

1992

CHAPTER 57

An Act to amend *The Labour-sponsored Venture Capital Corporations Act*

(Assented to August 24, 1992)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Labour-sponsored Venture Capital Corporations Amendment Act, 1992*.

S.S. 1986, c.L-0.2 amended

2 *The Labour-sponsored Venture Capital Corporations Act* is amended in the manner set forth in this Act.

Section 4 amended

3 Subsection 4(2) is amended:
(a) by striking out "and" after clause (a);
(b) by adding "and" after clause (b); and
(c) by adding the following clause after clause (b):
"(c) be accompanied by the fee prescribed in the regulations".

Section 5 amended

4 Section 5 is amended:
(a) by repealing subclause (e)(ix); and
(b) by adding the following clause after clause (h):
"(h.1) in the case of an application for a Type B registration, the articles of incorporation provide that the offer to purchase shares will be extended to all employees who are Saskatchewan residents unless the minister approves otherwise".

Section 10 amended

5 Subsection 10(3) is repealed and the following substituted:
"(3) Subject to subsection (4), with the prior written approval of the minister, a Type B corporation may invest its assets in a non-arm's length eligible business".

New sections 11.1 to 11.4

6 The following sections are added after section 11:

Endorsements on share certificates

"11.1 When a labour-sponsored venture capital corporation issues holders of its equity shares certificates for that class of shares, the labour-sponsored venture capital corporation shall put the following endorsement on the certificates:
`The right to redeem or transfer this class of shares is subject to the provisions of *The Labour-sponsored Venture Capital Corporations Act*'.

Approval to invest

"11.2 A labour-sponsored venture capital corporation shall receive the prior approval of the minister before using any of its equity capital for a purpose other than investing in equity shares or debt obligations of eligible businesses.

Offers to purchase Type B corporation shares

"11.3 Unless the minister has given prior written approval otherwise, every Type B corporation shall extend an offer to purchase its shares to all employees of the eligible business who are Saskatchewan residents".

Section 12 amended

7 Section 12 is amended:

(a) **by striking out** "subsection (4)" **in subsection (1) and substituting** "subsections (3) to (4)";

(b) **by striking out** "subsection (4)" **in subsection (2) and substituting** "subsections (3) to (4)"; **and**

(c) **by repealing subsection (3) and substituting the following:**

"(3) If an individual claims a tax credit for a taxation year only pursuant to subsection (1), the maximum allowable amount of that tax credit for that taxation year is equal to the lesser of:

(a) 20% of the total acquisition cost to the eligible investor of the eligible equity shares described in subsection (1); and

(b) \$1,000.

"(3.1) If an individual claims a tax credit for a taxation year only pursuant to subsection (2), the maximum allowable amount of that tax credit for that taxation year is equal to the lesser of:

(a) the amount determined pursuant to paragraph 127.4(3)(b) of the *Income Tax Act* (Canada); and

(b) \$700.

"(3.2) If an individual claims a tax credit for a taxation year pursuant to both subsections (1) and (2):

(a) subject to clause (b), the maximum allowable amount of the total tax credit for that taxation year is equal to the lesser of:

(i) the total of:

(A) 20% of the total acquisition cost to the eligible investor of the eligible equity shares described in subsection (1); and

(B) the amount determined pursuant to paragraph 127.4(3)(b) of the *Income Tax Act* (Canada); and

(ii) \$1,000; and

(b) with respect to that portion of the tax credit being claimed under subsection (2), the maximum allowable amount of the total tax credit for that taxation year is the maximum allowed under subsection (3.1)".

Section 14 amended

8 Section 14 is amended by striking out "Type A Corporation" wherever it appears and in each case substituting "labour-sponsored venture capital corporation".

Section 16 amended

9 Section 16 is amended:

(a) **by renumbering it as subsection 16(1); and**

(b) **by adding the following subsection after subsection (1):**

"(2) If the financial statements and auditor's report are not filed within the time required by subsection (1), the labour-sponsored venture capital corporation shall forward the penalty prescribed in the regulations along with the financial statements when the financial statements and auditor's report are filed".

Section 17 amended

10 Section 17 is amended:

(a) **by striking out** "90 days after each anniversary of the date of its registration" **in**

subsection (1) and substituting “six months following its first and subsequent years of operation as a labour-sponsored venture capital corporation”;

(b) by adding the following subsection after subsection (1):

“(1.1) If the return is not filed within the time required by subsection (1), the labour-sponsored venture capital corporation shall forward the penalty prescribed in the regulations along with the report when the report is filed”; **and**

(c) by adding the following clause after clause (2)(a):

“(a.1) a change in the fiscal year end of the labour-sponsored venture capital corporation”.

Section 28 amended

11 The following clause is added after clause 28(1)(q):

“(q.1) prescribing the amount of and requiring the payment of fees and penalties for the purposes of this Act”.

Coming into force

12 This Act or any provision of this Act comes into force on a day or days to be fixed by proclamation of the Lieutenant Governor.