

chapter R-8.1.1

COOPERATIVE INVESTMENT PLAN ACT

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CHAPTER I

PURPOSE

1. The purpose of this Act is to introduce a tax incentive to increase the permanent capitalization of certain cooperatives and federations of cooperatives needing equity capital for their development.

2006, c. 37, s. 1.

CHAPTER II

INTERPRETATION

DIVISION I

GENERAL DEFINITIONS

2. In this Act, unless the context indicates otherwise,

“allowable redemption or repayment”, in respect of a qualifying security, means a redemption or repayment that occurs,

(1) if the security is held by an individual who acquired it as first purchaser and who is a member of the qualified cooperative or qualified federation of cooperatives, on the individual’s death or on the individual’s resignation or exclusion from that cooperative or federation of cooperatives;

(2) if the security is held by a trust governed by a registered retirement savings plan of the type commonly called self-directed or by a registered retirement income fund the annuitant of which is an individual who is a member of the qualified cooperative or qualified federation of cooperatives, and was acquired, as first purchaser, by the individual or by a trust governed by a registered retirement savings plan of which the individual was the annuitant, on the individual’s death or on the individual’s resignation or exclusion from that cooperative or federation of cooperatives;

(3) if the security is held by an individual who is not a member of the qualified cooperative or qualified federation of cooperatives and who acquired the security as first purchaser in the individual’s capacity as an employee of that cooperative or federation of cooperatives, of a partnership of which that cooperative or federation of cooperatives is a member or of a subsidiary of that cooperative or federation of cooperatives, on the individual’s death, on the termination of the individual’s employment or on the individual’s becoming disabled;

(4) if the security is held by a trust governed by a registered retirement savings plan of the type commonly called self-directed or by a registered retirement income fund the annuitant of which is an individual who is not a member of the qualified cooperative or qualified federation of cooperatives, and was acquired, as first purchaser, by the individual in the individual’s capacity as an employee of that cooperative or federation of cooperatives, of a partnership of which that cooperative or federation of cooperatives is a member or of a subsidiary of that cooperative or federation of cooperatives, or by a trust governed by a registered retirement savings plan of which the individual was the annuitant, on the individual’s death, on the termination of the individual’s employment or on the individual’s becoming disabled;

(5) if the security is held by a partnership that acquired it as first purchaser and that is a member of the qualified cooperative or qualified federation of cooperatives, on the partnership’s resignation or exclusion from that cooperative or federation of cooperatives;

(6) if the security is held by an individual who is not a member of the qualified cooperative or qualified federation of cooperatives but who is a shareholder of a legal person that is a member of that cooperative or federation of cooperatives, and was acquired by the individual as first purchaser, on the individual’s death or on the legal person’s resignation or exclusion from that cooperative or federation of cooperatives; or

(7) if the security is held by a trust governed by a registered retirement savings plan of the type commonly called self-directed or by a registered retirement income fund the annuitant of which is an individual who is not a member of the qualified cooperative or qualified federation of cooperatives but who is a shareholder of a legal person that is a member of that cooperative or federation of cooperatives, and was acquired, as first purchaser, by the individual or by a trust governed by a registered retirement savings plan of which the individual was the annuitant, on the individual's death or on the legal person's resignation or exclusion from that cooperative or federation of cooperatives;

“associate member” has the meaning assigned by sections 211 to 211.8 of the Cooperatives Act (chapter C-67.2);

“auxiliary member” has the meaning assigned by sections 52 and 52.1 of the Cooperatives Act;

“business” means a business within the meaning of section 1 of the Taxation Act (chapter I-3) or part of such a business;

“capitalization rate” means, in respect of a cooperative or federation of cooperatives, the proportion that its equity is of its total assets, determined in accordance with Chapter II of the Regulation under the Cooperatives Act (chapitre C-67.2, r. 1), on the basis of the audited financial statements of the cooperative or federation of cooperatives;

“controlled subsidiary” means a legal person more than 50% of whose issued capital stock having full voting rights under all circumstances belongs, directly or indirectly, to the cooperative or federation of cooperatives to which it is subsidiary;

“eligible member” of a partnership means an individual who is a member of a partnership at the end of a fiscal period of the partnership and who, at that time, carries on activities as an agricultural producer through that partnership;

“employee” has the meaning assigned by section 1 of the Taxation Act;

“equity” means the equity determined in accordance with Chapter II of the Regulation under the Cooperatives Act at the end of the last fiscal period preceding 23 April 1985 or at the end of the last fiscal period ending in the calendar year that precedes the year in which an application for authorization to issue preferred shares for the purposes of this Act is filed in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), after the allocation of the surplus earnings or operating surplus of the fiscal period and the payment of taxes, and taking account of variations in the capital stock from the end of that fiscal period to 23 April 1985 or to the date of that application for authorization, whichever date is applicable, but without including the deficits for fiscal periods ending after 23 April 1985;

“expansion or development project” means a project whose expenditures relate to capital investments such as the acquisition or modernization of machinery, plants or warehouses, to the working capital needed to carry out the project or to the planned acquisition or increase of interests in entities whose activities are related to the object of the cooperative or federation of cooperatives;

“farm cooperative” means a cooperative of producers whose main object is agriculture-related and the majority of whose members, other than associate members and auxiliary members, carry on a recognized farming business;

“fiscal period” has the meaning assigned by Part I of the Taxation Act;

“member” means an individual or partnership that is capable of actually being a user of the services of the qualified cooperative or qualified federation of cooperatives and that has been admitted as such;

“Minister” means the Minister of Economy and Innovation;

“producer” has the meaning assigned by section 193.2 of the Cooperatives Act;

“producers cooperative” has the meaning assigned by section 193.1 of the Cooperatives Act;

“qualified cooperative” has the meaning assigned by section 3;

“qualified federation of cooperatives” has the meaning assigned by section 4;

“qualifying security” has the meaning assigned by section 6;

“recognized farming business” means an agricultural operation registered with the Ministère de l’Agriculture, des Pêcheries et de l’Alimentation in accordance with a regulation under section 36.0.1 of the Act respecting the Ministère de l’Agriculture, des Pêcheries et de l’Alimentation (chapitre M-14);

“shareholding workers cooperative” has the meaning assigned by section 225 of the Cooperatives Act;

“solidarity cooperative” has the meaning assigned by section 226.1 of the Cooperatives Act;

“supporting member” has the meaning assigned by section 226.1 of the Cooperatives Act;

“total assets” of a cooperative or federation of cooperatives for a year means the total assets shown in its financial statements for its last fiscal period ended in the calendar year that precedes the year in which an application for authorization to issue preferred shares for the purposes of this Act is filed in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures, less the revaluation surplus of its property and less the amount of its incorporeal assets that exceeds the expenditure made in that respect without taking account of any consideration for the purchase of those incorporeal assets which consists of a share of the cooperative’s or federation’s capital stock;

“user member” has the meaning assigned by section 226.1 of the Cooperatives Act;

“work cooperative” has the meaning assigned by section 222 of the Cooperatives Act;

“worker member” has the meaning assigned by section 226.1 of the Cooperatives Act.

For the purposes of the definition of “equity” in the first paragraph in respect of a cooperative resulting from an amalgamation that occurred after 23 April 1985, the equity of that cooperative on the date of the amalgamation is deemed to be equal to the aggregate of the equities on that date of the cooperatives that amalgamated or of the cooperative and the legal person that amalgamated, without taking account of the shares held by the amalgamated cooperative or legal person in another amalgamated cooperative. The same rule applies, with the necessary modifications, to a federation of cooperatives resulting from an amalgamation that occurred after 23 April 1985.

For the purposes of paragraphs 3 and 4 of the definition of “allowable redemption or repayment” in the first paragraph, an individual is considered to be disabled only if declared to have a severe and prolonged mental or physical disability that prevents the individual from continuing to work.

2006, c. 37, s. 2; 2010, c. 25, s. 243; 2012, c. 1, s. 70; 2019, c. 29, s. 1; 2020, c. 7, s. 40.

DIVISION II

QUALIFIED COOPERATIVE

3. In this Act, “qualified cooperative” means, subject to the second paragraph, a cooperative governed by the Cooperatives Act (chapter C-67.2) that meets the following conditions at the end of the last fiscal period ending in the calendar year that precedes the year in which the cooperative applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1):

- (1) the cooperative is

- (a) a work cooperative,
- (b) a shareholding workers cooperative,
- (c) a solidarity cooperative that would be a work cooperative but for its supporting members,

(d) a producers cooperative or a solidarity cooperative that would be a producers cooperative but for its supporting members, so long as at least 90% of the goods or services it provides, including those provided through a partnership or a controlled subsidiary, are provided to persons or partnerships that procure those goods or services for the purpose of earning income from a business,

(d.1) a solidarity cooperative, with or without supporting members, that consists of worker members and user members, so long as each user member of the cooperative is a producer and at least 90% of the goods or services it provides, including those provided through a partnership or a controlled subsidiary, are provided to persons or partnerships that procure those goods or services for the purpose of earning income from a business, or

- (e) a farm cooperative;

- (2) its central management is in Québec;

(3) more than 50% of the wages paid to its employees were paid to employees who, within the meaning of the regulations under section 771 of the Taxation Act (chapter I-3), are employees of an establishment situated in Québec;

(4) in the case of a shareholding workers cooperative, the majority of the assets held by the legal person of which the cooperative is a shareholder are situated in Canada and, in any other case, the majority of the assets held by the cooperative, including those held by a controlled subsidiary, by a partnership of which the cooperative is the majority member or by a trust to which the cooperative has transferred property, are situated in Canada;

- (5) its capitalization rate is less than 60%, except where the cooperative is

- (a) a shareholding workers cooperative,

(b) a work cooperative or a solidarity cooperative that would be a work cooperative but for its supporting members, the majority of whose employees are seasonal workers, or

- (c) a cooperative that has obtained an exemption in accordance with Chapter IV;

(6) its equity other than securities issued for the purposes of this Act and of the Cooperative Investment Plan adopted under the Act respecting the Ministère de l'Économie et de l'Innovation (chapter M-14.1) is equal to at least 80% of that equity on 23 April 1985; and

- (7) the Minister is of the opinion that the cooperative is in compliance with the Cooperatives Act.

If the cooperative described in the first paragraph is a shareholding workers cooperative, the legal person of which the cooperative holds shares must meet the following conditions at the end of the legal person's last fiscal period ending in the calendar year that precedes the year in which the cooperative applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures:

- (1) its central management is in Québec; and

(2) more than 50% of the wages paid to its employees and, where applicable, to the employees of the legal persons with which it is associated, within the meaning of the Taxation Act, were paid to employees

who, within the meaning of the regulations under section 771 of that Act, are employees of an establishment situated in Québec.

For the purposes of the first and second paragraphs, in the case of a cooperative or legal person in its first fiscal period, the reference to the end of its last fiscal period ending in the calendar year that precedes the year in which the cooperative applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures, is to be replaced by a reference to the end of the first fiscal period of the cooperative or legal person, if the Minister is satisfied that, at the end of that first fiscal period, the cooperative or legal person will meet all the conditions applicable to it.

2006, c. 37, s. 3; 2010, c. 25, s. 244; 2012, c. 1, s. 71; 2013, c. 10, s. 214; 2019, c. 29, s. 1.

DIVISION III

QUALIFIED FEDERATION OF COOPERATIVES

4. In this Act, “qualified federation of cooperatives” means a federation of cooperatives governed by the Cooperatives Act (chapter C-67.2) that meets the following conditions at the end of the last fiscal period ending in the calendar year that precedes the year in which the federation of cooperatives applies for authorization to issue preferred shares for the purposes of this Act in accordance with Chapter V of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1):

(1) the majority of its members, other than auxiliary members, are work cooperatives, shareholding workers cooperatives, producers cooperatives or persons or partnerships that carry on a recognized farming business;

(2) its central management is in Québec;

(3) more than 50% of the wages paid to its employees were paid to employees who, within the meaning of the regulations under section 771 of the Taxation Act (chapter I-3), are employees of an establishment situated in Québec;

(4) the majority of the assets held by the federation of cooperatives, including those held by a controlled subsidiary, by a partnership of which the federation of cooperatives is the majority member or by a trust to which the federation of cooperatives has transferred property, are situated in Canada;

(5) its capitalization rate is less than 60%, except in the case of a federation of cooperatives that has obtained an exemption in accordance with Chapter IV;

(6) its equity other than securities issued for the purposes of this Act and of the Cooperative Investment Plan adopted under the Act respecting the Ministère de l'Économie et de l'Innovation (chapter M-14.1) is equal to at least 80% of that equity on 23 April 1985; and

(7) the Minister is of the opinion that the federation of cooperatives is in compliance with the Cooperatives Act.

2006, c. 37, s. 4; 2012, c. 1, s. 72; 2019, c. 29, s. 1.

DIVISION IV

OTHER QUALIFIED COOPERATIVES OR FEDERATIONS OF COOPERATIVES

5. A cooperative or federation of cooperatives governed by the Canada Cooperatives Act (Statutes of Canada, 1998, chapter 1) may also elect to have this Act apply if it meets the same requirements, with the

necessary modifications, as those imposed on a cooperative or federation of cooperatives under the Cooperatives Act (chapter C-67.2) and this Act.

2006, c. 37, s. 5.

DIVISION V

QUALIFYING SECURITY

6. In this Act, “qualifying security” means a preferred share that is issued by a qualified cooperative or qualified federation of cooperatives and that meets the following conditions:

- (1) its issue is authorized by the Minister under a qualification certificate issued after 30 March 2004;
- (2) it is acquired, as first purchaser, by a qualified investor in respect of the qualified cooperative or qualified federation of cooperatives;
- (3) if interest is to be paid on the security, it bears interest at a maximum rate determined by resolution of the board of directors of the qualified cooperative or qualified federation of cooperatives, which interest must be non-cumulative and payable annually when decided by the board of directors if the financial situation of the qualified cooperative or qualified federation of cooperatives so allows and, if it is issued after 20 March 2012, the terms and conditions of its issue, determined by resolution of the board of directors, provide that the interest is payable only in cash;
- (4) subject to section 7, it is redeemable or repayable only after the expiry of a period of at least five years beginning on the date of its issue;
- (5) if it is issued as payment of interest on a preferred share held by a qualified investor, the board of directors of the qualified cooperative or qualified federation of cooperatives decided, before 21 March 2012, to so pay the interest; and
- (6) in the case of a preferred share issued by a shareholding workers cooperative after 20 March 2012 pursuant to an agreement entered into after that day, it is acquired for a consideration that consists solely of money.

2006, c. 37, s. 6; 2013, c. 10, s. 215.

DIVISION V.1

EXCHANGE OF SECURITIES

2009, c. 15, s. 478.

6.1. A security issued as part of an operation described in section 6.2 in exchange for a qualifying security is deemed to be the same security as the exchanged qualifying security and to continue it.

2009, c. 15, s. 478.

6.2. The operation to which section 6.1 refers is a conversion of securities, an amalgamation or a reorganization of the capital stock, at the end of which a qualifying security is exchanged for consideration consisting only of preferred shares or fractions of such shares that meet the requirements set out in paragraphs 3 and 4 of section 6.

2009, c. 15, s. 478.

DIVISION VI

REDEMPTIONS OR REPAYMENTS OF SECURITIES

7. A qualifying security may, at the discretion of the board of directors of a qualified cooperative or qualified federation of cooperatives, be redeemed or repaid before the expiry of the period specified in paragraph 4 of section 6, so long as the redemption or repayment is an allowable redemption or repayment and the characteristics of the security provide for such redemption or repayment.

2006, c. 37, s. 7.

8. If a qualified cooperative or qualified federation of cooperatives has made more than one issue of qualifying securities, they must be redeemed or repaid according to their seniority, subject to section 7.

2006, c. 37, s. 8.

DIVISION VII

QUALIFIED INVESTOR

9. In this Act, “qualified investor” in respect of a qualifying security of a qualified cooperative or qualified federation of cooperatives means

(1) an individual who is

(a) a member, other than a supporting member, auxiliary member or associate member, of the qualified cooperative or qualified federation of cooperatives, or

(b) an employee of the qualified cooperative or qualified federation of cooperatives;

(2) a partnership that is a member of the qualified cooperative or qualified federation of cooperatives, so long as the cooperative or federation is a farm cooperative or a federation of cooperatives the majority of whose members are farm cooperatives or persons or partnerships that carry on a recognized farming business, such a federation being in this section referred to as a “federation of farm cooperatives”;

(3) an individual who, at the time the qualifying security is issued, holds at least 10% of the shares of the issued capital stock having full voting rights under all circumstances of a legal person that is a member, at that time, of the qualified cooperative or qualified federation of cooperatives, so long as the cooperative or federation is a farm cooperative or federation of farm cooperatives;

(4) an individual who is an employee of a partnership of which the qualified cooperative or qualified federation of cooperatives is a member and all of whose other members, other than a general partner, are producers cooperatives or federations of producers cooperatives, so long as

(a) at least 90% of the partnership’s activities are processing or farming activities or consist in providing goods or services to persons or partnerships that procure those goods or services for the purpose of earning income from a business,

(b) under the terms of an agreement entered into between the qualified cooperative or qualified federation of cooperatives and the partnership, the proceeds of the issue of qualifying securities are to be paid to the partnership, and

(c) the existence of the agreement referred to in subparagraph *b* is certified by a certificate issued by the Minister;

(5) an individual who is an employee of a partnership of which the qualified cooperative or qualified federation of cooperatives is a member, provided that the cooperative or federation is a producers cooperative

or a federation of cooperatives the majority of whose members are producers cooperatives or persons or partnerships that carry on a recognized farming business, and so long as

(a) at least 90% of the partnership's activities are processing or farming activities or consist in providing goods or services to persons or partnerships that procure those goods or services for the purpose of earning income from a business, and

(b) at the time the qualifying security is issued, the qualified cooperative or qualified federation of cooperatives holds an interest in the partnership that enables the cooperative or federation to participate in the profit or loss of the partnership in a proportion greater than 50%;

(6) an individual who is an employee of a controlled subsidiary of the qualified cooperative or qualified federation of cooperatives, provided that the cooperative or federation is, as the case may be, a producers cooperative or a federation of cooperatives the majority of whose members are producers cooperatives or persons or partnerships that carry on a recognized farming business, and so long as at least 90% of the controlled subsidiary's activities are processing or farming activities or consist in providing goods or services to persons or partnerships that procure those goods or services for the purpose of earning income from a business; or

(7) a trust governed by a registered retirement savings plan of the type commonly called self-directed, so long as the trust acquires the qualifying security for the benefit of an annuitant within the meaning of paragraph *b* of section 905.1 of the Taxation Act (chapter I-3) who would otherwise qualify as a qualified investor.

2006, c. 37, s. 9.

CHAPTER III

Repealed, 2012, c. 1, s. 73.

2012, c. 1, s. 73.

DIVISION I

Repealed, 2012, c. 1, s. 73.

2012, c. 1, s. 73.

10. *(Repealed).*

2006, c. 37, s. 10; 2012, c. 1, s. 73.

DIVISION II

Repealed, 2012, c. 1, s. 73.

2012, c. 1, s. 73.

11. *(Repealed).*

2006, c. 37, s. 11; 2012, c. 1, s. 73.

12. *(Repealed).*

2006, c. 37, s. 12; 2012, c. 1, s. 73.

13. *(Repealed).*

2006, c. 37, s. 13; 2010, c. 7, s. 282; 2012, c. 1, s. 73.

14. *(Repealed).*

2006, c. 37, s. 14; 2012, c. 1, s. 73.

15. *(Repealed).*

2006, c. 37, s. 15; 2012, c. 1, s. 73.

16. *(Repealed).*

2006, c. 37, s. 16; 2012, c. 1, s. 73.

CHAPTER IV

EXEMPTION RELATING TO THE CAPITALIZATION RATE

17. If a cooperative or federation of cooperatives does not meet the condition set out in subparagraph 5 of the first paragraph of section 3 or in paragraph 5 of section 4, it may obtain from the Minister an exemption authorizing it to issue preferred shares for a period of 12 months following the date on which the exemption was issued if it establishes to the Minister's satisfaction that it is in the process of carrying out an expansion or development project that meets the requirements of the second paragraph and if the expected amount of the proceeds of the share issue does not exceed 60% of the total value of the expansion or development project.

The requirements to which the first paragraph refers in relation to obtaining an exemption in respect of an expansion or development project are the following:

(1) upon being carried out, the expansion or development project will cause the capitalization rate of the cooperative or federation of cooperatives to be less than 60%;

(2) the expansion or development project should increase the amount of business of the cooperative or federation of cooperatives in relation to the activities related to its object; and

(3) the expansion or development project will begin on or before the end of the 12-month period following the date on which the exemption was issued by the Minister.

2006, c. 37, s. 17.

18. *(Repealed).*

2006, c. 37, s. 18; 2012, c. 1, s. 73.

19. *(Repealed).*

2006, c. 37, s. 19; 2012, c. 1, s. 73.

CHAPTER V

INFORMATION RETURNS AND INVESTORS PROTECTION

DIVISION I

INFORMATION RETURNS

20. If a partnership acquires, in a fiscal period, a qualifying security of a farm cooperative or federation of farm cooperatives of which it is a member, the partnership must send the cooperative or federation on or before 31 January of the year that follows the year in which the fiscal period ended, a written return stating the share of each eligible member of a partnership of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the income of the partnership for the fiscal period is equal to \$1,000,000.

2006, c. 37, s. 20.

21. A qualified cooperative or qualified federation of cooperatives governed by the Canada Cooperatives Act (Statutes of Canada, 1998, chapter 1) must send the Minister, within five months after the end of its fiscal period, a copy of its annual report and financial statements.

2006, c. 37, s. 21.

22. A qualified cooperative or qualified federation of cooperatives must send the Minister, on or before the 90th day of the calendar year, a detailed statement of the issues, redemptions or repayments of qualifying securities it made in the preceding calendar year, or an attestation certifying that it did not issue, redeem or repay qualifying securities in the preceding calendar year.

2006, c. 37, s. 22.

23. The Minister must send the Minister of Revenue

(1) a copy of every qualification certificate issued under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);

(2) a copy of the notice of revocation of a qualification certificate;

(3) a copy of the certificate referred to in subparagraph *c* of paragraph 4 of section 9;

(4) a list of the cooperatives or federations of cooperatives whose qualification certificate is deemed to be revoked in accordance with section 5.8 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures; and

(5) any additional information that may be necessary for the purposes of the fiscal measures relating to the administration of this Act.

2006, c. 37, s. 23; 2012, c. 1, s. 74.

DIVISION II

PROTECTION OF INVESTORS

24. The Minister makes available to the public a register of cooperatives and federations of cooperatives holding a qualification certificate issued under this Act or under section 5.5 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) and of those whose qualification certificate has been revoked.

2006, c. 37, s. 24; 2012, c. 1, s. 75.

25. If a qualified cooperative or qualified federation of cooperatives holding a qualification certificate offers preferred shares to an individual or partnership, it must send the individual or partnership a copy of the by-law authorizing it to issue the shares and a copy of the resolution of the board of directors determining, in particular, the amount, privileges, rights, restrictions and conditions of the redemption or repayment of the shares.

2006, c. 37, s. 25.

CHAPTER VI

INSPECTION AND INQUIRY

26. The Minister or any person designated by the Minister may, for the purpose of ascertaining compliance with this Act,

- (1) require any information or document, examine the document and make a copy or photocopy of it;
- (2) require, where applicable, that information or a copy of a document be sent, in particular, by mail, by fax machine, by way of electronic filing or on a computer-generated medium; and
- (3) enter, at any reasonable time, any establishment of a cooperative or federation of cooperatives to which this Act applies.

Every copy or photocopy of a document certified by the Minister as a true copy or photocopy of the original is admissible in evidence and has the same probative force as the original.

2006, c. 37, s. 26.

27. The Minister or any person designated by the Minister may inquire into any matter relating to this Act.

2006, c. 37, s. 27.

28. When conducting an inspection or inquiry, any person designated by the Minister must, on request, provide identification and produce a certificate of authority.

No proceedings may be brought against that person for an act performed in good faith in the exercise of the functions of office.

2006, c. 37, s. 28.

CHAPTER VII

PENAL PROVISIONS

29. Every person who

- (1) contravenes section 25, or the second paragraph of section 15 of the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) where that paragraph applies in respect of Chapter V of Schedule C to that Act,
- (2) supplies the Minister, or any person designated by the Minister to exercise all or part of the powers conferred on the Minister by sections 26 and 27, with false or inaccurate information, or
- (3) hinders or attempts to hinder in any way a person acting as required or permitted by this Act,

is guilty of an offence.

2006, c. 37, s. 29; 2012, c. 1, s. 76.

30. A person who, knowingly, by an act or omission, attempts to aid a person to commit an offence or who advises, encourages or incites a person to commit an offence is a party to the offence and liable to the same penalty as that provided for the person who is guilty of the offence, whether or not that person has been prosecuted or convicted.

2006, c. 37, s. 30.

31. A person who is guilty of an offence under section 29 is liable to a fine of not less than \$500 nor more than \$10,000 for each offence, and to a fine of not less than \$1,000 nor more than \$20,000 for each subsequent offence.

2006, c. 37, s. 31.

32. Penal proceedings for an offence under this chapter are prescribed one year from the date on which the prosecutor became aware of the commission of the offence. However, no proceedings may be instituted if more than five years have elapsed from the date of the commission of the offence.

2006, c. 37, s. 32.

CHAPTER VIII

ADMINISTRATION OF THE ACT

33. The Minister of Economy and Innovation is responsible for the administration of this Act.

2006, c. 37, s. 33; 2019, c. 29, s. 1.

CHAPTER IX

AMENDING PROVISIONS

TAXATION ACT

34. *(Amendment integrated into c. I-3, s. 726.4).*

2006, c. 37, s. 34.

35. *(Amendment integrated into c. I-3, s. 776.54.1).*

2006, c. 37, s. 35.

36. *(Amendment integrated into c. I-3, heading of Title VI.3 of Book VII of Part I).*

2006, c. 37, s. 36.

37. *(Amendment integrated into c. I-3, s. 965.36).*

2006, c. 37, s. 37.

38. *(Amendment integrated into c. I-3, s. 965.36.1).*

2006, c. 37, s. 38.

39. *(Amendment integrated into c. I-3, ss. 965.39.1-965.39.7).*

2006, c. 37, s. 39.

40. *(Amendment integrated into c. I-3, ss. 1029.8.36.59.32-1029.8.36.59.34).*

2006, c. 37, s. 40.

41. *(Amendment integrated into c. I-3, s. 1049.0.3).*

2006, c. 37, s. 41.

42. *(Amendment integrated into c. I-3, s. 1049.0.5).*

2006, c. 37, s. 42.

43. *(Amendment integrated into c. I-3, s. 1049.0.5.1).*

2006, c. 37, s. 43.

44. *(Amendment integrated into c. I-3, s. 1049.0.6).*

2006, c. 37, s. 44.

45. *(Amendment integrated into c. I-3, s. 1049.0.8).*

2006, c. 37, s. 45.

46. *(Amendment integrated into c. I-3, s. 1049.0.9).*

2006, c. 37, s. 46.

47. *(Amendment integrated into c. I-3, s. 1049.0.10).*

2006, c. 37, s. 47.

48. *(Amendment integrated into c. I-3, s. 1049.0.11).*

2006, c. 37, s. 48.

49. *(Amendment integrated into c. I-3, s. 1049.12.1).*

2006, c. 37, s. 49.

50. *(Amendment integrated into c. I-3, s. 1049.13.1).*

2006, c. 37, s. 50.

51. *(Amendment integrated into c. I-3, ss. 1049.14.0.1-1049.14.0.2).*

2006, c. 37, s. 51.

52. *(Amendment integrated into c. I-3, ss. 1129.12.8-1129.12.22).*

2006, c. 37, s. 52.

CHAPTER X

MISCELLANEOUS PROVISIONS

53. A cooperative, other than a work cooperative or a shareholding workers cooperative, or a federation of cooperatives that, on 12 June 2003, holds a qualification certificate that is still in force on that date and authorizes its holder to issue securities under the rules set out in the Cooperative Investment Plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation

(chapter M-30.01), may, until the day on which the qualification certificate is revoked in accordance with that plan but before 1 April 2004, proceed with the issue of those securities in accordance with those rules, provided that their issue is necessary to fulfill an agreement entered into in writing on or before 12 June 2003 with an eligible worker within the scope of a workers investment program referred to in Division 4.1 of the rules of that plan.

2006, c. 37, s. 53.

54. Subject to the second and third paragraphs, a qualification certificate issued to a cooperative under the rules set out in the Cooperative Investment Plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation (chapter M-30.01) is revoked on 31 March 2004.

A work cooperative or a shareholding workers cooperative that, on 30 March 2004, holds a qualification certificate authorizing its holder to issue securities under the rules set out in the Cooperative Investment Plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation may proceed with the issue of those securities in accordance with those rules, until the earliest of

- (1) the day on which the qualification certificate is revoked in accordance with the plan;
- (2) the day on which it obtains a qualification certificate issued under section 11; and
- (3) 31 December 2004.

A cooperative, other than a work cooperative or a shareholding workers cooperative, or a federation of cooperatives that, on 12 June 2003, holds a qualification certificate that is still in force on 30 March 2004 and authorizes its holder to issue securities under the rules set out in the Cooperative Investment Plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation, may, until the earliest of the days described in subparagraphs 1 to 3 of the second paragraph, proceed with the issue of those securities in accordance with those rules, provided that their issue is necessary to fulfill an agreement entered into in writing on or before 12 June 2003 with an eligible worker within the scope of a workers investment program referred to in Division 4.1 of the rules of that plan.

2006, c. 37, s. 54.

55. No security may be issued after 31 December 2004 under the rules set out in the Cooperative Investment Plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation (chapter M-30.01) and every unrevoked qualification certificate issued under that plan is deemed to be revoked after that date.

2006, c. 37, s. 55.

56. Every security issued under the rules set out in the Cooperative Investment Plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation (chapter M-30.01) remains subject to Division 4 of the rules of that plan and to the provisions of the Taxation Act (chapter I-3) with respect to the redemption of that security.

However, for the purposes of Division 4 of the rules of that plan, the reserve includes, where applicable, the enhancement reserve as defined under sections 149.1 to 149.6 of the Cooperatives Act (chapter C-67.2).

Any security issued as part of an operation described in the fourth paragraph in exchange for a security referred to in the first paragraph is deemed to be the same security as the exchanged security and to continue it.

The operation to which the third paragraph refers is a conversion of securities, an amalgamation or a reorganization of the capital stock, at the end of which a qualifying security is exchanged for consideration

consisting only of preferred shares or fractions of such shares that meet the requirements set out in paragraphs 3 and 5 of section 6 of that plan.

2006, c. 37, s. 56; 2009, c. 15, s. 479.

56.1. Despite section 56, if, after 6 June 2002, a cooperative redeems a security issued under the rules set out in the cooperative investment plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation (chapter M-30.01), the obligation to increase the reserve provided for in section 8 of that plan is not required in respect of the redemption if

(1) the redemption is made as part of a block redemption of all of the outstanding qualifying securities that the cooperative has issued;

(2) the assets of the cooperative shown in its financial statements at the end of its last fiscal period preceding the redemption is at least 75% less than the assets shown in its financial statements for a fiscal period that ended in the 24-month period preceding the beginning of the last fiscal period; and

(3) the Minister exempts the cooperative from it.

In the case of a redemption referred to in the first paragraph, section 9 of the cooperative investment plan does not apply.

2010, c. 25, s. 245.

56.2. Despite section 56, if, after 23 June 2009, a cooperative redeems a security issued under the rules set out in the cooperative investment plan adopted under the Act respecting the Ministère du Développement économique, de l'Innovation et de l'Exportation (chapter M-30.01) and the redemption is made after the expiry of a period of at least five years beginning on the date of issue of the security, the obligation to increase the reserve provided for in section 8 of that plan is not required in respect of the redemption.

2010, c. 25, s. 245.

57. Section 1, section 2, except for the definition of “allowable redemption or repayment” and the third paragraph of that section, sections 3 to 6, 8 to 25, 33 to 39, 41 to 51, section 52, when it enacts Part III.2.2 of the Taxation Act (chapter I-3), and sections 54 to 56 have effect from 31 March 2004. However,

(1) when this Act applies before 22 December 2004,

(a) section 3 is to be read without reference to subparagraph 7 of the first paragraph, and

(b) section 4 is to be read without reference to its paragraph 7;

(2) when this Act applies before 17 November 2005,

(a) the definition of “equity” in the first paragraph of section 2 reads as if “Chapter II of the Regulation under the Cooperatives Act made by Order in Council 953-2005 (2005, G.O. 2, 4736)” was replaced by “Chapter IV of the Regulation under the Cooperatives Act made by Order in Council 2560-83 (1983, G.O. 2, 3961)”, and

(b) section 12 is to be read without reference to its paragraph 6;

(3) when this Act applies before 24 March 2006, section 3 is to be read without reference to its third paragraph; and

(4) when section 1049.14.0.1 of the Taxation Act, enacted by section 51, applies in respect of a qualifying security issued before 24 March 2006, it reads as follows:

“**1049.14.0.1.** Every qualified cooperative or qualified federation of cooperatives, within the meaning of section 965.39.1, that redeems or repays a qualifying security, within the meaning of that section, without complying with the period specified in paragraph 4 of section 6 of the Cooperative Investment Plan Act (chapter R-8.1.1) incurs a penalty equal to 30% of the amount of the qualifying securities so redeemed or repaid.”

2006, c. 37, s. 57.

58. Section 40 and section 52, when it enacts Part III.2.3 of the Taxation Act (chapter I-3), apply from the calendar year 2004. However, when section 1129.12.15 of the Taxation Act, enacted by section 52, applies to the calendar year 2005, it reads as if “31 March” in the portion before paragraph *a* was replaced by “30 June”.

2006, c. 37, s. 58.

59. Section 2, when it enacts the definition of “allowable redemption or repayment” and the third paragraph of that section, section 7 and section 52, when it enacts Part III.2.4 of the Taxation Act (chapter I-3), apply in respect of a qualifying security issued after 23 March 2006.

2006, c. 37, s. 59.

60. Section 53 has effect from 13 June 2003.

2006, c. 37, s. 60.

61. *(Omitted).*

2006, c. 37, s. 61.

REPEAL SCHEDULE

In accordance with section 9 of the Act respecting the consolidation of the statutes and regulations (chapter R-3), chapter 37 of the statutes of 2006, in force on 1 January 2007, is repealed, except section 61, effective from the coming into force of chapter R-8.1.1 of the Revised Statutes.

