



CHAPTER 17

An Act to amend the Corporation Tax Act

[Assented to, the 22nd of June, 1940]

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

1. Section 2 of the Corporation Tax Act, (Revised Statutes, 1925, chapter 26, as enacted by the act 3 George VI, chapter 19), is amended, by adding thereto after paragraph 15 thereof, the following paragraph:

"16. "Personal corporation" means a corporation or joint stock company, irrespective of when or where created, whether in Quebec or elsewhere, and irrespective of where it carries on its business or where its assets are situate, controlled, directly or indirectly, by one individual who resides in Quebec, or by one such individual and his wife or any member of his family, or by any combination of them or by any other person or corporation or any combination of them on his or their behalf, and whether through holding a majority of the stock of such corporation or in any other manner whatsoever, the gross revenue of which is to the extent of one-quarter or more derived from one or more of the following sources, namely:

(i) From the ownership of or the trading or dealing in bonds, stocks or shares, debentures, mortgages, hypothecs, bills, notes or other similar property;

(ii) From the lending of money with or without security, or by way of rent, annuity, royalty, interest or dividend, or

(iii) From or by virtue of any right, title or interest in or to any estate or trust.”.

R.S., c. 26,
s. 6, am.

2. Section 6 of the said act is amended:

a. By replacing the words: “two and one-half”, in the eleventh line thereof, by the word: “five”;

b. By adding thereto the following paragraph:

Exception.

“The tax imposed by this section shall not apply to a personal corporation liable to the tax imposed by the Quebec Income Tax Act.”.

R.S., c. 26, s.
9, replaced.

3. Section 9 of the said act is replaced by the following section:

Part of revenue exempt in case of real estate companies, etc.

“9. 1. In the case of real estate companies, companies owning and operating grain elevators and companies whose operations in the opinion of the Treasurer tend to deplete the natural resources of the Province, the part of the total net revenue of the company which shall be exempt from the tax on profits shall be proportionate to the relationship in value as between the fixed assets and goods and supplies situated outside of Quebec and the total fixed assets and goods and supplies as shown by the inventories of the company.

Id., in case of company having head office in Quebec.

2. Any other company, the head office of which is in Quebec, shall be entitled to deduct from the tax calculated upon its total net profits which would otherwise be payable by it under this Act, the lesser of the following amounts:

a. the amount of the tax calculated upon net profits which was paid or payable to any other province or state with respect to the same financial year;

b. the amount of tax on profits calculated at the rate of five per centum on that part of the total net profits of the company proportionate to the relationship in value as between the gross sales made to or the gross revenue received from customers residing outside of Quebec and the total gross sales made or gross revenue received.

Id., in case of company having head office outside of Quebec.

3. Any other company, the head office of which is outside of Quebec, shall be entitled to deduct from the tax calculated upon its total net profits, which would otherwise be payable by it under this act, the amount of tax on profits calculated at the rate of five per centum, on that part of the total net profits of the

company proportionate to the relationship in value as between the gross sales made to or the gross revenue received from customers residing outside of Quebec and the total gross sales made or gross revenue received.

4. No deduction shall be allowed with respect to the taxes paid or payable to the Dominion of Canada on the net profits of corporations.

No deduction for taxes paid, etc., to Dominion of Canada.

No deduction shall be allowed in respect of taxes deducted at source by foreign countries or with respect to taxes on profits paid by a company to any other province or foreign state, except as aforesaid in this section.

Id., in case of taxes paid to foreign countries, etc.

5. No deduction or exemption mentioned in subsection 2 of this section shall be allowed unless the company furnish satisfactory evidence to the Treasurer of the amount of tax on profits paid or payable to the government of such other province.”

Evidence required for deduction.

4. 1. This act shall be in effect as from the 1st of April, 1940.

Retroactivity.

2. The difference between the tax imposed by section 6 of the Corporation Tax Act, (3 Geo. VI, Chapter 19,) and the tax imposed by the said section as amended by this act, shall be exigible with respect to the same financial period, from every company subject to a tax on net revenue payable on or after the 1st of April, 1940, even if such tax has been paid before it was due and payable.

Difference exigible.

3. The payment of the tax imposed by this act in the case of companies whose taxes on profits were payable between the 1st of April and the 1st of July, 1940, shall be made on the 1st of August, 1940.

Time of payment in certain case.

4. In all other cases the tax on profits at the rate determined by the Corporation Tax Act, as amended by this act, shall be payable at the time mentioned in section 13 of the said act.

Id., for all other cases.

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

Coming into force.

