

BELL'S CONCORDANCE TO THE COMPANIES ACT, ETC.

ERRATA

Page 103—Ontario “A,” insert after “(1916), c. 8,” line 6—“ (1920), c. 9.”

Page 121—Ontario, insert after word “amended,” line 2—“ (1920).”

Page 121—Ontario, strike out word “two,” line 3, and insert in lieu thereof the word, “three.”

Page 125—Ontario, insert after “1916, c. 8,” line 2—“ 1920, c. 9.”

Page 170—Table—Income War Tax Act—under ‘Corporation Tax,’ the words, “Tax of 10 per cent. upon income exceeding \$5,000.00 ” should read, “Tax of 10 per cent. upon income exceeding \$2,000.00.”



CONCORDANCE
OF
DOMINION
COMPANIES ACT

BY
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OF THE MONTREAL BAR
(ALSO OF THE BAR OF NOVA SCOTIA)

CONTAINING THE FOLLOWING DOMINION ACTS

- (1) THE COMPANIES ACT (CONSOLIDATED).
- (2) THE BUSINESS PROFITS WAR TAX ACT (CONSOLIDATED).
- (3) THE INCOME WAR TAX ACT (CONSOLIDATED).

AND

PROVINCIAL LEGISLATION APPLICABLE TO
DOMINION COMPANIES.

TORONTO:
THE CARSWELL CO., LIMITED, 145 ADELAIDE ST. WEST.
1920.

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FOREWORD

The increasing number of incorporations and the growth and importance of legislation governing such bodies have prompted the publication of this Concordance. If, working in conjunction with the office consolidation of the Companies Act, it succeeds in further time-saving and convenience, it will have fulfilled its purpose.

An attempt has been made to give a ready reference to the most important Provincial Acts the provisions of which refer particularly to Dominion Companies.

The Consolidations of the Income War Tax Act and the Business Profits War Tax Act, with the accompanying Table and Index to each, will, I trust, lend themselves to the profession and officers of corporations.

L. G. B.

Royal Trust Chambers,
Montreal, September 1st, 1920.

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The Loan Companies Act, 1914, was assented to 12th June, 1914.

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Forms A, B, C, D, E, F.

pages 83-88.

The Companies Act, chapter 79, R.S.C., 1906, as amended by 7-8 Edward VII., chapter 16, 4-5 George V., chapter 23 (The Companies Act Amendment Act, 1914) and 7-8 George V., chapter 25 (The Companies Act Amendment Act, 1917).

Short Title.

1. This Act may be cited as the Companies Act.

Short title.

PART I.

JOINT STOCK COMPANIES.

Application of Part.

2. This Part applies to,—

- (a) all companies incorporated under it;
(b) all companies incorporated under the Companies Act, chapter one hundred and nineteen of *The Revised Statutes of Canada*, or to which that Act applied before the fifteenth day of May, one thousand nine hundred and two, excepting loan companies. 2 E. VII., c. 15, s. 2;
(c) all companies incorporated under *The Companies Act, 1902*. 7-8 E. VII., c. 16, s. 1.

New companies.
Old companies.

Interpretation.

3. In this Part, and in all letters patent and supplementary letters patent issued under it, unless the context otherwise requires,—

Definitions.

- (a) 'the company' or 'a company' means any company to which this Part applies; *Company.*
(b) 'the undertaking' means the business of every kind which the company is authorized to carry on; *Undertaking.*
(c) 'real estate' or 'land' includes messuages, lands, tenements, and hereditaments of any tenure, and all immovable property of any kind; *Real estate.*
(d) 'shareholder' means every subscriber to or holder of stock in the company, and includes the personal representatives of the shareholder; *Shareholder.*
(e) 'manager' includes the cashier and his secretary; *Manager.*

- 'Court.' (f) 'court' means in Ontario, the Supreme Court of Ontario; in Quebec, the Superior Court in and for that province; in Nova Scotia, New Brunswick, British Columbia and Prince Edward Island, the Supreme Court in and for each of those provinces, respectively; in Manitoba, the Court of King's Bench for Manitoba; in the provinces of Saskatchewan and Alberta, a superior court; and in the Yukon Territory, the Territorial Court. 7-8 Geo. V., c. 25, s. 2.
- 'Judge.' (g) 'judge' means in the said respective provinces and Territory a judge of the said courts respectively. 2 E. VII., c. 15, ss. 3, 53 and 79.
- 'Debenture.' (h) 'debenture' includes bonds and debenture stock. 7-8 Geo. V., c. 25, s. 2.

Preliminaries.

Are directory only.

4. The provisions of this Part relating to matters preliminary to the issue of the letters patent or supplementary letters patent shall be deemed directory only, and no letters patent or supplementary letters patent issued under this Part shall be held void or voidable on account of any irregularity in respect of any matter preliminary to the issue of the letters patent or supplementary letters patent. 2 E. VII., c. 15, s. 4.

Formation of New Companies.

Companies incorporated for certain purposes.

Exceptions.

Proviso.

Inter-insurance contracts.

No power to issue paper money or for banking.

5. (1) The Secretary of State of Canada may, by letters patent under his seal of office, grant a charter to any number of persons, not less than five, who apply therefor, constituting such persons, and others who have become subscribers to the memorandum of agreement hereinafter mentioned and who thereafter become shareholders in the company thereby created, a body corporate and politic, for any of the purposes or objects to which the legislative authority of the Parliament of Canada extends, except the construction and working of railways or of telegraph or telephone lines, the business of insurance, the business of a trust company, the business of a loan company and the business of banking and the issue of paper money: Provided, however, that nothing in this part of the Act shall be construed to prevent companies incorporated thereunder from exchanging reciprocal contracts of indemnity against loss by fire or otherwise, under the plan known as inter-insurance. 7-8 Geo. V., c. 25, s. 3.

2. Nothing in this Part shall be construed to authorize any company to issue any note payable to the bearer thereof or any promissory note intended to be circulated as money or as the note of a bank or to engage in the business of banking or insurance. 2 E. VII., s. 15, ss. 5 and 24.

6. The Governor in Council may, from time to time, designate the seal of office to be used by the Secretary of State as the seal under which letters patent may be granted under this Act. 2 E. VII., c. 15, s. 5.

7. The applicants for such letters patent, who must be of the full age of twenty-one years, shall file in the Department of the Secretary of State an application setting forth the following particulars:—

- (a) The proposed corporate name of the company, which shall not be that of any other known company, incorporated or unincorporated, or any name liable to be confounded therewith, or otherwise, on public grounds, objectionable; Name.
- (b) The purposes for which its incorporation is sought; Purposes.
- (c) The place within Canada which is to be its chief place of business; Chief place of business.
- (d) The proposed amount of its capital stock; Capital.
- (e) The number of shares and the amount of each share; Shares.
- (f) The names in full and the address and calling of each of the applicants, with special mention of the names of not more than fifteen and not less than three of their number, who are to be the first or provisional directors of the company; Applicants.
- (g) The amount of stock taken by each applicant, the amount, if any, paid in upon the stock of each applicant, and the manner in which the same has been paid, and is held for the company. Stock taken and amount paid.

7A. (1) When the application is for the creation of a corporation to carry on in more than one province of Canada, without pecuniary gain, objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional, or sporting character, or the like, the applicants for such letters patent, who must be of the full age of twenty-one years, shall file in the Department of the Secretary of State an application setting forth:—

- (a) The proposed corporate name, which shall not be that of any other known corporation, association or body incorporated or unincorporated, or any name liable to be confounded therewith, or otherwise, on public grounds, objectionable; Name.
- (b) The purposes for which incorporation is sought; Purposes.
- (c) The place within Canada where its chief office is to be situated; Chief place of business.
- (d) The names in full and the address and calling of each of the applicants, with special mention of the names of not more than fifteen and not less than three of their number, who are to be the first or provisional directors or trustees of the corporation. Applicants.

Memorandum of Agreement.

(2) The application shall be accompanied by a memorandum of agreement, in duplicate, which shall set out the by-laws or regulations of the corporation and shall, more particularly, provide by-laws or regulations upon the following matters:—

Terms of admission.

(a) Conditions of membership, including societies or companies becoming members of the corporation;

Meetings.

(b) Mode of holding meetings, rights of voting and of making, repealing or amending by-laws or regulations;

Directors, Committee, Officers.

(c) Appointment and removal of the directors, trustees, committee or officers, and their respective powers and remuneration;

Audit of accounts.

(d) Provision for audit of accounts and appointment of auditors;

Withdrawal of members.

(e) Determination whether or how members may withdraw from the corporation;

Seal.

(f) Provision for custody of seal and certifying of documents issued by the corporation.

By-laws.

(3) Any of the by-laws or regulations the applicants desire may be embodied in the letters patent but in such case shall not be repealed or amended except by the issue of supplementary letters patent.

Amendment of by-laws.

4. By-laws or regulations not embodied in the letters patent may be repealed or amended, but such variation or amendment shall not be in force or acted on until the approval of the Secretary of State of Canada has been obtained.

Existing corporations.

(5) Any existing corporation created by or under any Act of the Parliament of Canada for any of the objects mentioned in subsection (1) of this section may apply under this section for the issue of letters patent creating it a corporation under those provisions of Part I of this Act which apply to corporations created under this section, and upon the issue of such letters patent the said provisions shall apply to the corporation created thereby.

Application of R.S., c. 79.

(6) 1. The following provisions of Part I of this Act shall not apply to corporations created under this section, namely, sections 7, 7A, 8, 9, 26, 33, 38 to 43, both inclusive, 43A to 43D, both inclusive, 45 to 54, both inclusive, 54A to 54F, both inclusive, 55 to 68, both inclusive, 68A, 70 to 78, both inclusive, 80 to 84, both inclusive, 86 to 88, both inclusive, paragraphs (d) and (e) of section 89, section 90, 94A to 94C, both inclusive, 101 to 104, both inclusive, paragraphs (j) and (k) of subsection 2 of section 105, and sections 114, 115.

2. The other sections of Part I of this Act shall apply to corporations created under this section.

Interpretation.

(7) In applying to corporations created under this section those sections of Part I of this Act which apply to such corporations:—

"Company."

(a) the word 'company' shall be deemed to mean a corporation so created;

"Shareholder."

(b) the word 'shareholder' shall be deemed to mean a member of such a corporation;

(c) a provision that the votes of shareholders representing a specified proportion in value of the stock of a company shall be requisite for any purpose shall be deemed to mean that the votes of a like proportion in number of the members of the corporation are requisite for that purpose. 7-8 Geo. V., c. 25, s. 4. Proportion in value of stock.

7n. (1) Upon the formation or reorganization of any company, the letters patent may provide for the issue of the shares of the capital stock of such company without any nominal or par value, except in the case of preferred stock having a preference as to principal; and, Issue of shares without nominal or par value.

(a) If such preferred stock or any part thereof has a preference as to principal, the letters patent shall state the amount of such preferred stock having such preference, the particular character of such preference, and the amount of each share thereof, which shall be five dollars or some multiple of five dollars, but not more than one hundred dollars; and, Statement as to preferred stock.

(b) The letters patent shall set out the amount of capital with which the company will carry on business, which amount shall be not less than the amount of preferred stock (if any) authorized to be issued with a preference as to principal, and in addition thereto a sum equivalent to five dollars or to some multiple of five dollars for every share authorized to be issued other than such preferred stock; but in no event shall the amount of such capital be less than five hundred dollars. Statement as to capital.

(2) Such statement in the letters patent shall be in lieu of any statements prescribed by this Act as to the amount or the maximum amount of the capital stock or the number of shares into which the same shall be divided, or the amount or the par value of such shares.

(3) Each share of the capital stock without nominal or par value shall be equal to every other share of the capital stock, subject to the preferences given to the preferred shares, if any, authorized to be issued. Every certificate of shares without nominal or par value shall have plainly written or printed upon its face the number of such shares which it represents and the number of such shares which the company is authorized to issue, and no such certificate shall express any nominal or par value of such shares. The certificates of preferred shares having a preference as to principal shall state briefly the amount which the holder of any of such preferred shares shall be entitled to receive on account of principal from the surplus assets of the company in preference to the holders of other shares, and shall state briefly any other rights or preferences given to the holders of such shares. Equality of shares.

(4) The issue and allotment of shares authorized by this section, other than shares of preferred stock having a preference as to principal, may be made for such consideration as may be prescribed in the letters patent, or as may be fixed by Shares to be allotted at price fixed by Board or Letters Patent

the board of directors pursuant to authority conferred in the letters patent, or if the letters patent do not so provide, then by the consent of the holders of two-thirds of each class of shares then outstanding given at a meeting called for that purpose in such manner as is prescribed by the by-laws. Any and all shares issued as permitted by this section shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable to the company or to its creditors in respect thereof.

Commence-
ment of
business;
authorized
debts.

(5) A company to which this section applies shall not begin to carry on business nor incur debts until the amount of capital stated in the letters patent has been fully paid in money, or in property taken at its actual value. In case the amount of capital stated in the letters patent is increased as provided by this Act, such company shall not increase the amount of its indebtedness then existing until it has received in money or property the amount of such increase of its stated capital. Any of the directors of the company who assent to the creation of any debt in violation of this section shall be liable jointly and severally for such debt; but no action shall be brought against any such director unless within one year after the debt has been incurred the creditor has served upon the director written notice of intention to hold him personally liable for such debt.

Commence-
ment of
business.
Limita-
tion of
dividends.

(6) A company to which this section applies shall not be subject to section 26 of this Act.

(7) A company to which this section applies shall not declare any dividend which reduces the amount of its capital below the amount stated in the letters patent as the amount of capital with which the company will carry on business. In case any such dividend shall be declared, the directors in whose administration the same shall have been declared, except those who may have caused their dissent therefrom to be entered upon the minutes of such directors at the time, or who were not present when such action was taken, shall be liable jointly and severally to such company and to the creditors thereof to the full amount of any loss sustained by such company or by its creditors respectively by reason of such dividend. 7-8 Geo. V., c. 25, s. 4.

Form of
application.

8. The application shall be in accordance with form A in the schedule to this Act and may ask to have embodied in the letters patent then applied for, any provision which could under this Part be contained in any by-law of the company or of the directors approved by a vote of shareholders, which provision so embodied shall not, unless power is given therefor in the letters patent, be subject to repeal or alteration by any by-law. 2 E. VII., c. 15, s. 7.

Memoran-
dum of
agreement.

9. The application shall be accompanied by a memorandum of agreement in duplicate under seal which shall be in accordance with form B in the schedule to this Act. 2 E. VII., c. 15, s. 7.

10. Before the letters patent are issued the applicants shall establish to the satisfaction of the Secretary of State the sufficiency of their application and memorandum of agreement and the truth and sufficiency of the facts therein set forth, and that the proposed name is not the name of any other known incorporated or unincorporated company or one likely to be confounded with any such name; and for that purpose the Secretary of State shall take any requisite evidence in writing by oath or affirmation or by solemn declaration and shall keep of record any such evidence so taken. 2 E. VII., c. 15, s. 7.

Condition precedent to issuing of letters patent to be established.

11. The letters patent shall recite such of the established averments in the application and memorandum of agreement as to the Secretary of State seems expedient. 2 E. VII., c. 15, s. 8.

Averments to be recited.

12. The Secretary of State may give to the company a corporate name, different from that proposed by the applicants if the proposed name is objectionable. 2 E. VII., c. 15, s. 9.

Name of company.

13. Notice of the granting of the letters patent shall be forthwith given by the Secretary of State of Canada by one insertion in the *Canada Gazette*, in the form O in the Schedule to this Act; and thereupon, from the date of such letters patent, the persons therein named, and such persons as have become subscribers to the memorandum of agreement or who thereafter become shareholders in the company, and their successors, shall be a body corporate and politic, by the name mentioned in the letters patent. 7-8 Geo. V., c. 25, s. 5.

Notice to be published.

As to Existing Companies.

14. Any company heretofore incorporated for any purpose or object for which letters patent may be issued under this Part, whether under a special or a general Act, and now being a subsisting and valid corporation, may apply for letters patent to carry on its business under this Part, and the Secretary of State, with the approval of the Governor in Council, may direct the issue of letters patent incorporating the shareholders of the said company as a company under this Part.

Existing companies may be incorporated.

2. Upon the issuing of such letters patent all the rights, property and obligations of the former company shall be and become transferred to the new company, and all proceedings may be continued or commenced by or against the new company that might have been continued or commenced by or against the old company.

Effect of letters patent.

3. It shall not be necessary in any such letters patent to set out the names of the shareholders.

Names of shareholders.

4. After the issue of such letters patent the company shall be governed in all respects by the provisions of this Part, except that the liability of the shareholders to creditors of the old company shall remain as at the time of the issue of the letters patent. 2 E. VII., c. 15, s. 11.

Effect of letters patent.

Scope of
letters
patent.

15. If a subsisting company applies for the issue of letters patent under this Part, the Secretary of State may, by the letters patent, extend the powers of the company to such other objects for which letters patent may be issued under this Part as the applicant desires, and as the Secretary of State thinks fit to include in the letters patent. 2 E. VII., c. 15, s. 12.

First direc-
tors.

16. The Secretary of State may in any letters patent issued under this Part to any subsisting company name the first directors of the new company, and the letters patent may be issued to the new company by the name of the old company or by another name. 2 E. VII., c. 15, s. 12.

Existing
companies
incorporated by Act
may be
incorporated under
this Part.

17. Any company incorporated under any general or special Act of any of the provinces of Canada, and any company duly incorporated under the laws of the United Kingdom or of any foreign country for any of the purposes or objects for which letters patent may be issued under this part, and being at the time of the application a subsisting and valid corporation, may apply for letters patent under this Part, and the Secretary of State, upon receiving satisfactory evidence that the Act of incorporation or charter of the company so applying is valid and subsisting and that no public or private interest will be prejudiced, may issue letters patent incorporating the shareholders of the company so applying as a company under this Part, limiting, if necessary, the powers of the said company to such purposes or objects as might have been granted had the shareholders applied in the first instance to the Secretary of State for letters patent under this Part, and thereupon all the rights, property and obligations of the former company shall be and become transferred to the new company, and all proceedings may be continued or commenced by or against the new company that might have been continued or commenced by or against the old company.

Proceedings
continued.

Name of
share-
holders.

Effect of
letters
patent.

2. It shall not be necessary in any such letters patent to set out the names of the shareholders.

3. After the issue of such letters patent the company shall be governed in all respects by the provisions of this Part, except that the liability of the shareholders to creditors of the old company shall remain as at the time of the issue of the letters patent. 2 E. VII., c. 15, s. 13.

Proceedings
for incorpor-
ation of
chartered
companies.

18. Every company desirous of obtaining letters patent under the last preceding section shall first file in the office of the Secretary of State of Canada a certified copy of the charter or Act incorporating the company, and shall also designate the place in Canada where its principal office will be situated and the name of the agent or manager in Canada authorized to represent the company and to accept process in all suits and proceedings against the company for any liabilities incurred by the company therein. 2 E. VII., c. 15, s. 13.

19. Every such company to which such letters patent have been granted, when so required, shall make a return to the Secretary of State of the names of its shareholders, the amount of its paid-up capital and the value of its real and personal estate held in Canada, and, in default of making the said return within three months, the letters patent may be cancelled. 2 E. VII., c. 15, s. 13.

Return to
Minister.

20. Notice of the issue of such letters patent shall be published in the *Canada Gazette*. 2 E. VII., c. 15, s. 13.

Publication
of notice.

Change of Name.

21. If it is made to appear to the satisfaction of the Secretary of State that the name of a company, given by original or supplementary letters patent issued under this Part, is the same as the name of an existing incorporated or unincorporated company, or so similar thereto as to be liable to be confounded therewith, the Secretary of State may direct the issue of supplementary letters patent, reciting the former letters and changing the name of the company to some other name which shall be set forth in the supplementary letters patent. 2 E. VII., c. 15, s. 14.

Minister
may change
name by
supple-
mentary
letters.

22. When a company is desirous of adopting another name, the Secretary of State, upon being satisfied that the change desired is not for any improper purpose, may direct the issue of supplementary letters patent, reciting the former letters patent and changing the name of the company to some other name, which shall be set forth in the supplementary letters patent. 2 E. VII., c. 15, s. 15.

Company
may obtain
change of
name.

23. No alteration of name under the two sections last preceding shall affect the rights or obligations of the company; and all proceedings may be continued or commenced by or against the company under its new name that might have been continued or commenced by or against the company under its former name. 2 E. VII., c. 15, s. 16.

Change not
to affect
rights or
obligations.

Fees and Forms.

24. The Governor in Council may establish, alter and regulate the tariff of fees to be paid on application for any letters patent or supplementary letters patent under this Part, on filing any document, on any certificate issued under this Act, on making any return under this Act and on the making of any search of the files of the Department of the Secretary of State of Canada respecting a company. The amount of any fee may be varied according to the nature of the company, the amount of the capital stock, or other particulars, as the Governor in Council deems fit. 7-8 Geo. V., c. 25, s. 6.

Tariff by
Governor
in Council.

Must be
paid before
letters
issued.

2. No steps shall be taken in the Department of the Secretary of State towards the issue of any letters patent or supplementary letters patent under this Part, until after all fees therefor are duly paid. 2 E. VII., c. 15, ss. 13 and 17.

Forms to be
prescribed
by Governor
in Council.

25. The Governor in Council may prescribe the forms of proceedings and registration in respect to letters patent and supplementary letters patent issued under this Part, and in respect to all other matters requisite for carrying out the objects of this Part. 2 E. VII., c. 15, s. 17.

Commencement of Business.

Ten per
cent of
capital to
be paid.

26. The company shall not commence its operations or incur any liability before ten per centum of its authorized capital has been subscribed and paid for. 2 E. VII., c. 15, s. 18.

Forfeiture of Charter.

Forfeiture
of charter,
for
non-user.

27. In case of non-user by the company of its charter for three consecutive years or in case the company does not go into actual operation within three years after the charter is granted, such charter shall be and become forfeited. 2 E. VII., c. 15, s. 19.

General Powers and Duties of the Company.

Powers
given
subject to
this Act.

28. All powers given to the company by letters patent or supplementary letters patent shall be exercised subject to the provisions and restrictions contained in this Part. 2 E. VII., c. 15, s. 20.

As to real
estate.

29. The company may acquire, hold, mortgage, sell and convey any real estate requisite for the carrying on of the undertaking of the company.

Loans.

2. The company shall in no case make any loan to any shareholder of the company.

Property
and power
vested by
incorpora-
tion.

3. The company shall forthwith upon incorporation under this Part, become and be vested with all property and rights, real and personal, theretofore held by it or for it under any trust created with a view to its incorporation, and with all the powers, privileges and immunities, requisite or incidental to the carrying on of its undertaking, as if it was incorporated by a special Act of Parliament, embodying the provisions of this Part and of the letters patent and supplementary letters patent issued to such company. 2 E. VII., c. 15, ss. 21 and 70.

Offices,
agencies,
domicile.

30. The company shall, at all times, have an office in the city or town in which its chief place of business in Canada is situate, which shall be the legal domicile of the company in Canada; and the company may establish such other offices and agencies elsewhere as it deems expedient.

Notice.

2. Notice of the situation of such principal office and of any change therein shall be published in the *Canada Gazette*. 2 E. VII., c. 15, s. 22.

31. Every deed which any person, lawfully empowered in that behalf by the company as its attorney, signs on behalf of the company and seals with his seal, shall be binding on the company and shall have the same effect as if it was under the seal of the company. 2 E. VII., c. 15, s. 23.

Acts of
attorney
binding.

32. Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, in general accordance with his powers as such under the by-laws of the company, shall be binding upon the company.

Contracts,
of agent
binding on
company.

2. In no case shall it be necessary to have the seal of the company affixed to any such contract, agreement, engagement, bargain, bill of exchange, promissory note or cheque, or to prove that the same was made, drawn, accepted or endorsed, as the case may be, in pursuance of any by-law or special vote or order.

Cases where
seal not
necessary.

3. No person so acting as such agent, officer or servant of the company shall be thereby subjected individually to any liability whatever to any third person. 2 E. VII., c. 15, s. 24.

No indi-
vidual
liability.

33. The company shall keep its name, with the word *limited* after the name, painted or affixed, in letters easily legible, in a conspicuous position on the outside of every office or place in which the business of the company is carried on, and shall have its name, with the said word after it, engraven in legible characters, on its seal, and shall have its name, with the said word after it in legible characters, mentioned in all notices, advertisements and other official publications of the company and in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods purporting to be signed by or on behalf of such company, and in all bills of parcels, invoices and receipts of the company. 2 E. VII., c. 15, s. 25.

Name with
word
'limited'
required to
be used
in certain
ways.

Obtaining of further Powers.

34. The company may, from time to time, by a resolution passed by the votes of shareholders representing at least two-thirds in value of the subscribed stock of the company, at a special general meeting called for the purpose, authorize the directors to apply for supplementary letters patent, extending the powers of the company to such further or other purposes or objects for which a company may be incorporated under this Part, or reducing, limiting, amending or varying such powers, or any provisions of the letters patent or supplementary letters patent issued to the company, as are defined in such resolution. 4-5 Geo. V., c. 23, s. 4.

Company
may
authorize
directors
to apply to
extend or
reduce
powers.

35. The directors may, at any time within six months after the passing of any such resolution, make application to the Secretary of State, for the issue of such supplementary letters patent. 2 E. VII., c. 15, s. 27.

Application
by direc-
tors.

Evidence of
resolution.

36. Before such supplementary letters patent are issued, the applicants shall establish to the satisfaction of the Secretary of State the due passing of the resolution authorizing the application, and for that purpose the Secretary of State shall take any requisite evidence in writing, by oath or affirmation, or by statutory declaration under the Canada Evidence Act, and shall keep of record any such evidence so taken. 2 E. VII., c. 15, s. 28.

Supplemen-
tary letters
patent
granted.
Notice of
issue.

37. Upon the due passing of such resolution being so established, the Secretary of State may grant supplementary letters patent extending the powers of the company to all or any of the objects defined in the resolution; and notice thereof shall be forthwith given by the Secretary of State in the *Canada Gazette*, in the form D in the schedule to this Act.

Effect of
letters.

2. From the date of the supplementary letters patent, the undertaking of the company shall extend to and include the further or other purposes or objects set out in the supplementary letters patent as fully as if such further or other purposes or objects were mentioned in the original letters patent.

Liability of Shareholders.

Limited to
amount
unpaid on
stock.

38. The shareholders of the company shall not, as such, be responsible for any act, default or liability of the company, or for any engagement, claim, payment, loss, injury, transaction, matter or thing relating to or connected with the company, beyond the amount unpaid on their respective shares in the capital stock thereof. 2 E. VII., c. 15, s. 30.

Liability
of share-
holders.
Action
when.

39. Every shareholder, until the whole amount of his shares has been paid up, shall be individually liable to the creditors of the company to an amount equal to that not paid up thereon; but he shall not be liable to an action therefor by any creditor until an execution at the suit of such creditor against the company has been returned unsatisfied in whole or in part.

Amount
recoverable.

2. The amount due on such execution, not exceeding the amount unpaid on his shares, as aforesaid, shall be the amount recoverable, with costs, from such shareholder.

Application.

3. Any amount so recoverable, if paid by the shareholder, shall be considered as paid on his shares. 2 E. VII., c. 15, s. 31.

Set off
against
creditor's
action.

40. Any shareholder may plead by way of defence in whole or in part to any action by any creditor under the last preceding section any set-off which he can set up against the company except a claim for unpaid dividends, or a salary or allowance as a president or a director of the company. 2 E. VII., c. 15, s. 31.

41. No person, holding stock in the company as an executor, administrator, tutor, curator, guardian or trustee of or for any person named in the books of the company as being so represented by him, shall be personally subject to liability as a shareholder; but the estate and funds in the hands of such person shall be liable in like manner, and to the same extent, as the testator or intestate would be if living, or the minor, ward or interdicted person, or the person interested in such trust fund would be, if competent to act and holding such stock in his own name.

Trustees,
not personally
liable.

Estate
liable.

2. No person holding such stock as collateral security shall be personally subject to such liability, but the person pledging such stock shall be considered for the purposes of such liability as holding the same and shall be liable as a shareholder accordingly. 2 E. VII., c. 15, s. 32.

Holder of
stock as
collateral
security.

42. Every such executor, administrator, curator, guardian or trustee shall represent the stock held by him, at all meetings of the company, and may vote as a shareholder; and every person who pledges his stock may represent the same at all such meetings and, notwithstanding such pledge, vote as a shareholder. 2 E. VII., c. 15, s. 33.

Trustees
represent
stock and
pledgeor.

Prospectus.

43. In this Act, unless the context otherwise requires, the word 'prospectus' shall have the meaning hereby assigned to it, that is to say: 'Prospectus' means any prospectus, notice, circular, advertisement or other invitation offering to the public for subscription or purchase any shares or debentures of a company. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 285.*

Definition
"Prospectus."

43A. (1) Every prospectus issued by or on behalf of a company or in relation to any intended company shall be dated, and that date shall, unless the contrary be proved, be taken as the date of publication of the prospectus.

Filing of
prospectus.

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorized in writing, shall be filed for registration with the Secretary of State of Canada, on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so filed for registration.

(3) The Secretary of State of Canada shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

(4) Every prospectus shall state on the face of it that a copy has been filed for registration as required by this section.

(5) If a prospectus is issued without a copy thereof being so filed, the company, and every person who is knowingly

a party to the issue of the prospectus, shall be liable on summary conviction to a fine not exceeding twenty dollars for every day from the date of the issue of the prospectus until a copy thereof is so filed. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 80.*

Specific
require-
ments as to
particulars
of pro-
spectus.

43b. (1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, must state,—

- (a) the contents of the letters patent and supplementary letters patent, with the names, descriptions, and addresses of the signatories to the petition for incorporation, and the number of shares subscribed for by them respectively; and the number of founders' or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the company; and,
- (b) the number of shares, if any, fixed by the by-laws of the company as the qualification of a director, and any provision in the said by-laws as the remuneration of the directors; and,
- (c) the names, descriptions, and addresses of the directors or proposed directors; and,
- (d) the minimum subscription on which the directors may proceed to allotment, and the amount payable on application and allotment on each share; and in the case of a second or subsequent offer of shares, the amount offered for subscriptions on each previous allotment made within the two preceding years, and the amount actually allotted and the amount, if any, paid on the shares so allotted; and,
- (e) the number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued; and,
- (f) the names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares, or debentures, to the vendor, and where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor: Provided that where the vendors or any of

them are a firm the members of the firm shall not be treated as separate vendors; and,

- (g) the amount (if any) paid or payable as purchase money in cash, shares or debentures, for any such property as aforesaid, specifying the amount (if any) payable for good-will; and,
- (h) the amount (if any) paid within the two preceding years, or payable, as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the company, or the rate of any such commission: Provided that it shall not be necessary to state the commission payable to sub-underwriters; and,
- (i) the amount or estimated amount of preliminary expenses; and,
- (j) the amount paid within the two preceding years or intended to be paid to any promoter, and the consideration for any such payment; and,
- (k) the dates of and parties to every material contract, and a reasonable time and place at which any material contract or a copy thereof may be inspected: Provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company or to any contract entered into more than two years before the date of issue of the prospectus; and,
- (l) the names and addresses of the auditors (if any) of the company; and,
- (m) full particulars of the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm with a statement of all sums paid or agreed to be paid to him or the firm in cash or shares or otherwise by any person either to induce him to become or to qualify him as, a director, or, otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company, and,
- (n) where the company is a company having shares of more than one class, the right of voting at meetings of the company conferred by the several classes of shares respectively.

(2) For the purposes of this section every person shall be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where,—

- (a) the purchase money is not fully paid at the date of issue of the prospectus; or,

(b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus; or,

(c) the contract depends for its validity or fulfilment on the result of that issue.

(3) Where any of the property to be acquired by the company is to be taken on lease, this section shall apply as if the expression 'vendor' included the lessor, and the expression 'purchase money' included the consideration for the lease, and the expression 'sub-purchaser' included a sub-lessee.

(4) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(5) Where any such prospectus as is mentioned in this section is published as a newspaper advertisement, it shall not be necessary in the advertisement to specify the contents of the letters patent and supplementary letters patent, the signatories to the petition for incorporation, and the number of shares subscribed for by them.

(6) In the event of non-compliance with any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance, if he proves that,—

(a) as regards any matter not disclosed, he was not cognizant thereof; or,

(b) the non-compliance arose from an honest mistake of fact on his part;

Provided that in the event of non-compliance with the requirements contained in paragraph (m) of subsection (1) of this section no director or other person shall incur any liability in respect of the non-compliance unless it be proved that he had knowledge of the matters not disclosed.

(7) This section shall not apply to a circular or notice inviting existing members or debenture holders of a company to subscribe either for shares or for debentures of the company, whether with or without the right to renounce in favour of other persons; but subject as aforesaid, this section shall apply to any prospectus whether issued on or with reference to the formation of a company or subsequently.

(8) The requirements of this section as to the letters patent and supplementary letters patent and the qualification, remuneration, and interest of directors, the names, descriptions, and addresses of directors or proposed directors, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a prospectus issued more than one year after the date at which the company commenced business.

(9) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Act apart from this section. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 81.*

43c. (1) A company which does not issue a prospectus on or with reference to its formation, shall not allot any of its shares or debentures unless before the first allotment of either shares or debentures there has been filed with the Secretary of State of Canada a statement in lieu of prospectus signed by every person who is named therein as a director or a proposed director of the company or by his agent authorized in writing, in the form and containing the particulars set out in Form F in the Schedule to this Act. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 82 (1).*

Obligations of companies where no prospectus is issued.

(2) This section shall not apply to a private company or to a company which has allotted any shares or debentures before the first day of January, 1918. *Imp. Act, 1908, s. 82 (2).*

(3) For the purposes of this section the expression 'private company' means a company which by its letters patent or supplementary letters patent,—

Meaning of "private company."

(a) restricts the right to transfer its shares; and,

(b) limits the number of its members (exclusive of persons who are in the employment of the company and of persons who having been formerly in the employment of the company were, while in such employment, and have continued after the termination of such employment, to be members of the company) to fifty; and,

(c) prohibits any invitation to the public to subscribe for any shares or debentures of the company. *Imp. Acts, 1908, s. 121 (1) and 3 and 4, Geo. V., c. 25.*

(4) A private company may, subject to anything contained in the letters patent and supplementary letters patent, by passing a resolution at a special general meeting of the company called for that purpose and by filing with the Secretary of State of Canada such a statement in lieu of prospectus as the company, if a public company, would have had to file before allotting any of its shares or debentures and by obtaining supplementary letters patent confirming the resolution, turn itself into a public company. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 121 (2).*

(5) Where two or more persons hold one or more shares in a company jointly they shall, for the purposes of this section be treated as a single shareholder. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 121 (3).*

43d. (1) Where a prospectus invites persons to subscribe for shares in or debentures of a company, every person who is a director of the company at the time of the prospectus, and every person who has authorized the naming of him and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time, and every promoter of the company, and every person who has authorized the issue of the prospectus, shall be liable to pay compensation to all persons who subscribe for any shares

Liability for statements in prospectus.

or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved,—

- (a) With respect to every untrue statement not purporting to be made on the authority of an expert, or of a public official document or statement, that he had reasonable ground to believe, and did up to the time of the allotment of the shares or debentures, as the case may be, believe, that the statement was true; and,
- (b) With respect to every untrue statement purporting to be a statement by, or contained in what purports to be a copy of or extract from a report or valuation of, an expert, that it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation: Provided that the director, person named as director, promoter, or person who authorized the issue of the prospectus, shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making the statement, report, or valuation was competent to make it; and,
- (c) With respect to every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, that it was a correct and fair representation of the statement or copy of or extract from the document, unless it is proved,—
 - (i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus and that it was issued without his authority or consent; or,
 - (ii) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or,
 - (iii) that after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal, and of the reason therefor.
- (2) Where a company existing on the first day of September, one thousand nine hundred and seventeen, has issued shares or debentures, and for the purpose of obtaining further capital by subscriptions for shares or debentures issues a prospectus, a director shall not be liable in respect of any statement therein, unless he has authorized the issue of the prospectus, or has adopted or ratified it.
- (3) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director,

or has withdrawn his consent before the issue of the prospectus, and has not authorized or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any action or legal proceedings brought against him in respect thereof.

(4) Every person who, by reason of his being a director or named as a director or as having agreed to become a director, or of his having authorized the issue of the prospectus, becomes liable to make any payment under this section, may recover contribution, as in the case of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

(5) For the purposes of this section,—

The expression “promoter” means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company.

The expression “expert” includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him. 7-8 Geo. V., c. 25, s. 7. *Imp. Act, 1908, s. 84.*

Holding Stock of other Companies.

44. The company shall not under any circumstances use any of its funds in the purchase of stock in any other corporation, unless nor until the directors have been expressly authorized by a by-law passed by them for the purpose and sanctioned by a vote of not less than two-thirds in value of the capital stock represented at a general meeting of the company duly called for considering the subject of the by-law: Provided that if the letters patent authorize such purchase it shall not be necessary to pass such by-law. 2 E. VII., c. 15, s. 35. Conditions on which company may purchase stock of other companies.

Proviso.

Capital Stock.

45. The stock of the company shall be personal estate, and shall be transferable, in such manner and subject to all such conditions and restrictions as are prescribed by this Part or by the letters patent or by the by-laws of the company. 2 E. VII., c. 15, s. 36. Stock to be personal estate.

Allotment
of stock.

46. In so far as the stock of the company or any increased amount thereof is not allotted by the letters patent or the supplementary letters patent and when no other definite provision is made by such letters patent or supplementary letters patent such stock shall be allotted at such times and in such manner as the directors by by-law shall prescribe. 2 E. VII., c. 15, s. 37.

Preference
stock.

47. The directors of the company may make by-laws for creating and issuing any part of the capital stock as preference stock, giving the same such preference and priority, as respects dividends and in any other respect, over ordinary stock as is by such by-laws declared.

Provisions
as to
control
of affairs.

2. Such by-laws may provide that the holders of shares of such preference stock shall have the right to select a certain stated proportion of the board of directors, or may give them such other control over the affairs of the company as is considered expedient. 2 E. VII., c. 15, s. 38.

By-law
to be
sanctioned.

48. No such by-law shall have any force or effect whatever until after it has been sanctioned by a vote of three-fourths of the shareholders, present in person or by proxy at a general meeting of the company duly called for considering the same and representing two-thirds of the stock of the company, or until the same shall be unanimously sanctioned in writing by the shareholders of the company. 2 E. VII., c. 15, s. 38.

Rights and
liabilities of
holders of
preference
stock.

49. Holders of shares of such preference stock shall be shareholders within the meaning of this Part, and shall in all respects possess the rights and be subject to the liabilities of shareholders within the meaning of this Part: Provided that in respect of dividends, and in any other respect declared by by-law as authorized by this Part, they shall, as against the ordinary shareholders, be entitled to the preferences and rights given by such by-law. 2 E. VII., c. 15, s. 38.

Execution
of trusts.

50. The company shall not be bound to see to the execution of any trust, whether express, implied or constructive, in respect of any share.

Receipt of
shareholder
as a dis-
charge.

2. The receipt of the shareholder in whose name the same stands in the books of the company shall be a valid and binding discharge to the company for any dividend or money payable in respect of such share whether notice of such trust has been given to the company or not.

Application
of money.

3. The company shall not be bound to see to the application of the money paid upon such receipt. 2 E. VII., c. 15, s. 39.

Increase or Reduction of Capital, etc.

By-law to
consolidate
shares.

51. The directors of the company may, at any time, whenever the par value of the existing shares of the company is less than one hundred dollars each, make a by-law consolidating

them into shares of a larger par value; but no such consolidated share shall exceed the par value of one hundred dollars.

2. For the purpose of such consolidation, the company shall have the power to purchase fractions of shares, and shall be bound to sell any shares held from such purchases within two years after the purchase. Purchase of fractions of shares by company.

3. The directors of the company may also, at any time, make a by-law subdividing the existing shares into shares of a smaller amount. By-law for subdivision of shares. 2 E. VII., c. 15, s. 40; 4 E. VII., c. 5, s. 2.

52. The directors of the company may, at any time after ninety per centum of the capital stock of the company has been taken up and fifty per centum thereon paid in, make a by-law for increasing the capital stock of the company to any amount which they consider requisite for the due carrying out of the objects of the company. Increase of capital.

2. No by-law for increasing or reducing the capital stock of the company, or for subdividing the shares, shall have any force or effect whatsoever, until it is approved by the votes of shareholders representing at least two-thirds in value of the subscribed stock of the company at a special general meeting of the company duly called for considering the same, and afterwards confirmed by supplementary letters patent. By-law to increase capital to be approved and confirmed. 2 E. VII., c. 15, ss. 41 and 43.

53. Such by-law shall declare the number of the shares of the new stock, and may prescribe the manner in which the same shall be allotted. By-law to allot stock.

2. In default of the manner of the allotment of the shares of the new stock being prescribed by such by-law, the control of such allotment shall vest absolutely in the directors. Directors allot when. 2 E. VII., c. 15, s. 41.

REDUCTION OF SHARE CAPITAL.

54. (1) Subject to confirmation by supplementary letters patent, a company may by by-law reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power, may:— By-law for reduction of share capital.

(a) Extinguish or reduce the liability on any of its shares in respect of share capital not paid up or,

(b) Either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or,

(c) Either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the company;

and may reduce the amount of its share capital and of its shares accordingly.

(2) No by-law for reducing the capital stock of the company shall have any force or effect whatsoever, until it is

approved by the votes of shareholders representing at least two thirds in value of the subscribed stock of the company at a special general meeting of the company duly called for considering the same, and afterwards confirmed by supplementary letters patent. 2 E. VII, c. 15, ss. 41 and 43. 7-8 Geo. V., c. 25, s. 8.

Addition
to name of
company
of "and
reduced."

54A. On and from the confirmation by a company of a by-law for reducing share capital, or where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, then on and from the presentation of the petition for supplementary letters patent confirming the reduction, the company shall add to its name, until such date as the Secretary of State of Canada may fix, the words "and reduced," as the last words in its name, and those words shall, until that date, be deemed to be part of the name of the company: Provided that, where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, the Secretary of State of Canada may, if he thinks expedient, dispense altogether with the addition of the words "and reduced." 7-8 Geo. V., c. 25, s. 8.

Objections
by creditors,
and settle-
ment of
list of
objecting
creditors.

54B. (1) Where the proposed reduction of share capital involves either diminution of liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, and in any other case if the Secretary of State of Canada so directs, every creditor of the company who at the date of the petition for supplementary letters patent to the Secretary of State of Canada is entitled to any debt or claim which, if that date were the commencement of the winding-up of the company, would be admissible in proof against the company, shall be entitled to object to the reduction.

(2) The Secretary of State of Canada shall settle a list of creditors so entitled to object, and for that purpose shall ascertain, as far as possible without requiring an application from any creditor, the names of those creditors and the nature and amount of their debts or claims, and may publish notices fixing a day or days within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction.

(3) Where a creditor entered on the list whose debts or claim is not discharged or determined does not consent to the reduction, the Secretary of State of Canada may, if he thinks fit, dispense with the consent of that creditor, on the company securing payment of his debt or claim by appropriating, as the Secretary of State of Canada may direct, the following amount, that is to say,—

(i) If the company admits the full amount of his debt or claim, or, though not admitting it is willing to provide for it, then the full amount of the debt or claim;

(ii) If the company does not admit or is not willing to provide for the full amount of the debt or claim, or if the amount is contingent or not ascertained, then an amount fixed by the Secretary of State of Canada after the like inquiry and adjudication as if the company were being wound up. 7-8 Geo. V., c. 25, s. 8.

54c. The Secretary of State of Canada, if satisfied, with respect to every creditor of the company who under this Act is entitled to object to the reduction, that either his consent to the reduction has been obtained or his debt or claim has been discharged or has determined, or has been secured, may issue supplementary letters patent confirming the reduction on such terms and conditions as he thinks fit. 7-8 Geo. V. c. 25, s. 8.

Order
confirming
reduction.

54d. (1) A shareholder of the company, past or present, shall not be liable in respect of any share to any call or contribution exceeding in amount the difference (if any) between the amount paid, or (as the case may be) the reduced amount, if any, which is to be deemed to have been paid, on the share and the amount of the share as fixed by the supplementary letters patent;

Liability of
members
in respect
of reduced
shares.

Provided that if any creditor, entitled in respect of any debt or claim to object to the reduction of share capital, is by reason of his ignorance of the proceedings for reduction, or of their nature and effect with respect to his claim, not entered on the list of creditors, and, after the reduction, the company is unable, within the meaning of the provisions of the *Winding-up Act* to pay the amount of his debt or claim, then,—

R.S., c. 144.

- (i) every person who was a shareholder of the company at the date of the supplementary letters patent shall be liable to contribute for the payment of that debt or claim an amount not exceeding the amount which he would have been liable to contribute if the company had commenced to be wound up on the day before the date of the supplementary letters patent; and,
- (ii) if the company is wound up, the court, on the application of any such creditor and proof of his ignorance as aforesaid, may, if it thinks fit, settle accordingly a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list as if they were ordinary contributories in a winding-up.
- (2) Nothing in this section shall affect the rights of the contributories among themselves. 7-8 Geo. V., c. 25, s. 8.

54e. Any director, manager, or officer of the company who wilfully conceals the name of any creditor entitled to object to the reduction, or wilfully misrepresents the nature or amount of the debt or claim of any creditor, or aids or abets in or is privy to any such concealment or mis-

Penalty for
conceal-
ment of
name of
creditor.

representation, is guilty of an indictable offence and liable to five years' imprisonment or to a penalty not exceeding one thousand dollars, or to both such imprisonment and such penalty. 7-8 Geo. V., c. 25, s. 8.

Publication
of reasons
for
reduction.

54F. In any case of reduction of share capital the Secretary of State of Canada may require the company to publish, as he directs, the reasons for reduction, or such other information in regard thereto as he may think expedient with a view to give proper information to the public, and, if he thinks fit, the causes which led to the reduction. 7-8 Geo. V., c. 25, s. 8.

Supplemen-
tary letters
to confirm
by-law.

55. At any time, not more than six months after the approval of a by-law for increasing or reducing the capital stock of the company, or for subdividing the shares, the directors may apply to the Secretary of State for the issue of supplementary letters patent to confirm the same. 2 E. VII., c. 15, s. 44.

Evidence
with
application

56. The directors shall, with such application, produce a copy of such by-law, under the seal of the company, and signed by the president or vice-president and the secretary, and establish to the satisfaction of the Secretary of State, the due passage and approval of such by-law and the expediency and *bona fide* character of the increase or reduction of capital or subdivision of shares, as the case may be, thereby provided for.

Evidence
how taken.

2. The Secretary of State shall, for that purpose, take any requisite evidence in writing, by oath or affirmation or by solemn declaration, and shall keep of record any such evidence so taken. 2 E. VII., c. 15, s. 44.

Granting of
the letters.

57. Upon the due passage and approval of such by-law being so established, the Secretary of State may grant such supplementary letters patent.

Notice.

2. Notice of the granting of such letters patent shall be forthwith given by the Secretary of State in the *Canada Gazette*, in the form E in the schedule to this Act.

Effect of
letters.

3. From the date of such supplementary letters patent, the capital stock of the company shall be and remain increased or reduced, or the shares subdivided, as the case may be, to the amount in the manner and subject to the conditions set forth by such by-law.

New stock
subject to
provisions
of this
Part.

4. The whole of the stock, as so increased or reduced or with such subdivided shares shall become subject to the provisions of this Part, in like manner, as far as possible, as if every part thereof had been or formed part of the stock of the company originally subscribed. 2 E. VII., c. 15, s. 45.

Calls.

58. Not less than ten per centum upon the allotted shares of stock of the company shall, by means of one or more calls formally made, be called in and made payable within one year from the incorporation of the company. Calls within the first year.

2. The residue shall be called in and made payable when and as the letters patent, or the provisions of this Part, or the by-laws of the company direct. Calls for residue. 2 E. VII., c. 15, s. 46.

59. A call shall be deemed to have been made at the time when the resolution of the directors authorizing such call was passed. Call when demand made. 2 E. VII., c. 15, s. 47.

60. If a shareholder fails to pay any call due by him, on or before the day appointed for the payment thereof, he shall be liable to pay interest for the same, at the rate of six per centum per annum from the day appointed for payment to the time of actual payment thereof. Interest on calls. 2 E. VII., c. 15, s. 47.

61. The directors may, if they think fit, receive from any shareholder willing to advance the same, beyond the sums then actually called for, all or any part of the amounts remaining unpaid on the shares held by such shareholders. Payment in advance on shares.

2. Upon the money, so paid in advance, or so much thereof, as, from time to time, exceeds the amount of the calls then made upon the shares in respect of which such advance is made, the company may pay interest at such rate not exceeding eight per centum per annum, as the shareholder who pays such sum in advance and the directors agree upon. Interest may be allowed. 2 E. VII., c. 15, s. 48.

62. If after such demand or notice as is prescribed by the letters patent, or by resolution of the directors, or by the by-laws of the company, any call made upon any share is not paid within such time as by such letters patent or by resolution of the directors or by the by-laws is limited in that behalf, the directors, in their discretion, by vote to that effect duly recorded in their minutes, may summarily declare forfeited any shares whereon such call is not paid. Forfeiture of shares for non-payment of calls.

2. Such shares so declared forfeited shall thereupon become the property of the company, and may be disposed of as the company by the by-laws or otherwise prescribes. Revert to company.

3. Notwithstanding such forfeiture, the holder of such shares at the time of forfeiture shall continue liable to the creditors of the company at such time for the full amount unpaid on such shares at the time of forfeiture, less any sums which are subsequently received by the company in respect thereof. Liability of holders to creditors. 2 E. VII., c. 15, s. 49.

Enforcement of payment of calls by action.

What only need be alleged and proved.

63. The directors may, if they see fit, instead of declaring forfeited any share or shares, enforce payment of all calls, and interest thereon, by action in any court of competent jurisdiction.

2. In such action it shall not be necessary to set forth the special matter, but it shall be sufficient to declare that the defendant is a holder of one share or more, stating the number of shares, and is indebted in the sum of money to which the calls in arrear amount, in respect of one call or more, upon one share or more, stating the number of calls and the amount of each call, whereby an action has accrued to the company under this Part. 2 E. VII., c. 15, s. 50.

Transfer of Shares.

Invalid without entry.

Exception.

64. Except for the purpose of exhibiting the rights of parties to any transfer of shares towards each other and of rendering any transferee jointly and severally liable with the transferor to the company and its creditors, no transfer of shares unless made by sale under execution or under the decree, order or judgment of a court of competent jurisdiction, shall be valid for any purpose whatever until entry of such transfer is duly made in the register of transfers: Provided that, as to the stock of any company listed and dealt with on any recognized stock exchange by means of script, commonly in use endorsed in blank and transferable by delivery, such endorsement and delivery shall, excepting for the purpose of voting at meetings of the company, constitute a valid transfer. 2 E. VII., c. 15, s. 51.

Unpaid shares.

65. No transfer of shares whereof the whole amount has not been paid in shall be made without the consent of the directors. 2 E. VII., c. 15, s. 52.

With calls unpaid.

66. No share shall be transferable until all previous calls thereon are fully paid in. 2 E. VII., c. 15, s. 54.

Registration of transfer.

67. The directors may decline to register any transfer of shares belonging to any shareholder who is indebted to the company. 2 E. VII., c. 15, s. 55.

Transfer by personal representative.

68. Any transfer of the shares or other interest of a deceased shareholder, made by his personal representative, shall, notwithstanding such personal representative is not himself a shareholder, be of the same validity as if he had been a shareholder at the time of his execution of the instrument of transfer. 2 E. VII., c. 15, s. 56.

Issue and effect of share-warrants.

68A. A company, if so authorized by its letters patent or supplementary letters patent and subject to the provisions thereof may, with respect to any fully paid-up shares, issue

under its common seal a warrant stating that the bearer of the warrant is entitled to the share or shares therein specified, and may provide by coupons or otherwise, for the payment of the future dividends on the share or shares included in the warrant hereafter termed a share warrant.

2. A share warrant shall entitle the bearer thereof to the shares therein specified, and the shares may be transferred by delivery of the warrant. Rights of bearer.

3. The bearer of a share warrant shall, subject to the provisions and regulations respecting share warrants contained in the letters patent or supplementary letters patent, be entitled, on surrendering it for cancellation, to have his name entered on the books of the company as the holder of the shares specified in such share warrant, and the company shall be responsible for any loss incurred by any person by reason of the company entering on the books of the company the name of the bearer of a share warrant in respect of the shares therein specified without the warrant being surrendered and cancelled. Bearer to be shareholder on surrender of warrant.

4. The bearer of a share warrant may, if the provisions and regulations respecting share warrants so provide, be deemed to be a shareholder of the company either to the full extent or for any purposes defined by such regulations, except that he shall not be qualified in respect of the shares specified in the warrant for being a director of the company. Rights of bearer under regulations.

5. On the issue of a share warrant the company shall remove from its books the name of the shareholder then entered therein as holding such share or shares as if he had ceased to be a shareholder, and shall enter in such books the following particulars, namely:—

- (i) the fact of the issue of the warrant;
- (ii) a statement of the shares included in the warrant, and
- (iii) the date of the issue of the warrant.

6. Until the warrant is surrendered, the above particulars shall be deemed to be the particulars required by this Act to be entered in the books of the company in respect of such share or shares, and, on the surrender, the date of the surrender shall be entered as if it were the date at which a person ceased to be a shareholder. Surrender of warrant.

7. Unless the bearer of a share warrant is entitled to attend and vote at general meetings, the shares represented by such share warrant shall not be counted as part of the stock of the company for the purposes of a general meeting. 4-5 Geo. V., c. 23, s. 2. Warrant holders not considered where vote of definite part of stock required.

Borrowing Powers.

69. If authorized by by-law, sanctioned by a vote of not less than two-thirds in value of the subscribed stock of the company represented at a general meeting duly called for considering the by-law, the directors may from time to time,— Authority.

Borrowing. Amount.	(a) borrow money upon the credit of the company;
Issue of bonds.	(b) limit or increase the amount to be borrowed;
	(c) issue bonds, debentures, debenture stock or other securities of the company, and pledge or sell the same for such sums and at such prices as may be deemed expedient;
Hypothecation.	(d) hypothecate, mortgage or pledge the real or personal property of the company, or both, to secure any such bonds, debentures, debenture stock or other securities, and any money borrowed for the purposes of the company.
Limitation as to bills and notes.	2. Nothing in this section contained shall limit or restrict the borrowing of money by the company on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the company.
Perpetual debenture.	3. A condition contained in any debentures or in any deed for securing any debentures, whether issued or executed before or after the passing of this Act shall not be invalid by reason only that thereby the debentures are made irredeemable or redeemable only on the happening of a contingency, however remote, or on the expiration of a period, however long, any rule of equity to the contrary notwithstanding.
Power to re-issue redeemed debentures in certain cases.	4. Where a company has redeemed any debentures previously issued, the company, unless the conditions of issue expressly otherwise provide, or unless the debentures have been redeemed in pursuance of any obligation on the company so to do (not being an obligation enforceable only by the person to whom the redeemed debentures were issued or his assigns), shall have power to keep the debentures alive for the purposes of reissue, and where a company has purported to exercise such a power the company shall have power to reissue the debentures either by reissuing the same debentures or by issuing other debentures in their place, and upon such a reissue the person entitled to the debentures shall have the same rights and priorities as if the debentures had not previously been issued;
Transfer from nominee of company.	(a) where with the object of keeping debentures alive for the purpose of reissue they have, either before or after the passing of this Act, been transferred to a nominee of the company, a transfer from that nominee shall be deemed to be a reissue for the purposes of this section;
When debentures deposited not redeemed.	(b) where a company has, either before or after the passing of this Act, deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be deemed to have been redeemed by reason only of the account of the company having ceased to be in debit whilst the debentures remained so deposited;
Re-issue of debentures.	(c) the reissue of a debenture or the issue of another debenture in its place under the power by this section given to, or deemed to have been possessed by, a company, whether the reissue or issue was made before or after

the passing of this Act, shall not be treated as the issue of a new debenture for the purposes of any provision limiting the amount or number of debentures to be issued;

(d) nothing in this section shall prejudice,—

(i) the operation of any judgment or order of a court of competent jurisdiction pronounced or made not later than ninety days after the passing of this Act as between the parties to the proceedings in which the judgment was pronounced or the order made, and any appeal from any such judgment or order shall be decided as if this Act had not been passed; or,

(ii) any power to issue debentures in the place of any debentures paid off or otherwise satisfied or extinguished, reserved to a company by its debentures or the securities for the same. 4-5 Geo. V., c. 23, s. 3.

Pending proceedings not affected.

Information as to Mortgages, Charges, etc.

69A. (1) Every mortgage or charge created after the first day of January, nineteen hundred and eighteen, by a company, and being either,—

Registration of mortgages and charges.

(a) a mortgage or charge for the purpose of securing any issue of debentures; or,

(b) a mortgage or charge on uncalled share capital of the company; or,

(c) a floating charge on the undertaking or property of the company;

shall, so far as any security on the company's property or undertaking is thereby conferred, be void against the liquidator and any creditor of the company, unless the prescribed particulars of the mortgage or charge, together with an original of the instrument (if any) by which the mortgage or charge is created or evidenced, are delivered to or received by the Secretary of State of Canada, for registration in manner required by this Act, within thirty days after the date of its creation, but without prejudice to any contract or obligation for repayment of the money thereby secured; and when a mortgage or charge becomes void under this section the money secured thereby shall immediately become payable: Provided that,—

(i) in the case of a mortgage or charge created out of Canada comprising solely property situate outside Canada, the delivery to and the receipt by the Secretary of State of Canada of a copy of the instrument by which the mortgage or charge is created or evidenced, verified in the prescribed manner, shall have the same effect for the purposes of this section as the delivery and receipt of the instrument itself, and thirty days after the date on which the instrument or copy could, in due course of post, and if despatched with due diligence, have been received in

Canada, shall be substituted for thirty days after the date of the creation of the mortgage or charge, as the time within which the particulars and instrument or copy are to be delivered to the Secretary of State of Canada; and,

- (ii) where the mortgage or charge is created in Canada, but comprises property outside Canada, the instrument creating or purporting to create the mortgage or charge may be sent for registration notwithstanding that further proceedings may be necessary to make the mortgage or charge valid or effectual according to the law of the country in which the property is situate; and,
- (iii) the holding of debentures entitling the holder to a charge on land shall not be deemed to be an interest in land.

(2) The Secretary of State of Canada shall keep, with respect to each company, a register in the prescribed form of all the mortgages and charges created by the company after the first day of January, nineteen hundred and eighteen, and requiring registration under this section, and shall, on payment of the prescribed fee, enter in the register, with respect to every such mortgage or charge, the date of creation, the amount secured by it, short particulars of the property mortgaged or charged, and the names of the mortgagees or persons entitled to the charge.

(3) Where a series of debentures containing, or giving by reference to any other instrument, any charge to the benefit of which the debenture holders of that series are entitled *pari passu*, is created by a company, it shall be sufficient if there are delivered to or received by the Secretary of State of Canada, within thirty days after the execution of the deed containing the charge, or, if there is no such deed, after the execution of any debentures of the series, the following particulars:—

- (a) the total amount secured by the whole series; and,
- (b) the dates of the resolutions authorizing the issue of the series and the date of the covering deed, if any, by which the security is created or defined, and,
- (c) a general description of the property charged; and,
- (d) the names of the trustees, if any, for the debenture holders;

together with the deed containing the charge, or if there is no such deed, one of the debentures of the series; and the Secretary of State of Canada, shall, on payment of the prescribed fee, enter those particulars in the register:

Provided that, where more than one issue is made of debentures in the series, there shall be sent to the Secretary of State of Canada for entry in the register particulars of the date and amount of each issue, but an omission to do this shall not affect the validity of the debentures issued.

(4) Where any commission, allowance or discount has been paid or made either directly or indirectly by the company to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any debentures of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such debentures, the particulars required to be sent for registration under this section shall include particulars as to the amount or rate per cent of the commission, discount, or allowance so paid or made, but an omission to do this shall not affect the validity of the debentures issued:

Provided that the deposit of any debentures as security for any debt of the company shall not for the purposes of this provision be treated as the issue of the debentures at a discount.

(5) The Secretary of State of Canada shall give a certificate under his hand of the registration of any mortgage or charge registered in pursuance of this section, stating the amount thereby secured, and the certificate shall be conclusive evidence that the requirements of this section as to registration have been complied with.

(6) The company shall cause a copy of every certificate of registration given under this section to be endorsed on every debenture or certificate of debenture stock which is issued by the company, and the payment of which is secured by the mortgage or charge so registered:

Provided that nothing in this subsection shall be construed as requiring a company to cause a certificate of registration of any mortgage or charge so given to be endorsed on any debenture or certificate of debenture stock which has been issued by the company before the mortgage or charge was created.

(7) It shall be the duty of the company to send to the Secretary of State of Canada for registration the particulars of every mortgage or charge created by the company and of the issues of debentures of a series, requiring registration under this section, but registration of any such mortgage or charge may be effected on the application of any person interested therein.

Where the registration is effected on the application of some person other than the company, that person shall be entitled to recover from the company the amount of any fees properly paid by him to the Secretary of State of Canada on the registration.

(8) The register kept in pursuance of this section shall be open to inspection by any person on payment of the prescribed fee.

(9) Every company shall cause a copy of every instrument creating any mortgage or charge requiring registration under this section to be kept at the registered office of the company:

Provided that, in the case of a series of uniform debentures, a copy of one such debenture shall be sufficient. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 93.*

Registration of order appointing receiver.

69B. (1) If any person obtains an order for the appointment of a receiver or manager of the property of a company, or appoints such a receiver or manager under any powers contained in any instrument, he shall within fourteen days from the date of the order or of the appointment under the powers contained in the instrument give notice of the fact to the Secretary of State of Canada, and the Secretary of State of Canada, shall on payment of the prescribed fee, enter the fact in the register of mortgages and charges.

(2) If any person makes default in complying with the requirements of this section he shall be liable on summary conviction to a fine not exceeding twenty dollars for every day during which the default continues. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 94.*

Filing of accounts of receivers and managers.

69C. (1) Every receiver or manager of the property of a company who has been appointed under the powers contained in any instrument, and who has taken possession, shall, once in every half year while he remains in possession, and also on ceasing to act as receiver or manager, file with the Secretary of State of Canada an abstract in the prescribed form of his receipts and payments during the period to which the abstract relates, and shall also on ceasing to act as receiver or manager file with the Secretary of State of Canada notice to that effect, and the Secretary of State of Canada shall enter the notice in the register of mortgages and charges.

(2) Every receiver or manager who makes default in complying with the provisions of this section shall be liable on summary conviction to a fine not exceeding two hundred dollars. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 95.*

Rectification of register of mortgages.

69D. The court of the province in which the head office of the company is situated, on being satisfied that the omission to register a mortgage or charge within the time hereinbefore required, or that the omission or misstatement of any particular with respect to any such mortgage or charge, was accidental, or due to inadvertence or to some other sufficient cause, or is not of a nature to prejudice the position of creditors or shareholders of the company, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any person interested, and on such terms and conditions as seem to the court just and expedient, order that the time for registration be extended, or, as the case may be, that the omission or misstatement be rectified. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 96.*

69E. The Secretary of State of Canada may, on evidence being given to his satisfaction that the debt for which any registered mortgage or charge, was given has been paid or satisfied, order that a memorandum of satisfaction be entered on the register, and shall if required furnish the company with a copy thereof. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 97.*

Entry of satisfaction.

69F. The Secretary of State of Canada shall keep a chronological index, in the prescribed form and with the prescribed particulars, of the mortgages or charges registered with him under this Act. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 98.*

Index to register of mortgages and charges.

69G. (1) If any company makes default in sending to the Secretary of State of Canada for registration the particulars of any mortgage or charge created by the company, and of the issues of debentures of a series, requiring registration under the foregoing provisions of this Act, then, unless the registration has been effected on the application of some other person, the company, and every director, manager, secretary, or other person who is knowingly a party to the default, shall be guilty of an indictable offence and be liable to a fine not exceeding two hundred dollars for every day during which default continues.

Penalties.

(2) Subject as aforesaid, if any company makes default in complying with any of the requirements of this Act as to the registration with the Secretary of State of Canada of any mortgage or charge created by the company, the company and every director, manager, and other officer of the company who knowingly and wilfully authorized or permitted the default shall, without prejudice to any other liability, be liable on summary conviction to a fine not exceeding five hundred dollars.

(3) If any person knowingly and wilfully authorizes or permits the delivery of any debenture or certificate of debenture stock requiring registration with the Secretary of State of Canada under the foregoing provisions of this Act without a copy of the certificate of registration being endorsed upon it, he shall, without prejudice to any other liability, be liable on summary conviction to a fine not exceeding five hundred dollars. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 99.*

69H. (1) Every company shall keep a register of mortgages and enter therein all mortgages and charges specifically affecting property of the company, giving in each case a short description of the property mortgaged or charged, the amount of the mortgage or charge, and (except in the case of securities to bearer) the names of the mortgagees or persons entitled thereto.

Company's register of mortgages.

(2) If any director, manager, or other officer of the company knowingly and wilfully authorizes or permits the omis-

sion of any entry required to be made in pursuance of this section, he shall be liable on summary conviction to a fine not exceeding two hundred dollars. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 100.*

Right to inspect copies of instruments creating mortgages and charges and company's register of mortgages.

69i. (1) The copies of instruments creating any mortgage or charge requiring registration under this Act with the Secretary of State of Canada, and the register of mortgages kept in pursuance of the last foregoing section, shall be open at all reasonable times to the inspection of any creditor or shareholder of the company without fee, and the register of mortgages shall also be open to the inspection of any other person on payment of such fee, not exceeding twenty-five cents for each inspection, as the company may prescribe.

(2) If inspection of the said copies or register is refused, any officer of the company refusing inspection, and every director and manager of the company authorizing or knowingly and wilfully permitting the refusal, shall be liable on summary conviction to a fine not exceeding twenty dollars, and a further fine not exceeding ten dollars for every day during which the refusal continues. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 101.*

Right of debenture holders to inspect the register of debenture holders and to have copy of trust deed.

69j. (1) Every register of holders of debentures of a company shall, except when closed in accordance with the by-laws of the company during such period or periods (not exceeding in the whole thirty days in any year) as may be specified in the said by-laws, be open to the inspection of the registered holder of any such debentures, and of any holder of shares in the company, but subject to such reasonable restrictions as the company may by by-law impose, so that at least two hours in each day are appointed for inspection, and every such holder may require a copy of the register or any part thereof on payment of ten cents for every hundred words required to be copied.

(2) A copy of any trust deed for securing any issue of debentures shall be forwarded to every holder of any such debentures at his request, on payment in the case of a printed trust deed of the sum of twenty-five cents, or such less sum as may be prescribed by by-law of the company, or where the trust deed has not been printed, on payment of ten cents for every hundred words required to be copied.

(3) If inspection is refused, or a copy is refused or not forwarded, the company shall be liable on summary conviction to a fine not exceeding twenty dollars, and to a further fine not exceeding ten dollars for every day during which the refusal or neglect to forward a copy continues, and every director, manager, secretary, or other officer of the company who knowingly authorizes or permits the refusal shall incur the like penalty. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 102.*

69K. (1) Where, in the case of a company, either a receiver is appointed on behalf of the holders of any debentures of the company secured by a floating charge, or possession is taken by or on behalf of those debenture holders of any property comprised in or subject to the charge, then, if the company is not at the time in course of being wound up, the debts which in winding up are under the provisions of the *Winding-up Act* relating to preferential payments to be paid in priority to all other debts, shall be paid forthwith out of any assets coming to the hands of the receiver or other person taking possession as aforesaid in priority to any claim for principal or interest in respect of the debentures.

Payments of certain debts out of assets subject to floating charge in priority to claims under the charge.
R.S., c. 144, s. 70.

(2) The period of time mentioned in the said provisions of the *Winding-up Act* shall be reckoned from the date of the appointment of the receiver or of possession being taken as aforesaid, as the case may be.

(3) Any payments made under this section shall be recouped as far as may be out of the assets of the company available for payment of general creditors. 7-8 Geo. V., c. 25, s. 9. *Imp. Act, 1908, s. 107.*

69L. The provisions of this Act respecting the registration of mortgages, charges or other securities shall be in addition to and not in substitution for the provisions of any statute of any province of Canada or of any foreign country in respect thereto. 7-8 Geo. V., c. 25, s. 9.

Construction of provisions as to registration.

69M. A duly certified copy of any deed, mortgage, hypothec or other authentic instrument executed in the province of Quebec and preserved in the records of a notary public of the province of Quebec, or in the office of a prothonotary of the Superior Court in any district of the said province, shall be deemed to be an original deed, mortgage or instrument for the purposes of this Act, and the term 'mortgage' shall include 'hypothec.' 8-9 Geo. V., c. 14, s. 1.

Quebec notarial copies to be deemed originals.

'Mortgage' to include 'hypothec.'

Dividends.

70. No dividend shall be declared which will impair the capital of the company. 2 E. VII., c. 15, s. 58.

Not to impair capital.

71. The directors may deduct from the dividends payable to any shareholder all such sums of money as are due from him to the company, on account of calls or otherwise. 2 E. VII., c. 15, s. 59.

Debts deducted from dividends.

Directors.

72. The affairs of the company shall be managed by a board of not less than three directors. 8-9 Geo. V., c. 13, s. 2.

Board of directors.

73. The persons named as such, in the letters patent, shall be the directors of the company, until replaced by others duly appointed in their stead. 2 E. VII., c. 15, s. 61.

Provisional directors.

74. If, at any time, an election of directors is not made, or does not take effect at the proper time, the company shall not be held to be thereby dissolved; but such election may take place at any subsequent special general meeting of the company

Failure to elect directors, how remedied.

duly called for that purpose; and the retiring directors shall continue in office until their successors are elected. 2 E. VII., c. 15, s. 62.

Qualifications of directors elected.

75. No person shall be elected as a director or appointed as a director to fill any vacancy unless he is a shareholder, owning stock absolutely in his own right, and to the amount required by the by-laws of the company, and not in arrear in respect of any call thereon. 2 E. VII., c. 15, s. 63.

Restrictions on appointment or advertisement of director.

(2) A person named as a director or proposed director in any prospectus, or in any notice in lieu of prospectus, issued by or on behalf of the company, shall not be capable of being appointed director of the company unless, at the time of the publication of the prospectus, he has by himself or by his agent authorized in writing,—

(i) Signed and filed with the Secretary of State of Canada a consent in writing to act as such director; and,

(ii) Either signed the petition for incorporation and memorandum of agreement and stock book for a number of shares not less than his qualification (if any) or signed and filed with the Secretary of State of Canada a contract in writing to take from the company and pay for his qualification shares (if any). 7-8 Geo. V., c. 25, s. 10.

Number of directors.

Head office.

Sanction of shareholders.

Deposit of by-law.

Election of directors.

If no other provision.

Yearly election.

By ballot.

Vacancies filled by directors.

Officers appointed by directors.

76. The company may, by by-law, increase or decrease to not less than three the number of its directors, or may change the company's chief place of business in Canada: Provided that no by-law for either of the said purposes shall be valid or acted upon unless it is approved by a vote of at least two-thirds in value of the stock represented by the shareholders present at a special general meeting duly called for considering the by-law; nor until a copy of such by-law, certified under the seal of the company, has been deposited in the Department of the Secretary of State of Canada and published in the *Canada Gazette*. 8-9 Geo. V., c. 13, s. 3.

77. Directors of the company shall be elected by the shareholders, in general meeting of the company assembled at some place within Canada, at such times, in such manner and for such terms, not exceeding two years, as the letters patent, or in default thereof, as the by-laws of the company prescribe. 2 E. VII., c. 15, s. 65.

78. In the absence of other provisions in that behalf, in the letters patent or by-laws of the company,—

(a) the election of directors shall take place yearly, and all the directors then in office shall retire, but, if otherwise qualified, they shall be eligible for re-election;

(b) every election of directors shall be by ballot;

(c) any vacancy occurring in the board of directors may be filled, for the remainder of the term, by the directors from among the qualified shareholders of the company;

(d) the directors shall, from time to time, elect from among themselves a president and, if they see fit, a vice-president of the company; and may also appoint all other officers thereof. 2 E. VII., c. 15, s. 66.

79. Every director of the company, and his heirs, executors and administrators, and estate and effects, respectively, may with the consent of the company, given at any general meeting thereof, from time to time, and at all times, be indemnified and saved harmless out of the funds of the company, from and against all costs, charges and expenses whatsoever which such director sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him, in or about the execution of the duties of his office; and also from and against all other costs, charges and expenses which he sustains or incurs, in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default. 2 E. VII., c. 15, s. 67.

Director indemnified in suits respecting execution of his office.

And generally. Exception.

Powers of Directors.

80. The directors of the company may administer the affairs of the company in all things, and make or cause to be made for the company, any description of contract which the company may, by law, enter into; and may, from time to time, make by-laws not contrary to law, or to the letters patent of the company, or to this Part, as to the following matters:—

Powers and duties of directors.

By-laws.

(a) The regulating of the allotment of stock, the making of calls thereon; the payment thereof, the issue and registration of certificates of stock, the forfeiture of stock for non-payment, the disposal of forfeited stock and of the proceeds thereof, and the transfer of stock;

As to stock.

(b) The declaration and payment of dividends;

Dividends.

(c) The amount of the stock qualifications of the directors, and their remuneration, if any;

Directors.

(d) The appointment, functions, duties and removal of all agents, officers and servants of the company, the security to be given by them to the company and their remuneration;

Agents and officers.

(e) The time and place for the holding of the annual meetings of the company, the calling of meetings, regular and special, of the board of directors and of the company, the quorum, the requirements as to proxies, and the procedure in all things at such meetings;

Meetings.

(f) The imposition and recovery of all penalties and forfeitures not otherwise provided for in this Part;

Penalties.

(g) The conduct, in all other particulars, of the affairs of the company not otherwise provided for in this Part.

Generally.

2 E. VII., c. 15, s. 68

81. The directors may, from time to time, repeal, amend or re-enact such by-laws, but every such by-law, excepting by-laws made respecting agents, officers and servants of the

Confirmation of by-laws.

company, and every repeal, amendment or re-enactment thereof, unless in the meantime confirmed at a general meeting of the company, duly called for that purpose, shall only have force until the next annual meeting of the company, and in default of confirmation thereat, shall, at and from that time, cease to have force. 2 E. VII., c. 15, s. 68.

Liability of Directors and Officers.

Declaring
and paying
dividend
when com-
pany is
insolvent.

82. If the directors of the company declare and pay any dividend when the company is insolvent, or any dividend, the payment of which renders the company insolvent, or impairs the capital thereof, they shall be jointly and severally liable as well to the company as to the individual shareholders and creditors thereof, for all the debts of the company then existing, and for all debts thereafter contracted during their continuance in office, respectively: Provided that, if any director present when such dividend is declared does forthwith, or if any director then absent does, within twenty-four hours after he becomes aware of such declaration, and is able so to do, enter on the minutes of the board of directors his protest against the same, and within eight days thereafter publishes such protest in at least one newspaper published at the place in which the head office or chief place of business of the company is situated, or, if no newspaper is there published, in the newspaper published in the place nearest thereto, such director may thereby, and not otherwise, exonerate himself from such liability. 2 E. VII., c. 15, s. 69.

Exoneration
from
liability.

Liability of
directors
for transfer
of shares to
insolvent.

83. Whenever any transfer of shares not fully paid in has been made with the consent of the directors to a person who is not apparently of sufficient means to fully pay up such shares, the directors shall be jointly and severally liable to the creditors of the company, in the same manner and to the same extent as the transferring shareholder, but for such transfer, would have been: Provided that if any director present when any such transfer is allowed does forthwith, or if any director then absent does, within twenty-four hours after he becomes aware of such transfer and is able so to do, enter on the minute book of the board of directors his protest against the same, and within eight days thereafter publishes such protest in at least one newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, then in the newspaper published nearest to such place, such director may thereby, and not otherwise, exonerate himself from such liability. 2 E. VII., c. 15, s. 52.

Exoneration
from
liability.

Loan by
company
to share-
holders.

84. If any loan is made by the company to any shareholder in violation of the provisions of this Part, all directors and other officers of the company making the same, or in anywise assent-

ing thereto, shall be jointly and severally liable for the amount of such loan, with interest to the company, and also to the creditors of the company for all debts of the company then existing, or contracted between the time of the making of such loan and that of the repayment thereof. 2 E. VII., c. 15, s. 70.

85. The directors of the company shall be jointly and severally liable to the clerks, labourers, servants and apprentices thereof, for all debts not exceeding six months' wages due for service performed for the company whilst they are such directors respectively; but no director shall be liable to an action therefor, unless the company is sued therefor within one year after the debt becomes due, nor unless such director is sued therefor within one year from the time when he ceased to be such director, nor unless an execution against the company in respect of such debt is returned unsatisfied in whole or in part.

Liability of directors for wages unsatisfied.

Limitation as to time.

2. The amount unsatisfied on such execution shall be the amount recoverable with costs from the directors. 2 E. VII., c. 15, s. 71.

86. Every director of any company who expressly or impliedly authorizes the commencement of operations by the company or the incurring of any liabilities by the company before ten per centum of its authorized capital has been subscribed and paid for, shall be jointly and severally liable with the company for the payment of any such liabilities so incurred. 2 E. VII., c. 15, s. 18.

Liability of directors for premature commencement of business.

Meetings.

87. Shareholders who hold one-fourth part in value of the subscribed stock of the company may at any time by written requisition and notice call a special meeting of the company for the transaction of any business specified therein. 2 E. VII., c. 15, s. 72.

Special meeting.

88. In the absence of other provisions in that behalf in the letters patent or by-laws of the company,---

Provisions as to.

(a) notice of the time and place for holding a general meeting of the company shall be given at least fourteen days previously to the time in such notice specified for such meeting, in some newspaper published in the place where the head office or chief place of business of the company is situate, or if there is no such newspaper, then in the place nearest thereto in which a newspaper is published;

Notice.

(b) at all general meetings of the company, every shareholder shall be entitled to give one vote for each share then held by him; and such votes may be given in person or by proxy if such proxy is himself a shareholder: Provided that no shareholder shall be entitled either in person or by proxy, to vote at any meeting unless he has paid all the calls then payable upon all the shares held by him;

Votes.

Proxies.

Calls to be paid.

- Majority vote. (c) all questions proposed for the consideration of the shareholders at such meetings shall be determined by the majority of votes, and the chairman presiding at such meetings shall have the casting vote in case of an equality of votes. 2 E. VII., c. 15, s. 73.
- Casting vote.

Books of the Company.

- Books shall contain. **89.** The company shall cause a book or books to be kept by the secretary, or by some other officer specially charged with that duty, wherein shall be kept recorded,—
- Charter, agreement, by-laws. (a) a copy of the letters patent incorporating the company, and of any supplementary letters patent, and of the preliminary memorandum of agreement and of all by-laws of the company;
- Names of shareholders. (b) the names, alphabetically arranged, of all persons who are or have been shareholders;
- Address and calling. (c) the address and calling of every such person, while such shareholder, as far as can be ascertained;
- Number of shares. (d) the number of shares of stock held by each shareholder;
- Amounts paid. (e) the amounts paid in and remaining unpaid, respectively, on the stock of each shareholder; and,
- Names, addresses and calling of directors. (f) the names, addresses and calling of all persons who are or have been directors of the company, with the several dates at which each became or ceased to be such director. 2 E. VII., c. 15, s. 74.
- Register of transfers. **90.** A book called the register of transfers shall be provided, and in such book shall be entered the particulars of every transfer of shares in the capital of the company. 2 E. VII., c. 15, s. 74.
- Books to be open for inspection. **91.** Such books shall, during reasonable business hours of every day, except Sundays and holidays, be kept open, at the head office or chief place of business of the company, for the inspection of shareholders and creditors of the company, and their personal representatives, and of any judgment creditor of a shareholder.
- Extracts therefrom. 2. Every such shareholder, creditor or personal representative or judgment creditor may make extracts therefrom. 2 E. VII., c. 15, s. 75.

Inspection.

- Investigation of affairs of company. **92.** (1) The Secretary of State of Canada may appoint one or more competent inspectors to investigate the affairs of any company and to report thereon in such manner as the Secretary of State of Canada may direct,—
- (i) In the case of any company having a share capital, on the application of shareholders holding such a proportion of the issued stock of the company as in the opinion of the Secretary of State of Canada warrants the application;

(ii) In the case of a corporation not having a share capital on the application of such number of the persons on the corporation's register of members as in the opinion of the Secretary of State of Canada warrants the application.

(2) The application shall be supported by such evidence as the Secretary of State of Canada may require for the purpose of showing that the applicants have good reason for and are not actuated by malicious motives in requiring the investigation; and the Secretary of State of Canada may, before appointing an inspector, require the applicants to give security for payment of the costs of the inquiry.

(3) It shall be the duty of all officers and agents of the company to produce to the inspectors all books and documents in their custody or power.

(4) An inspector may examine on oath the officers and agents of the company in relation to its business, and may administer an oath accordingly.

(5) If an officer or agent refuses to produce any book or document which under this section it is his duty to produce, or to answer any question relating to the affairs of the company, he shall be liable on summary conviction to a fine not exceeding twenty dollars in respect of each offence.

(6) On the conclusion of the investigation the inspectors shall report their opinion to the Secretary of State of Canada, and a copy of the report shall be forwarded by the Secretary of State of Canada to the company and a further copy shall, at the request of the applicants for the investigation, be delivered to them.

(7) The report shall be written or printed, as may be directed.

(8) All expenses of and incidental to the investigation shall be defrayed by the applicants, unless the Secretary of State of Canada directs the same to be paid by the company, which the Secretary of State of Canada is hereby authorized to do. 7-8 Geo. V., c. 25, s. 11. *Imp. Act, 1908, s. 109.*

93. (1) A company may by resolution at any annual or special general meeting appoint inspectors to investigate its affairs. Powers of company to appoint inspectors.

(2) Inspectors so appointed shall have the same powers and duties as inspectors appointed by the Secretary of State of Canada, except that, instead of reporting to the Secretary of State of Canada, they shall report in such manner and to such persons as the company by resolution may direct.

(3) Officers and agents of the company shall incur the like penalties in case of refusal to produce any book or document required to be produced to inspectors so appointed, or to answer any question, as they would have incurred if the inspectors had been appointed by the Secretary of State of Canada. 7-8 Geo. V., c. 25, s. 11. *Imp. Act, 1908, s. 110.*

Report of
inspectors
to be
evidence.

94. A copy of the report of any inspectors appointed under this Act, authenticated by the seal of the company whose affairs they have investigated, shall be admissible in any legal proceeding as evidence of the opinion of the inspectors in relation to any matter contained in the report. 7-8 Geo. V., c. 25, s. 11. *Imp. Act, 1908, s. 111.*

Appoint-
ment and
remunera-
tion of
auditors.

94A. (1) Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

(2) If an appointment of auditors is not made at an annual general meeting, the Secretary of State of Canada may, on the application of any shareholder of the company, appoint an auditor of the company for the current year, and fix the remuneration to be paid to him by the company for his services.

(3) A director or officer of the company shall not be capable of being appointed auditor of the company.

(4) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a shareholder to the company not less than fourteen days before the annual general meeting; and the company shall send a copy of any such notice to the retiring auditor, and shall give notice thereof to the shareholders, either by advertisement or in any other mode provided by the by-laws of the company not less than seven days before the annual general meeting:

Provided that if, after notice of the intention to nominate an auditor has been so given, an annual general meeting is called for a date fourteen days or less after the notice has been given, the notice, though not given within the time required by this provision, shall be deemed to have been properly given for the purposes thereof, and the notice to be sent or given by the company may, instead of being sent or given within the time required by this provision, be sent or given at the same time as the notice of the annual general meeting: Provided, however, that a person other than a retiring auditor may be appointed auditor of the company at an annual general meeting as herein-before provided, upon a resolution passed by the votes of shareholders present in person or by proxy and holding at least two-thirds of the subscribed stock represented at the meeting.

(5) The first auditors of the company may be appointed by the directors before the first annual general meeting, and if so appointed shall hold office until the first annual general meeting, unless previously removed by a resolution of the company in general meeting, in which case the company at that meeting may appoint auditors.

(6) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues the surviving or continuing auditor or auditors, if any, may act.

(7) The remuneration of the auditors of a company shall be fixed by the company in general meeting, except that the remuneration of any auditors appointed before the first annual general meeting, or to fill any casual vacancy, may be fixed by the directors. 7-8 Geo. V., c. 25, s. 11. *Imp. Act, 1908, s. 112.*

94B (1) Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company, and shall be entitled to require from the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors. Powers and duties of auditors.

(2) The auditors shall make a report to the shareholders on the accounts examined by them, and on every balance sheet laid before the company in general meeting during their tenure of office, and the report shall state,—

(a) whether or not they have obtained all the information and explanations they have required; and,

(b) whether, in their opinion, the balance sheets referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company.

(3) The balance sheet shall be signed on behalf of the board by two of the directors of the company, and the auditor's report shall be attached to the balance sheet, or there shall be inserted at the foot of the balance sheet a reference to the report, and, the report shall be read before the company in general meeting, and shall be open to inspection by any shareholder.

(4) Thereafter any shareholder shall be entitled to be furnished with a copy of the balance sheet and auditors' report at a charge not exceeding ten cents for every hundred words.

(5) If any copy of a balance sheet which has not been signed as required by this section is issued, circulated or published, or if any copy of a balance sheet is issued, circulated, or published without either having a copy of the auditors' report attached thereto or containing such reference to that report as is required by this section, the company, and every director, manager, secretary, or other officer of the company who is knowingly a party to the default, shall on summary conviction, be liable to a fine not exceeding two hundred dollars. 7-8 Geo. V., c. 25, s. 11. *Imp. Act, 1908, s. 113.*

94c. Holders of preference shares and debentures of a company shall have the same right to receive and inspect the balance sheets of a company, and the reports of the auditors and other reports, as is possessed by the holders of ordinary shares in the company." 7-8 Geo. V., c. 25, s. 11. Rights of preference share-holders, etc., as to receipt and inspection of reports, etc.

Procedure.

Service of
process
upon
company.

95. Any summons, notice, order or other process or document required to be served upon the company, may be served by leaving the same at the office of the company in the city or town in which its chief place of business in Canada is situate, with any adult person in the employ of the company, or by serving the same on the president or secretary of the company, or by leaving the same at the domicile of either of them, with any adult person of his family or in his employ.

Constructive
service.

2. If the company has no known office or chief place of business, and has no known president or secretary, the court may order such publication as it deems requisite to be made in the premises; and such publication shall be deemed to be due service upon the company. 2 E. VII., c. 15, s. 80.

Cases where
use of seal
not neces-
sary.

96. Any summons, notice, order or proceeding requiring authentication by the company may be signed by any director, manager or other authorized officer of the company, and need not be under the seal of the company. 2 E. VII., c. 15, s. 81.

Service of
notices on
members.

97. Notices to be served by the company upon the shareholders may be served either personally or by sending them through the post, in registered letters, addressed to the shareholders at their places of abode as they appear on the books of the company. 2 E. VII., c. 15, s. 82.

Time from
which
service
reckoned.

98. A notice or other document served by post by the company on a shareholder shall be deemed to be served at the time when the registered letter containing it would be delivered in the ordinary course of post. 2 E. VII., c. 15, s. 83.

Actions
between
company
and share-
holders.

99. Any description of action may be prosecuted and maintained between the company and any shareholder thereof. 2 E. VII., c. 15, s. 85.

Setting
forth
incorpor-
ation in
legal pro-
ceedings.

100. In any action or other legal proceeding, it shall not be requisite to set forth the mode of incorporation of the company, otherwise than by mention of it under its corporate name as incorporated by virtue of letters patent, or of letters patent and supplementary letters patent, as the case may be, under this Part. 2 E. VII., c. 15, s. 86.

Procedure
to settle
ownership
when
shares are
transmitted
otherwise
than by
transfer.

101. Whenever the interest in any shares of the capital stock of the company is transmitted by the death of any shareholder or otherwise, or whenever the ownership of any shares or the legal right of possession of the same changes by any lawful means, other than by transfer according to the provisions of this Part, and the directors of the company entertain reasonable doubts as to the legality of any claim to such shares, the company may make and file in the court in the province or

territory in which the head office of the company is situated, a declaration and petition in writing, addressed to the justices of the court, setting forth the facts and the number of shares previously belonging to the person in whose name such shares stand in the books of the company, and praying for an order or judgment adjudicating and awarding the said shares to the person or persons legally entitled to the same. 2 E. VII., c. 15, s. 53.

Order of court may be obtained on petition.

102. Notice of the intention to present such petition shall be given to the person claiming such shares, or to the attorney of such person duly authorized for the purpose, who shall, upon the filing of such petition, establish his right to the shares referred to in such petition; and the time to plead and all other proceedings in such cases shall be the same as those observed in analogous cases before such court. 2 E. VII., c. 15, s. 53.

Notice of intention to present.

Pleading.

103. The costs and expenses incurred by the company in procuring such order or judgment shall be paid to the company by the person or persons to whom such shares are declared lawfully to belong and such shares shall not be transferred in the books of the company until such costs and expenses are paid, but this provision shall in no way prejudice the right of the person adjudged to be the lawful owner of such shares to recourse according to the practice of the court for such costs and expenses against any person contesting his right to such shares. 2 E. VII., c. 15, s. 53.

Costs.

104. The company shall be guided by the order or judgment of the court establishing the right to such shares.

2. Such order or judgment shall have the effect of a release from every other claim to the said shares or arising in respect thereof and shall fully indemnify and save harmless the said company from any such claim. 2 E. VII., c. 15, s. 53.

Order to guide company.
Order a release.

Statements and Returns.

105. (1) An annual meeting of the company shall be held at such time and place in each year as the special Act, letters patent, or by-laws of the company provide, and in default of such provisions in that behalf an annual meeting shall be held at the place named in the special Act or letters patent as the place of the head office of the company, on the fourth Wednesday in January in every year.

Annual meeting.

(2) At such meeting the directors shall lay before the company,—

(a) a balance sheet made up to a date not more than four months before such annual meeting: Provided however that a company which carries on its undertaking out of Canada may, by resolution at a general meeting, extend this period to not more than six months;

Balance sheet.

- (b) a general statement of income and expenditure for the financial period ending upon the date of such balance sheet;
- (c) the report of the auditor or auditors;
- (d) such further information respecting the company's financial position as the special Act, letters patent or by-laws of the company require.

Details of
balance
sheet.

(3) Every balance sheet shall be drawn up so as to distinguish severally at least the following classes or assets and liabilities, namely:—

- (a) cash;
- (b) debts owing to the company from its customers;
- (c) debts owing to the company from its directors, officers and shareholders respectively;
- (d) stock in trade;
- (e) expenditures made on account of future business;
- (f) lands, buildings, and plant;
- (g) goodwill, franchises, patents and copyrights, trademarks, leases, contracts and licenses;
- (h) debts owing by the company secured by mortgage or other lien upon the property of the company;
- (i) debts owing by the company but not secured;
- (j) amount of common shares, subscribed for and allotted and the amount paid thereon, showing the amount thereof allotted for services rendered, for commissions or for assets acquired since the last annual meeting;
- (k) amount of preferred shares subscribed for and allotted and the amount paid thereon, showing the amount thereof allotted for services rendered, for commissions or for assets acquired since the last annual meeting;
- (l) indirect and contingent liabilities. *Ontario Companies Act, sec. 43.*
- (m) amount written off on account of depreciation of plant, machinery, good-will and similar items. *New. 7-8 Geo. V., c. 25, s. 12.*

Annual
returns.

106. (1) Every company having a share capital shall on or before the first day of June in every year, make a summary as of date the thirty-first day of March preceding, specifying the following particulars:—

Particulars.

- (a) The corporate name of the company;
- (b) The manner in which the company is incorporated whether by special Act or by letters patent and the date thereof;
- (c) The place of the head office of the company, giving the street and number thereof when possible;

- (d) The date upon which the last annual meeting of shareholders of the company was held;
- (e) The amount of the share capital of the company, and the number of shares into which it is divided;
- (f) The number of shares taken from the commencement of the company up to the date of the return;
- (g) The amount called up on each share;
- (h) The total amount of calls received;
- (i) The total amount paid on shares otherwise than in cash, showing severally the amounts paid by services commissions or assets acquired since the last annual return;
- (j) The total amount of calls unpaid;
- (k) The total amount of the sums (if any) paid by way of commission in respect of any shares, bonds or debentures, or allowed by way of discount in respect of any bonds or debentures;
- (l) The total number of shares forfeited, and the amount paid thereon at the time of forfeiture;
- (m) The total amount of shares issued as preference shares and the rate of dividend thereon, and whether cumulative;
- (n) The total amount paid on such shares;
- (o) The total amount of debentures, debenture stock or bonds authorized and the rate of interest thereon;
- (p) The total amount of debentures, debenture stock or bonds issued;
- (q) The total amount paid on debentures, debenture stock or bonds, showing severally the amounts of discount thereon and the amounts issued for services and assets acquired since the last annual return;
- (r) The total amount of share warrants issued;
- (s) The names and addresses of the persons who at the date of the return are the directors of the company, or occupy the position of directors, by whatever name called.

(2) The said summary must be completed and filed in duplicate in the Department of the Secretary of State of Canada on or before the first day of June aforesaid. Each of the said duplicates shall be signed by the president and the manager or, if these are the same person, by the president and by the secretary of the company, and shall be duly verified by their affidavits. There shall also be filed therewith an affidavit proving that the copies of the said summary are duplicates. *New.*

Summary
to be filed,
signed and
verified.

(3) If a company makes default in complying with any requirements of this section it shall be liable to a fine not exceeding twenty dollars for every day during which the default continues, and every director and manager of the company who

Penalty for
default.

knowingly and wilfully authorizes or permits the default shall be liable to the like penalty, and such fines may be recoverable on summary conviction. *Ontario Companies Act, sec. 134 in part, and Imperial Companies Act, sec. 26 in part.*

Endorsement of summary.

(4) The Secretary of State of Canada, or an official of the Department of the Secretary of State of Canada designated for that purpose, shall endorse upon one duplicate of the above summary the date of the receipt thereof at the Department of the Secretary of State of Canada, and shall return the said duplicate summary to the company and the same shall be retained at the head office of the company available for perusal of for the purpose of making copies thereof or extracts therefrom by any shareholders or creditors of the company. *New.*

Proof of endorsement.

(5) The duplicate of the said summary endorsed as aforesaid shall be *prima facie* evidence that the said summary was filed in the Department of the Secretary of State of Canada pursuant to the provisions of this section on any prosecution under subsection (3) of this section, and the signature of an official of the Department of the Secretary of State of Canada to the endorsement of the said duplicate shall be deemed *prima facie* evidence that the said official has been designated to affix his signature thereto. *New.*

Proof of failure to file summary.

(6) A certificate under the hand and seal of office of the Secretary of State of Canada that the aforesaid summary in duplicate was not filed in the Department of the Secretary of State of Canada by a company pursuant to the provisions of this section shall be *prima facie* evidence on a prosecution under subsection (3) of this section that such summary was not filed in the Department of the Secretary of State of Canada. *New.*

Companies exempt.

(7) Companies organized after the thirty-first day of March in any year shall not be subject to the provisions of this section until the thirty-first day of March of the following year. *New.*

Effect of failure to file summary for three years.

(8) The name of a company which, for three consecutive years, has omitted to file in the Department of the Secretary of State of Canada the said annual summary may be given in whole or in part to a new company unless the defaulting company, on notice by the Secretary of State of Canada by registered letter addressed to the company or its president as shown by its last return, proves to the satisfaction of the Secretary of State of Canada that it is still a subsisting company: Provided that if at the end of one month from the date of such notice, the Secretary of State of Canada has not received from the company or its president response to such notice, the company may be deemed not to be a subsisting corporation and no longer entitled to the sole use of its corporate name: Provided also that when no annual summary has been filed by a

company for three years immediately following its incorporation its name may be given to another company without notice, and such company shall be deemed not to be subsisting. *Ontario Companies Act, sec. 36.*

(9) This section shall, *mutatis mutandis*, be applicable to corporations without share capital with respect to a summary setting out the particulars referred to in paragraphs (a), (b), (c), (d), (e), (p), and (q) of subsection (1) of this section and to directors, managers and other officers of such corporations. *New. 7-8 Geo. V., c. 25, s. 13.*

Application of section.

Evidence.

107. All books required by this Part to be kept by the company shall in any action, suit or proceeding against the company or against any shareholder be *prima facie* evidence of all facts purporting to be thereby stated. 2 E. VII., c. 15, s. 78.

Books to be *prima facie* evidence, when.

108. Proof that any letter properly addressed and registered containing any notice or other document permitted by this Part to be served by post was properly addressed and registered and was put into the post office, and of the time when it was so put in, and of the time requisite for its delivery in the ordinary course of post, shall be sufficient evidence of the fact and time of service. 2 E. VII., c. 15, s. 83.

Proof of service by registering letter.

109. A copy of any by-law of the company under its seal and purporting to be signed by any officer of the company shall be received as against any shareholders of the company as *prima facie* evidence of such by-law in all courts in Canada. 2 E. VII., c. 15, s. 84.

Evidence of by-laws.

110. In any action or other legal proceeding, the notice in the *Canada Gazette* of the issue of letters patent or supplementary letters patent under this Part shall be *prima facie* proof of all things therein contained, and on production of such letters patent or supplementary letters patent, or of any exemplification or copy thereof, the fact of such notice and publication shall be presumed. 2 E. VII., c. 15, s. 86.

Proof of incorporation.

111. Except in any proceeding by *scire facias* or otherwise for the purpose of rescinding or annulling letters patent or supplementary letters patent issued under this Part, such letters patent or supplementary letters patent, or any exemplification or copy thereof, shall be conclusive proof of every matter and thing therein set forth. 2 E. VII., c. 15, s. 86.

Proof of matters set forth in letters patent.

Proof by
declaration
or affidavit.

112. Proof of any matter which is necessary to be made under this Part may be made by oath or affirmation, or by solemn declaration before any justice of the peace, or any commissioner for taking affidavits, to be used in any of the courts in any of the provinces of Canada, or any notary public, each of whom is hereby authorized and empowered to administer oaths and receive affidavits and declarations for that purpose. 2 E. VII., c. 15, s. 87.

Offences and Penalties.

Penalties.

113. Every one who, being a director, manager or officer of a company, or acting on its behalf, commits any act contrary to the provisions of this Act, or fails or neglects to comply with any such provision, shall, if no penalty for such act, failure or neglect is expressly provided by this Act, be liable, on summary conviction, to a penalty of not more than one thousand dollars, or to imprisonment for not more than one year, or to both such penalty and imprisonment: Provided no proceeding shall be taken under this section without the consent in writing of the Secretary of State of Canada. 7-8 Geo. V., c. 25, s. 14.

Neglect to
keep
painted or
affixed name
of company
and word
'limited.'

Penalty.

114. Every company which does not keep painted or affixed its name, with the word *limited* after it, in manner directed by this Part shall incur a penalty of twenty dollars for every day during which such name is not so kept painted or affixed, and every director and manager of the company, who knowingly and wilfully authorizes or permits such default, shall be liable to the like penalty. 2 E. VII., c. 15, s. 25.

Not having
word
'limited'
on seal.

On notice

Bill or
note.

Bill of
parcels.

Penalty.

115. Every director, manager or officer of the company, and every person on its behalf, who uses or authorizes the use of any seal purporting to be a seal of the company, whereon its name with the word *limited* after it, is not engraven in legible characters; or,—

(a) issues, or authorizes the issue of any notice, advertisement or other official publication of such company; or,

(b) signs or authorizes to be signed on behalf of such company, any bill of exchange, promissory note, endorsement, cheque, order for money or goods; or,

(c) issues or authorizes to be issued any bill of parcels, invoice or receipt of the company;

wherein its name, with the said word after it, is not mentioned in legible characters, shall incur a penalty of two hundred dollars, and shall also be personally liable to the holder of any such bill of exchange, promissory note, cheque, or order for money or goods, for the amount thereof, unless the same is duly paid by the company. 2 E. VII., c. 15, s. 25.

116. Every company who neglects to keep any book or books required by this Part to be kept by the company, shall be guilty of an offence and liable, on summary conviction before two justices of the peace, to a penalty not exceeding twenty dollars for each day that such neglect continues. 2 E. VII., c. 15, s. 77. Neglect to keep books.

117. Every director, officer or servant of the company, who knowingly makes or assists in making any untrue entry in any book required by this Part to be kept by the company, or who refuses or wilfully neglects to make any proper entry therein, or to exhibit as required by this Part any entry made therein, or to allow the same, as required by this Part, to be inspected and extracts to be taken therefrom, is guilty of an indictable offence. 2 E. VII., c. 15, s. 76. Penalty. False entries in and refusing inspection of books.

118. *Repealed.* 7-8 Geo. V., chap. 25, s. 16.

119. Any officer or agent who on any examination by any inspector appointed by a judge or by the company under this Part, refuses to produce any book or document relating to the affairs of the company or to answer any question relating to the affairs of the company, shall incur a penalty not exceeding twenty dollars in respect of each offence. 2 E. VII., c. 15, s. 79. Refusing to produce books and answer questions. Penalty.

PART II.

The sections added or substituted in the principal Act by sections 7, 9, 10, 11, 12 and 13 of this Act shall also apply to companies to which Part II of the *Companies Act* applies, except those loan companies and trust companies to which that Part continues to apply. 7-8 Geo. V., c. 25, s. 17.

1914, c. 40,
s. 2,
1914, c. 55,
s. 3.

COMPANIES CLAUSES.

Interpretation.

- Definitions.** **120.** In this Part, and in any Act incorporating a company to which this Part applies and with which this Part is incorporated as hereinafter provided, and also in all Acts amending such Act, unless the context otherwise requires,—
- Special Act.** (a) ‘Special Act’ means any Act incorporating a company to which this Part applies, and with which this Part is so incorporated, and includes all Acts amending such Act;
- Company.** (b) ‘the company’ means the company incorporated under the Special Act;
- Undertaking.** (c) ‘the undertaking’ means the whole of the works and business of whatsoever kind, which the company is authorized to undertake and carry on;
- Real property.** (d) ‘real property’ or ‘land’ includes messuages, lands, tenements and hereditaments of any tenure, and all immovable property of any kind;
- Shareholder.** (e) ‘shareholder’ means every subscriber to or holder of stock in the company, and includes the personal representatives of the shareholder. R.S., c. 118, s. 2.

— *Application of Part.*

Not to railways, banks or banking.

121. This Part shall not apply to companies for the construction or working of railways or for the business of banking and the issue of paper money, or to any penny bank, or to any insurance company.

2. No portion of this Part which is inconsistent with Part III of this Act, shall apply to any company subject to the provisions of Part III of this Act, nor shall any portion of this Part which is declared by letters patent incorporating any company under the said Part III not to apply to such company, apply thereto.

Nor to companies subject to third Part.

3. Nothing in this Part shall be deemed to authorize the company to issue any note payable to the bearer thereof or any promissory note intended to be circulated as money or as the note of a bank or to engage in the business of banking or insurance. R. S., c. 118, ss. 3 and 35; 62-63 V., c. 41, s. 2; 3 E. VII., c. 47, s. 36.

Not to issue notes for circulation.

122. Except as aforesaid, this Part applies to every joint stock company incorporated subsequently to the twenty-second day of June, one thousand eight hundred and sixty-nine, by any Special Act of the Parliament of Canada for any of the purposes or objects to which the legislative authority of the Parliament of Canada extends; and, so far as applicable to the undertaking and not expressly varied or excepted by the Special Act, this Part is incorporated with the Special Act and forms part thereof and shall be construed therewith as forming one Act: Provided that any of the provisions of this Part may be excepted from incorporation with the Special Act; and for that purpose it shall be sufficient, to provide in the Special Act, that the sections or subsections of this Part which it is proposed so to except, referring to them by the numbers they bear, shall not be incorporated with the Special Act, and the Special Act shall be construed accordingly. R.S., c. 118, ss. 3 and 4.

Companies subject to this Part.

Exception by charter.

General Powers.

123. Every company incorporated under any Special Act shall be a body corporate under the name declared in the Special Act, and may acquire, hold, alienate and convey any real property necessary or requisite for the carrying on of the undertaking of such company, and shall be invested with all the powers, privileges and immunities necessary to carry into effect the intention and objects of this Part and of the Special Act, and which are incident to such corporation, or are expressed or included in the Interpretation Act. R.S., c. 118, s. 5.

Powers constructively conferred by charter.

(2) The powers conferred by this section shall be held to include the power to exchange with any person or company reciprocal contracts of indemnity against loss by fire or otherwise under the plan known as 'inter-insurance.' 7-8 Geo. V., c. 25, s. 15.

Inter-insurance.

subject to
this Part,
unless
excepted.

124. All powers given by the Special Act to the company shall be exercised, subject to the provisions and restrictions contained in this Part, except such as are by the Special Act expressly excepted from incorporation therewith. R.S., c. 118, s. 6.

Directors—their Duties and Powers.

To manage
company.

125. The affairs of the company shall be managed by a board of not more than nine and not less than three directors. R.S., c. 118, s. 7.

Provisional
directors.

126. The persons named as such, in the Special Act, shall be the first or provisional directors of the company, and shall remain in office until replaced by directors duly elected in their stead. R.S., c. 118, s. 8.

Qualifica-
tion of
subsequent
directors.

127. No person shall be elected as a director unless he is a shareholder, owning stock absolutely in his own right, and not in arrear in respect of any call thereon; and the majority of the directors of the company so chosen shall, at all times, be persons resident in Canada, and subjects of His Majesty, by birth or naturalization. R.S., c. 118, s. 9.

Election of
directors.

128. The directors of the company shall be elected by the shareholders, in general meeting of the company assembled, at such times, in such manner, and for such term, not exceeding two years, as the Special Act prescribes, and in default of the Special Act so prescribing, as the by-laws of the company prescribe. R.S., c. 118, s. 10.

Term of
office.

General
provisions.

129. In the absence of other provisions in that behalf, in the Special Act, or the by-laws of the company,—

Election.

(a) the election of directors shall take place yearly, and all the directors then in office shall retire, but, if otherwise qualified, they shall be eligible for re-election;

Ballot.

(b) election of directors shall be by ballot;

Filling
vacancies.

(c) vacancies occurring in the board of directors may be filled for the remainder of the term, by directors from among the qualified shareholders of the company;

President
and officers.

(d) the directors shall, from time to time, elect from among themselves a president of the company, and shall also appoint, and may remove at pleasure, all other officers thereof. R.S., c. 118, s. 11.

Failure
to elect
directors.

130. If at any time, an election of directors is not made or does not take effect at the proper time, the company shall not

be held to be thereby dissolved; but such election may take place at any general meeting of the company, duly called for that purpose, and the retiring directors shall continue in office until their successors are elected. R.S., c. 118, s. 12. Remedy.

131. The directors of the company may, in all things, administer the affairs of the company, and may make or cause to be made for the company, any description of contract which the company may, by law, enter into. R.S., c. 118, s. 13. Powers of directors.

By-laws.

132. The directors may, from time to time, make by-laws not contrary to law or to the Special Act or to this Part, for,— Directors may make as to stock.

- (a) the regulating of the allotment of stock, the making of calls thereon, the payment thereof, the issue and registration of certificates of stock, the forfeiture of stock for non-payment, the disposal of forfeited stock and of the proceeds thereof, and the transfer of stock;
- (b) the declaration and payment of dividends; Dividends.
- (c) the number of the directors, their term of service, the amount of their stock qualification and their remuneration, if any; Directors.
- (d) the appointment, functions, duties and removal of all agents, officers and servants of the company, the security to be given by them to the company and their remuneration; Officers.
- (e) the time and place for the holding of the annual meeting of the company, the calling of meetings, regular and special, of the board of directors and of the company, the quorum at meetings of the directors and of the company, the requirements as to proxies, and the procedure in all things at such meetings; Meetings.
- (f) the imposition and recovery of all penalties and forfeitures admitting of regulation by by-law; and, Penalties.
- (g) the conduct, in all other particulars, of the affairs of the company. R.S., c. 118, s. 13. Generally.

133. The directors may, from time to time, repeal, amend or re-enact any such by-law: Provided that every such by-law, repeal, amendment or re-enactment unless in the meantime confirmed at a general meeting of the company duly called for that purpose shall only have force until the next annual meeting of the company and in default of confirmation thereof shall from the time of such default cease to have force or effect. R.S., c. 118, s. 13. Changing by laws.
Confirmation necessary.

134. The directors of any company, other than a trust company, may also make a by-law for creating and issuing any part of the capital stock as preference stock, giving the same such Preference stock by by-law.

preference and priority as respects dividends, and in any other respect over ordinary stock, as in the by-law may be declared.

Holders may be given control of certain matters.

2. Such by-law may provide that the holders of shares of such preference stock shall have the right to select a certain proportion therein stated of the board of directors, or may give such holders such other control over the affairs of the company as is considered expedient. 62-63 V., c. 40, ss. 1 and 2.

Sanction by shareholders necessary.

135. No such by-law shall have any force or effect whatever until after it has been unanimously sanctioned by a vote of the shareholders present in person or by proxy at a general meeting of the company duly called for considering the same and representing two-thirds of the stock of the company, or unanimously sanctioned in writing by the shareholders of the company: Provided, that if the by-law be sanctioned by not less than three-fourths in value of the shareholders of the company, the company may, through the Secretary of State, petition the Governor in Council for an order approving the said by-law, and the Governor in Council may, if he sees fit, approve thereof, and from the date of such approval the by-law shall be valid and may be acted upon. 62-63 V., c. 40, s. 3.

Exception when sanctioned by Governor in Council.

Change of head office by by-law.

136. Except companies which, under their Act of incorporation or any amendment thereto have power to change their head office or chief place of business, the company may, from time to time, by by-law, change the locality of its head office or principal place of business in Canada to any other place in Canada. 63-64 V., c. 42, s. 1.

Sanction of by-law by company necessary.

137. No such by-law shall have any force or effect whatever until after it has been unanimously sanctioned by a vote of the shareholders, present in person or by proxy at a general meeting of the company duly called for considering the same, and representing two-thirds of the stock of the company; or until it is unanimously sanctioned in writing by the shareholders of the company: Provided, that if the by-law is sanctioned in writing by not less than three-fourths in value of the shareholders of the company, the company may, through the Secretary of State, petition the Governor in Council for an order approving the said by-law, and the Governor in Council may, on compliance with such terms and conditions, if any, as he directs, approve thereof, and upon such approval the by-law shall be valid.

Exception when sanctioned by Governor in Council.

Publication in *Canada Gazette* and newspaper necessary.

2. No such by-law shall be acted upon until two months after a copy of the by-law has been published by the company, once in the *Canada Gazette* and once in a newspaper published in the city, town or village in or nearest to which the head office or principal place of business of the company is then already situate, and in which a newspaper is published. 63-64 V., c. 42, s. 1.

Capital Stock and Calls Thereon.

138. The stock of the company shall be personal estate, and shall be transferable in such manner only, and subject to such conditions and restrictions as are prescribed by this Part, or by the Special Act or the by-laws of the company. R.S., c. 118, s. 15. Stock to be personal estate.

139. If the Special Act makes no other definite provision, the stock of the company shall be allotted at such times and in such manner as the directors, by by-law or otherwise, prescribe. R.S., c. 118, s. 16. Allotment of stock.

140. The directors of the company may call in and demand from the shareholders thereof respectively, all sums of money by them subscribed at such times and places and in such payments or instalments as the Special Act or this Part requires or allows. Calls on stock.

2. Interest shall accrue and fall due, at the rate of six per centum per annum, upon the amount of any unpaid call, from the day appointed for payment of such call. R.S., c. 118, s. 17. Interest on amount unpaid.

141. At least ten per centum upon the allotted stock of the company shall, by means of one or more calls, be called in and made payable within one year from the incorporation of the company; and for every year thereafter, at least a further ten per centum thereof shall, in like manner, be made payable and called in, until the whole has been so called in. R.S., c. 118, s. 18. Ten per cent to be called in each year.

142. If, after such demand or notice as by the Special Act or the by-laws of the company is prescribed, any call made upon any share or shares is not paid within such time as by such Special Act or by-laws is limited in that behalf, the directors, in their discretion, by resolution to that effect, reciting the facts and duly recorded in their minutes, may summarily declare forfeited any shares whereon such payment is not made. Forfeiture of shares for default in paying calls.

2. Such shares shall thereupon become the property of the company, and may be disposed of as the directors by by-law or otherwise prescribe. R.S., c. 118, s. 20. Forfeited shares go to company.

143. No share shall be transferable, until all previous calls thereon have been fully paid, or until it is declared forfeited for non-payment of a call or calls thereon. R.S., c. 118, s. 21. Restriction as to transfer.

Books of the Company.

144. The company shall cause a book or books to be kept by the secretary, or by some other officer specially charged with that duty, wherein shall be kept recorded,— Stock book to be kept containing

Names of shareholders.	(a) the names, alphabetically arranged, of all persons who are or have been shareholders;
Address and calling.	(b) the address and calling of every such person, while such shareholder;
Number of shares.	(c) the number of shares of stock held by each shareholder;
Amount paid in.	(d) the amounts paid in, and remaining unpaid, respectively, on the stock of each shareholder;
Transfers of stock.	(e) all transfers of stock, in their order as presented to the company for entry, with the date and other particulars of each transfer, and the date of the entry thereof; and,
Names of directors.	(f) the names, addresses and calling of all persons who are or have been directors of the company, with the several dates at which each became or ceased to be such director. R.S., c. 118, s. 23.

145. The directors may allow or refuse to allow the entry in any such book, of any transfer of stock whereof the whole amount has not been paid. R.S., c. 118, s. 24.

146. No transfer of stock, unless made by sale under execution or under the decree, order or judgment of a court of competent jurisdiction, shall be valid for any purpose whatsoever until entry thereof has been duly made in such book or books, except for the purpose of exhibiting the rights of the parties thereto towards each other, and of rendering the transferee liable, in the meantime, jointly and severally with the transferrer, to the company and its creditors. R.S., c. 118, s. 25.

147. Such books shall, during reasonable business hours of every day, except Sundays and holidays, be kept open for the inspection of shareholders and creditors of the company, and their personal representatives, at the head office or chief place of business of the company, and every shareholder, creditor or personal representative may make extracts therefrom. R.S., c. 118, s. 26.

Offences and Penalties.

148. Every director, officer or servant of the company who knowingly makes or assists in making any untrue entry in any book required by this Part to be kept by such company, or who refuses or wilfully neglects to make any proper entry therein, or to exhibit the same, or to allow the same to be inspected and extracts to be taken therefrom, is guilty of an indictable offence, and liable to imprisonment for any term not exceeding two years. R.S., c. 118, s. 28.

149. Every company which neglects to keep open for inspection as required by this Part any book or books required by this Part to be kept by such company shall forfeit its corporate rights. R.S., c. 118, s. 29.

Shareholders' Liability.

150. Every shareholder shall until the whole amount of his stock has been paid up be individually liable to the creditors of the company to an amount equal to that not paid up thereon; but shall not be liable to an action therefor by any creditor until an execution against the company at the suit of such creditor has been returned unsatisfied in whole or in part.

Liability of shareholder to creditors.

2. The amount due on such execution, not exceeding the amount unpaid by the shareholder on his stock, shall be the amount recoverable with costs from such shareholder. R.S., c. 118, s. 30.

Limit of liability.

151. The shareholders of the company shall not, as such, be held responsible for any act, default or liability whatsoever, of the company, or for any engagement, claim, payment, loss, injury, transaction, matter or thing whatsoever, relating to or connected with the company, beyond the amount of their respective shares in the capital stock thereof. R.S., c. 118, s. 31.

Limitation of liability of shareholders.

152. No person holding stock in the company as an executor, administrator, tutor, curator, guardian or trustee shall be personally subject to liability as a shareholder; but the estate and funds in the hands of such person shall be liable in like manner and to the same extent as the testator, or intestate if living, or the minor, ward or interdicted person or the person interested in such trust fund if competent to act and holding such stock in his own name, would be liable.

Trustees not personally liable. Estate liable.

2. No person holding stock in the company as collateral security shall be personally subject to liability as a shareholder; but the person pledging such stock shall be considered as holding the same and shall be liable as a shareholder accordingly. R.S., c. 118, s. 32.

Pledgee only liable.

Meetings and Voting.

153. No shareholder who is in arrear in respect of any call shall vote at any meeting of the company. R.S., c. 118, s. 22.

Arrears prevent voting.

154. In the absence of other provisions in that behalf in the Special Act or the by-laws of the company, notice of the time and place for holding general meetings of the company shall be given at least ten days previously thereto, in some newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, then in the newspaper published nearest thereto. R.S., c. 118, s. 11.

Notice of general meetings.

155. In the absence of other provisions, in manner aforesaid, every shareholder shall be entitled to as many votes at all general meetings of the company as he owns shares in the company, and may vote by proxy. R.S., c. 118, s. 11.

As many votes as shares. Proxies.

Trustees and
pledgeors
may vote as
sharehold-
ers.

156. Every executor, administrator, tutor, curator, guardian or trustee shall represent the stock in his possession in his fiduciary capacity at all meetings of the company, and may vote as a shareholder; and every person who pledges his stock may, notwithstanding such pledge, represent the said stock at all such meetings, and vote as a shareholder. R.S., c. 118, s. 33.

Special meet-
ings may be
called by
sharehold-
ers.

157. Shareholders who hold one-fourth part in value of the subscribed stock of the company may at any time by written requisition signed by them call a special general meeting of the company for the transaction of any business specified in such requisition, and in the notice made and given for the purpose of calling such meeting. R.S., c. 118, s. 34.

Preference Stock.

Holders and
shareholders.

158. Holders of shares of preference stock, under the provisions of this Part, shall be shareholders within the meaning of this Part, and shall in all respects possess the rights and be subject to the liabilities of shareholders within the meaning of this Part: Provided that in respect of dividends and in any other respect declared by by-law creating and issuing any part of the capital stock of the company as preference stock under the provisions of this Part, they shall as against the ordinary shareholders be entitled to the preferences and rights given by by-law of the company in that behalf. 62-63 V., c. 40, s. 4.

Saving of
creditors'
rights.

159. No provision in this Part as to the creation of preference stock and no by-law authorizing the creation of such stock and nothing done under or in pursuance of any such provision or by-law, shall affect or impair the rights of creditors of any company. 62-63 V., c. 40, s. 5.

Contracts.

Contracts by
agents and
officers.

160. Every contract, agreement, engagement or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, in general accordance with his powers as such under the by-laws of the company, shall be binding upon the company.

Affixing seal
unnecessary.

2. In no case shall it be necessary to have the seal of the company affixed to any such contract, agreement, engagement, bargain, bill of exchange, promissory note or cheque, or to prove that the same was made, drawn, accepted or endorsed, as the case may be, in pursuance of any by-law or special vote or order.

Agent or
officer not
liable.

3. The person so acting as agent, officer or servant of the company, shall not be thereby subjected individually to any liability whatsoever to any third person therefor. R.S., c. 118, s. 35.

Trusts.

161. The company shall not be bound to see to the execution of any trust, whether express, implied or constructive, in respect of any share. Company not liable.

2. The receipt of the shareholder in whose name any share stands in the books of the company, shall be a valid and binding discharge to the company for any dividend or money payable in respect of such share, and whether or not notice of such trust has been given to the company. Receipt of shareholders a discharge.

3. The company shall not be bound to see to the application of the money paid upon such receipt. Application of money. R.S., c. 118, s. 36.

Liability of Directors.

162. If the directors of the company declare and pay any dividend when the company is insolvent, or any dividend, the payment of which renders the company insolvent, or diminishes the capital stock thereof, they shall be jointly and severally liable, as well to the company as to the individual shareholders and creditors thereof, for all the debts of the company then existing, and for all thereafter contracted during their continuance in office respectively: Provided that if any director present when such dividend is declared does forthwith, or if any director then absent does, within twenty-four hours after he becomes aware of such dividend being declared and is able so to do, enter on the minutes of the board of directors his protest against the same, and within eight days thereafter publishes such protest in at least one newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, in the newspaper published nearest thereto, such director may thereby, and not otherwise, exonerate himself from such liability. Liability of directors declaring and paying dividend when company is insolvent. R.S., c. 118, s. 37. Exoneration.

163. Whenever entry is made in the company's books of any transfer of stock not fully paid up, to a person who is not apparently of sufficient means, the directors shall be jointly and severally liable to the creditors of the company, in the same manner and to the same extent as the transferring shareholder, except for such entry, would have been liable: Provided that if any director present when such entry is allowed does forthwith, or if any director, then absent, does, within twenty-four hours after he becomes aware of such entry, and is able so to do, enter on the minute book of the board of directors, his protest against such transfer, and within eight days thereafter publishes such protest in at least one newspaper published at the place in which the head office or chief place of business of the company is situated, or if there is no newspaper there published, then in the newspaper published nearest thereto, Liability of directors for transfer of shares to insolvent. Exoneration.

such director may thereby, and not otherwise, exonerate himself from such liability. R.S., c. 118, s. 24.

Liability in case of loans by company to shareholders.

164. If any loan is made by the company to any shareholder in violation of the provisions of this Part, all directors and other officers of the company who make the same or assent thereto shall be jointly and severally liable to the company for the amount of such loan, and also to third persons to the extent of such loan, with lawful interest, for all debts of the company contracted from the time of the making of such loan to that of the repayment thereof. R.S., c. 118, s. 38.

Contracts to have words indicating a limited liability.

165. The directors of the company shall be jointly and severally liable upon every written contract or undertaking of the company, on the face whereof the word *limited* or the words *limited liability* are not distinctly written or printed after the name of the company, where it first occurs in such contract or undertaking. R.S., c. 118, s. 39.

Liability of directors for wages unpaid.

166. The directors of the company shall be jointly and severally liable to the labourers, servants and apprentices thereof, for all debts, not exceeding one year's wages, due for services performed for the company whilst they are such directors respectively: Provided that no director shall be liable to an action therefor, unless the company is sued therefor within one year after the debt became due, nor unless such director is sued therefor within one year from the time when he ceased to be such director, nor unless an execution against the company at the suit of such labourer, servant or apprentice is returned unsatisfied in whole or in part.

Limitation.

Amount recoverable.

2. The amount unsatisfied on such execution shall be the amount recoverable with costs from the directors. R.S., c. 118, s. 40.

Use of Funds.

No loan to shareholders.

167. No company shall loan any of its funds to any shareholder. R.S., c. 118, s. 38.

Purchase of stock in other companies.

168. No company shall use any of its funds in the purchase of stock in any other corporation unless in so far as such purchase is specially authorized by the Special Act and also by the Act creating such other corporation. R.S., c. 118, s. 41.

Procedure.

Enforcement of payment of calls.

169. The company may enforce payment of all calls and interest thereon, by action in any court of competent jurisdiction. R.S., c. 118, s. 19.

Form of action.

170. In such action it shall not be necessary to set forth the special matter, but it shall be sufficient to declare that the

defendant is a holder of one share or more, stating the number of shares, and is indebted to the company in the sum of money to which the calls in arrear amount, in respect of one call or more, upon one share or more, stating the number of calls and the amount of each call, whereby an action has accrued to the company under this Part. R.S., c. 118, s. 19.

171. Service of any process or notice upon the company may be made by leaving a copy thereof at the head office or chief place of business of the company, with any adult person in charge thereof, or elsewhere with the president or secretary of the company. Service of process on company.

2. If the company has no known office or chief place of business, and has no known president or secretary, the court may order such publication as it deems requisite to be made in the premises, for at least one month, in at least one newspaper. Constructive service.

3. Such publication shall be deemed to be due service upon the company. R.S., c. 118, s. 42.

172. Any description of action may be prosecuted and maintained between the company and any shareholder thereof. R.S., c. 118, s. 43. Actions against shareholders.

173. The company shall be subject to the provisions of any general Act for the winding-up of joint stock companies. R.S., c. 118, s. 44. Winding-up Act to apply.

Evidence.

174. A copy of any by-law of the company, under its seal, and purporting to be signed by any officer of the company, shall be received as *prima facie* evidence of such by-law in all courts in Canada. R.S., c. 118, s. 14. Evidence of by-laws.

175. All books required by this Part to be kept by the secretary or by any other officer of the company charged with that duty shall, in any suit or proceeding against the company or against any shareholder, be *prima facie* evidence of all facts purporting to be therein stated. R.S., c. 118, s. 27. Books of company *prima facie* evidence.

176. In any action by any company to enforce payment of any call or interest thereon, a certificate under the seal of the company and purporting to be signed by any officer of the company to the effect that the defendant is a shareholder, that the call or calls have been made to enforce payment of which or of any interest thereon such action has been brought, and that so much is due by him and unpaid thereon, shall be received in all courts as *prima facie* evidence. R.S., c. 118, s. 19. Proof of being a shareholder.

PART III.

LOAN COMPANIES.

Interpretation.

- Definition. **177.** In this Part, unless the context otherwise requires,—
 Company. (a) 'company' means a company incorporated under its provisions;
 Minister. (b) 'Minister' means the Minister of Finance. 62-63 V., c. 41, s. 1.

Regulations.

- May be made by Governor in Council. **178.** The Governor in Council may, from time to time, make regulations with respect to the following matters, viz.:—
 Application for charter. (a) The notice to be given of applications under this Part, and the evidence and material to be produced or filed in support thereof;
 Forms of notices. (b) The form and manner of giving any other notice required by this Part or by regulations made under it;
 Forms of documents. (c) The forms of petitions, certificates, letters patent and other instruments and documents relating to proceedings under this Part;
 Making affidavits. (d) The persons before whom any affidavit, affirmation, or declaration required by this Part, or by regulations made under it, may be taken or made;
 Officers. (e) The departmental or other officers to be charged with the administration of this Part and their respective duties thereunder. 62-63 V., c. 41, s. 3.

Application for Incorporation.

- Application for charter. **179.** Any five or more persons of the full age of twenty-one years may apply to the Governor in Council for letters patent under the Great Seal incorporating them as a loan company under this Part. 62-63 V., c. 41, s. 4.
- Showing. **180.** The application shall show,—
 Number and names of directors of company. (a) the number of the proposed board of directors, and the names of not less than three of the applicants, who are to be the provisional board;
 Its name. (b) the proposed name of the company;
 Head office. (c) the place where its head office is to be established;
 Capital stock. (d) the amount of the proposed capital stock, the number of shares and the amount of each share; and,
 Other information. (e) such other information as may be required by regulations made under this Part. 62-63 V., c. 41, s. 5.
- Acquisition of existing company. **181.** The application may pray for power to acquire the assets of any existing company, whether incorporated by or under the authority of the Parliament of Canada or otherwise,

whose main business is lending money on the security of or **Business.**
 purchasing or investing in,—

(a) mortgages or hypothecs upon freehold or leasehold, real **On mort-**
 estate or other immovables; and, **gages.**

(b) the debentures, bonds, stocks and other securities, ex- **Debentures**
 cepting bills of exchange and promissory notes, of any **and other**
 government or of any municipal corporation or school **securities**
 corporation or of any chartered bank or incorporated com- **excepting**
 pany if incorporated by Canada or any province of Canada **bills and**
 or any former province now forming part of Canada. **notes.**

2. In such case the applicants shall declare the terms upon **Terms on**
 which such assets are to be acquired, and shall be required to **which assets**
 show to the satisfaction of the Governor in Council that such **of company**
 existing company is in a solvent condition and has power to **may be**
 dispose of its assets in the manner proposed, and has agreed, **acquired.**
 in a manner binding upon it and subject to the granting of
 letters patent to the applicants, to such a disposal of them,
 62-63 V., c. 41, s. 6; 63-64 V., c. 43, s. 1.

Letters Patent.

182. Upon the terms of this Part and of any regulations **Conditions**
 made thereunder being complied with, the Governor in Coun- **upon which**
 cil may grant such application and issue the letters patent, if **application**
 he considers it consistent with the public interests so to do, **may be**
 62-63 V., c. 41, s. 7. **granted.**

183. By virtue of letters patent so issued the persons **Effect of**
 therein mentioned and such others as may thereafter become **charter.**
 shareholders shall become and be a body corporate, with the

rights and powers conferred by law upon corporations, and with **Powers of**
 the rights and powers and subject to the obligations and restric- **corpora-**
 tions hereinafter declared. 62-63 V., c. 41, s. 12. **tion.**

184. Any provision which might be made by by-law of the **Provisions**
 company may be embodied in the letters patent, and a provision **which may**
 so embodied shall not be subject to alteration or repeal without **be embodied**
 the consent of the Governor in Council. 62-63 V., c. 41, s. 8. **in charter.**

Name of Company, etc.

185. The name given to a company may differ in whole or **Company's**
 in part from that asked for by the applicants. 62-63 V., c. 41, **name.**
 s. 9.

186. The name of the company, the place of its head office, **Name and**
 the amount of its capital stock, the number of shares and **organiza-**
 amount of each share, the number of its directors, and its pro- **tion.**
 visional board shall be as declared in the letters patent, subject
 to such changes as may be lawfully made. 62-63 V., c. 41,
 s. 13.

Name to be given.

Exception.

Provisions relating to preliminary-aries directory only.

Decision of Governor final as to name. Confirmation of agreements.

And of by-laws.

Subscription of stock.

Calling meeting.

Electing directors.

Notice of meeting.

When notice unnecessary.

187. The name so given shall not be that of any known company or partnership or individual, or any name under which any known business is being carried on, or so nearly resembling the same as to be calculated to deceive or cause confusion : Provided that a subsisting name may be given in whole or part with the consent of the company or person entitled thereto, and that the name of any existing company whose assets are to be acquired may be given to the applicants, if the Governor in Council is satisfied that such company has the best right to that name. 62-63 V., c. 41, s. 10; 63-64 V., c. 43, s. 1.

Matters directory and conclusive.

188. The provisions of this Part relating to matters preliminary to the issue of letters patent or of any certificate, order or other proceeding by or on behalf of the Governor in Council or Treasury Board or of any minister or departmental or other officer under this Part, shall be deemed to be directory only; and such letters patent or other proceeding shall not be void or voidable on account of any omission or irregularity in respect of any matter preliminary thereto. 62-63 V., c. 41, s. 11.

189. As to questions arising under this Part, the decision of the Governor in Council shall be final in respect to,—

- (a) the name to be given to a company;
- (b) the granting of applications for letters patent confirming agreements for amalgamation of companies and the issuing of such letters patent; and,
- (c) the confirmation by certificate of the Minister of by-laws for the conversion of partly paid-up shares of capital stock into fully paid-up shares. 62-63 V., c. 41, s. 11.

Organization of Company.

190. The provisional directors of a company incorporated under this Part may receive subscriptions for stock in the capital of the company, and so soon as a sum not less than one hundred thousand dollars of such capital stock has been subscribed and a sum not less than fifty thousand dollars has been paid thereon and deposited with the Minister, may call a meeting of the subscribers to said stock, to be held in the place of the company's head office, at which meeting the board of directors of the company shall be elected, who shall hold office until their successors are duly appointed: and upon the election of such board the functions of the provisional directors shall cease.

2. Two weeks' notice of said meeting shall be given by advertisement in a newspaper published in the place of the head office, and by circular to each subscriber of stock posted by registered letter to his last known address: Provided that if all of the subscribers aforesaid are present in person or represented by proxy, the meeting may be held at any time and at any place without notice. 62-63 V., c. 41, s. 14.

191. Where the object of the company is wholly or in part to acquire the assets of an existing company, the consideration for such assets may consist wholly or in part of shares in the capital stock of the company for which incorporation is sought.

Deposit may, in certain cases, be dispensed with.

2. In such case, the Minister may dispense to such extent as he may think proper with the payment and deposit aforesaid. 62-63 V., c. 41, ss. 6 and 14; 63-64 V., c. 43, s. 1.

Powers and Liabilities of Company.

192. A company incorporated under this Part shall not borrow or lend money or otherwise carry on business until it has obtained from the Minister a certificate permitting it to do so, and no application for such certificate shall be made, and no certificate shall be given, until the board of directors has been elected as required by this Part, nor until it has been shown to the satisfaction of the Minister that the provisions in that behalf of this Part have been complied with.

Certificate requisite for doing business.

When given.

2. No such certificate shall be given unless application therefor be duly made within two years after the issue of the letters patent, or within such extended period as the Governor in Council may, before the expiration of such two years, allow. 62-63 V., c. 41, s. 15.

Not after two years.

193. No such certificate shall be given to a company authorized to receive money on deposit unless nor until at least three hundred thousand dollars of its capital stock has been subscribed and at least one hundred thousand dollars has been paid thereon and deposited with the Minister: Provided that in the case of a company authorized to acquire the assets of an existing company such payment and deposit may be wholly or in part dispensed with. 62-63 V., c. 41, s. 15; 63-64 V., c. 43, s. 1.

Conditions of issue of certificate.

Dispensed with; when.

194. Should application for such certificate not be duly made within the time limited, or should such certificate be refused, the company's letters patent shall thereupon cease and become void, except for the purpose of winding up the affairs of the company and returning to the subscribers the amounts paid upon the subscribed stock or so much thereof as they may be entitled to. 62-63 V., c. 41, s. 16.

Effect of failure to obtain certificate.

195. Upon the issue of the certificate or upon refusal to issue it, the Minister shall pay over to the company, without interest, the amount deposited with him pursuant to the foregoing provisions of this Part. 62-63 V., c. 41, s. 17.

Return of deposit.

196. A company if so authorized may acquire all the assets, rights, credits, effects and property, real, personal and mixed, of whatever kind and wheresoever situated, belonging to the existing company or to which it is or may be or become entitled, and no company so authorized shall be vested with any of such

Power to acquire assets of existing company.

assets, credits, effects or property, or exercise any of such rights, unless nor until the same have been actually so acquired. 62-63 V., c. 41, s. 19; 63-64 V., c. 43, s. 2.

Obligations
of new com-
pany.

197. A company duly authorized under this Part in that behalf, which has acquired the assets of an existing company, shall be and is hereby declared to be liable for and subject to, and shall pay, discharge, carry out and perform, all the debts, liabilities, obligations, contracts and duties of the company whose assets have been so acquired. 62-63 V., c. 41, s. 18; 63-64 V., c. 43, s. 1.

May loan
money.

198. A company shall, subject to the terms and exceptions contained in its letters patent, have the power of carrying on in Canada the business of lending money on the security of and of purchasing or investing in,—

On mort-
gages.

(a) mortgages or hypothecs upon freehold or leasehold real estate or other immovables; and,

Debentures
and securi-
ties except
bills and
notes.

(b) the debentures, bonds, stocks and other securities, except bills of exchange and promissory notes, of any government, or of any municipal corporation or school corporation, or of any chartered bank or incorporated company, if incorporated by Canada or any province of Canada, or any former province now forming part of Canada. 62-63 V., c. 41, s. 20.

Personal
security.

199. Any company may take personal security as collateral for any advance made or to be made or for any debt due such company. 62-63 V., c. 41, s. 20.

Liabilities to the Public.

Limitation
of liabilities
to the public.

200. The total amount of the company's liabilities to the public outstanding, from time to time, shall not exceed four times the amount paid up upon its capital stock: Provided that the amount of cash on hand or deposited in chartered banks and belonging to such company shall be deducted from such total liabilities for the purposes of this section. 62-63 V., c. 41, s. 21.

Cash
deducted.

Debenture
stock in-
cluded.

201. Debenture stock issued by a company shall be included in estimating such liabilities. 62-63 V., c. 41, s. 26.

Liability of
pre-existing
company
included.

202. The liabilities of a previously existing company which are assumed by a company shall form part of such total liabilities to the public of such company so assuming the same. 62-63 V., c. 41, s. 24.

Loans and Deposits.

No loan on
stock of
another
company.

203. No company shall invest in or lend money upon the security of the stocks of any other loan company. 62-63 V., c. 41, s. 20.

204. The company may, subject to the provisions of any by-law of the company passed under this Part, lend upon its own paid-up permanent stock to an amount not exceeding in the aggregate of all such loans ten per centum of the company's paid-up permanent stock: Provided that no such loan shall exceed eighty per centum of the market price then actually offered for the stock.

Loans upon company's own stock.

Limitation.

2. No company shall, except as in this section provided, make any loan or advance upon the security of any permanent share or shares or permanent stock of the company whether with or without collateral security. 62-63 V., c. 41, s. 20.

No loan or advance except as in this section.

205. All loans or advances by a company to its shareholders upon the security of their permanent stock shall be deducted from the amount of paid-up capital upon which the company is authorized to borrow. 62-63 V., c. 41, s. 22.

Effect on borrowing power.

206. Except as otherwise provided by its letters patent, and subject to the limitations hereinafter specified, a company which is subject to this Part may borrow money and receive money on deposit upon such terms as to interest, security and otherwise as may be agreed on, and may issue its bonds, debentures and other securities for moneys borrowed. 62-63 V., c. 41, s. 21.

Borrowing power and on what securities.

207. The amount held on deposit shall not at any time exceed the aggregate amount of the actually paid-up and unimpaired capital of the company and of its cash actually on hand or deposited in any chartered bank or banks in Canada and belonging to the company. 62-63 V., c. 41, s. 21.

Limitation of amount to be held on deposit.

208. So long as a company is indebted for money received upon deposit, its total assets over and above the value of its real estate and its mortgages or hypothecs upon freehold or leasehold estate or other immovables shall be equal to at least twenty per centum of its indebtedness in respect of such money. 62-63 V., c. 41, s. 25.

Assets necessary.

Real Estate.

209. No parcel of land, or interest therein at any time acquired by the company and not required for its actual use and occupation or held by way of security, shall be held by the company, or by any trustee on its behalf, for a longer period than seven years after the acquisition thereof, but shall be absolutely sold and disposed of, so that the company shall no longer retain any interest therein unless by way of security. 62-63 V., c. 41, s. 38.

Limitation of time for holding real estate.

210. Any such parcel of land, or any interest therein not required for the actual use and occupation of the company or

Forfeiture.

Extension
of time.

held by way of security which has been held by the company for a longer period than seven years without being disposed of, shall be forfeited to His Majesty: Provided that the Governor in Council may extend the said period from time to time, not exceeding in the whole twelve years. 62-63 V., c. 41, s. 38.

Time for en-
forcement of
forfeiture.

211. No such forfeiture shall take effect or be enforced until the expiration of at least six calendar months after notice in writing to the company of the intention of His Majesty to claim such forfeiture. 62-63 V., c. 41, s. 38.

Debentures and Debenture Stock.

Issue of
debenture
stock.

212. The directors of a company may, with the consent of the shareholders, at a special general meeting duly called for the purpose, create and issue debenture stock in such amounts and manner, on such terms, and bearing such rate of interest, as the directors from time to time think proper.

Status of
stock.

2. Such debenture stock shall be treated and considered as part of the ordinary debenture debt of the company.

Ranks with
debenture
debt.

3. Such debenture stock shall rank equally with such ordinary debenture debt, and no greater rights or privileges shall be conferred upon holders of debenture stock in respect thereof than are held or enjoyed by holders of ordinary debentures of the company. 62-63 V., c. 41, s. 26.

Exchange of
debentures
for deben-
ture stock.

213. The holders of the ordinary debentures of the company may with the consent of the directors at any time exchange such debentures for debenture stock. 62-63 V., c. 41, s. 29.

Cancellation
of debenture
stock.

214. The company having issued debenture stock may, from time to time, as they think fit, in the interest of the company, but only with the consent of the holders thereof, buy up and cancel the said debenture stock or any portion thereof. 62-63 V., c. 41, s. 30.

Registration.

Debentures
must be
entered in
special
register.

215. The debenture stock aforesaid shall be entered by the company in a register to be kept for that purpose in the head office of the company, wherein shall be set forth the names and addresses of those from time to time entitled thereto, with the respective amounts of the said stock to which they are respectively entitled.

Inspection
without fee.

2. The register shall be accessible for inspection and perusal at all reasonable times to every debenture holder, mortgagee, bondholder, debenture stockholder and shareholder of the company without the payment of any fee or charge.

Transfer.

3. Such stock shall be transferable in such amounts and in such manner as the directors may determine. 62-63 V., c. 41, s. 27.

216. All transfers of debenture stock of the company shall be registered at the head office of the company, and not elsewhere. 62-63 V., c. 41, s. 28. Registry of transfers.

Execution of Trusts.

217. The company shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any share or shares of its stock or debenture stock, or to which any deposit or any other moneys payable by or in the hands of such company, may be subject. Company not liable for execution of.

2. The receipt of the party or parties in whose name such share or shares, debenture stock or moneys stand in the books of the company shall, from time to time, be sufficient discharge to the company for any payment of any kind made in respect of such share or shares, stock or moneys, notwithstanding any trust to which the same may then be subject, and whether or not the company has had notice of such trust. Receipt of shareholder a discharge.

3. The company shall not be bound to see to the application of the money paid upon such receipt. 62-63 V., c. 41, s. 32. Application of money.

By-laws by Company.

218. Any company may pass a by-law prohibiting absolutely the loaning to shareholders upon the security of their stock. 60-61 V., c. 31, s. 1; 62-63 V., c. 41, s. 20. Loans to shareholders.

219. Subject to the limitations in this Part set forth, any company may pass a by-law limiting the aggregate amount which may be loaned on the stock of such company. 60-61 V., c. 31, s. 1; 62-63 V., c. 41, s. 20. Limitation of amount.

220. It shall not be lawful for any company to repeal either of the by-laws passed as aforesaid until the liabilities of the company are discharged. 60-61 V., c. 31, s. 1; 62-63 V., c. 41, s. 20. Repeal of by-law.

221. When the existence or operation of the company is not by the Act or instrument constituting it limited as to time or place, the company may, in general meeting of the members having due notice in that behalf, pass a by-law authorizing its directors to extend the business of the company beyond Canada, but in compliance with the law of foreign jurisdiction. Extension of business beyond Canada.

2. The directors may give effect to such by-law without being liable or responsible as for any breach of trust in so doing. 62-63 V., c. 41, s. 23. Liability of directors.

222. When, under the provisions of this Part, any company carries on business beyond Canada the company may, in general meeting of the members having due notice in that behalf, pass a by-law authorizing the directors to invest the money of Building for foreign business.

the company in the erection or purchase of buildings required for the occupation of the company in any place where the company is so carrying on business and within the limit, if any, authorized by the law of the foreign jurisdiction. 62-63 V., c. 41, s. 23.

Company
lending
money.
On mort-
gages.

Debentures.

May convert
shares into
paid-up
shares.

Sanction
necessary.

223. Any company whose main business is lending money on the security of or purchasing or investing in,—

(a) mortgages or hypothecs upon freehold or leasehold, real estate or other immovables; and,

(b) the debentures, bonds, stocks, and other securities, except bills of exchange and promissory notes, of any government, or of any municipal corporation or school corporation, or of any chartered bank or incorporated company if incorporated by Canada or any province of Canada or any former province now forming part of Canada;

may pass a by-law providing, upon such terms as may be thought best, for the conversion into fully paid-up shares, of shares in its capital stock which have been only partly paid-up. 62-63 V., c. 41, s. 40.

224. Such by-law shall not have any force or effect whatever unless nor until it has been sanctioned by a vote of shareholders present or represented by proxy at a general meeting of the company duly called for considering the by-law, and holding not less than two-thirds of the issued capital stock of the company represented at such meeting, and afterwards confirmed by a certificate of the Minister given under the authority of the Treasury Board. 62-63 V., c. 41, s. 40.

By-laws by Directors.

Increase of
capital stock.

225. The directors, at any time after ninety per centum of the capital stock of the company has been subscribed and ninety per centum thereof paid in, but not sooner, may by by-law provide for the increase of the capital stock of the company to any amount which they consider requisite. 62-63 V., c. 41, s. 33.

Decrease of
capital stock.

226. The directors at any time may by by-law provide for the decrease of the capital stock of the company to any amount not less than one hundred thousand dollars, which they may consider sufficient.

Declaration
necessary

2. The by-law shall declare the number of the shares of the stock so decreased, and the allotment thereof or the rule or rules by which the same is to be made.

Creditors
not
affected.

3. The liability of shareholders to persons who are, at the time the stock is decreased, creditors of the company, shall remain as though the stock had not been decreased. 62-63 V., c. 41, s. 34.

227. The directors of the company may make a by-law for creating and issuing any part of the capital stock as preference stock, giving the same such preference and priority, as respects dividends and in any other respect, over ordinary stock as may be declared by the by-law.

Preference stock.

2. The by-law may provide that the holders of shares of such preference stock shall have the right to select a certain stated proportion of the board of directors, or may give them such control over the affairs of the company as may be considered expedient.

Selection of directors by holders.

3. No such by-law shall have any force or effect whatever until after it has been unanimously sanctioned by a vote of the shareholders, present in person or by proxy at a general meeting of the company duly called for considering the same, or unanimously sanctioned in writing by the shareholders of the company: Provided that, if at such meeting the by-law is sanctioned by shareholders holding three-fourths of the issued capital stock of the company and present or represented by proxy at such meeting, the company may petition the Minister for an order approving the said by-law, and the Minister may, with the approval of the Treasury Board, approve thereof, and, from the date of such approval, the by-law shall be valid and may be acted upon. 62-63 V., c. 41, s. 37.

By-law to that effect must be sanctioned.

Exception.

Certificate of Confirmation.

228. No by-law for increasing or decreasing the capital stock of the company shall have any force or effect whatever unless nor until it has been sanctioned by a vote of shareholders present or represented by proxy at a general meeting of the company duly called for considering the by-law, and holding not less than two-thirds of the issued capital stock of the company represented at such meeting, and afterwards been confirmed by a certificate of the Minister given under the authority of the Treasury Board. 62-63 V., c. 41, s. 35.

By-law for increase or decrease of stock to be voted by shareholders and confirmed by Minister.

229. Upon an application to the Minister for a certificate confirming such by-law, the company shall satisfy him of the *bona fide* character of the increase or decrease of capital thereby provided for, and, unless it appears that the granting of such certificate would not be in the public interest, the Minister, with the approval of the Treasury Board, may grant the same.

Increase or decrease made *bona fide*.

2. The amount of such increase or decrease of capital may with the consent of the company be changed by said certificate and the increase or decrease made subject to such conditions as the Treasury Board may think proper. 62-63 V., c. 41, s. 36.

Certificate.

230. Upon an application to the Minister for a certificate confirming any by-law of the company for the conversion into fully paid-up shares of partly paid-up shares, unless it appears

Conditions of confirmation.

Saving
clause.

that the granting of such certificate would not be in the public interest, the Minister may, with the approval of the Treasury Board, grant the same, and upon the granting of such certificate, the said by-law shall come into force and take effect and may be acted on according to its terms. 62-63 V., c. 41, s. 41.

Preference Stock.

Rights and
liabilities of
holders.

231. Holders of shares of preference stock shall be shareholders within the meaning of this Part, and shall in all respects possess the rights and be subject to the liabilities of such shareholders: Provided that in respect of dividends and in any other respect they shall, as against the ordinary shareholders, be entitled to the preferences and rights given by by-law. 62-63 V., c. 41, s. 37.

Amalgamation and Purchase.

Companies
investing in

232. Any two or more companies which are subject to the provisions of this Part, or which are incorporated by or under the authority of an Act of the Parliament of Canada and whose main business is lending money on the security of or purchasing or investing in,—

Mortgages.

(a) mortgages or hypothecs upon freehold or leasehold, real estate or other immovables; and,

Securities
except
bills and
notes.

(b) the debentures, bonds, stocks, and other securities, except bills of exchange and promissory notes, of any government, or of any municipal corporation or school corporation, or of any chartered bank or incorporated company if incorporated by Canada or any province of Canada or any former province now forming part of Canada;

May amalga-
mate.

may, in the manner herein provided, amalgamate the one with the other or others, and may enter into all agreements and do all acts necessary or convenient for the purposes of such amalgamation. 62-63 V., c. 41, s. 39.

Amalgama-
tion to be
by purchase
of assets.

233. Any one or more of such companies may alone or together purchase the entire assets of any other or others of such companies which may sell said assets, and the companies may enter into all agreements of purchase and sale and do all acts necessary or convenient for the purposes of such purchase and sale: Provided that specified assets may be excepted from such purchase and sale. 62-63 V., c. 41, s. 39.

Agreement
to set out
terms and
working com-
pany details.

234. The agreement for amalgamation or purchase shall prescribe the terms and conditions of the amalgamation or purchase, and may provide for the mode of carrying the same into effect, the name of the amalgamated company, the amount of capital stock, the number of shares and amount of each share, the place of the head office, the number of the board of directors, the names of the first directors and their term of office, the

manner of converting the capital stock of each company into that of the amalgamated company, and such other or additional details as may be necessary or convenient to perfect the new organization and the subsequent management and working thereof, but no share in the amalgamated company shall be terminating or liable to be withdrawn. 62-63 V., c. 41, s. 39.

235. The agreement shall be submitted to the shareholders of each of the said companies at a meeting thereof duly called and held separately for the purpose of taking the same into consideration, and, if at each such meeting the same is accepted and approved by resolution passed by shareholders present or represented by proxy and holding not less than two-thirds of all the shares of the issued capital stock of the company, the said agreement may be executed under the corporate seals of the companies, and an application may be made to the Governor in Council by the companies for letters patent confirming the same. 62-63 V., c. 41, s. 39.

Acceptance and approval of agreement by each company at meetings.

236. Upon the terms of this Part, and of any regulations made hereunder, being complied with, and, unless it appears that the granting of such application would not be in the public interest, the Governor in Council may grant the same and issue letters patent under the Great Seal confirming said agreement and incorporating the amalgamated companies as a company under this Part. 62-63 V., c. 41, s. 39.

Letters patent confirming amalgamation.

237. On, from and after the date of such letters patent or purchase the said companies shall be amalgamated and shall form one company by the name in said agreement provided, and upon the terms and conditions thereof. 62-63 V., c. 41, s. 39.

One company after date of letters.

238. Subject to the provisions of this Part in respect to actions or proceedings by or against any of the companies so amalgamated, the amalgamated company shall possess and be vested with all the powers, franchises, privileges, assets, rights, credits, effects and property, real, personal and mixed, of whatever kind and wheresoever situated, belonging to either of the said companies or to which either of the said companies may be or become entitled, not including the assets, if any, excepted under the agreement of purchase and sale, and shall be liable for and subject to, and shall pay, discharge, carry out and perform, all the debts, liabilities, obligations, contracts and duties of each of said companies. 62-63 V., c. 41, s. 39.

Rights and liabilities of amalgamated company.

239. Subject to the terms and exceptions contained in the letters patent, confirming the agreement of purchase and sale and incorporating the amalgamated company, the provisions of this Part shall apply to the amalgamated company and to the business carried on by it, and, subject as aforesaid, the borrow-

Powers of amalgamated company.

ing and lending powers of such company shall be governed by the provisions of this Part, and, subject as aforesaid, any provision in the charter or Act of incorporation, or of any other Act, applicable to any of the amalgamated companies which is inconsistent with the provisions of this Part, shall cease to have effect. 62-63 V., c. 41, s. 39.

Assets of amalgamated company.

240. On, from and after the date of such letters patent, the assets purchased and sold shall, in accordance with and subject to the terms of said agreement and without any further conveyance, become vested in the company or companies purchasing.

Vesting conveyances to be executed.

2. The selling company shall, from time to time, subject to the terms of said agreement, execute such formal and separate conveyances, assignments and assurances, for registration purposes or otherwise, as may be reasonably required to confirm or evidence the vesting in the purchasing company or companies of the full title and ownership of the assets purchased and sold. 62-63 V., c. 41, s. 39.

Transfers.

Transmission of shares otherwise than by transfer.

241. If the interest of any person in any bond, debenture or obligation of the company which is not payable to bearer, or in the capital stock or debenture stock of the company is transmitted in consequence of the death, or bankruptcy, or insolvency of the holder thereof, or by lawful means other than a transfer upon the books of the company, the directors shall not be bound to allow any transfer pursuant to such transmission to be entered upon the books of the company, or to recognize such transmission in any manner, until a declaration in writing showing the nature of such transmission, and signed and executed by the person or persons claiming by virtue thereof, and also executed by the former shareholder, if living and has capacity to execute the same, has been filed with the manager or secretary of the company and approved by the directors. 62-63 V., c. 41, s. 42.

Authentication.

Credit given to declaration before certain officers.

242. If any such declaration, purporting to be signed and executed, also purports to be made or acknowledged in the presence of a notary public, or of a judge of a court of record, or of a mayor of any city, town or borough, or other place, or a British consul, or vice-consul or other accredited representative of the British Government in any foreign country, the directors may, in the absence of direct actual notice of a contrary claim, give full credit thereto.

Entry of transferee's name.

2. Unless the directors are not satisfied with the responsibility of the transferee, they shall allow the name of the party claiming by virtue of the transmission to be entered in the books of the company. 62-63 V., c. 41, s. 42.

Transmission by will or intestacy.

243. If the transmission takes place by virtue of any testamentary act or instrument, or in consequence of an intestacy,

and if the probate of the will or letters of administration or document testamentary, or other judicial or official instrument under which the title, whether beneficial or as trustee, or the administration or control of the personal estate of the deceased is claimed to vest, purports to be granted by any court or authority in the Dominion of Canada, or in Great Britain or Ireland, or any other of His Majesty's dominions, or in any foreign country, the probate of the said will or the said letters of administration or the said document testamentary or the said other judicial or official instrument or an authenticated copy thereof or official extract therefrom, shall, together with the declaration referred to in the two last preceding sections be produced and deposited with the manager, secretary, treasurer, or other officer named by the directors for the purpose of receiving the same.

Evidence of
transmission.

2. Such production and deposit shall be sufficient justification and authority to the directors for paying the amount or value of any dividend, coupon, bond, debenture, or obligation or share, or transferring, or consenting to the transfer of any bond, debenture or obligation or share, in pursuance of, and in conformity to such probate, letters of administration or other such document aforesaid. 62-63 V., c. 41, s. 43.

Justification
for action by
directors.

Agencies.

244. Transfers of debenture stock may be left with such agent or agents in the United Kingdom of Great Britain and Ireland, or elsewhere, as the company appoints for that purpose, for transmission to the company's head office for registration. 62-63 V., c. 41, s. 28.

Deposit of
transfers.

245. The company may have agencies in any places in Great Britain or elsewhere for the transfer of debenture or other stock and for the transaction of any other business of the company. 62-63 V., c. 41, s. 31.

Agencies in
United
Kingdom.

Application to Court.

246. Whenever the directors entertain reasonable doubts as to the legality of any claim to or upon such share or shares, bonds, debentures, obligations, dividends, coupons or the proceeds thereof, it shall be lawful for the directors to file a petition stating such doubt, and praying for an order or judgment adjudicating and awarding the said shares, bonds, debentures, obligations, dividends, coupons, or proceeds to the party or parties legally entitled to the same.

Procedure
to settle
ownership.

2. Such court shall have authority to restrain any action or proceedings against the company, the directors or officers thereof, for the same subject-matter, pending the determination of the petition.

Authority of
court.

3. The company and the directors and officers thereof shall be fully protected and indemnified by obedience to such order

Order of
court in-
dennifies.

or judgment against all actions, claims and demands in respect of the matters which have been in question in such petition, and the proceedings thereupon. 62-63 V., c. 41, s. 44.

Courts in which petition may be filed.

247. Such petition shall, in the province of Ontario, be filed in the High Court of Justice; in the province of Quebec, in the Superior Court; in the province of Manitoba, in the Court of King's Bench; in the province of British Columbia, in the Supreme Court; in the province of Nova Scotia, in the Supreme Court; in the province of New Brunswick, in the Supreme Court; in the province of Prince Edward Island, in the Supreme Court; in the province of Saskatchewan or Alberta, in the Supreme Court of the Northwest Territories pending the abolition of that Court by the legislature of the province, and thereafter in such court in either of the said provinces as may in respect of that province be substituted by the legislature thereof for the Supreme Court of the Northwest Territories; in the Northwest Territories, in such court or with such magistrate or other judicial authority as is designated, from time to time, by proclamation of the Governor in Council, published in the *Canada Gazette*; and in the Yukon Territory, in the Territorial Court. 62-63 V., c. 41, s. 44.

Costs.

248. If the court, magistrate or other judicial authority in or with which such petition is filed adjudges that such doubts were reasonable, the costs, charges and expenses of the company in and about such petition and proceedings shall form a lien upon such shares, bonds, debentures, obligations, dividends, coupons or proceeds and shall be paid to the company before the directors shall be obliged to transfer, or assent to the transfer of, or pay such shares, bonds, debentures, or obligations, dividends, coupons or proceeds to the party or parties found entitled thereto. 62-63 V., c. 41, s. 44.

Rights of Creditors.

Preference stock on conversion of shares not to affect rights of creditors.

249. No provision in this Part as to the creation of preference stock, and no by-law authorizing the creation of such stock, and nothing done under or in pursuance of any such provision or by-law, and no by-law of the company for the conversion into fully paid-up shares of partly paid-up shares, and no certificate confirming the same, and nothing done under or in pursuance of any such by-law or certificate, shall affect or impair the rights of creditors of the company. 62-63 V., c. 41, ss. 37 and 41.

Amalgamation not to affect rights of creditors.

250. Nothing in any agreement of amalgamation of companies under this Part, and nothing in this Part contained or done in pursuance thereof, shall take away or prejudice any claim, demand, right, security, cause of action or complaint which any person has against any of the companies so amalgamated, or their respective directors or shareholders, or shall relieve any such company, its directors or shareholders, from

the payment or performance of any debt, liability, obligation, contract or duty. 62-63 V., c. 41, s. 39.

251. Any person having any claim, demand, right, cause of action or complaint, against any company so amalgamated with any other company or companies, and any person to whom any such company is under any liability, obligation, contract or duty, shall have the same rights and powers with respect thereto and to the collection, recovery and enforcement thereof from and against the amalgamated company as the person has against such company, or companies originally liable. 62-63 V., c. 41, s. 39.

Creditors have full recourse against the amalgamated company.

252. No action or proceeding by or against any of the said companies so amalgamated shall abate or be affected by such amalgamation, but for all the purposes of such action or proceeding such company may be deemed still to exist, or the amalgamated company may be substituted in such action or proceeding in the place thereof. 62-63 V., c. 41, s. 39.

Amalgamation not to abate actions.

253. Every person having any claim, demand, right, cause of action or complaint against any company whose assets have been acquired under this Part, or to whom such company is under any liability, obligation, contract or duty, shall have the same rights and powers with respect thereto, and to the collection and enforcement thereof, from and against the new company, its directors and shareholders, as such person has against the company whose assets have been so acquired, its directors and shareholders. 62-63 V., c. 41, s. 18; 63-64 V., c. 43, s. 1.

Creditors have full recourse against company acquiring assets of another company.

254. Nothing in this Part contained or done in pursuance thereof, shall take away or prejudice any claim, demand, right, security, cause of action or complaint which any person has against any company whose assets have been so acquired, or its directors or shareholders, or shall relieve it, or its directors or shareholders, from the payment or performance of any debt, liability, obligation, contract or duty. 62-63 V., c. 41, s. 19.

Recourse of creditors against company whose assets have been acquired saved.

Statements.

255. Every company shall transmit, on or before the first day of March in each year, to the Minister in such form and with such details as he from time to time requires and prescribes, a statement in duplicate, to the thirty-first day of December inclusive of the previous year, verified by the oath of the president or vice-president and the manager, setting out,—

Statement to Minister as to

- (a) the capital stock of the company and the proportion thereof paid up; Capital stock.
- (b) the assets and liabilities of the company; Assets and liabilities.
- (c) the amount and nature of the investments made by the company, both on its own behalf and on behalf of others, Investments and interest.

and the average rate of interest derived therefrom, distinguishing the classes of securities;

Lands held.
Other
details.

- (d) the extent and value of the lands held by it; and,
(e) such other details as to the nature and extent of the business of the company as the Minister requires. 62-63 V., c. 41, s. 45.

Statement
of all lands
to be fur-
nished.

256. It shall be the duty of the company to give the Minister, when required, a full and correct statement of all lands at the date of such statement held by the company, or in trust for the company not required for its actual use and occupation or held by way of security. 62-63 V., c. 41, s. 38.

Private af-
fairs not to
be disclosed.

257. The company shall not be bound to disclose in any statement transmitted by it to the Minister, the name or private affairs of any person who has dealings with the company. 62-63 V., c. 41, s. 45.

PART IV.

BRITISH LOAN COMPANIES.

Interpretation.

Company.

258. In this Part, unless the context otherwise requires, 'company' means any institution or corporation duly incorporated under the laws of the Parliament of the United Kingdom for the purpose of lending money. R.S., c. 125, s. 1.

License.

License may
be issued by
Secretary of
State.

259. The Secretary of State may, if he sees fit, issue a license under this Part to any company that applies for such license and complies with the provisions of this Part in that behalf, authorizing it to carry on business in Canada. R.S., c. 125, s. 5.

Evidence of
incorpora-
tion and
authority.

260. Any company so applying, shall furnish the Secretary of State with a certified copy of the charter, Act of incorporation or articles of association of such company as evidence of the due incorporation of the company and with a power of attorney from such company to the person appointed as the principal agent or manager of such company within Canada, expressly authorizing such agent or manager to apply for such license.

Verification
of authority.

2. The power of attorney shall be under the seal of the company and shall be signed by the president or managing director and secretary thereof and verified by the oath of an attesting witness. R.S., c. 125, s. 5.

Preliminaries.

261. Every company which obtains such license shall, before commencing business, file in the office of the Provincial Secretary of each province in which such company proposes to do business, a certified copy of the charter, Act of incorporation or articles of association of such company, and also a power of attorney to the agent or manager of such company in each such province, signed by the president or managing director and secretary thereof, and verified as to its authenticity by the oath of the principal agent or manager of such company in Canada, or by the oath of some person cognizant of the facts necessary for its verification. R.S., c. 125, s. 2.

Formalities to be observed by company before commencing business in Canada.

262. Such power of attorney shall expressly authorize such agent or manager, so far as respects business done by him within the province for which he is agent or manager, to accept service of process in all suits and proceedings against such company in such province for any liabilities incurred by such company therein, and shall declare that service of process on such agent or manager for such liabilities shall be legal and binding on such company to all intents and purposes whatsoever, and shall waive all claims of error by reason of such service. R.S., c. 125, s. 2.

Contents of power of attorney filed.

Powers of Company.

263. Any company which has received a license under this Part and has duly filed as aforesaid such certified copy of charter, Act of incorporation or articles of association and power of attorney may transact any loaning business, of any description whatsoever, within Canada, in its corporate name, except the business of banking, and may take and hold any mortgages of real estate, and any railway, municipal, or other bonds of any kind whatsoever, on the security of which it lends its money, at any rate of interest not exceeding the rate permissible on such securities by the Acts incorporating similar companies in the several provinces of Canada, and whether the said bonds form a charge on real estate within Canada or not. R.S., c. 125, ss. 1 and 2.

Company licensed may transact loaning business in Canada.

Exception. Securities.

264. Such company may take and hold such mortgages in its corporate name, and may sell and transfer the same, and hold and convey the title to real estate acquired as mortgagees or chargees: Provided that such company shall sell or dispose of the real estate so acquired within five years from the time when the mortgage on such real estate becomes due and payable under the terms of the instrument creating such mortgage. R.S., c. 125, s. 1.

Power as to mortgages.

Time limit.

Procedure.

265. After such certified copy of charter, Act of incorporation or articles of association, and such power of attorney are

Service of process on company.

Judgment on
service.

filed as aforesaid, any process in any suit, action or proceeding against such company, for any liability incurred in any province, may be served upon the manager or agent so authorized in the same manner as process is served upon the proper officer of any company incorporated in such province; and all proceedings may be had thereupon to judgment and execution in the same manner as in proceedings in any civil suit or action in such province. R.S., c. 125, s. 3.

Notices.

Publication
of notice of
license.

266. Every company which obtains such license as aforesaid shall forthwith give due notice thereof in the *Canada Gazette*, and in at least one newspaper in the county, city or place where the principal manager or agent of such company transacts the business thereof, and shall continue the publication thereof for the space of one calendar month.

Notice of
discontinu-
ance.

2. Like notice shall be given when such company ceases to carry on business within the province, and like publication shall be had of notice that it ceases to so carry on business. R.S., c. 125, s. 4.

Returns.

Must be
made to
Minister of
Finance.

267. Every company authorized under the provisions of this Part to lend and invest money in Canada, shall, by its agent or manager in Canada, make returns to the Minister of Finance of all the business done by it in Canada, at the same time and in the same manner as if such company had been incorporated under the provisions of the third Part of this Act. R.S., c. 125, s. 6.

License Fee.

Amount.

268. The fee to be paid by a company, on the issuing of a license under this Part, shall be twenty dollars. R.S., c. 125, s. 5.

PART V.

BRITISH AND FOREIGN MINING COMPANIES.

British and
Foreign
mining
corporations
may obtain
license to
mine.

269. Any joint stock company or corporation duly incorporated under the laws of the Parliament of the United Kingdom, or under the laws of any foreign country for the purpose of carrying on mining operations may, on receiving a license from the Secretary of State of Canada, carry on mining operations in the provinces of Saskatchewan and Alberta, the Northwest Territories, and the Yukon Territory, and shall be entitled to the privileges of a free miner, subject to the laws and regulations governing and affecting free miners. 61 V., c. 49, s. 1.

270. Every company desirous of obtaining such license as aforesaid shall first file in the office of the Secretary of State of Canada a certified copy of the charter or Act incorporating the company; and shall also designate the agent or manager within the Yukon Territory authorized to represent the company and to accept process in all suits and proceedings against the company for any liabilities incurred by the company therein. 61 V., c. 49, s. 2.

Copy of
charter to be
filed.

And agent or
manager in
the Yukon
to be desig-
nated.

271. Notice of the issue of such license shall be published in the *Canada Gazette*. 61 V., c. 49, s. 4.

Notice of
license.

272. The fees payable for the license shall, from time to time, be fixed by the Governor in Council. 61 V., c. 49, s. 5.

Fees.

273. Every company to which such license has been granted, when so required, shall make a return to the Secretary of State of all business done by it under such license, and in default of making the said return, the license may be cancelled. 61 V., c. 49, s. 3.

Returns.

Penalty.

PART VI.

SUPPLEMENT.

274. Any loan company subject to the legislative authority of the Parliament of Canada may, if authorized to issue debentures, make its debentures payable to order or to bearer or to registered holder or otherwise as the company deems advisable. 59 V., c. 11, s. 1.

How debentures may be made payable.

275. Loan companies formed or incorporated under the provisions of the Companies Act, *The Revised Statutes of Canada*, chapter one hundred and nineteen, before the eleventh day of August, one thousand eight hundred and ninety-nine, remain and continue subject to the said provisions of the said Companies Act as heretofore amended, and Part III. of this Act shall not, as to any such loan company, in any wise affect any of the said provisions. 62-63 V., c. 41, s. 46; 2 E. VII., c. 15, s. 90.

Loan companies incorporated under R.S.C., cap. 119.

SCHEDULE.

FORM A.

Application for Incorporation under the Companies Act.
To the Honourable the Secretary of State of Canada:
The application of
respectfully sheweth as follows:—

The undersigned applicants are desirous of obtaining letters patent under the provisions of the first Part of the Companies Act, constituting your applicants and such others as may become shareholders in the company thereby created a body corporate and politic under the name of limited, or such other name as shall appear to you to be proper in the premises.

The undersigned have satisfied themselves and are assured that the proposed corporate name of the company under which incorporation is sought is not the corporate name of any other known company incorporated or unincorporated or any name liable to be confounded therewith or otherwise on public grounds objectionable.

Your applicants are of the full age of twenty-one years.

The purposes for which incorporation is sought by the applicants are:

The chief place of business of the proposed company within Canada will be at _____ in the county of _____

in the province of _____

The amount of the capital stock of the company is to be \$ _____

The said stock is to be divided into _____ shares of \$ _____ each.

The following are the names in full and the address and calling of each of the applicants with the amount of stock taken by each applicant respectively:

Applicant.	Amount of Stock subscribed.

The said _____ will be the first or provisional directors of the company.

A stock book has been opened and a memorandum of agreement by the applicants under seal in accordance with the statute

has been executed in duplicate, one of the duplicates being transmitted herewith.

The undersigned therefore request that a charter may be granted constituting them and such other person as hereafter become shareholders in the company, a body corporate and politic for the purposes above set forth.

Signatures of Witnesses.	Signatures of Applicants.
_____	_____
_____	_____
_____	_____

Dated at _____ this _____ day of
19 .

NOTE.—If any cash has been paid in on stock or if any property is intended to be accepted on account of stock it should be here stated.

FORM B.

(To be executed in duplicate; one duplicate to be transmitted with the application.)

The _____ Company of _____ (Limited).

MEMORANDUM OF AGREEMENT AND STOCK BOOK.

We the undersigned do hereby severally covenant and agree each with the other to become incorporated as a company under the provisions of the first Part of the Companies Act, under the name of the _____ Company of _____ (Limited), or such other name as the Secretary of State may give to the company, with a capital of _____ dollars, divided into _____ shares of _____ dollars each.

And we do hereby severally, and not one for the other, subscribe for and agree to take the respective amounts of the capital stock of the said company set opposite our respective names as hereunder and hereafter written, and to become shareholders in such company to the said amounts.

In witness whereof we have signed.

Name of Subscriber.	Seal.	Amount of Subscription	Date and Place of Subscription.		Residence of Subscriber.	Name of Witness.
			Date.	Place.		
		\$				

FORM C.

Public notice is hereby given that under the first Part of the Companies Act, letters patent have been issued under the seal of the Secretary of State, bearing date the day of _____ incorporating (*here state names, address, and calling of each corporator named in the letters patent*) for the purpose of (*here state the undertaking of the company, as set forth in the letters patent*), by the name of (*here state the name of the company as in the letters patent*) with a total capital stock of _____ dollars divided into _____ shares of _____ dollars.

Dated at the office of the Secretary of State of Canada, this
day of _____ 19 .

A. B.,
Secretary.

FORM D.

Public notice is hereby given that under the first Part of the Companies Act, supplementary letters patent have been issued under the seal of the Secretary of State, bearing date the day of _____, whereby the undertaking of the company has been extended to include (*here set out the other purposes or objects mentioned in the supplementary letters patent*).

Dated at the office of the Secretary of State of Canada, this
day of _____ 19 .

A. B.,
Secretary.

FORM E.

Public notice is hereby given that under the first Part of the Companies Act, supplementary letters patent have been issued under the seal of the Secretary of State, bearing date the _____ day of _____, whereby the total capital stock of (*here state the name of the company*) is increased (or reduced, as the case may be) from _____ dollars to _____ dollars.

Dated at the office of the Secretary of State of Canada, this _____ day of _____ 19 ____.

A.B.,
Secretary.

2 E. VII., c. 15, sch. 1.

FORM F.

THE COMPANIES ACT AMENDMENT ACT, 1917.

STATEMENT IN LIEU OF PROSPECTUS.

Filed by _____ Limited.

Pursuant to section 43c of The Companies Act Amendment Act, 1917.

Presented for filing by _____

The nominal share capital of the company.	\$	
Divided into	Shares of \$	Each
(Here show the several classes of shares and the amount of each class.)	" \$	"
	" \$	"
	" \$	"
Names, description, and addresses of directors or proposed directors.		
Minimum subscription (if any) fixed by the letters patent, supplementary letters patent or by laws on which the company may proceed to allotment.		
Number and amount of shares and debentures agreed to be issued as fully or partly paid-up otherwise than in cash.	1. _____ shares of \$ _____ fully paid. 2. _____ shares upon which \$ _____ per share credited as paid. 3. _____ debenture \$ _____ 4. Consideration.	
The consideration for the intended issue of those shares and debentures.	(a) For definition of vendor, see Section 43b, subs. (2) of the Companies Act Amendment Act, 1917.	
Names and addresses of (a) vendors of property purchased or acquired, or proposed to be (b) purchased or acquired by the company.		
Amount (in cash, shares and debentures) payable to each separate vendor.		
Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any) paid or payable for goodwill.	Total purchase price \$ _____ Cash \$ _____ Shares \$ _____ Debentures \$ _____ Goodwill \$ _____	
	(b) See Section 43b, subs. (3) of the Companies Act Amendment Act, 1917.	

Amount (if any) paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares or debentures in the company, or Rate of the commission.	Amount paid. " payable. Rate per cent.
Estimated amount of preliminary expenses.	\$
Amount paid or intended to be paid to any promoter. Consideration for the payment.	Name of promoter. Amount \$ Consideration :—
Dates of, and parties to, every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the company or entered into more than two years before the filing of this statement.	
Time and place at which the contracts or copies thereof may be inspected.	
Names and addresses of the auditors of the company (if any).	
Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company, or, where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares, or otherwise, by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company.	
Whether the by-laws contain any provisions precluding holders of shares or debentures receiving and inspecting balance sheets or reports of the auditors or other reports.	Nature of the provisions.

(Signatures of the persons above named as directors or proposed directors, or of their agents authorized in writing.)

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FEES FOR INCORPORATION OF DOMINION COMPANIES AND FILING RETURNS.

The following is a copy of the latest Order-in-Council establishing the tariff of fees under the Companies Act:

At the Government House at Ottawa, Saturday, the 12th day of January, 1918.

Present: His Excellency the Administrator in Council.

His Excellency the Administrator in Council is pleased to make and establish and doth hereby make and establish the following tariff of fees, under the provisions of section 24 of the Companies Act as amended by section 6 of the Companies Act Amendment Act, 1917.

Letters Patent and Supplementary Letters Patent.

When the proposed capital of the company is \$50,000 or less.	\$100 00
When the proposed capital is more than \$50,000 and not more than \$200,000	100 00
and \$1.00 for each \$1,000 or fractional part thereof in excess of \$50,000.	
When the proposed capital is more than \$200,000 and not more than \$500,000	250 00
and fifty cents for each \$1,000 or fractional part thereof in excess of \$200,000.	
When the proposed capital is more than \$500,000	400 00
and twenty cents for every additional \$1,000 or fractional part thereof.	
For letters patent to any company under section 7A added to the Companies Act by section 4 of the Companies Act Amendment Act, 1917 (other than a company incorporated for charitable purposes only)	100.00
For letters patent to any company incorporated for charitable purposes only (other than a war charity, when there shall be no fee)	25 00
For letters patent to a company under section 7B added to the Companies Act by section 4 of the Companies Act Amendment Act, 1917, when no amount at which shares may be sold is set out in the letters patent, then the amount of each share shall be fixed at \$100, and the fee payable shall be according to the foregoing tariff upon the capital stock calculated on the total amount of such shares either at the price set forth	

in the letters patent or at the fixed sum of \$100 as the case may be.

For supplementary letters patent increasing the capital of a company the fee to be according to the foregoing tariff, but on the increase only, that is, the fee to be the same as for the incorporation of a company with capital equal to the increase.

For supplementary letters patent changing the name of a company \$50 00

For supplementary letters patent for other purposes. 100 00

The tariff of fees under the provisions of section 272 of the Companies Act for licenses to foreign companies to mine, shall be the same as for the incorporation of companies with the same authorized capital.

For Filing Returns.

For filing returns under section 106 of the Companies Act as amended by section 13 of the Companies Act Amendment Act, 1917, the fee payable upon each return shall be as follows:—

When the capital stock of the company is \$200,000 or less. \$ 5 00

When the capital stock of the company is more than \$200,000, but not more than \$500,000. 10 00

When the capital stock of the company is more than \$500,000, but not more than \$1,000,000. 25 00

When the capital stock is more than \$1,000,000. 25 00
and \$1.00 on each \$1,000,000 in excess of the first million but not exceeding \$50.00 in all.

For filing return from a company having shares without nominal or par value the fee payable shall be calculated upon the capitalization of such company shown in such return.

For filing return from a company incorporated for charitable purposes (other than a war charity, when there shall be no fee) 1 00

For filing a return from any company incorporated under section 7A added to the Companies Act by section 4 of the Companies Act Amendment Act, 1917 (other than a company incorporated for charitable purposes only) 2 00

When the capital stock is more than \$1,000,000. 25 00
and \$1.00 on each \$1,000,000 in excess of the first million but not exceeding \$50 in all.

For filing return from a company having shares without nominal or par value the fee payable shall be calculated upon the capitalization of such company shown in such return.

For filing return from a company incorporated for charitable purposes (other than a war charity, when there shall be no fee)	\$ 1 00
For filing return from any company incorporated under section 7A added to the Companies Act by section 4 of the Companies Act Amendment Act, 1917 (other than a company incorporated for charitable purposes only)	2 00

Certificates of Registration, Etc.

For each Certificate of Registration or Deposit of any prospectus, notice or agreement or other such document filed for that purpose under the provisions of the Companies Act or the Companies Act Amendment Act, 1917	1 50
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His Excellency is also pleased to order that all former Orders in Council respecting the tariff of fees for the incorporation of companies and the tariff of fees established thereunder, shall be and the same are hereby cancelled.

RODOLPHE BOUDREAU,
Clerk of the Privy Council.

STATEMENTS AND RETURNS BY DOMINION COMPANIES.

Statements to be filed under Companies Act with Secretary of State, Ottawa, Canada:

1. Prospectus (Section 43A, sub-section 2) setting forth particulars required under section 43B *or* statement in lieu of prospectus (Form F) (section 43C).

2. Consent to act as director (section 75, sub-section 2).

Companies Creating Mortgages, Charges, etc., Must Furnish Information:

3. For registration purposes, particulars of every mortgage and charge created by a company must be submitted to the Secretary of State, Ottawa, *within thirty days* after the date of its creation, otherwise it shall so far as any security on the company's property or undertaking is thereby conferred, be void against the liquidator or any creditor of the company. (Companies Act, section 69A).

Annual Returns under Companies Act:

4. On or before the 1st June each year, a summary as of date the 31st March preceding (section 106).

To be filed in *duplicate*—one copy of which, after endorsement by Department of Secretary of State, is returned to the company for filing purposes.

Printed copies of forms may be obtained upon writing the Department.

Income Tax Returns:

5. *Form T. 2—Return of Income* for use of Corporations and Joint Stock Companies;

To be made on or before 30th April each year;

To be prepared in *triplicate*—two copies to be delivered to the *Local Inspector of Taxation* and one copy retained by the taxpayer.

6. *Form T. 4—Return of Employers for the Calendar Year.*

To be made on or before 31st March each year;

To be prepared in *triplicate*, two copies to be delivered to the *Commissioner of Taxation, Ottawa*, and one copy retained by the taxpayer.

7. *Form T. 5—Return of Dividends of Corporations paid during the Calendar Year*—To be made on or before *31st March* each year;

To be prepared in *triplicate*—two copies to be delivered to the *Commissioner of Taxation, Ottawa*, and one copy retained by the Corporation.

Note: Printed copies of the above Income Tax Return Forms may be obtained upon writing the *Commissioner of Taxation, Ottawa, Canada*.

Business Profits War Tax Act:

8. *Form J.*—To be made on or before the *1st July* each year;

To be prepared in *triplicate*—two copies to be delivered to the *Minister of Finance, Ottawa*, and one copy retained by the taxpayer.

Note: Printed copies of forms (*Form J.*) are obtainable from *Minister of Finance, Ottawa, Canada*.

Provincial Returns:

9. *See Extra Provincial Corporations.* Pages 94 *et seq.*

10. *See Provincial Corporation Taxation Acts.* Pages 125-6.

11. *See Provincial Stock Transfer Tax Acts.* Pages 121 *et seq.*

EXTRA PROVINCIAL ACTS.

Licensing and Returns.

All the provinces of Canada (with the exception of Alberta, Quebec, New Brunswick and Prince Edward Island) require a company incorporated by the Dominion to obtain a license before "carrying on business" within the province. What constitutes "carrying on business" is defined in the various Acts.

Every company doing business within the province must make an annual return to the provincial authorities.

The following summary sets forth—

- A. Reference to Acts (Provincial Statutes) affecting Dominion Companies.
- B. Documents required for Licensing and Registration of Extra Provincial Companies.
- C. License Fees.
- D. Returns.
- E. Printed forms obtainable from provincial authorities.

BRITISH COLUMBIA.

- A. Revised Statutes (B.C.) (1911), c. 39, ss. 139-180, as amended 1912, c. 3; 1913, c. 10; 1913, c. 33, s. 49; 1914, c. 12; 1915, c. 12; 1916, c. 10; 1916, c. 77, s. 44; 1917, c. 10; 1918, c. 14; 1920, c. 14. (Licensing and Registration of Extra Provincial Companies). Also see Statutes of B. C. (1912) 3 Geo. V. c. 10, s. 11.

(Sections 51, 70, 71, 78, 83, 89 and 90 of British Columbia Companies Act (R. S. B. C. (1911) c. 39) made applicable to Extra Provincial Companies.)

B. (See s. 153)—

The following documents are required to be submitted to the Registrar of Joint Stock Companies for the Province of British Columbia, Victoria, B.C.

1. A true copy of the Charter and Regulations of the Company, verified in manner satisfactory to the Registrar, and showing that the Company by its Charter has authority to carry on business in the Province, and if any instrument included in the aforesaid is not written in the English language, a notarially certified translation thereof.

A definition of "Charter and Regulations" is set forth in the Act.

2. An affidavit or Statutory Declaration that the Company is still in existence and legally authorized to transact business.

3. A duly executed Power of Attorney under its common seal, empowering some person therein named, and residing in the city or place where the head office is situate, to act as its Attorney, to sue and be sued, plead or be impleaded, in any Court and generally on behalf of such Company and within the Province to accept service of process and to receive all lawful notices, to issue and transfer shares or stock, and other instruments relating to the matters within the scope of the Power of Attorney and of the Company to give to its Attorney; and such Company from time to time, by a new or other Power of Attorney executed and filed as aforesaid, may appoint another Attorney within the Province for the purposes aforesaid to replace the Attorney formerly appointed. The Power of Attorney may be according to a form approved of and provided by the Registrar.

4. Notice of the place where the head office without the Province is situate.

5. Notice of the City, Town, District or County in the Province where the head office of the Company is proposed to be situate.

6. The amount of the capital of the Company.

7. The number of shares into which it is divided.

8. A Company desiring registration must also lodge a petition therefor under seal.

9. Remittance of Fees.

Note (1). The fees are not to be calculated on the capital which the Company employs in the Province, but must be paid on the nominal capital.

Note (2). It is important to examine the definition of what is required under Companies' Charter and Regulations, for example—if there is any contract under which shares have been allotted for property taken over by the Company, a document of that kind comes within the definition of the term "Charter and Regulations."

Note (3). Certain fees are also payable for filing, charge for advertising in "British Columbia Gazette," etc. (Section 154).

C. The Fees for a license or certificate of registration are charged *ad valorem* according to the nominal capital of the Company. In addition there are payable two or three dollars for filing

fees, charge for advertising in the *British Columbia Gazette*, the exchange (if necessary). Cheques must be certified. There is no annual fee payable under the Companies Act.

Briefly the scale is as follows:

For the registration of a Company whose nominal capital does not exceed \$10,000, a fee of \$25.

For registration of a company whose nominal capital exceeds \$10,000 the above fee of \$25, with the following additional fee, regulated according to the amount of nominal capital, that is to say:

For every \$5,000 of nominal capital, or part of \$5,000,	
after the first \$10,000, up to \$25,000.....	\$5 00
For every \$5,000 of nominal capital, or part of \$5,000,	
after the first \$25,000, up to \$500,000.....	2 50
For every \$5,000 of nominal capital, or part of \$5,000,	
after the first \$500,000	1 15

- D.** Return or report as required by Part VI of Act (Section 150A) must be filed in *March each year* and made up to a date in the month of February next preceding. The particulars to be set forth in the said report are enumerated in section 150A.

Forms for returns are obtainable from the Registrar of Joint Stock Companies, Victoria, B.C.

Registration fee upon filing—\$1.

- E.** All printed forms supplied by the Department are obtainable from the Registrar of Joint Stock Companies, Victoria, B.C.

Registration Forms. Printed forms of Power of Attorney only as required under sections 153 and 158 of the Act are supplied.

Forms for Returns. These are obtainable from the Registrar.

ALBERTA.

- A.** *The Corporations Taxation Act*, Chapter 19 of the Statutes of Alberta, 1907, as amended c. 20 of the Statutes of 1908, c. 4 of the Statutes of 1909, c. 4 of the Statutes of 1911-12, c. 19 of the Statutes of 1913, c. 13 of the Statutes of 1916, and c. 3 of the Statutes of 1917.

An office consolidation of the Act is obtainable by writing the Registrar of Companies, Edmonton, Alta.

- B.** Dominion Companies are not required to take out a license in the Province of Alberta, but must file a copy of Letters Patent and come under Corporations Taxation Act. By the

Statutes of Alberta, 1915, c. 2, the Foreign Companies Ordinance, c. 14 of the Ordinance of 1903 (1st session) was amended so that the Ordinance did not apply to Dominion Companies.

Corporations Taxation Act, s. 3A, reads in part as follows:—

Every company, joint stock company and corporation (other than municipal corporation) whose authorized capital exceeds \$20,000 which transacts business in Alberta and is not otherwise taxed by this Act, shall pay an annual tax calculated as follows: Twenty cents for every \$1,000 of its authorized capital: Provided, however, that the total annual tax payable by any such Company under this Act shall not exceed \$500: Provided further, that this section shall not apply to an individual, a partnership, an unincorporated syndicate or trust, nor to any person, company or corporation referred to in chapter 30 of the Statutes of Alberta, 1906, and amendments thereto, nor to the Alberta Farmers' Co-operative Elevator Company, Limited.

Such taxes become due and payable on the first day in January in each year: Provided, however, that when a company, joint stock company or corporation first commences business after the first day of January, such tax shall be deemed to be due and payable upon the date of its so first commencing business; and if such business is so first commenced at any time after the thirtieth day of June in any year, one-half only of the annual tax shall be required to be paid for the then current calendar year.

C. The fees are set forth above, viz.: Twenty cents for every \$1,000 of the Company's authorized capital; the total annual tax not to exceed \$500.

D. On or before the thirtieth of June in each and every year every Corporation or Company doing business in the province is required without any notice or demand to that effect to deliver to the Provincial Secretary for Alberta a detailed statement verified under oath showing such information as is necessary to enable the Provincial Secretary to determine the tax payable by the Company so making a statement.

The particulars required for such Return are set forth in section 8 of the Corporations Taxation Act.

E. Forms of Returns are obtainable from the Registrar of Joint Stock Companies, Edmonton, Alta., and when made must be accompanied by a fee of \$5.

SASKATCHEWAN.

- A.** Companies Act, Statutes of Saskatchewan (1915), c. 14, as amended by s. 40 of c. 37 of the Statutes of 1916, s. 42 of c. 34 of the Statutes of 1917, c. 23 of the Statutes of 1917 (2nd session), c. 31 of the Statutes of 1918-19. Copies of the consolidated office copy which includes all amendments to date may be obtained upon writing the Department.

Part II of the above Act deals with Registration and License of Extra Provincial Companies. Sections 23 to 30a (inclusive).

- B.** The following documents are required to be submitted to the Registrar of Joint Stock Companies for the Province of Saskatchewan, Regina, Sask.:

1. A certified copy of the Letters Patent (Charter) or Memorandum of Association.
2. Certified copy of the By-laws.
3. A Petition or Statutory Declaration of the President, Vice-President, Secretary or Manager that the Company is still in existence and legally authorized to transact business under its Charter.
4. Attached to "1" and "2" is a Declaration required to be signed by an officer of the Company.
5. Remittance of Fees.

Note (1). Section 23 defines what is meant by carrying on business in the Province.

Note (2). It is important to note the requirements of section 26a of the Act which requires every Extra Provincial Company before registration to file with the Registrar a duly executed Power of Attorney under the common seal of the Company in form approved by the Registrar empowering some person therein named and residing in some one of the cities or towns of Saskatchewan to act as the Company's Attorney for the purpose of receiving service of process, lawful notices, etc. Unless said Power of Attorney is filed, the Registrar will not issue a license or renewal of license to the Company. Forms appointing such Attorney may be obtained upon written application to the Registrar of Joint Stock Companies, Regina, Sask.

C. Registration Fees (Section 27, Companies Act).

In Saskatchewan a Company first makes application to register as an Extra Provincial Company in order to carry on business within the Province. The fees which must accompany such

application as set forth in B. 5 above are based on the authorized capital of the Company, as follows:

For registration of a Company whose nominal capital does not exceed \$20,000, \$40;

For registration of a Company whose nominal capital exceeds \$20,000, the above fee of \$40, with the following additional fees regulated according to the amount of capital, that is to say,—

For every \$5,000, or part of \$5,000, after the first \$20,000 up to \$100,000, \$5;

For every \$10,000, or part of \$10,000, after the first \$100,000 up to \$500,000, \$3;

For every \$100,000, or part of \$100,000 thereafter, \$20;

For registration of mutual Companies and Companies incorporated under section 22 of the Companies Act, \$20.

Miscellaneous (Section 27 Companies Act)—

Schedule of Fees:

For registration of any increase of capital made after the first registration of the Company, the same additional fees as would have been payable if such increased capital had formed part of the original capital at the time these regulations came into force:

For registering change of name of company.....	\$ 5 00
For making a record of any fact authorized or required to be recorded by the Registrar	1 00
For each search .....	.25
For each abstract or copy of any document the sum of 10 cents for each 100 words or part of 100 words.	
For restoring name of company to register (in addition to all fees and taxes payable)	10.00

License Fees: (Section 25, Companies Act)—

The license granted to the Company by the Registrar enabling the Company to carry on its business and exercise its powers in Saskatchewan, expires on the thirty-first day of December in the year for which it is issued and is renewable annually upon payment of the following fees:

For every annual license for Companies whose authorized capital does not exceed \$50,000	\$ 5.00
For every annual license for Companies whose authorized capital exceeds \$50,000	10.00
For every annual license for mutual insurance Companies	10.00

D. Returns:

Section 34 of the Companies Act provides for an annual return to be made not later than the first day of March in each year by all Companies (form D), specifying certain particulars. There is a penalty of \$5 for every day during which default continues.

There must accompany such returns the annual license fees set forth above.

E. The following printed forms are obtainable from the Registrar of Joint Stock Companies, Regina, Sask.:

1. Form of Petition to accompany application for registration.
2. Declaration under Companies Act.
3. Form D, Annual Returns to be made under section 34 of the Companies Act.
4. Powers of Attorney—Printed copies of Powers of Attorney required under section 26a of the Act.

MANITOBA.**A. Revised Statutes of Manitoba (1913), c. 35, Part 4, sections 106-131 inclusive.**

As amended (1913-14), 4 Geo. V. c. 22, 23; (1916), 6 Geo. V. c. 20.

B. The following documents shall be filed with the Provincial Secretary of the Province of Manitoba, Winnipeg, Man. (Section 114 of the Act):

1. A certified copy of the Charter or Act of Incorporation, or Articles, or Memorandum of Association.
2. A declaration or proof that the Company is still in existence and legally authorized to transact business.
3. A Power of Attorney in accordance with section 114 of the Act.
4. Application for issue of license in accordance with printed form obtainable from the Deputy Provincial Secretary.
5. Remittance of Fees.

Note (1) Carrying on business in the Province of Manitoba is defined in section 118 of the Act.

Note (2) Certain Corporations are not required to obtain a license and these are set forth in section 107 of the Act, viz.: Insurance Companies, Railway Companies, Corporations liable to payment of taxes imposed by the Corporations Taxa-

tion Act (R. S. M. 1913, c. 191), Corporations not having gain for any of their objects.

C. License Fees:

The license fees payable by Corporations under section 126 of the Act are as follows:

By Order-in-Council dated the fourth day of September, A.D. 1919, the following new Tariff of Fees, for Letters Patent of Incorporation and for the issue of Licenses to Extra Provincial Corporations, was brought into force, viz.:

When the capital does not exceed...	\$ 20,000.00	\$ 40.00
Over \$20,000.00 and not exceeding.	30,000.00	50.00
Over \$30,000.00 and not exceeding.	40,000.00	60.00
Over \$40,000.00 and not exceeding.	50,000.00	70.00
Over \$50,000.00 and not exceeding.	60,000.00	80.00
Over \$60,000.00 and not exceeding.	75,000.00	100.00
Over \$75,000.00 and not exceeding.	100,000.00	120.00
Over \$100,000.00 and not exceeding	125,000.00	130.00
Over \$125,000.00 and not exceeding	150,000.00	140.00
Over \$150,000.00 and not exceeding	200,000.00	150.00
Over \$200,000.00 and not exceeding	250,000.00	160.00
Over \$250,000.00 and not exceeding	300,000.00	170.00
Over \$300,000.00 and not exceeding	400,000.00	180.00
Over \$400,000.00 and not exceeding	500,000.00	200.00
Over \$500,000.00 and not exceeding	600,000.00	210.00
Over \$600,000.00 and not exceeding	700,000.00	220.00
Over \$700,000.00 and not exceeding	800,000.00	230.00
Over \$800,000.00 and not exceeding	900,000.00	240.00
Over \$900,000.00 and not exceeding	1,000,000.00	250.00
Over \$1,000,000.00 for each additional		
\$100,000.00 or fraction thereof		20.00
with an extra charge of \$5 per folio for every folio over ten.		

And that, in addition to the above fees, applicants must deposit with the Provincial Secretary, with their petition, the further sum of \$25 toward payment of the cost of the notice in "The Manitoba Gazette," provided for by section 16 of the said "The Companies Act," any surplus of said sum of \$25 to be subsequently returned to the applicants; but if such notice costs more than \$25, the applicants must pay the extra cost;

And that, in cases of petitions for supplementary letters patent, where the capital stock is increased, the fees to be

according to the above schedule, but on the increase only; and, where the capital stock is not increased, \$25, and \$5 per folio for every folio over five;

And that the fee to be paid for an Order-in-Council, authorizing the change of name of a Company, shall be \$25, including the sum of \$5 to be paid for notice in "The Manitoba Gazette," as required under section 95.

Attention is directed to the additional cost when the powers petitioned for exceed the average number of words. The number of words in the letters patent of incorporation is 1,000, of which 300 words are allotted for the description of the powers granted. When that number of words is exceeded in defining the powers of the company, then the additional cost is assessed at the rate of \$5 for each 100 words, or fraction of that number, over and above 300.

Fees for Reviving Letters Patent.

Total Fees in Default	\$
Order-in-Council	10.00
Manitoba Gazette	2.40

Dated at Winnipeg,

J. W. ARMSTRONG,

4th September, 1919.

Provincial Secretary.

Note (1). Fees are payable on the authorized capital and after obtaining the license there is a charge for advertising—notice of license in the "Manitoba Gazette" and one newspaper in the municipality, city or place where the Corporation transacts business, or its head office is situated, as required under section 117 of the Act.

Note (2). Section 126a of the Act provides—where a Company has already received a license and afterwards increases its capital stock, it is required to pay within one month after such increase such additional fee as it would have been called upon to pay under the schedule of fees set forth above for an initial license. In default of such payment the Lieutenant-Governor-in-Council may suspend or revoke the license already granted, and upon subsequent payment of such additional fee, impose an additional twenty-five per cent. as a penalty.

D. Returns—An Annual Return is required to be made in accordance with section 120 of the Act on or before the *eighth of February* in each year. The information required is set forth in section 80 of the Act and the fees payable and which must

accompany such Returns are set forth in section 126, subsection 2 of the Act, namely:—

A fee of \$5, if the capital stock of the Corporation does not exceed the sum of \$100,000;

A fee of \$10, if the capital stock of the Corporation exceeds the said sum of \$100,000.

E. The following printed forms are obtainable upon application to the Provincial Secretary, Winnipeg, Man.

1. Petition or form of application for a license under the Companies Act.

2. Power of Attorney which accompanies the above application as Exhibit B.

3. Annual statement required to be made under section 120, Part 4 of the Companies Act, c. 35, R. S. M. 1913.

ONTARIO.

A. (1) Revised Statutes Ontario, (1914) c. 179, "The Extra Provincial Corporations Act," as amended (1914), c. 21, s. 39; (1918), c. 20, s. 31. (1920) c. 7

(2) Revised Statutes Ontario, (1914) c. 27, "The Corporations Tax Act," as amended (1914), c. 11; (1915), c. 8; (1916), c. 8.

B. The following documents are required to be submitted to the Provincial Secretary for the Province of Ontario, Toronto, Ont.

1. Certified copy of Letters Patent, Articles of Association, Memorandum, Certificate or other instrument under and by virtue of which the Company was created and is carrying on business. (See note (1) below).

2. Petition of the Company for a license to do business in the Province, setting forth the facts outlined in Exhibit "B" (as required under Exhibit "A," Order-in-Council, dated 23rd May, 1900—Section 8 of the "Act respecting the licensing of Extra Provincial Corporations").

3. Affidavit attached to foregoing Exhibit "B," marked Exhibit "C" following.

4. Power of Attorney or affidavit appointing Agent in the Province in form Exhibit "D."

5. Affidavit in form marked Exhibit "E" as to the name of the Company being unobjectionable and not that of any known company carrying on business in the Province.

6. Remittance of Fees.

Note (1). If the application be on behalf of a Corporation incorporated under the laws of any of the Provinces of the

Dominion of Canada, a copy of its Letters Patent, certified by the Secretary of such Province or other proper officer having the custody of the papers, and duly verified by such officers, must be produced with the application.

If the application be on behalf of a Corporation incorporated under the laws of Great Britain and Ireland, the copy of the Memorandum and Articles of Association produced must be certified to be a true copy by the Registrar of Joint Stock Companies at London, Edinburgh or Dublin, as the case may be.

If the application be on behalf of a Corporation incorporated under the laws of one of the United States of America, the evidence of incorporation must consist of a duly certified copy of the papers originally and (if any) subsequently filed in the Department of the Secretary of State, or other proper officer having the custody of the papers, and duly verified by such officer.

Evidence should be filed that the copies of the creating instruments filed, or of amendments thereto, are true and correct copies of all records affecting the status of the Corporation or varying the terms of its original incorporation.

Note (2). The following are the forms referred to as Exhibits above which must accompany the application for registration, printed copies of which are not obtainable:—

Exhibit "A."

Copy of an Order-in-Council approved by His Honour the Lieutenant-Governor, the 23rd day of May, A.D. 1900.

Upon consideration of the report of the Honourable the Provincial Secretary, dated 18th May, 1900, the Committee of Council advise that pursuant to the provisions of section 8 of the "Act respecting the licensing of Extra Provincial Corporations" (63 Victoria, Chapter 24), a company applying for a license under the said Act shall be required to furnish evidence under oath upon the following points:—

1. The name of the Kingdom, Dominion, State, Province, or other jurisdiction under the laws of which the Company was incorporated and is working.
2. Its corporate name.
3. The date and manner of its incorporation.
4. The place where its head office is situated.
5. Whether its existence is limited by statute or otherwise, and if so the period of its existence yet to elapse, and whether its existence may be lawfully extended.

6. Whether it is a valid and subsisting corporation.
7. Whether it has power to hold land in Ontario, and if so the conditions if any under which such land is to be held.
8. Whether it has power, either expressed or implied, to carry on its business in Ontario.
9. Its authorized powers set out in full.
10. The powers which it desires to exercise in the Province of Ontario.
11. The amount of its authorized capital, and whether such capital is divided into shares, and if so, how.
12. The amount of its subscribed capital.
13. The amount of its paid up capital.
14. Whether it was carrying on business in Ontario on the 1st of July, 1900, and if so in what manner, at what places and to what extent.
15. Its head office, or other chief place of business in Ontario.
16. The name, description and place of residence of its chief agent or representative in Ontario.
17. That the Company has authorized the making of the application and has duly appointed an Attorney, and
18. The name, description and place of residence of such Attorney.

The Committee further advise that applications for a license under the said Act shall be made by petition signed by the Executive officers of the Company and passed under its common seal, and that the petition set forth the facts above stated, and such other and further facts as may be thought proper, and that it be accompanied by a certified copy of the Act, articles of association, memorandum, certificate or other instrument under and by virtue of which the Company was created and is carrying on business, and that the power of attorney required by the Act shall be in the form and executed in the manner which shall seem to be sufficient in the premises.

Exhibit "B."

To His Honour the Lieutenant-Governor-in-Council, of the Province of Ontario.

The petition of

HUMBLY SHEWETH:

1. That your Petitioner was incorporated by Letters Patent granted by the Secretary of State of the Dominion of Canada, dated the of , 19 .

2. That the head office of your Petitioner is situated in the City of _____, in the Province of _____.

3. That there is no limit, either statutory or otherwise, to the existence of your Petitioner.

4. That your Petitioner is a valid and subsisting corporation.

5. That your Petitioner may, under the provisions of its Charter, carry on business in Ontario and may hold the lands necessary for carrying on such business.

6. That by its Charter your Petitioner is authorized to carry on the following business: (here insert the powers under its Charter).

6A. "Only insert if private Company."

That it is declared in your Petitioner's Charter that your Petitioner is a private Company under the provisions of the Companies Act of the Dominion of Canada and its Amendments, with the following restrictions:—

1. The shares of the Company or any bonds or debentures issued by the Company shall not be offered for subscription to the public:

2. The number of its shareholders or members (exclusive of persons who are in the employment of the Company and of persons who having been formerly in the employment of the Company were, while in such employment and have continued after the termination of such employment to be members of the Company) shall not exceed fifty;

3. No shareholder shall have the right to transfer shares registered in his name without the consent of all the directors of the Company, expressed either by a resolution unanimously passed or by an instrument signed by all the directors.

7. That your Petitioner desires that a license may be issued to it under the provisions of the Ontario Companies Act authorizing your Petitioner to use, exercise, and enjoy within the Province of Ontario all or so many of the powers, privileges and rights as were granted to your Petitioner in its said Charter and may be approved by Your Honour in Council.

8. That the authorized capital stock of your Petitioner is \$ _____, divided into shares of \$ _____ each, the whole of which capital stock has been subscribed and issued and paid up.

9. That the head office of your Petitioner is in the City of _____, in the Province of _____, and its

principal office and chief place of business in the Province of Ontario is in the City of .

10. That your Petitioner proposes to employ in the Province of Ontario capital to the amount of \$.

11. That your Petitioner by a resolution of its Directors passed on the . day of ., 19 ., has authorized the making of the present application and has by the Power of Attorney duly executed under its Common Seal and filed herewith appointed . of the City of ., in the Province of Ontario, manager, to be your Petitioner's Attorney and representative in the Province of Ontario, the whole in accordance with the Act 63 Vic. c. 24, and that the consent of the said . duly witnessed, is attached to the said Power of Attorney.

WHEREFORE your Petitioner prays that Your Honour may be pleased to issue a license to your Petitioner authorizing your Petitioner to use, exercise and enjoy within the Province of Ontario all the powers, privileges and rights set forth in its said Charter as shall be approved of by Your Honour.

AND your Petitioner as in duty bound will ever pray.

DATED at the City of ., Province of ., this . day of ., 19 .

.....
President.
.....
Secretary.

Signed and sealed }
In the presence of }

—
Exhibit "C."

Province of)
County of)

IN THE MATTER OF:

The Application under the Act respecting the licensing of Extra Provincial Corporations for the grant of a License in the Province of Ontario to

I, ., of the City of ., in the County of ., in the Province of ., make oath and say:—

1. That I was personally present and did see and . President and Secretary respectively of the said Com-

and singular that its attorney and representative shall lawfully do and cause to be done in the premises by virtue hereof.

Until due lawful notice of the appointment of another and subsequent attorney and representative has been given to and accepted by the Provincial Secretary of Ontario, service of process or of papers and notices upon the said shall and will be accepted by the said Company as sufficient service in the premises,

IN WITNESS WHEREOF the corporate seal of _____ has
been hereunto affixed and the hands of its President and
Secretary have hereunto been set this _____ day
of _____, 19 ____.

(Seal)

President.

Secretary.

Consent of _____ to act as Attorney
for _____

I, _____ of the City of _____, in the County of _____, in the Province of Ontario, having been appointed by _____ its Attorney and representative within the Province of Ontario by Power of Attorney, dated the _____, 19____, hereby accept such appointment and agree to act as said attorney under the provisions of 63 Vic. c. 24 until due lawful notice of the appointment of another and subsequent attorney and representative has been given to and accepted by the Provincial Secretary of Ontario.

Dated at the City of _____, in the County of _____,
in the Province of Ontario, this _____ day of _____, 19____.

Signed in the presence of:

Exhibit "E."

Province of }
County of }

IN THE MATTER OF:

The Application under the Act respecting the licensing of Extra Provincial Corporations for the grant of a License in the Province of Ontario to

Affidavit of

I, _____ of the City of _____ in the
Province of _____, being duly sworn, do depose and
say:

1. That I am the Secretary of _____
2. That I have knowledge of the matter of the Petition to the Honourable Lieutenant-Governor of the Province of Ontario-in-Council asking that a license be issued to _____
3. That the corporate name of the Company is not on any public ground objectionable and that it is not that of any known Company, incorporated or unincorporated, or of any partnership or individual doing business in Ontario or a name under which a known business is being carried on in Ontario, or so nearly resembling the same as to deceive.

AND I HAVE SIGNED:

SWORN to before me at the City of _____
in the Province of _____,
this _____ day of _____, 19 _____.

A Commissioner for taking affidavits in and for the Province of Ontario.

C. License Fees—

1. Fees must accompany all applications and all documents to be filed. Where the fee does not accompany a document to be filed such document will be returned to the sender forthwith. *Vide* sections 138 and 139 of the Ontario Companies Act.

2. No cheque will be accepted unless it is marked.

3. Cash not registered is at the risk of the sender.

4. Post office orders, postal notes, cheques and drafts should be payable to the order of the Provincial Treasurer.

The following schedule of fees shall be payable for the various services rendered by the Department under the provisions of the Ontario Companies Act and Extra Provincial Corporations Act:—

Incorporated with Share Capital.

When the proposed capital of an applicant company is \$40,000 or less, the fee shall be \$100.

When the proposed capital is more than \$40,000, but does not exceed \$100,000, the fee shall be \$100, and \$1 for every \$1,000 or fractional part thereof in excess of \$40,000.

When the proposed capital is more than \$100,000, but does not exceed \$1,000,000, the fee shall be \$160, and \$2.50 for every \$10,000 or fractional part thereof in excess of \$100,000.

When the proposed capital is more than \$1,000,000, the fee shall be \$385 for the first \$1,000,000 and \$2.50 for every \$10,000 or fractional part thereof in excess of \$1,000,000.

Extra Provincial Corporations.

Fees for licenses to Extra Provincial Corporations are the same as for incorporation of companies under the Act, but are based on the amount of capital to be used in Ontario.

Supplementary License.

Where the capital of an Extra Provincial Corporation is increased, the fee shall be the same as for the incorporation of Companies under the Act, but shall be based only on the amount of the increase to be used in Ontario. No fee previously paid is taken into account.

Varying powers authorized by original license, where capital is not increased	\$100.00
Changing the name of an Extra Provincial Corporation	10.00
Filing the annual statement of an Extra Provincial Corporation with any capital up to and including \$100,000	5.00
Filing the annual statement of an Extra Provincial Corporation with any capital exceeding \$100,000	10.00

D. Returns (Section 14 R. S. O. c. 179).

An annual Return or statement by all Corporations licensed under the Act must reach the Provincial Secretary, Parliament Buildings, Toronto, Ontario, on or before the *8th day of February* in the year succeeding the year for which it is made. This is a Return of the state of affairs of a Company as of the 31st day of December in each year. An affidavit verifying the statement must accompany same. If the statement is not received, the Corporation's license is liable to be suspended or revoked.

Filing Fees for Returns—

If capital does not exceed \$100,000	\$ 5.00
If capital does exceed \$100,000	10.00

The statement "shall be deemed not to have been made and transmitted" unless the fees accompany the Return. Payment should be effected by post office order, draft or *accepted* cheque payable to the order of the Honourable the Provincial Treasurer, Toronto.

*Returns as to Sale, Transfer or Assignment of Shares or
Debenture Stock—*

Accompanying the above Return (due February 8th) an Annual Return is also required to be made under section 12 (a), of the Corporations Tax Act—R. S. O. (1914) c. 27.

- E. Printed copies of Returns under section 14, R. S. O. c. 179 (Extra Provincial Companies) and Annual Return under section 12 (a), the Corporations Tax Act, may be obtained from Assistant Provincial Secretary, Parliament Buildings, Toronto, Ontario.

QUEBEC.

- A. (1) R. S. Q. (1909) Articles 6091-6097 (inclusive), as amended 1910, c. 33; (1912), c. 42.
(2) Quebec Companies Act, 1920 (10 Geo. V. c. 72), section IV., Articles 6098-6110 (inclusive).
(3) Quebec Commercial Corporations Tax Act, R. S. Q. (1909), Articles 1345-1359 (inclusive), as amended (1912), c. 18; (1916), c. 18; 1920, c. 23.
(4) R. S. Q. (1909), Articles 1360 *et seq.*, as amended (1910), c. 11; (1916), 6 Geo. V., c. 14; (1916), 7 Geo. V., c. 19; (1919), 9 Geo. V., c. 20.

- B. Dominion Companies are not regarded as Extra Provincial Corporations in the Province of Quebec (Article 6098). When carrying on business in the Province, they are required to comply within sixty days of commencement of business with Articles 6091-6097, R. S. Q. (1909). Article 6091 reads as follows:

1. Every incorporated Company, carrying on any labour, trade or business in this Province (except banks), shall cause to be delivered to the prothonotary of the Superior Court in each district, or to the registrar of each registration division in which it carries on or intends to carry on its operations or business, a declaration in writing to the effect hereinafter provided, made and signed by the president when its chief office or principal place of business is in this Province, or by the principal manager or chief agent in the Province when it has only branches or agencies therein.

2. Such declaration shall state the name of the Company, where and how it was incorporated, the date of its incorporation, and where its principal place of business within the Province is situated.

3. Such declaration shall be according to form A, or in words to that effect, and shall be produced by the president or the principal manager or chief agent, as the case may be, of every such incorporated company, and filed within sixty days after commencing operations and business.

4. When and so often as any change takes place in the name of the Company, or in its principal place of business in the Province, a declaration thereof shall in like manner be made, within sixty days from such change.

Form A referred to above reads as follows:

Declaration.

Province of Quebec, }
District of }

The (name) Company.

The (name) Company was incorporated in (name of the country, province, &c.) by (Letters Patent, or as the case may be) granted (or registered, as the case may be) on the (date).

Its principal place of business in the Province of Quebec is at (name of town, &c.).

In testimony whereof, this declaration in duplicate is made and signed by me (name, address and calling), the president (principal manager, or chief agent, as the case may be) of the said Company, at (name of place) on the (date).

Extra Provincial Companies (not Dominion), must take out a license, in accordance with Articles 6099-6100 and must file—

(a) Copy of its Charter, Articles of Association or other deed constituting the Corporation, certified by the officer having the custody of the original.

(b) Power of Attorney.

(c) Affidavit.

(d) Petition.

Copies of the forms required may be obtained from Deputy Provincial Secretary for Province of Quebec, Quebec, P.Q.

Note (1). Such Extra Provincial Corporations are also subject to Articles 6091-6097, R. S. Q. (Article 6110, Quebec Companies Act, 1920).

C. *Registration Fees.*

Dominion Companies are not required to pay registration fees as are Extra Provincial Companies, upon commencing business in the Province. They are all, however, subject to the annual taxes imposed under Article 1347.

Article 1347 (R. S. Q. 1909 and amendments) reads in part as follows:

The annual taxes imposed upon and payable by the corporations, companies, partnerships, associations, firms, persons and agents mentioned and specified in article 1345 shall be as follows:

1.—*Incorporated Companies.*

(a) One tenth of one per cent. upon the amount of the paid-up capital.

(b). An additional tax of thirty dollars for each place of business, factory or workshop in the cities of Montreal and Quebec, and of fifteen dollars for each place of business, factory or workshop in every other place.

(c).

(d) The Lieutenant-Governor in Council may allow incorporated companies coming under this division such reduction of taxes for a fixed or undetermined period, as he may deem just, in proportion to the nature and importance of their operations in the Province, when their principal place of business is without the Province or when, their chief office being within the Province, they employ therein only a part of their paid-up capital, and their manufactories or other establishments, representing the larger portion of their capital, are situate without the Province; but the tax exacted must never be less than fifty dollars.

D. *Returns—*

All Companies, Dominion and Extra Provincial, carrying on business in the Province are required to make an annual Return under Form 47 or 47F in duplicate *on or before the first May in each year*, in accordance with R. S. Q. (1909) Article 1350.

Under Article 1368a and amendments R. S. Q. 1909, all Companies or Corporations including Extra Provincial Companies or Corporations, must, *on or before the first day of July in each year* make a Return under Form 62A, showing every change of ownership consequent upon the sale, transfer or assignment of shares, debentures or debenture stock or of bonds made or carried into effect during the preceding calendar year,

together with the amount thereof, on the par value of such shares, bonds, debentures or debenture stock, and if during any year a Company or Corporation has made no such sale, transfer or assignment, the Company is no less bound to make a Return to that effect.

Trust Companies which act as transfer agents of other Corporations or Companies may make such Return, but then the Return shall give all the details which the Provincial Treasurer may require concerning each sale or transfer or registration of transfer.

In the case of Companies or Corporations of which the shares, bonds, debentures or debenture stock are sold or transferred upon an incorporated stock exchange, the Provincial Treasurer may accept the Return of such stock exchange in lieu of the Return required by the first paragraph.

The said transfer tax does not apply to any transfer or assignment of shares, bonds, debentures or debenture stock made *bona fide* for the security of loans, nor to the re-transfer or re-assignment of the same to the borrower, nor to any transmission owing to death.

No filing fee is payable upon either of the above Returns.

- E. Printed copies of Returns under Article 1350 (Form 47F) and Article 1368A and amendments (Form 62A) are obtainable from the Honourable, the Provincial Secretary, Quebec, P.Q.

Printed copies of forms covering Petition and Power of Attorney for Extra Provincial Companies are obtainable from the same source.

NEW BRUNSWICK:

- A. The Corporations Tax Act (1920) (N. B. 10 Geo. V. c. V.).
- B. Dominion and Extra Provincial Companies desiring to carry on business in the Province of New Brunswick are not required to take out a license. They are required, under "The Corporations Tax Act 1920" to fill in an application form for authority to carry on business and forward same to the Provincial Secretary-Treasurer, Fredericton, New Brunswick.

C. Annual Taxation Fees:

Sections 11, 12 and 19 of "The Corporations Tax Act 1920" read as follows:—

"11. Upon all Extra Provincial Corporations, for taxation of which provision has not been hereinbefore made, carrying on business within the Province, an annual tax of

one hundred dollars where the capital stock of the company does not exceed the sum of one hundred thousand dollars, and an annual tax of two hundred dollars where the capital stock exceeds the said sum.

"12. Such taxes, as far as respects the corporations or associations mentioned in the preceding sections, shall be payable by such corporations and associations annually on the first judicial day in the month of June in each year, on which day the annual payment of the taxes aforesaid shall be due and payable by such companies to the Provincial Secretary-Treasurer of the Province, and such taxes shall be for the year following the date on which the same are hereby made payable.

"19. Where any Extra Provincial Corporation carries on outside of New Brunswick an established business, the Lieutenant-Governor in Council may reduce the tax imposed upon such corporation to such sum as he may deem just, having regard to the nature and importance of the business proposed to be carried on in New Brunswick, and the amount of capital proposed to be used therein. A company seeking a reduction of tax under this section, shall give to the Provincial Secretary-Treasurer such statements and information respecting its business and financial position as he may call for, and shall verify the same in such manner as he may require."

D. Returns:

A new Return must be made when the Capital Stock of the Company is changed, as the annual fees are based on this amount. Otherwise, no Returns are required to be filed and authority to carry on business is set forth in section 28 of the Corporations Tax Act, 1920, which reads as follows:

"28. Any agent or person paying the tax aforesaid shall receive a certificate under the hand of the Provincial Secretary-Treasurer, of the payment of the said tax, and upon such payment, and the issue of such certificate, notice thereof shall be published in the Royal Gazette. The payment of such tax and issuing of such certificate shall entitle the person named therein to prosecute the said business for one year from the date of said certificate, but no longer."

E. Printed Forms:

Printed Application forms requesting authority to carry on business may be obtained from Provincial Secretary, Fredericton, N.B. Also, pamphlet copies of the Corporations Tax Act, 1920, may be obtained from the same Department.

NOVA SCOTIA:

- A. (1) "The Domestic, Dominion and Foreign Corporations Act, 1912"—N. S. (1912) 2 Geo. V. c. 15, as amended (1915), c. 37; (1916, c. 2; (1916), c. 7; 1919, c. 56; (1920), c. 36. Note (1).

(2). "An Act respecting the Taxation of Certain Companies"—N. S. (1919) 9-10 Geo. V. c. 12.

- B. A Company desiring to carry on business in the Province of Nova Scotia must first obtain from the Registrar of Joint Stock Companies a certificate of registration. Before such certificate is issued the Company must file a statement, verified under oath by one of its principal officers, in accordance with section 24 of the Act (1912) 2 Geo. V. c. 15.

Attached to said statement, the Company must also file, in accordance with section 25 of the Act, a statement showing the name and address of an agent, resident within the Province.

C. *Annual Registration Fee:*

(1) Section 28 of the Act (as amended (1919) 9-10 Geo. V. c. 56) provides as follows:

"Every Corporation holding a certificate of registration shall, in the month of January in each year, pay to the registrar a fee (in this part called an annual registration fee) as follows:

In the case of a Domestic Corporation or of a Dominion Corporation:—

Having a nominal capital not exceeding \$5,000, a fee of \$5.00;

Having a nominal capital not exceeding \$10,000, a fee of \$10.00;

Having a nominal capital not exceeding \$25,000, a fee of \$15.00;

Having a nominal capital not exceeding \$50,000, a fee of \$25.00;

Having a nominal capital not exceeding \$75,000, a fee of \$35.00;

Having a nominal capital not exceeding \$100,000, a fee of \$50.00;

Having a nominal capital not exceeding \$500,000, a fee of \$75.00;

Having a nominal capital not exceeding \$1,000,000, fee of \$100.00;

Having a nominal capital exceeding \$1,000,000, a fee of \$100.00; and ten cents for every \$1,000 of its nominal capital over \$1,000,000.

In the case of a Foreign Corporation:

Having a nominal capital not exceeding \$10,000, a fee of \$20.00;

Having a nominal capital not exceeding \$50,000, a fee of \$50.00;

Having a nominal capital not exceeding \$100,000, a fee of \$100.00;

Having a nominal capital not exceeding \$500,000, a fee of \$150.00;

Having a nominal capital exceeding \$500,000, a fee of \$150.00 and ten cents for every \$1,000 of its nominal capital over \$500,000.

Provided, however, that with respect to a Dominion Corporation or to a Foreign Corporation having a nominal capital exceeding \$1,000,000 and carrying on business in Nova Scotia heretofore, and carrying on also an established business outside of Nova Scotia in which at least fifty per cent. of its subscribed capital is invested, the Governor-in-Council may reduce the annual registration fee payable under this section to such sum as he may think just, having regard to the nature and importance of its business in Nova Scotia and the amount of capital used therein; provided also that with respect to such corporation not carrying on business in Nova Scotia heretofore when applying for registration under this Act the Governor-in-Council may reduce the annual registration fee to such sum as he may think just, having regard to the nature and importance of the business proposed to be carried on in Nova Scotia and the amount of capital proposed to be used therein. A Corporation seeking reduction of the fee under this section shall give to the Registrar such statement and information respecting its business and financial position as he may call for, and shall verify the same in such manner as he may require. But in no case shall the annual registration fee from such a corporation seeking a reduction hereunder be less than the sum of \$150.00 in the case of a Dominion Corporation, or \$200.00 in the case of a Foreign Corporation.

If any such Corporation makes default in paying any annual registration fee that is due and payable by it as aforesaid, such Corporation shall be liable to a penalty of double the amount of the annual registration fee.

Every Corporation shall pay in addition the following fees:

For filing appointment of agent or change of same..	\$ 1.00
For filing documents or notice other than the annual statement	2.00
For registering a change in name of a Dominion or Foreign Corporation.	10.00
(2) Chapter 12 (1919) 9-10 Geo. V. imposes additional taxation on "every incorporated Company that carries on business in Nova Scotia with a paid-up capital of five hundred thousand dollars or more."	

D. (1) An Annual Return by all Corporations holding a certificate of registration must be filed with the Registrar of Joint Stock Companies, Halifax, Nova Scotia, *in the month of January each year*. This statement must be verified under oath by its agent resident within the Province and show the names of its directors and officers, the amount of its nominal capital stock, the amount of stock subscribed or issued and the amount paid up thereon. (Section 26).

(2) An annual statement by Incorporated Companies of \$500,000 paid-up capital or more (Statutes of Nova Scotia, 1919, c. 12), must be delivered to the Provincial Treasurer, *on or before the 30th June* in each year.

The following printed copies of forms are obtainable from the Registrar of Joint Stock Companies, Halifax, N.S.:—

(a) Statement under section 24 in re Domestic, Dominion and Foreign Corporations Act, 1912.

(b) Appointment of agent under section 25 in re Domestic, Dominion and Foreign Corporations Act, 1912.

(c) Statement by Incorporated Companies having paid-up capital of \$500,000 or more (chapter 12, Acts of 1919).

PRINCE EDWARD ISLAND.

A. The Taxation Act, 1920 (10-11 Geo. V., c. 3).

B. The following information is required to be submitted to the Provincial Treasurer, Charlottetown, Prince Edward Island:

(a) A true copy of the charter and regulations of the Company:

(b) An affidavit or statutory declaration that the Company is still in existence and legally authorized to transact business and certain other information enumerated thereunder.

- C. The Taxation Act (1920), 10-11 Geo. V. c. 3, imposes different fees upon different classes of companies carrying on business in the Province.
- D. An annual return in *April* to the Provincial Treasurer showing all changes in the directors, officers and agents of the company that have taken place during the preceding year (10-11 Geo. V. c. 3, s. 123).
- E. Printed forms are obtainable from the Provincial Treasurer, Charlottetown, P.E.I.

**TAXATION ON TRANSFERS OF SHARES, BONDS,
DEBENTURES OR DEBENTURE-STOCK.**

DOMINION:

The Special War Revenue Act, 1915, section 12, as amended 1920, sub-section 13, reads as follows:—

" (13) No person shall sell or transfer the stock or shares of any association, company or corporation, by agreement for sale, entry on the books of the association, company or corporation, by delivery of share certificates or share warrants endorsed in blank, or in any other manner whatsoever, or accept the transfer or delivery of any stock or share unless in respect of such sale or transfer there is affixed to or impressed upon the document evidencing the ownership of such stock or shares, or a document showing the transfer or agreement to transfer thereof, an adhesive stamp, or a stamp impressed thereon by means of a die of the value of two cents for every one hundred dollars or fraction thereof of the par value of the stock or shares sold or transferred. Provided that in case of sale where the evidence of transfer is shown only by the books of the company the stamp shall be placed or impressed upon such books; and where the change of ownership is by transfer of the certificate, the stamp shall be placed or impressed upon the certificate; and in case of an agreement to sell, or where the transfer is by delivery of the certificate assigned in blank, there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed or impressed, and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. Provided that the first delivery by a corporation or company of such shares, or debenture stock, in order to effect an issue, shall not be subject to the tax imposed by this sub-section.

(2) Any person who violates any of the provisions of this sub-section shall be liable to a penalty not exceeding five hundred dollars."

ONTARIO:

The Corporations Tax Act, R. S. O. (1914), c. 27, as amended, ¹⁹²⁰ section 12, reads as follows:—

"There shall be levied a tax of ~~two~~^{two} cents, payable by the transferor in money or stamps, for every \$100 or fraction

thereof of the par value upon every change of ownership consequent upon the sale, transfer or assignment of shares, or debenture-stock issued by any corporation or company made or carried into effect in Ontario; but the first delivery by the corporation or company of such shares, or debenture stock, in order to effect an issue, shall not be subject to the tax imposed by this section.

12A. (1) Every corporation or company shall make an annual return to the Treasurer showing every sale, transfer or assignment of shares, or debenture stock issued by such corporation or company, made or carried into effect in Ontario together with the amount of transfer tax collected.

(a) In the case of a company the shares or debenture stock of which are sold and transferred upon an incorporated stock exchange, the Treasurer may accept a return showing the total amount of such sales, transfers or assignments, and the total amount of the transfer tax collected in lieu of the return required by this sub-section.

(2) Such return shall be verified by the affidavit of the president and secretary, and if there are no such officers, or they, or either of them are, or is, at the proper time out of Ontario or otherwise unable to make the same, by the affidavit of the president or secretary and one of the directors, or two of the directors, as the case may require, and if the president or secretary does not make or join in the affidavit the reason therefor shall be stated in the substituted affidavit.

(3) Such return and affidavit verifying the same shall form part of and be attached to the annual summary or return required under the Ontario Companies Act and the Extra-Provincial Corporations Act, and shall be forwarded to the Provincial Secretary on or before the 8th day of February in each year."

QUEBEC:

Tax on Transfers of Shares, Bonds, Debentures and Debenture Stock, R. S. Q. 1909, Articles 1360-1373 (inclusive), as amended.

Articles 1360 to 1362A, as amended, inclusive, and Article 1368A, read as follows:—

1360. In order to provide for the exigencies of the public service, there shall be levied, in accordance with the rules hereinafter set forth, a tax upon every change of ownership consequent upon the sale, transfer or assignment of shares,

bonds, debentures or debenture-stock issued by any corporation or company, made or carried into effect in this Province; but the first delivery by the corporation or company, of such shares, bonds, debentures or debenture-stock, in order to effect an issue, is not subject to the tax imposed by this article.

1361. Such tax shall be paid in money or in adhesive stamps, issued according to the laws of this Province, and particularly in accordance with the provisions of section 23 of this chapter respecting stamps (Articles 1443 to 1479), and with any Order-in-Council passed or to be passed respecting the same.

1362. The amount of money which shall be paid or of stamps which shall be affixed shall be two cents for every hundred dollars or fraction thereof of the par value of such shares, bonds, debentures or debenture-stock, sold, transferred or assigned.

In the case of shares which have no fixed par value, the amount of money which shall be paid or of stamps which shall be affixed shall be two cents for every such share, except when the market value of such share is more than one hundred dollars, in which case the amount shall be two cents for every hundred dollars or fraction thereof of such market value.

1368A. On or before the first day of July, in each year, every company or corporation including every extra-provincial company or corporation which has a branch, or an agency, or an office of any kind or description in the Province shall make a return to the Provincial Treasurer, showing every change of ownership consequent upon the sale, transfer or assignment of shares, bonds, debentures or debenture-stock made or carried into effect by such company or corporation during the preceding calendar year, together with the amount thereof, at the par value of such shares, bonds, debentures or debenture-stock; and if, during any year, a company or corporation has made no such sale, transfer or assignment, the company is no less bound to make a return to that effect.

Trust companies which act as transfer agents of other corporations or companies, may make such return; but then the return shall give all the details which the Provincial Treasurer may require concerning each sale or transfer or registration of transfer.

In the case of companies or corporations of which the shares, bonds, debentures or debenture-stock are sold or transferred upon an incorporated stock exchange, the Provincial

Treasurer may accept the return of such stock exchange in lieu of the return required by the first paragraph of this article.

Such return shall be attested by the affidavit of the president or secretary of the company or corporation or trust company, as the case may be, or, in the case of an extra-provincial company, by the affidavit of the person constituted its chief agent in the Province by the power of attorney deposited in the office of the Provincial Secretary under Article 6100.

CORPORATION TAXATION ACTS.

The following is a list of the various Provincial Taxation Acts applicable generally to Banking, Loan, Railway, Street Railway, Sleeping or Parlor Car, Trust, Telegraph, Telephone, Express, Navigation, Building, Insurance, Land, etc., Companies.

The Corporation Taxation Acts of the Provinces of Alberta, Quebec and New Brunswick, apply also to Extra-Provincial Companies.

BRITISH COLUMBIA:

- (1) Taxation Act, R. S. B. C. 1911, c. 222, as amended 1913, c. 71; 1916, c. 64; 1917, c. 62; 1918, c. 89; 1919, c. 79; 1920, c. 89.

Returns due *31st January* each year (section 143).

Returns due *1st September* each year (section 142).

ALBERTA:

- (1) The Corporations Taxation Act. Statutes of Alberta, 1907, c. 19, as amended 1908, c. 20; 1909, c. 4; 1911-12, c. 4; 1913 (2nd Session), c. 19; 1916, c. 13; 1917, c. 3; 1918, c. 31.

Return due *30th June* each year (section 8).

SASKATCHEWAN:

- (1) The Corporations Taxation Act, 1919, c. 4.
Returns due *1st May* each year (section 20).

MANITOBA:

- (1) The Corporations Taxation Act, R. S. M. c. 191, as amended 1914, c. 115; 1915, c. 82; 1915, c. 83; 1917, c. 16; 1918, c. 91; 1919, c. 7; 1920, c. 17.

Returns due *1st April* each year (section 8).

ONTARIO:

- (1) The Corporations Tax Act, R. S. O. c. 27, as amended 1914, c. 11; 1915, c. 8; 1916, c. 8. *1920 c. 9*

Returns due *1st June* each year (section 8).

QUEBEC:

- (1) Taxes upon Commercial Corporations, Companies, Partnerships, Associations, Firms and Persons, R. S. Q. (1909), Articles 1345-1359 inclusive, as amended 1912, c. 18; 1916, c. 18.

Returns due *1st May* each year (Article 1350).

NEW BRUNSWICK:

- (1) The Corporations Tax Act (1920), c. V.
Returns due *1st May* each year (section 13).

NOVA SCOTIA:

- (1) The Supplementary Revenue Act (1919), c. 13.
Returns due *1st April* each year (section 17).
- (2) Taxation of Incorporated Companies having a paid-up capital of \$500,000 or more (1919), c. 12.

NOTE.—If this Act is applicable the company is entitled to have deducted from the amount of tax payable under the Act in any year the amount payable by it in such year under the provisions of the Supplementary Revenue Act (section 4).

Returns due *30th June* each year (section 5).

PRINCE EDWARD ISLAND:

- (1) The Taxation Act (1920), c. 3.
Returns due *1st July, 1920* and *1st September* thereafter (section 107).

BLUE SKY LAWS.

Statutes are in force in the following Provinces regulating the sale of stocks and securities:—

ALBERTA:

The Sale of Shares Act, 1916, c. 8, as amended 1917, c. 3;
1918, c. 4, s. 65; 1918, c. 17.

SASKATCHEWAN:

The Sale of Shares Act, 1919-20, c. 63.

MANITOBA:

The Sale of Shares Act, R. S. M. 1913, c. 175, as amended
1913-14, c. 105; 1915† c. 69; 1916, Errata of 1915, page 1;
1916, c. 69; 1920, c. 117.

PROVINCIAL COMPANIES ACTS.

The Provincial Companies Acts, with amendments, are as follows:—

BRITISH COLUMBIA:

R. S. B. C. (1911), c. 39, as amended (1912), c. 3; (1913), c. 10; (1913), c. 33, s. 49; (1914), c. 12; (1915), c. 12; (1916), c. 10; (1916), c. 77, s. 41; (1917), c. 10; (1918), c. 14; (1920), c. 14.

ALBERTA:

Ordinances N. W. T. (1898), c. 61, as amended (1907), c. 5, s. 13; (1908), c. 20, s. 3; (1909), c. 5, s. 1; (1911-12), c. 4, s. 5; (1913), (1st. Sess.), c. 9, s. 7; (1913) 2nd Sess.), c. 20; (1914), c. 10; (1916), c. 3, c. 26; (1918), c. 4, s. 8; (1918), c. 4, s. 30; (1918), c. 30.

SASKATCHEWAN:

(1915), c. 14, as amended (1916), c. 37; (1917), c. 34; (1917), (2nd Sess.), c. 23; (1918-19), c. 31; (1919-20), c. 21.

MANITOBA:

R. S. M. (1913), c. 35, as amended (1914), c. 22 and 23; (1916), c. 20; (1917), c. 12.

ONTARIO:

R. S. O. (1914), c. 178, as amended (1914), c. 29; (1915), c. 20, s. 18; (1916), c. 35; (1917), c. 38; (1918), c. 20, s. 29; (1919), c. 41.*

QUEBEC:

(1920), c. 72.

NEW BRUNSWICK:

(1916), c. 14, as amended (1917), c. 20; (1918), c. 35.*

NOVA SCOTIA:

R. S. N. S., c. 128, as amended (1901), c. 11; (1902), c. 8; (1903), c. 18 and 19; (1904), c. 23; (1905), c. 10; (1906), c. 45; (1907), c. 46; (1909), c. 38 and 39; (1912), c. 45, 46 and 47; (1913), c. 28, s. 16; (1916), c. 7, s. 2; (1917), c. 35; (1918), c. 23, s. 8; (1919), c. 50.*

* Amendments noted up to but not including 1920.

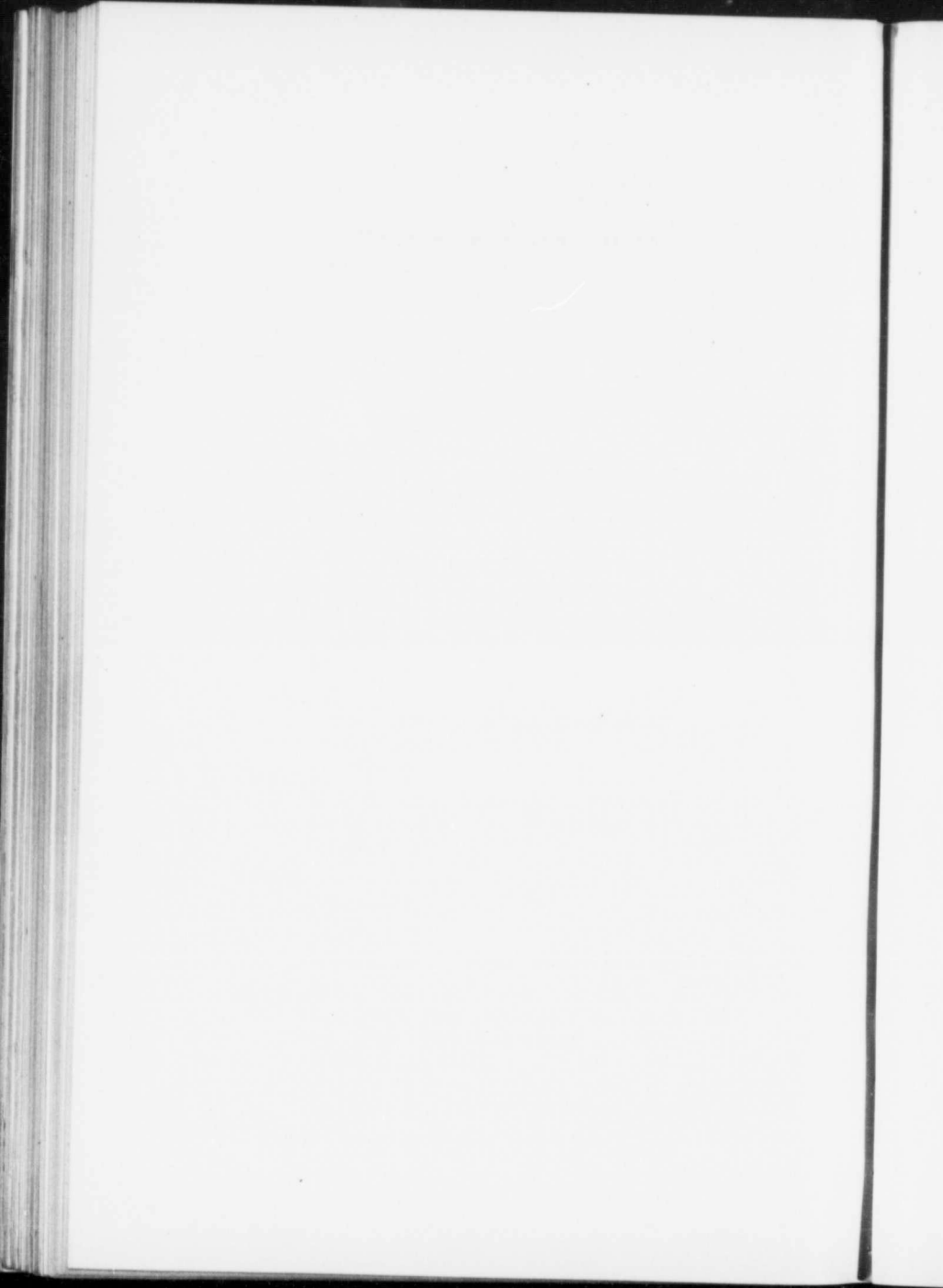
PRINCE EDWARD ISLAND:

(1915), c. 14.*

Provinces Incorporating Companies by:

1. *LETTERS PATENT*: Manitoba, Ontario, Quebec, New Brunswick.
2. *MEMORANDUM OF ASSOCIATION*: British Columbia, Alberta, Saskatchewan, Nova Scotia, Prince Edward Island.

* Amendments noted up to but not including 1920.



The Business Profits War Tax Act

(CONSOLIDATED)

6-7 GEORGE V.

CHAP. 11.

An Act to levy a tax on Business Profits.

[Assented to 18th May, 1916.]

Revised according to amendments made: (1917), 7-8 Geo. V., c. Amend-6; (1918), 8-9 Geo. V., c. 10; (1919) 9-10 Geo. V., c. 39; (1920), ments. 10-11 Geo. V., c. 36.

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

1. This Act may be cited as *The Business Profits War Tax Act* Short title. *Act, 1916.*
2. In this Act and in any regulations made under this Act, Definitions. unless the context otherwise requires,—
 - (a) "Minister" means the Minister of Finance of Canada; "Minister,"
 - (b) "Board" means the Board of Referees appointed under "Board," the provisions of section nine hereof;
 - (c) "non-Canadian company" means an incorporated company "Non-Canadian company." having its head office or principal place of business outside Canada, but having assets in or carrying on business in Canada, either directly or through or in the name of any other person;
 - (d) "person" means any individual or person and any part- "Person." nership, syndicate, trust, association or other body, and any body corporate, and the heirs, executors, administrators, curators and assigns or other legal representatives of such person, according to the law of that part of Canada to which the context extends;
 - (e) "tax" means the tax, toll or duty authorized by section "Tax." three of this Act;

"Taxpayer." (f) "taxpayer" means any person paying, liable to pay, or suspected by the Minister to be liable to pay any tax imposed by this Act.

Tax imposed. 3. There shall be levied and paid to His Majesty a tax of twenty-five per centum of the amount by which the profits earned in any business exceeded, in the case of a business owned by an incorporated company, the rate of seven per centum per annum, and, in the case of a business owned by any other person, the rate of ten per centum per annum upon the capital employed in such business. Such tax shall be levied against and paid by the person owning such business for each and every accounting period ending after the thirty-first day of December, one thousand nine hundred and fourteen. In any business where the said profits exceed fifteen per centum per annum, the said tax shall be increased to fifty per centum with respect to all profits in excess of the said fifteen per centum, but not exceeding twenty per centum, and where the said profits exceed twenty per centum per annum the said tax shall be increased to seventy-five per centum with respect to all profits in excess of the said twenty per centum and such increases in the tax shall be levied against and paid by the person owning such business for each and every accounting period ending after the thirty-first day of December, one thousand nine hundred and sixteen. Any person having a business with a capital of not less than twenty-five thousand dollars and under fifty thousand dollars shall pay a tax of twenty-five per centum of the amount of the profits exceeding ten per centum per annum upon the amount of the capital employed therein.

Provided, however:—

Amount paid
under c. 8,
Statutes,
1915, to be
deducted.

(a) That the amount paid or payable by any person under the provisions of Part One of the *Special War Revenue Act, 1915* and the *Income War Tax Act, 1917*, shall be deducted from the amount which such person would otherwise be liable to pay under the provisions of this Act, and the Minister shall have power to determine any questions that may arise in consequence of any difference in the several periods for which the taxes under the said Acts and under this Act respectively are payable, and the decision of the Minister thereon shall be final and conclusive, but in computing the profits of his business no taxpayer shall include any taxes paid under the said Acts in the expenses of his business.

Dividends
from tax
paying
company
exempted.

(b) that the dividends received from the stock of any incorporated company which has paid a tax upon its profits under the provisions of this Act shall not be included when the profits of any business are being determined;

(2) The profits earned in any business during any account-Amount of
ing period ending in the year nineteen hundred and twenty which tax changed.
do not exceed ten per centum per annum upon the capital employed
in such business shall be exempt from the tax prescribed by this Act ;

Upon any such profits exceeding ten per centum per annum
and not exceeding fifteen per centum per annum upon the capital
employed, there shall be paid a tax equal to twenty per centum of
such profits ;

Upon any such profits exceeding fifteen per centum per annum
and not exceeding twenty per centum per annum upon the
capital employed, there shall be paid a tax equal to thirty per
centum of such profits ;

Upon any such profits exceeding twenty per centum per annum
and not exceeding thirty per centum per annum upon the capital
employed, there shall be paid a tax equal to fifty per centum of
such profits ;

Upon any such profits exceeding thirty per centum per annum
upon the capital employed, there shall be paid a tax equal to sixty
per centum of such profits.

(3) In any business with a capital of not less than twenty-five ^{Tax on}
thousand dollars and under fifty thousand dollars, a tax shall be ^{business}
paid of twenty per centum of the amount by which the profits ^{where capital}
earned during any accounting period ending in the year nineteen ^{from \$25,000}
hundred and twenty in such business exceeds ten per centum per ^{to under}
annum. ^{\$50,000,}

(4) The rates of taxation set forth in section three of this Act, ^{Tax for 1917}
as amended by chapter six of the statutes of 1917, shall apply in ^{and 1918 on}
respect of the profits earned in any accounting period ending in ^{business in-}
the years nineteen hundred and seventeen, nineteen hundred and ^{cluding}
eighteen and nineteen hundred and nineteen by any business liable ^{manufacture,}
to taxation under this Act having a capital of less than fifty thou- ^{etc., of war}
sand dollars, if twenty per centum or more of such profits have been ^{munitions.}
derived from the manufacture or dealing in munitions of war or ^{etc.}
materials or supplies of any kind for war purposes.

4. For the purposes of this Act an accounting period shall be ^{Accounting}
taken to be the period for which the accounts of the business have ^{period}
been made up, but where the accounts of any business have not been ^{defined.}
made up for any definite period or for the period for which they
have been usually made up, or if a year or more has elapsed without
the accounts being made up, the accounting period shall be taken
to be such period and ending on such a date as the Minister may
determine.

5. The businesses to which this Act applies are all trades and ^{Trades and}
businesses (including the business of transportation) of any ^{businesses}
^{included.}

description carried on, or partly carried on, in Canada whether continuously or not except:—

- Exceptions.
- (a) The business of any person the capital employed in which has been throughout the accounting period less than twenty-five thousand dollars, other than a business which, or twenty per centum or more of which, is or has been the manufacturing or dealing in munitions of war or in materials or supplies of any kind for war purposes;
 - (b) the business of life insurance;
 - (c) the business of farming and live stock raising; and
 - (d) the business of any company, commission or association not less than ninety per cent of the stock or capital of which is owned by a province or a municipality.

COMPUTATION OF PROFITS.

- Profits defined.
6. The profits shall be taken to be the net profits arising in the accounting period.
2. The profits of a non-Canadian company shall be the net profits arising from its Canadian business including both domestic and export business.
- No deductions for.
3. No deductions from the gross profits for depreciation or for any expenditure of a capital nature for renewals, or for the development of a business, or otherwise in respect of the business, shall be allowed, except such amount as appears to the Minister to be reasonable and to be properly attributable to the accounting period, and the Minister when determining the profits derived from mining shall make an allowance for the exhaustion of the mines.
- Mines.
4. Any deduction made from the gross profits for the remuneration of directors, managers, and persons concerned in the management of the business shall not (unless the Minister, owing to any special circumstances, otherwise directs), exceed the sums deducted for those purposes in the last accounting period ending before the first day of January, one thousand nine hundred and fifteen, and no deductions shall be allowed in respect of any transaction or operation of any nature where it appears, or to the extent to which it appears, that the transaction or operation has improperly reduced the amount to be taken as the amount of the profits of the business for the purposes of this Act.
- Increasing remuneration of directors, etc.
5. In the case of any contract extending beyond one accounting period from the date of its commencement to the completion thereof and only partially performed in any accounting period there shall (unless the Minister owing to any special circumstances, otherwise directs), be attributed to each of the accounting periods in which such contract was partially performed, such proportion of the entire profits or estimated profits in respect of the complete
- Contracts extending over more than one accounting period.

performance of the contract as shall be properly attributable to such accounting periods respectively, having regard to the extent to which the contract was performed in such periods.

6. Where an incorporated company conducts its business, whether under agreement or otherwise, in such manner as either directly or indirectly to benefit its shareholders or any of them or any persons directly or indirectly interested in such company by selling its product or the goods and commodities in which it deals at less than the fair price which might be obtained therefor, the Minister may for the purposes of this Act determine the amount which shall be deemed to be the profits of such company for any accounting period, and in determining such amount the Minister shall have regard to the fair price which, but for any agreement, arrangement or understanding might be or could have been obtained for such product, goods and commodities.

Companies
not receiving
profit earned
by its
business.

CAPITAL.

7. For the purposes of this Act the capital employed in the business of an incorporated company having its head office or other principal place of business in Canada shall be the amount paid up on its capital stock.

Capital of a
company.

2. For the purposes of this Act the capital employed in the business of a non-Canadian company shall be such portion of the amount paid up on its capital stock as shall bear the same proportion to the amount paid up on its entire capital stock as the value of its assets in Canada bears to the value of its total assets.

Capital of a
non-Canadian
company.

3. For the purposes of this Act the amount paid up on the capital stock of a company shall be the amount paid up in cash. Where stock was issued before the first day of January, one thousand nine hundred and fifteen, for any consideration other than cash, the fair value of such stock on such date shall be deemed to be the amount paid up on such stock; and where stock has been issued since the said first day of January for any consideration other than cash, the fair value of the stock at the date of its issue shall be deemed to be the amount paid up on such stock. In estimating the value of stock issued for any consideration other than cash, regard shall be had to the value of the assets, real and personal, movable and immovable, and to the liabilities of the company at the date as of which such value is to be determined. In no case shall the value of the stock be fixed at an amount exceeding the par value of such stock.

How amount
paid up on
stock is to be
determined.

4. For the purposes of this Act, the actual unimpaired reserve, rest or accumulated profits, held at the commencement of an accounting period by an incorporated company, shall be included as part of its capital as long as it is held and used by the company.

Unimpaired
reserve rest
and accumu-
lated profits
at beginning
of account-

ing period to as capital and dividends paid during an accounting period shall be deemed capital while be considered as a reduction of unimpaired reserve, rest or accumulated profits.

5. The Minister may determine the amount of the capital for the purposes of this Act, of any incorporated company issuing stock after the fifteenth day of February, one thousand nine hundred and sixteen, and if, after the said fifteenth day of February, one thousand nine hundred and sixteen, the capital stock of any incorporated company is increased or additional stock is issued, or if the stock is in any way changed or re-organized in such a manner as to increase the amount of the capital for the purposes of this Act, the Minister may decide whether or not it is fair and proper to include such increase or any part thereof when determining the capital of such company for the purposes of this Act, and the decision of the Minister shall be final and conclusive.

6. In the case of two or more incorporated companies merged or consolidated at any time after the first day of January, nineteen hundred and sixteen, for the purposes of this Act the capital employed in the business of the company into which such other company or companies are merged or consolidated, or of the company created on such merger or consolidation, shall not exceed the capital of the companies so merged or consolidated as the same existed before such merger or consolidation together with any additional capital that may have been invested in such business in cash at the time of such merger or consolidation or thereafter.

Capital of persons other than companies.

8. For the purposes of this Act the capital employed in the business of any person other than an incorporated company shall be taken to be the fair value of all assets, real and personal, movable and immovable, used in connection with such business in the accounting period.

Accumulated profits.

2. Accumulated profits employed in the business shall also be deemed capital.

Debts owing.

3. Any money or debts borrowed or incurred in connection with the business shall be deducted in computing the amount of capital for the purposes of this section.

COLLECTION OF TAX.

Board of Referees.

9. The Governor-in-Council may appoint a Board or Boards of Referees. A Board shall consist of not more than three members and the members of a Board shall jointly and severally have all the powers and authority of a commissioner appointed under Part One of the *Inquiries Act*, Revised Statutes of Canada, 1906, chapter one hundred and four.

Oath.

2. Every member of the Board shall take an oath of office in form I of the schedule to this Act before performing any duty

under this Act. All affidavits made in pursuance of this sub-section shall be filed with the Minister.

10. Every person liable to taxation under this Act shall, on or before the first day of July in each year, without any notice or demand, deliver in duplicate to the Minister a return in form J of the schedule to this Act, or in such other form as the Minister may prescribe covering each accounting period for which he is liable to taxation. In such return the taxpayer shall state an address in Canada to which all notices and other documents to be mailed or served under this Act may be mailed or sent. Return required.

2. The return, in the case of a partnership, syndicate, association or other body, shall be made and signed by a member or officer etc. having a personal knowledge of the affairs of such partnership, syndicate, association or other body, or, in the case of a company, by the president, secretary, treasurer or chief agent having a personal knowledge of the affairs of such corporation, or, in any case, by such other person or persons employed in the business liable, or suspected to be liable, to taxation as the Minister may require.

3. The Minister may at any time enlarge the time for making any return. Enlarging time.

11. If the Minister, in order to enable him to make an assessment, desires further information, or if he suspects that any person who has not made a return is liable to taxation hereunder, he may, by registered letter, require additional information or a return containing such information as he deems necessary to be furnished him within thirty days. Minister may request further return.

2. The Minister may require the production or the production on oath by the taxpayer or by his agent or officer of any letters, accounts, invoices, statements and other documents, account and other books relating to the business of any taxpayer liable, or suspected to be liable, to taxation under this Act. Production of books, etc.

12. For every default in complying with the provisions of the two next preceding sections the taxpayer and also the person or persons required to make a return shall each be liable on summary conviction to a penalty of one hundred dollars for each day during which the default continues. Penalty for not making return.

2. Any person making a false statement in any return, or in any information required by the Minister, shall be liable on summary conviction to a penalty not exceeding ten thousand dollars or to six months' imprisonment, or to both fine and imprisonment. Penalty for false statement.

13. The Minister shall, on or before the first day of September in each year, or on or before such other date as he may in any case

Assessment by Minister.

Tax payable
one month
after assess-
ment instead
of 1st
November.

or cases prescribe, determine the several amounts payable for the tax, and shall thereupon send, by registered mail, a notice of assessment in such form as the Minister may prescribe to each taxpayer notifying him of the amount payable by him for the tax. The tax shall be paid each year within one month from the date of the mailing of the notice of assessment.

In default of payment, interest at the rate of seven per centum per annum shall be paid on such tax until the said tax and interest are paid.

Not binding
on Minister.

2. The Minister shall not be bound by any return or information supplied by or on behalf of a taxpayer, and notwithstanding such return or information, or if no return has been made, the Minister may determine the amount of the tax to be paid by any person.

Liability to
pay tax
continues for
three years.

3. Any person liable to pay the tax shall continue to be so liable ~~for the period of three years from the time at which such tax would have been payable~~, and in case any person so liable shall fail to make a return as required by this Act, or shall make an incorrect or false return, and does not pay the tax in whole or in part, the Minister may at any time ~~within the said three years~~ assess such person for the tax, or such portion thereof as he may be liable to pay, and may prescribe the time within which any appeals may be made under the provisions of this Act from the assessment or from the decision of the Board.

13-1490 v
chap 34

4. The tax may be assessed on any person for the time being owning or carrying on the business or acting as agent for that person in carrying on the business, or, where a business has ceased, on the person who owned or carried on the business or acted as agent in carrying on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business, the Minister may, if he thinks fit, take the accounting period as the period ending on the date on which the ownership has so changed and assess the tax on the person who owned or carried on the business or acted as agent for the person carrying on the business at that date.

Information
not to be
disclosed.

14. No person employed in the service of His Majesty shall communicate or allow to be communicated to any person not legally entitled thereto any information obtained under the provisions of this Act, or allow any such person to inspect or have access to any written statement furnished under the provisions of this Act. Any person violating any of the provisions of this section shall be liable on summary conviction to a penalty not exceeding two hundred dollars.

ASSESSMENT APPEALS.

15. The Board shall act as a Court of Revision, and shall hear ^{Court of} and determine any appeal made by a taxpayer under this Act in ^{Revision.} such place in Canada as the Minister may direct.

16. Any person objecting to the amount at which he is assessed, ^{Notice of} or as having been wrongfully assessed, may, personally or by his ^{appeal.} agent, within twenty days after the date of mailing of the notice of assessment, as provided in section thirteen of this Act, give notice in writing to the Minister in form K of the schedule to this Act that he considers himself aggrieved for either of the causes aforesaid, otherwise such person's right to appeal shall cease and the assessment made shall stand and be valid and binding upon all parties concerned notwithstanding any defect, error or omission that may have been made therein, or in any proceeding required by this Act or any regulation hereunder: Provided, however, that the Minister, either before or after the expiry of the said twenty days, may give a taxpayer further time in which to appeal.

17. The Board, after hearing any evidence adduced and upon ^{Hearing and} such other enquiry as it considers advisable, shall determine the ^{decision by} matter and confirm or amend the assessment accordingly. The ^{Board.} Board may in any case before it increase the assessment. The Board shall send a copy of its decision by registered mail to the taxpayer or his agent or officer. In any case where the appeal is unsuccessful the Board may direct that the person who appealed shall pay the costs or part of the costs of such appeal, and if such appeal is successful the Board may recommend that the costs or any part thereof be paid by the Crown.

2. The tariff of fees in force in the Exchequer Court of Canada shall apply to such appeals.

18. If the taxpayer fails to appear, either in person or by agent, ^{Proceeding} the Board may proceed ^{ex parte.} ex parte or may defer the hearing.

19. If the taxpayer is dissatisfied with the decision of the Board he may, within twenty days after the mailing of the decision, give a written notice to the Minister in form L of the schedule to this Act that he desires to appeal from such decision. If the taxpayer gives such notice, or if the Minister is dissatisfied with the decision, the Minister shall refer the matter to the Exchequer Court of Canada for hearing and determination in form M of the schedule to this Act, and shall notify the taxpayer by registered letter that he has made such reference. On any such reference the Court shall hear and consider such matter upon the papers and evidence referred and upon any further evidence which the taxpayer or the

Crown produces under the direction of the Court, and the decision of the Exchequer Court thereon shall be final and conclusive.

Exclusive jurisdiction of Exchequer Court.

20. Except as hereinafter expressly provided, the Exchequer Court shall have exclusive jurisdiction to hear and determine all questions that may arise in connection with any proceeding taken under this Act, and may award costs in connection therewith.

No assessment to be set aside for technical reasons.

21. No assessment shall be set aside by the Board or by the Court upon the ground that there has been any error or omission in connection with any proceedings required to be taken under this Act or any regulation hereunder, but such Board or Court in any case that may come before it may determine the true and proper amount of the tax to be paid hereunder.

GENERAL.

Tax a debt due Crown.

22. The tax and all interest and costs assessed or imposed under the provisions of this Act shall be recoverable as a debt due to His Majesty from the person on whom it is assessed or imposed.

Recovery of tax, etc.

23. Any tax, interest, costs or penalty that may be assessed, recovered or imposed under this Act may, at the option of the Minister, be recovered and imposed in the Exchequer Court of Canada, or in any other Court of competent jurisdiction in the name of His Majesty.

Tax, etc., lien.

24. Taxes, interest, costs and penalties imposed under this Act shall be a lien and charge upon the property, whether real or personal, movable or immovable, of the person liable to pay the same.

Regulations.

25. The Minister may make any regulations deemed necessary for carrying this Act into effect.

Duration of tax.

26. The provisions of section three of this Act shall not continue in force after the thirty-first day of December, one thousand nine hundred and twenty.

Provided, however, that with respect to every business liable to taxation hereunder the period for which the returns shall be made and during which it shall be liable for assessment shall be at least seventy-two months, commencing with the beginning of the first accounting period ending after the thirty-first day of December, one thousand nine hundred and fourteen, or for such less period as the business may have been carried on from the beginning of the said accounting period to the end of the period for which the said tax may be levied under this Act.

*14-15-920V
Shaw 10*

Provided, also that the tax payable in respect of any business with a capital of not less than twenty-five thousand dollars and under fifty thousand dollars shall be payable for all accounting periods ending after the thirty-first day of December, one thousand nine hundred and seventeen.

SCHEDULE.

FORM I.

THE BUSINESS PROFITS WAR TAX ACT, 1916.

I,, make oath and swear that I will faithfully and honestly fulfil the duties which devolve upon me as a member of a Board of Referees under the *Business Profits War Tax Act, 1916*.

Sworn before me
this day
of A.D. 19...

FORM J.

THE BUSINESS PROFITS WAR TAX, 1916.
For Persons other than Incorporated Companies.

Name of Taxpayer.	Address.	Address in Canada to which notices, etc., may be sent.	Capital employed in Business.	Money borrowed and debts due by taxpayer in connection with Business.	Gross Profits.	Net Profits.	Accounting Period.

(Signature)

For Incorporated Companies.

Name of Company.	Address of Head Office.	Bonds including Debenture Stock.	CAPITAL STOCK PAID UP.		Unimpaired reserve, rest or accumulated profits.	Total of paid up Stock, reserve, rest and accumulated profits.	Gross Profits.	Net Profits.	Accounting Period.	Value of assets in Canada.*	Value of assets outside Canada.*	Profits of Canadian business.*
			Preferred.	Common.								

(Signature)

(Rank of Official)

* This information only required from companies having their head office or other place of business outside Canada.

Address in Canada to which

notices, etc., may be sent.....

FORM K.

THE BUSINESS PROFITS WAR TAX ACT, 1916.

In the matter of the assessment of.....

To the Minister of Finance,—

I hereby give notice that I object to the amount at which I am assessed for the following reasons:

(here shortly describe reasons)

or I am not liable to taxation under the above Act for the following reasons:

(here shortly describe reasons)

Dated this day of A.D. 19....

(Signature)

FORM L.

THE BUSINESS PROFITS WAR TAX ACT, 1916.

In the matter of the assessment of.....

To the Minister of Finance,—

I hereby give notice that I am dissatisfied with the decision given by the Board of Referees in this matter for the following reasons:

(here shortly describe reasons)

and that I desire to appeal to the Exchequer Court of Canada.

Dated this day of A.D. 19....

FORM M.

THE BUSINESS PROFITS WAR TAX ACT, 1916.

In the matter of the assessment of.....

By virtue of the powers vested in me in this behalf under the *Business Profits War Tax Act, 1916*, I hereby refer the appeal of *(or my appeal)* against the decision of the Board of Referees to the Exchequer Court of Canada for adjudication thereon and enclose herewith the said decision and the other papers relating to the matter.

Dated this day of A.D. 19....

To the Registrar of the
Exchequer Court
of Canada.

.....
Minister of Finance.

TABLE—BUSINESS PROFITS WAR TAX

YEAR	ACCOUNTING PERIOD	TAX ON *CAPITAL OF	TAX ON	
			INCORPORATED COMPANIES.	ALL OTHER BUSINESSES.
1916	31st December, 1914 to 31st Dec., 1916.	\$50,000 and over	† Net profits in excess of 7% of Capital Employed. Tax of 25%	Net profits in excess of 10%—Tax of 25%
1917	31st December, 1916, to 31st Dec., 1917.	\$50,000 and over	Net profits from 7% to 15%—Tax of 25% " " " 15% to 20%— " 50% " " above 20%— " 75%	Net profits from 10% to 15%—Tax of 25% " " " 15% to 20%— " 50% " " above 20%— " 75%
1918	31st December, 1917, to 31st Dec., 1918.	\$25,000 up to \$50,000 and over	On Capital between \$25,000 and \$50,000 Net profits exceeding 10%—Tax of 25% On Capital over \$50,000 Net profits from 7% to 15%—Tax of 25% " " " 15% to 20%— " 50% " " above 20%— " 75%	On Capital between \$25,000 and \$50,000 Net profits exceeding 10%—Tax of 25% On Capital over \$50,000 Net profits from 10% to 15%—Tax of 25% " " " 15% to 20%— " 50% " " above 20%— " 75%
1919	31st December, 1918, to 31st Dec., 1919.	\$25,000 up to \$50,000 and over	On Capital between \$25,000 and \$50,000 Net profits exceeding 10%—Tax of 25% On Capital over \$50,000 Net profits from 7% to 15%—Tax of 25% " " " 15% to 20%— " 50% " " above 20%— " 75%	On Capital between \$25,000 and \$50,000 Net profits exceeding 10%—Tax of 25% On Capital over \$50,000 Net profits from 10% to 15%—Tax of 25% " " " 15% to 20%— " 50% " " above 20%— " 75%
1920	31st December, 1919, to 31st Dec., 1920.	\$25,000 up to \$50,000 and over	On Capital between \$25,000 and \$50,000 Net profits exceeding 10%—Tax of 20% On Capital over \$50,000 Net profits from 10% to 15%—Tax of 20% " " " 15% to 20%— " 30% " " " 20% to 30%— " 50% " " above 30%— " 60%	On Capital between \$25,000 and \$50,000 Net profits exceeding 10%—Tax of 20% On Capital over \$50,000 Net profits from 10% to 15%—Tax of 20% " " " 15% to 20%— " 30% " " " 20% to 30%— " 50% " " above 30%— " 60%

* Capital as defined by the Act for—

(1) Incorporated companies means paid-up capital plus actual unimpaired reserve, rest or accumulated profits. See sec. 7 (4).

(2) Unincorporated companies means the surplus of assets over liabilities. See sec. 8.

" Goodwill"—for which stock has been issued and forming part of paid-up capital not allowed for purpose of taxation, except when paid for in cash. (Sec. 7, sub-sec. 3).

† Deductions from profits—

(a) Special War Revenue Act. Sec. 3 (a).

(b) Income War Tax Act. Sec. 3 (a).

(c) Dividends from stocks of other companies which have already paid tax. See sec. 3 (b).

(d) See Computation of Profits. Sec. 6 *et seq.*

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The Income War Tax Act

(CONSOLIDATED)

7-8 GEORGE V.

CHAP. 28

An Act to authorize the levying of a War Tax upon certain incomes.

[Assented to 20th September, 1917.]

(Revised according to amendments made 8-9 Geo. V. (1918), c. Amendments. 25; 9-10 Geo. V. (1919), c. 55; 10-11 Geo. V. (1920), c. 49.)

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

1. This Act may be cited as the *Income War Tax Act, 1917.* Short title.
2. In this Act, and in any regulations made under this Act, Definitions, unless the context otherwise requires,—
 - (a) "Board" means a Board of Referees appointed under "Board." section twelve hereof;
 - (b) "Minister" means the Minister of Finance; "Minister."
 - (c) "normal tax" means the tax authorized by paragraph "Normal tax." (a) of sub-section one of section four of this Act.
 - (d) "person" means any individual or person and any syndi- "Person." cate, trust, association or other body and any body corporate, and the heirs, executors, administrators, curators and assigns or other legal representatives of such person, according to the law of that part of Canada to which the context extends;
 - (e) "surtax" means the taxes authorized by paragraph "Surtax." (b) of sub-section one of section four of this Act.
 - (f) "taxpayer" means any person paying, liable to pay, or "Taxpayer." believed by the Minister to be liable to pay, any tax imposed by this Act;
 - (g) "year" means the calendar year; "Year."
 - (h) repealed, 1919:

- "Dependent child." (i) "dependent child" means a child under twenty-one years of age and dependent on his parent for support, or over twenty-one years of age and dependent on his parent for support on account of physical or mental incapacity.
- "Persons employed in Canada." (j) "Persons employed in Canada" means all persons who receive, directly or indirectly, salary, wages, commissions, fees or other remuneration derived from sources within Canada for personal services, any part of which is performed in Canada;
- "Commissioner of taxation." (k) "Commissioner of Taxation" means the officer appointed by the Governor-in-Council pursuant to the provisions of this Act, having such powers and performing such duties as are assigned to him by the Governor-in-Council or by the Minister under the provisions of this Act;
- "Dividends." (l) "dividends" shall include stock dividends.
- "Income." 3. (1) For the purposes of this Act, "income" means the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be, whether derived from sources within Canada or elsewhere, and shall include the interest, dividends or profits directly or indirectly received from money at interest upon any security or without security, or from stocks, or from any other investment, and, whether such gains or profits are divided or distributed or not, and also the annual profit or gain from any other source; including the income from, but not the value of property acquired by gift, bequest, devise or descent; and including the income from, but not the proceeds of life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract, or upon the surrender of the contract, and including the salaries, indemnities or other remuneration of members of the Senate and House of Commons of Canada and officers thereof, members of Provincial Legislative Councils and Assemblies and Municipal Councils, Commissions or Boards of Management, any Judge of any Dominion or Provincial Court appointed after the passing of this Act, and of all persons whatsoever whether the said salaries, indemnities or other remuneration are paid out of the revenues of His Majesty in respect of His Government of Canada, or of any province thereof, or by any person,
- Excepted income.

except as provided in section five of this Act with the following exemptions and deductions:—

- (a) Such reasonable amount as the Minister, in his discretion, may allow for depreciation, and the Minister in determining the income derived from mining and from oil and gas wells and timber limits shall make such an allowance for the exhaustion of the mines, wells and timber limits as he may deem just and fair; Allowance for depreciation and for exhaustion of mines, gas and oil wells, and timber limits.
 - (b) for the purposes of the normal tax only, two hundred dollars for each child under eighteen years of age who is dependent upon the taxpayer for support; Exemption in respect of children.
 - (c) repealed, 1920;
 - (d) dividends received by or credited to shareholders of a corporation which is liable to taxation under the provisions of this Act shall not be liable to the normal tax in the hands of the shareholders, but shall be liable to the supertax and surtax provisions of this Act, or any amendment thereto. The amount of the exemption from the normal tax to the shareholder shall not exceed the net amount of such dividends after the deduction of the interest or carrying charges, if any, in respect of such dividends; Dividends from corporations liable to tax.
 - (e) in determining the income no deduction shall be allowed in respect of personal and living expenses, and in cases in which personal and living expenses form part of the profit, gain or remuneration of the taxpayer, the same shall be assessed as income for the purposes of this Act; Personal and living expenses.
 - (f) deficits or losses sustained in transactions entered into for profit but not connected with the chief business, trade, profession or occupation of the taxpayer shall not be deducted from income derived from the chief business, trade, profession or occupation of the taxpayer in determining his taxable income, and the Minister shall have power to determine what deficits or losses sustained in transactions entered into for profit are connected with the chief business, trade, profession or occupation of the taxpayer, and his decision shall be final and conclusive. Losses. Determination of deficits and losses.
- (2) Where an incorporated company conducts its business, whether under agreement or otherwise, in such manner as either directly or indirectly to benefit its shareholders or any of them, or any persons directly or indirectly interested in such company, by selling its product or the goods and commodities in which it deals at less than the fair price which might be obtained therefor, the Minister may, for the purposes of this Act, determine the amount which shall be deemed to be the income of such company for the year, and in determining such amount the Minister shall have regard to the fair price which, but for any agreement, arrange-

- ment or understanding, might be or could have been obtained for such product, goods and commodities.
- Non-residents.** (3) In the case of the income of persons residing or having their head office or principal place of business outside of Canada, but carrying on business in Canada, either directly or through or in the name of any other person, the income shall be the net profit or gain arising from the business of such person in Canada.
- Undistributed profits of corporations.** (4) The share of a taxpayer in the undivided or undistributed gains and profits of a corporation shall not be deemed to be taxable income of the taxpayer, unless the Minister is of opinion that the accumulation of such undivided and undistributed gains and profits is made for the purpose of evading the tax, and is in excess of what is reasonably required for the purposes of the business.
- Dividends or shareholders' bonuses.** (5) Dividends declared or shareholders' bonuses voted after the thirty-first day of December, one thousand nine hundred and nineteen, shall be taxable income of the taxpayer in the year in which they are paid or distributed.
- Income from an estate or accumulating in trust.** (6) The income, for any taxation period, of a beneficiary of any estate or trust of whatsoever nature shall be deemed to include all income accruing to the credit of the taxpayer whether received by him or not during such taxation period. Income accumulating in trust for the benefit of unascertained persons, or of persons with contingent interests shall be taxable in the hands of the trustees or other like persons acting in a fiduciary capacity, as if such income were the income of an unmarried person.
- Money retained by employer for pension, etc.** (7) Any part of the remuneration of a taxpayer retained by his employer in connection with an employee's superannuation or pension fund or plan shall be allowed as an exemption or deduction from the income of the taxpayer for income tax purposes, and any payment to an employee out of such fund or plan shall be included as taxable income of the employee.
- Income tax and persons liable thereto.** 4. (1) There shall be assessed, levied and paid upon the income during the preceding year of every person,—
- (i) residing or ordinarily resident in Canada; or,
 - (ii) who remains in Canada during any calendar year for a period or periods equal to one hundred and eighty-three days; or,
 - (iii) who is employed in Canada; or,
 - (iv) who, not being a resident of Canada, is carrying on business in Canada, or,
 - (v) who, not being a resident of Canada, derives income for services rendered in Canada, to any person resident or carrying on business in Canada, but only upon that portion of the income so earned by such non-resident.
- except corporations and joint stock companies, the following taxes:

(a) Four per centum

upon all income exceeding one thousand dollars, but not Normal tax.
exceeding six thousand dollars in the case of unmarried persons and widows or widowers without dependent children, and persons who are not supporting dependent brothers or sisters under the age of eighteen years, or a dependent parent or parents, grandparent or grandparents, and exceeding two thousand dollars, but not exceeding six thousand dollars in the case of all other persons, and

Eight per centum

upon all income exceeding six thousand dollars.

And in addition thereto the following surtax:

(b) One per centum upon the amount by which the income Surtax.
exceeds five thousand dollars and does not exceed six thousand dollars;

Two per centum upon the amount by which the income exceeds six thousand dollars and does not exceed eight thousand dollars;

Three per centum upon the amount by which the income exceeds eight thousand dollars and does not exceed ten thousand dollars;

Four per centum upon the amount by which the income exceeds ten thousand dollars and does not exceed twelve thousand dollars;

Five per centum upon the amount by which the income exceeds twelve thousand dollars and does not exceed fourteen thousand dollars;

Six per centum upon the amount by which the income exceeds fourteen thousand dollars and does not exceed sixteen thousand dollars;

Seven per centum upon the amount by which the income exceeds sixteen thousand dollars and does not exceed eighteen thousand dollars;

Eight per centum upon the amount by which the income exceeds eighteen thousand dollars and does not exceed twenty thousand dollars;

Nine per centum upon the amount by which the income exceeds twenty thousand dollars and does not exceed twenty-two thousand dollars;

Ten per centum upon the amount by which the income exceeds twenty-two thousand dollars and does not exceed twenty-four thousand dollars;

Eleven per centum upon the amount by which the income exceeds twenty-four thousand dollars and does not exceed twenty-six thousand dollars;

Twelve per centum upon the amount by which the income exceeds twenty-six thousand dollars and does not exceed twenty-eight thousand dollars;

Thirteen per centum upon the amount by which the income exceeds twenty-eight thousand dollars and does not exceed thirty thousand dollars;

Fourteen per centum upon the amount by which the income exceeds thirty thousand dollars and does not exceed thirty-two thousand dollars;

Fifteen per centum upon the amount by which the income exceeds thirty-two thousand dollars and does not exceed thirty-four thousand dollars;

Sixteen per centum upon the amount by which the income exceeds thirty-four thousand dollars and does not exceed thirty-six thousand dollars;

Seventeen per centum upon the amount by which the income exceeds thirty-six thousand dollars and does not exceed thirty-eight thousand dollars;

Eighteen per centum upon the amount by which the income exceeds thirty-eight thousand dollars and does not exceed forty thousand dollars;

Nineteen per centum upon the amount by which the income exceeds forty thousand dollars and does not exceed forty-two thousand dollars;

Twenty per centum upon the amount by which the income exceeds forty-two thousand dollars and does not exceed forty-four thousand dollars;

Twenty-one per centum upon the amount by which the income exceeds forty-four thousand dollars and does not exceed forty-six thousand dollars;

Twenty-two per centum upon the amount by which the income exceeds forty-six thousand dollars and does not exceed forty-eight thousand dollars;

Twenty-three per centum upon the amount by which the income exceeds forty-eight thousand dollars and does not exceed fifty thousand dollars;

Twenty-four per centum upon the amount by which the income exceeds fifty thousand dollars and does not exceed fifty-two thousand dollars;

Twenty-five per centum upon the amount by which the income exceeds fifty-two thousand dollars and does not exceed fifty-four thousand dollars;

Twenty-six per centum upon the amount by which the income exceeds fifty-four thousand dollars and does not exceed fifty-six thousand dollars;

Twenty-seven per centum upon the amount by which the income exceeds fifty-six thousand dollars and does not exceed fifty-eight thousand dollars;

Twenty-eight per centum upon the amount by which the income exceeds fifty-eight thousand dollars and does not exceed sixty thousand dollars;

Twenty-nine per centum upon the amount by which the income exceeds sixty thousand dollars and does not exceed sixty-two thousand dollars;

Thirty per centum upon the amount by which the income exceeds sixty-two thousand dollars and does not exceed sixty-four thousand dollars;

Thirty-one per centum upon the amount by which the income exceeds sixty-four thousand dollars and does not exceed sixty-six thousand dollars;

Thirty-two per centum upon the amount by which the income exceeds sixty-six thousand dollars and does not exceed sixty-eight thousand dollars;

Thirty-three per centum upon the amount by which the income exceeds sixty-eight thousand dollars and does not exceed seventy thousand dollars;

Thirty-four per centum upon the amount by which the income exceeds seventy thousand dollars and does not exceed seventy-two thousand dollars;

Thirty-five per centum upon the amount by which the income exceeds seventy-two thousand dollars and does not exceed seventy-four thousand dollars;

Thirty-six per centum upon the amount by which the income exceeds seventy-four thousand dollars and does not exceed seventy-six thousand dollars;

Thirty-seven per centum upon the amount by which the income exceeds seventy-six thousand dollars and does not exceed seventy-eight thousand dollars;

Thirty-eight per centum upon the amount by which the income exceeds seventy-eight thousand dollars and does not exceed eighty thousand dollars;

Thirty-nine per centum upon the amount by which the income exceeds eighty thousand dollars and does not exceed eighty-two thousand dollars;

Forty per centum upon the amount by which the income exceeds eighty-two thousand dollars and does not exceed eighty-four thousand dollars;

Forty-one per centum upon the amount by which the income exceeds eighty-four thousand dollars and does not exceed eighty-six thousand dollars;

Forty-two per centum upon the amount by which the income exceeds eighty-six thousand dollars and does not exceed eighty-eight thousand dollars;

Forty-three per centum upon the amount by which the income exceeds eighty-eight thousand dollars and does not exceed ninety thousand dollars;

Forty-four per centum upon the amount by which the income exceeds ninety thousand dollars and does not exceed ninety-two thousand dollars;

Forty-five per centum upon the amount by which the income exceeds ninety-two thousand dollars and does not exceed ninety-four thousand dollars;

Forty-six per centum upon the amount by which the income exceeds ninety-four thousand dollars and does not exceed ninety-six thousand dollars;

Forty-seven per centum upon the amount by which the income exceeds ninety-six thousand dollars and does not exceed ninety-eight thousand dollars;

Forty-eight per centum upon the amount by which the income exceeds ninety-eight thousand dollars and does not exceed one hundred thousand dollars;

Fifty-two per centum upon the amount by which the income exceeds one hundred thousand dollars and does not exceed one hundred and fifty thousand dollars;

Fifty-six per centum upon the amount by which the income exceeds one hundred and fifty thousand dollars and does not exceed two hundred thousand dollars;

Sixty per centum upon the amount by which the income exceeds two hundred thousand dollars and does not exceed three hundred thousand dollars;

Sixty-three per centum upon the amount by which the income exceeds three hundred thousand dollars and does not exceed five hundred thousand dollars;

Sixty-four per centum upon the amount by which the income exceeds five hundred thousand dollars and does not exceed one million dollars;

Sixty-five per centum upon the amount by which the income exceeds one million dollars.

Corporation
tax.

(2) Corporations and joint stock companies, no matter how created or organized, shall pay ten per centum upon income exceeding two thousand dollars. Any corporation or joint stock company the fiscal year of which is not the calendar year, shall make a return and have the tax payable by it computed upon its income for its fiscal year ending within the calendar year for which the return is being made.

(2a) The several taxes and surtaxes prescribed by sub-sections one and two of this section are hereby increased by the addition of five per centum of the amount of each of the said taxes and surtaxes payable with respect to any taxable income of five thousand dollars or more for the calendar year one thousand nine hundred and nineteen, or any taxable income of five thousand dollars or more for accounting periods ending in the year nineteen hundred and nineteen, as the case may be, and for each calendar year or accounting period thereafter.

(3) Any persons carrying on business in partnership shall be liable for the income tax only in their individual capacity; provided, however, that a husband and wife carrying on business together shall not be deemed to be partners for any purpose under this Act. A member of a partnership or the proprietor of a business whose fiscal year is other than the calendar year shall make a return and have the tax computed upon the income from the business, for the fiscal period ending within the calendar year for which the return is being made, but his return of income derived from sources other than his business shall be made for the calendar year.

(4) A person who, after the first day of August, 1917, has reduced his income by the transfer or assignment of any real or personal, movable or immovable property, to such person's wife or husband, as the case may be, or to any member of the family of such person, shall, nevertheless, be liable to be taxed as if such transfer or assignment had not been made, unless the Minister is satisfied that such transfer or assignment was not made for the purpose of evading the taxes imposed under this Act or any part thereof.

(5) Taxpayers shall be entitled to the following deductions from the amount that would otherwise be payable by them for taxes under the provisions of this Act:—

(a) The amount paid by such taxpayer for corresponding accounting periods under the provisions of Part I. of the *Special War Revenue Act, 1915*, and any amendments thereto, or the *Business Profits War Tax Act, 1916*, and any amendments thereto: Provided, that in computing the taxable income hereunder the taxpayer shall not include any taxes paid under the said Acts in the expenses of his business, and the Minister shall have power to determine any questions that may arise in consequence of any difference in the several periods for which the taxes under the said Acts and under this Act, respectively, are payable, and the decision of the Minister shall be final and conclusive. In the case of a partnership, each partner shall be entitled to deduct such portion of the tax paid by the partnership under the *Busi-*

Five per cent added to tax and surtax on incomes of \$5,000 or more.

Partnerships.

Transfer of property to evade taxation.

Deductions allowed from tax.

Payments under Part I Special War Revenue Act, 1915.

Business Profits War Tax Act, 1916.

ness Profits War Tax Act, 1916, and any amendments thereto, as may correspond to his interest in the income of the partnership: Provided that such deduction shall not affect the liability of the taxpayer to tax hereunder in respect of any income which does not form part of the profits assessed under the *Business Profits War Tax Act, 1916*, but such income shall be assessed for income tax purposes in the same manner as if it were the only income of the taxpayer;

Income tax
paid in any
other portion
of Empire
or in any
foreign
country.

- (b) the amount paid to Great Britain or any of its self-governing colonies or dependencies for income tax in respect of the income of the taxpayer derived from sources therein, and the amount paid to any foreign country for income tax in respect of the income of the taxpayer derived from sources therein, if, and only if, such foreign country in imposing such tax allows a similar credit to persons in receipt of income derived from sources within Canada: Provided, that such deduction shall not at any time exceed the amount of tax which would otherwise be payable under the provisions of section three of chapter twenty-five of the statutes of 1918, or of any amending Act, in respect of the said income derived from sources within Great Britain or any of its self-governing colonies or dependencies or any foreign country; and further provided, that the said deduction shall be allowed only if the taxpayer furnishes evidence satisfactory to the Minister showing the amount of tax paid and the particulars of income derived from sources within Great Britain or any of its self-governing colonies or dependencies or any foreign country.

Incomes not
liable to
tax.

5. The following income shall not be liable to taxation hereunder,—

- (a) the income of the Governor-General of Canada;
- (b) the incomes of Consuls and Consuls-General who are citizens of the country they represent and who are not engaged in any other business or profession;
- (c) the income of any company, commission or association not less than ninety per cent. of the stock or capital of which is owned by a province or a municipality;
- (d) the income of any religious, charitable, agricultural and educational institutions, Boards of Trade and Chambers of Commerce;
- (e) the incomes of labour organizations and societies and of benevolent and fraternal beneficiary societies and orders;
- (f) the incomes of mutual corporations not having a capital represented by shares, no part of the income of which inures to the profit of any member thereof, and of life insurance

companies except such amount as is credited to shareholders' account;

- (g) the incomes of clubs, societies and associations organized and operated solely for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which inures to the benefit of any stockholder or member;
- (h) the incomes of such insurance, mortgage and loan associations operated entirely for the benefit of farmers as are approved by the Minister;
- (i) the income derived from any bonds or other securities of the Dominion of Canada issued exempt from any income tax imposed in pursuance of any legislation enacted by the Parliament of Canada;
- (j) repealed, 1920;
- (k) the income of incorporated companies whose business and assets are carried on and situate entirely outside of Canada;
- (l) any pension granted to any member of His Majesty's military, naval or air forces for any disability suffered by the pensioner while serving in any of His Majesty's forces during the war that began in August, one thousand nine hundred and fourteen, and any pension granted to any dependent relative of any person who was killed or suffered any disability while serving in the said forces in the said war."

Income from
pensions not
liable to tax.

6. Repealed, 1918.

7. (1) Every person liable to taxation under this Act shall, on or before the thirtieth day of April in each year, without any notice or demand, and any person whether liable to taxation hereunder or not, upon receipt of a notice or demand in writing from the Commissioner of Taxation or any officer authorized to make such demand, deliver, to the Minister a return, in such form as the Minister may prescribe, of his total income during the last preceding year. In such return the taxpayer shall state an address in Canada to which all notices and other documents to be mailed or served under this Act may be mailed or sent.

Annual
returns.

(2) The return in the case of a corporation, association or other body, shall be made and signed by the president, secretary, treasurer or chief agent having a personal knowledge of the affairs of such corporation, association or other body, or, in any case, by such other person or persons employed in the business liable, or believed to be liable to taxation, as the Minister may require.

Returns of
corporations,
etc.

(3) If a person liable to taxation hereunder is unable for any reason to make the return required by this section, such return shall be made by the guardian, curator, tutor or other legal representative, etc.

Return by
guardian,
legal repre-
sentative, etc.

representative of such person, or if there is no such legal representative, by some one acting as agent for such person, and in the case of the estate of any deceased person, by the executor, administrator or heir of such deceased person, and if there is no person to make a return under the provisions of this sub-section, then such person as may be required by the Minister to make such return.

Returns by employers of salaries and by companies of dividends, etc.

(4) All employers shall make a return of all persons in their employ receiving any salary or other remuneration, in excess of such an amount as the Minister may prescribe, and all corporations, associations and syndicates shall make a return of all dividends and bonuses paid to shareholders and members, and all persons in whatever capacity acting, having the control, receipt, disposal or payment of fixed or determinable annual or periodical gains, profits or income of any taxpayer, shall make and render a separate and distinct return to the Minister of such gains, profits or income, containing the name and address of each taxpayer. Such returns shall be delivered to the Minister on or before the thirty-first day of March in each year, without any notice or demand being made therefor, and in such form as the Minister may prescribe.

Enlarging time for returns.

Penalty for not making return.

(5) The Minister may at any time enlarge the time for making any return.

(6) Every person required to make a return under sub-section one of this section who fails to make a return within the time limited therefor shall be subject to a penalty of twenty-five per centum of the amount of the tax payable, and every other person who is required to make a return under the provisions of this section who fails to do so within the time limited therefor, will be subject to a penalty of ten dollars for each day during which the default continues, and all such penalties shall be assessed and collected from the person liable to make the return in the same manner in which taxes are assessed and collected.

One-quarter tax to be forwarded with return; balance may be paid by instalments with interest.

(7) Every person liable to pay any tax or surtax under this Act shall send with the return of the income upon which such tax and surtax is payable not less than one-quarter of the amount of such tax and surtax, and may pay the balance, if any, of such tax and surtax in not more than three equal bimonthly instalments thereafter, together with interest at the rate of six per centum per annum upon each instalment from the last day prescribed for making such return to the time payment is made.

Penalties for understating true amount of income.

(8) Any person liable to pay any tax or surtax under this Act who, in the return of the income liable to taxation, makes a return in which he states the income to be less than the true amount, shall pay to His Majesty the additional amount of tax and surtax due on the income omitted from his return and, in addition, interest at the rate of ten per centum per annum upon such amount from

the last day prescribed for making such return until the same is paid.

If the amount of the income omitted from his return exceeds ten per centum of the correct income, but is under twenty per centum of the same, such person shall pay to His Majesty an additional amount equal to one-half of the amount of such deficiency, and, if the deficiency amounts to twenty per centum or more of the correct income, such person shall pay to His Majesty an additional amount equal to the amount of such deficiency.

From 10 to under 20 per cent.

From and over 20 per cent.

Penalties herein are additional penalties and not in lieu of any penalty that may be imposed under sub-section two of section nine of the said Act.

Penalties are additional.

(9) In cases wherein trustees in bankruptcy, assignees, liquidators, curators, receivers, administrators, heirs, executors and such other like persons or legal representatives are administering, managing, winding-up, controlling, or otherwise dealing with the property, business or estate of any person who has not made a return for any taxable period or for any portion of a taxable period for which such person was required to make a return in accordance with the provisions of the Act, they shall make such return and shall pay any tax and surtax and interest and penalties assessed and levied with respect thereto before making any distribution of the said property, business or estate.

Trustees, assignees, executors, etc., to make returns, pay taxes, etc., before distribution.

(10) Trustees in bankruptcy, assignees, administrators, executors and other like persons, before distributing any assets under their control shall obtain a certificate from the Minister certifying that no unpaid assessment of income tax, surtax, interest and penalties properly chargeable against the person, property, business or estate, as the case may be, remains outstanding. Distribution without such certificate shall render the trustees in bankruptcy, assignees, administrators, executors and other like persons personally liable for the tax, surtax, interest and penalties.

Trustees, assignees, executors, etc., to obtain certificate that all charges are paid before distribution.

(11) Every agent, trustee or person who collects or receives or is in any way in possession or control of income for or on behalf of a person who is resident outside of Canada, shall make a return of such income, and, in case of default by such non-resident of the payment of any tax payable, shall, on being so notified by the Minister, deduct the amount of such tax from either the income or other assets of such non-resident in his hands and pay the same to the Minister.

Agent trustee or collector for non-resident.

(12) The returns received by the Minister shall be with all due despatch checked and examined, and in all cases where such examination discloses that an overpayment has been made by a taxpayer the Minister shall make a refund of the amount so overpaid by such taxpayer, except in cases where any instalment or instalments are either due or falling due by such taxpayer, when the

Refund of over-payments.

amount of the overpayment shall be applied on such instalment or instalments and notice of said action given such taxpayer accompanied by the payment of the balance, if any, of the amount overpaid.

Demand for additional information.

8. (1) If the Minister, in order to enable him to make an assessment or for any other purpose, desires any information or additional information or a return from any person who has not made a return, or a complete return, he may by registered letter demand from such person such information, additional information or return, and such person shall deliver to the Minister such information, additional information or return within thirty days from the date of mailing of such registered letter. For the purpose of any proceedings taken under this Act, the facts necessary to establish compliance on the part of the Minister with the provisions of this section as well as default hereunder shall be sufficiently proved in any Court of law by the affidavit of the Commissioner of Taxation or any other responsible officer of the Department of Finance. Such affidavit shall have attached thereto as an exhibit a copy or duplicate of the said letter.

Compliance of Minister with Act to be proved by affidavit.

Production of letters, accounts, etc.

(2) (a) The Minister may require the production, or the production on oath, by the taxpayer or by his agent or officer, or by any person or partnership holding, or paying, or liable to pay, any portion of the income of any taxpayer, of any letters, accounts, invoices, statements and other documents.

Production of letters, books, etc., by person, or agent or officer to prove tax payable by another.

(b) The Minister may require and demand the production, or the production on oath, by any person, or by his agent, or officer, of any letters, accounts, invoices, statements financial or otherwise, books or other documents, held by such person, agent or officer, for the purpose of arriving at the tax believed to be payable by any other person, and the same shall be produced within thirty days from the date of mailing of such demand.

Persons in receipt of money, etc., of another, to produce information required.

(c) Every person who, in whatever capacity acting, is in receipt of any money, thing of value, or of profits, or gains arising from any source, or belonging to any other person shall, when required to do so by notice from the Minister, prepare and deliver to the Minister any information required, with thirty days from the date of the mailing of such notice.

Inquiry as to income.

(3) Any officer authorized thereto by the Minister may make such inquiry as he may deem necessary for ascertaining the income of any taxpayer, and for the purposes of such inquiry such officer shall have all the powers and authority of a commissioner appointed under Part I of the *Inquiries Act*, Revised Statutes of Canada, 1906, chapter one hundred and four.

Books of account must be kept.

(4) If a taxpayer fails or refuses to keep adequate books or accounts for Income Tax purposes, the Minister may require the taxpayer to keep such records and accounts as he may prescribe.

9. (1) For every default in complying with the provisions of ^{Penalty.} the next preceding section, the persons in default shall each be ^{Default} liable on summary conviction to a penalty of one hundred dollars ^{in making returns.} for each day during which the default continues.

(2) Any person making a false statement in any return or in ^{False statements.} any information required by the Minister, shall be liable on summary conviction to a penalty not exceeding ten thousand dollars or ^{Penalty.} to six months' imprisonment, or to both fine and imprisonment.

10. (1) If the taxpayer pays as any instalment less than one ^{Penalties for} quarter of the tax as estimated by him, or should he fail to make ^{short pay-} any payment at the time of filing his return or at the time when ^{ments or not} any instalment should be paid, he shall pay in addition to all other ^{making pay-} penalties a penalty of five dollars or one-quarter of the amount of ^{ments.} the tax unpaid, whichever is the greater.

After examination of the taxpayer's return, the Minister shall ^{Notice of} send a notice of assessment to the taxpayer, verifying or altering ^{assessment.} the amount of the tax as estimated by him in his return. Any additional tax found due over the estimated amount shall be paid ^{Payment of} within thirty days from the date of the mailing of the notice of ^{additional} assessment. If the additional amount is not paid within the said ^{amounts} thirty days, then the taxpayer shall pay a penalty of five dollars or ^{found to be} one-quarter of the amount unpaid, whichever is the greater. ^{due.}

(2) The Minister, if he suspects the taxpayer is about to leave ^{Demand for} Canada, may, for that or any other reason, by registered letter ad- ^{payment if} dressed to the taxpayer, demand payment of all taxes, penalties and ^{taxpayer is} accrued interest for which the taxpayer is liable, and the same ^{leaving} shall be paid within ten days from the date of mailing of such ^{Canada.} registered letter, notwithstanding any other provisions in this Act contained. Non-payment of the said tax within the specified time ^{Seizure of} shall render the goods of the taxpayer liable to seizure by the ^{goods upon} sheriff of the city, county or district in which the goods of the tax- ^{non-payment.} payer are situate. A certificate of non-compliance with any such ^{Certificate} demand, signed by the Commissioner of Taxation, setting forth ^{to authorize} the particulars of the demand and placed in the hands of the sheriff, ^{seizure.} shall be sufficient authority for him to seize sufficient of the goods of the taxpayer to meet the said demand.

The sale of such goods and the disposition of the monies realized ^{Sale.} shall be conducted in the manner prescribed by the law of the province in which the goods are situate as if the seizure were made under a writ of execution issued out of the Superior Court of the said province.

(2) The Minister shall not be bound by any return or informa- ^{Minister not} tion supplied by or on behalf of a taxpayer, and notwithstanding ^{bound by} such return or information, or if no return has been made, the ^{returns.} Minister may determine the amount of the tax to be paid by any person.

Continuation
of liability
for tax.

(3) Any person liable to pay the tax shall continue to be liable, and in case any person so liable shall fail to make a return as required by this Act, or shall make an incorrect or false return, and does not pay the tax in whole or in part, the Minister may at any time assess such person for the tax, or such portion thereof as he may be liable to pay, and may prescribe the time within which any appeals may be made under the provisions of this Act from the assessment, or from the decision of the Board, and may fix the date of payment of the tax.

Refunds.

(4) The Minister may refund any tax or penalty wrongfully or illegally assessed and collected, but no refund shall be allowed because of any alleged error in the assessment unless application therefor is made within twelve months of the date of the payment of the tax or penalty.

No bank
charges for
discount,
etc., on
cheques for
income tax
or penalty.

(5) Any chartered bank of Canada shall receive for deposit, without any charge for discount or commission, any cheque made payable to the Receiver-General of Canada in payment of tax or penalty imposed by this Act, whether drawn on the bank receiving the cheque or on any other chartered bank in Canada.

Secrecy.

11. No person employed in the service of His Majesty shall communicate or allow to be communicated to any person not legally entitled thereto, any information obtained under the provisions of this Act, or allow any such person to inspect or have access to any written statement furnished under the provisions of this Act. Any person violating any of the provisions of this section shall be liable on summary conviction to a penalty not exceeding two hundred dollars.

Board of
Referees.

12. (1) The Governor-in-Council may appoint a Board or Boards of Referees, and may prescribe the territory or district within which a Board shall exercise jurisdiction. A Board shall consist of not more than three members, and the members of a Board shall jointly and severally have all the powers and authority of a commissioner appointed under Part I of the *Inquiries Act*, Revised Statutes of Canada, 1906, chapter one hundred and four.

Oath.

(2) Every member of the Board shall take an oath of office in form I of the Schedule to this Act before performing any duty under this Act. All affidavits made in pursuance of this subsection shall be filed with the Minister.

Court of
Revision.

13. A Board shall act as a Court of Revision, and shall hear and determine any appeal made by a taxpayer under this Act in such place in Canada as the Minister may direct.

Notice of
appeal.

14. Any person objecting to the amount at which he is assessed, or as having been wrongfully assessed, may, personally or by his

agent, within twenty days after the date of mailing of the notice of assessment, as provided in section 10 of this Act, give notice in writing to the Minister in form II. of the Schedule to this Act that he considers himself aggrieved for either of the causes aforesaid, otherwise such person's right to appeal shall cease, and the assessment made shall stand and be valid and binding upon all parties concerned, notwithstanding any defect, error or omission that may have been made therein, or in any proceeding required by this Act or any regulation hereunder: Provided, however, that the Minister, either before or after the expiry of the said twenty days, may give a taxpayer further time in which to appeal.

15. (1) A Board, after hearing any evidence adduced, and upon such other inquiry as it considers advisable, shall determine the matter and confirm or amend the assessment accordingly. A Board may increase the assessment in any case before it. The Board shall send a copy of its decision by registered mail to the taxpayer or his agent or officer.

Hearing and
decision by
Board.

(2) In any case where the appeal is unsuccessful, the Board may direct that the person who appealed shall pay the costs or part of the costs of such appeal; and if such appeal is successful, a Board may recommend that the costs or any part thereof be paid by the Crown. The tariff of fees shall be as prescribed by the Board.

Costs.

16. If the taxpayer fails to appear, either in person or by agent, the Board may proceed *ex parte* or may defer the hearing.

Proceeding
ex parte.

17. If the taxpayer is dissatisfied with the decision of a Board, he may, within twenty days after the mailing of the decision, give a written notice to the Minister in form III. of the Schedule to this Act that he desires to appeal from such decision. If the taxpayer gives such notice, or if the Minister is dissatisfied with the decision, the Minister shall refer the matter to the Exchequer Court of Canada for hearing and determination, and such reference may be made in form IV. of the Schedule to this Act, and he shall notify the taxpayer by registered letter that he has made such reference. On any such reference the Court shall hear and consider such matter upon the papers and evidence referred, and upon any further evidence which the taxpayer or the Crown produces under the direction of the Court, and the decision of the Exchequer Court thereon shall be final and conclusive.

Appeal to
Exchequer
Court.

18. Except as hereinafter expressly provided, the Exchequer Court shall have exclusive jurisdiction to hear and determine all questions that may arise in connection with any proceeding taken under this Act, and may award costs in connection therewith.

Exclusive
jurisdiction
of Exchequer
Court.

No assessment to be set aside for technical reasons.

19. (1) No assessment shall be set aside by a Board or by the Court upon the ground that there has been any error or omission in connection with any proceedings required to be taken under this Act or any regulation hereunder, but such Board or Court in any case that may come before it may determine the true and proper amount of the tax to be paid hereunder.

Proceedings in *camerâ*.

(2) All the proceedings of the Board and of the Exchequer Court shall be held *in camerâ* if requested by the taxpayer.

Tax a debt due the Crown.

20. The taxes and all interest and costs assessed or imposed under the provisions of this Act shall be recoverable as a debt due to His Majesty from the person on whom it is assessed or imposed.

Recovery of tax, etc.

21. Any tax, interest, costs or penalty that may be assessed recovered or imposed under this Act may, at the option of the Minister, be recovered and imposed in the Exchequer Court of Canada, or in any other Court of competent jurisdiction in the name of His Majesty.

Administration by Minister.

22. The Minister shall have the administration of this Act and the control and management of the collection of the taxation levied hereby, and of all matters incident thereto, and of the officers and persons employed in that service. The Minister may make any regulations deemed necessary for carrying this Act into effect, and may thereby authorize the Commissioner of Taxation to exercise such of the powers conferred by this Act upon the Minister, as may, in the opinion of the Minister, be conveniently exercised by the Commissioner of Taxation.

Regulations.

Commissioner of Taxation to exercise authorized powers.

Appointment of officers to administer Act, and their salaries.

23. The Governor-in-Council may from time to time appoint officers and other persons to carry out this Act, or any Order-in-Council or regulations made thereunder, and the Governor-in-Council may assign the names of office of such officers and other persons, and grant such salaries or pay for their services and responsibilities as he deems necessary and reasonable, and may appoint the times and manner in which the same shall be paid.

First return under Act, Feb. 28, 1918, and 1917 first year's income to be taxed.

24. The first return to be made by taxpayers under section seven of this Act shall be made on or before the twenty-eighth day of February, one thousand nine hundred and eighteen, and all taxpayers shall (subject to the provisions of sub-section two of section four), be liable to taxation in respect of their income for the year ending the thirty-first day of December, one thousand nine hundred and seventeen, and for each year thereafter, except as otherwise provided in the Act.

SCHEDULE.

FORM I.

The Income War Tax Act, 1917.

I, make oath and swear that I will faithfully and honestly fulfil the duties which devolve upon me as a member of a Board of Referees under the *Income War Tax Act, 1917*.

Sworn before me this
.....day of
.....A.D., 19....

FORM II.

The Income War Tax Act, 1917.

In the matter of the assessment of
To the Minister of Finance,

I hereby give notice that I object to the amount at which I am assessed for the following reasons:

(here shortly describe reasons)

or, I am not liable to taxation under the above Act for the following reasons:

(here shortly describe reasons)

Dated this day of19..
(Signature).....

FORM III.

The Income War Tax Act, 1917.

In the matter of the assessment of
To the Minister of Finance,

I hereby give notice that I am dissatisfied with the decision given by the Board of Referees in this matter for the following reasons:

(here shortly describe reasons)

and that I desire to appeal to the Exchequer Court of Canada.

Dated this day of19..
(Signature).....

INCOME WAR TAX ACT.

FORM IV.

The Income War Tax Act, 1917.

In the matter of the assessment of

By virtue of the powers vested in me in this behalf under the *Income War Tax Act, 1917*, I hereby refer the appeal of (or my appeal) against the decision of the Board of Referees, to the Exchequer Court of Canada, for adjudication thereon, and enclose herewith the said decision and the other papers relating to the matter.

Dated this day of 19..

To the Registrar of the

Exchequer Court of Canada.

Minister of Finance.

TABLE—THE INCOME WAR TAX ACT

Amount of Net Income.	Normal Tax.		Surtax.		Additional Tax, 1919-20.	Total Tax upon net income of married persons and those with dependents.	Corporation Tax.			Amount of Net Income.
	Rate per cent.	Amount.	Rate per cent.	Amount.	5% upon in- comes of and exceeding \$5,000.		Tax of 10% upon in- come ex- ceeding \$2,000.	Additional Tax, 1919-20, of 5% upon incomes of and exceed- ing \$5,000.	Total Tax upon net income.	
Column 1	2	3	4	5	6	7				
1,000	None	None	None	None	None	None	None	None	None	1,000
1,500	"	"	"	"	"	"	"	"	"	1,500
2,000	"	"	"	"	"	"	"	"	"	2,000
2,500	4	20	"	"	"	20.00	50	"	50	2,500
3,000	4	40	"	"	"	40.00	100	"	100	3,000
4,000	4	80	"	"	"	80.00	200	"	200	4,000
5,000	4	120	"	"	6.00	126.00	300	15	315	5,000
6,000	4	160	1	10	8.50	178.50	400	20	420	6,000
8,000	8	320	2	50	18.50	388.50	600	30	630	8,000
10,000	8	480	3	110	29.50	619.50	800	40	840	10,000
12,000	8	640	4	190	41.50	871.50	1,000	50	1,050	12,000
14,000	8	800	5	290	54.50	1,144.50	1,200	60	1,260	14,000
16,000	8	960	6	410	68.50	1,438.50	1,400	70	1,470	16,000
18,000	8	1,120	7	550	83.50	1,753.50	1,600	80	1,680	18,000
20,000	8	1,280	8	710	99.50	2,089.50	1,800	90	1,890	20,000
22,000	8	1,440	9	890	116.50	2,446.50	2,000	100	2,100	22,000
24,000	8	1,600	10	1,090	134.50	2,824.50	2,200	110	2,310	24,000
26,000	8	1,760	11	1,310	153.50	3,223.50	2,400	120	2,520	26,000
28,000	8	1,920	12	1,550	173.50	3,643.50	2,600	130	2,730	28,000
30,000	8	2,080	13	1,810	194.50	4,084.50	2,800	140	2,940	30,000
32,000	8	2,240	14	2,090	216.50	4,546.50	3,000	150	3,150	32,000

TABLE—THE INCOME WAR TAX ACT—Continued

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Amount of Net Income.	Normal Tax.		Surtax.		Additional Tax, 1919-20.	Total Tax upon net income of married persons and those with dependents.	Corporation Tax.			Amount of Net Income.
	Rate per cent.	Amount.	Rate per cent.	Amount.	5% upon in- comes of and exceeding \$5,000.		Tax of 10% upon in- come ex- ceeding \$2,000.	Additional Tax, 1919-20, of 5% upon incomes of and exceed- ing \$5,000.	Total Tax upon net income.	
Column 1	2	3	4	5	6	7				
34,000	8	2,400	15	2,390	239.50	5,029.50	3,200	160	3,360	34,000
36,000	8	2,560	16	2,710	263.50	5,533.50	3,400	170	3,570	36,000
38,000	8	2,720	17	3,050	288.50	6,058.50	3,600	180	3,780	38,000
40,000	8	2,880	18	3,410	314.50	6,604.50	3,800	190	3,990	40,000
42,000	8	3,040	19	3,790	341.50	7,171.50	4,000	200	4,200	42,000
44,000	8	3,200	20	4,190	369.50	7,759.50	4,200	210	4,410	44,000
46,000	8	3,360	21	4,610	398.50	8,368.50	4,400	220	4,620	46,000
48,000	8	3,520	22	5,050	428.50	8,998.50	4,600	230	4,830	48,000
50,000	8	3,680	23	5,510	459.50	9,649.50	4,800	240	5,040	50,000
52,000	8	3,840	24	5,990	491.50	10,321.50	5,000	250	5,250	52,000
54,000	8	4,000	25	6,490	524.50	11,014.50	5,200	260	5,460	54,000
56,000	8	4,160	26	7,010	558.50	11,728.50	5,400	270	5,670	56,000
58,000	8	4,320	27	7,550	593.50	12,463.50	5,600	280	5,880	58,000
60,000	8	4,480	28	8,110	629.50	13,219.50	5,800	290	6,090	60,000
62,000	8	4,640	29	8,690	666.50	13,996.50	6,000	300	6,300	62,000
64,000	8	4,800	30	9,290	704.50	14,794.50	6,200	310	6,510	64,000
66,000	8	4,960	31	9,910	743.50	15,613.50	6,400	320	6,720	66,000
68,000	8	5,120	32	10,550	783.50	16,453.50	6,600	330	6,930	68,000
70,000	8	5,280	33	11,210	824.50	17,314.50	6,800	340	7,140	70,000
72,000	8	5,440	34	11,890	866.50	18,196.50	7,000	350	7,350	72,000
74,000	8	5,600	35	12,590	909.50	19,099.50	7,200	360	7,560	74,000

INCOME WAR TAX ACT.

76,000	8	5,760	36	13,310	953.50	20,023.50	7,400	370	7,770	76,000
78,000	8	5,920	37	14,050	998.50	20,968.50	7,600	380	7,980	78,000
80,000	8	6,080	38	14,810	1,044.50	21,934.50	7,800	390	8,190	80,000
82,000	8	6,240	39	15,590	1,091.50	22,921.50	8,000	400	8,400	82,000
84,000	8	6,400	40	16,390	1,139.50	23,929.50	8,200	410	8,610	84,000
86,000	8	6,560	41	17,210	1,188.50	24,958.50	8,400	420	8,820	86,000
88,000	8	6,720	42	18,050	1,238.50	26,008.50	8,600	430	9,030	88,000
90,000	8	6,880	43	18,910	1,289.50	27,079.50	8,800	440	9,240	90,000
92,000	8	7,040	44	19,790	1,341.50	28,171.50	9,000	450	9,450	92,000
94,000	8	7,200	45	20,690	1,394.50	29,284.50	9,200	460	9,660	94,000
96,000	8	7,360	46	21,610	1,448.50	30,418.50	9,400	470	9,870	96,000
98,000	8	7,520	47	22,550	1,503.50	31,573.50	9,600	480	10,080	98,000
100,000	8	7,680	48	23,510	1,559.50	32,749.50	9,800	490	10,290	100,000
150,000	8	11,680	52	49,510	3,059.50	64,249.50	14,800	740	15,540	150,000
200,000	8	15,680	56	77,510	4,659.50	97,849.50	19,800	990	20,790	200,000
300,000	8	23,680	60	137,510	8,059.50	169,249.50	29,800	1,490	31,290	300,000
500,000	8	39,680	63	263,510	15,159.50	318,349.50	49,800	2,490	52,290	500,000
1,000,000	8	79,680	64	583,510	33,159.50	696,349.50	99,800	4,990	104,790	1,000,000 up
1,000,000 up	.....	.....	65	.....	.....	.....	.....	.....	.....	1,000,000 up
Column 1	2	3	4	5	6	7				

To estimate tax on net income of unmarried persons and widows or widowers without dependent children, and persons who are not supporting dependent brothers or sisters under the age of eighteen years, or a dependent parent or parents, grandparent or grandparents: To the same amount of net income for:—

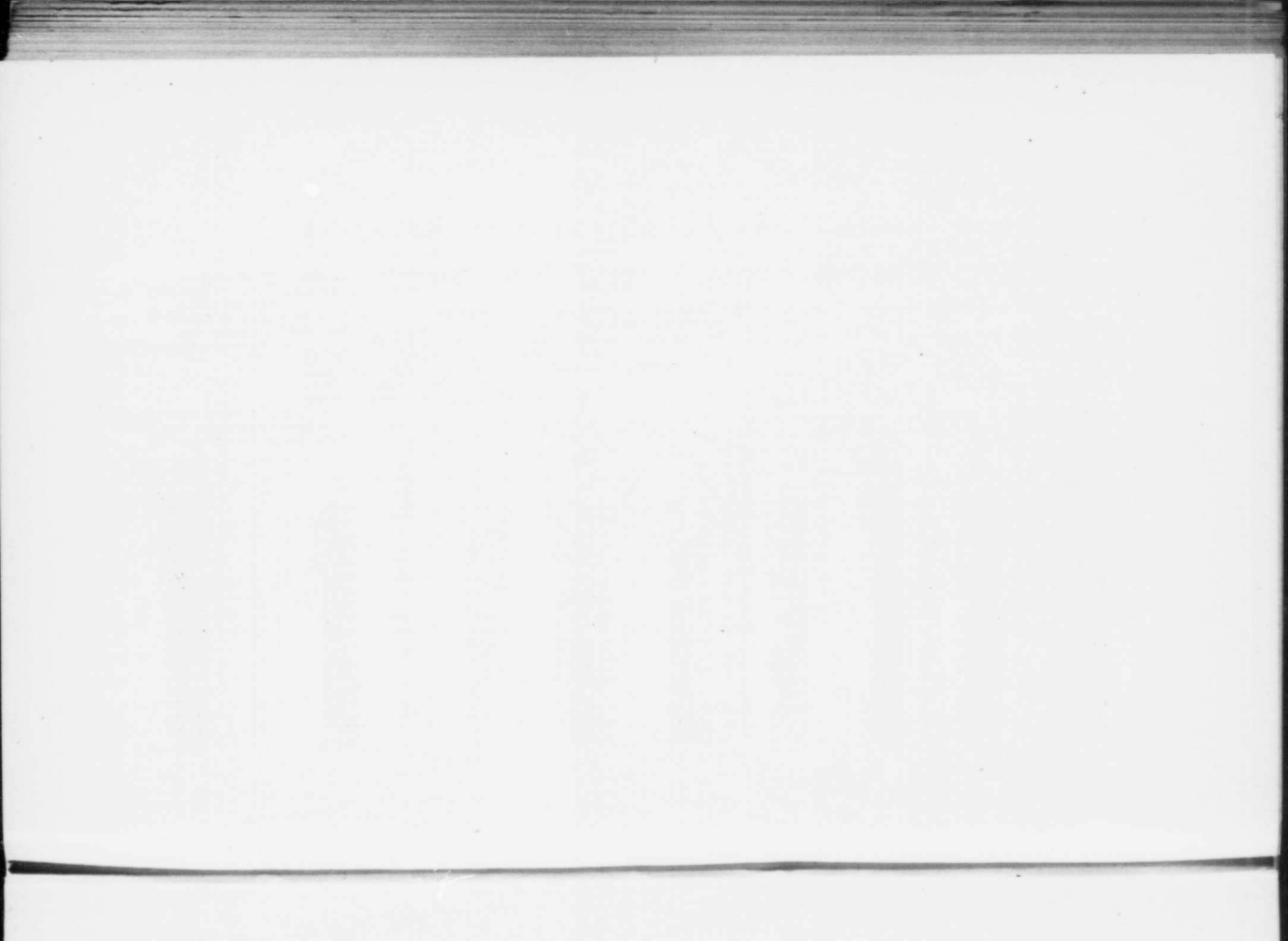
NORMAL TAX—Add \$40.00 to column 3.

SURTAX—Same amount as column 5.

ADDITIONAL TAX, 1919-20—Add \$2.00 to column 6.

TOTAL TAX—Add \$42.00 to column 7.

- (1) NET INCOME—Taxes are levied on the annual net profit or gain or gratuity. (See section 3 of Act for deductions and exemptions—also section 4, sub-section 5). Thus, *Gross Income* minus *Deductions* equals *Net Income*.
- (2) PAYMENT OF TAX WITH RETURN—It is important to note section 7 (sub-sections 7 to 12 inclusive), respecting payment of the tax with future returns.
- (3) ADDITIONAL TAX, 1919-20—The 1920 amendment (section 4, sub-section 2a) is made applicable to incomes of, and exceeding \$5,000, for the calendar year 1919 and accounting periods ending in 1919, and for each calendar year or accounting period thereafter.



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