

1987 BILL 49

Second Session, 21st Legislature, 36 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 49

TAX STATUTES AMENDMENT ACT, 1987

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 49

1987

TAX STATUTES AMENDMENT ACT, 1987

(Assented to _____, 1987)

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

PART 1

ALBERTA CORPORATE INCOME TAX ACT

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

2(1) *Section 1 is amended*

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

(3) If at any time an amount payable to a corporation by the Provincial Treasurer under this Act is applied by the Provincial Treasurer to reduce a liability of the corporation under this Act, the amount is an amount paid at that time on account of the liability of the corporation.

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

(4) Interest computed at a prescribed rate under section 26.4(4), section 38.1(1), section 39(1), (1.1), (2) or (6), section 47(4), (4.3)(b) or (5)(b) or section 91 shall be compounded daily, and, if interest is computed on an amount under any of those provisions and is unpaid on the day it would, but for this subsection, have ceased to be computed under that provision, interest at the prescribed rate shall be computed and compounded daily on the unpaid interest from that day to the day it is paid.

(2) *Subsection (1)(a) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.*

(3) *Subsection (1)(b) applies after a date prescribed by regulation made by the Lieutenant Governor in Council, and interest computed in respect of a period ending on or before that date shall be compounded after that date.*

3(1) *Section 2(10) is repealed and the following is substituted:*

(10) Subsections 248(7) and (11) of the federal Act do not apply for the purposes of this Act.

(2) *Subsection (1) applies after December 31, 1986.*

Explanatory Notes

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

2 Section 1 presently reads in part:

1(1) In this Act and in the application of the provisions of the federal Act and the regulations made under that Act that are by this Act made applicable, each of the interpretations contained in Part XVII of the federal Act apply for the purposes of this Act, except for those defined in subsection (2)(f), (g), (h) and (i) of this Act and the definition of "regulation" contained in subsection 248(1) of the federal Act.

(2) In this Act and in the application of the provisions of the federal Act and regulations made under that Act that are by this Act made applicable for the purposes of this Act,

(a) "Alberta allocation factor" means the Alberta allocation factor determined in accordance with Division 1 of Part 4;

3 Section 2(10) presently reads:

(10) Subsection 248(7) of the federal Act does not apply for the purposes of this Act.

4(1) *The following is added after section 4:*

4.1(1) Subject to subsection (2), section 1, except subsections (2)(g), (3) and (4), and sections 2 to 85 shall be applied as if Part 9 were not included in this Act.

(2) A liability of a corporation that may be reduced by the application of an amount to the liability by the Provincial Treasurer under section 26.4 or 47 includes a liability under Part 9.

(2) *Subsection (1) applies to 1987 and subsequent taxation years.*

5(1) *Section 11 is amended*

(a) *in subsection (1) by striking out “subsection (2)” and substituting “subsections (1.1) and (2)”;*

(b) *by adding the following after subsection (1):*

(1.1) In the application of subdivision e of Division B of Part I of the federal Act, a reference to amounts deducted under subsection 127(5) of the federal Act includes the amounts deemed to have been deducted under that subsection by subsection 127.1(3) or 192(10) of the federal Act.

(2) *Subsection (1) applies with respect to expenditures made after November 30, 1985.*

6(1) *Section 20 is amended*

(a) *in subsection (5) by striking out “, by purchase or otherwise, including an acquisition as a result of an amalgamation of 2 or more corporations,” and substituting “by purchase, amalgamation, merger, winding-up or otherwise”;*

(b) *in subsection (5) by striking out “property of the predecessor used by him in carrying on in Canada any of the businesses mentioned in subparagraphs 66(15)(h)(i) to (vii) of the federal Act” and substituting “Canadian resource properties of the predecessor”;*

(c) *in subsection (6) by striking out “, by purchase or otherwise, including an acquisition as a result of an amalgamation of 2 or more corporations,” and substituting “by purchase, amalgamation, merger, winding-up or otherwise”;*

(d) *in subsection (6) by striking out “property of the first successor corporation used by it in Canada in carrying on any of the businesses mentioned in subparagraphs 66(15)(h)(i) to (vii) of the federal Act” and substituting “Canadian resource properties of the first successor corporation”;*

(e) *in subsection (6.1) by striking out “of corporations described in paragraph 87(1.1)(a) or (b)” and substituting “described in subsection 87(1) of the federal Act of corporations described in subsection 87(1.1)”;*

(f) *by adding the following after subsection (6.2):*

(6.3) If a corporation (in this subsection referred to as the “particular corporation”) has at any time after July 19, 1985, acquired by purchase, amalgamation, merger, winding-up or

4 Application of Part 9.

5 Section 11(1) presently reads:

11(1) Subject to subsection (2), subdivision e of Division B of Part I of the federal Act applies to deductions in computing income.

6 Section 20(5), (6) and (6.1) presently read:

(5) Except with respect to an amalgamation or winding-up to which subsection (6.1) or (6.2) applies, if a corporation (in this subsection referred to as the "successor corporation") has, at any time after May 6, 1974, acquired, by purchase or otherwise, including an acquisition as a result of an amalgamation of 2 or more corporations, from another person, (in this subsection referred to as the "predecessor") all or substantially all of the property of the predecessor used by him in carrying on in Canada any of the businesses mentioned in subparagraphs 66(15)(h)(i) to (vii) of the federal Act the successor corporation shall, in determining its royalty tax deduction for a taxation year, be entitled to include in the calculation of its attributed Canadian royalty income for the year the lesser of

(a) the amount that, but for this subsection, the predecessor would have been entitled to carry forward under subsection (4) or under section 11(6) or (7) of the Alberta Income Tax Act in respect of his taxation year in which the property so acquired was acquired by the successor corporation, to the extent that such amount has not been included in the attributed Canadian royalty income of the successor corporation for a previous taxation year, and

(b) an amount equal to such part of its income for the year if no deduction were allowed under section 65, 66, 66.1, 66.2, 66.4 or 66.5 of the federal Act as may reasonably be regarded as attributable to the production of petroleum, natural gas or coal from the property so acquired from the predecessor,

and in respect of any such attributed Canadian royalty income included in the amount referred to in clause (a), no amount may be used by the predecessor in determining his royalty tax deduction for a taxation year subsequent to his taxation year in which the property so acquired was acquired by the successor corporation.

(6) Except with respect to an amalgamation or winding-up to which subsection (6.1) or (6.2) applies, if a corporation (in this subsection referred to

otherwise from another person (in this subsection referred to as the “predecessor”) who is exempt from tax under Part I of the federal Act on his taxable income, other than a predecessor that

(a) is referred to in paragraph 149(1)(d) of the federal Act, and

(b) is a principal-business corporation within the meaning of paragraph 66(15)(h) of the federal Act,

all or substantially all of the Canadian resource properties of the predecessor, subsections (5) and (6) do not apply to the particular corporation in respect of the acquisition of the property except to the extent that the property was acquired by it before 1987 pursuant to an agreement in writing made by it before July 20, 1985.

(2) *Subsection (1)(a) and (c) apply with respect to acquisitions occurring after 1982.*

(3) *Subsection (1)(b) and (d) apply with respect to acquisitions occurring in a taxation year commencing after 1984.*

(4) *Subsection (1)(e) applies to amalgamations occurring after June 1, 1987.*

(5) *Subsection (1)(f) applies to taxation years ending after July 19, 1985.*

7(1) *Section 21 is repealed and the following is substituted:*

21 Except where otherwise provided in this Part, the tax payable under this Act by a corporation that has a taxation year

(a) ending before April 1, 1987 is 11% of the amount taxable in Alberta for the year,

(b) part of which is before April 1, 1987 and part of which is after March 31, 1987 is the aggregate of

(i) 11% of the proportion of the amount taxable in Alberta for the year that the number of days in the year before April 1, 1987 bears to the number of days in the year, and

(ii) 15% of the proportion of the amount taxable in Alberta for the year that the number of days in the year after March 31, 1987 bears to the number of days in the year,

or

(c) beginning after March 31, 1987 is 15% of the amount taxable in Alberta for the year.

(2) *Subsection (1) applies after March 31, 1987.*

as the "second successor corporation") has, at any time after May 6, 1974, acquired, by purchase or otherwise, including an acquisition as a result of an amalgamation of 2 or more corporations, from another corporation (in this subsection referred to as the "first successor corporation") that was a successor corporation within the meaning of subsection (5), all or substantially all of the property of the first successor corporation used by it in Canada in carrying on any of the businesses mentioned in subparagraphs 66(15)(h)(i) to (vii) of the federal Act, the second successor corporation shall, in determining its royalty tax deduction for a taxation year, be entitled to include in the calculation of its attributed Canadian royalty income for the year the lesser of

(a) the amount determined under subsection (5)(a) in respect of the first successor corporation to the extent that the amount has not been included in the attributed Canadian royalty income of the first successor corporation for its previous taxation year in which the property so acquired was acquired by the second successor corporation and has not been included in the attributed Canadian royalty income of the second successor corporation for a taxation year, and

(b) an amount equal to such part of its income for the year if no deduction were allowed under section 65, 66, 66.1, 66.2, 66.4 or 66.5 of the federal Act as may reasonably be regarded as attributable to the production of petroleum, natural gas or coal from the property acquired from the first successor corporation's predecessor corporation within the meaning of subsection (5),

and in respect of any such attributed Canadian royalty income included in the amount referred to in clause (a), no amount may be used by the first successor corporation in determining its royalty tax deduction for a taxation year subsequent to its taxation year in which the property so acquired was acquired by the second successor corporation.

(6.1) If there has been an amalgamation of corporations described in paragraph 87(1.1)(a) or (b) of the federal Act, the new corporation shall, for the purposes of this section, be deemed to be the same corporation as and a continuation of each predecessor corporation, except that this subsection shall in no respect affect the determination of any predecessor corporation's fiscal period, taxable income or tax payable.

7 Section 21 presently reads:

21 Except where otherwise provided in this Part, the tax payable by a corporation under this Act for a taxation year is 11% of the amount taxable in Alberta for the year.

8(1) Section 22 is amended

(a) in subsection (2) by striking out “6%” and substituting “the applicable percentage for the taxation year”;

(b) by repealing subsection (2)(b)(i) and substituting the following:

(i) 2.5 times the aggregate of amounts that would be deductible 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 if the amount determined under subparagraph 126(7)(d)(i) of the federal Act were determined without reference to paragraph 123(1)(c) of the federal Act,

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

(2.1) For the purposes of subsection (2), the applicable percentage

(a) for a taxation year ending before April 1, 1987 is 6%,

(b) for a taxation year, part of which is before April 1, 1987 and part of which is after March 31, 1987 is the aggregate of

(i) the proportion of 6% that the number of days in the year before April 1, 1987 bears to the number of days in the year, and

(ii) the proportion of 10% that the number of days in the year after March 31, 1987 bears to the number of days in the year,

and

(c) for a taxation year beginning after March 31, 1987 is 10%.

(2) Subsection (1)(a) and (c) apply after March 31, 1987.

(3) Subsection (1)(b) applies to taxation years ending after June 30, 1987.

9(1) Section 23(2) is amended

(a) by striking out “has a permanent establishment in Alberta,”;

(b) by adding “for a taxation year” after “computing its income”;

(c) by striking out “on that foreign investment income”;

(d) by repealing clause (a) and substituting the following:

(a) the Alberta allocation factor multiplied by,

(i) if the taxation year ends before April 1, 1987, 11% of the foreign investment income for the year from sources in that country,

(ii) if part of the taxation year is before April 1, 1987 and part of the taxation year is after March 31, 1987, the aggregate of

(A) 11% of the proportion of the foreign investment income for the year from sources in that country that

8 Section 22(2) presently reads:

(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

(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.

9 Section 23(2) presently reads:

(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 deductions under sections 22 and 22.1 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 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,

the number of days in the year before April 1, 1987 bears to the number of days in the year, and

(B) 15% of the proportion of the foreign investment income for the year from sources in that country that the number of days in the year after March 31, 1987 bears to the number of days in the year,

or

(iii) if the taxation year begins after March 31, 1987, 15% of the foreign investment income for the year from sources in that country,

(e) in clause (b)(i) by striking out “to a country or political subdivision of a country in respect of that foreign investment income” and substituting “for the year to that country”.

(2) Subsection (1)(a), (b), (c) and (e) apply to taxation years beginning after this Act comes into force.

(3) Subsection (1)(d) applies after March 31, 1987.

10(1) Section 26 is amended

(a) by repealing subsection (1.91)(b) and substituting the following:

(b) is wound up in circumstances to which subsection 88(1) of the federal Act would apply if the reference to “taxable Canadian corporation” in that subsection were a reference to “corporation”,

(b) in subsection (3) by striking out all that portion following clause (b) and substituting the following:

and it and another corporation are associated with each other for a taxation year, and that other corporation was, throughout the year and from the later of June 1, 1987 and the day on which the corporations last became associated,

(c) a Canadian-controlled public corporation, other than a corporation that controlled the taxpayer corporation, or

(d) controlled by a Canadian-controlled public corporation that is a corporation other than the taxpayer corporation or a corporation that controlled the taxpayer corporation,

the taxpayer corporation and the other corporation are deemed not to be associated with each other for the year.

(2) Subsection (1)(a) applies after March 31, 1986.

(3) Subsection (1)(a) does not apply to

(a) the disposition of property by a restricted corporation or a restricted partnership, or

(b) the acquisition of the control of a restricted corporation or a corporation associated with a restricted corporation

if the property is disposed of or the control is acquired pursuant to the terms of a contract, other than an option, entered into and enforceable on or before April 7, 1986.

(4) Subsection (1)(b) applies after June 1, 1987.

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) the amount of the tax remaining after it has claimed the deductions under sections 22 and 22.1.

10 Section 26(1.91) and (3) presently read:

(1.91) If at any time after April 7, 1986 a restricted corporation

(a) amalgamates with

(i) 1 or more of its subsidiary wholly-owned corporations,

(ii) 1 or more corporations, each of which is a subsidiary wholly-owned corporation of the same corporation of which the restricted corporation is a subsidiary wholly-owned corporation, or

(iii) a corporation of which the restricted corporation is a subsidiary wholly-owned corporation,

or

(b) is wound up in circumstances to which subsection 88(1) of the federal Act applies,

and 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 is deemed to have been disposed of to the new corporation pursuant to subsection (1.53) or is disposed of as a result of the winding-up, for the purposes of subsection (1)(h)(ii) that disposition is deemed not to have occurred.

(3) In this Division, if a corporation (referred to in this subsection as the "taxpayer corporation") was, throughout the year,

(a) resident in Canada, and

(b) not controlled directly or indirectly in any manner by 1 or more persons who are not resident in Canada,

and it and another corporation are associated with each other for a taxation year and that other corporation was, throughout the year,

(c) a Canadian-controlled public corporation, other than a corporation that controlled the taxpayer corporation, or

(d) controlled by a Canadian-controlled public corporation that is a corporation other than the taxpayer corporation or a corporation that controlled the taxpayer corporation,

the taxpayer corporation and the other corporation are deemed not to be associated with each other for the year.

12(1) Section 26.2(1) is amended by striking out “to (8)” and substituting “to (7)”.

(2) Subsection (1) applies to

(a) taxation years ending after August 31, 1981, and

(b) taxation years ending before September 1, 1981 if the corporation is associated with a corporation that has a taxation year ending after August 31, 1981.

13(1) Section 26.3(1) is amended by striking out “to (8)” and substituting “to (7)”.

(2) Subsection (1) applies to

(a) taxation years ending after August 31, 1981, and

(b) taxation years ending before September 1, 1981 if the corporation is associated with a corporation that has a taxation year ending after August 31, 1981.

(13) Notwithstanding subsection (2), if a corporation is a member of a partnership whose fiscal period begins before September 1, 1981 or ends before January 1, 1985 and the corporation is deemed to have Alberta crown royalty under subsection (12) or (12.1), the specified percentage for the part of that deemed Alberta crown royalty that is in respect of royalties that became receivable or payable

(a) before September 1, 1981 shall be determined as if the reference in subsection (2)(a) to "75%" were to "25%"; and

(b) before January 1, 1984 shall be determined as if the reference in subsection (2)(b) to "50%" were to "75%".

(13.1) Notwithstanding subsection (2), if a corporation is a member of a partnership whose fiscal period ends after December 31, 1986 and the corporation is deemed to have Alberta crown royalty under subsection (12) or (12.1), the specified percentage for the part of that deemed Alberta crown royalty that is in respect of royalties that became receivable or payable

(a) before January 1, 1987 and after March 31, 1986 shall be determined as if the reference in subsection (2)(c) to "75%" were to "95%"; and

(b) before April 1, 1986 shall be determined as if the reference in subsection (2)(c) to "75%" were to "50%".

12 Section 26.2(1) presently reads:

26.2(1) Notwithstanding section 26.1(1) to (8) and (13), if a corporation has Alberta crown royalty in a taxation year, part of which is before September 1, 1981 and part of which is after August 31, 1981, or has Alberta crown royalty in a taxation year ending before September 1, 1981 when it is associated with another corporation in a taxation year of the other corporation, part or all of which is after August 31, 1981, it is entitled to a royalty tax credit for the year in an amount equal to the aggregate of

(a) the lesser of

(i) 25% of the corporation's Alberta crown royalty for the year, and

(ii) the corporation's maximum allowable credit for the year determined under subsection (2), and

(b) the lesser of

(i) 50% of the corporation's Alberta crown royalty for the period in the year after August 31, 1981, and

(ii) the corporation's additional maximum allowable credit for the year determined under subsection (3).

13 Section 26.3(1) presently reads:

26.3(1) Notwithstanding section 26.1(1) to (8) and (13), if a corporation has Alberta crown royalty in a taxation year, part of which is before January 1, 1984 and part of which is after December 31, 1983, or has Alberta crown royalty in a taxation year beginning after December 31, 1983 when it is associated with another corporation in a taxation year of the other corporation, part or all of which is before January 1, 1984, it is entitled to a royalty tax credit for the year in an amount equal to the aggregate of

(a) the lesser of

(i) 50% of the corporation's Alberta crown royalty for the year, and

(ii) the corporation's maximum allowable credit for the year determined under subsection (2), and

14(1) Section 26.31 is amended

(a) by repealing subsections (1) to (3) and substituting the following:

26.31(1) Notwithstanding section 26.1(1) to (7) and (13), if a corporation has Alberta crown royalty

(a) in a taxation year part of which is before April 1, 1986 and part of which is after March 31, 1986, or

(b) in a taxation year when it is associated with another corporation in a taxation year of the other corporation part of which is before April 1, 1986 and part of which is after March 31, 1986,

it is entitled to a royalty tax credit for the year in an amount equal to the lesser of

(c) the aggregate of

(i) 50% of the corporation's Alberta crown royalty for the year, and

(ii) 45% of the corporation's Alberta crown royalty for the period in the year after March 31, 1986,

and

(d) the corporation's maximum allowable credit for the year determined under subsection (2).

(2) A corporation's maximum allowable credit for a taxation year is the aggregate of

(a) the lesser of

(i) \$2 000 000, and

(ii) that proportion of \$2 000 000 that the number of days in the taxation year bears to 365,

and

(b) the lesser of

(i) \$1 000 000, and

(ii) that proportion of \$1 000 000 that the number of days in the taxation year after March 31, 1986 bears to 365,

unless in the year the corporation is associated with another corporation, in which case the corporation's maximum allowable credit for the taxation year is the amount allocated to the corporation under subsection (4) or (6).

(b) the lesser of

(i) 25% of the corporation's Alberta crown royalty for the period in the year before January 1, 1984, and

(ii) the corporation's additional maximum allowable credit for the year determined under subsection (3).

14 Section 26.31 presently reads in part:

26.31(1) Notwithstanding section 26.1(1) to (8) and (13.1),

(a) if a corporation has Alberta crown royalty in a taxation year part or all of which is in the period commencing April 1, 1986 and ending December 31, 1986, or

(b) if a corporation has Alberta crown royalty in a taxation year when it is associated with another corporation in a taxation year of the other corporation part or all of which is in the period commencing April 1, 1986 and ending December 31, 1986,

it is entitled to a royalty tax credit for the year in an amount equal to the aggregate of

(c) the lesser of

(i) 50% of the corporation's Alberta crown royalty for the year, and

(ii) the corporation's maximum allowable credit for the year determined under subsection (2),

and

(d) the lesser of

(i) the aggregate of

(A) 45% of the corporation's Alberta crown royalty for the period in the year after March 31, 1986 and before January 1, 1987, and

(B) 25% of the corporation's Alberta crown royalty for the period in the year after December 31, 1986,

and

(ii) the corporation's additional maximum allowable credit for the year determined under subsection (3).

(2) A corporation's maximum allowable credit for a taxation year is the lesser of

(a) \$2 000 000, and

(b) that proportion of \$2 000 000 that the number of days in the taxation year bears to 365,

unless in the year the corporation is associated with another corporation, in which case the corporation's maximum allowable credit for the year is the amount allocated to the corporation under subsection (4) or (6).

(3) A corporation's additional maximum allowable credit for a taxation year is the lesser of

(a) \$1 000 000, and

(b) that proportion of \$1 000 000 that the number of days in the taxation year after March 31, 1986 bears to 365,

(b) by repealing subsection (5);

(c) in subsection (6)

(i) by striking out “subsections (4) and (5)” and substituting “subsection (4)”;

(ii) in clause (b) by striking out “subsections (7) and (8)” and substituting “subsection (7)”;

(iii) by striking out “and the additional maximum allowable credit”;

(d) by repealing subsections (7) and (8) and substituting the following:

(7) The aggregate of the maximum allowable credits allocated among corporations that are associated with each other shall not exceed the aggregate of

(a) the lesser of

(i) \$2 000 000, and

(ii) that proportion of \$2 000 000 that the number of days in the taxation year of the associated corporation with the longest year bears to 365,

and

(b) the lesser of

(i) \$1 000 000, and

(ii) that proportion of \$1 000 000 that the number of days after March 31, 1986 in the taxation year of the associated corporation whose taxation year contain the greatest number of days after March 31, 1986 bear to 365.

(2) Subsection (1) applies after March 31, 1986.

15 The following is added after section 26.31:

26.32 Unless otherwise prescribed by regulation and notwithstanding section 26.1(1), (2) and (13),

(a) if a corporation has Alberta crown royalty in a taxation year part of which is before January 1, 1988 and part of which is after December 31, 1987, or

(b) if a corporation has Alberta crown royalty in a taxation year when it is associated with another corporation in a tax

unless in the year the corporation is associated with another corporation, in which case the corporation's additional maximum allowable credit for the year is the amount allocated to the corporation under subsection (5) or (6).

(5) The Provincial Treasurer shall allocate to each corporation in a group of corporations that are associated with each other an additional maximum allowable credit equal to that proportion of the amount determined under subsection (8) that

(a) the lesser of

(i) that corporation's Alberta crown royalty for the period in the year after March 31, 1986, and

(ii) \$4 000 000

is of

(b) the aggregate of the amounts determined under clause (a) for each corporation in the group of associated corporations.

(6) Notwithstanding subsections (4) and (5), if 2 or more corporations that are associated with each other file an agreement in the prescribed form with the Provincial Treasurer and that agreement

(a) is among all of the associated corporations, and

(b) allocates the relevant amounts under subsections (7) and (8) to any or all of the associated corporations,

the Provincial Treasurer shall allocate the maximum allowable credit and the additional maximum allowable credit among the associated corporations in accordance with the agreement.

(7) The aggregate of the maximum allowable credits allocated among corporations that are associated with each other shall not exceed the lesser of

(a) \$2 000 000, and

(b) the proportion of \$2 000 000 that the number of days in the taxation year of the associated corporation with the longest year bears to 365.

(8) The aggregate of the additional maximum allowable credits allocated among corporations that are associated with each other shall not exceed the lesser of

(a) \$1 000 000, and

(b) that proportion of \$1 000 000 that the number of days after March 31, 1986 in the taxation year of the associated corporation whose taxation year contains the greatest number of days after March 31, 1986 bears to 365.

15 Transitional.

ation year of the other corporation part of which is before January 1, 1988 and part of which is after December 31, 1987, it is entitled to a royalty tax credit for the year in an amount equal to the lesser of

(c) the aggregate of

(i) 75% of the corporation's Alberta crown royalty for the year, and

(ii) 20% of the corporation's Alberta crown royalty for the period in the year before January 1, 1988,

and

(d) the corporation's maximum allowable credit for the year determined under section 26.1.

16(1) Section 26.4 is repealed and the following is substituted:

26.4(1) A corporation that has reason to believe it will be entitled to a royalty tax credit for a taxation year may, in respect of each month in the year, apply to the Provincial Treasurer at any time before the end of the year in the prescribed form for payment of an amount that is the proportion of the royalty tax credit to which the corporation estimates it is entitled for the year that the number of days in the month bears to the number of days in the year.

(2) If a corporation applies for payment in respect of a month under subsection (1), the Provincial Treasurer may determine the amount, if any, to be paid or applied by him and, on or after the last day of the month,

(a) pay the amount to the corporation, or

(b) if the corporation is liable to make a payment under this Act,

(i) apply the amount to reduce the liability, or

(ii) pay part of the amount to the corporation and apply the balance of the amount to reduce the liability,

and the amount or part of the amount applied at a particular time to reduce the liability is deemed to be a payment to the corporation that is paid by the corporation at the particular time to the Provincial Treasurer on account of the liability.

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

17(1) Section 26.5 is amended by adding the following after subsection (6):

(6.1) A corporation is deemed to have paid on the day on which it files an application in accordance with subsection (5) in respect of a taxation year an amount on account of its tax for the year equal to the extended Alberta rental investment tax credit to which it is entitled for the year.

16 Section 26.4 presently reads:

26.4(1) A corporation that has reason to believe it will be entitled to a royalty tax credit in respect of a taxation year if application is made for the credit to the Provincial Treasurer may, in respect of each month of the year, apply to the Provincial Treasurer at any time before the end of the taxation year in the prescribed form for payment of the amount estimated by it to be its royalty tax credit instalment for that month.

(2) If application for payment of a royalty tax credit instalment in respect of a month has been made by a corporation in the prescribed form, the Provincial Treasurer may determine the entitlement to and the amount, if any, of the royalty tax credit instalment and may apply the amount of the royalty tax credit instalment to any amount owing by the corporation under this Act and shall pay any amount of the royalty tax credit instalment not so applied to the corporation on or after the last day of that month.

(3) For the purposes of this section, the amount of a corporation's royalty tax credit instalment for a month in a taxation year is that proportion of the royalty tax credit to which the corporation is entitled for the taxation year that the number of days in the month bears to the number of days in the year.

(4) A corporation shall pay to the Provincial Treasurer interest at a prescribed rate per annum on the amount, if any, by which the amount paid or applied by the Provincial Treasurer in respect of a month in a taxation year by virtue of subsection (2) exceeds the royalty tax credit instalment to which the corporation is entitled in respect of the month from the day the instalment is applied or paid to the earlier of

(a) the day on which payment of the excess for that month is made to the Provincial Treasurer,

(b) the day on which the corporation files its claim under section 26.1(14), and

(c) the required date of filing the return under section 36(1).

17 Section 26.5(5) and (6) presently read:

(5) Application for an extended Alberta rental investment tax credit shall be filed in the prescribed form

(a) within 36 months from the date of issue of the certificate of completion referred to in subsection (1)(d)(ii) but not before the end of the taxation year in which the certificate of completion was issued or, in the case of a corporation that is a member of a partnership, not before

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

18(1) The following is added after section 26.6(5):

(5.1) A corporation is deemed to have paid on the day on which it files an application in accordance with subsection (4) in respect of a taxation year an amount on account of its tax for the year equal to the Alberta small business investment tax credit to which it is entitled for the year.

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

19(1) Section 28(1) is amended by striking out “, (2) and (3)” and substituting “and (2)”.

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

20(1) Section 30 is amended

(a) in subsection (1) by striking out “(2)” and substituting “(1.1)”;

(b) by adding the following after subsection (1):

(1.1) Subsection 131(2) of the federal Act applies only for the purpose of determining the amount of capital gains refund of a corporation for a taxation year.

(c) by repealing subsection (2) and substituting the following:

(2) In the application of subparagraph 131(2)(a)(i) of the federal Act for the purposes of this Act, the reference to “18%” shall be read,

(a) in respect of a taxation year ending before April 1, 1987, as a reference to “5.5%”,

(b) in respect of a taxation year part of which is before April 1, 1987 and part of which is after March 31, 1987 as a reference to the aggregate of

(i) the proportion of 5.5% that the number of days in the year before April 1, 1987 bears to the number of days in the year, and

the end of the taxation year of the corporation in which the fiscal period of the partnership ended during which the certificate of completion was issued,

(a.1) together with, if the qualifying Alberta multiple unit residential building is owned in partnership or is owned by more than 1 person, a copy of the ownership agreement, and

(b) with the return required under section 36(1) for that taxation year or subsequent to the filing of that return.

(6) No corporation is entitled to an extended Alberta rental investment tax credit until it has filed an application in accordance with subsection (5).

18 Section 26.6(5) presently reads:

(5) No corporation is entitled to an Alberta small business investment tax credit until it has filed an application in accordance with subsection (4).

19 Section 28(1) presently reads:

28(1) If a corporation is throughout a taxation year an investment corporation, other than a mutual fund corporation, subsections 131(1), (2) and (3) of the federal Act, as made applicable by section 30 of this Act, apply as if

(a) the corporation had been a mutual fund corporation throughout that and all previous taxation years ending after 1971 throughout which it was an investment corporation, and

(b) its capital gains redemption for that and all previous taxation years ending after 1971, throughout which it would but for the assumption made by clause (a) not have been a mutual fund corporation, were nil.

20 Section 30(1), (2), (2.1), (3), (4), (5) and (7) presently read:

30(1) Subject to subsections (2) to (7), if a corporation is a mutual fund corporation, section 131 of the federal Act applies for the purposes of this Act.

(2) In the application of subparagraph 131(2)(a)(i) of the federal Act for the purposes of this Act, the reference to "18%" shall be read as a reference to "5.5%".

(2.1) In the application of subsections 131(2) and (3) of the federal Act for the purposes of this Act, the reference to "Minister" shall be read as a reference to "Provincial Treasurer".

(3) In the application of subsection 131(3) of the federal Act for the purposes of this Act, the reference to "this Act" shall be deemed to be a reference to this Act.

(4) In the application of clause 131(6)(a)(i)(A) and clause 131(6)(b)(ii)(C) of the federal Act for the purposes of this Act, the references to "50/9 times" shall be read as references to "200/11 times".

(5) In the application of paragraph 131(6)(d) of the federal Act for the purposes of this Act, subparagraph (i) shall be read without reference to clause (C) and the reference to "36%" in clauses (A) and (B) of that subparagraph shall be read as references to "11%".

(ii) the proportion of 7.5% that the number of days in the year after March 31, 1987 bears to the number of days in the year,

or

(c) in respect of a taxation year beginning after March 31, 1987, as a reference to "7.5%".

(d) by repealing subsections (2.1) and (3);

(e) by repealing subsection (4) and substituting the following:

(4) In the application of clause 131(6)(a)(i)(A) and clause 131(6)(b)(ii)(C) of the federal Act for the purposes of this Act, the reference to "50/9" shall be read,

(a) in respect of a taxation year ending before April 1, 1987, as a reference to "200/11",

(b) in respect of a taxation year part of which is before April 1, 1987 and part of which is after March 31, 1987, as a reference to the aggregate of

(i) 200/11 times the number of days in the year before April 1, 1987 divided by the number of days in the year, and

(ii) 40/3 times the number of days in the year after March 31, 1987 divided by the number of days in the year,

or

(c) in respect of a taxation year beginning after March 31, 1987, as a reference to "40/3".

(f) by repealing subsection (5) and substituting the following:

(5) In the application of paragraph 131(6)(d) of the federal Act for the purposes of this Act, subparagraph (i) shall be read without reference to clause (C) and the reference to "36%" in clauses (A) and (B) of that subparagraph shall be read,

(a) in respect of a taxation year ending before April 1, 1987, as a reference to "11%",

(b) in respect of a taxation year part of which is before April 1, 1987 and part of which is after March 31, 1987, as a reference to the aggregate of

(i) the proportion of 11% that the number of days in the year before April 1, 1987 bears to the number of days in the year, and

(ii) the proportion of 15% that the number of days in the year after March 31, 1987 bears to the number of days in the year,

or

(c) in respect of a taxation year beginning after March 31, 1987, as a reference to "15%".

(g) in subsection (7) by adding "(3)," after "(1.4),";

(7) Subsections 131(1.3), (1.4), (5) and (9) and paragraph 131(1.1)(b) of the federal Act do not apply for the purposes of this Act.

(h) by adding the following after subsection (7):

(8) A corporation is deemed to have paid, on the later of the day its return under section 36 for the taxation year is filed and the day on which it files a statement with the Provincial Treasurer containing a calculation of its capital gains refund for the year, an amount equal to its capital gains refund for the year.

(2) Subsection (1)(a), (b), (d), (g) and (h) apply to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

(3) Subsection (1)(c), (e) and (f) apply after March 31, 1987.

21(1) Section 38(8) is repealed and the following is substituted:

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

(a) the end of the 3rd month following the taxation year, if subsection (1.1) applies, or

(b) the end of the 2nd month following the taxation year in any other case,

the amount, if any, by which the aggregate of the amounts paid by the Provincial Treasurer under section 26.4 for the year exceeds the royalty tax credit for the year to which the corporation is entitled.

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

22(1) The following is added after section 38:

38.1(1) If at any time the Provincial Treasurer determines that as a consequence of the operation of section 26.1(14.1), 26.5(6.1), 26.6(5.1) or 30(8) an amount has been refunded to a corporation for a taxation year in excess of the amount to which it was entitled as a refund,

(a) the excess shall be deemed to be an amount that became payable by the corporation on the day on which the amount was refunded, and

(b) the taxpayer shall pay interest at the prescribed rate on the excess from the day it became payable to the day of payment.

(2) The Provincial Treasurer may, at any time, assess the corporation in respect of any amount payable by the corporation under subsection (1), and this Part applies in respect of an assessment made under this subsection as if it had been made under section 43.

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

21 Section 38(8) presently reads:

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

(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

(b) the last day 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.

22 Refund of excess payment.

23(1) Section 39 is amended

(a) by repealing subsections (1), (1.1) and (2) and substituting the following:

39(1) A corporation shall pay to the Provincial Treasurer in respect of a taxation year and in respect of the period beginning on the day on which the corporation's return under section 36 for the year is filed and ending at a particular time, the amount, if any, by which

(a) the aggregate of all amounts, each of which is interest at the prescribed rate on tax or an instalment of tax for the year that the corporation was required to pay to the Provincial Treasurer before the end of the period, computed from the day that is the later of the beginning of the period and the day on or before which the tax or instalment was required to be paid to the end of the period,

exceeds

(b) the aggregate of all amounts, each of which is interest at the prescribed rate on an amount paid by the corporation at or before the end of the period and applied as at the particular time by the Provincial Treasurer to reduce the corporation's liability for an amount payable for the year computed from the day that is the later of the beginning of the period and the day of payment to the end of the period.

(1.1) If at any time after the day on which a corporation's return under section 36 for a taxation year is filed,

(a) the aggregate of the amounts paid by the Provincial Treasurer under section 26.4 for the year

exceeds the aggregate of

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

(c) the aggregate of the amounts paid by the corporation before that time under section 38(8) for the year,

the corporation shall pay to the Provincial Treasurer interest at the prescribed rate on the excess computed for the period during which the excess is outstanding.

(2) In addition to the interest payable under subsection (1), a corporation shall pay to the Provincial Treasurer, in respect of a taxation year and in respect of the period beginning on the first day of the year and ending on the day on which the corporation's return under section 36 for the year is filed, the amount, if any, by which the aggregate of

(a) all amounts, each of which is interest at the prescribed rate on tax or an instalment of tax for the year that the corporation was required to pay to the Provincial Treasurer before the end of the period, computed from the day

23 Section 39(1), (1.1), (2) and (4) presently read:

39(1) If at any time after the day on or before which a return of a corporation was required under section 36 to be filed for a taxation year,

(a) the amount of its tax payable for the year

exceeds

(b) the aggregate of all amounts each of which is an amount paid at or before that time on account of tax payable and applied as at that time by the Provincial Treasurer against the corporation's liability for an amount payable for the year,

the corporation liable to pay the tax shall pay to the Provincial Treasurer interest at the prescribed rate on the excess computed for the period during which that excess is outstanding.

(1.1) If the amounts paid to a corporation with respect to a refundable tax credit exceed the amount of the refundable tax credit to which the corporation is entitled, the corporation shall pay interest at the prescribed rate per year on the amount of the excess payment from

(a) in the case of a royalty tax credit, the later of

(i) the date on which the excess payment was made, and

(ii) the earlier of the date on which the return required under section 36(1) is filed or is required to be filed, or

(b) in the case of any other refundable tax credit, the date on which the excess payment was made

to the date of payment.

(2) In addition to the interest payable under subsection (1), if a corporation required by this Act to pay tax or an instalment of tax fails to pay all or part of the tax or instalment on or before the day on or before which the tax or instalment, as the case may be, was required to be paid, the corporation shall pay to the Provincial Treasurer interest at the prescribed rate on the amount that it failed to pay computed from the day on or before which the amount was required to be paid to the day of payment or to the beginning of the period in respect of which it is required to pay interest under subsection (1), whichever is earlier.

(4) For the purposes of subsection (2), when a corporation is required to pay a part or instalment of tax for a taxation year computed by reference to a method described in section 38(1), it shall be deemed to have been liable to pay a part or instalment computed by reference to

(a) its tax payable under this Act for the year,

(b) its first instalment base for the year, or

(c) its 2nd instalment base and its first instalment base for the year

whichever method gives rise to the least amount to be paid by the corporation.

on or before which the tax or instalment was required to be paid to the end of the period, and

(b) all amounts, each of which is interest at the prescribed rate on an amount paid during the period by the Provincial Treasurer under section 26.4 for the year, computed from the day of payment to the end of the period,

exceeds the aggregate of

(c) all amounts, each of which is interest at the prescribed rate on an amount paid by the corporation at or before the end of the period and applied by the Provincial Treasurer to reduce the corporation's liability for an amount payable for the year computed from the day that is the later of the beginning of the period and the day of payment to the end of the period, and

(d) all amounts, each of which is interest at the prescribed rate on an amount in respect of a month in the year that is the proportion of the royalty tax credit to which the corporation is entitled for the year that the number of days in the month bears to the number of days in the year computed from the last day of the month to the end of the period.

(b) in subsection (4) by striking out “(2), when a corporation is required to pay a part or” and substituting “(1) or (2), when a corporation is required to pay an”;

(c) by adding the following after subsection (5):

(6) If a corporation is required by section 37 to pay a penalty and fails to pay all or any part of the penalty as required, it shall pay to the Provincial Treasurer interest at the prescribed rate on the amount it failed to pay computed from the day on or before which the corporation's return for the taxation year in respect of which the penalty is payable was required to be filed to the day of payment.

(2) Subsection (1)(a) and (b) apply to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

(3) Subsection (1)(c) applies after a date prescribed by regulation made by the Lieutenant Governor in Council except that interest is not payable under section 39(6) of the Alberta Corporate Income Tax Act as enacted by subsection (1)(c) for a part of a period if the part ends on or before the date prescribed.

24(1) Section 41(2) and (5) are amended by striking out “loss or farm loss” wherever it occurs and substituting “loss, farm loss or limited partnership loss”.

(2) Subsection (1) applies after February 25, 1986.

24 Section 41(2) and (5) presently read:

(2) When the Provincial Treasurer ascertains the amount of a corporation's non-capital loss, net capital loss, restricted farm loss or farm loss for a taxation year and the corporation has not reported that amount as a non-capital loss, net capital loss, restricted farm loss or farm loss in its return filed for that year, the Provincial Treasurer shall, at the request of the corporation, determine with all due dispatch the amount of the corporation's non-capital loss, net capital loss, restricted farm loss or farm loss, as the case may be, and shall send a notice of determination to the person who filed the return.

25(1) Section 47 is amended

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

47(1) For the purposes of this section, the “overpayment” of a corporation for a taxation year means the amount, if any, by which the aggregate of all amounts paid on account of the corporation’s liability under this Act for the year exceeds the aggregate of all amounts payable by the corporation in respect of the year.

(b) in subsection (2.1)

(i) by striking out “section 39(1) or (2)” wherever it occurs and substituting “section 39(1), (2) or (6)”;

(ii) by striking out “paid or applied” wherever it occurs and substituting “paid”;

(c) in subsection (4)(c)(i) by striking out “or applied”;

(d) by repealing subsection (4.1).

(2) Subsection (1) applies to taxation years beginning after a date prescribed by regulation made by the Lieutenant Governor in Council.

(5) If the Provincial Treasurer makes a determination of the amount of a corporation's non-capital loss, net capital loss, restricted farm loss or farm loss for a taxation year, as the case may be, subject to the corporation's rights of objection and appeal in respect of the determination and subject to any redetermination by the Provincial Treasurer, the determination is binding on both the Provincial Treasurer and the corporation for the purposes of calculating the taxable income of the corporation in any other year under this Act or under the old Act.

25 Section 47(1), (2.1), (4) and (4.1) presently read:

47(1) For the purposes of this section, "overpayment" of a corporation for a taxation year means

(a) the amount by which all amounts paid on account of tax under Part 5 for the year and on account of interest and penalties under Part 8 for the year exceed all amounts payable under Part 5 and Part 8 for the year,

(b) the amount of a refundable tax credit, other than a royalty tax credit, to which the corporation is entitled for the year less any amounts applied under section 38(6) with respect to that refundable tax credit,

(c) the amount by which

(i) the amount of the royalty tax credit to which a corporation is entitled for the year

exceeds

(ii) the aggregate of

(A) the aggregate of the amounts of royalty tax credit instalments paid to the corporation for the year by virtue of section 26.4 with respect to the royalty tax credit and any interest payable under section 26.4(4) for the year less the aggregate of any amounts paid by the corporation for the year with respect to the royalty tax credit under section 38(8), and

(B) any amounts applied under section 38(6) for the year with respect to that royalty tax credit, or

(d) the amount by which the capital gains refund to which a corporation is entitled for the year under sections 28 and 30 exceeds the capital gains refund paid to it in respect of that year.

(2.1) Subject to subsection (2.2), if a corporation

(a) has under section 48 served a notice of objection to an assessment of tax, interest under section 39(1) or (2) or a penalty and the Provincial Treasurer has not within 120 days after the day of service confirmed or varied the assessment or made a reassessment in respect of the assessment, or

(b) has appealed to the court from an assessment of tax, interest under section 39(1) or (2) or a penalty,

and has applied in writing to the Provincial Treasurer for a payment or surrender of security, the Provincial Treasurer shall with all due dispatch repay all amounts paid or applied on account of the amount assessed or surrender security accepted for the amount assessed to the extent that

(c) the lesser of

(i) the aggregate of the amounts so paid or applied and the value of the security, and

(ii) the amount so assessed

26 *Section 77(2)(b) is amended by striking out “income tax”.*

exceeds

(d) the amount, if any, so assessed that is not in controversy.

(4) If under this section an amount in respect of a taxation year is refunded or repaid to a corporation or applied to another liability, the Provincial Treasurer shall pay or apply interest on the amount at the prescribed rate for the period beginning on the day that is the latest of

(a) in the case of a refund or application of an overpayment, the day the overpayment arose,

(b) the day on which the return of the corporation for the year was filed, and

(c) in the case of a repayment of an amount in controversy, the day an overpayment equal to the amount of the repayment would have arisen if the aggregate of all amounts payable on account of the corporation's liability under this Act for the year were the amount by which

(i) the lesser of the aggregate of all amounts paid or applied on account of its liability under this Act for the year and the aggregate of all amounts assessed by the Provincial Treasurer as payable under this Act by the corporation for the year

exceeds

(ii) the amount repaid,

and ending on the day the amount is refunded, repaid or applied.

(4.1) For the purposes of determining when an overpayment with respect to a refundable tax credit for a taxation year arose, a corporation is entitled to receive its refundable tax credit for a year on the later of

(a) the date on which application for the credit is made in prescribed form, and

(b) repealed 1986 c1 s22.

26 Section 77(2) presently reads:

(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,

(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.

27(1) The following is added after section 85:

PART 9

INSURANCE CORPORATIONS TAX

86(1) In this Part,

- (a) “accident insurance” has the meaning given to that expression in the *Insurance Act*;
- (b) “annuity contract” means a contract that provides for the payment of an income for a specified period or for life and under the terms of which the sole benefit stated to be payable by reason of death does not exceed the sum of the amounts paid as consideration for the contract together with interest;
- (c) “business transacted in Alberta” means
 - (i) in the case of property insurance, all contracts on which premiums are receivable from, or in respect of, persons whose property was situated in Alberta at the time the premiums became payable, and
 - (ii) in the case of other insurance, all contracts on which premiums are receivable from, or in respect of, persons who were resident in Alberta at the time the premiums became payable;
- (d) “insurance company” means a person or corporation carrying on in Alberta the business of insurance within the meaning of the *Insurance Act*, and
 - (i) includes a reciprocal or inter-insurance exchange and underwriters and syndicates of underwriters operating on the plan known as “Lloyd’s” or operating as underwriting members of the Canadian Insurance Exchange or any other plan approved by the Minister charged with the administration of the *Insurance Act*, but
 - (ii) does not include a fraternal society as defined in the *Insurance Act*;
- (e) “life insurance” has the meaning given to that expression in the *Insurance Act*;
- (f) “marine insurance” has the meaning given to that expression in the *Insurance Act*;
- (g) “risk distribution plan” means a plan, agreement, scheme or arrangement entered into or established by insurance companies for the purposes of pooling, assigning or transferring risks among insurance companies and which the Provincial Treasurer by order recognizes as a risk distribution plan for the purposes of this Part;
- (h) “sickness insurance” has the meaning given to that expression in the *Insurance Act*;
- (i) “taxation year” means a calendar year in which premiums are receivable in respect of business transacted in Alberta.

27 Insurance corporations tax.

(2) For the purposes of this Part, the tax payable by an insurance company means the tax payable under this Part by the insurance company as fixed by assessment or reassessment subject to variation on objection or on appeal, if any, in accordance with this Part.

87(1) An insurance company shall pay to the Provincial Treasurer for a taxation year a tax of

- (a) 2% of the amount of premiums receivable during the year by the company under contracts of accident insurance, life insurance and sickness insurance, and
- (b) 3% of the amount of premiums receivable during the year by the company under any other insurance contract,

in respect of business transacted in Alberta by the company.

(2) The reference in subsection (1)(b) to “3%” is deemed to be a reference to “2.75%” in respect of the amount of premiums receivable by the company during the 1987 taxation year.

(3) For the purposes of this section, the “amount of premiums receivable” during a taxation year is the gross amount of premiums receivable during the taxation year less the aggregate of

- (a) an amount equal to the cash value of the dividends paid or credited to the insurance company’s policy-holders during the taxation year, and
- (b) an amount equal to the premiums returned during the taxation year.

88(1) The tax imposed under this Part is not payable,

- (a) by a company transacting life insurance, on amounts receivable as consideration for an annuity contract,
- (b) in respect of premiums receivable under a contract of marine insurance,
- (c) in respect of a premium or a portion of a premium that an insurance company does not retain under a risk distribution plan, or
- (d) by a reinsurer in respect of reinsurance premiums paid or credited to it by an insurer.

(2) For the purposes of this Part, a premium or a portion of a premium that an insurance company directly or indirectly receives under a risk distribution plan is deemed not to be a reinsurance premium.

89(1) An insurance company liable to pay a tax under this Part for a taxation year shall file a return with the Provincial Treasurer in the prescribed form and containing the prescribed information on or before March 15 in the year following the taxation year showing an estimate of the amount of tax payable by the company in respect of the taxation year and shall remit to the Provincial Treasurer the amount of tax payable by it in respect of the taxation year.

(2) Whether or not an insurance company is liable to pay tax under this Part for a taxation year and whether or not a return has been filed under subsection (1) or (3), an insurance company shall, on receipt of a notice served personally or by certified mail or registered letter by the Provincial Treasurer, file with the Provincial Treasurer, within any reasonable time stipulated by the Provincial Treasurer in the notice, a return for the taxation year designated in the notice in the prescribed form and containing the prescribed information.

(3) A trustee in bankruptcy, assignee, liquidator, curator, receiver, trustee or committee and an agent or other person administering, managing, winding up, controlling or otherwise dealing with the property, business, estate or income of an insurance company that has not filed a return for a taxation year as required by this section shall file the return required by subsection (1) for that insurance company for that year.

90 An insurance company that has failed to file a return as and when required by this Part 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, and

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

91 If, at any time after the day on or before which a return under section 89 of an insurance company was required to be filed for a taxation year, the amount of its tax payable for the year exceeds the aggregate of all amounts each of which is an amount paid at or before that time on account of tax payable and applied as at that time by the Provincial Treasurer to reduce the insurance company's liability for an amount payable for the year under this Part, the insurance company liable to pay the tax shall pay to the Provincial Treasurer interest at the prescribed rate on the excess computed for the period during which that excess is outstanding.

92(1) Subject to subsections (2) and (3), sections 39(6), 41(1), 42, 43, 45, 46, 47(2) to (4) and (4.2) to (5) and 48 to 84 apply to this Part.

(2) In the application to this Part of the sections referred to in subsection (1),

(a) sections 2(8) and 4.1 do not apply,

(b) section 43(1) shall be read as if clauses (b) and (c)(ii) of that subsection were struck out,

(c) section 43(2) shall be read as if the reference to the corporation's income were to the "amount of premiums receivable" by the corporation as defined in section 87(3),

(d) a reference to a corporation shall be read as a reference to an insurance company,

(e) the amount of refundable tax credits to which an insurance company is entitled for a taxation year is deemed to be nil, and

(f) all references to returns, information, liabilities, tax, interest and penalties or amounts in respect of liabilities, tax, interest and penalties are deemed to be references to returns, information, liabilities, tax, interest and penalties under this Part or amounts in respect of liabilities, tax, interest and penalties under this Part, except as provided in subsection (3)(b).

(3) In the application of section 47 for the purposes of this Part

(a) "overpayment" of an insurance company for a taxation year means the amount, if any, by which all amounts paid on account of the insurance company's liability under this Part for a taxation year exceeds all amounts payable by the insurance company under this Part in respect of the year, and

(b) a liability of an insurance company that may be reduced by the application of an amount to the liability by the Provincial Treasurer includes any liability under this Act.

(2) Subsection (1) applies to 1987 and subsequent taxation years as defined in section 86(1)(i) of the Alberta Corporate Income Tax Act as enacted by subsection (1).

PART 2

ALBERTA INCOME TAX ACT

28 *The Alberta Income Tax Act is amended by this Part.*

29(1) *The following is added after section 1(3):*

(3.1) Interest computed at the applicable rate under any of sections 23.1(1), 25(1), (2) or (11), 28(3) to (4) or 44(6) or (7) shall be compounded daily, and, if interest is computed on an amount under any of those provisions and is unpaid on the day it would, but for this subsection, have ceased to be computed under that provision, interest at the applicable rate for that provision shall be computed and compounded daily on the unpaid interest from that day to the day it is paid.

(2) Subsection (1) applies after December 31, 1986, and interest computed in respect of a period ending before January 1, 1987 shall be compounded on and after that day.

30(1) *Section 3 is amended*

(a) in subsection (3)(e) by striking out "and subsequent" and substituting ", 1985 and 1986";

(b) in subsection (4) by striking out "In this section" and substituting "For the purposes of this section and sections 3.02 and 3.04";

28 This Part will amend chapter A-31 of the Revised Statutes of Alberta 1980.

29 Compound interest.

30 Section 3(1), (2), (3), (4) and (6) presently read:

3(1) The tax payable under this Act for a taxation year by an individual who resided in Alberta on the last day of the taxation year and had no income earned in the taxation year outside Alberta is the percentage of the tax payable under the federal Act for that year specified in subsection (3).

(c) by repealing subsection (6)(a)(i) and substituting the following:

(i) the amount claimed for that year

(A) under subsection 126(1) of the federal Act as a deduction under that Act, or

(B) under section 127.5 of the federal Act in respect of that part of his special foreign tax credit that relates to the amount he would have claimed under subsection 126(1) of the federal Act if section 127.5 of the federal Act were not applicable to him,

(d) by adding the following after subsection (6)(a)(i):

(i.1) that proportion of the amount claimed for that year under subsection 180.1(1.1) of the federal Act that his foreign tax credit under subsection 126(1) of the federal Act is of his total deductions under section 126 of the federal Act,

(e) in subsection (6)(a)(iii) by adding “in section 3.02” after “percentage”;

(f) in subsection (6)(b)(i)(E) by adding “if he deducted an amount under subsection 122.3(1) of the federal Act from his tax otherwise payable under Part I of the federal Act,” before “the taxpayer’s income”.

(2) Subsection (1)(a), (b) and (e) apply to 1987 and subsequent taxation years.

(3) Subsection (1)(c) applies to taxation years commencing after 1985.

(4) Subsection (1)(d) applies to 1986 and subsequent taxation years.

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

(2) *The tax payable under this Act for a taxation year, except the 1982 taxation year, by an individual*

(a) *who resided in Alberta on the last day of the taxation year but had income earned in the taxation year outside Alberta, or*

(b) *who did not reside in Alberta on the last day of the taxation year but had income earned in the taxation year in Alberta,*

is the amount that bears the same relation to the percentage of the tax payable under the federal Act for that year specified in subsection (3) that his income earned in the taxation year in Alberta bears to his income for the year.

(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*

(a) *33% in respect of the 1970 and the 1971 taxation years;*

(b) *36% in respect of the 1972, 1973 and 1974 taxation years;*

(c) *26% in respect of the 1975 and 1976 taxation years;*

(d) *38.5% in respect of the 1977, 1978, 1979, 1980, 1981, 1982 and 1983 taxation years;*

(e) *43.5% in respect of the 1984 and subsequent taxation years.*

(4) *In this section,*

(a) *"income earned in the taxation year in Alberta" means the income earned in the taxation year in Alberta as determined in accordance with regulations made under paragraph 120(4)(a) of the federal Act;*

(b) *"income earned in the taxation year outside Alberta" means income for the year minus income earned in the taxation year in Alberta;*

(c) *"income for the year" means*

(i) *in the case of an individual resident in Canada during part only of the taxation year in respect of whom section 114 of the federal Act applies, the aggregate of*

(A) *his income for the period or periods in the year referred to in paragraph 114(a) of the federal Act as determined in accordance with and for the purposes of the federal Act, and*

(B) *his income for the portion of that year that is not included in the period or periods referred to in paragraph (A), computed under paragraphs 115(1)(a), (b) and (c) of the federal Act as though that portion of the year were the whole taxation year.*

(ii) *in the case of an individual not resident in Canada at any time in the taxation year, his income for the year as computed under paragraphs 115(1)(a), (b) and (c) of the federal Act, and*

(iii) *in the case of any other individual, his income for the year as determined in accordance with and for the purposes of the federal Act;*

(d) *"tax payable under the federal Act" means the amount of the tax payable by an individual in respect of a taxation year and determined under paragraph 120(4)(c) of the federal Act for the year in respect of that individual.*

(6) *If 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 non-business-income tax was paid by him to the government of a country other than Canada, he may deduct from the tax payable by him under this Act for that taxation year an amount equal to the lesser of*

(a) the amount, if any, by which any non-business-income tax paid by him for the year to the government of that country exceeds the sum of

(i) the amount claimed for that year under subsection 126(1) of the federal Act as a deduction under that Act,

(ii) the amount claimed for that year under subsection 122.3(1) of the federal Act as a deduction under that Act, and

(iii) an amount equal to the product of the amount in subclause (ii) and the percentage used in computing the tax payable under this Act for that year,

and

(b) that proportion of the tax otherwise payable under this Act for that taxation year that

(i) the aggregate of the taxpayer's incomes from sources in that country, excluding any portion thereof that was deductible by him for the year under subparagraph 110(1)(f)(i) of the federal Act or in respect of which an amount was deducted by him under section 110.6 of the federal Act

(A) for that year, if section 114 of the federal Act is not applicable, or

(B) if section 114 of the federal Act is applicable, for the period or periods in the year referred to in paragraph (a) of that section

on the assumption that

(C) no businesses were carried on by him in that country,

(D) no amount was deducted under subsection 91(5) of the federal Act in computing his income for the year, and

(E) the taxpayer's income from employment in that country was not from a source in that country to the extent of the lesser of the amounts determined in respect of his income under paragraphs 122.3(1)(c) and (d) of the federal Act for the year,

is of

(ii) the amount, if any, by which

(A) if section 114 of the federal Act is not applicable to the taxpayer in respect of the year, the aggregate of his income for the year and the amounts, if any, included under subsection 110.4(2) of the federal Act in computing his taxable income under that Act for the year, or

(B) if section 114 of the federal Act is applicable to the taxpayer in respect of the year, his income under that Act for the period or periods in the year referred to in paragraph (a) of that section,

31(1) *The following is added after section 3:*

3.01 The tax payable under this Act for the 1987 and subsequent taxation years by an individual is the aggregate of the amounts determined under sections 3.02, 3.03 and 3.04.

3.02(1) The basic tax payable under this Act for a taxation year by an individual who resided in Alberta on the last day of the taxation year and had no income earned in the taxation year outside Alberta is the percentage of the tax payable under the federal Act for that year specified in subsection (3).

(2) The basic tax payable under this Act for a taxation year by an individual

(a) who resided in Alberta on the last day of the taxation year but had income earned in the taxation year outside Alberta, or

(b) who did not reside in Alberta on the last day of the taxation year but had income earned in the taxation year in Alberta,

is the amount that bears the same relationship to the percentage of the tax payable under the federal Act for that year specified in subsection (3) that his income earned in the taxation year in Alberta bears to his income for the year.

(3) For the purposes of this section, the percentage of the tax payable under the federal Act to be used for computing the basic tax payable under this section is 46.5%.

3.03(1) The surtax payable under this Act for a taxation year by an individual is an amount equal to 8% of the amount, if any, by which the basic tax payable under section 3.02 for the taxation year exceeds \$3500.

(2) For the purposes of subsection (1), the basic tax payable shall be computed without any addition or deduction being made under section 120.1 of the federal Act.

3.04(1) The flat rate tax payable under this Act for a taxation year by an individual who resided in Alberta on the last day of the taxation year and had no income earned in the taxation year outside Alberta is an amount equal to 1% of the taxable income of the individual.

(2) The flat rate tax payable under this Act for a taxation year by an individual

exceeds

(C) the aggregate of all amounts each of which is an amount

(I) deducted by the taxpayer under paragraph 111(1)(b) or section 110.6 of the federal Act, or

(II) deductible by the taxpayer under paragraph 110(1)(d), (d.1), (d.2), (d.3), (f) or (j) or section 110.1 of the federal Act

for the year or in respect of the period or periods referred to in paragraph (B), as the case may be.

31 Basic Alberta tax, surtax and flat rate tax.

(a) who resided in Alberta on the last day of the taxation year but had income earned in the taxation year outside Alberta, or

(b) who did not reside in Alberta on the last day of the taxation year but had income earned in the taxation year in Alberta

is an amount equal to 1% of the taxable income of the individual earned in the taxation year in Alberta.

(3) In subsection (2), “taxable income of the individual earned in the taxation year in Alberta” is the proportion of the taxable income of the individual in that taxation year that his income earned in the taxation year in Alberta bears to his income for the year.

(2) Subsection (1) applies to 1987 and subsequent taxation years.

32(1) Section 3.1(b) is amended by adding “or 3.02(3)” after “section 3(3)”.

(2) Subsection (1) applies to 1987 and subsequent taxation years.

33(1) Section 4 is amended

(a) in subsection (1) by adding “or section 3.01” after “or (2.2)”;

(b) in subsection (2) by striking out “(2.2) shall” and substituting “(2.2) or section 3.01 shall”;

(c) in subsection (2)(e) by striking out “and subsequent” and substituting “, 1985 and 1986”;

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

(f) for the 1987 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 \$450 exceeds ½ of the tax otherwise payable for the taxation year.

(2) Subsection (1) applies to 1987 and subsequent taxation years.

34(1) Section 6(1)(b) is amended by adding “and his taxable income for the year were the average net income for the year within the meaning of paragraph 119(1)(c) of the federal Act” after “average tax for the year”.

(2) Subsection (1) applies to 1987 and subsequent taxation years.

32 Section 3.1 presently reads:

3.1 An individual to whom section 2 is applicable for a taxation year is deemed to have paid on account of his tax for the year an amount equal to the product of

(a) an amount that bears the same relation to the excess determined under subsection 120.1(4) of the federal Act for the year that his income earned in the taxation year in Alberta bears to his income for the year

multiplied by

(b) the percentage specified in section 3(3) for the year.

33 Section 4 presently reads in part:

4(1) In this section, "tax otherwise payable" means the amount that would, but for section 120.1 of the federal Act, be the tax otherwise payable under section 3(1), (2), (2.1) or (2.2) less any royalty tax rebate claimed by an individual under section 11 for the taxation year.

(2) The tax payable by an individual under section 3(1), (2), (2.1) or (2.2) shall be reduced

(e) for the 1984 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 \$340 exceeds 1/2 of the tax otherwise payable for the taxation year.

34 Section 6(1) presently reads:

6(1) If 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 119(1) 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

35(1) *Section 8(1)(a) is amended*

(a) *by adding “or 3.02(3)” after “section 3(3)”;*

(b) *by striking out “paragraph 122(3)(a)” and substituting “subsection 122(1)”.*

(2) *Subsection (1)(a) applies to 1987 and subsequent taxation years.*

(3) *Subsection (1)(b) applies to 1985 and subsequent taxation years.*

36 *Section 10 is amended*

(a) *in subsection (4.1) by striking out “1983 and subsequent” and substituting “1983, 1984, 1985 and 1986”;*

(b) *by adding the following after subsection (4.1):*

(4.2) **An individual is not entitled to a renter assistance credit for the 1987 and subsequent taxation years.**

the meaning given to that expression under section 119 of the federal Act) equal to the tax that would be payable under the federal Act, within the meaning of section 3 of this Act, if the taxable income for the year were the average net income for the year within the meaning of paragraph 119(1)(c) 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 3 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 119 of the federal Act);

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

35 Section 8(1) and (4) presently read:

8(1) When an amount is to be refunded to a mutual fund trust in respect of a taxation year, pursuant to section 132 of the federal Act, the Provincial Treasurer shall, subject to subsection (2), at the time and in the manner provided in section 132 of the federal Act, refund to the mutual fund trust an amount (hereinafter referred to in this section as its "capital gains refund" for the year) equal to that proportion of the amount of the refund for the year calculated under subsection 132(1) of the federal Act that

(a) the percentage obtained by multiplying the percentage referred to in section 3(3) of this Act for the year times the percentage referred to in paragraph 122(3)(a) of the federal Act for the year

is of

(b) the percentage referred to in subparagraph 132(4)(b)(i) of the federal Act for the year.

(4) In this section,

(a) "income earned in the taxation year in Alberta" has the same meaning as in section 3;

(b) "income earned in the taxation year outside Alberta" has the same meaning as in section 3;

(c) "income for the year" has the same meaning as in section 3;

(d) "mutual fund trust" has the same meaning as in section 132 of the federal Act.

36 Section 10(4.1) presently reads:

(4.1) A renter assistance credit under this section for the 1983 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 \$200 and 5% of the total rent paid by that individual during the taxation year, and

(ii) \$500.

37(1) Section 11 is amended

(a) by repealing subsection (1)(f) and substituting the following:

(f) “tax otherwise payable under this Act”, or any similar expression, means

(i) with respect to the 1978 to 1986 taxation years

(A) in the case of an individual, the amount that would, but for section 120.1 of the federal Act, be the tax payable under section 3(1), (2), (2.1) or (2.2) for that taxation year, and

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

or

(ii) with respect to 1987 and subsequent taxation years, the amount that would, but for section 120.1 of the federal Act, be the tax payable by an individual under section 3.01 for the taxation year;

(b) in subsection (3.1) by striking out “and subsequent” and substituting “, 1985 and 1986”;

(c) by adding the following after subsection (3.1):

(3.2) For the 1987 and subsequent taxation years, an individual is entitled, subject to this section and the regulations, to a royalty tax rebate in respect of a taxation year in an amount equal to the lesser of

(a) the aggregate of

(i) the product obtained when the proportion of the sum of his attributed Canadian royalty income for the year and his attributed Canadian royalty income carry forward from the immediately preceding taxation year that

(A) his resource income earned in Alberta for the year as determined in accordance with Part XXVI of the federal regulations

is of

(B) his total resource income for the year

is multiplied by 46.5% of his federal basic tax rate for the year,

(ii) the amount, if any, by which

(A) the amount determined under section 3.03

exceeds

(B) 8% of the amount, if any, by which

(I) the amount, if any, by which the amount determined under section 3.02 exceeds the amount determined under subclause (i),

37 Section 11(1), (3.1), (7), (8) and (12.1) presently read:

11(1) In this section,

(a) "attributed Canadian royalty income" of a taxpayer for a taxation year means the aggregate of

(i) the amounts required to be included in computing the taxpayer's income for the year by virtue of paragraph 12(1)(o) of the federal Act, when 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,

(ii) the amounts in respect of which no deduction is allowed in computing the taxpayer's income for the year by virtue of paragraph 18(1)(m) of the federal Act, other than an amount described in paragraph 66.2(5)(a) or 66.4(5)(a) of the federal Act, when 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,

(iii) 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(9) of the federal Act, exceeds the proceeds of disposition, if any, actually received by him in respect of the petroleum, natural gas or coal so disposed of, and

(iv) 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(6) of the federal Act) of the petroleum, natural gas or coal so acquired,

less the aggregate of

(v) the amount allowed to the taxpayer for the year under 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

(vi) the amount of any reimbursement received by the taxpayer under the terms of a contract, when 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;

(b) "federal basic tax rate" of a taxpayer for a taxation year means the proportion that his tax payable under the federal Act for the year computed without reference to section 120.1 of the federal Act is of his taxable income for the year, expressed as a percentage;

(c) "resource income" means income reasonably attributable to production from oil and 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;

exceeds

(II) \$3500,

and

(iii) the product obtained when 1% is multiplied by the proportion of the sum of his attributed Canadian royalty income for the year and his attributed Canadian royalty income carry forward from the immediately preceding taxation year that

(A) his resource income earned in Alberta for the year as determined in accordance with Part XXVI of the federal regulations

is of

(B) his total resource income for the year,

and

(b) his tax otherwise payable under this Act for the year.

(d) in subsection (7)(a)(vi) by striking out “and subsequent” and substituting “, 1985 and 1986”;

(e) by adding the following after subsection (7):

(7.1) When there is tax otherwise payable under this Act by an individual in the 1987 or a subsequent taxation year, the attributed Canadian royalty income carried forward to the immediately succeeding taxation year is the quotient obtained when

(a) the amount, if any, by which the amount determined under subsection (3.2)(a)(i) exceeds the amount determined under section 3.02 if the amount under section 3.02 were determined without reference to section 120.1 of the federal Act

is divided by

(b) the product of

(i) 46.5% of his federal basic tax rate, and

(ii) the quotient obtained when his resource income earned in Alberta in the taxation year (as determined in accordance with Part XXVI of the federal regulations) is divided by his resource income for that taxation year.

(f) in subsection (8) by striking out “and (7)” and substituting “, (7) and (7.1)”;

(g) in subsection (12.1) by adding “tax” after “royalty”.

(2) Subsection (1)(a) to (f) apply to 1987 and subsequent taxation years.

(d) "royalty tax rebate" means a rebate to which a taxpayer is entitled under this section;

(e) "tax otherwise payable under this Act", or any similar expression, means, with respect to the 1977 and earlier taxation years, the tax payable under this Act without reference to this section and section 12;

(f) "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 amount that would, but for section 120.1 of the federal Act, be the tax payable under section 3(1), (2), (2.1) or (2.2) for that taxation year, and

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

(g) "tax payable under the federal Act" means the amount that would, but for section 120.1 of the federal Act, be the tax otherwise payable by an individual in respect of a taxation year determined under section 3(4)(d) for the year in respect of that individual.

(3.1) For the 1984 and subsequent taxation years, an individual is entitled, subject to this section and the regulations, to a royalty tax rebate in respect of a taxation year in an amount equal to the lesser of

(a) the product obtained when the proportion of the sum of his attributed Canadian royalty income for the year and his attributed Canadian royalty income carry forward from the immediately preceding taxation year that

(i) his resource income earned in Alberta for the year as determined in accordance with Part XXVI of the federal regulations

is of

(ii) his total resource income for the year

is multiplied by 43.5% of his federal basic tax rate for the year, and

(b) his tax otherwise payable under this Act for the year.

(7) When there is tax otherwise payable under this Act by a taxpayer for a taxation year, the attributed Canadian royalty income carried forward to the immediately succeeding taxation year is

(a) in the case of an individual, the quotient obtained when

(i) the amount, if any, by which the product determined for him for the year under subsection (2)(a), (3)(a) or (3.1)(a) exceeds his tax otherwise payable under this Act for the year,

is divided by

(ii) in the case of the 1974 taxation year, the product of

(A) 36% of his federal basic tax rate, and

(B) the quotient obtained when his income earned in Alberta in the 1974 taxation year (as determined in accordance with Part XXVI of the federal regulations) is divided by his income for that taxation year,

(iii) in the case of the 1975 and 1976 taxation years, the product of

(A) 26% of his basic federal tax rate, and

(B) the quotient obtained when his income earned in Alberta in the taxation year (as determined in accordance with Part

38(1) Section 12.1 is amended

*(a) in subsection (3) by striking out “and” at the end of clause (b),
by repealing clause (c) and by substituting the following:*

(c) for the 1987 taxation year, 95%, and

(d) for the 1988 and subsequent taxation years, 75%.

XXVI of the federal regulations) is divided by his income for that taxation year,

(iv) in the case of the 1977 taxation year, the product of

(A) 38.5% of his basic federal tax rate, and

(B) the quotient obtained when his income earned in Alberta in the taxation year (as determined in accordance with Part XXVI of the federal regulations) is divided by his income for that taxation year,

(v) in the case of the 1978, 1979, 1980, 1981, 1982 and 1983 taxation years, the product of

(A) 38.5% of his basic federal tax rate, and

(B) the quotient obtained when his resource income earned in Alberta in the taxation year (as determined in accordance with Part XXVI of the federal regulations) is divided by his resource income for that taxation year;

or

(vi) in the case of the 1984 and subsequent taxation years, the product of

(A) 43.5% of his basic federal tax rate, and

(B) the quotient obtained when his resource income earned in Alberta in the taxation year (as determined in accordance with Part XXVI of the federal regulations) is divided by his resource income for that taxation year;

(b) in the case of a corporation, the quotient obtained when

(i) the amount, if any, by which the amount determined for it for the year under subsection (4)(a) exceeds its tax otherwise payable under this Act for the year,

is divided by

(ii) 11% of the quotient 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.

(8) Notwithstanding subsections (6) and (7), a taxpayer is not entitled to carry forward his attributed Canadian royalty income for a taxation year under those subsections unless

(a) in the case of a corporation, the corporation had a permanent establishment in Alberta at some time during that year, or

(b) in the case of an individual, the individual either had a permanent establishment in Alberta at some time during that year or was resident in Alberta on the last day of that year.

(12.1) Notwithstanding subsections (11) and (11.1), no application for a royalty rebate in respect of the 1974, 1975, 1976, 1977 or 1978 taxation years shall be made after December 31, 1984.

38 Section 12.1(3) and (6) presently read:

(3) The specified percentage of an individual's Alberta crown royalty for a taxation year is,

(a) for the 1982 and 1983 taxation years, 75%,

(b) for the 1984 and 1985 taxation years, 50%, and

(c) for the 1987 and subsequent taxation years, 75%.

(b) by repealing subsection (6)(c) and substituting the following:

(c) in a 1987 taxation year, if the fiscal period of the business or partnership commenced in 1986, the specified percentage with respect to the portion of his Alberta crown royalty that arose from royalties that became receivable or payable by that business or partnership before April 1, 1986 shall be 50%, and

(c) in subsection (6) by striking out “and” at the end of clause (b) and by adding the following after clause (c):

(d) in a 1988 taxation year, if the fiscal period of the business or partnership commenced in 1987, the specified percentage with respect to the portion of his Alberta crown royalty that arose from royalties that became receivable or payable by that business or partnership before January 1, 1988 shall be 95%.

(2) Subsection (1) applies to 1987 and subsequent taxation years.

39(1) Section 13.1 is amended

(a) by repealing subsection (1)(b)(ii)(A) and substituting the following:

(A) if the eligible share is issued for consideration consisting only of money, the amount of money paid by the eligible investor for the eligible share, including

(I) any applicable underwriters’ fees paid by the eligible investor for the eligible share, and

(II) any amount paid by the eligible investor to the eligible corporation to acquire a warrant that forms part of the specified share issue that included the eligible share and evidenced the right to acquire another share that is not precluded from being an eligible share of the eligible corporation,

but not including

(III) any brokerage or custody fee or similar charge, and

(IV) any amount paid to acquire a warrant that evidenced the right to acquire that eligible share,

(b) in subsection (16) by adding “including the Social Insurance Number of the individual” after “investment”.

(2) Subsection (1)(a) applies to 1986 and subsequent taxation years.

(3) Subsection (1)(b) applies to statements of investments for the 1987 and subsequent taxation years.

(6) Notwithstanding subsection (3), if an individual has Alberta crown royalty in a taxation year with respect to a business or partnership,

(a) in a 1982 taxation year, if the fiscal period of the business or partnership commenced before September 1, 1981, the specified percentage with respect to the portion of his Alberta crown royalty that arose from royalties that became receivable or payable by that business or partnership before September 1, 1981 shall be 25%,

(b) in a 1984 taxation year, if the fiscal period of the business or partnership commenced before 1984, the specified percentage with respect to the portion of his Alberta crown royalty that arose from royalties that became receivable or payable by that business or partnership before January 1, 1984 shall be 75%, and

(c) in a 1987 taxation year, if the fiscal period of the business or partnership commenced in 1986, the specified percentage with respect to the portion of his Alberta crown royalty that arose from royalties that became receivable or payable by that business or partnership

(i) before April 1, 1986 shall be 50%, and

(ii) after March 31, 1986 and before January 1, 1987 shall be 95%.

39 Section 13.1(1)(b) and (16) presently read:

13.1(1) In this section,

(b) "cost amount" means,

(i) with respect to an eligible share issued by an eligible corporation under a certificate of eligibility applied for on or before April 7, 1986, the actual subscription price, including any applicable underwriters' fees paid by the eligible investor but not including any brokerage or custody fees or similar charges, and

(ii) with respect to an eligible share issued by an eligible corporation under a certificate of eligibility applied for after April 7, 1986,

(A) if the eligible share is issued for consideration consisting only of money, the amount of money paid by the eligible investor for the eligible share, including any applicable underwriters' fees paid by the eligible investor for the eligible share but not including

(I) any brokerage or custody fee or similar charge, or

(II) any amount paid to acquire a warrant that evidenced the right to acquire the eligible share,

or

(B) if the eligible share is issued for consideration consisting

(I) only of property or past service, or

(II) partly of money and partly of property or past service,

an amount not exceeding the amount, if any, by which the aggregate of

(III) the amount, if any, of money paid by the eligible investor for the eligible share, as determined in accordance with paragraph (A), and

40(1) Section 17 is amended

(a) in subsections (1.1), (1.2) and (1.3) by striking out “or farm loss” wherever it occurs and substituting “, farm loss or limited partnership loss”;

(b) in subsection (7) by striking out “or” at the end of clause (c) and by adding the following after clause (d):

(e) a deduction under subsection 120.2(2) of the federal Act in respect of his minimum tax for a subsequent taxation year, or

(f) a deduction by virtue of an election for a subsequent taxation year under paragraph 164(6)(c) or (d) of the federal Act by his legal representative

(2) Subsection (1)(a) applies after February 25, 1986.

(3) Subsection (1)(b) applies to 1984 and subsequent taxation years.

(IV) the fair market value of the property or past service in consideration for which the eligible share was issued, exceeds the fair market value of any consideration issued or granted by the corporation other than an eligible share or a warrant that evidences the right to acquire an eligible share;

(16) Before March 1 in each year, a qualified dealer who held eligible shares under a stock savings plan for an individual during the preceding year shall send to the Minister of National Revenue a copy of the statement of investment provided to the individual pursuant to section 2(3) of the Alberta Stock Savings Plan Act.

40 Section 17(1.1), (1.2), (1.3) and (7) presently read:

(1.1) Where the Provincial Treasurer ascertains the amount of a taxpayer's non-capital loss, net capital loss, restricted farm loss or farm loss for a taxation year and the taxpayer has not reported that amount as such a loss in his return for that year, the Provincial Treasurer shall, at the request of the taxpayer, determine, with all due dispatch, the amount of that loss and shall send a notice of determination to the person by whom the return was filed.

(1.2) The provisions of paragraphs 56(1)(l) and 60(o), Division I and Division J of the federal Act, as they relate to an assessment or reassessment and to assessing tax and reassessing tax, are applicable with all necessary modifications to a determination or redetermination and to determining and redetermining amounts under this Division, except that subsections (1) and (2) of this section are not applicable to determinations made under subsection (1.1) and, for greater certainty, an original determination of a taxpayer's non-capital loss, net capital loss, restricted farm loss or farm loss for a taxation year may be made by the Provincial Treasurer only at the request of the taxpayer.

(1.3) For greater certainty, where the Provincial Treasurer makes a determination of the amount of a taxpayer's non-capital loss, net capital loss, restricted farm loss or farm loss for a taxation year under this Act or, in the case of a corporation, under this Act or under the new Act, subject to the taxpayer's rights of objection and appeal in respect of the determination and subject to any redetermination by the Provincial Treasurer under this Act or, in the case of a corporation, under this Act or under the new Act, the determination is binding on both the Provincial Treasurer and the taxpayer for the purposes of calculating the taxable income of the taxpayer in any other year.

(7) Where a taxpayer, other than a corporation to which subsection (7.1) applies, has filed for a particular taxation year the return required by section 15 and an amount is subsequently claimed by him or on his behalf for the year as

(a) a deduction under paragraph 3(e) of the federal Act, by virtue of his death in a subsequent taxation year and the consequent application of section 71 of the federal Act in respect of an allowable capital loss for the year,

(b) a deduction under section 41 of the federal Act in respect of his listed-personal-property loss for a subsequent taxation year,

(c) a deduction under section 110 of the federal Act in respect of a gift made in a subsequent taxation year or under section 111 of the federal Act in respect of a loss for a subsequent taxation year, or

(d) a deduction under subsection 127.3(1) of the federal Act in respect of his unused scientific research tax credit for a subsequent taxation year

41 *Section 19 is amended by adding the following after subsection (1):*

(1.1) In its application to the 1986 taxation year, subsection (1)(a)(i) shall be read as follows:

(i) the amount estimated by the individual to be the tax payable under this Act for the year computed without reference to section 127.3 and Division E.1 of the federal Act, or

42 *Section 20 is amended by adding the following after subsection (1):*

(1.1) In its application to the 1986 taxation year, subsection (1)(a)(i) shall be read as follows:

(i) the amount estimated by the individual to be the tax payable under this Act for the year computed without reference to section 127.3 and Division E.1 of the federal Act, or

43(1) *Section 25 is amended*

(a) *in subsection (2) by striking out “prescribed rate” and substituting “rate prescribed for the purpose of subsection 161(2) of the federal Act”;*

(b) *in subsection (9)(a) by adding the following after subclause (iv):*

(iv.01) any amount deducted under subsection 126(2) of the federal Act in respect of an unused foreign tax credit, within the meaning assigned by paragraph 126(7)(e) of the federal Act, for a subsequent taxation year,

(c) *in subsection (9)(a) by striking out “or” at the end of clause (iv.1) and by adding the following after subclause (iv.1):*

(iv.2) any amount deducted under subsection 120.2(2) of the federal Act in respect of his minimum tax for a subsequent taxation year, or

by filing with the Provincial Treasurer a prescribed form amending the return, on or before the day on which the taxpayer is, or would be if a tax under this Act were payable by him for that subsequent taxation year, required by section 15 to file a return for that subsequent taxation year, the Provincial Treasurer shall reassess the taxpayer's tax for any relevant taxation year, other than a taxation year preceding the particular taxation year, in order to take into account the deduction claimed.

41 Section 19(1) presently reads:

19(1) Every individual, except an individual to whom section 18(2) applies, whose chief source of income is farming or fishing shall pay to the Provincial Treasurer

(a) on or before December 31 in each taxation year, 2/3 of

(i) the amount estimated by him to be his tax payable under this Act for the year computed without reference to section 127.3 of the federal Act, or

(ii) his tax payable under this Act for the immediately preceding year,

and

(b) on or before April 30 in the next year, the remainder of the tax as estimated under section 16.

42 Section 20(1) presently reads:

20(1) Every individual, other than one to whom section 18(2) or section 19 applies, shall pay to the Provincial Treasurer

(a) on or before March 31, June 30, September 30 and December 31, respectively, in each taxation year, an amount equal to 25% of

(i) the amount estimated by him to be his tax payable under this Act for the year computed without reference to section 127.3 of the federal Act, or

(ii) his tax payable under this Act for the immediately preceding year,

and

(b) on or before April 30 in the next year, the remainder of the tax as estimated under section 16.

43 Section 25(2) and (9) presently read:

(2) In addition to the interest payable under subsection (1), when a taxpayer who is required by this Act to pay a part or instalment of tax has failed to pay all or any part of it on or before the day on or before which the tax or instalment, as the case may be, was required to be paid, he shall pay to the Provincial Treasurer interest at the prescribed rate on the amount that he failed to pay computed from the day on or before which the amount was required to be paid to the day of payment, or to the beginning of the period in respect of which he is required to pay interest on it under subsection (1), whichever is earlier.

(9) For the purpose of computing interest under subsection (1) or (2) on tax or a part or an instalment of tax for a taxation year,

(a) the tax payable by the taxpayer shall be deemed to be the amount that it would have been if none of the following amounts, namely,

(i) repealed 1986 c5 s13,

(d) by adding the following after subsection (10):

(11) If a taxpayer is required by this Part to pay a penalty and fails to pay all or any part of it as required, he shall pay to the Provincial Treasurer interest at the rate prescribed for the purposes of subsection 161(11) of the federal Act on the amount he failed to pay computed,

(a) in the case of a penalty payable by virtue of section 26 or 27, from the day on or before which the taxpayer's return for the taxation year in respect of which the penalty is payable is, or would have been if tax under this Act were payable by him for the year, required to be filed to the day of payment, and

(b) in the case of a penalty payable by virtue of any other section of this Act, from the day of mailing of the notice of original assessment of the penalty to the day of payment.

(2) Subsection (1)(a) applies after October 28, 1985.

(3) Subsection (1)(b) and (c) apply to 1984 and subsequent taxation years.

(4) Subsection (1)(d) applies after December 31, 1986 except that interest is not payable under section 25(11) of the Alberta Income Tax Act as enacted by subsection (1)(c) for any part of a period before January 1, 1987.

44(1) Section 28 is amended

(a) in subsection (3) by striking out "paid on account of a taxpayer's tax under this Act for a taxation year is refunded or repaid" and substituting "in respect of a taxation year is refunded or repaid to a taxpayer";

(b) in subsection (4) by striking out "tax" and substituting "an amount";

(c) in subsection (7) by striking out "or" at the end of clause (e), by adding "or" at the end of clause (e.1) and by adding the following after clause (e.1):

(e.2) the deduction of an amount under subsection 120.2(2) of the federal Act in respect of his minimum tax for a subsequent taxation year,

(ii) any amount deducted under section 41 of the federal Act in respect of his listed-personal-property loss for a subsequent taxation year,

(iii) any amount excluded from his income for the year by virtue of section 49 of the federal Act in respect of the exercise of an option in a subsequent taxation year,

(iv) any amount deducted under section 110 of the federal Act in respect of a gift made in a subsequent taxation year or under section 111 of the federal Act in respect of a loss for a subsequent taxation year,

(iv.1) any amount deducted in computing his income for the year by virtue of an election in a subsequent taxation year under paragraph 164(6)(c) or (d) of the federal Act by his legal representative, or

(v) any amount deducted under subsection 127.3(1) of the federal Act in respect of his unused scientific research tax credit for a subsequent taxation year,

were so excluded or deducted for the year, as the case may be, and

(b) the amount by which the tax payable by the taxpayer for the year is reduced by virtue of the exclusion or deduction, as the case may be, of an amount described in clause (a)(i) to (v) shall be deemed to have been paid by the taxpayer on account of his tax payable for the year on the day that is the latest of

(i) the first day immediately following that subsequent taxation year,

(ii) the day on which the taxpayer's or his legal representative's return for that subsequent taxation year was filed,

(iii) if an amended return of the taxpayer's income for the year or a prescribed form amending his return for the year was filed in accordance with subsection 49(4) of the federal Act or section 17(7) or 28(8) of this Act, the day on which the amended return or prescribed form was filed, and

(iv) if, as a consequence of a request in writing, the Provincial Treasurer reassessed the taxpayer's tax for the year to take into account the deduction or exclusion, the day on which the request was made.

44 Section 28(3), (4), (7) and (7.2) presently read:

(3) If under this section an amount paid on account of a taxpayer's tax under this Act for a taxation year is refunded or repaid, or applied to another liability, the Provincial Treasurer shall pay or apply interest on the amount at the rate prescribed for the purposes of subsection 164(3) of the federal Act for the period beginning on the day that is the latest of the following days:

(a) the day on or before which the taxpayer's return under this Act for the year was required to be filed under section 15 or would have been required to be so filed if tax under this Act were payable by him for the year,

(b) the day on which the taxpayer's return under this Act for the year was filed under section 15, unless the return was filed on or before the day on or before which it was required to be filed, or would have been required to be filed if tax under this Act were payable by him for the year,

(d) in subsection (7.2) by striking out “or” at the end of clause (e), by adding “or” at the end of clause (e.1) and by adding the following after clause (e.1):

(e.2) the deduction of an amount under subsection 120.2(2) of the federal Act in respect of his minimum tax for a subsequent taxation year,

(2) Subsection (1)(a) and (b) apply after December 31, 1986, except that interest is not payable under section 28(3) of the Alberta Income Tax Act as amended by subsection (1)(a) for any part of a period before January 1, 1987 on an amount refunded or repaid in respect of interest or a penalty paid by a taxpayer.

(3) Subsection (1)(c) and (d) apply to 1984 and subsequent taxation years.

(c) in the case of a refund of an overpayment, the day the overpayment arose, and

(d) in the case of a repayment of tax in controversy, the day an overpayment equal to the amount of the repayment would have arisen if the tax payable by the taxpayer under this Act for the year were the amount by which

(i) the lesser of the amount paid on account of his tax payable under this Act for the year and the amount assessed by the Provincial Treasurer as tax payable under this Act by the taxpayer for the year

exceeds

(ii) the amount repaid,

and ending on the day the amount is refunded, repaid or applied, unless the amount of the interest so calculated is less than \$1, in which event no interest shall be paid or applied under this subsection.

(4) If at any particular time interest has been paid to, or applied to a liability of, a taxpayer pursuant to subsection (3) in respect of the repayment of tax in controversy made to, or applied to a liability of, the taxpayer and it is determined at a subsequent time that the repayment or a part of it is payable by the taxpayer under this Act, the following rules apply:

(a) the interest so paid or applied on that part of the repayment that is determined at the subsequent time to be payable by the taxpayer under this Act shall be deemed to be an amount, in this subsection referred to as the "interest excess", that became payable under this Act by the taxpayer at the particular time;

(b) the taxpayer shall pay to the Provincial Treasurer interest at the rate prescribed for the purposes of subsection 164(4) of the federal Act on the interest excess computed from the particular time to the day of payment;

(c) the Provincial Treasurer may at any time assess the taxpayer in respect of the interest excess and, if the Provincial Treasurer makes such an assessment, the provisions of this Act are applicable in respect of the assessment as if it had been made under section 17.

(7) For the purpose of computing interest under subsection (3), the portion of any overpayment of the tax payable by a taxpayer, other than a corporation to which subsection (7.1) applies, for a taxation year that arose as a consequence of

(a) repealed 1986 c5 s15,

(b) the deduction of an amount under section 41 of the federal Act in respect of his listed-personal-property loss for a subsequent taxation year,

(c) the exclusion of an amount from his income for the year by virtue of section 49 of the federal Act in respect of the exercise of an option in a subsequent taxation year,

(d) the deduction of an amount under section 110 of the federal Act in respect of a gift made in a subsequent taxation year or under section 111 of the federal Act in respect of a loss for a subsequent taxation year,

(e) the deduction of an amount under subsection 127.3(1) of the federal Act in respect of his unused scientific research tax credit for a subsequent taxation year, or

(e.1) the deduction of an amount in computing his income for the year by virtue of an election for a subsequent taxation year under subsection (8) by his legal representative,

shall be deemed to have arisen on the day that is the latest of

(f) the first day immediately following that subsequent taxation year,

(g) the day on which the taxpayer's or his legal representative's return for that subsequent taxation year was filed,

(h) if an amended return of the taxpayer's income for the year or a prescribed form amending his return for the year was filed under subsection 49(4) of the federal Act or section 17(7) or 28(8) of this Act, the day on which the amended return or prescribed form was filed, and

(i) if, as a consequence of a request in writing, the Provincial Treasurer reassessed the taxpayer's tax for the year to take into account the deduction or exclusion, the day on which the request was made.

(7.2) If a repayment made under subsection (1.1) or (4.1) or an amount applied under subsection (2) in respect of a repayment, or a part of a repayment, may reasonably be regarded as being in respect of a claim made by a taxpayer in an objection to or appeal from an assessment of tax for a taxation year for

(a) repealed 1986 c5 s15,

(b) the deduction of an amount under section 41 of the federal Act in respect of his listed-personal-property loss for a subsequent taxation year,

(c) the exclusion of an amount from his income for the year by virtue of section 49 of the federal Act in respect of the exercise of an option in a subsequent taxation year,

(d) the deduction of an amount under section 110 of the federal Act in respect of a gift made in a subsequent taxation year or under section 111 of the federal Act in respect of a loss for a subsequent taxation year,

(e) the deduction of an amount under subsection 127.3(1) of the federal Act in respect of his unused scientific research and experimental development tax credit for a subsequent taxation year, or

(e.1) the deduction of an amount in computing his income for the year by virtue of an election for a subsequent taxation year under subsection (8) by his legal representative,

interest shall not be paid or applied on the repayment for any part of a period that is before the latest of

(f) the first day immediately following that subsequent taxation year,

(g) the day on which the taxpayer's or his legal representative's return for that subsequent taxation year was filed,

(h) if an amended return of the taxpayer's income for the year or a prescribed form amending his return for the year was filed under subsection 49(4) of the federal Act or section 17(7) or 28(8) of this Act, the day on which the amended return or prescribed form was filed, and

(i) if, as a consequence of a request in writing, the Provincial Treasurer reassessed the taxpayer's tax for the year to take into account the deduction or exclusion, the day on which the request was made.

45(1) Section 30(2)(a) is amended by striking out “or” at the end of subclause (ii), by adding “or” at the end of subclause (iii) and by adding the following after subclause (iii):

(iv) the flat rate tax payable pursuant to section 3.04 for the taxation year based on the taxable income as determined in accordance with and for the purposes of the federal Act,

(2) Subsection (1) applies to 1987 and subsequent taxation years.

46(1) Section 37(1) is amended by adding the following after clause (b):

(b.1) requiring an individual to provide his name, address and Social Insurance Number to a qualified dealer under section 13.1 who is required under section 13.1(16) to send to the Minister of National Revenue a copy of the statement of investment provided to the individual;

(2) Subsection (1) applies to statements of investment for the 1987 and subsequent taxation years.

47(1) Section 44(8) is amended by adding “or section 44.1 or 49” after “this section”.

(2) Subsection (1) applies to taxation years beginning after 1983.

PART 3

ALBERTA INCOME TAX AMENDMENT ACT, 1982

48 The Alberta Income Tax Amendment Act, 1982 is amended by this Part.

49 Section 3 is amended by adding the following after subsection (1):

(1.1) Section 12 of the Alberta Income Tax Act is repealed with respect to 1982 and subsequent taxation years.

45 Section 30(2) presently reads:

(2) An appeal from an assessment under this Act may be taken in respect of any question relating,

(a) in the case of an individual, to the determination of

(i) his residence for the purposes of this Act,

(ii) his income earned in the taxation year in Alberta as defined in section 3(4)(a), or

(iii) the amount of tax payable for a taxation year based on the tax payable under the federal Act for that year as defined in section 3(4)(d),

and

(b) in the case of a corporation, to the determination of

(i) its taxable income earned in the year in Alberta as defined in section 5(2), or

(ii) the amount of tax payable for a taxation year based on the taxable income of the corporation for that year,

but no appeal from an assessment lies in respect of the computation of the tax payable under the federal Act as defined in section 3(4)(d) or of the taxable income of a corporation.

46 Section 37(1) presently reads:

37(1) The Lieutenant Governor in Council may make regulations

(a) prescribing anything that, by this Act, is to be prescribed or is to be determined or regulated by regulation;

(b) providing in any case of doubt the circumstances in which, and extent to which, the federal regulations apply;

(c) generally to carry out the purposes and the provisions of this Act.

47 Section 44(8) presently reads:

(8) The Provincial Treasurer may assess any person for any amount that has been deducted or withheld by that person under this Act or the regulations or that is payable by that person under this section and, on his sending a notice of assessment to that person, Divisions I and J of Part I of the federal Act apply, with all necessary modifications.

48 This Part will amend chapter 3 of the Statutes of Alberta, 1982.

49 Section 3 presently reads:

3(1) Section 12 is amended

(a) in subsection 2 by adding "but subsection (3) shall not apply to entitle a taxpayer to a royalty tax credit with respect to attributed Alberta royalty income of a business whose fiscal year ends after 1981" after "fiscal period of that business";

(b) by repealing subsection (3) and substituting the following:

(3) Subject to this section and the regulations, an individual who has attributed Alberta royalty income in a taxation year is entitled

to a royalty tax credit for that taxation year in an amount equal to the lesser of

(a) the aggregate of 25% of the individual's attributed Alberta royalty income for the year and 50% of that portion of the individual's attributed Alberta royalty income that arose in the taxation year from royalties receivable or payable after August 31, 1981, and

(b) the aggregate of

(i) the lesser of

(A) \$1 000 000, and

(B) that proportion of \$1 000 000 that the number of days after May 6, 1974 in the taxation year bears to 365, and

(ii) the lesser of

(A) \$3 000 000, and

(B) that proportion of \$3 000 000 that the number of days after August 31, 1981 in the taxation year bears to 365.

(c) by repealing subsection (4)(c) and substituting the following:

(c) 25% of the corporation's attributed Alberta royalty income, in the case of the 1976 and subsequent taxation years ending before September 1, 1981,

(d) by adding the following after subsection (4):

(4.1) Notwithstanding subsection (4)(c), if a corporation has attributed Alberta royalty income in a taxation year, part of which is before September 1, 1981 and part of which is after August 31, 1981, or has attributed Alberta royalty income in a taxation year ending before September 1, 1981 when it is associated with another corporation in a taxation year of the other corporation, part or all of which is after August 31, 1981, it is entitled to a royalty tax credit for the year in an amount equal to the aggregate of

(a) the lesser of

(i) 25% of the corporation's attributed Alberta royalty income for the year, and

(ii) the maximum allowable credit for the taxation year

and

(b) the lesser of

(i) 50% of the corporation's attributed Alberta royalty income for the period in the year after August 31, 1981, and

(ii) the additional maximum allowable credit for the taxation year.

(e) in subsection (6) by striking out "subsection (4)" and substituting "subsections (4) and (4.1)(a)";

(f) by adding the following after subsection (6.1):

(6.2) For the purposes of subsection (4.1)(b), the additional maximum allowable credit for the taxation year is the lesser of

(a) \$3 000 000, and

(b) that proportion of \$3 000 000 that the number of days in the taxation year after August 31, 1981 bears to 365.

(6.3) For the purposes of subsections (7) and (8), the additional maximum allowable credit of a group of associated corporations for taxation years ending in the same calendar year is the lesser of

(a) \$3 000 000, and

(b) that proportion of \$3 000 000 that the number of days after August 31, 1981 in the taxation year of the corporation in the group whose taxation year contains the greatest number of days after August 31, 1981 bears to 365.

(g) by repealing subsections (7) and (8) and substituting the following:

(7) If 2 or more associated corporations are entitled to a royalty tax credit for taxation years ending in the same calendar year and with respect to the royalty tax credits to which those corporations would be entitled for the taxation year, but for this subsection, either the aggregate of the amounts determined under subsection (4.1)(a)(i) exceeds the aggregate of the maximum allowable credits for the year or the aggregate of the amounts determined under subsection (4.1)(b)(i) exceeds the aggregate of the additional maximum allowable credits for the year, the royalty tax credit for each of those corporations for that taxation year shall be the aggregate of that proportion of the maximum allowable credit of the group of associated corporations determined under subsection (6.1) and that proportion of the additional maximum allowable credit of the group of associated corporations determined under subsection (6.3) allocated to the corporation by an agreement made among those corporations that sets out the proportions in which the maximum allowable credit and the additional maximum allowable credit are to be allocated among them.

(8) An agreement referred to in subsection (7) shall be filed with the Provincial Treasurer but if no agreement is filed within 30 days after notice in writing by the Provincial Treasurer has been forwarded to any of the associated corporations that such an agreement is required for the purposes of this section, the royalty tax credit of an associated corporation shall be the aggregate of the maximum allowable credit and the additional maximum allowable credit allocated to the corporation under subsection (8.1).

(8.1) For the purposes of subsection (8), the Provincial Treasurer shall allocate to 1 or more of the associated corporations

(a) a maximum allowable credit, but the aggregate of the maximum allowable credits allocated shall not exceed the maximum allowable credit of the group of associated corporations determined under subsection (6.1), and

(b) an additional maximum allowable credit, but the aggregate of the additional maximum allowable credits allocated shall not exceed the additional maximum allowable credit of the group of associated corporations determined under subsection (6.3).

(2) Subsection (1) applies to the 1981 taxation year.

PART 4
CONSEQUENTIAL AMENDMENTS

50(1) The Insurance Corporations Tax Act is repealed.

(2) Subsection (1) applies to 1987 and subsequent taxation years as defined in section 86(1)(i) of the Alberta Corporate Income Tax Act as enacted by Part 1 of this Act.

(3) Notwithstanding subsection (1), the Insurance Corporations Tax Act applies in respect of 1986 and preceding taxation years as defined in section 1(1)(c) of that Act as if Part 9 of the Alberta Corporate Income Tax Act as enacted by Part 1 of this Act had not come into force.

51 Section 19 of the Fire Prevention Act is amended

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

(2.1) The reference in subsection (2) to "1/3" shall be deemed to be a reference to "1/12" in respect of premium receipts and assessments for the 1987 calendar year.

(2.2) Subsection (2) does not apply in respect of premium receipts and assessments for the 1988 and subsequent calendar years.

(b) by adding the following after subsection (4):

(4.1) The reference in subsection (4) to "1/3" shall be deemed to be a reference to "1/12" in respect of premiums paid in 1987.

(4.2) Subsection (4) does not apply in respect of premiums paid after 1987.

52 The Insurance Act is amended by repealing section 220(9) and substituting the following:

(9) Any insurer who contravenes or fails to comply with this section, or who fails to make a return and pay the taxes prescribed under the Alberta Corporate Income Tax Act, is guilty of an offence and liable in addition to any other penalty to suspension or cancellation of its certificate or licence.

50 Repeals chapter I-6 of the Revised Statutes of Alberta 1980.

51 Amends chapter F-10.1 of the Statutes of Alberta, 1982.

52 Amends chapter I-5 of the Revised Statutes of Alberta 1980.