

1985 BILL 43

Third Session, 20th Legislature, 34 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 43

**ALBERTA CORPORATE INCOME TAX
AMENDMENT ACT, 1985**

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 43

1985

ALBERTA CORPORATE INCOME TAX AMENDMENT ACT, 1985

(Assented to _____, 1985)

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

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

2(1) Section 8 is amended

(a) in subsection (1) by striking out “and (3)” and substituting “, (2.1) and (3)”;

(b) by adding the following after subsection (2):

(2.1) Subsection 20(12) of the federal Act shall be read as if “less the amount deductible under subsection 126(1) of the federal Act” was added after “subparagraphs (iii) and (v) thereof”.

(2) Subsection (1) applies to taxation years commencing after the date on which this Act comes into force.

3(1) Section 14(3.1)(a) and (3.2)(a) are repealed.

(2) Subsection (1) applies to 1985 and subsequent taxation years.

Explanatory Notes

1 This Act will amend chapter A-17 of the Revised Statutes of Alberta 1980.

2 Section 8(1) presently reads:

8(1) Subject to subsections (2) and (3), subdivision b of Division B of Part I of the federal Act applies in determining the income or loss of a corporation from a business or property for a taxation year.

3 Section 14(3.1)(a) and (3.2)(a) presently read:

(3.1) Where there has been an amalgamation of 2 or more corporations and subsection 87(2) of the federal Act, as made applicable for the purposes of this Act, applies, the following rules also apply:

(a) in order to determine the new corporation's royalty deduction account as defined in section 22(1)(l) at the end of the immediately preceding taxation year, the new corporation shall be deemed to have a taxation year immediately preceding its first taxation year and to have a royalty deduction account at the end of that preceding year equal to the aggregate of amounts each of which was a predecessor corporation's royalty deduction account immediately before the amalgamation;

(3.2) If a taxable Canadian corporation has been wound up and subsection 88(1) of the federal Act, as made applicable for the purposes of this Act, applies, the following rules also apply:

(a) in order to determine the royalty deduction account of the parent at the end of its taxation year during which the subsidiary was wound up, there shall be added to the royalty deduction account of the parent as defined in section 22(1)(l) the amount of the subsidiary's royalty deduction account at the end of the taxation year during which the subsidiary was wound up;

4(1) Section 20(1) is amended by striking out “and” at the end of clause (c), by adding “and” at the end of clause (d) and by adding the following after clause (d):

(d.1) any amount that would be deemed to have been payable in the year by a trust to the corporation as beneficiary of the trust under subsection 104(29) of the federal Act if the reference in that subsection to paragraph 18(1)(l.1) were struck out,

(2) Subsection (1) applies to 1982 and subsequent taxation years.

5(1) Section 22 is repealed and the following is substituted:

22(1) In this section,

(a) “active business” carried on by a corporation means any business carried on by the corporation other than a specified investment business or a personal services business and includes an adventure or concern in the nature of trade;

(b) “business limit” of a corporation for a taxation year has the meaning assigned to it by subsection 125(2) of the federal

4 Section 20(1) presently reads:

20(1) In this section, “attributed Canadian royalty income” of a corporation for a taxation year in which it had a permanent establishment in Alberta means the amount, if any, by which the aggregate of

(a) the amounts required to be included in computing the corporation’s income for the year by virtue of paragraph 12(1)(o) of the federal Act, where those amounts relate to the production from oil or gas wells or bituminous sands deposits, oil sands deposits or coal deposits or to any right, licence or privilege to explore for, drill for or recover petroleum or natural gas or to explore for, mine, quarry, remove, treat or process bituminous sands or oil sands or to win or work mines, seams or beds of coal,

(b) the amounts in respect of which no deduction is allowed in computing the corporation’s income for the year by virtue of paragraph 18(1)(m) of the federal Act, other than amounts described in paragraph 66.2(5)(a) or 66.4(5)(a) of the federal Act, where those amounts relate to the production from oil or gas wells or bituminous sands deposits, oil sands deposits or coal deposits or to any right, licence or privilege to explore for, drill for or recover petroleum or natural gas or to explore for, mine, quarry, remove, treat or process bituminous sands or oil sands or to win or work mines, seams or beds of coal,

(c) any amounts by which the fair market value, as determined under subsection 69(8) of the federal Act, of petroleum, natural gas or coal disposed of under dispositions referred to in subsection 69(6) of the federal Act, exceeds the proceeds of disposition, if any, actually received by it in respect of the petroleum, natural gas or coal so disposed of, and

(d) any amounts by which the amount referred to in subsection 69(7) of the federal Act in respect of acquisitions of petroleum, natural gas or coal referred to in that subsection exceeds the fair market value, as determined under subsection 69(9) of the federal Act, of the petroleum, natural gas or coal so acquired,

exceeds the aggregate of

(e) the amount allowed to the corporation for the year under section 8 in its adoption of paragraph 20(1)(v.1) of the federal Act in respect of oil or gas wells or bituminous sands deposits, oil sands deposits or coal deposits, and

(f) the amount of any reimbursement received by the corporation under the terms of a contract, where the reimbursement was for an amount paid or payable by the taxpayer that is required to be included in computing his income or denied as a deduction in computing his income by virtue of paragraph 12(1)(o) or 18(1)(m) of the federal Act in respect of oil or gas wells or bituminous sands deposits, oil sands deposits or coal deposits.

5 Section 22 presently reads:

22(1) In this section,

(a) “active business” carried on by a corporation in a taxation year means the business of manufacturing or processing property for sale or lease, mining, operating an oil or gas well, prospecting, exploring or drilling for natural resources, construction, logging, farming, fishing, selling property as a principal, transportation or any other business carried on by the corporation other than a specified investment business, a non-qualifying business or a personal services business;

Act, as modified by subsections 125(3), (4) and (5) of that Act and as adopted by this Act;

(c) “Canadian-controlled private corporation” has the meaning assigned to it by paragraph 125(7)(b) of the federal Act;

(d) “income of the corporation for the year from an active business” has the meaning assigned to it by paragraph 125(7)(c) of the federal Act;

(e) “personal services business” carried on by a corporation in a taxation year has the meaning assigned to it by paragraph 125(7)(d) of the federal Act;

(f) “specified investment business” carried on by a corporation in a taxation year has the meaning assigned to it by paragraph 125(7)(e) of the federal Act;

(g) “specified partnership income” of a corporation for a taxation year has the meaning assigned to it by paragraph 125(7)(f) of the federal Act;

(h) “specified partnership loss” of a corporation for a taxation year has the meaning assigned to it by paragraph 125(7)(g) of the federal Act;

(i) “specified shareholder” of a corporation in a taxation year has the meaning assigned to it by subsection 248(1) of the federal Act.

(2) There may be deducted from the tax payable under section 21 for a taxation year by a corporation that was, throughout the year, a Canadian-controlled private corporation, an amount equal to the product obtained when the Alberta allocation factor is multiplied by 6% of the least of

(a) the amount, if any, by which the aggregate of

(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 other than the income of the corporation for the year from a business carried on by it as a member of a partnership, and

(ii) the specified partnership income of the corporation for the year

exceeds the aggregate of

(iii) 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 other than a loss of the corporation for the year from a business carried on by it as a member of a partnership,

(iv) the specified partnership loss of the corporation for the year, and

(v) the corporation’s royalty tax deduction for the year,

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

- (b) “business connected” at any time in a taxation year with a corporation has the meaning assigned to it by paragraph 125(9)(a) of the federal Act, as modified by subsection 125(9.1) of that Act;
- (c) “business limit” has the meaning assigned to it by subsection 125(2) of the federal Act, as modified by subsections 125(3) and (4) of that Act and as adopted by this Act;
- (d) “Canadian-controlled private corporation” has the meaning assigned to it by paragraph 125(6)(a) of the federal Act;
- (e) “cumulative deduction account” has the meaning assigned to it by paragraph 125(6)(b) of the federal Act, as modified by subsections 125(6.1), (6.2) and (6.3) of that Act;
- (f) “entity” has the meaning assigned to it by paragraph 125(9)(b) of the federal Act;
- (g) “income of the corporation for the year from a non-qualifying business” has the meaning assigned to it by paragraph 125(6)(g) of the federal Act;
- (h) “income of the corporation for the year from an active business” has the meaning assigned to it by paragraph 125(6)(e) of the federal Act;
- (i) “income or loss of a partnership” has the meaning assigned to it by paragraph 125(6)(j) of the federal Act;
- (j) “non-qualifying business” carried on by a corporation in a taxation year means
- (i) a business of providing services if more than 66 2/3% of the gross revenue for the year of that business derived from services
 - (A) is derived from services provided to or performed for or on behalf of one entity, and
 - (B) can reasonably be attributed to services performed by persons who are specified shareholders of the corporation or persons related to them
 unless the corporation employs in the business throughout the year more than 5 full-time employees who are not specified shareholders of the corporation or persons related to them, or
 - (ii) a business the principal purpose of which is to provide managerial, administrative, financial, maintenance or other similar services, to lease property (other than real property), or to provide any such services and to lease property (other than real property), to one or more businesses connected at any time in the year with the corporation;
- (j.1) “personal services business” has the meaning assigned to it by paragraph 125(6)(g.1) of the federal Act;
- (k) “qualifying taxable dividends paid” has the meaning assigned to it by paragraph 125(6)(c) of the federal Act;
- (l) “royalty deduction account” of a corporation at the end of a taxation year means
- (i) the corporation’s royalty deduction account at the end of the immediately preceding taxation year, and
 - (ii) the corporation’s royalty tax deduction for the taxation year;
- (m) repealed 1983 c66 s3;

(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 the 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 corporation's royalty tax deduction for the year,

and

(c) the corporation's business limit for the year.

(3) Subsections 125(3) and (4) of the federal Act apply for the purposes of this section except that references to the "Minister" shall be deemed to be references to the Provincial Treasurer.

(4) Subsections 125(5) and (6) of the federal Act apply for the purposes of this section.

(2) Subsection (1) applies to 1985 and subsequent taxation years.

- (n) "specified limit" of a corporation for a taxation year has the meaning assigned to it by paragraph 125(6)(i) of the federal Act but
- (i) subparagraph 125(6)(i)(i) shall be read as though " " except that where the corporation carried on a non-qualifying business in the year, the references in this subparagraph to "active business" shall be read as references to "active business or a non-qualifying business" " were struck out;
 - (i.1) the reference in clause 125(6)(i)(ii)(A) to clause 125(1)(a)(iii)(A) shall be read as a reference to section 22(2)(a)(iii)(A) of this Act, and
 - (ii) subparagraph 125(6)(i)(ii) shall be read as though "except that where the corporation carried on a non-qualifying business in the year, the references in this subparagraph to "active business" shall be read as references to "active business or a non-qualifying business" and the reference in clause (A) to "clause (1)(a)(iii)(A)" shall be read as a reference to "clause (1.1)(a)(iii)(A)" " were struck out.
- (o) "specified investment business" has the meaning assigned to it by paragraph 125(6)(h) of the federal Act;
- (p) repealed 1983 c66 s3;
- (q) "specified shareholder" of a corporation in a taxation year has the meaning assigned to it by paragraph 125(9)(c) of the federal Act;
- (r) "total business limit" has the meaning assigned to it by subsection 125(2) of the federal Act, as modified by subsections 125(3) and (4) of that Act and as adopted by this Act;
- (s) "total income of a partnership" has the meaning assigned to it by paragraph 125(6)(k) of the federal Act;
- (t) "total loss of a partnership" has the meaning assigned to it by paragraph 125(6)(l) of the federal Act.
- (2) There may be deducted from the tax payable under section 21 for a taxation year by a corporation that was, throughout the year, a Canadian-controlled private corporation, an amount equal to 6% of the least of
- (a) the amount, if any, by which the aggregate of
 - (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 other than the income of the corporation from a business carried on by it as a member of a partnership,
 - (ii) the aggregate of all amounts each of which is an amount in respect of a partnership of which the corporation was a member (other than a partnership to which it was joined in the year) equal to the lesser of
 - (A) for each fiscal period of the partnership coinciding with or ending in the year, the corporation's income from an active business carried on in Canada by it as a member of the partnership, and
 - (B) the specified limit of the corporation for the year in respect of the partnership, and
 - (iii) the aggregate of all amounts each of which is an amount in respect of a group of connected partnerships to which the corporation was joined in the year equal to the lesser of
 - (A) the amount, if any, by which

(I) the aggregate of all amounts each of which is an amount in respect of a partnership in the group for a fiscal period of the partnership coinciding with or ending in the year, equal to the corporation's income from an active business carried on in Canada by it as a member of the partnership

exceeds

(II) the aggregate of all amounts each of which is an amount in respect of a partnership in the group for a fiscal period of the partnership coinciding with or ending in the year, equal to the corporation's loss from an active business carried on in Canada by it as a member of the partnership,

and

(B) the specified limit of the corporation for the year in respect of the group of connected partnerships

exceeds the aggregate of

(iv) 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 (other than a loss from a business carried on by it as a member of a partnership to which it was joined in the year),

(v) the aggregate of all amounts each of which is an amount in respect of a group of connected partnerships to which the corporation was joined in the year equal to the amount, if any, by which the amount determined in respect of the corporation for the year under subclause (iii)(A)(II) exceeds the amount determined in respect of the corporation for the year under subclause (iii)(A)(I), and

(vi) the corporation's royalty tax deduction for the taxation year,

(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 the 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 corporation's royalty tax deduction for the taxation year,

(c) the corporation's business limit for the year, and

(d) the amount, if any, by which

(i) the aggregate of the corporation's total business limit for the year and the corporation's royalty deduction account at the end of the immediately preceding taxation year,

exceeds

(ii) the corporation's cumulative deduction account at the end of the immediately preceding taxation year,

is multiplied by the Alberta allocation factor.

(3) Subsection 125(3) of the federal Act applies for the purposes of this section except that

(a) paragraph (b) shall be read as though "that corporation's cumulative deduction account" was struck out and "the amount, if any, by which the corporation's cumulative deduction account exceeds its royalty deduction account" was substituted;

(b) the reference to "Minister" shall be deemed to be a reference to the Provincial Treasurer.

(4) Subsection 125(4) of the federal Act applies for the purposes of this section except that the reference to "Minister" shall be deemed to be a reference to the Provincial Treasurer.

(5) Subsection 125(5) of the federal Act applies for the purposes of this Act.

(6) Subsection 125(7) of the federal Act applies for the purposes of this section.

(7) Subsection 125(8) of the federal Act applies for the purposes of this Act.

(7.1) Subsection 125(8.1) of the federal Act applies for the purposes of this section except that

(a) the reference to "subsection (1) or (1.1)" shall be deemed to be also a reference to section 22(2) of this Act;

(b) the reference to "increase in respect of the corporation for the year" shall be deemed to be a reference to an increase under section 22(2) of this Act.

(7.2) Subsection 125(8.2) of the federal Act applies for the purposes of this section except that the references to "Minister" shall be deemed to be references to "Provincial Treasurer".

(7.3) Subsection 125(8.3) of the federal Act applies for the purposes of this section.

(7.4) Subsection 125(8.4) of the federal Act applies for the purposes of this section.

(7.5) Where, at any time in a taxation year of a corporation (in this subsection referred to as the "transferee") property of another corporation (in this subsection referred to as the "transferor") has been transferred to the transferee in the course of a series of transactions or events described in paragraph 55(3)(b) of the federal Act (in this subsection referred to as the "transfer transactions") that commenced after November 12, 1981, there shall be added to the amount of the royalty deduction account of the transferee at the end of its taxation year immediately preceding its taxation year that included the time of the transfer (and for the purposes of this section, the transferee shall, where it had no such immediately preceding taxation year, be deemed to have had such a year) the amount, if any, that is that proportion of the amount of the royalty deduction account of the transferor that

(a) the fair market value of the property immediately before the commencement of the transfer transactions

is of

(b) the fair market value of all the property of the transferor immediately before such commencement

and, for the purposes of this subsection, the amount of the royalty deduction account of the transferor shall be deemed to be an amount equal to the aggregate of

(c) the amount of the royalty deduction account of the transferor at the end of its taxation year immediately preceding its taxation year in which the transfer transactions commenced, and

6 *The following is added after section 22:*

22.1(1) In this section, except as otherwise provided in subsections (8) and (9),

(a) “adjusted business income” of a corporation for a taxation year has the meaning assigned to it by section 5202 of the federal regulations;

(b) “Alberta cost of manufacturing and processing capital” of a corporation for a taxation year means $100/85$ of that portion of the cost of capital of the corporation for that year that reflects the extent to which each property included in that

(d) the aggregate of all amounts each of which is the amount of the transferor's royalty tax deduction for each taxation year ending in the period starting at the beginning of its taxation year that includes the time of commencement of the transfer transactions and ending at the end of its taxation year that includes the time of completion of the transfer transactions.

(7.6) Subsection 125(8.5) of the federal Act applies for the purposes of this section.

(8) Subsection 125(10) of the federal Act applies for the purposes of this section except that the reference to subparagraph (6)(f)(ii) shall be deemed to be a reference to section 22(1)(j)(i) of this Act.

(9) Subsection 125(11) of the federal Act applies for the purposes of this section except that

(a) the reference to paragraph (6)(h) shall be deemed to be a reference to section 22(1)(o) of this Act;

(b) the reference to paragraph (9)(a) shall be deemed to be a reference to section 22(1)(b) of this Act.

(10) Subsection 125(13) of the federal Act applies for the purposes of this section.

(11) Subsection 125(14) of the federal Act applies for the purposes of this Act except that

(a) the reference to subsection (1) shall be deemed to be a reference to section 22(2) of this Act;

(a.1) the reference to subsection (1.1) shall be struck out;

(b) the reference to "Minister" shall be deemed to be a reference to the Provincial Treasurer.

(12) Subsection 125(15) of the federal Act applies for the purposes of this Act except that

(a) the subsection shall be read as though "the Tax Review Board or the Federal Court" was struck out and "the Provincial Treasurer or the Court" was substituted;

(a.1) the reference to subsection (1) shall be deemed to be a reference to section 22(2) of this Act;

(b) the reference to subsection (1.1) shall be struck out;

(c) the subsection shall be read as though paragraph (c) was struck out and the following was substituted:

(c) in the case of an appeal to the Court, vary the direction and refer the matter back to the Provincial Treasurer for reassessment.

6 Alberta manufacturing and processing profits.

calculation was used directly in qualified activities of the corporation during the year, but the amount so calculated shall not exceed the cost of capital of the corporation for the year;

(c) "Alberta cost of manufacturing and processing labour" of a corporation for a taxation year means 100/75 of that portion of the cost of labour of the corporation for that year that reflects the extent to which

(i) the salaries and wages included in that calculation were paid or payable to persons for the portion of their time that they were directly engaged in qualified activities of the corporation during the year, and

(ii) the other amounts included in that calculation were paid or payable to persons for the performance of functions that would be directly related to qualified activities of the corporation during the year if those persons were employees of the corporation,

but the amount so calculated shall not exceed the cost of labour of the corporation for the year;

(d) "Canadian investment income" of a corporation for a taxation year has the meaning assigned to it by subsection 129(4) of the federal Act;

(e) "cost of capital" of a corporation for a taxation year has the meaning assigned to it by section 5202 of the federal regulations;

(f) "cost of labour" of a corporation for a taxation year has the meaning assigned to it by section 5202 of the federal regulations;

(g) "foreign investment income" of a corporation for a taxation year has the meaning assigned to it by subsection 129(4) of the federal Act;

(h) "manufacturing or processing" does not include

(i) farming or fishing,

(ii) logging,

(iii) construction,

(iv) operating an oil or gas well or processing heavy crude oil recovered from a natural reservoir in Canada to a stage that is not beyond the crude oil stage or its equivalent,

(v) extracting minerals from a mineral resource,

(vi) processing, to the prime metal stage or its equivalent, ore (other than iron ore) from a mineral resource,

(vii) processing, to the pellet stage or its equivalent, iron ore from a mineral resource,

(viii) producing industrial minerals other than sulphur produced by processing natural gas,

(ix) producing or processing electrical energy or steam, for sale,

(x) processing gas, if such gas is processed as part of the business of selling or distributing gas in the course of operating a public utility, or

(xi) any manufacturing or processing of goods for sale or lease, if, for any taxation year of a corporation in respect of which the expression is being applied, less than 10% of its gross revenue from all active businesses carried on in Canada was from

(A) the selling or leasing of goods manufactured or processed in Canada by it, and

(B) the manufacturing or processing in Canada of goods for sale or lease, other than goods for sale or lease by it;

(i) “qualified activities” means

(i) any of the following activities when they are performed in Alberta in connection with manufacturing or processing, not including the activities listed in clause (h)(i) to (x), in Alberta of goods for sale or lease:

(A) engineering design of products and production facilities;

(B) receiving and storing of raw materials;

(C) producing, assembling and handling of goods in process;

(D) inspecting and packaging of finished goods;

(E) line supervision;

(F) production support activities including security, cleaning, heating and factory maintenance;

(G) quality and production control;

(H) repair of production facilities;

(I) pollution control;

(ii) all other activities when they are performed in Alberta directly in connection with manufacturing or processing, not including the activities in clause (h)(i) to (x), in Alberta of goods for sale or lease, and

(iii) scientific research as defined in section 2900 of the federal regulations,

but does not include

(iv) storing, shipping, selling and leasing of finished goods,

(v) purchasing of raw materials,

(vi) administration, including clerical and personnel activities,

(vii) purchase and resale operations,

(viii) data processing, or

- (ix) providing facilities for employees, including cafeterias, clinics and recreational facilities;
 - (j) “salaries and wages” has the meaning assigned to it by section 5202 of the federal regulations.
- (2) Subject to subsection (3), “Alberta manufacturing and processing profits” of a corporation for a taxation year means that proportion of its adjusted business income that the aggregate of its Alberta cost of manufacturing and processing capital for the year and its Alberta cost of manufacturing and processing labour for the year is of the aggregate of its cost of capital for the year and its cost of labour for the year.
- (3) The “Alberta manufacturing and processing profits” of a corporation for a taxation year are deemed to be equal to the corporation’s adjusted business income for the year if
- (a) the activities of the corporation during the year were primarily manufacturing or processing in Canada of goods for sale or lease,
 - (b) the aggregate of
 - (i) the aggregate of all amounts each of which is the income of the corporation for the year from an active business minus the aggregate of all amounts each of which is the loss of the corporation for the year from an active business, and
 - (ii) if the corporation is associated in the year with a Canadian corporation, the aggregate of all amounts each of which is the income of the latter corporation from an active business for its taxation year ending in the year,did not exceed \$200 000, and
 - (c) the corporation did not carry on any active business outside Canada at any time during the year.
- (4) For the purposes of subsection (3)(b)(ii), if a corporation is associated in the year with a Canadian corporation that did not have a permanent establishment in Alberta in its taxation year referred to in subsection (3)(b)(ii), the income of the latter corporation from an active business shall be deemed to be its income from an active business as determined under the federal Act.
- (5) There may be deducted from the tax otherwise payable under section 21 for a taxation year by a corporation an amount equal to the aggregate of
- (a) 5% of the lesser of
 - (i) the product obtained when the least of the amounts determined under section 22(2)(a) to (c) in respect of the corporation for the year is multiplied by the Alberta allocation factor, and
 - (ii) the corporation’s Alberta manufacturing and processing profits for the year,

and

(b) 6% of the lesser of

(i) the amount, if any, by which the corporation's Alberta manufacturing and processing profits for the year exceed the amount determined under clause (a)(i), and

(ii) the amount, if any, by which the amount of the corporation's amount taxable in Alberta for the year exceeds the aggregate of

(A) the amount determined under clause (a)(i), and

(B) the product obtained when the Alberta allocation factor is multiplied by the amount, if any, by which the aggregate of the corporation's Canadian investment income for the year and its foreign investment income for the year exceeds the amount, if any, deducted under paragraph 111(1)(b) of the federal Act from the corporation's income for the year.

(6) Where a corporation has a taxation year part of which is before April 1, 1985, the amount determined under subsection (5) for that taxation year shall be the proportion of the amount otherwise determined that the number of days following March 31, 1985 in that taxation year is to the number of days in the whole of the taxation year.

(7) Where a corporation has a taxation year part of which is after March 31, 1990, the amount determined under subsection (5) for that taxation year shall be the proportion of the amount otherwise determined that the number of days preceding April 1, 1990 in that taxation year is to the number of days in the whole of that taxation year.

(8) Where a corporation has resource activities for a taxation year pursuant to subsection 5203(2) of the federal regulations the following applies, except as otherwise provided in subsection (9):

(a) "adjusted business income" of the corporation for the year has the meaning assigned to it by subsection 5203(1) of the federal regulations;

(b) "cost of capital" of the corporation for the year has the meaning assigned to it by subsection 5203(1) of the federal regulations;

(c) "cost of labour" of the corporation for the year has the meaning assigned to it by subsection 5203(1) of the federal regulations.

(9) Where a corporation is a member of a partnership at any time in the taxation year of the corporation, the following applies:

(a) "cost of capital" of the corporation for the year has the meaning assigned to it by section 5204 of the federal regulations;

(b) "cost of labour" of the corporation for the year has the meaning assigned to it by section 5204 of the federal regulations;

(c) “Alberta cost of manufacturing and processing capital” of the corporation for the year has the meaning assigned to the words “cost of manufacturing and processing capital” by section 5204 of the federal regulations except that the reference to “qualified activities” shall be deemed to be a reference to “qualified activities” as defined in subsection (1)(i);

(d) “Alberta cost of manufacturing and processing labour” of the corporation for the year has the meaning assigned to the words “cost of manufacturing and processing labour” by section 5204 of the federal regulations except that the reference to “qualified activities” shall be deemed to be a reference to “qualified activities” as defined in subsection (1)(i).

(10) For the purposes of subsection (1)(h)(xi), if a corporation was a member of a partnership at any time in a taxation year, paragraphs 125.1(4)(a) and (b) of the federal Act apply.

7(1) Section 23(2) is amended

(a) *by striking out “deduction under section 22” wherever it occurs and substituting “deductions under sections 22 and 22.1”;*

(b) *by repealing clause (b) and substituting the following:*

(b) the Alberta allocation factor multiplied by the amount, if any, by which

(i) the non-business-income tax paid by the corporation to a country or political subdivision of a country in respect of that foreign investment income, except any amount that may be regarded as having been paid in respect of income from a share of the capital stock of a foreign affiliate of the corporation,

exceeds the aggregate of

(ii) the amount deductible under subsection 126(1) of the federal Act in respect thereof, and

(iii) the greater of the amount deducted under subsection 20(12) of the federal Act in determining income under the federal Act and the amount deducted under subsection 20(12) of the federal Act as adopted by this Act in determining income under this Act,

and

(c) *in subsection (2.1) by adding “without reference to subparagraph 126(7)(c)(iii)” after “federal Act”.*

(2) Subsection (1)(b) and (c) apply to taxation years commencing after the date on which this Act comes into force.

8 Section 24 is amended

(a) *in subsection (2) by adding “, 22.1” after “sections 22” wherever it occurs;*

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

(4) Where a corporation was, at the end of a taxation year of a partnership, a member of the partnership, its share of any

7 Section 23(2) and (2.1) presently read:

(2) If a corporation has a permanent establishment in Alberta, has included foreign investment income in computing its income and is entitled to a deduction under subsection 126(1) of the federal Act in respect of income or profits tax paid to a country outside Canada on that foreign investment income, it may deduct from the tax payable remaining after it has claimed the deduction under section 22 an amount equal to the lesser of

(a) 11% of the foreign investment income for the year from sources in that country multiplied by the Alberta allocation factor,

(b) the amount, if any, by which

(i) the non-business-income tax paid by the corporation to a country or political subdivision of a country, in respect of that foreign investment income, except any amount that may be regarded as having been paid in respect of income from a share of the capital stock of a foreign affiliate of the corporation,

exceeds

(ii) the amount deductible under subsection 126(1) of the federal Act in respect thereof

and multiplied by the Alberta allocation factor, and

(c) the amount of the tax remaining after it has claimed the deduction under section 22.

(2.1) For the purposes of subsection (2), “non-business-income tax” has the meaning assigned to it by paragraph 126(7)(c) of the federal Act.

8 Section 24 presently reads:

24(1) In this section,

(a) “registered candidate” means a person who is a registered candidate under the Election Finances and Contributions Disclosure Act;

(b) “registered constituency association” means a registered constituency association under the Election Finances and Contributions Disclosure Act;

amount contributed by the partnership in that taxation year that would, if the partnership were a corporation, be an amount contributed referred to in subsection (2), shall, for the purposes of this section, be deemed to be an amount contributed by the corporation in its taxation year in which the taxation year of the partnership ended.

9 Section 25(3) is amended by adding “22.1,” after “22,” wherever it occurs.

(c) "registered party" means a political party that is a registered party under the Finances and Contributions Disclosure Act.

(2) In respect of the aggregate amount of contributions under the Election Finances and Contributions Disclosure Act contributed by a corporation during the taxation year to a registered party, registered constituency association or registered candidate, that corporation may reduce the amount of tax that it would be required to pay under this Part after claiming the deductions under sections 22 and 23 by an amount equal to

(a) for contributions made before January 1, 1982,

(i) 75% of the amount contributed if the aggregate amount of contributions by the corporation does not exceed \$100,

(ii) \$75 plus 50% of the amount contributed in excess of \$100 if the aggregate amount of contributions by the corporation exceeds \$100 but does not exceed \$550, or

(iii) the lesser of

(A) \$500, and

(B) \$300 plus 33-1/3% of the amount contributed in excess of \$550,

if the aggregate amount of contributions by the corporation exceeds \$550, and

(b) for contributions made on or after January 1, 1982,

(i) 75% of the amount contributed if the aggregate amount of contributions by the corporation does not exceed \$150,

(ii) \$112.50 plus 50% of the amount contributed in excess of \$150 if the aggregate amount of contributions by the corporation exceeds \$150 but does not exceed \$825, or

(iii) the lesser of

(A) \$750, and

(B) \$450 plus 33-1/3% of the amount contributed in excess of \$825,

if the aggregate amount of contributions by the corporation exceeds \$825,

or the amount of the tax payable after claiming the deductions under sections 22 and 23, whichever is the lesser.

(3) Payment of each amount that is included in the aggregate amount of contributions in respect of which a deduction is claimed under subsection (2) shall be proved by filing with the Provincial Treasurer receipts for them signed on behalf of the registered party, registered constituency association or registered candidate, as the case may be.

9 Section 25(3) presently reads:

(3) A corporation may reduce the amount of tax that it would be required to pay under this Part after complying with sections 21, 22, 23 and 24 by an amount equal to the lesser of

(a) the amount, if any, by which the aggregate of the maximum eligible incentive for all qualifying Alberta multiple unit residential buildings of the corporation exceeds the aggregate of all tax credits allowed in a previous taxation year to the corporation under this section, and

(b) the tax payable under this Act after claiming the deductions under sections 22, 23 and 24.

10 *Section 26 is amended*

(a) *in subsection (1.7) by striking out “(in this subsection referred to as the “purchaser”)” and substituting “(in this section referred to as the “purchaser”)”;*

(b) *by adding the following after subsection (1.7):*

(1.71) Where the election referred to in subsection (1.7)(b) is not made within the prescribed time, the election shall be deemed to have been made on the last day that is within the prescribed time if,

(a) on or before the day that is 2 years after that last day, the election is made in the prescribed form, and

(b) the penalty as assessed under subsection (1.73) is paid within 30 days of the mailing of the notice of assessment.

(1.72) The penalty payable in respect of an election referred to in subsection (1.71) is \$200 for each complete month in the period commencing with the last day that is within the prescribed time and ending on the day on which the election is actually made.

(1.73) The Provincial Treasurer shall examine each election to which subsection (1.71) applies, assess the penalty payable and send a notice of assessment to the purchaser.

10 Section 26(1) and (1.7) presently read:

26(1) In this Division,

(a) "above-limit corporation" means a corporation that

(i) would, if its taxation year for the purposes of computing its income under the federal Act and this Act had been the 12 month period ending August 31, 1982, have had Alberta crown royalty for that taxation year in excess of \$5 333 333,

(ii) was associated with one or more corporations on August 24, 1982 pursuant to subsection (1.6) and the corporation and all of the corporations with which it was associated at that time would, if the taxation year of the corporation and each of the corporations with which it was associated at that time for the purposes of computing their income under the federal Act and this Act had been the 12 month period ending August 31, 1982, have had Alberta crown royalty for that taxation year that would in aggregate exceed \$5 333 333, or

(iii) is deemed to be an above-limit corporation by the Provincial Treasurer pursuant to subsection (1.3);

(b) "above-limit partnership" means a partnership in existence on August 24, 1982 each of the members of which, on August 24, 1982, was an above-limit corporation;

(c) "Alberta crown royalty" of a corporation for a taxation year means the aggregate of

(i) any amount required to be included in computing the corporation's income for the year by virtue of paragraph 12(1)(o) of the federal Act, and

(ii) any amount in respect of which no deduction is allowed in computing the corporation's income for the year by virtue of paragraph 18(1)(m) of the federal Act,

less any amount that

(iii) is a reimbursement received by the corporation under the terms of a contract if the reimbursement was for an amount paid or payable by the corporation that is

(A) required to be included in computing its income for the year by virtue of paragraph 12(1)(o) of the federal Act, or

(B) denied as a deduction in computing its income by virtue of paragraph 18(1)(m) of the federal Act

and each of which is or is in respect of a royalty receivable by or payable to the Crown in right of Alberta under a lease, licence, reservation or permit granting petroleum rights, natural gas rights or petroleum and natural gas rights;

(d) "Alberta resource property" means a property that is

(i) a right, licence or privilege to explore for, drill for or take petroleum, natural gas or petroleum and natural gas in Alberta,

(ii) a petroleum or natural gas well in Alberta,

(iii) a rental or royalty computed by reference to the amount or value of production from a petroleum or natural gas well in Alberta, or

(iv) a right or interest of any nature whatsoever or howsoever described in any property referred to in subclauses (i) to (iii), in-

11(1) Section 32(3) is repealed and the following is substituted:

(3) In the application of subsection 137(7) of the federal Act, the references to sections 123.4, 123.5, 127 and 127.1 are struck out and the reference to section 125 shall be deemed to be a reference to section 22 of this Act.

(2) Subsection (1) applies to 1985 and subsequent taxation years.

cluding a right to receive proceeds of disposition in respect of a disposition of that property;

(e) "exempt corporation" means a corporation that

(i) is an above-limit corporation, or

(ii) is formed at any time after August 24, 1982 on the amalgamation of 2 or more corporations, each of which was an exempt corporation immediately prior to the amalgamation;

(f) "restricted resource property" means any right or interest of any nature whatsoever or howsoever described or part thereof in any production from a petroleum or natural gas well in Alberta with a finished drilling date on or before August 24, 1982 where the right or interest or part thereof was owned by an above-limit corporation or an above-limit partnership on August 24, 1982, and includes a right or interest or part thereof acquired by an above-limit corporation or an above-limit partnership after August 24, 1982 pursuant to the terms of a contract, other than an option, entered into and enforceable on or before that date, but does not include any right or interest or part thereof that is disposed of by an above-limit corporation or by an above-limit partnership after August 24, 1982 pursuant to the terms of a contract, other than an option, entered into and enforceable on or before that date.

(1.7) Notwithstanding subsection (1)(e), if at any time after August 24, 1982 a corporation (in this subsection referred to as the "purchaser") acquires all of the Alberta resource properties of another corporation (in this subsection referred to as the "vendor") and the vendor, but for this subsection, would have been an exempt corporation immediately before the date of acquisition, then

(a) where the purchaser has acquired all of the Alberta resource properties of the vendor on a winding-up to which subsection 88(1) of the federal Act applies, the purchaser shall be deemed to be an exempt corporation as of the first day of its taxation year in which the winding-up commences, or

(b) where clause (a) does not apply, if the vendor and each of the corporations with which it is associated on the date of acquisition jointly elect together with the purchaser in the prescribed form and within the prescribed time, then

(i) the purchaser shall be deemed to be an exempt corporation as of the first day of its taxation year in which the acquisition takes place, and

(ii) the vendor and each of the corporations with which it is associated on the date of acquisition shall be deemed not to be exempt corporations as of the first day of their taxation years in which the acquisition takes place.

11 Section 32(3) presently reads:

(3) In the application of subsection 137(7) of the federal Act, the reference to sections 123.4, 123.5 and 125 shall be deemed to be a reference to section 22 of this Act.

12(1) Section 36(1) is amended by adding “, other than a corporation that was a registered charity throughout the taxation year,” after “of a corporation”.

(2) Subsection (1) applies to 1983 and subsequent taxation years.

13 Section 37 is repealed and the following is substituted:

37 A corporation that has failed to file a return as and when required by this Act is liable to a penalty equal to the aggregate of

(a) an amount equal to 5% of the aggregate of the tax that was unpaid when the return was required to be filed,

(b) an amount equal to 5% of the amount, if any, by which

(i) the amounts paid or applied to the corporation under section 26.4 by the Provincial Treasurer for the year

exceed

(ii) the aggregate of

(A) the royalty tax credit to which the corporation is entitled for the year, and

(B) the amounts paid by the corporation under section 38(8) on or before the day on which the return was required to be filed,

and

(c) the product obtained when 1% of the aggregate of the amounts under clauses (a) and (b) is multiplied by the number of complete months, not exceeding 12, in the period between the date on which the return was required to be filed and the date on which the return was filed.

14(1) Section 38 is amended

(a) in subsection (1) by striking out “15-month” and substituting “14-month”;

(b) in subsection (1) by striking out “3 months” and substituting “2 months”;

(c) by repealing subsection (1)(b) and substituting the following:

(b) on or before the last day of the period, the amount of the tax payable estimated by it under section 36(3) less the amount paid under clause (a).

(d) in subsection (3) by striking out “at the end of the period referred to in subsection (1)” and substituting “on or before the last day of the period ending 3 months after the close of the year”;

(e) by repealing subsection (8)(a) and (b) and substituting the following:

(a) the last day of the period ending 3 months after the close of the year if subsection (1.1) applies to the corporation, or

12 Section 36(1) presently reads:

36(1) A return for each taxation year of a corporation shall be filed by or on behalf of the corporation with the Provincial Treasurer in the prescribed form and containing the prescribed information within 6 months from the end of the taxation year.

13 Section 37 presently reads:

37 A corporation that has failed to file a return as and when required by this Act is liable to a penalty equal to the aggregate of

(a) an amount equal to 5% of the tax that was unpaid when the return was required to be filed, and

(b) the product obtained when 1% of the tax that was unpaid when the return was required to be filed is multiplied by the number of complete months, not exceeding 12, in the period between the date on which the return was required to be filed and the date on which the return was filed.

14 Section 38(1), (3) and (8) presently read:

38(1) Subject to subsections (1.1) and (2), a corporation shall, during the 15-month period ending 3 months after the close of each taxation year, pay to the Provincial Treasurer

(a) either

(i) on or before the last day of each of the first 12 months in that period an amount equal to 1/12 of its tax payable under Part 5 for that year as estimated by it,

(ii) on or before the last day of each of the first 2 months in that period, an amount equal to 1/12 of its 2nd instalment base for the year and, on or before the last day of each of the next following 10 months in that period, an amount equal to 1/10 of the amount remaining after deducting the amount computed pursuant to this clause in respect of the first 2 months of the period from its first instalment base for the year, or

(iii) on or before the last day of each of the first 12 months in that period, an amount equal to 1/12 of its first instalment base for the year,

(b) the last day of the period referred to in subsection (1) in any other case,

(2) *Subsection (1) applies to taxation years ending after the date on which this Act comes into force.*

15(1) *Section 43 is amended*

(a) *in subsection (1) by striking out “4 years” wherever it occurs and substituting “3 years”;*

(b) *in subsection (1)(b) by striking out “7 years” and substituting “6 years”;*

(c) *by repealing subsection (1)(c)(ii) and substituting the following:*

(ii) 6 months after an assessment, reassessment or additional assessment under the federal Act or the confirmation of an assessment, reassessment or additional assessment under the federal Act,

(d) *in subsection (2) by striking out “(1)(b)” wherever it occurs and substituting “(1)(c)”;*

(e) *by adding the following after subsection (2):*

(3) Where the Provincial Treasurer would, but for this subsection, be entitled to reassess, make an additional assessment, assess tax, interest or penalties or determine the entitlement to and the amount, if any, of a corporation's refundable tax credit by virtue only of the filing of a waiver

and

(b) the amount of the tax payable estimated by it under section 36(3) less the amount paid under clause (a)

(i) on or before the last day of the period, where an amount was deducted under section 22 in computing the tax payable under Part 5 by the corporation for the year or for its immediately preceding taxation year, or

(ii) on or before the last day of the 14th month of the period in any other case.

(3) When a corporation

(a) has held forth the prospect that it will make allocations in proportion to patronage to its customers of a taxation year as described by section 135 of the federal Act, as made applicable by section 31 of this Act, or

(b) is a credit union

and its taxable income for the year is estimated by it to be not more than \$10 000, it may, instead of paying the instalments required by subsection (1), pay to the Provincial Treasurer, at the end of the period referred to in subsection (1), the whole of the tax as estimated by it under section 36(3).

(8) A corporation shall pay to the Provincial Treasurer on or before

(a) the last day of the period referred to in subsection (1), if an amount was deducted under section 22 in computing the tax payable under Part 5 by the corporation for the year or for its immediately preceding taxation year, or

(b) the last day of the 14th month of the period referred to in subsection (1) in any other case,

the amount, if any, by which the aggregate of the amounts of the royalty tax credit instalments payable under section 26.4 in respect of the year exceeds the amount of the royalty tax credit for the year for which application is made.

15 Section 43 presently reads:

43(1) The Provincial Treasurer may, at any time, assess tax, interest or penalties under this Act or notify in writing any corporation that filed a return for a taxation year that no tax is payable for a taxation year and may determine the entitlement to and the amount, if any, of a corporation's refundable tax credit, and may

(a) at any time, if the corporation filing the return

(i) has made a misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in filing the return or in supplying any information under this Act, or

(ii) has filed with the Provincial Treasurer a waiver in the prescribed form within 4 years from the day of mailing of a notice of an original assessment or a notification that no tax is payable for a taxation year,

(b) within 7 years from the day referred to in clause (a)(ii), if

(i) an assessment or reassessment of the tax of the corporation was required pursuant to section 44 or would have been required if the corporation had claimed an amount by filing the prescribed form referred to in that section on or before the day referred to in that section, or

under subsection (1)(a)(ii), the Provincial Treasurer may not make that reassessment, additional assessment, assessment or determination after the day that is 6 months after the date on which a notice of revocation of the waiver in the prescribed form is filed.

(2) Subsection (1)(a) and (b) apply to 1983 and subsequent taxation years.

(3) Subsection (1)(d) applies after April 19, 1983.

16(1) Section 47 is amended

(a) in subsection (2) by striking out “4 years” and substituting “3 years”;

(b) in subsection (2)(b)(i) by striking out “7 year” and substituting “6 year”;

(c) in subsection (3) by adding “or repayment” after “refund”;

(d) by adding the following after subsection (4.3):

(4.4) Where the Court of Queen’s Bench, the Court of Appeal or the Supreme Court of Canada has, on the disposition of an appeal in respect of taxes, interest or a penalty payable by a corporation, or a refundable tax credit payable to a corporation under this Act,

(a) referred an assessment back to the Provincial Treasurer for reconsideration and reassessment,

(b) varied or vacated an assessment, or

(c) ordered the Provincial Treasurer to repay tax, interest or penalties, or to pay a refundable tax credit,

- (ii) *there is reason, as a consequence of the assessment or reassessment of another corporation's tax pursuant to this clause or section 44, to assess or reassess the corporation's tax for any relevant year, and*
- (c) *in any case other than those described in clauses (a) and (b), within*
 - (i) *4 years from the day referred to in clause (a)(ii), or*
 - (ii) *6 months after a federal reassessment or additional assessment,*

reassess or make additional assessments, or assess tax, interest or penalties under this Act and determine the entitlement to and the amount, if any, of the refundable tax credits, as the circumstances require, except that a reassessment, additional assessment or assessment may be made under clause (b) after 4 years from the day referred to in clause (a)(ii) only to the extent that it may reasonably be regarded as relating to the assessment or reassessment referred to in clause (b).

(2) Notwithstanding subsection (1), there shall not be included in computing the income of a corporation for the purposes of any reassessment, additional assessment or assessment of tax, interest or penalties that is made after the expiration of the period referred to in subsection (1)(b) any amount that was not included in computing its income for the purposes of an assessment of tax made before the expiration of the period referred to in subsection (1)(b), and

- (a) *in respect of which the corporation establishes that the failure to include it did not result from a misrepresentation attributable to neglect, carelessness or wilful default or from fraud in filing a return of its income or in supplying information under this Act, and*
- (b) *that the corporation establishes cannot be reasonably regarded as relating to a matter specified in a waiver filed by the corporation with the Provincial Treasurer in the form and within the time referred to in subsection (1) with respect to a taxation year to which the reassessment, additional assessment or assessment of tax, interest or penalties, as the case may be, relates.*

16 Section 47(2) and (3) presently read:

(2) If the return required to be filed by a corporation under section 36 for a taxation year has been filed within 4 years from the end of that year, the Provincial Treasurer

- (a) *may, on mailing the notice of assessment for the taxation year, refund without application for the refund any overpayment, and*
- (b) *shall, with all due dispatch, make the refund after mailing the notice of assessment if application for the refund has been made in writing by the corporation within*
 - (i) *the 7 year period referred to in section 43(1)(b), where that clause applies, and*
 - (ii) *in any other case, either of the periods referred to in section 43(1)(c).*

(3) Instead of making a refund that might otherwise be made under this section, the Provincial Treasurer may, if the corporation is liable or about to become liable to make another payment under this Act, apply the amount of the overpayment to that other liability and notify the corporation of that action.

the Provincial Treasurer shall with all due dispatch, whether or not an appeal from the decision of the Court has been or may be instituted,

(d) where the assessment has been referred back to him, reconsider the assessment and make a reassessment in accordance with the decision of the Court,

(e) refund any overpayment resulting from the variation, vacation or reassessment, unless otherwise directed in writing by the taxpayer, and

(f) where clause (c) applies, repay any tax, interest or penalties, or pay any refundable tax credit as ordered,

and the Provincial Treasurer may repay any tax, interest or penalties, pay any refundable tax credit or surrender any security accepted therefor by him to any other corporation that has filed an objection or instituted an appeal if, having regard to the reasons given on the disposition of the appeal, he is satisfied that it would be just and equitable to do so.

(2) Subsection (1)(a) and (b) apply to 1983 and subsequent taxation years.

(3) Subsection (1)(c) and (d) apply after February 15, 1984.

17(1) Section 48(6) is amended by striking out "4 years" and substituting "3 years".

(2) Subsection (1) applies to 1983 and subsequent taxation years.

18(1) Section 50(1)(b) is amended by striking out "180" and substituting "90".

(2) Subsection (1) applies to notices of objection served after December 20, 1984.

19 Section 73(2) is amended by striking out "not less than 25% and".

17 Section 48(6) presently reads:

(6) No reassessment made by the Provincial Treasurer pursuant to subsection (4)(b) is invalid by reason only of having been made more than 4 years after the day of mailing of a notice of an original assessment or of a notification that no tax is payable.

18 Section 50(1)(b) presently reads:

50(1) A corporation that has served notice of objection to an assessment under section 48(1) may appeal to the court to have the assessment vacated or varied after

(b) 180 days have elapsed after service of the notice of objection and the Provincial Treasurer has not notified the corporation that he has vacated or confirmed the assessment or reassessed,

but no appeal under this section may be instituted after the expiration of 90 days from the day notice that the Provincial Treasurer has confirmed the assessment or reassessed was mailed to the corporation under section 48.

19 Section 73(2) presently reads:

(2) Where a corporation is guilty of an offence under this section it is liable to a fine of not less than 25% and not more than 200% of the amount by which

(a) the tax payable under this Act by the corporation exceeds the amount declared as tax payable by the corporation, and

(b) the refundable tax credit claimed by the corporation exceeds the amount of the refundable tax credit to which the corporation is entitled under this Act.

20 *Section 74(2) is amended by striking out “not less than 50% and”.*

21 *Section 75 is amended*

- (a) by striking out “An individual” and substituting “A person”;*
- (b) by striking out “it is entitled” and substituting “the corporation is entitled”;*
- (c) by striking out “not less than 25% and”.*

22 *Section 76 is amended by adding the following after subsection (2):*

(3) A person guilty of an offence under subsection (1) is liable to a fine in an amount determined by the judge for each day of default.

(4) A person guilty of an offence under subsection (2) is liable to a fine of not more than \$10 000.

23 *Section 77 is amended by adding the following after subsection (4):*

(5) A person guilty of an offence under this section is liable to a fine of not more than \$10 000.

20 Section 74(2) presently reads:

- (2) Where a corporation is guilty of an offence under this section it is liable to a fine of not less than 50% and not more than 200% of the amount*
- (a) of tax sought to be evaded, and*
 - (b) that is the difference between the amount of the refundable tax credit claimed and the amount of the refundable tax credit to which it is entitled.*

21 Section 75 presently reads:

75 An individual who

- (a) makes or participates in, assents to or acquiesces in the making of false or deceptive statements in a return, certificate, statement or answer filed or made as required by or under this Act or a regulation,*
- (b) destroys, alters, mutilates, secretes or otherwise disposes of the records or books of account of a corporation in order to assist in the evasion or attempted evasion of payment of tax imposed by this Act on a corporation or to assist a corporation in claiming or attempting to claim a refundable tax credit greater than that to which the corporation is entitled,*
- (c) makes or assents to or acquiesces in the making of false or deceptive entries or omits or assents or acquiesces in the omitting to enter a material particular in records or books of account of a corporation,*
- (d) wilfully in any manner evades or attempts to evade compliance with this Act or payment of taxes imposed by this Act, or*
- (e) conspires with any person to commit an offence described in clauses (a) to (d)*

is guilty of an offence and liable to a fine of not less than 25% and not more than 200% of the tax sought to be evaded or the difference between the amount of the refundable tax credit claimed and the amount of the refundable tax credit to which it is entitled or to that fine and imprisonment for a term not exceeding 2 years.

22 Section 76 presently reads:

- 76(1) A person who fails to file a return or furnish information as and when required by this Act or the regulations is guilty of an offence.*
- (2) A person who fails to comply with a regulation made under subsection 221(1) of the federal Act, as it applies by virtue of section 56(2) of this Act, is guilty of an offence.*

23 Section 77 presently reads:

- 77(1) Subject to subsection (2) or (2.1), a person who communicates or allows to be communicated any information obtained under this Act by a person while employed in the administration of this Act to a person not legally entitled to that information or allows any person to inspect or have access to any written statement furnished under this Act, is guilty of an offence.*
- (2) Subsection (1) does not apply to the communication of*
- (a) statistical information that is provided to the Alberta Bureau of Statistics by the Provincial Treasurer to be used by the Bureau in accordance with section 3 of the Statistics Bureau Act,*

24 *Section 78 is repealed.*

25 *Section 79 is amended by striking out “not less than \$50 and”.*

*In accordance with section 4(1) of the Interpretation Act,
this Bill comes into force on the date it receives Royal
Assent.*

(a.1) information to the Department of Consumer and Corporate Affairs that a return under this Act has been filed by any person or an application under section 26.4(1) has been made by any person,

(a.2) information obtained under this Act as to the name, address or type of business of a taxpayer by the Provincial Treasurer to a person employed by a department or agency of the Government of Alberta solely for the purpose of enabling that department or agency to obtain statistical data for research and analysis,

(b) income tax information to employees of the Treasury Department solely for the purposes of evaluating and formulating tax policy, and

(c) information between the Provincial Treasurer and a corporation respecting the tax cost of property acquired by the corporation in any case where, by reason of any provision of this Act or the federal Act, that cost is other than its actual cost.

(2.1) A person employed in the administration of this Act may communicate or allow to be communicated information obtained under this Act, or allow inspection of or access to any written statement furnished under this Act

(a) to or by any person employed in the administration or enforcement of the Petroleum Incentives Program Act, solely for the purposes of administering and enforcing that Act,

(b) to or by any person employed in the administration or enforcement of the Alberta Rental Investment Grants Program, operated pursuant to regulations made under the Department of Housing Act, solely for the purposes of administering and enforcing that program, and

(c) to or by any person employed in the administration or enforcement of the Small Business Equity Corporations Act, solely for the purposes of administering and enforcing that Act.

(3) A person who knowingly receives information obtained under this Act holds that information subject to the same restrictions, if any, respecting disclosure of the information that applied to the person from whom the information was obtained.

(4) The Provincial Treasurer may, under prescribed conditions, communicate or allow to be communicated information obtained under this Act, or allow inspection of or access to any written statement furnished under this Act to the government of any province or of Canada in respect of which information and written statements obtained by the government of the province or of Canada, for the purpose of a law of the province or of Canada that imposes a tax similar to the tax imposed under this Act, is communicated or furnished on a reciprocal basis to the Provincial Treasurer.

24 Section 78 presently reads:

78 A person guilty of an offence under section 76 or 77 is liable to a fine of not less than \$50 and not more than \$10 000.

25 Section 79 presently reads:

79 A person who contravenes any of the provisions of this Act or the regulations for which a penalty is not otherwise provided is guilty of an offence and liable to a fine of not less than \$50 and not more than \$10 000.