



CHAPTER 16

An Act to amend the Security Transfer Tax Act

[Assented to, the 18th of May, 1935]

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

1. Section 1*a* of the Security Transfer Tax Act (Revised R. S., c. 27, Statutes, 1925, chapter 27), as enacted by the act 22 s. 1*a*, am. George V, chapter 24, section 1, is amended by replacing subsection 2 thereof by the following:

“2. The word “security” means and includes: “Security”.

a. Any share of capital stock or of debenture-stock or any bond or any debenture, issued by any association, company, corporation or foreign government;

b. Any share of any undivided interest in a group of securities, such as mentioned in the previous paragraph *a*, held in trust or in ownership by a person, firm or corporation, or of any participating interest in the operation or profits of any association, company or corporation, such share being evidenced by a certificate or other instrument of title.”

2. Section 2 of the said act, as amended by the act 18 R. S., c. 27, George V, chapter 15, section 1, and replaced by the act s. 2, re-placed. 22 George V, chapter 24, section 2, is again replaced by the following:

“**2.** 1. In order to provide for the exigencies of the public service, there shall be levied, imposed and collected, in accordance with the rules hereinafter set forth and with those made hereunder, a tax: Levying of tax upon:

Change of ownership of security;

a. Upon every change of ownership of a security consequent upon the sale, the transfer or the assignment thereof, made in this Province or carried into effect in this Province;

Order for sale, etc., of security;

b. Upon every order given in this Province, for the sale, transfer or assignment of a security, when such order is to be executed outside of this Province;

Certain delivery in Province;

c. Upon every delivery in this Province of a security payable or transferable to bearer, when the sale, transfer or assignment thereof has been executed outside of this Province;

Certain payment in Province;

d. Upon every payment made in this Province, consequent upon the sale, transfer or assignment which has been executed outside of the Province;

Conversion of security;

e. Upon every conversion in this Province of a security into one which is payable or transferable to bearer;

Transfer, etc., of securities; Proviso;

f. Upon every transfer or delivery of securities in this Province, effected for cancellation or exchange purposes, provided this sub-paragraph *f* shall not apply where the exchange of securities issued by one company is made for other securities issued by the same company to the same holder

Application restricted.

2. Only one of the provisions contained in the foregoing subsection 1 of this section may apply in this Province to the same transaction in securities."

R. S., c. 27, s. 4, replaced.

3. Section 4 of the said act, as amended by the act 17 George V, chapter 18, section 1, and replaced by the act 22 George V, chapter 24, section 3, is again replaced by the following:

Rate of tax.

"4. 1. Such tax shall be imposed and levied as follows:

a. Three cents for every one hundred dollars or fraction thereof, of the par value of a bond, debenture or debenture-stock;

b. Five cents for every share of stock sold or transferred at a price over one hundred and fifty dollars per share:

c. Four cents for every share of stock sold or transferred at a price over seventy-five dollars per share but not more than one hundred and fifty dollars per share;

d. Three cents for every share of stock sold or transferred at a price over fifty dollars per share but not more than seventy-five dollars per share;

e. Two cents for every share of stock sold or transferred at a price over twenty-five dollars per share but not more than fifty dollars per share;

f. One cent for every share of stock sold or transferred at a price over five dollars per share but not more than twenty-five dollars per share;

g. One-quarter of one cent for every share of stock sold or transferred at a price of one dollar to five dollars per share, but not more than five dollars per share;

h. One-tenth of one per cent of the value of the shares of stock sold or transferred at a price less than one dollar per share.

2. Except as hereinafter provided, if a change of ownership otherwise than by sale is effected, of any share of stock, such change of ownership shall be subject to the tax imposed by this section, computed on the basis of the current market price of the aforesaid share of stock. Change of ownership otherwise than by sale.

3. In any case where a current market price has not been established by recent sales, or where it is difficult to ascertain the value of the shares of stock, the Provincial Treasurer may fix a price which shall be the price on which the tax shall be paid. Establishing of certain value by Provincial Treasurer.

4. In this section, the term "share of stock" applies to the share of any undivided interest and the share of any participating interest, such as mentioned in sub-paragraph *b* of subsection 2 of section 1*a* of this act. "Share of stock".

5. In respect of transactions in fractional shares, the tax applies *pro rata* according to the rate exigible in respect of whole shares. Fractional shares.

4. Section 6 of the said act is replaced by the following: R. S., c. 27, s. 6, replaced.

"6. The tax imposed under section 2 of this act shall be payable: By whom tax payable.

a. in any of the cases contemplated by sub-paragraphs *a*, *b* and *f* of subsection 1 thereof, by the vendor, transferor or assignor,

b. in any case contemplated by sub-paragraph *c* of subsection 1 thereof, by the person to whom delivery is made,

c. in any case contemplated by sub-paragraph *d* of subsection 1 thereof, by the person who makes such payment,

d. in any case contemplated by sub-paragraph *e* of subsection 1 thereof, by the person demanding such a conversion."

5. Section 14 of the said act, as amended by the act 22 George V, chapter 24, section 5, is replaced by the following: R. S., c. 27, s. 14, replaced.

"14. The Lieutenant-Governor in Council may make, amend, replace and repeal all regulations which he may deem necessary: Regulations for carrying out of act.

1. For the carrying of this act into effect;
2. For prescribing forms of returns as may be necessary for the purpose of carrying out the provisions of this act;
3. To set forth in which cases and manner the tax may be paid in money;
4. To authorize any stock exchange operating in the Province and any broker or bond dealer, licensed as brokers under the Quebec License Act (Chap. 25) and having a place of business in the Province, or any bank or trust company, to act as collector for the Revenue Branch, and, in such a capacity, to collect in money the tax imposed under this act and remit the same to the Provincial Treasurer.

Coming into
force of such
regulations.

All such regulations shall come into force from and after the date of their publication in the *Quebec Official Gazette*."

R. S., c. 27,
s. 16, re-
placed.

6. Section 16 of the said act is replaced by the following:

Exceptions:

"16. 1. Shall not be subject to the tax imposed by this act:

First issue
allotment;

a. The allotment by any association, company or corporation of its shares, in order to effect a first issue thereof, to a person, or more than one, designated in its minutes, but not to the nominee or the agent of such designated allottee;

Assignment
of unallotted
shares;

b. The assignment of the right to receive when issued the unallotted shares of any association, company or corporation;

First change
of owner-
ship;

c. The first change of ownership resulting from the sale, transfer or assignment of a bond, debenture or share of debenture-stock made by an association, a company or a corporation, either directly or through an authorized agent;

Transfer,
etc., of
share, etc.,
as security
for loan;

d. The transfer or assignment of a share or debenture-stock, made *bona fide* for the security of a loan, provided that whenever the lender becomes the unconditional owner of such a share or debenture-stock the tax upon such transfer or assignment shall be exigible from the borrower, then being the transferrer or assignor, collected by the lender, then acting as the agent of the Revenue Branch, reported monthly by the latter in accordance with this act and with the regulations made thereunder, and then remitted to the Provincial Treasurer;

Retransfer,
etc., of
share, etc.,
security for
loan;

e. The retransfer or reassignment by the lender to the borrower of the identical share or debenture-stock transferred or assigned by the latter to the former, for the security of a loan, provided the lender has not become the unconditional owner of the security;

Transmis-
sion owing
to death;

f. The transmission, owing to death, of a security.

2. The term "allotment" is to be interpreted to mean "Allotment".
the first entry made in any book of an association, company or corporation recording the ownership of its shares."

7. The said act is amended by adding thereto, after R. S., c. 27, section 17 thereof, the following section:
s. 17a, added.

"17a. When it is shown to the satisfaction of the Provincial Treasurer that any change of ownership consequent upon the sale, transfer or assignment of a security, or upon any other operation mentioned in section 2 of this act, is subject to a tax outside of the Province and is also subject to a similar tax according to the laws of this Province, he may then make, for the tax so paid, an allowance from the duties payable in this Province, with respect to the same security. Reduction of tax in certain case.

Such allowance may be made only if the Lieutenant-Governor in Council has extended the provisions of this section to such outside jurisdiction, after an understanding has been arrived at that similar treatment will be accorded by the outside jurisdiction to this Province. When reduction granted.

The Lieutenant-Governor in Council may also amend or revoke any order-in-council made under the provisions of this section. Orders-in-council.

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