

1979 BILL 11

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First Session, 19th Legislature, 28 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 11**

**THE ALBERTA INCOME TAX  
AMENDMENT ACT, 1979**

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THE PROVINCIAL TREASURER

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First Reading .....

Second Reading .....

Committee of the Whole.....

Third Reading .....

Royal Assent .....

*Bill 11*

## **BILL 11**

1979

### **THE ALBERTA INCOME TAX AMENDMENT ACT, 1979**

*(Assented to , 1979)*

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

*1 The Alberta Income Tax Act is amended by this Act.*

*2 Section 4.1(2)(d)(ii) is repealed and the following is substituted:*

(ii) the amount, if any, by which \$300 exceeds 1/2 of the tax otherwise payable for the taxation year.

*3 Section 8.3 is amended*

*(a) in subsection (3) by striking out "A renter assistance credit under this section shall be" and substituting "A renter assistance credit under this section for the 1974, 1975, 1976, 1977 and 1978 taxation years shall be an amount equal to",*

*(b) by adding the following after subsection (3):*

## Explanatory Notes

**1** This Bill will amend chapter 182 of the Revised Statutes of Alberta 1970.

**2** Section 4.1(2) presently reads in part:

*(2) The tax payable by an individual under section 4(1) or (2) shall be reduced*

*(d) for the 1979 and subsequent taxation years, by an amount equal to the lesser of*

*(i) the tax otherwise payable for the taxation year, and*

*(ii) the amount, if any, by which the aggregate of*

*(A) \$116, and*

*(B) the lesser of*

*(I) \$300, and*

*(II) the product of \$50 and the number of children under 18 years of age resident in Canada and claimed by the taxpayer as dependants with respect to that taxation year*

*exceeds 1/2 of the tax otherwise payable for the taxation year.*

**3** Section 8.3(3) presently reads:

*(3) A renter assistance credit under this section shall be*

*(a) where the total rent paid by an individual during the taxation year is less than \$500,*

*(i) 20 per cent of the rent paid,*

*less*

(3.1) A renter assistance credit under this section for the 1979 and subsequent taxation years shall be an amount equal to the greater of

(a) \$50, and

(b) the amount obtained when 1% of the individual's taxable income for that year is subtracted from the lesser of

(i) the aggregate of \$80 and 5% of the total rent paid by that individual during the taxation year, and

(ii) \$250.

*(c) in subsection (5) by striking out "subsection (3)" and substituting "subsections (3) and (3.1)".*

*4(1) Section 8.4 is amended*

*(a) by repealing subsection (1)(d.1) and substituting the following:*

(d.1) "tax otherwise payable under this Act", or any similar expression, means, with respect to the 1978 and subsequent taxation years,

(i) in the case of an individual, the tax payable under section 4(1) or (2) for that taxation year, and

(ii) in the case of a corporation, the tax payable under section 5(1) for that taxation year;

*(b) in subsections (7.1) and (7.2) by striking out "its business" and substituting "any of the businesses mentioned in subparagraphs 66(15)(h)(i) to (vii) of the federal Act".*

*(2) Subsection (1)(b) applies to the 1977 and subsequent taxation years.*

*5 The following is added after section 8.6:*

#### **Small Business Deduction**

**8.7(1)** In this section,

(a) "attributed Canadian royalty income used by a corporation in the calculation of its royalty tax rebate" means the quotient obtained when

*(ii) one-half of 1 per cent of that individual's taxable income for that year;*

*(b) where total rent paid by an individual during the taxation year is \$500 or more,*

*(i) a basic credit of \$90 plus 2 per cent of the total rental payments up to a maximum total basic credit of \$200,*

*less*

*(ii) one-half of 1 per cent of that individual's taxable income for that year;*

*(c) notwithstanding clauses (a) and (b), not less than the lesser of \$50 or 20 per cent of the total rent paid by an individual during the taxation year.*

**4** Section 8.4 presently reads in part:

*(d.1) "tax otherwise payable under this Act", or any similar expression, means, with respect to the 1978 and subsequent taxation years, the tax payable under section 4(1) or (2) for that taxation year,*

The amendments to subsections (7.1) and (7.2) reflect an amendment to the Income Tax Act (Canada).

**5** Small business deduction.

(i) the amount of royalty tax rebate that the corporation is entitled to under section 8.4(3) for the taxation year

is divided by

(ii) 11% of the amount obtained when its taxable income earned in Alberta for the year, as determined in accordance with Part IV of the federal regulations, is divided by its taxable income for the year;

(b) "Canadian-controlled private corporation" has the meaning assigned to it by paragraph 125(6)(a) of the federal Act;

(c) "royalty deduction account" of a corporation at the end of a taxation year means

(i) with respect to the 1979 taxation year, the aggregate of

(A) the amount of attributed Canadian royalty income used by the corporation in the calculation of its royalty tax rebate for each of the taxation years prior to the 1979 taxation year, and

(B) the attributed Canadian royalty income used by the corporation in the calculation of its royalty tax rebate for the taxation year,

and

(ii) with respect to the 1980 and subsequent taxation years, the aggregate of

(A) the corporation's royalty deduction account at the end of the immediately preceding taxation year, and

(B) the attributed Canadian royalty income used by the corporation in the calculation of its royalty tax rebate for the taxation year;

(d) "tax otherwise payable under this Act" means the tax payable under section 5(1) less any deduction that the corporation is entitled to under section 8.4.

(2) There may be deducted from the tax otherwise payable under this Act for 1979 and subsequent taxation years by a corporation that was, throughout the year, a Canadian-controlled private corporation, an amount equal to the product obtained when 6% of the least of



(a) the amount, if any, by which

(i) the aggregate of all amounts each of which is the income of the corporation for the year from an active business carried on in Canada, as determined for the purposes of section 125 of the federal Act,

exceeds

(ii) the aggregate of

(A) the attributed Canadian royalty income used by the corporation in the calculation of its royalty tax rebate for the taxation year, and

(B) the aggregate of all amounts each of which is a loss of the corporation for the year from an active business carried on in Canada, as determined for the purposes of section 125 of the federal Act,

(b) the amount, if any, by which the corporation's taxable income for the year exceeds the aggregate of

(i) 2.5 times the aggregate of amounts deducted under subsection 126(1) of the federal Act from the tax otherwise payable by it for the year under Part I of the federal Act,

(ii) 2 times the aggregate of amounts deducted under subsection 126(2) of the federal Act from the tax otherwise payable by it for the year under Part I of the federal Act, and

(iii) the attributed Canadian royalty income used by the corporation in the calculation of its royalty tax rebate for the taxation year,

(c) the corporation's business limit for the year as determined under section 125 of the federal Act, and

(d) the amount, if any, by which

(i) the aggregate of the corporation's total business limit for the year, as determined under section 125 of the federal Act, and the corporation's royalty deduction account at the end of the immediately preceding taxation year,

exceeds

(ii) the corporation's cumulative deduction account, as determined under section 125 of the federal Act, at the end of the immediately preceding taxation year,



is multiplied by the quotient obtained when the corporation's taxable income earned in Alberta for the year, as determined in accordance with Part IV of the federal regulations, is divided by its taxable income for the year.

(3) In the application of subsection 125(3) of the federal Act, and for the purposes of determining a corporation's total business limit under subsection (2) of this section, paragraph 125(3)(b) shall be read as though "that corporation's cumulative deduction account" was struck out and "the amount, if any, by which that corporation's cumulative deduction account exceeds its royalty deduction account" was substituted.

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