing from July 1st, 1933, are due by, and are exigible from, the trustee in bankruptcy, trustee, liquidator or receiver who continues, as such, to carry on in the Province the business of any corporation, company, partnership, firm or association above mentioned. R. S. (1909), 1345; 10 Geo. V, c. 23, s. 2; 24 Geo. V, c. 13, s. 1.

Interpreta-
tion of:

4. In this act the following words and expressions have the following meanings:

"Incorporated
company";

Exceptions.

1. "Incorporated company" does not include companies publishing newspapers or periodicals; associations or establishments, for the manufacture of butter or cheese, or of both, established under the Butter and Cheese Society Act (Chap. 66); the Dairy Association of the Province of Quebec, established under the Dairy Association Act (Chap. 61); mutual insurance companies recognized by or established under the Quebec Insurance Act (Chap. 243), except when such companies transact a cash premium business; companies established for the construction and maintenance of toll-bridges; or associations or companies incorporated for the purpose of drainage, agriculture or colonization;

"Bank";

2. "Bank" includes savings banks;

3. "Insurance company" comprises life, fire, ocean^{"Insurance company";} marine, inland navigation, accident, sickness, health, live-stock, plate-glass, steam-boiler, burglary, registry and identification, guarantee and employers' liability, and any other kind of insurance company or association, issuing policies in its own name or through an agent or broker, whether under an assessment system or otherwise, but does not include mutual insurance companies recognized by or established under the Quebec Insurance Act (Chap. 243), with respect to policies issued and premiums received by such companies under a premium note and assessment system;

4. "Premium" means any sum payable as consideration^{"Premium";} for insurance, and includes the first premium payable upon a policy of insurance and the annual or other premiums thereafter payable thereon, whether for renewals or otherwise; and "gross premiums", insofar as all insurance companies, except life insurance companies, are concerned, mean such premiums after deduction of return premium and cancellations;

5. "Loan company" includes building societies; but does^{"Loan company";} not include those mutual building societies which have not a fixed capital, do not lend money to the public, but only to their members, do not lend money at interest, do not levy any interest upon their members and whose members receive no dividend, nor trust companies carrying on the business of a loan company;

6. "Trust company" means and includes all companies^{"Trust company";} known as trust companies, or trust and safe deposit companies, or loan and safe deposit companies, or safe deposit companies;

7. "Head office" means the most important office or^{"Head office";} place of business, in the Province, of any corporation or company;

8. "Place of business" means the establishment where,^{"Place of business";} for the purpose of doing business in this Province or for the purpose of complying with the laws, any company, or other corporation, partnership, association, firm or person, mentioned in paragraph 3 of section 3, has its or his offices, stores, factories, workshops, agencies or stations;

9. "Doing business in this Province" and "carrying on^{"Doing business in this Province," etc.} any undertaking, trade or business therein", when these expressions relate to an incorporated company, mean: exercising any of its corporate rights, powers or objects in the Province. Nevertheless, the taking of orders, the purchase or the sale of merchandise and other effects, by

means of travellers or by mail, shall not be interpreted as being the exercise of any of the corporate rights, powers or objects of the company in the Province, if the company has no agent, representative, vendor, salesman on commission or employee, resident in the Province, or has no place of business in the Province; but, in such case, the burden of proving that it has no agent, representative, vendor, salesman on commission or employee resident in the Province or that it has no place of business in the Province shall fall upon the company.

"Paid-up capital";

10. "Paid-up capital", when this expression relates to an incorporated company, for the purposes of section 5, subdivision 1, of this act, means and includes the paid-up capital stock of the incorporated company, its surplus and reserve fund (except any reserve for wear and tear depreciation, the creation of which is allowed as a charge against revenue under the section 5a of this act), all sums or credits advanced or loaned to the incorporated company by any other company (not including any bank), and all sums borrowed by the incorporated company by the issue of bonds, debenture-stock, debentures, mortgages or other like securities, provided that with respect to goodwill, included as an asset, a deduction may be allowed to the extent that such goodwill, in the opinion of the Provincial Treasurer, has no value,—provided, also, that, for the purposes of this paragraph 10 and of subdivision 1 of section 5 of this act, when the statement shows that the capital stock is without any nominal or par value and also shows a deficit, the amount of such deficit may be deducted from the amount of such capital stock, provided that the balance of such capital stock be not less than five dollars per share";

"Profits";

11. "Profits" include the annual profits directly or indirectly made from any trade or manufacture, or from commercial, financial or other business, and also include interest, dividends and profits directly or indirectly received from money at interest, with or without security, or from investment in stocks or any other form of investment and also the annual profit or gain from any other source. R. S. (1909), 1346 10 Geo. V, c. 23, s. 3; 12 Geo. V, c. 33, s. 1; 15 Geo. V, c. 28, ss. 1 and 2; 20 Geo. V, c. 26, s. 1; 24 Geo. V, c. 13, s. 2; 25-26 Geo. V, ch. 15, s. 1.

Division II

TARIFF OF ANNUAL TAXES IMPOSED

Amount of
annual
taxes upon:

5. The annual taxes imposed upon and payable by the corporations, companies, partnerships, associations, firms,

persons and agents mentioned and specified in section 3, and upon persons, firms, companies or corporations entering into contracts of reciprocal insurance shall be as follows:

I.—INCORPORATED COMPANIES

1. One-tenth of one per cent upon the amount of the paid-up capital of the company; Incorporated companies;

2. An additional tax of thirty dollars for each place of business in the cities of Montreal and Quebec and of fifteen dollars for each place of business in any other municipality; provided, however, that if the amount of the paid-up capital of the company is under twenty-five thousand dollars, the amount of the additional tax shall be reduced to half; Additional tax; Proviso.

3. Every railway or navigation company, running one or more hotels in this Province, shall pay upon the amount of its paid-up capital employed in operating such hotels, the tax imposed by paragraph 1 of subdivision 1 of this section 5 and also the additional tax imposed by paragraph 2 thereof; Railway companies running hotels.

The Lieutenant-Governor in Council may allow such reduction of taxes, for a fixed or undetermined period, as he may deem just, to any incorporated company coming under this subdivision 1, and: Reduction of taxes by Lt.-Gov. in C. to certain incorporated companies.

a. Having its head office outside of the Province and doing business in the Province; or

b. Having its head office in the Province, but the greater part of its assets outside of the Province; or

c. Having its head office in the Province but doing only the business therein of holding the stocks, bonds and other securities of other incorporated companies. R. S. (1909), 1347, Div. 1; 3 Geo. V, c. 18, s. 1; 12 Geo. V, c. 33, s. 2; 16 Geo. V, c. 61, s. 2; 20 Geo. V, c. 26, s. 2.

II.—BANKS

1. One-tenth of one per cent upon the amount of the paid-up capital; Banks;

2. On each head office or chief place of business in each of the cities of Montreal and Quebec, two hundred dollars; on each other office or place of business in each of the said cities, one hundred and fifty dollars, and on each office or place of business in any other place, thirty dollars, save and except on any sub-agency where the person in charge thereof is paid only on a commission basis. Additional tax;

Surtax;

3. A surtax of 45% of the amount of the taxes imposed and payable under paragraphs 1 and 2 of this sub-division II. R. S. (1909) 1347, Div. II; 7 Geo. V, c. 18, s. 1; 25-26 Geo. V, c. 15, s. 2.

III.—INSURANCE COMPANIES

Insurance
companies;

1. Saving the provisions enacted in section 4 with respect to premiums received under a premium-note system, and the case of marine insurance companies, on every life insurance company which transacts business in the Province, a tax of one and three-quarters per cent, and on every other insurance company, a tax of one per cent; the said tax to be calculated, in both instances, upon the gross amount of premiums, whether received or become due for insurance or re-insurance effected or renewed by such company, in the Province, during the preceding calendar year; provided that in no case, except for mutual insurance companies incorporated under any law of this Province, shall the said tax be less than four hundred dollars in the case of life insurance companies, and two hundred and fifty dollars in the case of every other insurance company; but in the case of mutual fire insurance companies, which receive premiums in cash, the tax shall be calculated upon the gross premiums received in cash in respect of insurance transacted on the cash plan in the Province by the company during the preceding calendar year, whether on new policies issued or on renewals; provided always that when it is made to appear that companies incorporated in this Province are discriminated against in any other Province, state or country, the Lieutenant-Governor in Council may increase the tax upon companies incorporated in such Province, state or country, doing business in this Province, to an amount equal to the discriminating tax;

Amount of
first payment
of tax;

2. The minimum sums fixed in paragraph 1 of sub-division III of this section shall respectively be the amount of the first payment of the tax exigible under section 6 from every insurance company beginning to do business in this Province;

How tax is
based.

3. Insurance companies so receiving premiums on life policies issued in favour of any person domiciled in this Province, or on fire or other policies respecting any property in this Province, shall pay the said tax upon the full amount of such premiums, whether for original insurance or for re-insurance. In the case of re-insurance, however, the principal company shall be exempt from the tax imposed by this act on the portion of the premium paid to the re-insuring company, if the latter does business in this

Province, and, if such re-insuring company does not do business therein, the principal company shall be liable for the tax on the full amount of the premium;

4. In the case of marine insurance company, on every person, firm or company, engaged in carrying on the business of marine insurance as principal, agent or broker, a tax of two hundred and fifty dollars on such business; Marine insurance;

4a. In the case of persons, firms, companies, or corporation parties to any contract of indemnity, upon the plan known as inter-assurance or reciprocal insurance, a tax of one per cent on the net premium or premiums paid by such persons, firms, companies or corporations in connection with such contract. Any declaration or act necessary in connection with the payment of such tax may be made by the attorney recognized by the contracting parties or their intermediary and such tax may be paid by such attorney out of any monies in such hands belonging to the contracting parties or held for them. The other provisions of this act shall apply *mutatis mutandis*. Reciprocal insurance tax. Declaration through attorney. Provisions applicable.

5. Any 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, procuring any insurance on any property, moveable or immovable, in the Province or described in any policy, interim receipt or insuring document, as situated in any part of the said Province, in any extra-provincial company not having an office or place of business in the Province, shall, forthwith, and not later than one month from the effecting of any such insurance or of the receipt of any such policy, interim receipt or insuring document issued by or on behalf of such insuring company, whichever shall be first in point of time, notify the Provincial Treasurer in writing, under oath, of (a) the amount of such insurance; (b) the amount of premium 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. And such person, firm or corporation shall, upon filing a sworn declaration to the above effect with the Provincial Treasurer, within the delay above specified, pay at the same time to the proper collector of provincial revenue 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. Where such insurance is effected directly by the possessor of the property, the declaration shall be made and the tax paid by him; where it is effected through an agent Declaration to be sent to Provincial Treasurer of certain insurance having been effected. Payment to be made along with declaration;

or broker, the declaration shall be made and the tax paid by such agent or broker;*

Penalty for violation of provisions of paragraph 5;

6. Any person, firm, association or corporation, officer, agent or employee, infringing paragraph 5 of sub-division III of this section, shall, for each offence, be liable to a fine equal to twice the amount of the tax; the Lieutenant-Governor in Council may however remit any such fine, provided the court before which the conviction was had, recommends such remission. R. S. (1909), 1357, Div. III; 16 Geo. V, c. 61, s. 12.

IV.—LOAN COMPANIES

Loan companies with fixed capital.

1. A company with a fixed capital exceeding five hundred thousand dollars, four hundred dollars, with an additional sum of fifty dollars for each million dollars or fraction of one million dollars of the paid-up capital of the company, over one million dollars.

Idem.

If the fixed capital exceed four hundred thousand dollars, but does not exceed five hundred thousand dollars, three hundred dollars; if it exceed three hundred thousand dollars, but does not exceed four hundred thousand dollars, two hundred and fifty dollars; if it exceed two hundred thousand dollars, but does not exceed three hundred thousand dollars, two hundred dollars; if it exceed one hundred thousand dollars, but does not exceed two hundred thousand dollars, one hundred and fifty dollars; if the fixed capital be one hundred thousand dollars or less, one-tenth of one per cent upon the amount of the capital;

Without fixed capital;

2. A company without a fixed capital, one hundred dollars;

Additional tax.

3. 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 every 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, and where 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. R. S. (1909), 1347, Div. IV.

V.—NAVIGATION COMPANIES, ETC.

Navigation companies;

1. One-tenth of one per cent upon the amount of the paid-up capital up to five hundred thousand dollars, inclu-

*See Chap. 243, Sec. 147, (R. S. (1909) 6963).

sive, and fifty dollars for each one hundred thousand dollars or fraction of one hundred thousand dollars for all sums over five hundred thousand dollars;

2. An additional tax of fifty dollars for the most important office or place of business in each of the cities of Montreal and Quebec, and of twenty dollars for the most important office or place of business in any other place; Additional tax;

3. The Lieutenant-Governor in Council may allow, for fixed or undetermined period, such reduction of taxes, as he may deem just, to a navigation company coming under this subdivision, and; Id., for certain navigation companies.

a. Having its head office outside of the Province and owning or using vessels running between ports in this Province and ports outside, or merely calling at a port or ports in this Province; or

b. Having its head office in the Province and owning or using vessels running only between ports outside, or between ports in this Province and ports outside, or merely calling at one or more ports in this Province. R. S. (1909), 1347, Div. v, 12 Geo. V, c. 33, s. 2.

VI.—TELEGRAPH COMPANIES

Every telegraph company and every other company working a telegraph system for the use of the public, one thousand dollars. R. S. (1909), 1347, Div. VI. Telegraph companies.

VII.—TELEPHONE COMPANIES

One-tenth of one per cent upon the amount of the paid-up capital. R. S. (1909), 1347, Div. VII; 7 Geo. V, c. 18, s. 2. Telephone companies.

VIII.—EXPRESS COMPANIES

1. Every express company, partnership or association, foreign to the Province, carrying on an express and forwarding business, five-tenths of one per cent upon the gross earnings in the Province, during the preceding calendar year, provided the tax be not less than eight hundred dollars; Extra-provincial express companies;

2. A fixed sum of eight hundred dollars shall be the amount of the first payment of the tax exigible under the terms of section 6 from every such express company, partnership or association commencing to do business in the Province; Amount of first payment of tax;

Additional
tax;

3. An additional tax of fifty dollars for each place of business in the cities of Montreal and Quebec, and of twenty dollars for each place of business in every other place;

Additional
tax on cer-
tain compa-
nies carrying
on other than
express
business.

4. Every express company, partnership or association, foreign to Canada, carrying on any business other than an express and forwarding business exclusively, an additional tax of one-half of one per cent upon the gross earnings of the company, partnership, or association, in the Province, derived from such other business during the preceding calendar year, provided the tax be not less than four hundred dollars. R. S. (1909), 1347, Div. VIII.

IX.—CITY PASSENGER RAILWAY OR TRAMWAY COMPANIES

City
passenger
railway or
tramway
companies.

Fifty dollars for each mile of single track of railway or tramway in operation, and one hundred dollars for each mile of double track in operation, and where the tramway system in operation is replaced in whole or in part by vehicles not on tracks, fifty dollars for each mile of line so replaced. R. S. (1909), 1347, Div. IX; 24 Geo. V, c. 13, s. 3.

X.—RAILWAY COMPANIES

Steam or
electric
railway
companies;

1. Every railway company owning, operating or using, wholly or in part, in this Province, a steam or electric railway, shall pay upon each main line sixty dollars per mile for one track, and, where the line consists of two or more tracks, forty dollars per mile for each additional track owned, operated or used as aforesaid;

Owning and
operating
companies
jointly and
severally
liable;

2. Both the company owning a railway or a part thereof, and the company or companies operating or using the same, shall be jointly and severally liable for the payment of the amount of the tax, but the total amount payable in respect of any railway shall not exceed the amounts above respectively mentioned, notwithstanding that such railway is owned, operated or used by more than one company;

Trackage
measurement.

3. The measurement of trackage for the purposes of this subdivision X of this section shall not include switches, spurs or sidings.

Tax reduc-
tion to certain
companies.

4. The Lieutenant-Governor in Council may grant, for a stated period or otherwise, such tax reduction as he deems just to a railway company, contemplated by this subdivision, which operates solely for the purpose of forest exploitation and neither exacts nor receives any remuneration for the conveyance of persons or effects. R. S. (1909), 1347, Div. X; 21 Geo. V, c. 23, s. 1; 22 Geo. V, c. 23, s. 1.

XI.—SLEEPING OR PARLOR CAR COMPANIES

Every company, firm, association, or partnership, doing business in the Province by either leasing sleeping cars or parlor cars to a railway company or to railway companies, or whose sleeping or parlor cars run upon the line of or are used by a railway company or railway companies, within the Province:

1. One-third of one per cent upon the capital of the company invested in such cars and rolling stock in use in the Province; Percentage.

2. An additional tax of fifty dollars for each office or place of business in the cities of Montreal and Quebec, and of twenty dollars for each office or place of business in every other place. R. S. (1909), 1347, Div. XI. Additional tax.

XII.—TRUST COMPANIES

1. One-fifth of one per cent upon the amount of the paid-up capital to one million dollars, inclusively, and twenty-five dollars for each one hundred thousand dollars or fraction of one hundred thousand dollars for all sums over one million dollars; Trust companies;

2. An additional tax of fifty dollars for each place of business in the cities of Montreal and Quebec, and of twenty dollars for each place of business in every other place; Additional tax;

3. The Lieutenant-Governor in Council may allow trust companies coming under this subdivision such reduction of taxes as he may deem just, for a fixed or undetermined period, in proportion to the nature and importance of their operations in the Province, when their principal place of business is beyond the limits of the Province; but the tax shall never be less than one hundred dollars. R. S. (1909), 1347, Div. XII. Reduction may be allowed.

XIII.—PARTNERSHIPS, ASSOCIATIONS, FIRMS, OR PERSONS,
WHOSE CHIEF OFFICE OR PLACE OF BUSINESS IS
OUTSIDE OF CANADA, AND WHICH ARE
NOT TAXED UNDER ANY OTHER
PROVISIONS OF THIS ACT

1. One-tenth of one per cent upon the gross earnings in the Province during the preceding calendar year, provided that the tax shall never be less than fifty dollars; Tax on certain foreign companies.

2. An additional tax of thirty dollars for each office or place of business in the cities of Montreal and Quebec, Additional tax.

and of fifteen dollars for each office or place of business in every other place. R. S. (1909), 1347, Div. XIII; 20 Geo. V, c. 26, s. 2.

Division IIa

TARIFF OF ADDITIONAL TAXES IMPOSED

Additional
taxes.

5a. In addition to the taxes specified in the above section 5, there shall be imposed upon each corporation, company, partnership, firm, association and person mentioned in section 3 of this act, banks and railway companies excepted, an annual tax equal to two and one-half per cent of its profits received in the Province when they are revenues derived from investments, or made in the Province when they are profits derived from any other source, after deducting from such profits only actual expenses incurred and paid or charged during its last fiscal year, but without deducting from such profits, whether they be reserved, paid or charged, any income taxes, nor any dividend, nor without deducting from such profits any charge or reserve for capital account or for wear and tear, depletion, obsolescence or any other depreciation, provided however:

a. That the wear and tear depreciation and the depletion as are allowed by general regulations of the Provincial Treasurer may be deducted from profits under the conditions, limitations and restrictions and to the extent therein set forth, and such regulations shall have the same effect as if incorporated in this act;

b. That, whenever a case is not covered by such general regulations, the decision of the Provincial Treasurer concerning wear and tear, depletion, obsolescence or any other depreciation, shall in its respect be final and conclusive:

c. That, in no case, shall the amount of the wear and tear depreciation or of the depletion allowed by such regulations, or the amount specifically decided upon by the Provincial Treasurer, exceed the amount respectively set forth therefor in the balance sheet submitted or to be submitted to the shareholders of the company or corporation;

d. That the Provincial Treasurer may disallow as a deduction from profits the whole or any part of any salary, bonus, commission or directors' fees which he may consider in his opinion in excess of what is reasonable for the services performed. 22 Geo. V, c. 23, s. 2; 24 Geo. V, c. 14, s. 4; 25-26 Geo. V, c. 15, s. 3.

When tax
payable.

5b. The tax provided for by the previous section 5a shall be payable within the four months immediately following

the last day of the fiscal year of each corporation, company, partnership, firm, association, or person owing it, and shall be imposed for a period of eight consecutive fiscal years, the fiscal year current on the 19th February, 1932, in each case counting as the first of the eight years. 22 Geo. V, c. 23, s. 2; 24 Geo. V, c. 14, s. 5; 25-26 Geo. V, c. 15, s. 4, ^{Period of imposition.} 2 Geo. VI, c. 28.

5c. Each of the corporations, companies, partnerships, ^{Supplying of} firms, associations and persons obliged to pay the tax ^{statements.} provided for by section 5a must, within the period of four months fixed by section 5b, supply such statements as may be required to establish the amount of such tax or to establish that no such tax is exigible, and give such other information as may be deemed necessary for such purpose, to the Comptroller of Provincial Revenue, at Quebec.

The provisions of section 9 of this act shall apply, *mutatis mutandis*, to this section.

In any case where there is a failure to supply, at the periods determined, any statement or any information required by this section, the Provincial Treasurer may, in his discretion, establish the amount which, for the purposes of this division, shall represent the taxable profits. 22 Geo. V, c. 23, s. 2; 24 Geo. V, c. 13, s. 6.

5d. The Lieutenant-Governor in Council may allow, for ^{Reduction in certain case.} a fixed or undertermined period, such reduction of taxes as he may deem just, to a corporation or an incorporated company coming under this Division and having its head office in the Province but doing no business therein other than that of holding the stock, debentures and other securities of other incorporated companies, and of corporations and governments. 22 Geo. V, c. 23, s. 2.

5e. The financial statements which by this act are ^{Statements.} required from each company or corporation shall be those showing its affairs only, and for its last fiscal year; they shall be sworn to and signed by its auditor, and, in default of the auditor, by its president and its accountant or by two of its directors, and they shall include a copy of its audited balance sheet as submitted or to be submitted to its directors or shareholders, and subsidiary statements which shall show in concise form the changes during the year in its profit and loss, surplus, reserve, depreciation and depletion accounts, or such other details as may be required by the regulations of the Provincial Treasurer. 25-26 Geo. V, c. 15, s. 5.

Division III

LEVY AND APPLICATION OF TAXES

Taxes when
payable.

6. Subject to the provisions of section 11, such taxes shall be payable in advance on the first juridical day of July, in each year, with legal interest from that date. R. S. (1909), 1348; 12 Geo. V, c. 33, s. 3.

To whom
taxes are
payable.

7. The full amount of the taxes imposed upon any corporation, company, partnership, association, firm or person, coming under this act, shall be payable annually to the collector of provincial revenue of the revenue district in which the corporation, company, partnership, association, firm or person has his or its head office. R. S. (1909), 1349; 10 Geo. V, c. 23, s. 5.

Certain
statements to
be made
annually by
corporations,
etc., and
what to
contain.

8. On or before the first day of May in each year, every company, corporation, partnership, association, firm or person, affected by this act, shall, without awaiting any notice or demand to that effect from the Government, forward, in duplicate, to the Provincial Treasurer, a detailed statement, in which shall be set forth, insofar as required for the collection of such taxes by that part of section 5 referring to each class of companies, corporations, partnerships, associations, firms, or persons, besides any and all other such information as the said Provincial Treasurer may require according to the circumstances of each case, the name of the company, corporation, partnership, association, firm or person, the nature of the business, the amount of the paid-up capital, the number and situation of all offices, places of business, agencies, stations, factories and workshops, and, in the case of insurance companies, the amount of the gross premiums or revenue; in the case of railway and tramway companies, the number of miles in operation in the Province, and, in the case of companies doing business in the Province by either leasing or hiring sleeping, dining, parlor, or buffet-cars to any railway company, or when sleeping, dining, parlor or buffet-cars run upon the track or line of, or are used by any railway company in this Province, such vouchers respecting the number of such cars and the amount of the capital invested therein by any such company as may be required by the Provincial Treasurer; in the case of railway companies running one or more hotels in the Province, the amount of the capital employed by any such company in running such hotels; and, in the case of partnerships, associations, firms or persons, coming within the purview of subdivision XIII of

section 5, the amount of the gross earnings upon business done in the Province during the preceding calendar year.

In the case of companies, corporations, partnerships, associations, firms or persons commencing to do business in the course of any fiscal year, the statement above required shall be furnished on the day when such business is commenced.

Corporations, etc., commencing business during a year.

Such detailed statement shall be attested under oath taken before any officer authorized to receive affidavits to be used in this Province by the president, vice-president, or some one having personal knowledge of the affairs of the company, partnership, association, firm or person, and, in the case of companies incorporated outside the Province, or of persons outside of Canada, by the manager or chief agent of the company in the Province, and by the accountant or secretary thereof or by such other persons connected with the company as the Provincial Treasurer may designate; and such statement shall be drawn up according to such form as may be determined by the Provincial Treasurer.

Attestation of statements.

In respect of fire, plate-glass, steam-boiler, burglary and all other insurance covering property situate within the Province, every joint-stock company, partnership, association, firm or person, in the Province, directly effecting such insurance in companies or organizations known as Lloyds, not licensed by the Dominion of Canada, nor recognized by or established under the Quebec Insurance Act (Chap. 243) shall, on or before the same date, furnish a detailed statement under oath of the total insurance so effected by such company, partnership, firm, association or person, and of the amount of the premiums paid thereon, and, in default of their so doing, they shall be subject to the penalties imposed under section 9.

Statements on oath to be furnished by companies, etc., carrying on insurance business.

Penalty for failure to produce statement.

Every insurance company shall keep a separate book or register, in such form as may be determined by the Provincial Treasurer, in which shall be correctly entered the premiums earned by the company in respect of or accruing from business done by the company, wholly or in part, in the Province; and, in default thereof, and also in default of compliance with section 5, the company shall pay the tax upon the total gross income of the company, as established by the report of the Superintendent of Insurance of Canada or by the provincial insurance inspector, as the case may be.

Books, etc., to be kept by insurance companies.

Penalty for default.

The said register shall at all times be open to the examination of the Comptroller of Provincial Revenue, and to that of the provincial revenue inspector or proper collector of provincial revenue.

Books, etc., to be open to inspection by certain officers.

Certain insurance brokers to keep similar books, etc.

Every person, acting as a broker for one or more insurance companies which have no office or place of business in this Province, shall furnish the same statements and information, keep the same kind of registers and make similar entries therein as if he were acting for companies doing business in this Province.

Notification to Provincial Treasurer by persons using firm, name, etc.

Every year, on or before the first day of May, every partnership, association, firm or person, having his or its chief office or principal place of business in this Province and carrying on business under a corporate name or with the addition of the word "Company" or "Co.", without being incorporated, shall notify the Provincial Treasurer thereof, without awaiting a notice or demand from the Government, and so as to satisfy the Government that such partnership, association, firm or person is not liable to the payment of the taxes imposed by this act.

Additional sworn statements may be required.

If the Provincial Treasurer, in order to enable him to determine whether a statement furnished is correct, desires to obtain further information, he may, by registered letter addressed to the president, manager, secretary or agent of the company, or to such member thereof as he sees fit, and to any partnership, association, firm or person, coming within the purview of this act, require a further statement attested under oath to be furnished within thirty days, under a penalty of five hundred dollars.

Failing to receive the statement on time, the Provincial Treasurer, at his own discretion, may establish an amount which, for the purpose of this act, will represent the paid-up capital of the company in default; and the taxes based upon such an amount shall be due and payable for the year for which the statement has not been forwarded. R. S. (1909), 1350, 20 Geo. V, c. 61, s. 3.

Penalty for neglecting to comply with section 8.

9. Every corporation, company, partnership, association, firm or person, carrying on business in the Province, in his or its own name or through an agent, and such agent, and every broker acting for insurance companies which do not have an office in this Province, that neglect to conform to the provisions of section 8, shall be liable to a fine of ten dollars per day for each day during which such neglect continues, counting from the day such taxes become due until the statements required by section 8 are forwarded to the Provincial Treasurer..

Incomplete report considered as no report.

Every such corporation, company, partnership, association, firm or person and every such agent and broker, and in cases where this act obliges the insured to report, every insured person, who shall make an incomplete or incorrect statement, shall be deemed not to have made a report. R. S. (1909), 1351.

10. Every partnership, association, firm or person, not incorporated, carrying on business under a corporate name or with the addition of the word "Company" or "Co.", that has not, on the first juridical day of July in each year, made the statement required by section 8, shall be liable to the fine imposed by section 9. R. S. (1909), 1352.

Penalty on firm or partnerships, etc., not making return.

11. Every corporation, company, partnership, association, firm or person, liable to the tax, that commences business during the year, shall be bound to pay a proportionate amount of the tax, from the first day of the month during which it so commences business. Such proportional tax shall be exigible at the date at which such business is so commenced in the Province. R. S. (1909), 1353.

Proportional tax upon corporations, etc., commencing business during year.

12. 1. Legal interest shall be exigible upon every annual tax imposed by this act from the date upon which such tax become due.

Legal interest exigible.

2. All taxes, fines, interest and costs, or other sums payable under this act, shall be recoverable at any time after the same ought to have been paid, and all such taxes, fines, interest, costs and sums shall be recoverable and all rights of His Majesty hereunder enforced with full costs of suit, as a debt due to or as a right enforceable by His Majesty, in any court of competent jurisdiction, by proceedings instituted in the name of His Majesty. R. S. (1909), 1354; 10 Geo. V, c. 23, s. 7; 15 Geo. V, c. 10, s. 7; 20 Geo. V, c. 26, s. 4.

Recovery of taxes, etc., by suit if not paid.

13. Suits, under the authority of this act, before the Circuit Court, the Magistrate's Court or the Superior Court, shall be subject to the rules and delays prescribed for summary matters by the Code of Civil Procedure, other than suits between lessors and lessees. R. S. (1909), 1355; 15 Geo. V, c. 10, s. 8.

Provisions applicable.

14. The clerk or secretary-treasurer of every municipal corporation shall, annually, on or before the first day of June, make a report to the Provincial Treasurer setting forth the names of all corporations, companies, firms, partnerships, associations or persons, of the nature of those above mentioned, established or doing business within their respective municipalities, specifying the number of offices, places of business, factories or workshops of each; and, in default of so doing, they shall severally be liable to a fine of twenty-five dollars, and, in default of payment of such fine, to imprisonment for twenty-five days. R. S. (1909), 1356; 10 Geo. V, c. 23, s. 8.

Returns by municipal corporations to Provincial Treasurer as to corporations, etc.

Privilege for
taxes.

15. All sums due to the Crown in virtue of this act shall constitute a privileged debt, ranking immediately after law costs. R. S. (1909), 1357.

Application
of taxes.

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

Idem.

2. Any proportion of such taxes may be applied, from time to time, by the Provincial Treasurer, under the direction of the Lieutenant-Governor in Council, to the payment of the expenses incurred for the carrying out of this act. R. S. (1909), 1358.

Lieutenant-
Governor in
Council may
make regula-
tions, etc.

17. The Lieutenant-Governor in Council may make, amend, replace and repeal all regulations that he may consider necessary for the carrying out of the provisions of this act.

Coming into
force.

Such regulations shall come into force fifteen days after the date of their publication in the *Quebec Official Gazette*. R. S. (1909), 1359.

Power of the
Provincial
Treasurer.

18. The Provincial Treasurer may:

a. Authorize a revenue officer to establish the forms of statements required under this act, which forms shall be used in its application;

b. Establish and adopt regulations to determine the part of the profits which is taxable, in the Province, of any company or corporation doing business both within and outside of the Province, which regulations shall be followed in the application of this act;

c. Determine what constitutes investments within the meaning of section 5a. 25-26 Geo. V, c. 15, s. 6.

proportion of sales in Prov. of Quebec
to total sales

\$ 10,000,000 capital	} tax is $\frac{2}{100}$ of $\frac{1}{10}$ of 1%
\$ 50,000,000 (total sales)	
\$ 2,000,000 (Quebec - Quebec)	

25% of profits/prop

