

No. 20

1st Session, 15th Legislature, Alberta
12 Elizabeth II

BILL 20

A Bill to amend The Alberta Income Tax Act

HON. MR. HINMAN

Explanatory Note

1. This Bill amends The Alberta Income Tax Act which is chapter 1 of the Statutes of Alberta, 1961 (2nd Session).

2. Section 4, subsection (3) presently reads:

“(3) For the purposes of this section the percentage of the tax payable under the federal Act to be used for computing the tax payable under this section is as follows:

- (a) sixteen per cent in respect of the 1962 taxation year;
- (b) seventeen per cent in respect of the 1963 taxation year;
- (c) eighteen per cent in respect of the 1964 taxation year.”

3. A new section is added providing for the averaging of farmers' income for tax purposes.

BILL

No. 20 of 1964

An Act to amend The Alberta Income Tax Act

(Assented to _____, 1964)

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

1. *The Alberta Income Tax Act* is hereby amended.
2. Section 4, subsection (3) is amended by adding the following clause:
 - (d) nineteen per cent in respect of the 1965 taxation year.
3. The following section is added after section 6:
 - 6a. (1) Where an individual whose chief source of income has been farming or fishing during a taxation year (in this section referred to as the "year of averaging") has filed an election in accordance with subsection (1) of section 42 of the federal Act for the year of averaging, the tax payable under this Part for the year of averaging is an amount determined by the following rules:
 - (a) determine the amount (in this section referred to as the "average tax") for each year in the averaging period (which, in this section, has the meaning given to that expression under section 42 of the federal Act) equal to the tax that would be payable under the federal Act, within the meaning of section 4 of this Act, if the taxable income for the year were the average net income for the year within the meaning of paragraph (c) of subsection (1) of section 42 of the federal Act;
 - (b) determine the amount (in this section referred to as the "provincial tax") for each year in the averaging period equal to the tax that would be payable under this Part for the year if the tax that would be payable under the federal Act for the year, within the meaning of section 4 of this Act, were the average tax for the year;
 - (c) deduct from the aggregate of the provincial taxes as determined under clause (b) for the years in the averaging period the aggregate of the taxes payable under this Part for the preceding years

(which, in this section, has the meaning given to that expression under section 42 of the federal Act);

and the remainder obtained under clause (c) is the tax payable under this Part for the year of averaging.

(2) Subsection (1) applies only in the case of an individual who

(a) throughout the averaging period

(i) resided in Alberta, and

(ii) did not carry on a business with a permanent establishment (which, in this subsection, has the meaning given to that expression under the regulations made pursuant to section 33 of the federal Act) outside of Alberta,

or

(b) throughout the averaging period

(i) resided outside of Alberta, and

(ii) had no income other than his income from the carrying on of a business with a permanent establishment in Alberta and nowhere else.

(3) For the purposes of this Act, where the tax payable by an individual under this Part for the year of averaging would, but for subsection (2), be an amount determined under subsection (1), the tax that would have been payable by the individual under the federal Act for the year of averaging, within the meaning of section 4 of this Act, had no election been made by him under section 42 of the federal Act for that year, shall be deemed to be the tax payable under the federal Act by the individual for the year of averaging.

(4) Where this section, except subsection (3) is applicable to the computation of a taxpayer's tax for a taxation year and the aggregate of the taxes payable under this Part for the preceding years exceeds the aggregate of the provincial taxes as determined under clause (b) of subsection (1) for the years in the averaging period, the excess shall be deemed to be an overpayment made when the notice of assessment for the year of averaging was mailed.

(5) The provisions of this Part relating to the assessment of tax, interest and penalties apply *mutatis mutandis* to an assessment whereby, for the purposes of this section, it is determined by the Provincial Treasurer that no tax is payable under this Part for the year of averaging or that an overpayment has been made as described in subsection (4).

(6) Where an election for a year of averaging filed under subsection (1) of section 42 of the federal Act has been revoked by the taxpayer in accordance with subsection (4) of section 42 of the federal Act, subsection (1) of this section is not applicable in determining the tax payable under this Part for the year of averaging.

4. Section 14, subsection (1) presently reads:

"14. (1) Every corporation shall, during the twelve months' period ending six months after the close of each taxation year, pay to the Provincial Treasurer

- (a) on or before the last day of each of the first nine months in that period, an amount equal to one-twelfth of the tax as estimated by it at the rate for the taxation year
 - (i) on its estimated taxable income earned in the year in Alberta, or
 - (ii) on its taxable income earned in the year in Alberta as determined for the immediately preceding taxation year,
- (b) on or before the last day of each of the next two months in the period, an amount equal to one-third of the remainder of the tax payable as estimated by it on its taxable income earned in the year in Alberta at the rate for the year, and
- (c) on or before the last day of the period, the remainder of the tax as estimated under section 9."

5. Commencement of Act.

- (iii) the expression "one-twelfth" in clause (a) of subsection (1) of section 14 as enacted by this section shall be read as "one-eleventh", and
- (iv) the expression "eleventh" in clause (b) of subsection (1) of section 14 as enacted by this section shall be read as "tenth".

5. This Act comes into force on the day upon which it is assented to.

No. 20

FIRST SESSION
FIFTEENTH LEGISLATURE
12 ELIZABETH II
1964

BILL

An Act to amend The Alberta
Income Tax Act

Received and read the

First time

Second time

Third time

HON. MR. HINMAN
