

Bill No. 76 of 1947.

A BILL TO AUTHORIZE THE EXECUTION ON BEHALF OF THE PROVINCE OF A TAX AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF ALBERTA.

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NOTE.

This Bill authorizes the Lieutenant Governor in Council to negotiate and execute a tax agreement of five years with the Government of Canada. The Province will suspend, for the term of the agreement, the imposition of succession duties, personal income taxes and corporation taxes except *The Corporation Income Tax Act* which has been introduced in the Legislature and which imposes a five per cent tax on that portion of the income of corporations derived from operations in Alberta. This tax will be collected on behalf of the Province by officers of the Government of Canada.

Section 3, subsection (2), sets out the guaranteed minimum annual amount payable to the Province. The amount of the statutory subsidies for 1946 is left blank in paragraph (c) because that cannot be ascertained until the population according to the 1946 census is ascertained.

W. S. GRAY,  
*Legislative Counsel.*

*(This note does not form any part of the Bill but is offered in explanation of its provisions.)*

# BILL

No. 76 of 1947.

An Act to authorize the Execution on behalf of the Province of a Tax Agreement between the Government of Canada and the Government of Alberta.

(Assented to \_\_\_\_\_, 1947.)

**W**HEREAS prior to the war the government of Canada and the Government of the Province of Alberta levied taxes upon incomes and upon corporations;

And whereas succession duties are levied by both of the said Governments;

And whereas the Wartime Tax Transfer Agreement which was negotiated between the said Governments pursuant to which only the Government of Canada levied income and corporation taxes, terminates on the thirty-first day of March, 1947;

And whereas it is desirable and expedient to enter into a further agreement reducing duplication of direct taxation and of machinery for the collection of direct taxes;

And whereas the said Governments are negotiating an agreement whereby the Government of Alberta will agree to suspend for a period of five years, the levying and collection of certain direct taxes in consideration of payment to be made in compensation therefor by the Government of Canada;

Now therefore His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

## SHORT TITLE.

1. This Act may be cited as "*The Tax Collection Suspension Act, 1947.*"

## AGREEMENT.

2. Subject to the provisions of this Act, the Lieutenant Governor in Council may authorize the Provincial Treasurer to negotiate, enter into and execute on behalf of the Government of Alberta, on such terms and conditions as may be approved by the Lieutenant Governor in Council, an agreement between the Government of Canada and the Government of Alberta providing for the suspension by the Government of Alberta,—

(a) of the imposition of personal income taxes and corporation taxes and, except as hereinafter pro-

vided, of corporation income taxes, for the period of five years commencing on the first day of January, 1947, and ending on the thirty-first day of December, 1951; and

- (b) of the imposition of succession duties in respect of succession or transmissions consequent upon or upon property passing upon deaths occurring during the period of five years commencing on the first day of April, 1947, and ending on the thirty-first day of March, 1952,—

in consideration of annual amounts to be paid at such times and in such manner as may be agreed upon by the Government of Canada to the Government of Alberta in respect of each of the five fiscal years in the period commencing on the first day of April, 1947, and ending on the thirty-first day of March, 1952.

**3.—(1)** Without restricting the generality of the foregoing, an agreement entered into under this Act may, in addition to such other terms as may be agreed upon, contain provisions to the following effect:

- (a) The government of Canada will be liable to pay to the Government of Alberta a guaranteed minimum annual amount, to be computed in the manner herein after provided, in respect of each fiscal year of the agreement;
- (b) The Government of Alberta may during the whole, or such part of the period of the said agreement as may be agreed upon, enact legislation imposing corporation income tax at a rate of five per cent on income of corporations attributable to their operations in the Province of Alberta;
- (c) The Government of Canada will, without charge to the Government of Alberta make provision for the administration by officers and employees of the Government of Canada on behalf of the Government of Alberta, of legislation enacted by the Government of Alberta imposing corporation income tax as permitted under the said agreement, including in such administration the assessment and collection on behalf of the Government of Alberta of the said corporation income taxes;
- (d) The Government of Canada may deduct from the amounts otherwise payable by it to the Government of Alberta under the agreement, amounts in respect of,—
- (i) corporation income tax that the Government of Alberta is permitted to levy under the terms of the said agreement, and
- (ii) losses of revenue under *The Income War Tax Act* sustained by the Government of Canada during the period commencing on the first day of April, 1947, and ending on the thirty-first day of March, 1952, by reason of the

acquisition of property, assets or stock, in whole or in part, of a corporation that is a taxpayer under the said Act, by His Majesty in right of Alberta or by an agent or servant of His Majesty in right of Alberta, or by a municipality or public authority or otherwise as may be agreed, except a loss of revenue arising by reason of any such acquisition in relation to a company the main business of which is the generation for distribution to, or the distribution to the public of electrical energy, gas or steam;

- (e) The Government of Alberta may impose, levy and collect royalties or rentals on or in respect of natural resources within the Province of Alberta or such income taxes in lieu thereof as may be agreed upon; and
  - (f) Provision will be made to ensure, in so far as is possible, that the terms of any other like agreement entered into by the Government of Canada with the Government of any other province will be similar to those of the agreement entered into with the Government of Alberta or that the Government of Alberta will be entitled to require the terms of the agreement with it to be revised to correspond to the terms of such other agreement.
- (2) The guaranteed minimum annual amount payable by the Government of Canada to the Government of Alberta under an agreement entered into under this Act shall be the amount by which the sum of the following amounts:
- (a) The amount that is the product of \$12.75 multiplied by the number of the population of the Province of Alberta for the calendar year 1942, as the said population is computed by the Dominion Statistician of Canada on the assumption that the population changed uniformly, between the year 1941 and the year 1946 by an equal part in each year of the number of persons by which the population, as ascertained by the census in the year 1946, is different from the population as ascertained by the census for the year 1941;
  - (b) The amount of \$2,040,430.32, being an amount equal to fifty per cent of the amount agreed upon between the Government of Alberta and the Government of Canada, for the purposes of the Wartime Tax Transfer Agreement, between the said parties, as equivalent to the total revenue received by the Government of Alberta, and its municipalities in respect of income taxes, corporation income taxes and corporation taxes during the fiscal year of the Province ending nearest to the thirty-first day of December, 1940, which taxes the Government of Alberta, pursuant to the said agreement, ceased to levy or to permit its municipalities to levy; and

(c) The amount of \$..... being the amount of statutory subsidies payable by the Government of Canada to the Government of Alberta during the calendar year 1947,—

exceeds the amounts payable by the Government of Canada to the Government of Alberta in respect of statutory subsidies during the fiscal year in respect of which the guaranteed minimum annual amount is payable.

4.—(1) Upon the execution of an agreement under this Act the agreement shall forthwith be binding upon the Government of Alberta and any enactment of the legislature of Alberta, and any regulation, by-law order or rule made under the authority of any such enactment, that imposes income taxes, corporation income taxes, corporation taxes or succession duties as defined in the agreement, the imposition of which by or under the authority of the Government of Alberta or by a municipality would be contravention of the terms of the agreement, shall forthwith be suspended and any power conferred by any such enactment, regulation, by-law, order or other rule, to impose or fix any such tax, to the extent that the power authorizes imposition of a tax that would be in contravention of the agreement, shall be suspended, the said suspensions to be effective for the periods provided and to have effect in accordance with the terms of the agreement.

(2) In this section "municipality" includes any city, town, village, municipal district, improvement district, special area, school district, drainage district, irrigation district, and any board, commission or other authority created by the Government of Alberta which levies or has the right to levy taxes, rates, license fees or royalties, including the Crown in right of Alberta levying in unorganized territories.

5. All enactments, regulations, by-laws, orders and rules, the operation of which is suspended pursuant to section 4 of this Act, are suspended only to the extent and so long as the levying and collection of taxes thereunder would be in contravention of the provisions of an agreement entered into under this Act, and otherwise remain in full force and effect for all purposes, and upon expiration of the periods during which they are suspended, in accordance with the terms of the agreement, thereafter have the same force and effect as if the agreement had not been made.

6. The Provincial Treasurer is hereby authorized and empowered to refund to taxpayers the amount of any taxes, the collection of which by the Government of Alberta is not authorized by the terms of the agreement.

7. The Lieutenant Governor in Council may do or authorize the doing of all such things as may be required or considered necessary or advisable effectively to implement the said agreement, and the terms, conditions and provisions

thereof, and may authorize and empower the Provincial Treasurer to do all such things and to execute all such further documents and assurances as may be required or considered necessary or advisable.

8. The Provincial Treasurer may pay out of the General Revenue Fund to the Government of Canada any amount or amounts that the Government of Alberta becomes liable under the terms of an agreement entered into under this Act to pay to the Government of Canada by way of refund or because the amount of any deduction authorized to be made by the Government of Canada from the amounts payable to Alberta under the agreement are not ascertained until after all payments by the Government of Canada under the agreement have been made.

9. This Act shall come into force on the day upon which it is assented to.

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FOURTH SESSION  
TENTH LEGISLATURE

11 GEORGE VI

1947

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**BILL**

An Act to authorize the Execution on behalf of the Province of a Tax Agreement between the Government of Canada and the Government of Alberta.

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Received and read the

First time.....

Second time.....

Third time.....

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HON. MR. MANNING.

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EDMONTON:  
A. Shnitka, King's Printer  
1947