

THE HOUSE OF COMMONS OF CANADA.

BILL 310.

An Act to amend the Income War Tax Act.

R.S., c. 97;
1928, cc. 12,
30.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Excepted
incomes.

1. Paragraph (*n*) of section four of the *Income War Tax Act*, chapter ninety-seven of the Revised Statutes of Canada, 1927, is repealed and the following is substituted therefor:— 5

Dividends
received by
one cor-
poration from
another.

“(n) Dividends paid to an incorporated company by a company incorporated in Canada the profits of which have been taxed under this Act, except as hereinafter provided by section nineteen.” 10

2. Section four of the said Act is amended by adding thereto the following paragraphs:—

Co-operative
companies
and
associations,

“(p) The income of farmers’, dairymen’s, livestockmen’s, fruit growers’, poultrymen’s, fishermen’s and other like co-operative companies and associations, whether with 15
or without share capital, organized and operated on a co-operative basis, which organizations

(a) market the products of the members or shareholders of such co-operative organizations under an obligation to pay to them the proceeds from the 20
sales on the basis of quantity and quality, less necessary expenses and reserves;

(b) purchase supplies and equipment for the use of such members under an obligation to turn such supplies and equipment over to them at cost, plus 25
necessary expenses and reserves.

Such companies and associations may market the produce of, or purchase supplies and equipment for non-members of the company or association provided the value thereof does not exceed twenty per centum of the value of produce 30
supplies or equipment marketed or purchased for the members or shareholders.