

The Stock Savings Tax Credit Regulations

Repealed

by Saskatchewan Regulations 40/98 (effective May 13, 1998).

Formerly

Chapter S-59.1 Reg 1 (effective August 1, 1986)
as amended by Saskatchewan Regulations 108/86,
55/87, 120/87, 103/88 and 81/89.

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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CHAPTER S-59.1 REG 1
The Stock Savings Tax Credit Act

Title

1 These regulations may be cited as *The Stock Savings Tax Credit Regulations*.

Interpretation

2 In these regulations, “**Act**” means *The Stock Savings Tax Credit Act*.

8 Aug 86 cS-59.1 Reg 1 s2.

Interpretation for purposes of Act

3 For the purposes of subclause 2(1)(d)(ii) of the Act, “**fair market value**” means in the case of:

- (a) an interest in a limited partnership or joint venture; or
- (b) an expense described in subparagraph 66.1(6)(a)(v), 66.2(5)(a)(v) or 66.4(5)(a)(iii) of the federal Act;

that is subsequently transferred or exchanged for eligible securities of an eligible issuer issued pursuant to a certificate of eligibility, the amount paid by the eligible investor:

- (c) to obtain the interest in the limited partnership or joint venture; or
- (d) pursuant to the agreement described in subparagraph 66.1(6)(a)(v), 66.2(5)(a)(v) or 66.4(5)(a)(iii) of the federal Act;

as the case may be.

8 Aug 86 cS-59.1 Reg 1 s3.

Certain securities prescribed

4(1) Subject to subsections (2) and (3), shares in the capital stock of the corporation, including shares acquired in exchange for an interest in a limited partnership or joint venture, forming part of a specified securities issue that:

- (a) does not exceed a total subscription value of \$5 million dollars;
- (b) is, in the opinion of the minister, widely available to the public and not unreasonably restricted in its availability by pre-emptive rights or other conditions precedent to its acquisition;
- (c) is offered for the purposes of engaging in mineral exploration, mineral development or other related activities occurring in the census division of Northern Saskatchewan, as that census division is referred to in clause 4602(1)(h) of the regulations made pursuant to the federal Act; and

(d) under the terms of an agreement described in subparagraph 66.1(6)(a)(v), 66.2(5)(a)(v) or 66.4(5)(a)(iii) of the federal Act, does not permit an eligible investor to claim any deduction pursuant to section 1203 of the *Income Tax Regulations* (Canada), as amended from time to time;

are prescribed for the purposes of clause 5(2)(b) of the Act.

(2) Where the aggregate value of all shares of the capital stock of all corporations for which certificates of eligibility have been issued relying on subsection (1) exceeds \$20 million, the minister shall not after that time issue a certificate of eligibility for a specified securities issue relying on subsection (1).

(3) This section only applies to shares in the capital stock of a corporation issued as part of a specified securities issue pursuant to a certificate of eligibility applied for on or before August 31, 1987.

8 Aug 86 cS-59.1 Reg 1 s4; 28 Nov 86 SR 108/86 s3.

Preferred shares

4.1 A preferred share issued by an eligible corporation that:

(a) is at the option of the holder convertible at any time into a common share that complies with paragraph 5(1)(a)(i)(A) of the Act and is not a share described in subsection 5(2) of the Act at an initial conversion price not exceeding 125% of the market price of the common share at the time the subscription price of the preferred share is established;

(b) cannot be purchased or redeemed by the eligible corporation that issued it or by any other corporation under the conditions attaching to its issuance other than a condition that allows for its purchase or redemption:

(i) only at the option of the holder of the share at any time after three years from the date it is issued;

(ii) only at the option of the eligible corporation in circumstances in which the common shares into which the share is convertible have traded for a period of not less than four consecutive weeks immediately preceding the purchase or redemption at a weighted average price that exceeds the conversion price and any premium payable on redemption does not exceed 10% of the subscription price of the preferred share; or

(iii) in circumstances in which the eligible corporation is required to purchase a specified percentage of the shares, with the percentage required and permitted to be purchased by the corporation in any year not to exceed 5% of the number of the shares subscribed for and issued as part of the initial offering of the shares, only during a period when the shares are trading at a price that is not greater than the subscription price of the share; and

(c) otherwise meets the requirements of section 5 of the Act;

is prescribed for the purposes of paragraph 5(1)(a)(i)(B) of the Act.

28 Nov 86 SR 108/86 s4.

Saskatchewan employees

4.2(1) Notwithstanding the requirements of subclause 6(1)(e)(iii) of the Act and subject to subsection (2), where a corporation satisfies the minister that at least 25% of the aggregate of all wages and salaries to be paid by the corporation in its taxation year ending immediately after the date of the certificate of eligibility will be paid to employees of its permanent establishment in Saskatchewan, the requirements of subclause 6(1)(e)(iii) of the Act are deemed to be met.

(2) Where the minister issues a certificate of eligibility to a corporation relying on subsection (1) and that corporation fails in its taxation year ending immediately after the date of the certificate of eligibility to pay to employees of its permanent establishment in Saskatchewan at least 25% of the aggregate of all wages and salaries paid by it in that taxation year, the requirements of subclause 6(1)(e)(iii) of the Act are deemed not to have been met and the minister may revoke that corporation's certificate of eligibility in accordance with section 11 of the Act.

28 Nov 86 SR 108/86 s4.

Financial institutions

5(1) In this section, “**financial institution**” means:

- (a) a bank to which the *Bank Act* (Canada), as amended from time to time, applies;
- (b) a credit union incorporated or registered pursuant to *The Credit Union Act, 1985*;
- (c) a trust or loan corporation licensed pursuant to *The Trust and Loan Corporations Act*; or
- (d) an insurance corporation licensed pursuant to *The Saskatchewan Insurance Act*;

where more than 50% of its assets for its last taxation year that ends before the date of the certificate of eligibility for which it is applying consists of those assets described in subclause 6(1)(e)(iv) of the Act.

(2) For the purposes of subclause 6(1)(e)(iv) of the Act, the following corporations are prescribed:

- (a) a financial institution that:
 - (i) maintains its head office in Saskatchewan;
 - (ii) exercises its central management from within Saskatchewan; and
 - (iii) satisfies the minister that it will employ the capital raised by the specified securities issue for a purpose that promotes the spirit and intent of this Act;
- (b) a corporation holding at least 20% of the voting shares of a financial institution described in (a), if the minister is satisfied that the proceeds of the specified securities issue will be directly used in the operation of the financial institution;

(c) subject to subsection (3), a corporation that satisfies the minister that at the end of its taxation year ending immediately after the date of the certificate of eligibility, not more than 50% of its assets will consist of those assets described in subclause 6(1)(e)(iv) of the Act.

(3) Where the minister issues a certificate of eligibility to a corporation relying on clause (2)(c) and at the end of the corporation's taxation year ending immediately after the date of the certificate of eligibility more than 50% of that corporation's assets consist of assets described in subclause 6(1)(e)(iv) of the Act, the minister may revoke that corporation's certificate of eligibility in accordance with section 11 of the Act.

8 Aug 86 cS-59.1 Reg 1 s5; 27 Nov 87 SR 120/87 s2.

Certain corporations prescribed

5.1 The following corporations are corporations prescribed for the purposes of subclause 6(1)(e)(v) of the Act:

- (a) Saskatchewan Oil and Gas Corporation (Saskoil);
- (b) Westbridge Computer Corporation.

25 Nov 88 SR 103/88 s2.

Interest and penalty

5.2(1) For the purposes of clause 14(2)(a) of the Act, the prescribed rate of interest is the rate prescribed pursuant to section 4301 of the *Income Tax Regulations* (Canada), as amended from time to time.

(2) Interest payable pursuant to clause 14(2)(a) of the Act applies to the amount payable to Her Majesty pursuant to subsection 14(1) of the Act from May 1 of the year following the taxation year for which the stock savings tax credit was received until that amount is paid to Her Majesty.

(3) For the purposes of clause 14(2)(b) of the Act, the amount of the penalty is:

- (a) where an eligible investor fails to hold eligible securities in a stock savings plan for one full year plus the year of investment, 10% of the stock savings tax credit received with respect to those securities; and
- (b) where an eligible investor holds eligible securities in a stock savings plan for more than one year plus the year of investment, but less than two full years plus the year of investment, 5% of the stock savings tax credit received with respect to those securities.

29 Dec 89 SR 81/89 s2.

Interest

6(1) For the purposes of clause 19(b) of the Act, the prescribed rate of interest is the rate equal to the sum of:

- (a) the annual prime lending rate of the bank holding Saskatchewan's consolidated fund as determined on the first day of January of the year following the year in which the date of the revoked certificate of eligibility occurs; and

- (b) two percentage points.
- (2) For the purposes of clause 20(1)(d) of the Act, the prescribed rate of interest is the rate equal to the sum of:
 - (a) the annual prime lending rate of the bank holding Saskatchewan's consolidated fund as determined on the day that the certificate is filed with the local registrar of Her Majesty's Court of Queen's Bench for Saskatchewan; and
 - (b) two percentage points.

8 Aug 86 cS-59.1 Reg 1 s6.

