

The Labour-sponsored Venture Capital Corporations Act

being

Chapter L-0.2 of the *Statutes of Saskatchewan, 1986* (effective May 11, 1986) as amended by the *Statutes of Saskatchewan, 1988-89, c.42 and 55; 1990-91, c.20; 1992, c.57; 1993, c.28; 1996, c.49; 1999, c.19; 2000, c.I-2.01, 2004, c.14; 2009, c.20 and c.27; 2012, c.F-13.5; 2013, c.S-15.1 and c.4; 2017, c.15; 2018, c.19 and c.42; 2021, c.6; and 2022, c.26.*

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 L-0.2

An Act respecting Labour-sponsored Venture Capital Corporations

Short title

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

Interpretation

2(1) In this Act:

- (a) **“arm’s-length”** means arm’s-length as defined in the regulations;
- (b) **“corporation”** means a corporation incorporated, continued or registered pursuant to *The Business Corporations Act, 2021* or a co-operative incorporated or continued pursuant to *The Co-operatives Act*;
- (c) **“Crown”** means the Crown in right of Saskatchewan;
- (d) **“debt obligation”** means any security issued by a corporation that is secured by the corporation;
- (e) **Repealed.** 2014, c.4, s.3.
- (f) **“eligible business”** means a corporation having not more than the maximum number of employees in Saskatchewan that is prescribed in the regulations;
- (g) **“eligible equity share”** means an equity share of a labour-sponsored venture capital corporation of a class that complies with the requirements described in clause 5(e);
- (h) **“eligible investment”** means an investment of its equity capital by a labour-sponsored venture capital corporation that complies with:
 - (i) in the case of a Type A corporation, section 9; or
 - (ii) in the case of a Type B corporation, section 10;and that is not a prohibited investment as described in subsection 11(1);
- (i) **“eligible investor”** means an individual who:
 - (i) is resident in Saskatchewan on the last day of the taxation year for which he applies for a tax credit; and
 - (ii) in the case of an individual who acquires an eligible equity share of a Type B corporation, is an employee of the eligible business or an associated corporation of the eligible business in which the Type B corporation has invested its equity capital;
- (j) **“employee”** means an individual in the employ of an employer;
- (k) **“employment co-operative”** means an employment co-operative as defined in *The Co-operatives Act*;

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- (l) **“employer”** means a person who employs five or more employees;
- (l.1) **“equity capital”** means the aggregate consideration for which eligible equity shares are issued;
- (m) **“equity share”** means any share of the capital stock of a corporation or any other security issued by a corporation that is not secured in any way by the corporation;
- (n) **“investment co-operative”** means a co-operative:
 - (i) that is incorporated pursuant to *The Co-operatives Act* ;
 - (ii) that has as one of its principal objects, as stated in its articles of incorporation, the investment of its equity capital in accordance with this Act; and
 - (iii) all of whose members are employees of the same employer;
- (o) **“labour association”** means:
 - (i) respecting a Type A corporation, a union as defined in Part VI of *The Saskatchewan Employment Act* and includes a federation of those unions; and
 - (ii) respecting a Type B corporation:
 - (A) a labour organization as defined in Part VI of *The Saskatchewan Employment Act*;
 - (B) a corporation incorporated or continued pursuant to *The Non-profit Corporations Act, 2022* all of whose shareholders are employees of the same employer;
 - (C) an investment co-operative; or
 - (D) any other association of employees or class of association of employees that is prescribed in the regulations;
- (p) **“labour-sponsored venture capital corporation”** means a corporation that is registered pursuant to this Act and whose registration is not revoked;
- (q) **“minister”** means the member of the Executive Council to whom for the time being the administration of this Act is assigned;
- (q.1) **“ministry”** means the ministry over which the minister presides;
- (r) **“register”** means the register kept pursuant to section 3;
- (s) **“tax credit”** means the tax credit allowed pursuant to section 12;
- (t) **“Type A corporation”** means a labour-sponsored venture capital corporation to which a Type A certificate of registration is issued pursuant to this Act;
- (u) **“Type B corporation”** means a labour-sponsored venture capital corporation to which a Type B certificate of registration is issued pursuant to this Act.

(2) For the purposes of this Act, except where they are at variance with the definitions and interpretations contained in this Act or the regulations, the definitions and interpretations contained in or made by or pursuant to the *Income Tax Act* (Canada) or *The Income Tax Act, 2000* apply.

(3) Notwithstanding subsection (2), if a provision of this Act refers to the *Income Tax Act* (Canada), the definitions and interpretations contained in or made by or pursuant to the *Income Tax Act* (Canada) apply with respect to that provision.

1986, c.L-0.2, s.2; 1990-91, c.20, s.3; 1993, c.28, s.3; 1996, c.49, s.3; 2000, c.I-2.01, s.144; 2004, c.14, s.3; 2014, c.4, s.3; 2013, c.S-15.1, s.10-23; 2018, c.19, s.23 and c.42, s.65; 2021, c.6, s.23-16; 2022, c.26, s.12.

REGISTRATION

Register

3(1) The minister shall maintain a register of labour-sponsored venture capital corporations in which he shall list all corporations registered pursuant to this Act.

(2) The register shall be made available by the minister for public inspection during normal office hours of the ministry.

1986, c.L-0.2, s.3; 2014, c.4, s.4.

Application for registration

4(1) A corporation incorporated or registered pursuant to *The Business Corporations Act, 2021* or an investment co-operative may apply to the minister to be registered as a labour-sponsored venture capital corporation.

(2) An application pursuant to subsection (1) must be made in the form prescribed by the minister.

(3) An application pursuant to subsection (1) must:

(a) set out:

(i) the name of the corporation;

(ii) the location of its head office or primary place of business in Saskatchewan; and

(iii) any other matters prescribed in the regulations respecting the corporation;

(b) be accompanied by a certified copy of the corporation's articles of incorporation;

(c) be accompanied by the fee prescribed in the regulations;

(d) be signed by two officers or one director and one officer of the corporation; and

(e) be certified by affidavit of one of the officers or directors signing the application.

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2004, c.14, s.4 ; 2021, c6, s.23-16.

Conditions of registration

5 The minister shall not register a corporation pursuant to this Act unless he is satisfied that:

(a) the corporation is complying with all of the provisions of *The Business Corporations Act, 2021* or *The Co-operatives Act*, as the case may be, that are not inconsistent with the provisions of this Act;

(b) in the case of a proposed Type B corporation, the corporation has never previously carried on business;

(c) in the case of a proposed Type B corporation, subject to the regulations, the corporation's equity shares may be issued for an aggregate consideration of not more than \$5,000,000 or any other maximum aggregate amount of consideration that may be prescribed in the regulations for any corporation or class of corporations to which the corporation belongs;

(c.1) **Repealed.** 1999, c.19, s.3.

(d) the businesses that the corporation may carry on are restricted by its articles of incorporation to assisting the development of eligible businesses and to creating, maintaining and protecting jobs by providing capital to eligible businesses through the acquisition and holding of securities;

(d.1) in the case of a Type A corporation, the corporation has appointed a trustee acceptable to the minister to administer the trust fund required pursuant to section 5.1;

(e) the articles of incorporation require the issuance of a class of equity shares having the following rights, privileges, restrictions and conditions:

(i) the corporation shall not redeem or purchase equity shares of that class except on the death of the holder of the equity share or, where the holder of the equity share is a registered retirement savings plan or a registered retirement income fund as defined in the *Income Tax Act* (Canada), the death of the sole beneficiary of the plan or fund, until the expiry of the period prescribed in the regulations or under the circumstances that may be prescribed in the regulations;

(ii) the holder of equity shares of that class or, where the holder of equity shares of that class is a registered retirement savings plan or a registered retirement income fund as defined in the *Income Tax Act* (Canada), the sole beneficiary of the plan or fund, or the holder's or sole beneficiary's personal representative has the right to require the corporation to redeem the equity shares on the death of the holder or sole beneficiary or under any circumstances that may be prescribed in the regulations;

(iii) the holder of equity shares of that class has the right to all dividends declared by the corporation with respect to that class of equity shares;

(iv) the holder of equity shares of that class has the right, on dissolution of the corporation, to participate in the remaining property of the corporation in a manner that, in the opinion of the minister, is fair;

- (v) the holder of equity shares of that class is not entitled to transfer his shares and the corporation shall not register the transfer of any equity shares unless the shares are transferred to another eligible investor;
- (vi) the corporation shall issue equity shares of that class only to:
 - (A) eligible investors; or
 - (B) registered retirement savings plans or registered retirement income funds if the sole beneficiary of each plan or fund is an eligible investor;
- (vii) ownership of equity shares of that class is restricted to:
 - (A) eligible investors or individuals who were eligible investors at the time they acquired the equity shares; or
 - (B) registered retirement savings plans or registered retirement income funds as defined in the *Income Tax Act* (Canada) where the sole beneficiary of each plan or fund is an eligible investor or a person who was an eligible investor at the time the sole beneficiary acquired the equity shares;
- (viii) the corporation shall value equity shares of that class in the manner and at the times prescribed in the regulations;
- (ix) **Repealed.** 1992, c.57, s.4.
- (x) in the case of a corporation incorporated pursuant to *The Business Corporations Act, 2021* the holder of equity shares of that class has the right to:
 - (A) vote at all general meetings of shareholders of the corporation; and
 - (B) subject to subclause (xi) vote at any election of directors of the corporation;
- (xi) in the case of an application for a Type A certificate of registration, the holder of equity shares of that class has no right to elect, remove or replace directors appointed by the labour association that incorporated the corporation; and
- (xii) in the case of an application for a Type A certificate of registration, the shares may be redeemed prior to the period prescribed in the regulations during which a corporation shall not redeem its eligible equity shares but only if:
 - (A) the tax credit issued to the shareholder at the time of the issuance of the shares is repaid to the Crown, unless the minister has issued an order pursuant to subsection 8(2);
 - (B) the shares that are to be redeemed belonged to a shareholder who has died; or
 - (C) the holder of the shares that are to be redeemed is a registered retirement savings plan or a registered retirement income fund as defined in the *Income Tax Act* (Canada) and the sole beneficiary of

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the plan or fund has died;

- (e.1) **Repealed.** 2004, c.14, s.5.
- (f) the corporation is incorporated by a labour association;
- (g) in the case of an applicant for a Type A certificate of registration, the articles of incorporation provide that:
 - (i) the majority of the directors of the corporation are to be appointed by the labour association that incorporated the corporation; and
 - (ii) only the labour association mentioned in clause (a) may replace or remove directors appointed by it;
- (h) the corporation in issuing any of its equity shares or debt obligations has complied with *The Securities Act* or *The Co-operatives Act*, as the case may be;
- (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;
- (i) the corporation meets any conditions, in addition to those described in clauses (a) to (h), that are prescribed in the regulations.

1986, c.L-0.2, s.5; 1992, c.57, s.4; 1993, c.28, s.4;
 1996, c.49, s.4; 1999, c.19, s.3; 2004, c.14, s.5 ;
 2021, c.6, s.23-16.

Trust fund

- 5.1(1)** A Type A corporation shall set aside in a trust fund an amount of money equal to the amount of the tax credits issued to eligible investors.
- (2) The trustee mentioned in clause 5(d.1) shall hold the trust fund in trust jointly, to be dealt with in accordance with this section, for:
 - (a) the labour-sponsored venture capital corporation; and
 - (b) the Crown.
- (3) Where the registration of a labour-sponsored venture capital corporation is revoked, any moneys then remaining in the trust fund established pursuant to subsection (1) are immediately payable to the Crown and:
 - (a) a receipt from the minister on payment of those moneys to the Crown is a full and sufficient discharge to the trustee for those moneys or to any other person having control of those moneys;
 - (b) that payment is a full and complete discharge to the person making it and for any claim to that payment by any person who claims to be entitled to the funds; and
 - (c) that payment, excluding the amount of any interest earned on the moneys while held in trust, reduces the amount owed by the labour-sponsored venture capital corporation pursuant to section 8.1.
- (4) Any trustee who fails to make the payment to the Crown required by subsection (3) is liable to the Crown for the amount that should have been paid pursuant to that subsection.

(5) Subject to subsection (6), while any amount is held in trust pursuant to subsection (2), the minister shall permit payment from the trust fund when the amount not required to be held in trust has been invested, or otherwise dealt with, in accordance with this Act.

(6) No moneys held in trust pursuant to subsection (2) are to be paid out to any person unless the minister consents in writing to that payment.

1993, c.28, s.5; 1999, c.19, s.3.

Registration

6(1) Where a corporation:

- (a) complies with sections 4 and 5 and the regulations; and
- (b) files with the minister all the material required by this Act and the regulations;

the minister may register the corporation pursuant to this Act.

(2) The minister may refuse to register a corporation if he is of the opinion that the corporation or any of its officers, directors, shareholders, members or managers is conducting its or his business and affairs in a manner that is contrary to the spirit and intent of this Act.

(3) Where the minister registers a corporation pursuant to this Act, he:

- (a) may set as the date of registration any date after the day he received the application from the corporation;
- (b) shall issue:
 - (i) in the case of an application for a Type A certificate of registration, a Type A certificate of registration;
 - (ii) in the case of an application for a Type B certificate of registration, a Type B certificate of registration;
- (c) shall notify the corporation of the day, month and year of its date of registration; and
- (d) shall place the name of the corporation in the register as:
 - (i) in the case of an application for a Type A certificate of registration, a Type A corporation;
 - (ii) in the case of an application for a Type B certificate of registration, a Type B corporation.

(4) If, in the minister's opinion, the number of corporations registered pursuant to this Act will be sufficient to take up the amount of money prescribed in the regulations that is foregone by way of tax credit, the minister may, by order, do all or any of the following:

- (a) suspend the further registration of corporations;
- (b) suspend the allowance of tax credits;
- (c) allocate the tax credits amongst the registered corporations.

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(4.1) An order issued pursuant to subsection (4) may be in force for any period that the minister may specify in the order.

(5) No order made pursuant to subsection (4) operates to prevent the minister from allowing a tax credit where the eligible equity shares were fully paid for and beneficially owned by the eligible investor prior to the making of the order.

1986, c.L-0.2, s.6; 2004, c.14, s.6.

Revocation

7 Subject to section 18, the minister may revoke a registration where the labour-sponsored venture capital corporation fails to comply with any provision of this Act, the regulations or any terms and conditions imposed by the minister pursuant to an order or decision made by the minister under an authority granted by this Act or the regulations.

1986, c.L-0.2, s.7.

Prohibition on winding-up, etc., without prior approval

8(1) No labour-sponsored venture capital corporation shall:

- (a) subject to subsection (2), dissolve or otherwise wind-up its business and affairs; or
- (b) without having the prior written approval of the minister:
 - (i) apply to continue in a jurisdiction other than Saskatchewan or to continue pursuant to an Act other than the Act pursuant to which it was incorporated;
 - (ii) amend its articles of incorporation;
 - (iii) amalgamate with any other corporation; or
 - (iv) apply to any court to obtain an order approving an arrangement.

(2) After the period prescribed in the regulations has expired, a labour-sponsored venture capital corporation may apply to the minister for approval to dissolve or otherwise wind-up its affairs and business and, if the minister considers it appropriate, the minister may:

- (a) approve the dissolution or winding-up of the labour-sponsored venture capital corporation; and
- (b) by order impose any terms and conditions that the minister considers necessary with respect to the dissolution or winding-up.

(3) The minister may, at any time, amend, vary, revoke or replace any terms or conditions imposed pursuant to subsection (2) and impose new terms and conditions.

2004, c.14, s.7.

Recapture

8.1(1) Except where the minister has issued an order pursuant to subsection 8(2), a labour-sponsored venture capital corporation shall immediately pay to the Crown an amount of money equal to the total amount of tax credits issued, including any

interest earned by the trust fund pursuant to subsection 5.1(2) that remains in the trust fund, where:

- (a) it proposes to wind-up or dissolve;
- (b) it has its registration revoked; or
- (c) subject to subclause 5(e)(xii), it purchases or otherwise acquires any of its equity shares prior to the time period prescribed in the regulations during which a corporation shall not redeem its eligible equity shares.

(1.1) The minister may grant a labour-sponsored venture capital corporation a partial waiver of the amount required to be paid pursuant to subsection (1) respecting shareholders who have held their shares for the period prescribed in the regulations during which a corporation shall not redeem its eligible equity shares.

(2) Where an amount is payable to the Department of National Revenue of the Government of Canada by reason of recapture pursuant to this Act, the minister may enter into an agreement with the Government of Canada to collect that amount on behalf of the Government of Canada.

1993, c.28, s.6; 1996, c.49, s.5.

Eligible investments, Type A corporation

9(1) Subject to subsection (5) and section 11.2, during the 24-month period following the end of the fiscal year in which its equity capital is raised, a Type A corporation shall invest and maintain its equity capital in:

- (a) investment instruments issued by eligible businesses; or
- (b) any other form prescribed in the regulations.

(2) Subject to subsection (5), on and after the end of the 24-month period mentioned in subsection (1), a Type A corporation shall invest and maintain at least 75% of its equity capital in investment instruments issued by eligible businesses.

(3) No more than 60% of the equity capital that a Type A corporation has invested may be invested in investment instruments issued by:

- (a) any one eligible business; or
- (b) any combination of one eligible business and one or more corporations that are not dealing at arm's-length with that eligible business.

(4) No Type A corporation shall invest in investment instruments of an eligible business if the Type A corporation is not dealing at arm's-length with the eligible business.

(5) On and after January 1, 2014, an investment instrument issued by a business that would otherwise be an eligible business is not to be taken into account for the purposes of subsection (1) or (2) unless:

- (a) the business is engaged in an innovation activity that is prescribed in the regulations; or

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(b) the Type A corporation has already invested and maintained not less than the portion of its equity capital that is prescribed in the regulations in investment instruments issued by eligible businesses engaged in an innovation activity that is prescribed in the regulations.

2004, c.14, s.8; 2014, c.4, s.5.

Eligible investments—Type B corporation

10(1) Subject to section 11.2, a Type B corporation shall invest its equity capital in investment instruments issued by the eligible business with respect to which approval for registration of the Type B corporation was granted or an associated corporation of that eligible business before the end of:

- (a) the first six months following the date that the equity capital is raised; or
- (b) any other period that the minister may order.

(2) Subject to section 11.2, on and after the period mentioned in subsection (1), a Type B corporation shall maintain its equity capital in investment instruments issued by the eligible business with respect to which approval for registration of the Type B corporation was granted or an associated corporation of that eligible business.

(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.

(4) The minister shall not grant his approval for the purposes of subsection (3) unless he is satisfied that the investment:

- (a) is necessary to create, maintain or protect jobs; and
- (b) is otherwise reasonable having regard to the interests of the holders of securities issued by the Type B corporation.

(5) Where the minister grants his approval for the purposes of subsection (3), he may, by order impose any terms and conditions on:

- (a) the eligible business;
- (b) the Type B corporation; or
- (c) both the eligible business and the Type B corporation;

that he considers necessary and may amend, vary, revoke or replace those terms and conditions at any time.

1986, c.L-0.2, s.10; 1992, c.57, s.5; 2004, c.14, s.9; 2014, c.4, s.6.

Prohibited investments

11(1) No labour-sponsored venture capital corporation shall use any of its equity capital to:

- (a) provide loans, guarantees or other financial assistance to any shareholder or any person related to a shareholder; or
- (b) invest in any investments that are prescribed in the regulations as prohibited investments;

(2) Where an investment in which a labour-sponsored venture capital corporation has invested ceases to be an eligible investment, the labour-sponsored venture capital corporation:

- (a) shall notify the minister, in the form prescribed by the minister, of that fact within 30 days of the date that the investment has ceased to be an eligible investment; and
- (b) shall deal with its investment in the manner and within the time period prescribed in the regulations.

(3) Any equity capital received by an eligible business from a labour-sponsored venture capital corporation shall not be used, directly or indirectly, for any purposes that are prescribed in the regulations as prohibited purposes.

1986, c.L-0.2, s.11; 1993, c.28, s.7; 1996, c.49, s.7.

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*”.

1992, c.57, s.6.

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.

1992, c.57, s.6.

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.

1992, c.57, s.6.

INVESTMENT INCENTIVES

Investment incentives

12(1) Subject to subsections (3) to (6) and section 13, for the 1986 and subsequent taxation years:

- (a) an eligible investor may apply to the minister on a form provided by or acceptable to the minister for a tax credit; and
- (b) on receipt of an application pursuant to clause (a), the minister may allow the tax credit for a taxation year if eligible equity shares were:
 - (i) issued by a labour-sponsored venture capital corporation to:

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- (A) the eligible investor; or
 - (B) a registered retirement savings plan if the sole beneficiary of the plan is the eligible investor; and
- (ii) acquired by the eligible investor in the taxation year or within 60 days after the end of the taxation year.
- (2) Subject to subsections (3) to (6) and section 13, for the 1989 and subsequent taxation years, an individual residing in Saskatchewan on the last day of a taxation year who is entitled to a labour-sponsored funds tax credit pursuant to the *Income Tax Act* (Canada) with respect to a corporation registered pursuant to the *Income Tax Act* (Canada) is eligible for a tax credit if:
- (a) the minister is satisfied that the individual meets the requirements of this Act, the regulations and the relevant provisions of the *Income Tax Act* (Canada); and
 - (b) the minister has approved the corporation to which the tax credit relates.
- (3) If an individual claims a tax credit for a taxation year only pursuant to subsection (1):
- (a) the maximum allowable amount of that tax credit for the 2017 and previous taxation years is equal to the lesser of:
 - (i) 20% of the total acquisition cost to the eligible investor, or to the registered retirement savings plan if the sole beneficiary of the plan is an eligible investor, of the eligible equity shares described in subsection (1); and
 - (ii) \$1,000;
 - (b) the maximum allowable amount of that tax credit for taxation years after 2017 is equal to the lesser of:
 - (i) 17.5% of the total acquisition cost to the eligible investor, or to the registered retirement savings plan if the sole beneficiary of the plan is an eligible investor, of the eligible equity shares described in subsection (1); and
 - (ii) \$875.
- (4) If an individual claims a tax credit for a taxation year only pursuant to subsection (2):
- (a) the maximum allowable amount of that tax credit for the 1996 and previous taxation years is equal to the lesser of:
 - (i) the labour-sponsored funds tax credit determined pursuant to the *Income Tax Act* (Canada) for that taxation year; and
 - (ii) \$700;
 - (b) the maximum allowable amount of that tax credit for taxation years after 1996 and before 2009 is equal to the least of:
 - (i) the labour-sponsored funds tax credit determined pursuant to the *Income Tax Act* (Canada) for that taxation year;

- (ii) 15% of the total acquisition cost to the individual, or a registered retirement savings plan of which the individual is the sole beneficiary, in acquiring the shares with respect to which the tax credit mentioned in subclause (i) is given; and
 - (iii) \$525.
- (c) the maximum allowable amount of that tax credit for taxation years after 2008 and before 2018 is equal to the lesser of:
 - (i) 20% of the total acquisition cost to the individual, or a registered retirement savings plan of which the individual is the sole beneficiary, in acquiring the shares with respect to which a labour-sponsored funds tax credit that meets the requirements of subsection (2) is given for that taxation year; and
 - (ii) \$1,000;
- (d) the maximum allowable amount of that tax credit for taxation years after 2017 is equal to the lesser of:
 - (i) 17.5% of the total acquisition cost to the individual, or a registered retirement savings plan of which the individual is the sole beneficiary, in acquiring the shares with respect to which a labour-sponsored funds tax credit that meets the requirements of subsection (2) is given for that taxation year; and
 - (ii) \$875.
- (5) Subject to subsection (6), if an individual claims a tax credit for a taxation year pursuant to both subsections (1) and (2):
 - (a) with respect to that portion of the tax credit being claimed pursuant to subsection (1), the maximum allowable amount of the total tax credit for that taxation year is the maximum allowed pursuant to subsection (3);
 - (b) with respect to that portion of the tax credit being claimed pursuant to subsection (2), the maximum allowable amount of the total tax credit for that taxation year is the maximum allowed pursuant to subsection (4).
- (6) The maximum tax credit that may be allowed pursuant to subsection (5):
 - (a) for the 2017 and previous taxation years is \$1,000; and
 - (b) for taxation years after 2017 is \$875.
- (7) The minister may allow a tax credit to an individual pursuant to subsection (1) or (2) or both subsections (1) and (2):
 - (a) if the minister:
 - (i) has received any information from or on behalf of the individual that the minister considers necessary; and
 - (ii) is satisfied that the individual meets the requirements of this Act and the regulations; and
 - (b) only to the extent that a tax credit has not been allowed to the individual for the preceding taxation year with respect to the same transaction.
- (8) A Type A corporation shall provide an individual who is allowed a tax credit pursuant to this section with documentation of the tax credit in a form prescribed by the minister.

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(9) The minister shall provide an individual who is allowed a tax credit pursuant to this section with respect to a Type B corporation with documentation of the tax credit in a form prescribed by the minister.

2004, c.14, s.10; 2009, c.20, s.2; 2014, c.4, s.7;
2017, c.15, s.3.

Requirements for claiming tax credit

13(1) Subject to subsection (2), an individual who is allowed a tax credit pursuant to this Act is entitled, in accordance with those procedures that may be set by the Minister of Finance, to apply the tax credit as a deduction from tax otherwise payable for the taxation year in accordance with section 34 of *The Income Tax Act, 2000*.

(2) If an individual claims a tax credit for a taxation year pursuant to section 34 of *The Income Tax Act, 2000*, the individual shall retain a copy of the form mentioned in subsection 12(8) or (9) for that taxation year in accordance with *The Income Tax Act, 2000*.

(3) **Repealed.** 1999, c.19, s.4.

(4) **Repealed.** 1999, c.19, s.4.

1986, c.L-0.2, s.13; 1990-91, c.20, s.5; 1996, c.49,
s.9; 1999, c.19, s.4; 2000, c.I-2.01, s.144; 2017,
c.15, s.4.

Deductions

14 Notwithstanding *The Assignment of Wages Act* and where required to do so in the regulations and in the manner and at the times prescribed in the regulations, an employer shall, on behalf of his employees who are eligible investors and who have subscribed for eligible equity shares of a labour-sponsored venture capital corporation:

- (a) deduct payment of that part of the amount of the employees' wages, salary, pay, commission or other compensation for labour or personal services payable by the employer; and
- (b) pay that part of the amount described in clause (a) to the labour-sponsored venture capital corporation;

for the purpose of allowing the employees to purchase eligible equity shares of the labour-sponsored venture capital corporation.

1986, c.L-0.2, s.14; 1992, c.57, s.8.

Transfers to R.R.S.P or R.R.I.F.

15(1) Notwithstanding any other provision of this Act, an eligible investor is deemed to continue to be an eligible investor if:

- (a) the eligible investor has transferred, in accordance with the *Income Tax Act* (Canada), his or her eligible equity shares to a registered retirement savings plan or a registered retirement income fund; and

- (b) the eligible investor or his or her spouse is the sole beneficiary of the registered retirement savings plan or the registered retirement income fund.
- (2) The eligible equity shares mentioned in clause (1)(a) are deemed to be held by the eligible investor in compliance with this Act so long as they remain in the registered retirement savings plan or registered retirement income fund mentioned in clause (1)(b).
- (3) Notwithstanding any other provision of this Act, an eligible investor is deemed to continue to be an eligible investor if:
- (a) in accordance with clause (1)(a), the eligible investor has transferred his or her equity shares to a registered retirement savings plan in which the eligible investor or his or her spouse is the sole beneficiary; and
 - (b) subsequent to a transfer mentioned in clause (a), the eligible investor or his or her spouse:
 - (i) transfers, in accordance with the *Income Tax Act* (Canada), his or her eligible equity shares from the registered retirement savings plan mentioned in clause (a) to a registered retirement income fund; and
 - (ii) is the sole beneficiary of the registered retirement income fund mentioned in subclause (i).
- (4) The eligible equity shares mentioned in clause (3)(b) are deemed to be held by the eligible investor in compliance with this Act so long as they remain in the registered retirement income fund mentioned in clause (3)(b).

2004, c.14, s.11; 2014, c.4, s.8.

ADMINISTRATION

Filing of financial statements

- 16(1)** Within six months following its first and subsequent years of operation as a labour-sponsored venture capital corporation, the corporation shall file with the minister its financial statements and auditor's report on those financial statements.
- (2) If the financial statements and auditor's report are not filed within the time required by subsection (1), the minister may revoke the registration of the labour-sponsored venture capital corporation in accordance with section 18.

1986, c.L-0.2, s.16; 1992, c.57, s.9; 2004, c.14, s.12.

Information

- 17(1)** Within six months following its first and subsequent years of operation as a labour-sponsored venture capital corporation, every labour-sponsored venture capital corporation shall prepare, verify and file with the minister a return, in the form prescribed by the minister, setting out, as of its anniversary date, the information required by that return.
- (1.1) If the return is not filed within the time required by subsection (1), the minister may revoke the registration of the labour-sponsored venture capital corporation in accordance with section 18.

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(2) A labour-sponsored venture capital corporation shall notify the minister, in the form required by the minister, of any action involving:

- (a) the payment of any dividend on the eligible equity shares of the corporation;
 - (a.1) a change in the fiscal year end of the labour-sponsored venture capital corporation;
- (b) the purchase, surrender, redemption or conversion of any eligible equity share of the corporation; or
- (c) the disposition of any investment in an eligible business;

at least 21 days prior to carrying out the proposed action.

(3) The minister may, at any time, require:

- (a) a labour-sponsored venture capital corporation; or
- (b) an eligible business in which a labour-sponsored venture capital corporation has invested for the purpose of obtaining a tax credit pursuant to this Act;

to supply to him, within a time to be specified by him, any information or material, or any further information or material, respecting any aspect of the labour-sponsored venture capital corporation's or eligible business's share or capital structure, directors, officers, business or affairs that the minister considers necessary for the administration or enforcement of this Act and the regulations.

(4) The minister may require any information submitted pursuant to subsection (3) to be verified by affidavit or any other means that he may require.

1986, c.L-0.2, s.17; 1992, c.57, s.10; 2004, c.14, s.13.

Proposal by minister

18(1) Where the minister proposes to:

- (a) refuse to register a corporation pursuant to this Act;
- (b) revoke the registration of a labour-sponsored venture capital corporation; or
- (c) refuse to allow a tax credit;

he shall serve notice of his proposal, together with written reasons for it, on the applicant or registrant.

(1.1) Notwithstanding subsection (1), where a labour-sponsored venture capital corporation has been struck from the register of corporations pursuant to section 22-19 of *The Business Corporations Act, 2021*, the minister may revoke the

registration of that corporation without serving notice or written reasons on the registrant.

(2) If the minister has not registered a corporation pursuant to section 6 within four months of the date on which the corporation delivered an application pursuant to section 4, the minister is deemed to have refused registration pursuant to clause (1)(a).

(3) Where a person objects to the proposal of the minister pursuant to subsection (1) that is served on him or to a deemed refusal pursuant to subsection (2), he may, within 60 days from:

- (a) the day of mailing of the proposal; or
- (b) the date on which the minister is deemed to have refused registration pursuant to subsection (2);

serve on the minister a notice of objection in duplicate and in the form prescribed by the minister setting out the reasons for the objection and all relevant facts.

(4) A person shall serve his notice of objection pursuant to this section by sending it by registered mail addressed to the minister.

(5) The minister may accept a notice of objection pursuant to this section notwithstanding that it was not served in the manner required.

(6) Where an applicant or registrant does not serve a notice of objection pursuant to subsection (3), the minister may carry out the proposal stated in his notice pursuant to subsection (1).

(7) On receipt of the notice of objection, the minister shall with all due dispatch:

- (a) reconsider the proposal objected to and confirm, vary or abandon the proposal; and
- (b) notify the person or corporation making the objection of his action by registered mail.

(8) A decision of the minister pursuant to subsection (7) is final and is not subject to appeal.

1986, c.L-0.2, s.18; 1999, c.19, s.6 ; 2021, c6,
s.23-16.

Determination of question

19 Notwithstanding subsection 18(8), where a dispute over a decision or action of the minister pursuant to subsection 18(7) involves:

- (a) the interpretation of a provision of this Act;
- (b) an issue solely of law in which no facts are in dispute; or
- (c) the proper inference to be drawn from facts that are not in dispute;

the disputing party may appeal to a judge of the Court of Queen's Bench to have the issue in dispute determined.

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1986, c.L-0.2, s.19; 2018, c 42, s.65.

Audits and investigations

20 Sections 67, 68 and 69 of *The Revenue and Financial Services Act* apply, with any necessary modification, for the purpose of audits or investigations of the books and records of any person required to maintain any information pursuant to this Act.

2004, c.14, s.14.

Demand

21 Where any amount is payable to the Crown pursuant to this Act, the minister, by notice of demand in writing to the person by whom that payment is owing or claimed to be owing, may demand payment immediately or within that number of days that are specified in the demand and, if the payment is not made as demanded, the minister may recover and collect the amount of that payment by any of the remedies or procedures provided for in this Act or by any other means allowed by law.

1986, c.L-0.2, s.21.

Recovery

22(1) In this section, “**amount payable**” means:

- (a) an amount payable to the Crown pursuant to this Act; or
 - (b) the amount of a tax credit obtained by an individual pursuant to this Act on the basis of information that is false or misleading or of an application that contains any false or misleading statement.
- (2) An amount payable is a debt due to the Crown and may be recovered:
- (a) by deducting the amount payable from any grants or tax credits pursuant to *The Income Tax Act, 2000* for which that individual is eligible; or
 - (b) by filing a certificate of the minister certifying the amount payable, together with interest at the rate prescribed in the regulations to the date of the certificate, with the local registrar of the Court of Queen’s Bench at any judicial centre.
- (3) A certificate filed pursuant to clause (2)(b) has the same force and effect as if it were a judgment obtained in the Court of Queen’s Bench for the recovery of a debt in the amount specified in the certificate, together with any reasonable costs and charges with respect to its filing.

2018, c 19, s.23.

OFFENCES**Compliance required**

23 No person on whom terms or conditions are imposed by the minister pursuant to an order or decision made by the minister under an authority granted by this Act or the regulations shall fail to comply with those terms or conditions.

1986, c.L-0.2, s.23.

Offence

24(1) Every person who:

- (a) subject to subsection (2), communicates or allows to be communicated any information obtained pursuant to this Act by a person while employed in the administration of this Act to a person not legally entitled to that information, or allows any person to inspect or have access to any written statement furnished pursuant to this Act;
- (b) makes or assists in making a statement in any document required by or for the purposes of this Act or the regulations that:
 - (i) at the time and in the light of the circumstances under which it was made, is false or misleading in respect of any material fact; or
 - (ii) omits to state any material fact the omission of which makes the statement false or misleading; or
- (c) contravenes any of the provisions of this Act for which a penalty is not otherwise provided;

is guilty of an offence and liable on summary conviction to a fine in the case of a person other than a corporation, of not more than \$2,000 or, in the case of a corporation, of not more than \$20,000.

(2) Clause (1)(a) does not apply to the communication of information:

- (a) to employees of the Ministry of Finance or other persons designated by the Minister of Finance for the purposes of evaluating and formulating tax policy or administering this Act and the regulations; and
- (b) to the Financial and Consumer Affairs Authority of Saskatchewan in order to assist in the administration of this Act.

(3) A person is not guilty of an offence pursuant to clause (1)(b) where the person or corporation did not know that the statement was false or misleading and in the exercise of reasonable diligence could not have known that the statement was false or misleading.

(4) Where a corporation has committed an offence against this Act or the regulations, an officer, director, manager or agent of the corporation who directed, authorized or participated in the commission of the offence is guilty of an offence and liable on summary conviction to the penalties provided for the offence whether or not the corporation has been prosecuted or convicted.

1986, c.L-0.2, s.24; 2009, c.27, s.14; 2012, c.F-13.5, s.51.

Limitation on prosecution

25 No proceedings to enforce any provision of this Act or the regulations may be instituted after six years after the time the subject of the proceedings arose.

1986, c.L-0.2, s.25.

OTHER**Service**

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26(1) Section 83 of *The Revenue and Financial Services Act* applies, with any necessary modification, with respect to any notice, document or return required to be served pursuant to this Act.

(2) The minister, at any time, may extend the time for filing a notice, document or return pursuant to this Act.

1986, c.L-0.2, s.26; 1988-89, c.42, s.54; 2004, c.14, s.15.

Forms

27 The minister may prescribe forms for the purposes of this Act.

1986, c.L-0.2, s.27.

Regulations

28(1) The Lieutenant Governor in Council may make regulations:

- (a) defining, enlarging or restricting the meaning of any word or expression used in this Act or the regulations;
- (b) prescribing the maximum number of employees in Saskatchewan for the purposes of determining whether a corporation is an eligible business;
- (c) prescribing associations of employees or classes of associations of employees that are labour associations for the purposes of this Act and the regulations;
- (d) prescribing matters to be set out in applications for registration as a labour-sponsored venture capital corporation;
- (d.1) prescribing the maximum annual consideration for which a Type A corporation's equity shares may be issued;
- (e) prescribing the aggregate consideration for which a corporation's shares may be issued in order to be registered as a labour-sponsored venture capital corporation and, for that purpose, may prescribe different classes of corporations and different aggregate considerations for each class;
- (f) prescribing the circumstances pursuant to which the holder of the eligible equity shares has the right to require the redemption of his eligible equity;
- (g) prescribing the manner in which and the times at which eligible equity shares are to be valued;
- (h) prescribing other conditions to be met by a corporation in order to be registered as labour-sponsored venture capital corporation;
- (i) prescribing the time period during which a corporation shall not redeem its eligible equity shares;
- (j) prescribing the amount of money for the purposes of subsection 6(4);
- (k) prescribing the time period for the purposes of subsection 8(2);
- (l) prescribing the minimum percentage of its equity capital that a Type A corporation must have invested in eligible businesses within 24 months of its registration;

- (m) prescribing other forms of investments for the purposes of subsection 9(1);
 - (m.1) prescribing innovation activities and requirements related to investments made in businesses engaged in innovation activities for the purposes of section 9 and authorizing the minister to set additional terms and conditions for innovation activities;
 - (n) prescribing investments or classes of investments that are prohibited investments;
 - (o) prescribing the manner and the time period in which prohibited investments are to be dealt with for the purposes of clause 11(2)(b) and, for that purpose, authorizing the minister to prescribe the manner and time period in which prohibited investments may be dealt with;
 - (p) prescribing the circumstances under which an employer shall make deductions pursuant to section 14 and prescribing the manner and the timing of those deductions;
 - (q) prescribing the rate of interest for the purposes of section 22;
 - (q.1) prescribing the amount of and requiring the payment of fees and penalties for the purposes of this Act;
 - (r) prescribing any other matter or thing required or authorized by this Act to be prescribed in the regulations;
 - (s) respecting any other matter that he considers necessary for carrying out this Act according to its intent.
- (2) Notwithstanding any other Act or law, any regulations made pursuant to this Act may be made retroactive to a day not earlier than the day on which this Act comes into force.

1986, c.L-0.2, s.28; 1992, c.57, s.11; 1999, c.19, s.7; 2004, c.14, s.16; 2014, c.4, s.9.

Act to prevail

