

No. 50

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3rd Session, 15th Legislature, Alberta  
14 Elizabeth II

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## **BILL 50**

A Bill to amend The Alberta Income Tax Act

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HON. MR. AALBORG

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## Explanatory Note

**1.** This Bill amends chapter 1 of the Statutes of Alberta, 1961 (2nd Sess.).

**2.** Section 4, subsection (6), clause (b) presently reads:

(6) Where an individual resided in Alberta on the last day of a taxation year and had income for the year that included income earned in a country other than Canada in respect of which any income or profits tax was paid to the government of such other country, he may deduct from the tax payable by him under this Act for that taxation year an amount equal to the lesser of

- .....
- (b) that proportion of the deduction allowed to the taxpayer for that taxation year by virtue of section 33 of the federal Act that
    - (i) the taxpayer's income earned in such other country for that year is of
    - (ii) his income for the year.

Under the provisions of the provincial Income Tax Act a taxpayer in receipt of foreign non-business income on which a tax has been paid to a foreign country is allowed a credit against his provincial income tax payable for the foreign tax paid. The amount of the credit is not to exceed the lesser of

- (a) the amount of the foreign tax paid that has not been exhausted by the credit allowed under the Income Tax Act (Canada) or
- (b) that portion of the federal tax abatement which represents the same proportion to the total federal tax abatement that the taxpayer's foreign income bore to his total income.

For purposes of determining the latter provision, the present provincial Income Tax Act expresses the federal tax abatement as that amount deductible by section 33 from the federal basic tax by residents of a province. The tax reduction authorized in the 1965 Federal Budget was incorporated as section 33(4) of the Federal Act. In order to ensure that the amount of the provincial tax credit is not affected by this additional deduction allowed under section 33, it is proposed to amend the Provincial Act to ensure that the ratio to determine the provincial tax credit for foreign income taxes shall be applied only to that federal deduction which relates to the tax abatement for the benefit of the province.

**3.** Applicability of amendment to section 4 of the Act.

**4.** Commencement of Act.

# BILL

No. 50 of 1966

An Act to amend The Alberta Income Tax Act

(Assented to \_\_\_\_\_, 1966)

**H**ER 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 (6) is amended by striking out clause (b) and by substituting the following:
  - (b) that proportion of the deduction allowed to the taxpayer for that taxation year by virtue of subsection (1) of section 33 of the federal Act that
    - (i) the taxpayer's income earned in such other country for that year  
is of
    - (ii) his income for the year.
  
3. Section 2 is applicable to the 1965 and subsequent taxation years.
  
4. This Act comes into force on the day upon which it is assented to.

No. 50

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THIRD SESSION  
FIFTEENTH LEGISLATURE  
14 ELIZABETH II  
1966

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**BILL**

An Act to amend The Alberta  
Income Tax Act

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Received and read the

First time .....

Second time .....

Third time .....

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HON. MR. AALBORG

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