1950

c 72 Corporations Tax Act

Ontario
CHAPTER 72

The Corporations Tax Act

1. In this Act,

(a) "bank" means a corporation or joint stock company wherever incorporated for the purpose of doing a banking business or the business of a savings bank that transacts such business in Ontario, whether the head office is situate in Ontario or elsewhere; 1939, c. 10, s. 1, cl. (a).

(b) "company" includes bank, extra-provincial company, insurance company and incorporated company; 1939, c. 10, s. 1, cl. (c).

(c) "dividends" includes stock dividends; 1939, c. 10, s. 1, cl. e.

(d) "extra-provincial company" means an incorporated company that has its head office elsewhere than in Ontario; 1939, c. 10, s. 1, cl. (j).

(e) "head office" means the place designated in the charter or by-laws, or both, of a company as being its chief office or place of business and includes, when such chief office or place of business is outside of Ontario, the place designated by the company or the Treasurer as being its principal office or place of business in Ontario, unless the central accounting records including the central executive management of the company are maintained outside of Ontario or unless the Treasurer determines that such principal office or place of business is not the head office of the company; 1949, c. 18, s. 1 (1).

(f) "income bond" and "income debenture" mean respectively a bond and debenture, the interest or dividend on which is payable only when the debtor company has made a profit before taking into account the interest or dividend obligation on such bond or debenture; 1939, c. 10, s. 1, cl. (h).
(g) "insurance company" includes life, fire, ocean or inland marine, inland transportation, accident, plate-glass, automobile, steam-boiler and burglary insurance companies, guaranty, surety and casualty companies and underwriters and syndicates of underwriters operating on the plan known as Lloyds, that transact business or undertake risks on lives or property in Ontario or that are licensed under The Insurance Act, but does not include mutual insurance companies, insuring agricultural and other non-hazardous risks on the premium note plan, the sole business of which is carried on in Ontario, fraternal societies and mutual benefit societies as defined in The Insurance Act, and pension fund and employees' mutual benefit societies incorporated under or subject to The Companies Act; 1939, c. 10, s. 1, cl. (i); 1941, c. 15, ss. 1, 9.

(h) "incorporated company" includes corporation and association however and wherever incorporated, and where any such corporation or association, or the whole or any part of the property thereof, is placed in the hands or under the control of an agent, assignee, trustee, liquidator, receiver or other official includes such agent, assignee, trustee, liquidator, receiver or other official but does not include any incorporated company that owns, operates or uses a race track and holds a race meeting; 1939, c. 10, s. 1, cl. (j).

(i) "loss" means a loss for a fiscal year computed by applying section 14 respecting the computation of the net income of an incorporated company, mutatis mutandis, but excluding from the computation the exemptions provided by clauses f, g and j of subsection 4 of section 14; 1949, c. 18, s. 1 (2).

(j) "property" includes money, goods, things in action, land and property of every description, whether real or personal, legal or equitable, and every interest or profit, present or future, vested or contingent in, arising out of or incident to property; 1939, c. 10, s. 1, cl. (e).

(k) "railway" includes a railway and part of a railway in Ontario operated in whole or in part by steam, electricity or other motive power, constructed and operated on highways or on land owned by the company that owns or operates it, or partly on high-
ways and partly on such land, but does not include a street railway constructed or operated in whole or in part upon or along a highway under or by virtue of an agreement with, or by-law of a city or town; 1939, c. 10, s. 1, cl. (m).

(l) "regulations" means regulations made under this Act; 1939, c. 10, s. 1, cl. (n).

(m) "transacting business in Ontario" includes the transaction of any business obtained in Ontario by a company through its own office or branch in Ontario and also includes the transaction of any business obtained by an extra-provincial company through the efforts of any other company or any firm, broker, agent or other person that has an office in or is a resident of Ontario when such company, firm, broker, agent or other person acts as the representative or agent of, or in any other capacity for such extra-provincial company, but does not include the taking of orders for or the buying or selling of goods, wares or merchandise by travellers or by correspondence if no business is obtained through the efforts of any company, firm, broker, agent or other person that has an office in or is a resident of Ontario; 1939, c. 10, s. 1, cl. (o).

(n) "Treasurer" means Treasurer of Ontario. 1939, c. 10, s. 1, cl. (p).

2. (1) Every company that has its head office or other office in Ontario, or that holds assets in Ontario, or that transacts business in Ontario, shall for every fiscal year of the company pay to His Majesty for the uses of Ontario the taxes imposed under this Act at the time and in the manner provided in this Act.

(2) For the purposes of this Act the Treasurer may determine the period of any fiscal year of any company in order to prevent a fiscal year from occupying a longer period than 12 months, provided that for every fiscal year of less than 12 months there may be subsequently a fiscal year of more than 12 months if the total period of both of such fiscal years does not exceed 24 months nor shall it be necessary for any fiscal year of a company to occupy any substantial part of a year.

(3) Subject to subsection 2, where a company ceases to have an office or to hold assets or to transact business in Ontario or the existence of which is terminated during any
fiscal year, it shall, in respect of such incompletely fiscal year, pay the taxes imposed under this Act in the same manner as though such fiscal year ended on the date on which it ceased to have an office or to hold assets or to transact business in Ontario or upon which its existence was terminated. 1939, c. 10, s. 2.

(4) For the purposes of this Act, every company, the head office of which is designated in its charter or by-laws, or both, as being outside of Ontario, shall designate a place as its principal office or place of business in Ontario and, where no such place is designated by the company, the Treasurer shall designate such place.

(5) For the purposes of this Act,

(a) a company and a person or one of several persons by whom it is directly or indirectly controlled; or

(b) two or more companies controlled directly or indirectly by the same person,

shall, without extending the meaning of the expression “to deal with each other at arms-length”, be deemed not to deal with each other at arms-length. 1949, c. 18, s. 2.

3.—(1) Every bank shall for every fiscal year of such bank, pay,

(a) a tax of one-fifth of one per cent on the paid-up capital stock thereof and one-tenth of one per cent on the reserve fund and undivided profits thereof;

(b) an additional tax of $3,000 for the principal office in Ontario and $200 for each additional office, branch or agency in Ontario, provided that in the case of such additional offices, branches and agencies that were open during the fiscal year less than 250 days, one tax of $200 shall apply for each 250 days or fraction thereof that all such offices, branches and agencies were open.

(2) Where the head office of a bank is outside of Ontario, and where it has not more than five offices, branches and agencies in Ontario, the Treasurer, having regard to the amount of business transacted in Ontario, may reduce the amount of the tax imposed under clause a of subsection 1, but such tax shall in no case be less than one-tenth of one per cent calculated on one-half of the paid-up capital stock. 1939, c. 10, s. 3.
4.—(1) Every insurance company shall pay a tax in respect of life insurance premiums of two per cent calculated on the gross premiums received during the fiscal year from policy holders resident in Ontario at the time such premiums were paid excluding,

(a) considerations for annuities;
(b) cash value of dividends paid or credited to policy holders;
(c) premiums returned;
(d) premiums received in respect of reinsurance assumed; and
(e) premiums paid in respect of casualty reinsurance ceded to insurance companies licensed to transact business in Ontario. 1939, c. 10, s. 4 (1); 1948, c. 18, s. 1 (1).

(2) Every insurance company shall pay a tax in respect of premiums other than life insurance premiums of two per cent calculated on the gross premiums received during the fiscal year by the company or its agent or agents in respect of business transacted in Ontario excluding,

(a) premiums returned;
(b) premiums paid in respect of reinsurance ceded to insurance companies licensed to transact business in Ontario;
(c) premiums received in respect of business written on the premium note plan; and
(d) cash value of dividends paid or credited to policy holders by mutual insurance companies. 1948, c. 18, s. 1 (2).

(3) In determining the amount of the tax payable under subsection 2 every premium that by the terms of the policy or renewal thereof, is payable in respect of insurance of a person or property resident or situate in Ontario at the time of payment whether or not,

(a) such premium is earned wholly or partly in Ontario;
(b) the business in respect of the policy is transacted wholly or partly in Ontario; or
(c) the payment of such premium is made, wholly or partly in Ontario,

shall be deemed to be a premium in respect of business transacted in Ontario.

(4) Where it is established to the satisfaction of the Lieutenant-Governor in Council that any country or any state of any country discriminates unfairly by imposing taxes, fees and other monetary obligations on any insurance company or any particular class of insurance companies organized under the laws of Canada or of Ontario and having their principal offices in Ontario that in the aggregate are in excess of comparable taxes, fees and monetary obligations imposed on any similar company or class of companies incorporated under the laws of such country or state, the Lieutenant-Governor in Council may direct that any company or any class of companies incorporated under the laws of such country or state and that transact business in Ontario shall pay, in addition to the tax otherwise imposed under this Act, a tax not exceeding the equivalent of such excess, and such additional tax shall be recoverable in the same manner as any other tax imposed under this Act.

(5) For the purposes of this Act, the fiscal year of every insurance company shall be deemed to end on the 31st day of December. 1939, c. 10, s. 4 (3-5).

5.—(1) Every incorporated company that owns, operates or uses a railway shall for every fiscal year of the company pay a tax of $60 per mile for one track, and, where the line consists of two or more tracks, of $40 per mile for each additional track, owned, operated or used in any municipality in Ontario, and of $40 per mile for one track, and, where the line consists of two or more tracks, of $20 per mile for each additional track, in territory without municipal organization in Ontario, provided that an incorporated company that owns, operates or uses a railway that, either by itself or in conjunction with any other railway leased by it or to which it is leased or with which it is amalgamated or together with which it forms one system does not exceed 150 miles in length from terminal to terminal, whether or not one or both of such terminals are outside of Ontario, shall, in lieu of such tax, pay a tax of $15 per mile for one track in Ontario and where the line consists of two or more tracks, of $5 per mile for each additional track in Ontario, and, where the railway or system does not exceed 30 miles in length between such terminals, a tax of $10 per mile for one track in Ontario and where the line consists of two or more tracks, of $5 per mile for each additional track in Ontario.
(2) In addition to the tax imposed under subsection 1, every incorporated company that owns, operates or uses a railway, that, either by itself or in conjunction with any other railway leased by it or to which it is leased or with which it is amalgamated or together with which it forms one system, exceeds 150 miles in length from terminal to terminal, whether or not one or both of such terminals are outside of Ontario, shall for every fiscal year of the company, pay a tax of $25 per mile for one track in Ontario, and, where the line consists of two or more tracks, of $20 per mile for each additional track in Ontario.

(3) Both the company that owns the railway and the company that operates or uses it shall be liable jointly and severally for the payment to the Treasurer of the amount of the taxes imposed under this section, but the total amount payable in respect of any railway, shall not exceed the amounts above mentioned, notwithstanding that the railway is owned, operated or used by more than one company.

(4) The measurement of track for purposes of this section shall not include switches, spurs or sidings.

(5) Section 46 shall not apply to the tax imposed under subsection 2.

(6) Where an incorporated company that owns, operates or uses a railway, owns or controls other incorporated companies that are not taxable under this section, such other incorporated companies shall be taxable under such other sections of this Act as are applicable, without regard to the taxes payable by their parent company under this section. 1939, c. 10, s. 5.

6. Every incorporated company that owns, operates or uses a line or part of a line of telegraph in Ontario for gain, including every incorporated company that owns, operates or uses a railway, shall for every fiscal year of the company, pay a tax of one per cent upon the total amount of money invested by the company on such line or part thereof and the plant and works connected therewith; provided that an incorporated company that owns and an incorporated company that operates and uses any such line or part thereof shall be liable jointly and severally for the payment of such tax, but the total amount payable in respect of such line or part thereof and the works and plant connected therewith shall not exceed the total amount of tax imposed under this section notwithstanding that the line or part thereof is owned, operated or used by more than one company. 1939, c. 10, s. 6.
7. Every incorporated company that carries on the business of an express company over a railway in Ontario, including an incorporated company that owns, operates or uses a railway, shall for every fiscal year of the company pay a tax of $800 for each 100 miles or fraction thereof, up to but not exceeding a tax of $10,000. 1939, c. 10, s. 8.

8. Every incorporated company, except those that own, operate or use a railway, that transacts in Ontario the business of operating, leasing or hiring sleeping, parlour or dining cars run upon or used by any railway in Ontario, shall for every fiscal year of the company pay a tax of one per cent calculated on the money invested in such cars in use in Ontario. 1939, c. 10, s. 9.

9. Every company on which taxes are imposed under section 3, 5, 6, 7 or 8 shall, for every fiscal year of the company, pay an additional tax equal to 25 per cent of the taxes imposed under such sections on the company. 1948, c. 18, s. 2.

10.—(1) Save as in this section otherwise provided, every incorporated company that has its head or other office in Ontario or that holds assets in Ontario or that transacts business in Ontario, shall for every fiscal year of the company pay a tax of one-twentieth of one per cent calculated on its paid-up capital.

Interpretation. (2) In this section and in section 12 “paid-up capital” means the paid-up capital as it stood at the close of the fiscal year and includes the paid-up capital stock of the company, its earned, capital and any other surplus, all its reserves, whether created from revenue or otherwise, except any reserve the creation of which is allowed as a charge against income under section 14, all sums or credits advanced or loaned to it by any other incorporated company, excluding a bank, and all its indebtedness, whether assumed or undertaken by it, represented by bonds, bond mortgages, debentures, income bonds, income debentures, mortgages, lien notes and any other securities to which any of its property is subject. 1939, c. 10, s. 10 (1, 2).

Exceptions. (3) The tax imposed under subsection 1 shall not be imposed on any incorporated company,

banks; (a) that is a bank;

insurance companies; (b) that is an insurance company; 1939, c. 10, s. 10 (3), cls. (a, b).
(c) that is a mutual insurance company that insures agricultural and other non-hazardous risks on the premium note plan, the sole business of which is carried on in Ontario, or that is a fraternal society or mutual benefit society as defined in The Insurance Act, or that is a pension fund or employees' mutual benefit society incorporated under or subject to The Companies Act; 1941, c. 15, s. 3 (1).

(d) that owns, operates or uses a railway, except as railways provided by section 11;

(e) that owns, operates or uses a line or part of a line telegraph of telegraph in Ontario; 1939, c. 10, s. 10 (3), cls. (c, d).

(f) that owns, operates or uses a telephone line or part thereof in Ontario and that has a paid-up capital of less than $100,000; 1939, c. 10, s. 10 (3), cl. (e); 1941, c. 15, s. 3 (2).

(g) that carries on the business of an express company over a railway in Ontario;

(h) that operates, leases or hires sleeping, parlour, or dining cars run or used in Ontario;

(i) the business operations of which are of an industrial, mining, commercial, public utility or public service nature, and are carried on entirely outside of Ontario, either directly or through subsidiary or affiliated companies, and the assets of which, except securities acquired by the investment of accumulated income and such bank deposits as may be held in Ontario, are situated entirely outside of Ontario, including wholly-owned subsidiary companies that are engaged solely in the prosecution outside of Ontario of the business of the parent company;

(j) the business operations of which are of an investment or financial nature and carried on entirely outside of Ontario and the shares of which have been offered for public subscription or are listed on any recognized stock exchange in Ontario or elsewhere, and the assets of which, except such bank deposits as may be held in Ontario and except shares of other companies conforming to the requirements of this clause or of clause (i), are situated entirely outside of Ontario, provided that the shares, bonds and obliga-
tions of any company incorporated under the laws of Canada or of Ontario, with head office in Ontario, shall for the purposes of this clause be deemed to be assets in Ontario notwithstanding that they may be or have been transferred on any register outside of Ontario;

(k) that maintains a head office or executive office or both in Ontario, and the assets of which consist wholly of the shares and bonds of, and loans and advances to other companies and of bank deposits;

(l) all of the property of which is in the hands or subject to the control of a liquidator, receiver or trustee, and none of the property of which is used either by the company or the liquidator, receiver or trustee in transacting any of the businesses or undertakings for which the company was incorporated;

(m) that in the opinion of the Treasurer, has not commenced to transact business or has ceased to transact business;

(n) that was incorporated without share capital;

(o) that was incorporated for religious, charitable, philanthropic, social or educational purposes or for the purposes of drainage, agriculture or colonization in Ontario and no part of the income of which inures to the personal profit of or is paid or payable to any shareholder therein;

(p) that was incorporated to operate clubs, societies and associations for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which inures to the personal profit of or is paid or payable to any shareholder therein;

(q) that is organized and operated on a co-operative basis and

(i) that markets the products of its members or shareholders under the obligation to pay to them the proceeds from the sales on the basis of quantity and quality, less a reasonable amount for expenses and reserves, or
(iii) that purchases supplies and equipment for the use of its members or shareholders under the obligation to turn such supplies and equipment over to them at cost, plus a reasonable amount for expenses and reserves, or

(iii) that markets the products of, or purchases supplies and equipment for the use of persons other than its members or shareholders, provided that the value thereof does not exceed 20 per cent of the value of products, supplies and equipment marketed or purchased for its members or shareholders, or

(iv) that is a credit union;

(r) that is organized for the purpose of financing the operations of and is owned or controlled by any other incorporated company that is exempt from taxation under clause g;

(s) that transacts the business of transporting passengers or freight, or both, the head office and entire transportation system of which is situated outside of Ontario and that in the opinion of the Treasurer maintains an office in Ontario for the purpose only of soliciting business for its system outside of Ontario and that in the opinion of the Treasurer does not sell transportation at its office in Ontario; but if any such company does sell transportation at its office in Ontario, it shall pay a tax of $50. 1939, c. 10, s. 10 (3), cls. (f-r).

(4) Paid-up capital as hereinbefore defined shall be subject to the following exemptions and deductions:

(a) Goodwill or other intangible thing included as an asset to the extent that such goodwill or other intangible thing in the opinion of the Treasurer has no value; provided that this exemption shall apply to no more than 50 per cent of the book value of such goodwill or other intangible thing.

(b) Discount allowed on the sale of the shares of a company incorporated under Part XI of The Companies Act.

(c) The amount that equals that proportion of the paid-up capital remaining after the deduction of the...
exemptions provided by clauses \(a\) and \(b\), which the cost of the investments made by the company in the shares and bonds of other companies, in loans and advances to other companies and in the bonds, debentures and other securities of any government, municipal or school corporation bears to the total assets of the company remaining after the deduction of the exemptions provided by clauses \(a\) and \(b\); provided that cash on deposit with any incorporated company doing the business of a savings bank and amounts due by a parent company with head office outside of Canada to a subsidiary company taxable under this section shall not be deemed to be loans and advances to other companies. 1939, c. 10, s. 10 (4), cls. \((a-c)\).

(d) In the case of a company engaged in mining, the amount that equals that proportion of the paid-up capital remaining after the deduction of the exemptions provided by clauses \(a\), \(b\) and \(c\) which the total of,

(i) the amount held or used in the survey for exploration and development of gold, silver, copper, nickel, iron or other precious or semi-precious metals,

(ii) the amount invested in the mine as defined by *The Mining Tax Act*,

(iii) the amount invested in the plant and works necessary to and forming part of such mine, and

(iv) the amount invested in the plant and works necessary for the refinement of the ore taken from the mine,

bears to the total assets remaining after the deduction of the exemptions provided by clauses \(a\), \(b\) and \(c\). 1947, c. 19, s. 1.

(e) In the case of a company the only business of which is the holding of real estate for sale or rent or the owning of buildings used as hotels, apartment houses and for offices, or both, the amount that equals that portion of the paid-up capital that is in excess of an amount of capital of which the net income earned from the operation of such business after
depreciation but before deductions of interest and dividends on any of the obligations of the company that are included as its paid-up capital, would be eight per cent; provided that where the exemption under this clause applies, none of the exemptions under clauses a to d shall apply.

\[(f)\] In the case of a company all of the property of which is in the hands or subject to the control of a liquidator, receiver or trustee and any of the property of which is used either by the company or the liquidator, receiver or trustee in carrying on any of the businesses or undertakings for which the company was incorporated, the amount that equals that portion of the paid-up capital that is in excess of an amount of capital of which the net income earned from carrying on any of such businesses or undertakings after depreciation but before deduction of interest and dividends on any of the obligations of the company that are included as its paid-up capital, would be eight per cent; provided that where the exemption under this clause applies, none of the exemptions under clauses a to e shall apply. 1939, c. 10, s. 10 (4); cls. (f, g).

(5) A company shall be entitled to deduct from the tax calculated on paid-up capital that would otherwise be payable under this section the amount of the tax calculated on paid-up capital that was paid or payable during the fiscal year for which the tax under this section is imposed to the government of any province, state or country outside of Ontario, with the exception of any tax paid or payable to the Dominion of Canada, provided that such deduction shall not at any time exceed, or in the case of any such company the head office of which is situated outside of Ontario shall neither be less than nor exceed, the amount of the tax that would otherwise be payable in respect of paid-up capital deemed to be used within each such province, state or country and provided that the paid-up capital deemed to be used within each such province, state or country shall be determined as follows:

\[(a)\] In the case of a company the business of which is that of ship transportation, the amount of the paid-up capital that shall be deemed to have been used in each such province, state or country shall be that portion of the total paid-up capital remaining after the deduction of the exemptions provided by clauses a, b and c of subsection 4, which the amount
of the tonnage of each of its ships that operated during the fiscal year of the company and that touched at a port in such province, state or country multiplied by the number of times each such ship touched at a port in such province, state or country during such fiscal year plus the amount of tonnage of each of its ships that did not operate during such fiscal year and that was held at a port in such province, state or country, bears to the total of the amount of the tonnage of its ships that operated during such fiscal year multiplied by the number of times each such ship called at any port during such fiscal year and of the tonnage of its ships that did not operate during such fiscal year:

(b) In the case of a company the business of which is that of transporting passengers or freight or both by bus, truck or aircraft, the amount of the paid-up capital that shall be deemed to have been used in each such province, state or country shall be that portion of the total paid-up capital remaining after the deduction of the exemptions provided by clauses a, b and c of subsection 4, which the number of miles travelled by its buses, trucks or aircraft during the fiscal year of the company in each such province, state or country bears to the total number of miles travelled by its buses, trucks or aircraft during such fiscal year. 1939, c. 10, s. 10 (5), cls. (a, b).

(c) In the case of a company the business of which is the holding of real estate for sale or rent, or that merely holds assets, or that owns and operates international or interprovincial bridges or tunnels or both, or the operations of which in the opinion of the Treasurer tend to deplete the natural resources of Canada, the amount of the paid-up capital that shall be deemed to have been used in each such province, state or country shall be that portion of the total paid-up capital remaining after the deduction of the exemptions provided by clauses a to f of subsection 4, which the book value of the fixed assets and the goods and supplies as shown by the inventories situated in each such province, state or country bear to the book value of the total fixed assets and the goods and supplies as shown by the inventories.

(d) In the case of a company the chief business of which is the operation of grain elevators, the amount of
the paid-up capital that shall be deemed to have been used in each such province, state or country shall be that portion of the total paid-up capital remaining after the deduction of the exemptions provided by clauses a, b, c and f of subsection 4, which the number of bushels of grain received during the fiscal year in the elevators operated by the company in each such province, state or country bears to the number of bushels of grain received during the fiscal year in all the elevators operated by the company.

(e) In the case of every other company, the amount of the paid-up capital that shall be deemed to have been used in each such province, state or country shall be that portion of the total paid-up capital remaining after the deduction of the exemptions provided by clauses a, b, c and f of subsection 4, which the gross sales made to or the gross revenue received from customers residing in each such province, state or country, bear to the total gross sales made or gross revenue received; provided that gross revenue from investments in the shares, bonds and obligations of other companies and of governments and municipal and school corporations shall be excluded from the calculation; and for the purposes of this clause the residence of a customer shall be deemed to be, with respect to sales made to or gross revenue received from customers residing in Canada, in the province,

(i) in which the goods sold by the company are received by the customer,

(ii) in which the services sold by the company are performed for the customer, or

(iii) in which the customer uses any property, invention, trade name or other thing from which the company derives its remaining gross revenue represented by rents, royalties or similar payments,

and with respect to sales made to or gross revenue received from customers residing outside of Canada, in the province,

(iv) from which the order for the goods sold is filled by the company,
(v) in which, by contract, the company receives payment for services performed outside of Canada, or

(vi) in which, by contract, the company receives payment of its remaining gross revenue represented by rents, royalties or similar payments for the use outside of Canada of any property, invention, trade name or other thing,

unless the company is subject to taxation on paid-up capital in the state or county outside of Canada where the customer actually resides, in which case the residence of the customer shall be deemed to be in such state or country. 1949, c. 18, s. 3.

Evidence.

(6) Any deduction provided by subsection 5 shall be allowed only if the company furnishes evidence satisfactory to the Treasurer showing the amount of tax paid or payable during its fiscal year to the government of each such province, state or country in respect of paid-up capital. 1939, c. 10, s. 10 (6).

Railway companies; tax on capital.

11. In addition to the tax imposed under section 5, every incorporated company that owns, operates or uses a railway and that also owns, operates or uses one or more hotels in Ontario shall for every fiscal year of the company pay a tax of one-twentieth of one per cent calculated on that amount of capital of which the net income earned from the operation of such hotel or hotels after depreciation but before deduction of interest or dividends on any of the obligations of the company paid or payable with respect to any capital invested in such hotel or hotels, would be eight per cent. 1939, c. 10, s. 11.

Tax on offices.

12.—(1) Save as in this section otherwise provided, every incorporated company that has its head office or other office in Ontario or that transacts business in Ontario shall for every fiscal year of the company pay a tax of $50 for each office or place of business in Ontario, and every incorporated company that holds assets in Ontario but has no designated office or place of business, shall for every fiscal year of the company, in addition to all other taxes for which it may be liable, pay a tax of $50. 1939, c. 10, s. 12 (1).

Interpretation.

(2) In this section, "office or place of business" means,

(a) the head office of the company, except where such office is not the only office of the company in Ontario and is maintained merely as a nominal head office at which the company transacts no business;
(b) the executive office of the company;

(c) a building or part of a building or any property where the company carries on any of its operations;

(d) a building, office, room or location where the company invites patronage either through its name being placed in public view on the property, or through a listing of its name in a telephone or other directory giving its address at a certain location, or through an advertisement in the press giving the name of the company and its address at a certain location;

(e) the office or room of any company, firm, broker, agent or other person acting as the representative or agent of or in any other capacity for the company;

(f) a permanent sample depot, where a representative of the company may display examples of its products that are for sale;

(g) a depot where a representative of the company may buy materials for the use of the company; or

(h) a depot for the distribution of goods. 1939, c. 10, s. 12 (2); 1941, c. 15, s. 4 (1).

(3) Where a company, firm, broker, agent or other person is acting as the agent or representative of or in any other capacity for more than one incorporated company, each of such companies shall be deemed to be maintaining an office or place of business in the office or place of business of such company, firm, broker, agent or other person.

(4) Offices or places of business defined by clauses c, d, e, f, g and h of subsection 2 shall be deemed separate offices and places of business only in such cases where each of them is located apart from the head office or executive office of the company. 1939, c. 10, s. 12 (3, 4).

(5) Any tax imposed under this section shall not be imposed on any incorporated company,

(a) that is a bank;

(b) that is an insurance company; 1939, c. 10, s. 12 (5), cl. (a, b).
(c) that is a mutual insurance company that insures agricultural and other non-hazardous risks on the premium note plan, the sole business of which is carried on in Ontario, or that is a fraternal society or mutual benefit society as defined in The Insurance Act, or that is a pension fund or employees' mutual benefit society incorporated under or subject to The Companies Act; 1941, c. 15, s. 4 (2).

(d) that owns, operates or uses a railway, except as provided by section 13;

(e) that owns, operates or uses a line or part of a line of telegraph in Ontario;

(f) that transacts the business of an express company over a railway in Ontario;

(g) that operates, leases or hires sleeping, parlour or dining cars run or used in Ontario;

(h) that was incorporated without share capital; 1939, c. 10, s. 12 (5), cls. (c-g).

(i) that is organized and operated on a co-operative basis and

(i) that markets the products of its members or shareholders under the obligation to pay to them the proceeds from the sales on the basis of quantity and quality, less a reasonable amount for expenses and reserves, or

(ii) that purchases supplies and equipment for the use of its members or shareholders under the obligation to turn such supplies and equipment over to them at cost, plus a reasonable amount for expenses and reserves, or

(iii) that markets the products of, or purchases supplies and equipment for the use of persons other than the members or shareholders, provided that the value thereof does not exceed 20 per cent of the value of products, supplies and equipment marketed or purchased for its members or shareholders, or

(iv) that is a credit union. 1941, c. 15, s. 4 (4).
(6) Every incorporated company that has a paid-up capital of less than $100,000 shall, for every fiscal year of the company in lieu of the tax imposed under subsection 1, pay a tax of one-twentieth of one per cent, calculated on the paid-up capital, for each office or place of business in Ontario, provided that in no case shall the combined taxes imposed under sections 10 and 12 be less than $20. 1939, c. 10, s. 12 (6).

(7) Every incorporated company,

(a) that is engaged in mining, the profits of which during the fiscal year are insufficient to be assessed for a tax under The Mining Tax Act and that does not hold as assets investments in the shares, bonds and obligations of other companies and governments, municipal and school corporations having a cost value of more than $40,000;

(b) the charter of which has not been surrendered and the nominal head office of which is designated as being in Ontario and that in the opinion of the Treasurer has not commenced to do business or has ceased to do business and is entirely without assets,

shall for every fiscal year of the company, in lieu of the tax imposed under subsections 1 and 6, pay a tax of $20. 1939, c. 10, s. 12 (7); 1947, c. 19, s. 2.

(8) Every incorporated company,

(a) that was incorporated for religious, charitable, philanthropic, social or educational purposes or for the purpose of drainage, agriculture or colonization in Ontario and no part of the income of which inures to the personal profit of or is paid or payable to any shareholder therein; or

(b) that was incorporated to operate clubs, societies and associations for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which inures to the personal profit of or is paid or payable to any shareholder therein; or

(c) that owns, operates or uses a telephone line or part thereof in Ontario and that has a paid-up capital of less than $100,000,

shall for every fiscal year of the company, in lieu of the tax imposed under subsections 1, 6 and 7, pay a tax of
$5, where the paid-up capital is less than $20,000;

$10, where the paid-up capital is $20,000 or over and less than $40,000;

$15, where the paid-up capital is $40,000 or over and less than $60,000;

$25, where the paid-up capital is $60,000 or over and less than $80,000;

$50, where the paid-up capital is $80,000 or more. 1939, c. 10, s. 12 (8); 1941, c. 15, s. 4 (5).

13. In addition to the taxes imposed under sections 5 and 11, every incorporated company that owns, operates or uses a railway and that also owns, operates or uses one or more hotels in Ontario, shall for every fiscal year of the company pay a tax of $50 for each hotel owned, operated or used in Ontario. 1939, c. 10, s. 13.

14.—(1) In addition to the taxes imposed under sections 10 and 12, and save as in this section otherwise provided, every incorporated company that has its head or other office in Ontario, or that holds assets in Ontario, or that transacts business in Ontario, shall for every fiscal year of the company pay a tax of seven per cent calculated on the net income of the company. 1939, c. 10, s. 14 (1); 1947, c. 19, s. 3 (1).

(2) In this section, "income" refers to the income earned during the fiscal year of the company and means the net profit or gain, whether ascertained as being a fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business, directly or indirectly received by it from any trade, manufacture or business, as the case may be, whether derived from sources in Ontario or elsewhere; and includes 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,

(a) the income from but not the value of property acquired by gift, bequest, devise or descent;

(b) 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 surrender of the contract;

(c) personal and living expenses that form part of the profit, gain or remuneration of the company;

(d) rents, royalties, annuities or other like periodical receipts that depend upon the production or use of any real or personal property, notwithstanding that they are payable on account of the use or sale of any such property; and

(e) annuities or annual payments received under any will or trust irrespective of the date on which the will or trust became effective whether or not the annuities or annual payments are paid in whole or in part out of capital funds of the estate or trust and whether or not they are received at intervals separated by periods of a year or by longer or shorter periods. 1939, c. 10, s. 14 (2).

(3) The tax imposed under this section shall not be imposed on any incorporated company,

(a) that was incorporated for religious, charitable, educational or agricultural purposes and no part of the income of which is paid or payable to or inures to the personal profit of any shareholder thereof;

(b) that was incorporated without share capital;

(c) that was incorporated to operate clubs, societies or associations for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which is paid or payable to or inures to the benefit of any shareholder thereof;

(d) the business operations of which are of an industrial, mining, commercial, public utility or public service nature, and are carried on entirely outside of Ontario, either directly or through subsidiary or affiliated companies, and the assets of which, except securities acquired by the investment of accumulated income and such bank deposits as may be held in Ontario, are situated entirely outside of Ontario, including wholly owned subsidiary companies that are engaged solely in the prosecution outside of Ontario of the business of the parent company;
(e) the business operations of which are of an investment or financial nature carried on entirely outside of Ontario, and the shares of which have been offered for public subscription or are listed on any recognized stock exchange in Ontario or elsewhere, and the assets of which except such bank deposits as may be held in Ontario and except shares of other companies conforming to the requirements of this clause or clauses, are situated entirely outside of Ontario; provided that the shares, bonds and obligations of any company incorporated under the laws of Canada with statutory head office in Ontario or under the laws of Ontario shall for the purposes of this clause be deemed to be assets in Ontario notwithstanding that they may be or have been transferred on any register outside of Ontario;

(f) that is organized and operated on a co-operative basis and,

(i) that markets the products of its members or shareholders under the obligation to pay to them the proceeds from the sales on the basis of quantity and quality, less a reasonable amount for expenses and reserves, or

(ii) that purchases supplies and equipment for the use of its members or shareholders under the obligation to turn such supplies and equipment over to them at cost, plus a reasonable amount for expenses and reserves, or

(iii) that markets the products of, or purchases supplies and equipment for the use of persons other than its members or shareholders, provided that the value thereof does not exceed 20 per cent of the value of products, supplies and equipment marketed or purchased for its members or shareholders, or

(iv) that is a credit union;

(g) that is organized for the purpose of financing the operations of and is owned or controlled by any other company that is not liable to taxation under clause f;

(h) that is engaged in the business of transporting passengers or freight or both, the head office and entire transportation system of which is situated outside of Ontario; 1939, c. 10, s. 14 (3), cls. (a-g).
(i) that pays taxes under this Act as a bank, insurance company, railway company, express company, telegraph company, or car company, provided that a company that operates a railway and derives income from the operation of one or more hotels shall be taxable as provided by section 15; 1939, c. 10, s. 14 (3), cl. (h); 1941, c. 15, s. 5 (2).

(j) that is a personal corporation as defined in The Income Tax Act (Ontario), being chapter 25 of The Corporations: Revised Statutes of Ontario, 1937; 1939, c. 10, s. 14 (3), cl. (i).

(k) that is a mutual insurance company insuring agricultural and other non-hazardous risks on the premium note plan, whose sole business is carried on in Ontario, that is a fraternal society or mutual benefit society as defined in The Insurance Act, Rev. Stat., cc. 183, 59. or that is a pension fund or employees' mutual benefit society incorporated under or subject to The Companies Act; 1941, c. 15, s. 5 (1, 2).

(l) (i) the property of which, throughout the fiscal year, consists, to the extent of 80 per cent or more, of shares, bonds, marketable securities or cash,

(ii) the gross income of which, throughout the fiscal year, is, to the extent of not less than 95 per cent, derived from investments mentioned in subclause i,

(iii) the property of which, throughout the fiscal year, consists, to the extent of not more than 10 per cent thereof, of shares, bonds, or securities of any one company or debtor other than His Majesty in right of Canada, or of any province or municipality in Canada,

(iv) the shares of which are held, throughout the fiscal year by 50 or more persons of whom none holds more than 25 per cent of the whole capital stock thereof, and

(v) the net income of which for the fiscal year, is distributed to the shareholders within 120 days after the close of the fiscal year to the extent of 85 per cent thereof or more, provided that the term "net income" as used in
this subclause means the income that would be taxable under this section but for this cause, plus income that would be exempt from tax under this section, minus taxes paid to other governments and minus dividends and interest received in the form of shares, bonds or other securities that have not been sold before the end of the fiscal year. 1949, c. 18, s. 4 (1).

Exemptions and deductions. (4) “Income” as hereinbefore defined is subject to the following exemptions and deductions:

Depreciation and exhaustion. (a) Such reasonable amount as the Treasurer in his absolute discretion may allow for depreciation, and the Treasurer in determining the income derived from oil and gas wells and timber limits shall make such an allowance for the exhaustion of the oil and gas wells and timber limits as he may deem just and fair; and in the case of leases of oil and gas wells and timber limits, the lessor and lessee shall each be entitled to deduct a part of the allowance for exhaustion as they agree and if the lessor and the lessee do not agree, the Treasurer may apportion the deduction between them and his determination shall be final. 1939, c. 10, s. 14 (4), cl. (a); 1947, c. 19, s. 3 (2).

Interest on borrowed capital. (b) Such reasonable rate of interest on borrowed capital used in the business as the Treasurer in his absolute discretion may allow notwithstanding the actual rate of interest payable by the company, but to the extent that the rate of interest payable by the company is in excess of the amount allowed by the Treasurer, it shall not be allowed as a deduction and the rate of interest allowed shall not in any case exceed the rate stipulated for in the bond, debenture, mortgage, note, agreement or other similar document, whether with or without security, by virtue of which the interest is payable.

Donations to charity. (c) Not more than 10 per cent of the net taxable income of the company that has been actually paid by way of donation within its fiscal year to, and receipted for as such by, any charitable organization in Canada operated exclusively as such and not operated for the benefit or private gain or profit of any member or shareholder thereof or other person. 1939, c. 10, s. 14 (4), cls. (b, c).
(d) An amount not exceeding $900 paid by the company Contributions to pension funds.

or under an approved superannuation fund or plan in respect of services rendered during the fiscal year by each employee, officer or director of the company. 1950, c. 12, s. 1 (1).

(e) Dividends received by the company from another company. 1947, c. 19, s. 3 (3), part.

(f) The amount of business losses sustained by the company, if its head office is in Ontario, from the date of its incorporation to the commencement of the first fiscal year during which it earns a net income, which for the purposes of this clause means the amount that results from applying the provisions of this section respecting the computation of the net income, mutatis mutandis, but excluding from the computation the exemptions provided by clauses f, g and j of this subsection, provided that,

(i) no amount is deductible in respect of the losses of the company sustained as a result of transactions between the company and persons with whom it was not dealing at arms-length,

(ii) the amount of such business losses is deductible only to the extent that it exceeds the aggregate of the amounts previously deductible in respect of those losses under this section,

(iii) no amount is deductible in respect of the loss of any fiscal year until the deductible losses of previous fiscal years have been deducted,

(iv) no amount is deductible in respect of losses from the net income of any fiscal year except to the extent of the lesser of,

(A) the net income of the company for the fiscal year from the business in which the loss was sustained, or

(B) the net income of the company for the fiscal year, and

(v) no amount is deductible in respect of losses sustained by the company during a fiscal year
that ended in the calendar year 1948 or during any previous fiscal year. 1949, c. 18, s. 4 (2).

(g) That part of the income of the company, if its head office is outside of Ontario, derived as interest on bonds and obliga\-tions of other companies and of governments, municipal and school corporations and as dividends from other companies. 1939, c. 10, s. 14 (4), cl. (g).

(h) The amount, not exceeding 10 per cent of the net taxable income of the company, that has been actually paid by way of contribution within its fiscal year to, and receipted for as such by, any patriotic organization or institution in Canada that has the written approval of the Secretary of State (Canada). 1939 (2nd Sess.), c. 2, s. 1.

(i) The amount of the income earned during the fiscal year by the company, if it is engaged in mining, that is equal to the amount of mining profits earned during such fiscal year for which the company is assessed for a tax under section 4 of The Mining Tax Act, provided that if such fiscal year does not coincide with the calendar year during which the profits assessed under The Mining Tax Act are earned, such amount shall be the total of,

(i) the amount of mining profits earned during the calendar year that ends during such fiscal year for which the company is assessed for a tax under section 4 of The Mining Tax Act, and

(ii) the amount of mining profits earned during the period commencing on the 1st day of January following the close of such calendar year and ending on the last day of such fiscal year for which the company will be assessable for a tax under section 4 of The Mining Tax Act,

reduced by,

(iii) the amount of mining profits earned during the period commencing on the 1st day of January of the calendar year that ends within such fiscal year and ending on the last day of the fiscal year previous to such fiscal
(j) An amount equal to the aggregate of the exploration expenses, including all geological and geophysical expenses, or such lesser amount as the Treasurer in his absolute discretion may allow, incurred during the fiscal year of the company with respect to oil wells and natural gas wells in Canada, if the company was incorporated for the purpose of exploring for oil wells and natural gas wells in Canada.

(k) An amount equal to the aggregate of the drilling expenses, or such lesser amount as the Treasurer in his absolute discretion may allow, incurred by the company with respect to the spudding in or deepening of an oil well or a natural gas well in Canada, if the company was incorporated for the purpose of drilling for oil or natural gas, or the production, refining or marketing of petroleum or petroleum products or of natural gas, provided that no such deduction shall be allowed until such well is abandoned or becomes productive, and

(i) where the well is abandoned the amount so expended, or such lesser amount as the Treasurer in his absolute discretion may allow, shall be deducted during the fiscal year of the company during which such well is abandoned, and

(ii) where the well becomes productive the amount so expended, or such lesser amount as the Treasurer in his absolute discretion may allow, shall be deducted during the fiscal year of the company during which the well becomes productive and subsequent fiscal years only as and to the extent that the company charges portions of such amount in its accounts as amortization of such well.

(l) An amount equal to the aggregate of the prospecting and exploration expenses, or such lesser amount as the Treasurer in his absolute discretion may allow, incurred during the fiscal year of the company in searching for minerals in Canada if the principal business of the company is the mining of or searching for minerals, and in this clause the word "minerals"
does not include diatomaceous earth, limestone, marl, peat or building stone, or stone for ornamental or decorative purposes or non-auroiferous sand or gravel. 1948, c. 18, s. 3 (1), part.

\[ (m) \] An amount equal to the aggregate of the development expenses, or such lesser amount as the Treasurer in his absolute discretion may allow, incurred by the company after the commencement of its fiscal year ending in the calendar year 1949 with respect to the development in Canada of a mine as defined in The Mining Tax Act, if the principal business of the company is the mining of or searching for minerals, provided that no such deduction shall be allowed until the mine is abandoned or becomes productive, and

(i) where the mine is abandoned, the amount so expended, or such lesser amount as the Treasurer in his absolute discretion may allow, shall be deducted during the fiscal year of the company during which the mine is abandoned, and

(ii) where the mine becomes productive, the amount so expended, or such lesser amount as the Treasurer in his absolute discretion may allow, shall be deducted during the fiscal year of the company during which the mine becomes productive and subsequent fiscal years only as and to the extent that the company charges portions of such amount in its accounts as amortization of the mine. 1949, c. 18, s. 4 (3).

\[ (n) \] An amount equal to the excess over $10,000 of the income of the company derived from logging operations in Ontario as defined in section 3 of The Logging Tax Act, such amount to be deducted from income of the fiscal year of the company for which tax calculated on such amount is payable under that Act. 1950, c. 12, s. 1 (2).

Deductions not allowed.

(5) In computing the amount of income to be assessed, a deduction shall not be allowed in respect of,

\[ (a) \] any disbursement or expense not wholly, exclusively and necessarily laid out or expended for the purpose of earning income;
(b) any outlay, loss or replacement of capital or any payment on account of capital or any depreciation, depletion or obsolescence, except as otherwise provided in this Act;

(c) the annual value of property, real or personal, except rent actually paid for the use of such property, used in connection with the business of the company to earn income;

(d) amounts transferred or credited to a reserve, contingent account or sinking fund, except such an amount for bad debts as the Treasurer may allow and except as otherwise provided in this Act;

(e) carrying charges or expenses of unproductive property or assets not acquired for the purposes of the trade or business of the company or of a liability not incurred in connection with the trade or business of the company;

(f) carrying charges of property the income from which is exempt, except to the extent that such carrying charges exceed the exempt income;

(g) any sums charged by any company or organization outside of Canada to a company incorporated under the laws of Canada or of any province of Canada in respect of management fees or services or for the right to use patents, processes or formulas presently known or yet to be discovered, or in connection with the letting or leasing of anything used in Canada, irrespective of whether a charge or price is agreed upon or otherwise, if the company or organization to which such sums are payable, or the company incorporated under the laws of Canada or of any province of Canada is controlled directly or indirectly by any company or group of companies or persons in or outside of Canada which are affiliated one with the other by the holding of shares or by agreements or otherwise, provided that a portion of such charges may be allowed as a deduction if the Treasurer is satisfied that the charges are reasonable for services actually rendered or the use of anything actually used in Canada;

(h) the distribution of earnings by the company to holders of its income bonds or income debentures, provided that in cases where such income bonds or income debentures;
income debentures have been issued or the income provisions thereof have been adopted since the close of the fiscal year of the company ending in 1930, in consequence of an adjustment of previously existing bonds or debentures bearing an unconditional fixed rate of interest, which adjustment, to the satisfaction of the Treasurer, was occasioned by financial difficulties of the debtor company or its predecessor and was intended to afford some relief to such debtor company or its predecessor, then the provisions of this clause shall not apply;

(i) the amount of tax paid on account of net income to the Dominion of Canada and to any other jurisdiction including Ontario; 1939, c. 10, s. 14 (5).

(j) the amount of any outlay or expense made or incurred in respect of a transaction or operation that, if allowed, would unduly or artificially reduce the income; or

(k) the amount of any outlay or expense to the extent that it may reasonably be regarded as having been made or incurred for the purpose of gaining or producing income that is exempt from tax under this section or in connection with property the income from which would be exempt under this section. 1949, c. 18, s. 4 (4).

6 The Treasurer may disallow as an expense the whole or any portion of any salary, bonus, commission, director's fee or other charge that in his opinion is in excess of what is reasonable for the services performed. 1939, c. 10, s. 14 (6).

7 Where a company purchases anything from a person with whom it is not dealing at arms-length at a price in excess of the fair market value, the fair market value thereof shall, for the purpose of computing the income of the company, be deemed to have been paid or to be payable therefor.

8 Where a company sells anything to a person with whom it is not dealing at arms-length at a price less than the fair market value, the fair market value thereof shall, for the purpose of computing the income of the company, be deemed to have been received or to be receivable therefor.

9 Where a company pays or agrees to pay to the person with whom it is not dealing at arms-length as price, rental, royalty or other payment for use or reproduction of any
property an amount computed at a rate higher than that at
which similar payments by other persons in the same kind of
business are computed, an amount computed at the rate at
which similar payments are made by such other persons shall,
for the purpose of computing the income of the company,
be deemed to have been the amount that is paid or is payable
therefor.

(10) Where a company directly or indirectly distributes to its shareholders any of its property, either on winding-up or otherwise, for no consideration or for a consideration below the fair market value, if the sale thereof at the fair market value would have increased the income of the company for the fiscal year, it shall be deemed, for the purpose of determining the income of the company, to have sold the property during the fiscal year and to have received therefor the fair market value thereof. 1949, c. 18, s. 4 (5).

(11) Where a company has made a special payment or payments in Canada on account of an employees' superannuation or pension fund or plan in respect of the past services of employees pursuant to a recommendation by a qualified actuary in whose opinion the resources of the fund or plan required to be augmented by the amount of one or more special payments to ensure that all the obligations of the fund or plan to the employees may be discharged in full and has made the payment or payments so that it is or they are irrevocably vested in or for the fund or plan and the amount of the payment or payments so recommended to be made is approved by the Treasurer, an amount shall be deducted from income of the fiscal year equal to the lesser of,

(a) one-tenth of the whole amount so recommended to be paid; or

(b) the amount by which the aggregate of the amounts so paid during all fiscal years ending with the fiscal year exceeds the aggregate of the amounts that were deductable under this subsection from income of the previous fiscal years of the company and of the amounts that, if this subsection had been in force with respect to fiscal years of companies ending in 1949 and previous fiscal years, would have been deductable from income of such fiscal years.

(12) In any case,

(a) where an amount has been recommended to be paid by a company on account of an employees' super-
annuation or pension fund or plan in respect of the past services of employees and such amount has been approved by the Treasurer under subsection 11; and

(b) where the company has made a special payment or payments on account thereof during the fiscal year of the company ending in 1949 and previous fiscal years; and

(c) where the aggregate of the amounts that were deductible in respect thereof from income of such fiscal years of such company under clause d of subsection 4 of section 14 repealed by subsection 1 of section 1 of The Corporations Tax Amendment Act, 1950 is less than the aggregate of the amounts that would have been deductible under subsection 11 if such subsection had been in force for such fiscal years, the deficiency shall be deducted in five equal parts from the income of the fiscal years of the company ending in 1950 to 1954, and for the purpose of this subsection deductions from income of fiscal years of companies ending in 1941 to 1946 under clause d of subsection 4 of section 14 repealed by subsection 1 of section 1 of The Corporations Tax Amendment Act, 1950 shall be deemed to have been made as though The Corporations and Income Taxes Suspension Act, 1942 had not been in force. 1950, c. 12, s. 1 (3).

Deduction from tax on income.

(13) A company shall be entitled to deduct from the tax calculated upon net income that would otherwise be payable by it under this Act the amount of the tax calculated on net income that was paid or payable for the fiscal year for which tax under this Act is imposed to the government of any province, state or country outside of Ontario with the exception of the tax paid to the Dominion of Canada, provided that such deduction shall not at any time exceed, or in the case of any such company the head office of which is outside of Ontario shall neither be less than nor exceed, the amount of the tax that would otherwise be payable in respect of net income derived from sources in each such province, state or country, and provided that the net income derived from sources in each such province, state or country shall be determined in the following manner: 1939, c. 10, s. 14 (7), part; 1941, c. 15, s. 5 (4).

Ship transportation companies.

(a) In the case of a company the business of which is that of ship transportation, the amount of net income
that shall be deemed to have been derived from sources in each such province, state or country shall be that portion of the total net income, exclusive of gross income from investments in the shares, bonds and obligations of other companies and of governments and municipalities, which the amount of the tonnage of each of its ships that operated during the fiscal year of the company and that touched at a port in such province, state or country multiplied by the number of times each such ship touched at a port in such province, state or country during such fiscal year plus the amount of tonnage of each of its ships that did not operate during such fiscal year and was held at a port in such province, state or country, bears to the total amount of the tonnage of its ships that operated during such fiscal year multiplied by the number of times each such ship called at any port during such fiscal year and of the tonnage of its ships that did not operate during such fiscal year.

(b) In the case of a company the business of which is that of transporting passengers or freight or both by bus, truck or aircraft, the amount of net income that shall be deemed to have been derived from sources in each such province, state or country shall be that portion of the total net income, exclusive of gross income from investments in the shares, bonds and obligations of other companies and of governments and municipalities, which the number of miles travelled by its buses, trucks or aircraft during the fiscal year of the company in each such province, state or country bears to the total number of miles travelled by its buses, trucks or aircraft during such fiscal year. 1939, c. 10, s. 14 (7), cls. (a-b).

(c) In the case of a company the business of which is merely holds assets, or that owns and operates international or interprovincial bridges or tunnels or both, or the operations of which in the opinion of the Treasurer tend to deplete the natural resources of Canada, the amount of the net income that shall be deemed to have been derived from sources in each such province, state or country shall be that portion of the total net income, exclusive of gross income...
from investments in the shares, bonds and obligations of other companies and of governments, municipal and school corporations, which the book value of the fixed assets and the goods and supplies as shown by the inventories situated in each such province, state or country bear to the book value of the total fixed assets and the goods and supplies as shown by the inventories; provided that in the case of any such company, where the Treasurer is satisfied that the net income of the company earned in Ontario and earned in each such province, state or country outside of Ontario respectively is capable of accurate determination, the actual amounts thereof shall be determined in lieu of the aforesaid calculated amount.

Grain companies.

(d) In the case of a company the chief business of which is the operation of grain elevators, the amount of the net income that shall be deemed to have been derived from sources within each such province, state or country shall be that portion of the total net income, exclusive of gross income from investments in the shares, bonds and obligations of other companies and of governments, municipal and school corporations, which the number of bushels of grain received during the fiscal year in the elevators operated by the company in each such province, state or country bears to the number of bushels of grain received during the fiscal year in all the elevators operated by the company; provided that in the case of any such company, where the Treasurer is satisfied that the net income of the company earned in Ontario and earned in each such province, state or country outside of Ontario respectively is capable of accurate determination, the actual amounts thereof shall be determined in lieu of the aforesaid calculated amount.

Other companies.

(e) In the case of every other company, the amount of the net income that shall be deemed to have been derived from sources in each such province, state or country shall be that portion of the total net income, exclusive of gross income from investments in the shares, bonds and obligations of other companies and of governments, municipal and school corporations, which the gross sales made to or the gross revenue received from customers residing in each such province, state or country, exclusive of gross income from investments in the shares, bonds
and obligations of other companies and of govern­
ments and municipal and school corporations, bear
exclusive of gross income from investments in the
shares, bonds and obligations of other companies and
of governments and municipal and school corpora­
tions; provided that in the case of any such com­
pany, where the Treasurer is satisfied that the net
income of the company earned in Ontario and earned
in each such province, state or country outside of
Ontario respectively is capable of accurate determina­
tion, the actual amounts thereof shall be determined
in lieu of the aforesaid calculated amount; and for
the purpose of this clause the residence of a customer
of a company shall be deemed to be, with respect to
sales made to or gross revenue received from cus­
tomers residing in Canada, in the province,

(i) in which the goods sold by the company are
received by the customer,

(ii) in which the services sold by the company are
performed for the customer, or

(iii) in which the customer uses any property,
invention, trade name or other thing from
which the company derives its remaining
gross revenue represented by rents, royalties
or similar payments,

and with respect to sales made to or gross revenue
received from customers residing outside of Canada,
in the province,

(iv) from which the order for the goods sold is
filled by the company,

(v) in which, by contract, the company receives
payment for services performed outside of
Canada, or

(vi) in which, by contract, the company receives
payment of its remaining gross revenue
represented by rents, royalties or similar pay­
ments for the use outside of Canada of any
property, invention, trade name or other
thing,

unless the company is subject to taxation on net
income in the state or country outside of Canada
where the customer actually resides, in which case the residence of the customer shall be deemed to be in such state or country.

(f) In the case of a company that has its head office in Ontario, any part of the net income of which consists of dividends and interest from investments in the shares, bonds and obligations of other companies and of governments, municipal and school corporations the cost of which forms the basis for the deduction for investments allowed under clause c of subsection 4 of section 10, the amount of the net income derived from such sources that shall be deemed to have been earned in any such province, state or country shall be the amount of such dividends and interest paid by companies with head offices in such province, state or country or by the government of such province, state or country or by a municipal or school corporation situated therein. 1949, c. 18, s. 4 (6).

(14) Any deduction provided by subsection 13 shall be allowed only if the company furnishes evidence satisfactory to the Treasurer of the amount of tax paid or payable during its fiscal year to the government of each such province, state or country in respect of net income. 1939, c. 10, s. 14 (8).

15. In addition to the taxes imposed under sections 5, 11 and 13 every company that owns, operates or uses a railway and that also owns, operates or uses one or more hotels in Ontario shall pay a tax of seven per cent calculated on the net income derived from the operation of such hotel or hotels, and net income for the purposes of this section shall be determined in the manner provided by subsections 2, 4 and 5 of section 14 in so far as the definition of net income therein applies to the income from the operation of hotels in Ontario. 1939, c. 10, s. 15; 1947, c. 19, s. 4.

16. Unless otherwise provided in this Act, any tax imposed under this Act shall be determined on the amount of the paid-up capital stock, mileage or other subject in respect of which the amount of the tax is to be ascertained as such stock, mileage or other subject stood at the end of the fiscal year of the company for which the tax is imposed, provided that, in reference to the number of places of business, the number shall be the maximum number opened during the fiscal year, and provided further that in reference to gross premiums of insurance companies and the net income of incorporated companies the amount on which any tax imposed under this Act shall be calculated shall be the gross premiums received
or the net income earned during the fiscal year of the company for which the tax is imposed. 1939, c. 10, s. 16.

17.—(1) Every company on which a tax is imposed under this Act shall on or before the last day of the month that ends six months following the close of the fiscal year of the company, without notice or demand, and every company on which a tax is or is not imposed under this Act shall upon receipt of a notice or demand in writing from the Treasurer or from any officer of the Treasury Department authorized by the Treasurer to make such demand, deliver to the Treasurer such return as is required for the purposes of carrying out the provisions of this Act. 1939, c. 10, s. 17 (1); 1947, c. 19, s. 5; 1948, c. 18, s. 4 (1).

(2) The return shall be verified by a certificate certifying that the financial statements included in the return or attached thereto are in agreement with the books of the company, and such certificate shall be signed by the president or some other officer having personal knowledge of the affairs of the company, and in the case of an extra-provincial company, by the manager or chief agent of the company in Ontario, or by such other person or persons connected with the company as the Treasurer may require. 1939, c. 10, s. 17 (2).

18.—(1) When a company is in default in complying with subsection 1 of section 17, it shall be liable to a penalty of,

(a) an amount equal to five per cent of the tax that was unpaid when the return was required to be filed, if the tax payable by the company for the fiscal year that was unpaid at that time was less than $10,000; or

(b) $500, if at the time the return was required to be filed, tax payable by the company equal to $10,000 or more was unpaid. 1950, c. 12, s. 2 (1).

(2) When a company fails to complete the information required on the return to be delivered under subsection 1 of section 17, it shall be liable to a penalty of one per cent of the tax payable by it; provided that such penalty shall not in any case be less than $1 nor more than $20. 1939, c. 10, s. 18 (3); 1950, c. 12, s. 2 (2).

(3) Every person who makes any false statement in any return or in any information made or furnished to the Treasurer under this Act shall be guilty of an offence and on summary conviction shall be liable to a penalty of not more
than $10,000 or to imprisonment for six months or both. 1939, c. 10, s. 18 (4).

19. The Treasurer may enlarge the time for making any return before or after the time for making it. 1939, c. 10, s. 19.

20.—(1) The taxes imposed under this Act shall be deemed to be due on the last day of the fiscal year of the company for which such taxes are imposed.

(2) Every company on which a tax is imposed under this Act shall pay,

(a) not later than the close of the fiscal year in respect of which the tax is payable, an amount equal to one-half of the tax as estimated by it on its income or other subject for the last preceding fiscal year or for the fiscal year in respect of which the tax is payable, at the rate applicable for the last-mentioned fiscal year;

(b) not later than the 15th day of the third month following the month in which the fiscal year in respect of which the tax is payable closed, an amount equal to the balance of the tax as so estimated; and

(c) at the time of making the return as required by subsection 1 of section 17, the balance, if any, of the tax payable as estimated by the company in the return. 1947, c. 19, s. 6, part.

(3) Where the amount paid on account of tax payable by a company for a fiscal year before the expiration of the time allowed for filing the return of the company under section 17 is less than the amount of tax payable for the fiscal year, the company liable to pay the tax shall pay interest on the difference between those two amounts from the expiration of the time for filing the return to the day of payment at the rate of six per cent per annum.

(4) Where a company being required by subsection 2 to pay a part or instalment of tax has failed to pay all or any part thereof as required, the company, in addition to the interest payable under subsection 3, shall pay interest on the amount the company failed to pay at six per cent per annum from the day on or before which the company was required to make the payment to the day of payment or the beginning of the period in respect of which the company becomes liable to pay interest thereon under subsection 3, whichever is earlier.
(5) For the purposes of subsection 4, the company shall be deemed to have been liable to pay a part or instalment under subsection 2 computed by reference to the tax payable for,

(a) the last preceding fiscal year; or

(b) the fiscal year in respect of which the tax is payable.

whichever is lesser.

(6) No interest under this section upon the amount by which the unpaid taxes exceed the amount of taxes estimated to be payable in the return required to be filed under section 17 is payable in respect of the period beginning 20 months after the expiration of the time for filing the return or 20 months after the time the return was in fact filed, whichever was later, and ending 30 days from the date of the mailing of the notice of assessment. 1950, c. 12, s. 3.

21.—(1) The returns received by the Treasurer shall be checked and examined with all possible despatch. 1939, c. 10, s. 21 (1).

(2) If the Treasurer, in order to make an assessment or for any other purpose, desires any information or additional information, or a return from a company that has not made a return or a complete or sufficient return, he may, by registered letter, demand from the company, or from the president, manager, secretary, or any director, agent or representative thereof such information, additional information or return and the company, president, manager, secretary or any director, agent or representative upon whom such a demand is made shall deliver to the Treasurer such information, additional information or return within 30 days of the mailing of the return. 1939, c. 10, s. 21 (2); 1941, c. 15, s. 6 (1).

(3) The Treasurer may, by registered letter, require the production, under oath or otherwise, by a company or the president, manager, secretary, or any director, agent or representative thereof, or by any person, partnership, syndicate, trust or company holding or paying or liable to pay any portion of the income of the company, or by any partner, agent or official of any such person, partnership, syndicate, trust or company, of any letters, accounts, invoices, statements or other documents. 1939, c. 10, s. 21 (3); 1941, c. 15, s. 6 (2).

(4) The Treasurer may, by registered letter, require production, under oath or otherwise, by any person, partnership, syndicate, trust or company, or by his or its agent or officer, of evidence to prove tax payable by another company.
of any letters, accounts, invoices, statements, financial or otherwise, books or other documents in the possession or in the control of such person, partnership, syndicate, trust or company or of his or its agent, for the purpose of determining what tax, if any, is payable by any company and production shall be made within 30 days of the mailing of the registered letter.

(5) If a company fails or refuses to keep adequate books or accounts for the purpose of ascertaining the amount of the tax payable under this Act, the Treasurer may require the company to keep such records and accounts as he may prescribe.

(6) For every default in complying with subsections 2 to 5 the company or persons, or both, in default shall be liable jointly and severally to a penalty of $25 for each day during which the default continues.

(7) For the purpose of any proceedings taken under this Act, the facts necessary to establish compliance on the part of the Treasurer with this section as well as the failure of any person, partnership, syndicate, trust, incorporated company or other company to comply with the requirements of this section shall be sufficiently proven in any court of law by affidavit of the Treasurer or of any officer of the Treasury Department.

(8) Any officer authorized by the Treasurer may make such inquiry as he may deem necessary to ascertain the paid-up capital, net income or other subject of any company, and for the purposes of such inquiry, such officer shall have all the powers and authority that may be conferred upon a commissioner appointed under The Public Inquiries Act.

(9) No return or information supplied by or on behalf of any company shall be binding on the Treasurer, and notwithstanding any return or information, or in the absence of any return or information, the Treasurer may determine the amount of the tax to be paid by any company. 1939, c. 10, s. 21 (4-9).

(10) After examination of the return of a company, the Treasurer shall send a notice of assessment to the company verifying or altering the amount of tax as estimated in its return, and any additional tax found to be due over the estimated amount shall be paid within one month from the date of the mailing of the notice of assessment. 1939, c. 10, s. 21 (10); 1950, c. 12, s. 4 (1).

(11) The Treasurer may refund at, before or after issue of the notice of assessment, any overpayment of tax, interest
or penalties made by the company, provided application in writing is made therefor by the company within six months of the date of the payment of the tax or the date on which the notice of assessment was issued, and any refund of tax made under this subsection may be paid with interest at the rate of three per cent per annum thereon calculated from six months after the time the tax first became overpaid, provided that no interest shall be paid where the refund of tax is less than $50.

(12) Notwithstanding any prior assessment or if no assessment has been made, the company shall continue to be liable for any tax imposed by this Act and to be assessed therefor and the Treasurer may at any time assess, re-assess or make additional assessments upon any company for tax and penalties. 1939, c. 10, s. 21 (12, 13).

22.—(1) Any company that objects to the amount at which it is assessed, or that considers that it is not liable to taxation under this Act, may by itself or by its solicitor, within one month after the date of the mailing of the notice of assessment provided for in subsection 10 of section 21, serve a notice of appeal on the Treasurer.

(2) The notice of appeal shall be served by mailing it by registered post addressed to the Treasurer.

(3) The notice of appeal shall follow Form 1 to this Act as closely as may be and shall set out clearly the reasons for appeal and all facts relative thereto. 1939, c. 10, s. 22.

23. Upon receipt of the notice of appeal the Treasurer shall duly consider it, affirm or amend the assessment appealed against, and notify the appellant company of his decision by registered post. 1939, c. 10, s. 23.

24.—(1) If the appellant company, after receipt of the decision, is dissatisfied therewith, it may, within one month from the date of the mailing of the decision, mail to the Treasurer by registered post, a notice of dissatisfaction.

(2) The notice of dissatisfaction shall follow Form 2 to this Act as closely as may be and shall state that the appellant company desires that its appeal be set down for trial.

(3) The appellant company shall forward with the notice of dissatisfaction a final statement of such further facts, statutory provisions and reasons that it intends to submit to the court in support of the appeal as were not included in the
notice of appeal, or in the alternative, a recapitulation of all facts, statutory provisions and reasons included in the notice of appeal, together with such further facts, provisions and reasons as the appellant intends to submit to the court in support of the appeal. 1939, c. 10, s. 24.

Security.

25.—(1) The appellant company shall thereupon give security in the sum of $400 or such other sum as the Treasurer may require for the costs of the appeal in a form satisfactory to the Treasurer; provided that in lieu of other security the appellant company may pay into court the sum of $200 or such other sum as the Treasurer may require in which case the company shall, when paying such sum in, state the purpose for which it is paid in and shall forthwith serve a notice on the Treasurer specifying the fact and purpose of the payment.

Proceedings voided.

(2) Unless such security is furnished by the appellant company within one month after the mailing of the notice of dissatisfaction, the appeal and all proceedings thereunder shall be null and void. 1939, c. 10, s. 25.

Decision upon receipt of statement of facts.

26. Upon receipt of the notice of dissatisfaction and statement of facts, a reply thereto shall be made by registered or first-class mail, or any other method of mailing or transmitting the facts alleged and confirming or amending the assessment or any amended, additional or subsequent assessment. 1939, c. 10, s. 26.

Copy of documents to be filed.

27.—(1) Within two months from the date of the mailing of the reply, the Treasurer shall cause to be transmitted to the Registrar of the Supreme Court or the local registrar of the Supreme Court for the county or district in which the appellant company has its head or other office or transacts business, to be filed in the court, copies of,

(a) the corporations tax return, if any, of the appellant company for the fiscal year under review;

(b) the notice of assessment appealed;

(c) the notice of appeal;

(d) the decision;

(e) the notice of dissatisfaction;

(f) the reply;

(g) all other documents and papers relative to the assessment under appeal.
(2) The matter shall thereupon be deemed to be an action in the court and shall be set down for trial forthwith by the Registrar or local registrar, as the case may be, and there- after shall be proceeded with in the same manner as an action commenced in the Court; provided that the court or a judge may at any time before the commencement of the trial make such order relating to the delivery of pleadings as may be deemed proper.

(3) The practice and procedure of the Supreme Court, including the right of appeal and the practice and procedure relating to appeals, shall apply to every such action, and every judgment and order given or made in every such action may be enforced in the same manner and by the like process as a judgment or order given or made in an action commenced in the court. 1939, c. 10, s. 27.

28. All subsequent proceedings shall be entitled:

In re The Corporations Tax Act and the appeal of... of... in the Province of....

and notice and copies of all further proceedings shall be served on the Treasurer. 1939, c. 10, s. 28.

29.—(1) After an appeal has been set down for trial or hearing as above provided, any fact or statutory provision not set out in the notice of appeal or notice of dissatisfaction may be pleaded or referred to in such manner and upon such terms as the court or a judge thereof may direct.

(2) The court may refer the matter back to the Treasurer for further consideration. 1939, c. 10, s. 29.

30. Subject to this Act, the Supreme Court shall have exclusive jurisdiction to hear and determine all questions that may rise in connection with any assessment made under this Act and in delivering judgment may make any order as to payment of any tax, interest or penalty or as to costs as to the court may seem right and proper. 1939, c. 10, s. 30.

31. An assessment shall not be varied or disallowed because of any irregularity, informality, omission or error on the part of any person in the observation of any directory provision up to the date of the issuing of the notice of assessment. 1939, c. 10, s. 31.

32. Proceedings before the Supreme Court under this Act shall be held in camera upon request made to the court by any party to the proceedings. 1939, c. 10, s. 32.
33. If a notice of appeal is not served or a notice of dissatisfaction is not mailed within the time limited therefor, the right of the company assessed to appeal shall cease and the assessment shall be valid and binding notwithstanding any error, defect or omission therein or in any proceedings required by this Act. 1939, c. 10, s. 33.

34.—(1) Upon default of payment by a company of any tax or penalty, or both, imposed upon the company under this Act,

(a) the Treasurer may bring an action for the recovery thereof in any court in which a debt or money demand of a similar amount may be collected, and every such action shall be brought and executed in and by the name of the Treasurer or his name of office and may be continued by his successor in office as if no change had occurred, and shall be tried without a jury;

(b) the Treasurer may issue a warrant directed to the sheriff of any county or district in which any property of the company is located or situate, for the amount of the tax, interest and penalty, or any of them, owing by the company, together with interest thereon from the date of the issue of the warrant and the costs, expenses and poundage of the sheriff, and such warrant shall have the same force and effect as a writ of execution issued out of the Supreme Court;

(c) the Treasurer or any officer authorized by him may enter upon the premises of the company or any other place in Ontario where the books or records of the company or any part of them are kept and make such investigation and examination as he may deem necessary, and may seize all or any of such books and records and may, by notice in writing, require any person, partnership, syndicate, trust or corporation who may be indebted to the company to pay such indebtedness to the Treasurer.

(2) Except where otherwise specifically provided, the penalties imposed under this Act shall be recoverable under The Summary Convictions Act and shall be payable to the Treasurer.

(3) The use of any of the remedies provided by this section shall not be a bar to or affect any of the other remedies therein provided, and the remedies provided by this Act for the
recovery and enforcement of payment of any tax or penalty, or both, imposed under this Act shall be in addition to any other remedies existing by law, and no action or other proceeding taken shall in any way prejudice, limit or affect any lien, charge or priority existing under this Act or otherwise.
1939, c. 10, s. 34.

35.—(1) A notice under clause c of subsection 1 of section 34 may be served personally or by registered post addressed to such person, partnership, syndicate, trust or corporation at the address indicated in the books or records of the company, and the receipt of payment of the amount of the indebtedness by the Treasurer shall constitute a good and sufficient discharge of the liability of the person, partnership, syndicate, trust or corporation to the company to the extent of the amount indicated in the receipt.

(2) Any person, partnership, syndicate, trust or corporation discharging any liability to a company owing taxes, penalties or both under this Act after the service of the notice referred to in subsection 1 shall be personally liable to the Treasurer to the extent of the amount of the liability discharged between such person, partnership, syndicate, trust or corporation and the company or to the extent of the amount of taxes, interest and penalties owing under this Act by the company whichever is the lesser amount and the Treasurer shall have the same remedies for the recovery of such amount from such person, partnership, syndicate, trust or corporation as he has for the recovery from a company of a tax or penalty imposed upon it under this Act. 1939, c. 10, s. 35.

36.—(1) Every tax and penalty imposed under this Act shall be a first lien and charge upon the property in Ontario of the company liable to pay such tax or penalty or both, provided that such lien and charge shall not apply to any mine as defined in The Mining Tax Act until the company owning the mine has been assessed for a tax on mining profits under The Mining Tax Act. 1939, c. 10, s. 36; 1948, c. 18, s. 5.

(2) Every tax and penalty imposed under this Act on a company that owns, operates or uses a railway shall be a special lien on any property, real or personal, in which the company has any interest, legal or equitable (other than as lessee or under any agreement for running rights or operating rights) in priority to every claim, privilege, lien or encumbrance, whenever created, of every person, and the lien and its priority shall not be lost or impaired by any neglect, omission or error of any Minister, officer, servant or agent of the Crown, or by want of registration. 1940, c. 6, s. 4.
37. — (1) Where a company has failed to pay taxes and penalties imposed under this Act for a period of more than three years from the date of the mailing of the notice of assessment provided by subsection 10 of section 21, no person shall sell any capital assets of the company unless he has given written notice by registered post to the Treasurer not less than 10 days before the date of the sale.

(2) Every person who violates the provisions of subsection 1 shall be liable to a penalty of not less than an amount equal to the amount of such taxes and penalties in default, and such penalty shall be recoverable by action in any court in which a debt or money demand of a similar amount may be collected. 1939, c. 10, s. 37.

38. If any doubt or dispute arises as to the liability of a company to pay a tax or any portion of a tax demanded under the authority of this Act, or if owing to special circumstances it is deemed inequitable to demand payment of the whole amount imposed under this Act, the Treasurer may accept such amount as he may deem proper, and if the tax demanded has been paid under protest he may refund the amount so paid or any part thereof. 1939, c. 10, s. 38.

39. Every person who, and every company that violates any of the provisions of this Act or the regulations for which no other penalty is provided, shall be guilty of an offence and liable to a penalty of not less than $50 and not more than $500. 1939, c. 10, s. 39.

40. The Lieutenant-Governor in Council may make regulations,

(a) authorizing or requiring the Deputy Treasurer or any other officer of the Treasury Department to exercise any power or perform any duty conferred or imposed upon the Treasurer by this Act;

(b) providing for the issuance of certificates as to the amount of taxes and penalties owing by any company under this Act and prescribing the fees payable therefor;

(c) respecting any other matter necessary or advisable to carry out effectively the intent and purpose of this Act. 1939, c. 10, s. 40; 1948, c. 18, s. 6.

41. Notwithstanding anything in this Act, upon the approval by the Lieutenant-Governor in Council of an agreement between the Treasurer and the Minister of National
Revenue (Canada) and subject to its provisions, that Minister and the Deputy Minister of National Revenue for Taxation (Canada) are hereby authorized to exercise in the place and stead, on behalf of or as agent for the Treasurer and Controller of Revenue for Ontario, such of the powers and duties imposed upon the Treasurer and the Controller of Revenue for Ontario respectively under this Act as may be specified in the agreement. 1939, c. 10, s. 41 (1).

42. The Lieutenant-Governor in Council may authorize the Treasurer to pay any expenses that may be incurred by the Minister in carrying out the provisions of this Act. 1939, c. 10, s. 41 (2).

43.—(1) Notwithstanding anything in this Act, the Treasurer may, for the purpose of preventing duplication of taxation of any company, enter into an agreement with the treasurer or other officer of any other province of Canada who is authorized by an Act of such province to enter into such an agreement, providing for the remission, on a reciprocal basis, of taxes required to be paid by such company under this Act and under any Act of such other province imposing taxes of a similar nature.

(2) Every such agreement shall have the force of law when approved by the Lieutenant-Governor in Council and by any authority that is required to approve it under the provisions of the legislation of the other province.

(3) Any such agreement may be terminated by either party thereto giving notice in writing to the other party, and every such termination shall be effective in respect of the current fiscal year of the company and all subsequent fiscal years unless it is otherwise agreed between the parties. 1941, c. 15, s. 7.

44. Declarations or affidavits in connection with returns filed under this Act may be taken before any person having authority to administer an oath, or before any person specially authorized for that purpose by the Lieutenant-Governor in Council, but any person so specially authorized shall not charge any fee therefor. 1939, c. 10, s. 42.

45.—(1) 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 this Act, or allow any such person to inspect or have access to any written statement furnished under this Act.
(2) Every person who violates any provision of this section shall be guilty of an offence and on summary conviction shall be liable to a penalty of not more than $200. 1939, c. 10, s. 43.

Distribution among municipalities of one-half the revenue from railway tax.

46.—(1) There shall be set apart from the Consolidated Revenue Fund on the 31st day of December in each year a sum equal to one-half the receipts of the Province during such year of taxes from railway companies under subsection 1 of section 5 after deducting therefrom the sum of $30,000, and the sum so set apart shall, on the 31st day of December in each year, be credited to the cities, towns, villages and organized townships in Ontario in proportion to population as compared with the whole population of Ontario as shown by the last preceding census taken under the authority of the Parliament of Canada, and in the event of the population of any municipality being uncertain, owing to change of municipal boundaries, the Lieutenant-Governor in Council may determine the same for the purposes of this Act.

Fixing amounts.

(2) The Lieutenant-Governor in Council may fix the amount per head of the population to be so credited without allowing for fractions of a cent.

Debiting municipalities with cost of maintenance of patients.

(3) Against the amount so credited there shall be charged, as a contribution towards his maintenance, a sum amounting to 10 cents per patient per day for each patient belonging to the municipality maintained for the whole or any part of such year in any institution within the meaning of The Mental Hospitals Act, other than the Ontario Hospital, Woodstock, such charge to be made only in respect of patients on account of whose maintenance the Province is not in receipt from any source of $1.50 per week or more.

Determining liability of municipality to contribute to maintenance of patients.

(4) All questions as to the liability of a municipal corporation to such charge shall be determined by an officer designated for that purpose by the Minister of Health, whose decision may at any time and from time to time be varied or cancelled by himself or by any other officer designated by the Minister of Health, and the certificate of the Minister of Health declaring the amount of such charge shall be accepted and acted upon by the provincial Auditor without further evidence as determining the amount to be deducted under subsection 3.

Payment of balance.

(5) The balance remaining at the credit of each municipal corporation after deducting such charge shall be paid forthwith by the Treasurer to the corporation.
(6) The name of every patient in respect of whom the charge is made shall be furnished annually to the municipal corporation but shall not be published in its accounts unless the council so directs. 1939, c. 10, s. 44.

FORM 1

(Section 22 (3) )

In re The Corporations Tax Act, and ..........................................

(Name of taxpayer)

of the ........................................ of .................................. (Address)

in the Province of ........................................

Notice of Appeal is hereby given from the assessment bearing date the ........................................ day of .................................., 19 ...., wherein a tax in the sum of $ .................................. levied in respect of paid-up capital, net income or other subject for the fiscal year ended in 19 .......

Then follow with,

1. Full statement of facts.

2. Full statement of reasons for appeal.

Dated this ........................................ day of .................................., 19 ....

........................................

(Signature)

1939, c. 10, Sched.

FORM 2

(Section 24 (2) )

In re The Corporations Tax Act and the appeal of ........................................

(Name of taxpayer)

of the ........................................ of .................................. (Address)

in the Province of ........................................

The appellant company desires its appeal to be set down for trial.

Dated this ........................................ day of .................................., 19 ....

........................................

(Signature)