

2000 BILL 19

Fourth Session, 24th Legislature, 49 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 19

**ALBERTA INCOME TAX
AMENDMENT ACT, 2000**

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 19

2000

ALBERTA INCOME TAX AMENDMENT ACT, 2000

(Assented to _____, 2000)

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

Amends RSA
1980 cA-31

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

2 Section 1(1) is amended

(a) in clause (f)(ii) by striking out “Deputy Minister of
National Revenue for Taxation” and substituting
“Commissioner of Customs and Revenue”;

(b) in clause (v.1) by striking out “10.”.

3 Section 2(2) and (3) are repealed.

**4 Section 3(7) is amended by striking out “and section
5(3)(b)”.**

Explanatory Notes

1 Amends chapter A-31 of the Revised Statutes of Alberta 1980.

2 Section 1(1) presently reads in part:

1(1) In this Act,

(f) "deputy head" means,

(ii) if a collection agreement is entered into, the Deputy Minister of National Revenue for Taxation;

(v.1) "refundable tax credit" means a tax credit to which an individual is entitled under section 10, 12 or 12.1;

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

(2) An income tax shall be paid as hereinafter required for each taxation year by every corporation that maintained a permanent establishment in Alberta at any time in the year.

(3) This Act does not apply to the taxation year of a corporation if that taxation year commences after December 31, 1980.

4 Section 3(7) presently reads:

(7) For the purposes of subsection (6) and section 5(3)(b), the non-business-income tax paid by a taxpayer to the government of

5 Section 3.03 is amended by adding the following after subsection (2):

(3) This section applies to the 1987 and subsequent taxation years, up to and including the 1999 taxation year.

6 The heading preceding section 5 and section 5 are repealed.

a country other than Canada in respect of his income for a year is the non-business-income tax paid by him to the government of that country as computed under paragraph 126(7)(c) of the federal Act for the purposes of that Act.

5 Surtax ends after 1999.

6 The heading preceding section 5 and section 5 presently read:

Corporation Income Tax

5(1) The tax payable by a corporation under this Act for a taxation year is 11% of the corporation's taxable income earned in the year in Alberta.

(2) In this section,

(a) "taxable income earned in the year" means the aggregate of the taxable income earned in the year in each province by a corporation as determined in accordance with regulations made under paragraph 124(4)(a) of the federal Act;

(b) "taxable income earned in the year in Alberta" means the taxable income earned in the year in Alberta by a corporation as determined in accordance with regulations made under paragraph 124(4)(a) of the federal Act.

(3) If the income for a taxation year of a corporation that maintained a permanent establishment in Alberta at any time in the taxation year includes income described in subparagraph 126(1)(b)(i) of the federal Act from sources in a country other than Canada (in this section referred to as "foreign investment income") and if the corporation has claimed a deduction under subsection 126(1) of the federal Act in respect of the foreign investment income, the corporation may deduct from the tax for the year otherwise payable under this Act an amount equal to the lesser of

(a) 11% of the product of

(i) the foreign investment income of the corporation for the year from sources in the country, and

(ii) that proportion of the taxable income earned in the year by the corporation that is determined to have been earned in the year in Alberta in

7 The heading preceding section 8 is amended by striking out “and Corporations”.

8 Section 9 is repealed.

accordance with regulations made under paragraph 124(4)(a) of the federal Act,

and

(b) that proportion of the amount by which that part of any non-business-income tax paid by the corporation for the year to the government of a country other than Canada (except any tax or part thereof that may reasonably be regarded as having been paid in respect of income from a share of the capital stock of a foreign affiliate of the corporation) exceeds the amount of the deduction claimed by the corporation under subsection 126(1) of the federal Act that

(i) the taxable income earned in the year in Alberta by the corporation as determined in accordance with regulations made under paragraph 124(4)(a) of the federal Act

is of

(ii) the aggregate of the taxable income earned in the year in each province by the corporation as determined in accordance with regulations made under paragraph 124(4)(a) of the federal Act.

(4) If the income of a corporation for a taxation year includes income from sources in more than one country other than Canada, subsection (3) shall be read as providing for separate deductions in respect of each of the countries other than Canada.

7 The heading preceding section 8 presently reads:

Mutual Fund Trusts and Corporations

8 Section 9 presently reads:

9(1) When an amount is to be refunded to a mutual fund corporation in respect of a taxation year, pursuant to section 131 of the federal Act, the Provincial Treasurer shall, subject to subsection (2), at the time and in the manner provided in section 131 of the federal Act, refund to the corporation 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 131(2) of the federal Act that

(a) the percentage referred to in section 5(1) of this Act for the year

is of

9 The heading preceding section 10 and section 10 are repealed.

10 Section 11(1)(f)(i)(B) is repealed.

(b) the percentage referred to in subparagraph 131(6)(d)(i) of the federal Act for the year.

(2) For the purpose of computing the capital gains refund under subsection (1) for a mutual fund corporation in respect of a taxation year, if

(a) the mutual fund corporation's taxable income earned in the year in Alberta

is less than

(b) the mutual fund corporation's taxable income for the year,

the refund shall be that proportion of the capital gains refund for the year, otherwise determined under subsection (1), that the amount determined under clause (a) is of the amount determined under clause (b).

(3) Instead of making a refund that might otherwise be made under subsection (1), the Provincial Treasurer may, when the mutual fund corporation is liable or about to become liable to make any payment under this Act, apply the amount that would otherwise be refunded to that other liability and notify the corporation of that action.

(4) In this section,

(a) "mutual fund corporation" has the same meaning as in section 131 of the federal Act and includes an investment corporation within the meaning of subsection 130(2) of the federal Act;

(b) "taxable income earned in the year" has the same meaning as in section 5;

(c) "taxable income earned in the year in Alberta" has the same meaning as in section 5.

9 Repeals the renter assistance credits.

10 Section 11(1)(f)(i)(B) presently reads:

11(1) In this section,

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

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

11 The heading preceding section 13.1 and section 13.1 are repealed.

12(1) Section 13.2 is repealed and the following is substituted:

Interpretation

13.2 In sections 13.3 to 13.8,

- (a) “adjusted earned income” of an individual for a taxation year means the total of all amounts each of which is the earned income for the year of the individual or of the person who was the individual’s cohabiting spouse at the end of the year;
- (b) “adjusted income”, “base taxation year”, “cohabiting spouse”, “eligible individual”, “qualified dependant” and “return of income” have the same meanings as in section 122.6 of the federal Act;
- (c) “earned income” of an individual for a taxation year has the meaning assigned by subsection 63(3) of the federal Act;
- (d) “overpayment” means an amount that an individual is deemed under section 13.3 to have overpaid.

(2) Subsection (1) is deemed to have come into force on June 18, 1998.

13 Section 13.4 is amended

- (a) by adding “and (3.1)” after “122.61(3)”;
- (b) by striking out “(6), (7) and (8)” and substituting “(6) and (7)”.

14 Section 13.5(2) is amended by striking out “122.62(6) or (7)” and substituting “122.62(5) or (6)”.

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

11 Repeals the Alberta stock savings plan tax credit.

12 Section 13.2 presently reads:

13.2 In sections 13.3 to 13.8,

(a) “adjusted earned income”, “adjusted income”, “base taxation year”, “cohabiting spouse”, “earned income”, “eligible individual”, “qualified dependant” and “return of income” have the same meanings as in section 122.6 of the federal Act;

(b) “overpayment” means an amount that an individual is deemed under section 13.3 to have overpaid.

13 Section 13.4 presently reads:

13.4 Subsections 122.61(3) and 122.62(1), (2), (4), (5), (6), (7) and (8) of the federal Act apply in respect of an overpayment.

14 Section 13.5(2) presently reads:

(2) The Provincial Treasurer may waive the requirement for an individual’s cohabiting spouse to file a return of income under subsection (1) if the individual has made an election under subsection 122.62(6) or (7) of the federal Act.

15 The heading preceding section 14 and section 14 are repealed.

16 Section 30(2)(b) is repealed.

17 Section 37(1)(b.1) is repealed.

18 Section 57(18) is amended

(a) by striking out “Deputy Minister of the Department of National Revenue for Taxation” **and substituting** “Commissioner of Customs and Revenue”;

(b) by striking out “official of the Department of National Revenue” **and substituting** “official of the Canada Customs and Revenue Agency”.

15 Repeals the small business deduction.

16 Section 30(2)(b) presently reads:

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

(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.

17 Section 37(1)(b.1) presently reads:

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

(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;

18 Section 57(18) presently reads:

(18) If a collection agreement is entered into, any document or certificate that is executed or issued by the Minister, the Deputy Minister of the Department of National Revenue for Taxation, or an official of the Department of National Revenue on behalf or in place of the Provincial Treasurer, his deputy or an officer of his Department, shall be deemed, for all purposes of this Act, to be executed or issued by the Provincial Treasurer, his deputy or an officer of his Department, as the case may be.

19 Section 58(4) is amended by striking out “Deputy Minister of National Revenue for Taxation of Canada” and substituting “Commissioner of Customs and Revenue”.

19 Section 58(4) presently reads:

(4) When a collection agreement is entered into, the Deputy Minister of National Revenue for Taxation of Canada may

- (a) employ all the powers and perform the duties of the Minister and exercise any discretion that the Minister has under subsection (3) or otherwise under this Act, and*
- (b) designate officers of his department to carry out functions, duties and powers that are similar to those that are exercised by them on his behalf under the federal Act.*