

and employees. In 1959, with support from co-operatives in the four Western provinces, the Co-operative Institute was reorganized as Western Co-operative College. The construction of the college buildings, which are to include two residences (each housing 20 students), was begun in 1961 in Saskatoon.

The large co-operatives also conduct educational programmes to strengthen their own organization and to stimulate interest in forming new co-operatives. The work of the Saskatchewan Wheat Pool in this field is especially important; it has operated a broad educational programme for many years.

A number of the larger co-operatives either publish or sponsor the publication of periodicals. Six of the larger publications, one in French, are bimonthly; others, in both languages, appear monthly. A digest of co-operative news and information of general interest is issued quarterly. One weekly newspaper of general interest and one farm magazine are also sponsored by large co-operatives.

Taxation

Under Section 73 of the Income Tax Act, a corporation, incorporated under provincial legislation respecting co-operative associations for marketing, purchasing or service, is exempt from taxation for its first three taxation years.

To qualify for this exemption co-operatives must comply with certain additional provisions:

- 1) The charter, by-laws or contract, with members or customers, must hold forth the prospect that patronage dividends will be paid.
- 2) No member may have more than one vote in the conduct of the affairs of the co-operative.
- 3) At least 90 per cent of the members must be individuals and at least 90 per cent of the shares, if any, must be held by individuals.
- 4) The rate of interest on member capital, or dividends on shares, must not exceed 5 per cent.
- 5) Non-member business must not exceed 20 per cent of the total business.
- 6) The co-operative must not be a continuation of a previous business in which many of the members had a substantial interest.

All Canadian co-operatives must file income-tax returns, whether they are subject to tax or not.

Under Section 75 of the Income Tax Act, patronage dividends paid by any business co-operative or otherwise are allowable as a deduction in computing taxable income. In order to claim this reduction, a firm must have "held forth prospect" of paying patronage refunds and this prospect must have been announced prior to the taxation year by an advertisement in a newspaper, by contracts, or explicitly set forth in the charter, by-laws, articles of association or the act under which they were incorporated or registered.

The co-operative must, within 12 months after the taxation year, allocate the refund to all customers at the same rate except for non-members, who may be credited with a different rate. There may be different rates also for different commodities.