

2001 BILL 8

First Session, 25th Legislature, 50 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 8

ALBERTA CORPORATE TAX AMENDMENT ACT, 2001

MR. McCLELLAND

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 8
Mr. McClelland

BILL 8

2001

ALBERTA CORPORATE TAX AMENDMENT ACT, 2001

(Assented to , 2001)

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

Amends RSA
1980 cA-17

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

2 Section 1 is amended

(a) by repealing subsection (2)(g.3);

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

(2.1) For the purposes of this Act, a reference to the Minister of National Revenue, the Minister or the Deputy Minister of National Revenue is to be read as including a reference to the Commissioner of the Canada Customs and Revenue Agency established under the *Canada Customs and Revenue Agency Act* (Canada).

Explanatory Notes

1 Amends chapter A-17 of the Revised Statutes of Alberta 1980.

2 Section 1(2) presently reads:

(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;

(b) "amount taxable in Alberta" means the amount taxable determined in accordance with Part 4;

(b.1) "balance-due day" of a corporation for a taxation year means the day on or before which the corporation is required under section 38 to pay the remainder of its tax payable under Part 5 for the year or would be so required if such a remainder were payable;

(c) "court" means the Court of Queen's Bench;

(d) "federal Act" means the Income Tax Act (Canada) and includes any rules of application that are contained in any Act of the Parliament of Canada that amends the Income Tax Act (Canada);

(d.1) "federal assessment action" means any of the following actions taken by the Minister of National Revenue under the federal Act:

- (i) *an assessment, reassessment or additional assessment of tax, interest or penalties;*
- (ii) *a determination or redetermination of a loss or an amount;*
- (iii) *a confirmation of an assessment, reassessment or additional assessment of tax, interest or penalties or of a determination or redetermination of a loss or an amount;*
- (e) *“jurisdiction” means a province of Canada or a country or political subdivision of a country;*
- (e.1) *“federal regulation” means a regulation, as amended from time to time, made under the federal Act;*
- (f) *“permanent establishment” means a fixed place of business of the corporation, including an office, a branch, a mine, an oil well, a farm, a timber land, a factory, a workshop or a warehouse, and*
 - (i) *if the corporation does not have any fixed place of business it means the principal place in which the corporation’s business is conducted,*
 - (ii) *if a corporation carries on business through an employee or agent, established in a particular place, who has general authority to contract for his employer or principal or who has a stock of merchandise owned by his employer or principal from which he regularly fills orders which he receives, the corporation shall be deemed to have a permanent establishment in that place,*
 - (iii) *an insurance corporation is deemed to have a permanent establishment in each province and country in which the corporation is registered or licensed to do business,*
 - (iv) *if a corporation, otherwise having a permanent establishment in Canada, owns land in a province, that land shall be deemed to be a permanent establishment,*
 - (v) *if a corporation uses substantial machinery or equipment in a particular place at any time in a taxation year it shall be deemed to have a permanent establishment in that place,*
 - (vi) *the fact that a corporation has business dealings through a commission agent, broker or other independent agent or maintains an office solely for the purchase of merchandise shall not of itself be held to mean that the corporation has a permanent establishment, and*

3 Section 2(6) is amended by striking out “An” and substituting “Subject to sections 14.1, 14.2, 14.3, 16.1 and 16.2, an”.

- (vii) *the fact that a corporation has a subsidiary controlled corporation in a place or a subsidiary controlled corporation engaged in trade or business in a place shall not of itself be held to mean that the corporation is operating a permanent establishment in that place;*
- (g) *“prescribed” means*
 - (i) *with respect to a form, the information to be given on a form or the manner of filing a form, authorized by the Provincial Treasurer,*
 - (i.1) *with respect to the manner of making or filing an election, authorized by the Provincial Treasurer, or*
 - (ii) *in any other case, prescribed by regulation;*
- (g.1) *“refundable tax credit” means a tax credit to which a corporation is entitled under Part 6;*
- (g.2) *“royalty tax credit” means a tax credit to which a corporation is entitled under section 26.1;*
- (g.3) *“royalty tax credit gas supplement” means a tax credit to which a corporation is entitled under section 26.2;*
- (h) *“royalty tax deduction” means the royalty tax deduction determined in accordance with section 20(3);*
- (h.1) *“specified future tax consequence” for a taxation year means specified future tax consequence as defined in subsection 248(1) of the federal Act, except that the following replaces paragraph (a) of that definition:*
 - (a) *the consequence of the deduction or exclusion of an amount referred to in section 39(3)(a) of the Alberta Corporate Tax Act, and;*
 - (i) *“tax payable” with respect to a corporation, means the tax payable by that corporation as fixed by assessment or reassessment and subject to variation or objection or on appeal;*
 - (j) *“taxable income” means the income of a corporation calculated in accordance with Part 3.*

3 Section 2(6) presently reads:

(6) An election or designation by a corporation that may be made under the federal Act may be filed with the Provincial Treasurer and if so filed the rules respecting that election or designation in the federal Act apply but, in the event that the election or designation is not filed with the Provincial Treasurer, the Provincial Treasurer shall accept an election or designation made under the federal Act and the provisions of the federal Act imposing penalties for late filing

4 Section 6 is amended by striking out “The” and substituting “Subject to sections 6.1 and 6.2, the”.

of elections or designations are not applicable for the purposes of this Act.

4 Section 6 presently reads:

6 The income of a corporation for a taxation year is its income for the year determined by the following rules:

(a) determine the aggregate of amounts each of which is the corporation's income for the year (other than a taxable capital gain from the disposition of a property) from a source inside or outside Canada, including, without restricting the generality of the foregoing, its income for the year from each business and property;

(b) determine the amount, if any, by which

(i) the aggregate of its taxable capital gains for the year from dispositions of property other than listed personal property, and its taxable net gain for the year from dispositions of listed personal property,

exceeds

(ii) the amount, if any, by which its allowable capital losses for the year from dispositions of property other than listed personal property exceed its allowable business investment losses for the year;

(c) determine the amount, if any, by which the aggregate determined under clause (a) plus the amount determined under clause (b) exceeds the aggregate of the deductions permitted by Division 4 of this Part in computing the corporation's income for the year (except such of or such part of those deductions, if any, as have been taken into account in determining the aggregate referred to in clause (a));

(d) determine the amount, if any, by which the remainder determined under clause (c) exceeds the aggregate of amounts each of which is its loss for the year from a business or property or its allowable business investment loss for the year;

and for the purposes of this Act,

(e) where an amount is determined under clause (d) for the year in respect of the corporation, the corporation's income for the year is the amount so determined, and

(f) in any other case, the corporation shall be deemed to have income for the year in an amount equal to zero.

5 The following is added after section 6:

Cost amount
of property

6.1 Where the cost amount of property owned by a corporation is relevant in the computation of income for the purposes of this Act, the cost amount, for the purposes of this Act, of any property owned by the corporation at the time it establishes a permanent establishment in Alberta is deemed to be the cost amount of such property, at that time, for purposes of the computation of income under the federal Act.

Rules for
depreciable
property

6.2 Where the property referred to in section 6.1 is depreciable property and the capital cost of such property to the corporation immediately prior to the time the corporation establishes a permanent establishment in Alberta exceeds the cost amount of such property as determined under section 6.1, for the purposes of applying those sections of this Act that make applicable for the purposes of this Act sections 13 and 20 of the federal Act and any federal regulations made for the purposes of paragraph 20(1)(a) of the federal Act,

- (a) the capital cost of the property to the corporation is deemed to be the capital cost to the corporation of the property for the purposes of the federal Act immediately prior to the time it established a permanent establishment in Alberta, and
- (b) the excess is deemed to have been deducted by the corporation under the sections of this Act that make applicable paragraph 20(1)(a) of the federal Act.

6(1) Section 8 is amended by adding the following after subsection (2.2):

(2.3) In determining the income of a corporation for a taxation year, taxes imposed by another province or territory of Canada and computed by reference to the amount of a corporation's capital are not deductible for the purposes of this Act.

(2) This section applies to taxation years beginning after March 31, 2001.

7 The following is added after section 8.3:

5 Cost amount of property.

6 Deductions of capital tax from other Provinces and Territories.

7 Federal transfer pricing rules.

Federal
transfer pricing
rules

8.4(1) Section 247, except subsections (3) and (11), of the federal Act applies in computing income for the purposes of this Act.

(2) This section applies to taxation years and fiscal periods that begin after 1997.

8 Section 12(2) is amended by striking out “Subsection 67.5(2) of the federal Act does” **and substituting** “Subsections 67.5(2) and 69(12) of the federal Act do”.

9(1) Section 14 is amended

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

Computation
of income of
corporations

14(1) Subject to subsections (2), (3), (3.01), (3.02), (3.1), (3.2) and (4) and sections 14.1, 14.2 and 14.3, subdivision h of Division B of Part I of the federal Act applies for the purposes of this Act.

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

(3.01) Section 86.1 of the federal Act, except subsection (5), applies for the purposes of this Act if the information and the election required to be filed with the federal Minister are also filed with the Minister of Revenue within the time period set out in section 86.1 of the federal Act.

(3.02) Where the cost amount to the corporation of the original shares referred to in subsection 86.1(3) of the federal Act is different for the purposes of this Act than for the purposes of the federal Act, the information filed with the Minister of Revenue under subsection (3.01) of this section must include the cost adjustment calculation described in subsection 86.1(3) of the federal Act using the cost amount to the corporation of the original shares calculated for the purposes of this Act.

(2) Subsection (1) applies to distributions received after 1997, except that

(a) information referred to in paragraph 86.1(2)(e) of the federal Act, as it applies for the purposes of the *Alberta Corporate Tax Act*, is deemed to be provided to the Minister of Revenue on a timely basis if it is filed with the Minister of Revenue before the day that

8 Section 12(2) presently reads:

(2) Subsection 67.5(2) of the federal Act does not apply for the purposes of this Act.

9 Section 14(1) presently reads:

14(1) Subject to subsections (2), (3), (3.1), (3.2) and (4), subdivision h of Division B of Part I of the federal Act applies for the purpose of this Act.

is 90 days after the day on which section 86.1 of the federal Act comes into force, and

- (b) the election referred to in paragraph 86.1(2)(f) of the federal Act, as it applies for the purposes of the *Alberta Corporate Tax Act*, is deemed to be filed on a timely basis if it is filed with the Minister of Revenue before the day that is 90 days after the day on which section 86.1 of the federal Act comes into force.

(3) This section applies only if the proposal to enact, with or without amendments, section 86.1 of the federal Act as contained in the Ways and Means Motion tabled in the House of Commons on December 21, 2000 is enacted by the Parliament of Canada.

10 The following is added after section 14:

Transfer of
property to a
corporation

14.1(1) Subsection 85(1) of the federal Act applies in respect of the transfer of property to a corporation for the purposes of this Act only if

- (a) a valid federal election has been made under subsection 85(1) of the federal Act in respect of the transfer of that property, and
- (b) a copy of the prescribed federal election form filed under the federal Act is filed with the Minister of Revenue in accordance with section 14.3 of this Act.

(2) Subject to subsection (3), where subsection 85(1) of the federal Act applies for the purposes of this Act in respect of the transfer of property from a corporation, the amount deemed to be the proceeds of disposition of the property to the corporation disposing of the property and the cost of the property to the corporation acquiring the property for the purposes of the federal Act is the amount to be deemed for the purposes of this Act.

(3) If

- (a) the corporation disposing of the property was a qualified party for the taxation year in which it disposed of the property, and

10 Transfer of property to a corporation. Transfer of property from a partnership. Filing of election form,

- (b) the corporation acquiring the property was a qualified party for the taxation year in which it acquired the property and throughout all of its taxation years beginning in the 36 months subsequent to the end of the taxation year in which it acquired the property,

the corporation disposing of the property and the corporation acquiring the property may, for the purposes of this Act, jointly elect in the prescribed form and in accordance with section 14.3(3) an amount under subsection (4) to be the proceeds of disposition of the property to the corporation disposing of the property and the cost of the property to the corporation acquiring the property.

(4) For the purposes of an election under subsection (3), one of the following may be elected:

- (a) the amount deemed to be the proceeds of disposition and the cost of the property under the federal Act;
- (b) the amount equal to the amount in clause (a) less the cost amount of the property for the purposes of the computation of income under the federal Act, plus the cost amount of the property for the purposes of the computation of income under this Act, both determined immediately before the disposition to which the election relates;
- (c) an amount that is greater than the lesser of the amounts described in clauses (a) and (b), but less than the greater of the amounts described in clauses (a) and (b).

(5) For the purposes of subsection (3), a qualified party is a corporation whose Alberta allocation factor for the particular taxation year, as determined by section 19(1), is at least 90%.

Transfer of
property from
a partnership

14.2(1) Subsection 85(2) of the federal Act applies in respect of the transfer of property to a corporation from a partnership for the purposes of this Act only if

- (a) a valid federal election has been made under subsection 85(2) of the federal Act in respect of the transfer of that property, and

- (b) a copy of the prescribed federal election form filed under the federal Act is filed with the Minister of Revenue in accordance with section 14.3 of this Act.

(2) Subject to subsection (3), where subsection 85(2) of the federal Act applies for the purposes of this Act and a corporation is a member of the partnership disposing of the property, the amount deemed to be the proceeds of disposition of the property to the partnership disposing of the property and the cost of the property to the corporation acquiring the property for the purposes of the federal Act is the amount to be deemed for the purposes of this Act.

(3) If

- (a) one or more of the members of the partnership disposing of the property is a corporation,
- (b) the partnership disposing of the property was a qualified party for the fiscal period in which it disposed of the property, and
- (c) the corporation acquiring the property was a qualified party for the taxation year in which it acquired the property and throughout all of its taxation years beginning in the 36 months subsequent to the end of the taxation year in which it acquired the property,

all of the members of the partnership disposing of the property and the corporation acquiring the property may, for the purposes of this Act, jointly elect in the prescribed form and in accordance with section 14.3(3) an amount under subsection (4) to be the proceeds of disposition of the property to the partnership disposing of the property and the cost of the property to the corporation acquiring the property.

(4) For the purposes of an election under subsection (3), one of the following may be elected:

- (a) the amount deemed to be the proceeds of disposition and the cost of the property under the federal Act;
- (b) the amount equal to the amount in clause (a) less the cost amount of the property for the purposes of the computation of income under the federal Act, plus the cost amount of the property for the purposes of the computation of income under this Act, both

determined immediately before the disposition to which the election relates;

- (c) an amount that is greater than the lesser of the amounts described in clauses (a) and (b), but less than the greater of the amounts described in clauses (a) and (b).

(5) For the purposes of subsection (3), a qualified party is

- (a) in the case of a corporation, a corporation whose Alberta allocation factor for the particular taxation year, as determined by section 19(1), is at least 90%, and
- (b) in the case of a partnership, a partnership which, if it were treated as a corporation having a taxation year corresponding to its fiscal period, would have an Alberta allocation factor for the particular taxation year, as determined by section 19(1), of at least 90%.

Filing of
election form

14.3(1) The copy of the prescribed federal election form to be filed with the Minister of Revenue under section 14.1(1) or 14.2(1) must be filed within the time limitations that apply for filing the prescribed federal election form under the federal Act.

(2) Subsections 85(7), 85(7.1), 85(8) and 85(9) of the federal Act apply for the purposes of the filing of the prescribed federal election form with the Minister of Revenue in accordance with subsection (1) except that in applying those subsections for the purposes of this Act, the penalties payable to the Minister of Revenue are 1/2 of the amounts described in those subsections.

(3) The election form referred to in sections 14.1(3) and 14.2(3) must be filed with the Minister of Revenue by the corporation that acquired the property at the time its income tax return is due for the last taxation year beginning in the 36-month period referred to in section 14.1(3)(b) or 14.2(3)(c), as the case may be.

11 Section 16 is repealed and the following is substituted:

11 Section 16 presently reads:

16 Subdivision j of Division B of Part I of the federal Act applies for the purposes of computing the income of a corporation.

Partnership

16 Subject to sections 16.1 and 16.2, subdivision j of Division B of Part I of the federal Act applies for the purposes of computing the income of a corporation.

12 The following is added after section 16:

Transfer of
property to a
partnership

16.1(1) Subsection 97(2) of the federal Act applies in respect of the transfer of property from a corporation to a partnership for the purposes of this Act only if

- (a) a valid federal election has been made under subsection 97(2) of the federal Act in respect of the transfer of that property, and
- (b) a copy of the prescribed federal election form filed under the federal Act is filed with the Minister of Revenue in accordance with section 16.2 of this Act.

(2) Subject to subsection (3), where subsection 97(2) of the federal Act applies for the purposes of this Act, the amount deemed to be the proceeds of disposition of the property to the corporation disposing of the property and the cost of the property to the partnership acquiring the property for the purposes of the federal Act is the amount to be deemed for the purposes of this Act.

(3) If

- (a) the corporation disposing of the property was a qualified party in the taxation year in which it disposed of the property,
- (b) one or more of the members of the partnership acquiring the property was a corporation, and
- (c) the partnership acquiring the property was a qualified party for the fiscal period in which the acquisition occurred and throughout all of its fiscal periods beginning in the 36 months subsequent to the end of the fiscal period in which it acquired the property,

the corporation disposing of the property and all of the members of the partnership acquiring the property may, for the purposes of this Act, jointly elect in the prescribed form and in accordance with section 16.2(3) an amount under subsection (4) to be the proceeds of disposition of the

12 Transfer of property to a partnership. Filing of election form.

property to the corporation disposing of the property and the cost of the property to the partnership acquiring the property.

(4) For the purposes of an election under subsection (3), one of the following may be elected:

- (a) the amount deemed to be the proceeds of disposition and the cost of the property under the federal Act;
- (b) the amount equal to the amount in clause (a) less the cost amount of the property for the purposes of the computation of income under the federal Act, plus the cost amount of the property for the purposes of the computation of income under this Act, both determined immediately before the disposition to which the election relates;
- (c) an amount that is greater than the lesser of the amounts described in clauses (a) and (b), but less than the greater of the amounts described in clauses (a) and (b).

(5) For the purposes of subsection (3), a qualified party is

- (a) in the case of a corporation, a corporation whose Alberta allocation factor for the particular taxation year, as determined by section 19(1), is at least 90%, and
- (b) in the case of a partnership, a partnership which, if it were treated as a corporation having a taxation year corresponding to its fiscal period, would have an Alberta allocation factor for the particular taxation year, as determined by section 19(1), of at least 90%.

Filing of
election form

16.2(1) The copy of the prescribed federal election form to be filed with the Minister of Revenue under section 16.1(1) must be filed within the time limitations that apply for filing the prescribed federal election form under the federal Act.

(2) Subsections 96(5), 96(5.1), 96(6) and 96(7) of the federal Act apply for the purposes of the filing of the prescribed federal election form with the Minister of Revenue in accordance with subsection (1) except that in applying those subsections for the purposes of this Act, the penalties payable to the Minister of Revenue are 1/2 of the amounts described in those subsections.

(3) The election form referred to in section 16.1(3) must be filed by all of the members of the partnership with the Minister of Revenue at the time when the income tax return is first due for a member of the partnership that is a corporation for its taxation year that includes the last fiscal period of the partnership beginning in the 36-month period referred to in section 16.1(3)(c).

13(1) Section 21 is amended by striking out “or” at the end of clause (d) and by repealing clause (e) and substituting the following:

- (e) beginning after March 31, 1991 and ending before April 1, 2001 is 15.5% of the amount taxable in Alberta for the year,
- (f) part of which is before April 1, 2001 and part of which is after March 31, 2001, is the aggregate of
 - (i) 15.5% of the proportion of the amount taxable in Alberta for the year that the number of days in the year before April 1, 2001 bears to the number of days in the year, and
 - (ii) 13.5% of the proportion of the amount taxable in Alberta for the year that the number of days in the year after March 31, 2001 bears to the number of days in the year,

or

- (g) beginning after April 1, 2001 is 13.5% of the amount taxable in Alberta for the year.

(2) This section applies after March 31, 2001.

14(1) Section 22 is amended

- (a) in subsection (2) by striking out “under section 21 for a taxation year” and substituting “under section 21 for a taxation year ending before April 1, 2001”;
- (b) by repealing subsection (2.1)(g) and substituting the following:
 - (g) for a taxation year beginning after March 31, 1991 and ending before April 1, 2001 is 9.5%.

13 Section 21 presently reads in part:

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

(d) part of which is before April 1, 1991 and part of which is after March 31, 1991 is the aggregate of

(i) 15% of the proportion of the amount taxable in Alberta for the year that the number of days in the year before April 1, 1991 bears to the number of days in the year, and

(ii) 15.5% of the proportion of the amount taxable in Alberta for the year that the number of days in the year after March 31, 1991 bears to the number of days in the year,

or

(e) beginning after March 31, 1991 is 15.5% of the amount taxable in Alberta for the year.

14 Section 22 presently reads in part:

(2) Subject to subsection (2.01), 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 small business allocation factor is multiplied by the applicable percentage for the taxation year 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

(c) by adding the following after subsection (2.1):

(2.11) Subject to subsection (2.13), there may be deducted from the tax payable under section 21 for a taxation year beginning before April 1, 2001 and ending after March 31, 2001 by a corporation that was, throughout the taxation year, a Canadian-controlled private corporation an amount equal to the product obtained by the multiplication of the following:

- (a) the small business allocation factor for the year;
- (b) 9.5%;
- (c) the proportion of the least of the following amounts that the number of days in the year before April 1, 2001 bears to the number of days in the year:
 - (i) the amount determined under subsection (2)(a);
 - (ii) the amount determined under subsection (2)(b);
 - (iii) the corporation's business limit for the year.

(2.12) Subject to subsection (2.13), there may be deducted from the tax payable under section 21 for a taxation year ending after March 31, 2001 by a corporation that was, throughout the year, a Canadian-controlled private corporation an amount equal to the product obtained by the multiplication of the following:

- (a) the small business allocation factor for the year;
- (b) 8.5%;
- (c) the proportion of the least of the following amounts that the number of days in the year after March 31, 2001 bears to the number of days in the year:
 - (i) the amount determined under subsection (2)(a);
 - (ii) the amount determined under subsection (2)(b);
 - (iii) 150% of the corporation's business limit for the year.

(2.13) No amount may be deducted

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) the aggregate of the amounts determined under subparagraphs 125(1)(b)(i) and (ii) of the federal Act,

(i.1) that part, if any, of the amount taxable in Alberta for the year that is not subject to income tax under this Act, and

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

and

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

(2.1) For the purposes of subsections (2) and (2.01), the applicable percentage

(g) for a taxation year beginning after March 31, 1991 is 9.5%.

- (a) under subsection (2.11) for a taxation year in excess of the product obtained when the proportion of the amount determined under section 20(2) that the number of days in the taxation year before April 1, 2001 bears to the number of days in the taxation year is multiplied by 9.5%, or
- (b) under subsection (2.12) for a taxation year in excess of the product obtained when the proportion of the amount determined under section 20(2) that the number of days in the taxation year after March 31, 2001 bears to the number of days in the taxation year is multiplied by 8.5%.

(d) in subsection (2.2) by striking out “of subsection (2),” and substituting “of subsections (2), (2.11) and (2.12),”.

(2) This section applies after March 31, 2001.

15 Section 22.1 is repealed.

15 Section 22.1 presently reads:

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

- (a) “adjusted business income” of a corporation for a taxation year has the meaning assigned to it by section 5202 of the federal regulations;*
- (b) “Alberta cost of manufacturing and processing capital” of a corporation for a taxation year means 100/85 of that portion of the cost of capital of the corporation for that year that reflects the extent to which each property included in that calculation was used directly in qualified activities of the corporation during the year, but the amount so calculated shall not exceed the cost of capital of the corporation for the year;*
- (c) “Alberta cost of manufacturing and processing labour” of a corporation for a taxation year means 100/75 of that portion of the cost of labour of the corporation for that year that reflects the extent to which*
 - (i) the salaries and wages included in that calculation were paid or payable to persons for the portion of their time that they were directly engaged in qualified activities of the corporation during the year, and*
 - (ii) the other amounts included in that calculation were paid or payable to persons for the performance of*

functions that would be directly related to qualified activities of the corporation during the year if those persons were employees of the corporation,

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

- (d) "Canadian investment income" of a corporation for a taxation year has the meaning assigned to it by subsection 129(4) of the federal Act;*
- (e) "cost of capital" of a corporation for a taxation year has the meaning assigned to it by section 5202 of the federal regulations;*
- (f) "cost of labour" of a corporation for a taxation year has the meaning assigned to it by section 5202 of the federal regulations;*
- (g) "foreign investment income" of a corporation for a taxation year has the meaning assigned to it by subsection 129(4) of the federal Act;*
- (h) "manufacturing or processing" does not include*
 - (i) farming or fishing,*
 - (ii) logging,*
 - (iii) construction,*
 - (iv) operating an oil or gas well, extracting petroleum or natural gas from a natural accumulation of it or processing heavy crude oil recovered from a natural reservoir in Canada to a stage that is not beyond the crude oil stage or its equivalent,*
 - (v) extracting minerals from a mineral resource,*
 - (vi) processing ore, other than iron ore or tar sands, from a mineral resource to any stage that is not beyond the prime metal stage or its equivalent,*
 - (vii) processing iron ore from a mineral resource to any stage that is not beyond the pellet stage or its equivalent,*
 - (vii.1) processing tar sands to any stage that is not beyond the crude oil stage or its equivalent,*
 - (viii) producing industrial minerals other than sulphur produced by processing natural gas,*
 - (ix) producing or processing electrical energy or steam, for sale,*

- (x) *processing gas, if such gas is processed as part of the business of selling or distributing gas in the course of operating a public utility, or*
 - (xi) *any manufacturing or processing of goods for sale or lease, if, for any taxation year of a corporation in respect of which the expression is being applied, less than 10% of its gross revenue from all active businesses carried on in Canada was from*
 - (A) *the selling or leasing of goods manufactured or processed in Canada by it, and*
 - (B) *the manufacturing or processing in Canada of goods for sale or lease, other than goods for sale or lease by it;*
 - (i) *“qualified activities” means*
 - (i) *any of the following activities when they are performed in Alberta in connection with manufacturing or processing, not including the activities listed in clause (h)(i) to (x), in Alberta of goods for sale or lease:*
 - (A) *engineering design of products and production facilities;*
 - (B) *receiving and storing of raw materials;*
 - (C) *producing, assembling and handling of goods in process;*
 - (D) *inspecting and packaging of finished goods;*
 - (E) *line supervision;*
 - (F) *production support activities including security, cleaning, heating and factory maintenance;*
 - (G) *quality and production control;*
 - (H) *repair of production facilities;*
 - (I) *pollution control;*
 - (ii) *all other activities when they are performed in Alberta directly in connection with manufacturing or processing, not including the activities in clause (h)(i) to (x), in Alberta of goods for sale or lease, and*
 - (iii) *scientific research as defined in section 2900 of the federal regulations,*
- but does not include*

- (iv) *storing, shipping, selling and leasing of finished goods,*
- (v) *purchasing of raw materials,*
- (vi) *administration, including clerical and personnel activities,*
- (vii) *purchase and resale operations,*
- (viii) *data processing, or*
- (ix) *providing facilities for employees, including cafeterias, clinics and recreational facilities;*
- (j) *“salaries and wages” has the meaning assigned to it by section 5202 of the federal regulations.*

(2) *Subject to subsection (3), “Alberta manufacturing and processing profits” of a corporation for a taxation year means that proportion of its adjusted business income that the aggregate of its Alberta cost of manufacturing and processing capital for the year and its Alberta cost of manufacturing and processing labour for the year is of the aggregate of its cost of capital for the year and its cost of labour for the year.*

(3) *The “Alberta manufacturing and processing profits” of a corporation for a taxation year are deemed to be equal to the corporation’s adjusted business income for the year if*

- (a) *the activities of the corporation during the year were primarily manufacturing or processing in Canada of goods for sale or lease,*
- (b) *the aggregate of*
 - (i) *the aggregate of all amounts each of which is the income of the corporation for the year from an active business minus the aggregate of all amounts each of which is the loss of the corporation for the year from an active business, and*
 - (ii) *if the corporation is associated in the year with a Canadian corporation, the aggregate of all amounts each of which is the income of the latter corporation from an active business for its taxation year ending in the year,*

did not exceed \$200 000, and

- (c) *the corporation did not carry on any active business outside Canada at any time during the year.*

(4) *For the purposes of subsection (3)(b)(ii), if a corporation is associated in the year with a Canadian corporation that did not have a permanent establishment in Alberta in its taxation year referred to in subsection (3)(b)(ii), the income of the latter corporation from an*

active business shall be deemed to be its income from an active business as determined under the federal Act.

(5) There may be deducted from the tax otherwise payable under section 21 for a taxation year by a corporation an amount equal to the aggregate of

(a) 5% of the lesser of

(i) the product obtained when the least of the amounts determined under section 22(2)(a) to (c) in respect of the corporation for the year is multiplied by the Alberta allocation factor, and

(ii) the corporation's Alberta manufacturing and processing profits for the year,

and

(b) 6% of the lesser of

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

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

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

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

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

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

(7.1) This section does not apply to taxation years commencing after March 31, 1990.

16(1) Section 22.2 is amended

- (a) in subsection (5) by striking out “There” and substituting “Subject to subsection (10), there” .**
- (b) by adding the following after subsection (9):**

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

- (a) “adjusted business income” of the corporation for the year has the meaning assigned to it by subsection 5203(1) of the federal regulations;*
- (b) “cost of capital” of the corporation for the year has the meaning assigned to it by subsection 5203(1) of the federal regulations;*
- (c) “cost of labour” of the corporation for the year has the meaning assigned to it by subsection 5203(1) of the federal regulations.*

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

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

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

16 Section 22.2 presently reads in part:

(5) There may be deducted from the tax otherwise payable under section 21 for a taxation year by a corporation an amount equal to 1% of the lesser of

- (a) the amount, if any, by which*
 - (i) the corporation’s Alberta manufacturing and processing profits for the year*

(10) Where a corporation has a taxation year beginning before April 1, 2001 and ending after March 31, 2001, the amount determined under subsection (5) for that taxation year is the proportion of the amount otherwise determined that the number of days in the taxation year before April 1, 2001 bears to the number of days in the taxation year.

(11) This section does not apply to taxation years beginning after March 31, 2001.

(2) This section applies after March 31, 2001.

17(1) Section 23 is amended

(a) in subsection (2.1) by striking out “subsection (2)” and substituting “this section”;

(b) by adding the following after subsection (2.1):

(2.2) Subsections 126(4.1), (4.2), (4.3) and (4.4) of the federal Act apply for the purposes of computing a corporation's non-business-income tax.

(c) by adding the following after subsection (3):

(4) For the purposes of this section, if any income from a source in a particular country would be tax-exempt income but for the fact that a portion of the income is subject to an income or profits tax imposed by the government of a country other than Canada, or of a state, province or other political subdivision of such a country, the portion is deemed to be income from a separate source in the particular country.

(2) Subsection (1)(a) and (b) apply to the 1998 and subsequent taxation years.

(3) Subsection (1)(c) applies to taxation years that begin after February 24, 1998.

18 Section 26 is amended

(a) in subsection (1)(c) by adding “, subject to subsection (1.1),” after “taxation year”;

exceed

- (ii) the product obtained when the least of the amounts determined under section 22(2)(a) to (c) in respect of the corporation for the year is multiplied by the Alberta allocation factor,*

and

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

- (i) the amount determined under clause (a)(ii), and*

- (ii) where the corporation was a Canadian-controlled private corporation throughout the year, the product obtained when the corporation's aggregate investment income for the year (within the meaning assigned by subsection 129(4) of the federal Act) is multiplied by the Alberta allocation factor.*

17 Section 23 presently reads in part:

(2.1) For the purposes of subsection (2), "non-business-income tax" has the meaning assigned to it by subsection 126(7) of the federal Act without reference to paragraph (c) in the definition of "non-business-income tax".

(3) If the income of a corporation for a taxation year includes income from sources in more than one country other than Canada, subsection (2) shall be deemed to provide for a separate deduction in respect of each of the countries other than Canada.

18 Section 26 presently reads in part:

26(1) In this Division,

(b) by repealing subsections (1.3), (1.4) and (1.8).

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

- (i) any amount required to be included in computing the corporation's income for the year by virtue of paragraph 12(1)(o) of the federal Act, and
- (ii) any amount in respect of which no deduction is allowed in computing the corporation's income for the year by virtue of paragraph 18(1)(m) of the federal Act,

less any amount that

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

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

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

where each of the amounts is or is in respect of a qualified royalty;

(1.3) The Provincial Treasurer may deem a corporation to be an above-limit corporation if at any time in the 365 day period ending August 24, 1982, the corporation

(a) was formed by the amalgamation of 2 or more corporations, or

(b) acquired an Alberta resource property

and if the corporation, had it had 3 different taxation years for the purposes of computing its income under the federal Act and this Act (with those 3 taxation years being represented separately by the calendar month periods of July, August and September of 1982), would have had Alberta crown royalty for any one of those taxation years in excess of \$444 444.

(1.4) The Provincial Treasurer may deem a corporation that is an above-limit corporation within the meaning of subsection (1)(a) not to be an above-limit corporation if that corporation

(a) disposed of an Alberta resource property at any time in the 365 day period ending August 24, 1982, and

(b) had it had 3 different taxation years for the purposes of computing its income under the federal Act and this Act (with the 3 taxation years being represented separately by the calendar month periods of July, August and September of 1982), would have had Alberta crown

19(1) Section 26.1 is amended

(a) in subsection (2) by striking out “subsection” and substituting “subsections (2.1), (2.11) and”;

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

(2.1) Subject to subsection (2.14), a corporation that is not associated with one or more corporations in a taxation year is not entitled to a royalty tax credit for the taxation year unless the amount determined by the following formula is a minimum of \$10 000:

$$\begin{array}{rcl} \text{Alberta crown royalty} & & 365 \\ \text{for the taxation year} & \times & \text{number of days in} \\ & & \text{the taxation year} \end{array}$$

(2.11) Subject to subsection (2.14), a corporation (referred to in this subsection and in subsections (2.12) and (2.13) as the claiming corporation) that is associated with one or more corporations in a taxation year is not entitled to a royalty tax credit for the taxation year unless the aggregate of the amounts determined by the following formula for the claiming corporation and each of its associated corporations is a minimum of \$10 000:

$$\begin{array}{rcl} \text{Alberta crown royalty} & & 365 \\ \text{for the taxation year} & \times & \text{number of days in} \\ & & \text{the taxation year} \end{array}$$

where “taxation year” refers, subject to subsections (2.12) and (2.13), to the taxation year of the claiming corporation when the formula is applied to that corporation and refers to the taxation year of an associated corporation ending in the same calendar year as the taxation year of the claiming corporation when the formula is applied to that associated corporation.

(2.12) If one of the corporations referred to in subsection (2.11) that is associated with the claiming corporation has more than one taxation year ending in the calendar year in which it is associated with the claiming corporation, the reference to “taxation year” in the formula in subsection (2.11) in respect of that associated corporation refers to the

royalty for any one of those taxation years that was less than \$444 444.

(1.8) Notwithstanding subsections (1)(e) and (1.7), if after August 24, 1982 and before March 31, 1983 an exempt corporation has transferred all or substantially all of its Alberta resource properties to another corporation with which it was associated as of the date of the transfer, that other corporation shall be deemed to be an exempt corporation as of the date of the transfer.

19 Section 26.1 presently reads:

(2) Subject to subsection (14), a corporation that has Alberta crown royalty in a taxation year is entitled to a royalty tax credit for the year in the amount obtained when the weighted average rate for that year is multiplied by the lesser of

(a) its crown royalty shelter for the year, and

(b) its Alberta crown royalty for the year.

(3) If a corporation is not associated with one or more corporations in a taxation year, its crown royalty shelter for the taxation year is

(a) if the taxation year ends before January 1, 1995, the lesser of

(i) \$2 500 000, and

(ii) the proportion of \$2 500 000 that the number of days in the taxation year bears to 365,

and

(b) if the taxation year begins after December 31, 1994, the lesser of

(i) \$2 000 000, and

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

(3.1) Notwithstanding subsection (3), if a corporation is not associated with one or more corporations in a taxation year and part of the taxation year is before January 1, 1995 and part of it is after December 31, 1994, the crown royalty shelter of the corporation for that taxation year is the aggregate of

(a) the lesser of

(i) \$2 000 000, and

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

and

associated corporation's longest taxation year ending in the calendar year.

(2.13) Notwithstanding subsection (2.12), if a corporation referred to in subsection (2.1) or (2.11) has 2 consecutive taxation years and

- (a) in the case of a corporation referred to in subsection (2.1) or the claiming corporation, the total number of days in the 2 taxation years is less than or equal to 365 days, or
- (b) in the case of a corporation referred to in subsection (2.11) other than the claiming corporation, the 2nd of the consecutive taxation years is its last taxation year ending in the calendar year in which it is associated with the claiming corporation and the total number of days in the two taxation years is less than or equal to 365 days,

the total number of days in the 2 consecutive years is deemed to be the number of days in the taxation year for the corporation for the purposes of subsection (2.1) or (2.11).

(2.14) Subject to subsection (14), where the taxation year of a corporation begins in 2000 and ends in 2001 and the corporation is not otherwise entitled to a royalty tax credit in the 2001 taxation year because of the application of subsection (2.1) or (2.11), the corporation's royalty tax credit for that taxation year is the amount obtained when the lesser of

- (a) Alberta crown royalty incurred in the period that begins on the first day of the taxation year and ends on December 31, 2000, and
- (b) that proportion of the corporation's crown royalty shelter that the number of days in the period referred to in clause (a) bears to 365

is multiplied by the weighted average rate for that year.

(c) by repealing subsection (3)(a);

(d) by repealing subsections (3.1), (3.2), (3.3), (3.4) and (3.5);

(e) in subsection (4) by striking out "(3.2), (3.5)," and ", (7.02) or (7.05)";

(b) the proportion of \$500 000 that the number of days in the taxation year before January 1, 1995 bears to 365.

(3.2) Notwithstanding subsection (5), if 2 or more corporations are associated with each other in a taxation year and the taxation year of one of them begins before January 1, 1995 and ends after December 31, 1994, the aggregate of the crown royalty shelters for those corporations for the taxation year in which they are associated is the aggregate of

(a) the lesser of

(i) \$2 000 000, and

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

and

(b) the proportion of \$500 000 that the number of days before January 1, 1995 in the taxation year of the corporation with the greatest number of days before January 1, 1995 bears to 365.

(3.3) Notwithstanding subsection (3), if in a taxation year of a corporation commencing after December 31, 1994 the corporation is not associated with one or more corporations and is a member of one or more partnerships whose fiscal periods ending in that taxation year commenced before January 1, 1995, the crown royalty shelter of the corporation for that taxation year is the aggregate of

(a) the proportion of the lesser of

(i) \$2 000 000, and

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

that the difference between the Alberta crown royalty of the corporation for the year and the Alberta crown royalty deemed by subsection (12) or (12.1) to be the Alberta crown royalty for the year from all those partnerships bears to the Alberta crown royalty of the corporation for the year, and

(b) the amount for each of those partnerships that is equal to the proportion of the aggregate of

(i) the lesser of

(A) \$2 000 000, and

(B) the proportion of \$2 000 000 that the number of days in the fiscal period of that partnership bears to 365,

and

- (f) by repealing subsection (5)(a);**
 - (g) in subsection (5)(b) by striking out** “if the taxation year begins after December 31, 1994,”;
 - (h) in subsection (6)(b) by striking out** “(3.2), (3.5),” and “, (7.02) or (7.05)”;
 - (i) in subsection (7) by striking out** “(3.2), (3.5),” and “, (7.02) or (7.05)”;
 - (j) by repealing subsections (7.01) to (7.05);**
 - (k) in subsection (11)(a) by striking out** “or to a taxation year commencing before January 1, 1982”.
- (2) Subsection (1)(a) and (b) apply after December 31, 2000.**

(ii) the proportion of \$500 000 that the number of days in the fiscal period of that partnership before January 1, 1995 bears to 365,

that the Alberta crown royalty deemed by subsection (12) or (12.1) to be the Alberta crown royalty of the corporation for the year from that partnership bears to the Alberta crown royalty of the corporation for the year.

(3.4) Notwithstanding subsections (3) and (3.1), if in a taxation year of a corporation part of which is before January 1, 1995 and part of which is after December 31, 1994 the corporation is not associated with one or more corporations and is a member of one or more partnerships whose fiscal periods ending in that taxation year

(a) ended in 1994 (in this subsection referred to as a "1994 partnership"), or

(b) commenced before January 1, 1995 and ended after December 31, 1994 (in this subsection referred to as a "1995 partnership"),

the crown royalty shelter of the corporation for that taxation year is the aggregate of

(c) the proportion of the aggregate of

(i) the lesser of

(A) \$2 000 000, and

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

and

(ii) the proportion of \$500 000 that the number of days in the taxation year before January 1, 1995 bears to 365

that the difference between the Alberta crown royalty of the corporation for the year and the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty of the corporation for the year from all the 1994 partnerships and the 1995 partnerships bears to the Alberta crown royalty of the corporation for the year,

(d) an amount for each of the 1994 partnerships that is equal to the proportion of the lesser of

(i) \$2 500 000, and

(ii) the proportion of \$2 500 000 that the number of days in the fiscal period of that partnership bears to 365,

that the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty of the corporation

for the year from that partnership bears to the Alberta crown royalty of the corporation for the year, and

(e) an amount for each of the 1995 partnerships that is equal to the proportion of the aggregate of

(i) the lesser of

(A) \$2 000 000, and

(B) the proportion of \$2 000 000 that the number of days in the fiscal period of that partnership bears to 365,

and

(ii) the proportion of \$500 000 that the number of days in the fiscal period of that partnership before January 1, 1995 bears to 365,

that the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty of the corporation for the year from that partnership bears to the Alberta crown royalty of the corporation for the year.

(3.5) Notwithstanding subsections (3.2) and (5), if 2 or more corporations are associated with each other in a taxation year and one or more of the corporations is a corporation to which subsection (3.3) or (3.4) would apply if it were not associated with one or more corporations in that taxation year, the aggregate of the crown royalty shelters for those corporations for the taxation year in which they are associated is the greater of

(a) the crown royalty shelter of the corporation with the greatest crown royalty shelter for that taxation year determined pursuant to subsection (3), (3.1), (3.3) or (3.4) as if it were not associated, and

(b) an amount that is equal to the aggregate of

(i) 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 corporation with the longest taxation year bears to 365,

and

(ii) the proportion of \$500 000 that the number of days before January 1, 1995 in the taxation year of the corporation with the greatest number of days before January 1, 1995 bears to 365.

(4) If a corporation is associated with one or more corporations in a taxation year, its crown royalty shelter for the taxation year is that portion of the aggregate of the crown royalty shelters calculated

under subsection (3.2), (3.5), (5), (7.02) or (7.05) that is allocated to the corporation under subsection (6) or (7).

(5) The aggregate of the crown royalty shelters to be allocated among 2 or more corporations that are associated with each other in a taxation year is

(a) if the taxation year ends before January 1, 1995, the lesser of

(i) \$2 500 000, and

(ii) the proportion of \$2 500 000 that the number of days in the taxation year of the corporation with the longest taxation year bears to 365,

and

(b) if the taxation year begins after December 31, 1994, the lesser of

(i) \$2 000 000, and

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

(6) If 2 or more corporations that are associated with each other file an agreement in the prescribed form with the Provincial Treasurer, the Provincial Treasurer shall allocate the aggregate of the crown royalty shelters among the corporations in accordance with the agreement if the agreement

(a) is among all of the corporations, and

(b) allocates the aggregate of the crown royalty shelters of the corporations calculated under subsection (3.2), (3.5), (5), (7.02) or (7.05).

(7) If the corporations referred to in subsection (6) do not file an agreement in accordance with subsection (6) within 60 days after notice by the Provincial Treasurer that an agreement under subsection (6) for a taxation year is required for the purposes of this Act is mailed to any of them, the Provincial Treasurer shall allocate the aggregate of the crown royalty shelters of the corporations calculated under subsection (3.2), (3.5), (5), (7.02) or (7.05) to one or more of the corporations, and the crown royalty shelter of each corporation for that taxation year is the amount, if any, allocated to it.

(7.01) Notwithstanding subsection (3), if a corporation is not associated with one or more corporations in a taxation year and part of the taxation year is before January 1, 1990 and part of it is after December 31, 1989, the crown royalty shelter of the corporation for that taxation year is the aggregate of

(a) the lesser of

(i) \$2 500 000, and

(ii) the proportion of \$2 500 000 that the number of days in the taxation year bears to 365,

and

(b) the proportion of \$1 500 000 that the number of days in the taxation year before January 1, 1990 bears to 365.

(7.02) Notwithstanding subsection (5), if 2 or more corporations are associated with each other in a taxation year and the taxation year of one of them begins before January 1, 1990 and ends after December 31, 1989, the aggregate of the crown royalty shelters for those corporations for the taxation year in which they are associated is the aggregate of

(a) the lesser of

(i) \$2 500 000, and

(ii) the proportion of \$2 500 000 that the number of days in the taxation year of the corporation with the longest taxation year bears to 365,

and

(b) the proportion of \$1 500 000 that the number of days before January 1, 1990 in the taxation year of the corporation with the greatest number of days before January 1, 1990 bears to 365.

(7.03) Notwithstanding subsection (3), if in a taxation year of a corporation commencing after December 31, 1989 the corporation is not associated with one or more corporations and is a member of one or more partnerships whose fiscal periods ending in that taxation year commenced before January 1, 1990 and ended after December 31, 1989, the crown royalty shelter of the corporation for that taxation year is the aggregate of

(a) the proportion of the lesser of

(i) \$2 500 000, and

(ii) the proportion of \$2 500 000 that the number of days in the taxation year bears to 365,

that the difference between the Alberta crown royalty of the corporation for the year and the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty for the year from all those partnerships bears to the Alberta crown royalty of the corporation for the year, and

(b) an amount for each of those partnerships that is equal to the proportion of the aggregate of

(i) the lesser of

(A) \$2 500 000, and

(B) the proportion of \$2 500 000 that the number of days in the fiscal period of that partnership bears to 365,

and

(ii) the proportion of \$1 500 000 that the number of days in the fiscal period of that partnership before January 1, 1990 bears to 365,

that the Alberta crown royalty deemed by subsection (12) or (12.1) to be the Alberta crown royalty of the corporation for the year from that partnership bears to the Alberta crown royalty of the corporation for the year.

(7.04) Notwithstanding subsections (3) and (7.01), if in a taxation year of a corporation part of which is before January 1, 1990 and part of which is after December 31, 1989 the corporation is not associated with one or more corporations and is a member of one or more partnerships whose fiscal periods ending in that taxation year

(a) ended in 1989, in this subsection referred to as a "1989 partnership", or

(b) commenced before January 1, 1990 and ended after December 31, 1989, in this subsection referred to as a "1990 partnership",

the crown royalty shelter of the corporation for that taxation year is the aggregate of

(c) the proportion of the aggregate of

(i) the lesser of

(A) \$2 500 000, and

(B) the proportion of \$2 500 000 that the number of days in the taxation year bears to 365,

and

(ii) the proportion of \$1 500 000 that the number of days in the taxation year before January 1, 1990 bears to 365

that the difference between the Alberta crown royalty of the corporation for the year and the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty of the corporation for the year from all the 1989 partnerships and the 1990 partnerships bears to the Alberta crown royalty of the corporation for the year,

(d) an amount for each of the 1989 partnerships that is equal to the proportion of the lesser of

(i) \$4 000 000, and

(ii) *the proportion of \$4 000 000 that the number of days in the fiscal period of that partnership bears to 365*

that the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty of the corporation for the year from that partnership bears to the Alberta crown royalty of the corporation for the year, and

(e) *an amount for each of the 1990 partnerships that is equal to the proportion of the aggregate of*

(i) the lesser of

(A) \$2 500 000, and

(B) that proportion of \$2 500 000 that the number of days in the fiscal period of that partnership bears to 365,

and

(ii) the proportion of \$1 500 000 that the number of days in the fiscal period of that partnership before January 1, 1990 bears to 365,

that the Alberta crown royalty deemed by subsection (12) or (12.1) to be Alberta crown royalty of the corporation for the year from that partnership bears to the Alberta crown royalty of the corporation for the year.

(7.05) Notwithstanding subsections (5) and (7.02), if 2 or more corporations are associated with each other in a taxation year and one or more of the corporations is a corporation to which subsection (7.03) or (7.04) would apply if it were not associated with one or more corporations in that taxation year, the aggregate of the crown royalty shelters for those corporations for the taxation year in which they are associated is the greater of

(a) the crown royalty shelter of the corporation with the greatest crown royalty shelter for that taxation year determined pursuant to subsection (3), (7.01), (7.03) or (7.04) as if it were not associated, and

(b) an amount that is equal to the aggregate of

(i) the lesser of

(A) \$2 500 000, and

(B) the proportion of \$2 500 000 that the number of days in the taxation year of the corporation with the longest taxation year bears to 365,

and

- (ii) *the proportion of \$1 500 000 that the number of days before January 1, 1990 in the taxation year of the corporation with the greatest number of days before January 1, 1990 bears to 365.*

(7.1) Notwithstanding anything in this Division, if at any time (in this subsection referred to as the "particular time") after November 3, 1983

- (a) control of a corporation (in this subsection referred to as the "particular corporation") has been acquired by a person, and*
- (b) the Provincial Treasurer is satisfied that the result of the acquisition of control of the particular corporation is that the amount of the royalty tax credit to which the particular corporation, or any corporation or group of corporations with which it is associated in the calendar year in which the particular time falls, is entitled is greater than the amount of the royalty tax credit to which the particular corporation, or any corporation or group of corporations with which the particular corporation is associated in the calendar year in which the particular time falls, would have been entitled, had control of the particular corporation not been acquired,*

the Provincial Treasurer may determine the amount of the royalty tax credit to which the particular corporation or any corporation or group of corporations with which it is associated in the calendar year in which the particular time falls shall be entitled for taxation years that end in the same calendar year as that in which the particular time falls.

(7.2) Notwithstanding anything in this Division, if at any time after November 3, 1983, a corporation (in this subsection referred to as the "particular corporation"), by reason of an amalgamation or otherwise

- (a) has a taxation year that ends before the time that it otherwise would have ended, or*
- (b) has 2 or more taxation years ending in the same calendar year,*

the Provincial Treasurer may determine the amount of the royalty tax credit to which

- (c) the particular corporation,*
- (d) any successor corporation formed on the amalgamation of the particular corporation with another corporation, or*
- (e) any corporation with which the particular corporation was associated in the calendar year in which any of the taxation years described in clauses (a) and (b) of the particular corporation end,*

shall be entitled for any of the taxation years of any of the corporations described in clauses (c), (d) and (e) that end in the same calendar year as any of the taxation years described in clauses (a) and (b) of the particular corporation.

(8) In computing the Alberta crown royalty of a corporation, no amount shall be included that would, if included, artificially increase the Alberta crown royalty of that corporation.

(9) If the Provincial Treasurer is satisfied that

(a) the separate existence of 2 or more corporations in a taxation year is not solely for the purpose of carrying out the business of those corporations in the most effective manner, and

(b) 1 of the main reasons for the separate existence of the corporations in that year is to increase the amount of royalty tax credit that would otherwise be determined under this Act,

the Provincial Treasurer may direct that all of the corporations shall be deemed to be associated with each other for the purposes of this Division.

(10) If in the opinion of the Provincial Treasurer, 2 or more corporations have at any time entered into 1 or more sales, exchanges, declarations of trust or other transactions that

(a) lack any substantial business purpose, other than increasing the aggregate amount of the royalty tax credit that may be claimed, or

(b) artificially increase the royalty tax credit that may be claimed,

the Provincial Treasurer may direct that all of those corporations shall be deemed to be associated with each other for the purposes of this Division.

(11) A direction made under subsection (9) or (10)

(a) shall not apply to a taxation year of any corporation prior to the taxation year for which the direction is made or to a taxation year commencing before January 1, 1982, and

(b) may be revoked by the Provincial Treasurer and, if revoked, shall not apply to the taxation year for which the revocation occurs or to any subsequent taxation year.

(12) If a corporation, other than an exempt corporation, is a member of a partnership, its share of the amount that would be the Alberta crown royalty of that partnership, if the partnership were a corporation other than an exempt corporation, shall be deemed to be Alberta crown royalty of the corporation.

20 Section 26.2 is repealed.

(12.1) If an exempt corporation is a member of a partnership, its share of the amount that would be the Alberta crown royalty of that partnership, if the partnership were an exempt corporation, shall be deemed to be Alberta crown royalty of the corporation.

(14) A corporation is entitled to a royalty tax credit in respect of the taxation year only if it files an application for the credit in the prescribed form

(a) with its return for that taxation year, or

(b) on a day after the return has been filed,

but in any case no later than 3 years after the end of the taxation year.

(14.1) A corporation is deemed to have paid on the day on which it files an application in accordance with subsection (14) in respect of a taxation year an amount on account of its liability under this Act for the year equal to the amount, if any, by which the royalty tax credit to which it is entitled for the year exceeds the aggregate of amounts paid by the Provincial Treasurer under section 26.4 for the year.

20 Section 26.2 presently reads:

26.2(1) In this section, “weighted supplemental rate” means the weighted supplemental rate determined in accordance with the regulations.

(2) This section applies to a corporation that has a taxation year that begins or ends in 1991 if the corporation is not associated with one or more corporations in the taxation year.

(3) This section applies to a corporation if the corporation is associated with one or more corporations in a taxation year and one of the associated corporations has a taxation year that begins or ends in 1991.

(4) Subject to subsections (10) and (11), a corporation that has Alberta crown royalty in a taxation year is entitled to a royalty tax credit gas supplement for the year in the amount calculated under subsection (5) or (6).

(5) If a corporation is not associated with one or more corporations in a taxation year, its royalty tax credit gas supplement for the taxation year is the amount obtained when the weighted supplemental rate is multiplied by that proportion of

(a) the amount by which the lesser of

(i) its Alberta crown royalty for the year, and

(ii) its crown royalty shelter for the year

exceeds the aggregate of

- (b) *the amount deemed by section 26.1(12) or (12.1) to be Alberta crown royalty of the corporation for the year from one or more partnerships whose fiscal periods ending in that taxation year commenced before January 1, 1990, and*
- (c) *the Alberta crown royalty of the corporation for the year attributable to the production of petroleum and natural gas liquids, other than any amounts included in clause (b)*

that the number of days in the taxation year in 1991 is of the number of days in the taxation year.

(6) If a corporation is associated with one or more corporations in a taxation year, its royalty tax credit gas supplement for the taxation year is the product obtained when the aggregate royalty tax credit gas supplement is multiplied by the percentage of the aggregate royalty tax credit gas supplement that is allocated to the corporation under subsection (8) or (9).

(7) For the purposes of this section, the aggregate royalty tax credit gas supplement is the product obtained when the weighted supplemental rate for the associated corporations is multiplied by that proportion of

- (a) *the amount by which the lesser of*
 - (i) *the aggregate of the Alberta crown royalty, and*
 - (ii) *the aggregate of the crown royalty shelters**of the associated corporations for the taxation year*

exceeds the aggregate of

- (b) *the aggregate of the amounts deemed by section 26.1(12) or (12.1) to be Alberta crown royalty of the associated corporations for the taxation year from one or more partnerships whose fiscal periods commenced before January 1, 1990, and*
- (c) *the aggregate Alberta crown royalty of the associated corporations for the taxation year attributable to the production of petroleum and natural gas liquids, other than any amounts included in clause (b)*

that the aggregate of the number of days in 1991 in each of the taxation years of the associated corporations is of the aggregate of the number of days in each of the taxation years of the associated corporations.

(8) If 2 or more corporations that are associated with each other file an agreement in the prescribed form with the Provincial Treasurer, for the purposes of subsection (6) the Provincial Treasurer shall allocate the percentage of the aggregate royalty tax credit gas supplement specified in the agreement to each corporation if the agreement

21 Section 26.4(4)(a)(ii) is amended by striking out “as
determined without reference to section 26.1(3.3), (3.4), (3.5),
(7.03), (7.04) and (7.05)”.

(a) is among all of the corporations, and

(b) specifies the percentage of the aggregate royalty tax credit gas supplement to be allocated to each corporation.

(9) If the corporations referred to in subsection (8) do not file an agreement in accordance with subsection (8) within 60 days after notice that an agreement under subsection (8) for a taxation year is required for the purposes of this Act is mailed to any of them by the Provincial Treasurer, the Provincial Treasurer shall allocate a percentage of the aggregate royalty tax credit gas supplement to one or more of the corporations and, for the purposes of subsection (6), the percentage allocated to each corporation for that taxation year is the percentage, if any, allocated by the Provincial Treasurer.

(10) If a corporation is not associated with any other corporation in the taxation year, the corporation is entitled to the royalty tax credit gas supplement determined under subsection (5) on the day on which it files an application for the credit in the prescribed form

(a) with its return for that taxation year, or

(b) on a day after the return has been filed,

but in any case no later than 3 years after the end of the taxation year.

(11) If a corporation is associated with one or more corporations in a taxation year, the corporation is entitled to the royalty tax credit gas supplement determined under subsection (6) on the day that is the later of

(a) the day on which one of the associated corporations submits a calculation in respect of the aggregate royalty tax credit gas supplement in the prescribed form on a day that is not more than 3 years after the end of the corporation's taxation year, and

(b) the day on which all of the associated corporations have filed their returns for the taxation year.

(12) A corporation is deemed to have paid on the day on which it becomes entitled to the royalty tax credit gas supplement in respect of a taxation year an amount on account of its liability under this Act for the year equal to the amount of the royalty tax credit gas supplement to which it is entitled.

(13) For the purposes of this section, section 26.1(7.1), (7.2), (9) and (10) apply as if references in those subsections to "royalty tax credit" were references to "royalty tax credit gas supplement".

21 Section 26.4(4)(a) presently reads:

(4) A corporation's royalty tax credit instalment for a month in a taxation year is the amount by which

22 Section 26.41 is amended

- (a) in subsection (1) by striking out “and royalty tax credit gas supplements”;**
- (b) in subsection (2) by striking out “and royalty credit gas supplements”.**

- (a) *the product obtained when the lesser of*
 - (i) *the corporation's estimated Alberta crown royalty for the year, and*
 - (ii) *the corporation's estimated crown royalty shelter for the year as determined without reference to section 26.1(3.3), (3.4), (3.5), (7.03), (7.04) and (7.05)**is multiplied by*
 - (iii) *the proportion that the number of days from the beginning of the taxation year to the last day of that month bears to the number of days in the taxation year, and*
 - (iv) *the moving average of the specified rates determined in respect of that month,*

exceeds

22 Section 26.41 presently reads:

26.41(1) The aggregate of all royalty tax credits and royalty tax credit gas supplements paid under this Act shall

- (a) *be applied by the Provincial Treasurer to reduce non-renewable resource revenue, as defined in the Alberta Heritage Savings Trust Fund Act, and*
- (b) *be deducted from the total amounts used to determine the transfers required to be made to the Alberta Heritage Savings Trust Fund pursuant to section 9 of the Alberta Heritage Savings Trust Fund Act or any Special Act referred to in that section and enacted before or after the commencement of this section, notwithstanding anything in those Acts.*

(2) The aggregate of all royalty credits and royalty credit gas supplements paid under Part 11 shall

- (a) *be applied by the Provincial Treasurer to reduce non-renewable resource revenue, as defined in the Alberta Heritage Savings Trust Fund Act, and*
- (b) *be deducted from the total amounts used to determine the transfers required to be made to the Alberta Heritage Savings Trust Fund pursuant to section 9 of the Alberta Heritage Savings Trust Fund Act or any Special Act referred to in that section and enacted before or after the commencement of this section, notwithstanding anything in those Acts.*

23(1) Section 28(1) is amended by striking out “other than a mutual fund corporation” and substituting “other than a corporation that was a mutual fund corporation throughout the year”.

(2) Subsection (1) applies to the 1993 and subsequent taxation years.

24 Section 30 is amended by repealing subsections (2), (2.01)(a) and (b), (4), (4.1), (5) and (5.1)(a) and (b).

23 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) and (2) 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.*

24 Section 30 presently reads in part:

(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*
 - (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 and ending before July 1, 1988, as a reference to "7.5%".*

(2.01) In the application of subparagraph 131(2)(a)(i) of the federal Act for the purposes of this Act,

- (a) in respect of a taxation year ending after June 30, 1988 and before 1990, the reference to "18~~2~~%" shall be read as a reference to 10%,*

- (b) *in respect of a taxation year ending after December 31, 1989 and before April 1, 1991, the reference to “21%” shall be read as a reference to 11.25%,*

and

- (c) *in respect of a taxation year ending after March 31, 1991, the reference to any percentage in subparagraph 131(2)(a)(i) shall be read as a reference to $\frac{3}{4}$ of the proportion that tax payable under section 21 for the year is of the amount taxable in Alberta for the year.*

(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 and ending before July 1, 1988, as a reference to “40/3”.*

(4.1) *In the application of clauses 131(6)(a)(i)(A) and 131(6)(b)(ii)(C) of the federal Act for the purposes of this Act,*

- (a) *in respect of a taxation year ending after June 30, 1988 and before 1990, the reference to “75/14” shall be read as a reference to 100/10,*

- (b) *in respect of a taxation year ending after December 31, 1989 and before April 1, 1991, the reference to “100/21” shall be read as a reference to 80/9,*

and

- (c) *in respect of a taxation year ending after March 31, 1991 and before January 1, 1992, the reference to any fraction in clauses 131(6)(a)(i)(A) and 131(6)(b)(ii)(C) shall be read as a reference to the fraction obtained when 1 is divided by $\frac{3}{4}$ of the proportion that tax payable under section 21 for the year is of the amount taxable in Alberta for the year.*

(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 and ending before July 1, 1988, as a reference to “15%”.*

(5.1) In the application of the definition of “refundable capital gains tax on hand” in subsection 131(6) of the federal Act for the purposes of this Act,

- (a) in respect of a taxation year ending after March 31, 1991 and before December 1, 1991, the reference to the percentage in clauses (A) and (B) in subparagraph (i) shall be read as a reference to the proportion that tax payable under section 21 for the year is of the amount taxable in Alberta for the year,*
- (b) in respect of a taxation year ending after June 30, 1988 and before December 1, 1991, clause (C) of subparagraph (i) shall be read as if “this Part for the year determined without reference to section 123.2” were struck out and “this Act for the year” were substituted, and*
- (c) in respect of a taxation year ending after November 30, 1991*
 - (i) the reference to the percentage in clauses (a) and (b) in A of the definition shall be read as a reference to the proportion that tax payable under section 21 for the year is of the amount taxable in Alberta for the year, and*
 - (ii) clause (c) in A of the definition shall be read as if “this Part for the year determined without reference to section 123.2” were struck out and “this Act for the year” were substituted.*

25(1) Section 30.01 is repealed and the following is substituted:

Amounts
designated by
mutual fund
trust

30.01 When a corporation is or becomes a beneficiary under a mutual fund trust, sections 132.1 and 132.11 of the federal Act apply for the purposes of determining the income of the corporation under this Act.

(2) This section applies to the 1998 taxation year and subsequent taxation years.

26 Section 34 is amended

(a) in subsection (1) by striking out “, 141”;

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

(4) Sections 139.1, 139.2 and 141 of the federal Act apply for the purposes of this Act.

(5) Sections 139.1 and 139.2 of the federal Act apply to transactions that occur after December 15, 1998.

(6) Section 141 of the federal Act, as re-enacted by section 40 of chapter 19, Statutes of Canada 2000, applies after December 15, 1998.

27 The following is added after section 34.01:

Cost of tax
shelter
investments

34.02(1) Subject to subsections (2), (3), (4) and (5), section 143.2, except subsection (15), and subsection 237.1(1) of the federal Act apply in computing the income of a corporation under this Act.

(2) Where the Minister of National Revenue has initiated a federal assessment action for a taxation year of a corporation applying subsection 143.2(13) of the federal Act, the amount deemed to be a limited-recourse amount in relation to an expenditure pursuant to subsection 143.2(13) of the federal Act is deemed to be the limited-recourse amount relating to the expenditure under this Act.

(3) Where the Minister of National Revenue has initiated a federal assessment action for a taxation year of a corporation applying subsection 143.2(14) of the federal Act, the corporation and such other taxpayers as the Minister of National Revenue has determined are not dealing at arm's

25 Section 30.01 presently reads:

30.01 Section 132.1 of the federal Act applies for the purposes of determining the income of a corporation under this Act.

26 Section 34 presently reads:

34(1) Subject to subsections (2) and (3), the rules provided in sections 138, 138.1, 140, 141 and 141.1 of the federal Act apply in computing the taxable income of insurance corporations for the purposes of this Act.

(3) The rules provided in section 139 with respect to the conversion of provincially incorporated life insurance corporations into a mutual corporation apply for the purposes of this Act.

27 Cost of tax shelter investments.

length for the purposes of section 143.2 of the federal Act are deemed not to be dealing with each other at arm's length for the purposes of this section.

(4) No amount may be deducted or claimed by a corporation for the purposes of this Act in respect of a tax shelter unless the corporation has filed with the Minister of National Revenue the prescribed form containing prescribed information, including the identification number for the tax shelter, pursuant to the requirements of section 237.1 of the federal Act.

(5) No amount may be deducted or claimed by a corporation for the purposes of this Act for any taxation year in respect of a tax shelter of the corporation if the corporation is liable to a penalty under subsection 237.1(7.4) or 162(9) of the federal Act in respect of the tax shelter or interest on the penalty and

(a) the penalty or interest has not been paid, or

(b) the penalty and interest have been paid, but an amount on account of the penalty or interest has been repaid under subsection 164(1.1) of the federal Act or applied under subsection 164(2) of the federal Act.

(6) Subject to subsections (7) to (11), subsections (1) to (3) apply to property acquired and to outlays and expenses made or incurred by a taxpayer after November 1994.

(7) Subsections (1) to (3) do not apply where

(a) the property was acquired, or the outlay or expense was made or incurred, before 1995 pursuant to an agreement in writing made by the taxpayer before December 1994, or

(b) the property is

(i) a film production prescribed for the purpose of subparagraph 96(2.2)(d)(ii) of the federal Act, as it applies for the purposes of this Act, where

(A) the principal photography of the production began before 1995 or, in the case of a production that is a television series, one episode of the series began before 1995, and

(B) the principal photography of the production was completed before March 2, 1995,

or

(ii) an interest in a partnership (all or substantially all of the property of which is a film production referred to in subclause (i)) acquired before 1995 by a taxpayer that is a partnership,

and the following conditions are met:

(c) in the case of an interest that is a tax shelter for which section 237.1 of the federal Act requires an identification number to be obtained from the Minister of National Revenue under the federal Act, the identification number was obtained before December 1994;

(d) there is no agreement or other arrangement under which the taxpayer's obligations with respect to the interest can be changed, reduced or waived if there is a change to this Act or the federal Act or if there is an adverse assessment under this Act or the federal Act.

(8) Subsections (1) to (3) do not apply to revenue guarantees prescribed for the purpose of subparagraph 96(2.2)(d)(ii) of the federal Act, as it applies for the purposes of this Act, that were granted before 1996.

(9) Subparagraph 143.2(6)(b)(ii) of the federal Act as it applies for the purposes of this Act does not apply

(a) to property acquired, or outlays or expenses made or incurred, by a taxpayer before April 27, 1995, or

(b) to property acquired, or outlays or expenses made or incurred, by a taxpayer before 1996 pursuant to a particular agreement in writing made by the taxpayer before April 27, 1995 where the following conditions are met:

(i) in the case of a property that is a tax shelter for which section 237.1 of the federal Act requires an identification number to be obtained from the Minister of National Revenue under the federal Act, the identification number was obtained before April 27, 1995, and

- (ii) there is no agreement or other arrangement under which the taxpayer's obligations under the particular agreement can be changed, reduced or waived if there is a change to this Act or the federal Act or if there is an adverse assessment under this Act or the federal Act.

(10) Paragraph 143.2(7)(a) of the federal Act, as it applies for the purposes of this Act, is to be read without reference to "not exceeding 10 years" where

(a) the indebtedness arises

- (i) pursuant to the terms of an agreement in writing made by the taxpayer before April 27, 1995,
- (ii) before 1996, in respect of the acquisition of a film production prescribed for the purpose of subparagraph 96(2.2)(d)(ii) of the federal Act, as it applies for the purposes of this Act, or an interest in a partnership all or substantially all of the property of which is either a film production prescribed for the purpose of that subparagraph or an interest in one or more partnerships all or substantially all of the property of each of which is such a film production, where
 - (A) the principal photography of the production began before 1996 or, in the case of a production that is a television series, the principal photography of one episode of the series began before 1996, and
 - (B) the principal photography of the production was completed before March 1996,

or

(iii) before July 1995

- (A) pursuant to the terms of a document that is a prospectus, preliminary prospectus or registration statement filed before April 27, 1995 with a public authority in Canada pursuant to and in accordance with the securities legislation of Canada or of any province and, where required by law, accepted for filing by the public authority, and the funds so raised were expended

before 1996 on expenditures contemplated by the document, or

(B) pursuant to the terms of an offering memorandum distributed as part of an offering of securities where

(I) the memorandum contained a complete or substantially complete description of the securities contemplated in the offering as well as the terms and conditions of the offering,

(II) the memorandum was distributed before April 27, 1995,

(III) solicitations in respect of the sale of the securities contemplated by the memorandum were made before April 27, 1995,

(IV) the sale of the securities was substantially in accordance with the memorandum, and

(V) the funds were expended before 1996 in accordance with the memorandum,

and

(b) the following conditions are met:

(i) in the case of an interest to which clause (a)(i) or (iii) applies that is a tax shelter for which section 237.1 of the federal Act requires an identification number to be obtained from the Minister of National Revenue under the federal Act, the identification number was obtained before April 27, 1995;

(ii) there is no agreement or other arrangement under which the taxpayer's obligations with respect to the interest can be changed, reduced or waived if there is a change to this Act or the federal Act or if there is an adverse assessment under this Act or the federal Act.

(11) Subsection 143.2(8) of the federal Act, as it applies for the purposes of this Act, does not apply to a taxpayer in respect of an indebtedness

(a) where the indebtedness

(i) arose, and

(ii) is related to property acquired, or outlays or expenses made or incurred, by the taxpayer

before April 27, 1995, or

(b) where the indebtedness

(i) arose, and

(ii) is related to property acquired, or outlays or expenses made or incurred, by the taxpayer,

before 1996 pursuant to a particular agreement in writing made by the taxpayer before April 27, 1995 and there is no agreement or other arrangement under which the taxpayer's obligations under the particular agreement can be changed, reduced or waived if there is a change to this Act or the federal Act or if there is an adverse assessment under this Act or the federal Act.

(12) Subsections (4) and (5) apply after December 1, 1994.

28(1) Section 35 is amended

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

(3) Where, at any time (in this subsection referred to as "that time"), a corporation becomes or ceases to be exempt from tax under this Act on its taxable income otherwise than by reason of paragraph 149(1)(t) of the federal Act, as it applies for the purposes of this Act, the following rules apply:

(a) the taxation year of the corporation that would otherwise have included that time is deemed to have ended immediately before that time, a new taxation year of the corporation is deemed to have begun at that time and, for the purpose of determining the

28 Section 35 presently reads in part:

(3) If at any time, in this subsection referred to as “that time”, a corporation becomes or ceases to be exempt from tax under this Act on its taxable income other than as a result of its becoming or ceasing to be a corporation referred to in paragraph 149(1)(t) of the federal Act, the following rules apply:

(a) the taxation year of the corporation that would otherwise have included that time shall be deemed to have ended immediately before that time and a new taxation year of the corporation shall be deemed to have commenced at that time;

(a.1) for the purpose of computing the corporation's income for its first taxation year ending after that time, the corporation shall be deemed to have claimed or deducted, under sections 20, 138 and 140 of the federal Act as they apply for the purposes of this Act, in

corporation's fiscal period after that time, the corporation is deemed not to have established a fiscal period before that time;

- (b) for the purpose of computing the corporation's income for its first taxation year ending after that time, the corporation is deemed to have claimed or deducted, under sections 20, 138 and 140 of the federal Act, as they apply for the purposes of this Act, in computing its income for its taxation year ending immediately before that time, the greatest amount that could have been claimed or deducted for that year as a reserve under those sections;
- (c) the corporation is deemed to have disposed, at the time (in this subsection referred to as the "disposition time") that is immediately before the time that is immediately before that time, of each property that was owned by it immediately before that time for an amount equal to its fair market value at that time and to have reacquired the property at that time at a cost equal to that fair market value;
- (d) for the purposes of applying section 23 of this Act and sections 37, 65 to 66.4, 66.7 and 111 of the federal Act, as they apply for the purposes of this Act, to the corporation, the corporation is deemed to be a new corporation the first taxation year of which began at that time;
- (e) where, immediately before the disposition time, the corporation's cumulative eligible capital in respect of a business exceeds the total of
 - (i) $\frac{3}{4}$ of the fair market value of the eligible capital property in respect of the business, and
 - (ii) the amount otherwise deducted under paragraph 20(1)(b) of the federal Act, as it applies for the purposes of this Act, in computing the corporation's income from the business for the taxation year that ended immediately before that time,

the excess shall be deducted under paragraph 20(1)(b) of the federal Act, as it applies for the purposes of this Act, in computing the corporation's

computing its income for its taxation year ending immediately before that time the greatest amount that could have been claimed or deducted for that year as a reserve under those sections;

- (b) the corporation shall be deemed to have disposed, immediately before the time that is immediately before that time, of each property, other than, where, at that time, the corporation ceases to be exempt from tax under this Act on its taxable income, a Canadian resource property or a foreign resource property, that was owned by it immediately before that time for an amount equal to its fair market value at that time and to have reacquired the property at that time at a cost equal to that fair market value;*
- (c) if clause (b) applies in respect of depreciable property of the corporation and the capital cost of it to the corporation immediately before the disposition exceeds the fair market value of it at that time, for the purposes of section 8,*
 - (i) the capital cost of the property to the corporation at that time shall be deemed to be the amount that was the corporation's capital cost of the property immediately before the disposition, and*
 - (ii) the excess shall be deemed to have been allowed to the corporation in respect of the property in computing its income for taxation years ending before that time;*
- (d) notwithstanding section 111 of the federal Act, no amount is deductible in computing the corporation's taxable income for a taxation year ending after that time in respect of a non-capital loss, net capital loss, restricted farm loss, farm loss or limited partnership loss for a taxation year ending before that time to the extent that the loss could have been applied to reduce the corporation's taxable income for taxation years ending before that time.*

(4) Subsection (3) does not apply to a corporation that ceases to be exempt from tax under this Act after November 12, 1981 by reason of control of the corporation being acquired by a person or persons pursuant to an agreement in writing entered into on or before that date.

income from the business for the taxation year that ended immediately before that time.

(b) by repealing subsection (4).

(2) Subsection (1)(a) applies to a corporation that becomes or ceases to be exempt from tax on its taxable income after April 26, 1995.

29 Section 37.1(1) is amended by striking out the portion that precedes clause (a) and substituting the following:

Penalty for
false
statement

37.1(1) If a person acting on behalf of a corporation knowingly, or under circumstances amounting to gross negligence, has made or has participated in, assented to or acquiesced in the making of, a false statement or omission in a return, form, certificate, statement or answer (in this section referred to as a return) filed or made in respect of a taxation year for the purposes of this Act, the corporation is liable to a penalty of the greater of \$100 and 50% of the total of

29 Section 37.1(1) presently reads:

37.1(1) If a person acting on behalf of a corporation knowingly or under circumstances amounting to gross negligence in the carrying out of any duty or obligation imposed under this Act or in the claiming of any refundable tax credits under this Act makes or participates in, assents to or acquiesces in the making of a false statement or omission in a return, application, certificate, statement or answer, all in this section referred to as a "return", filed or made in respect of a taxation year as required under this Act or a regulation, the corporation is liable to a penalty of the greater of \$100 or 50% of the aggregate of

(a) the amount, if any, by which

(i) the tax for the year that would be payable by the corporation under this Act, if the amount taxable in Alberta for the year were computed

(A) by adding to the taxable income reported by the corporation in its return for the year that portion of its understatement of income for the year that is reasonably attributable to the false statement or omission,

(B) by recalculating the Alberta allocation factor as it would be calculated under section 19(1) if it were not for the false statement or omission, and

(C) by deducting from the royalty tax deduction reported by the corporation in its return for the year the portion, if any, of the corporation's royalty tax deduction that is reasonably attributable to the false statement or omission

exceeds

(ii) the tax for the year that would be payable by the corporation under this Act if the corporation were assessed on the basis of the corporation's amount taxable in Alberta as filed,

Penalty for
inadequate
records

30(1) The following is added after section 37.1:

37.2(1) The Minister of Revenue may provide written notice, served personally or by mail, to a corporation demanding that all information necessary to substantiate the amount of royalty tax credit for a taxation year that the corporation has claimed entitlement to on any prescribed form filed pursuant to section 26.1(14) (in this section referred to as the “royalty tax credit claim”) be made available for examination by an officer of the Department of Revenue at the corporation’s normal place of business within 45 days after the date set out in the notice.

(2) If

- (a) information to substantiate all of the corporation’s royalty tax credit claim has not been made available by the corporation within the 45-day period, or

(b) the amount, if any, by which

- (i) the tax for the year that would be payable if the tax were computed by subtracting from the deductions from the tax otherwise payable by the corporation for the year the portion of any of the deductions that is reasonably attributable to the false statement or omission*

exceeds

- (ii) the tax for the year that would be payable by the corporation under this Act if the corporation's tax payable for the year were assessed on the basis of the information provided in its return for the year,*

and

(c) the amount, if any, by which

- (i) the refundable tax credits for the year that would be payable to the corporation if they were determined on the basis of information provided in the corporation's return for the year*

exceed

- (ii) the refundable tax credits for the year that would be payable to the corporation if they were determined by deducting from the refundable tax credits claimed by the corporation in its return for the year the portion of them that is reasonably attributable to the false statement or omission.*

30 Penalty for inadequate records.

- (b) the information made available by the corporation within the 45-day period does not substantiate all of the corporation's royalty tax credit claim,

the corporation is liable to pay a penalty in an amount equal to 25% of the difference between

- (c) the amount of the corporation's royalty tax credit claim, and
- (d) the amount of the royalty tax credit the corporation would have been entitled to for the taxation year under this Act based on the information made available by the corporation to the Minister of Revenue within the 45-day period.

(3) A penalty under subsection (2) applies even if it is determined subsequent to the expiration of the 45-day period, from additional information supplied by the corporation to the satisfaction of the Minister of Revenue or on appeal from a determination made by the Minister of Revenue, that the corporation is entitled to a royalty tax credit for the taxation year in excess of the amount that would have been payable to the corporation for the taxation year under this Act based on the information made available to the Minister of Revenue within the 45-day period.

(2) This section applies to all claims filed after the coming into force of this section.

31 Section 39(3) is amended

- (a) by striking out "or a part or an instalment of tax" and substituting "or a part of an instalment of tax";**
- (b) in clause (a)**
 - (i) by striking out the words before subclause (i) and substituting the following:**
 - (a) the tax payable by the corporation for the year is deemed to be the amount that it would be if the consequences of the deduction or exclusion of the following amounts were not taken into consideration:
 - (ii) by striking out "or" at the end of subclause (ii) and substituting "and";**

31 Section 39(3) presently reads:

(3) 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 and for the purpose of section 73.1,

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

(i) any amount deducted under this Act by virtue of the application of section 41 of the federal Act in respect of its listed-personal-property loss for a subsequent taxation year,

(ii) any amount excluded from its income for the year under this Act by virtue of the application of section 49 of the federal Act in respect of the exercise of an option in a subsequent taxation year, or

(iii) by striking out the words after subclause (iii) and substituting “and”;

(c) in clause (b) by striking out “by virtue of the exclusion or deduction of an amount described in clause (a) shall be deemed” and substituting “as a consequence of the deduction or exclusion of amounts described in clause (a) is deemed”.

32(1) The following is added after section 39.1:

Offset of
refund and
arrear
interest

39.2 In this section,

- (a) “accumulated overpayment amount” of a corporation for a period means the overpayment amount of the corporation for the period together with refund interest (including, for greater certainty, compound interest) that accrued with respect to the overpayment amount before the date specified under subsection (3)(b) by the corporation in its application for the period;
- (b) “accumulated underpayment amount” of a corporation for a period means the underpayment amount of the corporation for the period together with arrear interest (including, for greater certainty, compound interest) that accrued with respect to the underpayment amount before the date specified under subsection (3)(b) by the corporation in its application for the period;

(iii) any amount deducted under this Act by virtue of the application of section 111 of the federal Act in respect of a loss 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 corporation for the year is reduced by virtue of the exclusion or deduction of an amount described in clause (a) shall be deemed to have been paid by the corporation on account of 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 corporation's return under section 36 for that subsequent taxation year was filed,

(iii) if an amended return for the taxation year or a prescribed form amending its return for the year was filed under this Act by virtue of the application of subsection 49(4) of the federal Act or section 44 of this Act, the day on which the amended return or prescribed form was filed, and

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

32 Offset of refund and arrears interest.

- (c) "arrears interest" means interest computed under subsection (5)(b) or section 38.1(1)(b), 39(1) or (6) or 47(4.3)(b) or (5)(b);
- (d) "overpayment amount" of a corporation for a period means the amount referred to in subsection (2)(a)(i) that is refunded to the corporation or the amount referred to in subsection (2)(a)(ii) to which the corporation is entitled;
- (e) "refund interest" means interest computed under section 47(4) or (4.31);
- (f) "underpayment amount" of a corporation for a period means the amount referred to in subsection (2)(b) payable by the corporation on which arrears interest is computed.

(2) A corporation may apply in writing to the Minister of Revenue for the reallocation of an accumulated overpayment amount for a period that begins after 2000 on account of an accumulated underpayment amount for the period if, in respect of tax paid or payable by the corporation under this Act,

- (a) refund interest for the period
 - (i) is computed on an amount refunded to the corporation, or
 - (ii) would be computed on an amount to which the corporation is entitled, if that amount were refunded to the corporation,
- and
- (b) arrears interest for the period is computed on an amount payable by the corporation.

(3) A corporation's application referred to in subsection (2) for a period is deemed not to have been made unless

- (a) it specifies the amount to be reallocated, which shall not exceed the lesser of the corporation's accumulated overpayment amount for the period and its accumulated underpayment amount for the period,

- (b) it specifies the effective date for the reallocation, which shall not be earlier than the latest of
 - (i) the date from which refund interest is computed on the corporation's overpayment amount for the period, or would be so computed if the overpayment amount were refunded to the corporation,
 - (ii) the date from which arrears interest is computed on the corporation's underpayment amount for the period, and
 - (iii) January 1, 2001,and
- (c) it is made on or before the day that is 90 days after the latest of
 - (i) the day of mailing of the first notice of assessment giving rise to any portion of the corporation's overpayment amount to which the application relates,
 - (ii) the day of mailing of the first notice of assessment giving rise to any portion of the corporation's underpayment amount to which the application relates,
 - (iii) if the corporation has served a notice of objection to an assessment referred to in subclause (i) or (ii), the day of mailing of the notification under section 48(4) by the Minister of Revenue in respect of the notice of objection,
 - (iv) if the corporation has appealed, or applied for leave to appeal, from an assessment referred to in subclause (i) or (ii) to a court of competent jurisdiction, the day on which the court dismisses the application, the application or appeal is discontinued or final judgment is pronounced in the appeal, and
 - (v) the day of mailing of the first notice to the corporation indicating that the Minister of Revenue has determined any portion of the corporation's overpayment amount to which the application relates, if the overpayment amount

has not been determined as a result of a notice of assessment mailed before that day.

(4) The amount to be reallocated that is specified under subsection (3)(a) by a corporation is deemed to have been refunded to the corporation and paid on account of the accumulated underpayment amount on the date specified under subsection (3)(b) by the corporation.

(5) If an application in respect of a period is made under subsection (2) by a corporation and a portion of the amount to be reallocated has been refunded to the corporation, the following rules apply:

(a) a particular amount equal to the total of

(i) the portion of the amount to be reallocated that was refunded to the corporation, and

(ii) refund interest paid or credited to the corporation in respect of that portion

is deemed to have become payable by the corporation on the day on which the portion was refunded;

(b) the corporation shall pay to the Minister of Revenue interest at the prescribed rate on the particular amount from the day referred to in clause (a) to the date of payment.

(6) If a particular reallocation of an accumulated overpayment amount under subsection (4) results in a new accumulated overpayment amount of the corporation for a period, the new accumulated overpayment amount shall not be reallocated under this section unless the corporation so applies in its application for the particular reallocation.

(2) Subsection (1) applies after 2000.

33(1) Section 41 is amended

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

(4) The provisions of this Act relating to an assessment or reassessment and to assessing or reassessing tax apply to a determination or redetermination of an amount, except that

33 Section 41 presently reads in part:

(4) The provisions of this Part relating to an assessment or reassessment and to assessing or reassessing tax apply to a determination or redetermination under this Division, except that subsection (1) and section 42(1) are not applicable to determinations made under subsection (1.11) or (2), and an original determination of a corporation's non-capital loss, net capital loss, restricted farm loss, farm loss or limited partnership loss for a taxation year may be

- (a) subsection (1) and section 42(1) do not apply to determinations made under subsections (1.11) and (2),
- (b) an original determination of a corporation's non-capital loss, net capital loss, restricted farm loss, farm loss or limited partnership loss for a taxation year may be made by the Minister of Revenue only at the request of the corporation, and
- (c) section 47(4.4) does not apply to a determination or redetermination to which the corporation is bound by virtue of subsection (6).

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

(6) Where a corporation is a member of a partnership in a taxation year, for the purposes of calculating

- (a) the income, taxable income or taxable income earned in Canada of,
- (b) the tax or other amount payable by,
- (c) any amount refundable to, or
- (d) any amount deemed to have been paid or to have been an overpayment by

the corporation as a member of the partnership for any taxation year under this Act, the corporation is bound by any determination or redetermination by the Minister of National Revenue pursuant to subsection 152(1.4) of the federal Act with respect to the income or loss of the partnership or any deduction or other amount, or any other matter, in respect of the partnership for the fiscal period referred to in subsection 152(1.4) of the federal Act or a decision of the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada rendered in any appeal undertaken by any member of the partnership from such determination or redetermination where such determination, redetermination or decision is final and all rights of objection and appeal have expired.

(7) Notwithstanding sections 43(1), (1.02), (2) and (3), the Minister of Revenue may, before the end of the day that is one year after the day that the Minister of National Revenue initiates a federal assessment action with respect to a corporation pursuant to paragraph 152(1.7)(b) of the federal

made by the Provincial Treasurer only at the request of the corporation.

(5) If the Provincial Treasurer makes a determination of the amount of a corporation's non-capital loss, net capital loss, restricted farm loss, farm loss or limited partnership loss for a taxation year under subsection (2) or makes a determination under subsection (1.11) with respect to a corporation, subject to the corporation's rights of objection and appeal in respect of a determination and to any redetermination by the Provincial Treasurer, the determination is binding on both the Provincial Treasurer and the corporation for the purpose of calculating the income, taxable income, taxable income earned in Canada or amount taxable in Alberta of, tax, refundable tax credit or other amount payable by, or amount refundable to, the corporation for any taxation year.

Act, assess the tax, interest, penalties or other amounts payable and determine an amount deemed to have been paid or to have been an overpayment under this Act in respect of the corporation as a member of the partnership insofar as it is necessary to give effect to the determination or redetermination made by the Minister of National Revenue pursuant to subsection 152(1.7) of the federal Act or a decision of the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada rendered in any appeal undertaken by any member of the partnership from such determination or redetermination.

(8) Where, at any time, pursuant to subsection 152(1.8) of the federal Act, the Minister of National Revenue, the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada concludes that the partnership referred to in that subsection did not exist for the fiscal period referred to in subsection 152(1.4) of the federal Act or that, throughout the fiscal period, a corporation was not a member of the partnership, the Minister of Revenue may, notwithstanding sections 43(1), (1.02), (2) and (3), within one year after the Minister of National Revenue undertakes a federal assessment action referred to in subsection 152(1.8) of the federal Act with respect to the corporation, assess the tax, interest, penalties or other amounts payable, or determine an amount deemed to have been paid or to have been an overpayment under this Act by the corporation for any taxation year, but only to the extent that the assessment or determination can reasonably be regarded

- (a) as relating to any matter that was relevant in the making of the determination made by the Minister of National Revenue pursuant to subsection 152(1.4) of the federal Act,
- (b) as resulting from the conclusion that the partnership did not exist for the fiscal period referred to in subsection 152(1.4) of the federal Act, or
- (c) as resulting from the conclusion that the corporation was throughout the fiscal period referred to in subsection 152(1.4) of the federal Act, not a member of the partnership.

(9) In this section, “partnership” means a partnership of which a corporation is a member.

(2) Subsection (1)(a) applies in respect of determinations or redeterminations made after June 18, 1998.

(3) Subsection (1)(b) applies in respect of determinations or redeterminations made after June 18, 1998.

34(1) Section 43 is amended

(a) by repealing subsection (0.1) and substituting the following:

Assessment,
reassessment,
etc.

43(0.1) For the purpose of this section, the normal reassessment period of a corporation in respect of a taxation year is,

- (a) if at the end of the year the corporation is a Canadian-controlled private corporation, the period that ends 3 years after the earlier of
 - (i) the day of mailing of a notice of an original assessment under this Act in respect of the corporation for the year, and
 - (ii) the day of mailing of an original notification that no tax is payable by the corporation for the year,

and

- (b) in any other case, the period that ends 4 years after the earlier of
 - (i) the day of mailing of a notice of an original assessment under this Act in respect of the corporation for the year, and
 - (ii) the day of mailing of an original notification that no tax is payable by the corporation for the year.

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

(1) The Minister of Revenue may at any time make an assessment, reassessment or additional assessment of tax for a taxation year, interest or penalties, if any, payable under this Act by a corporation, notify in writing any corporation by whom a return of income for a taxation year has been filed that no tax is payable for the year, or determine the corporation's entitlement to and the amount, if any, of a

34 Section 43 presently reads:

43(0.1) For the purpose of this section, the normal reassessment period in respect of a corporation for a taxation year is,

- (a) if at the end of the year the corporation is a Canadian-controlled private corporation, the period that ends 3 years after the date of mailing of a notice of an original assessment for the year under this Act or the date of mailing of a notification that no tax is payable for the year, or*
- (b) in any other case, the period that ends 4 years after the date of mailing of a notice of an original assessment for the year under this Act or the date of mailing of a notification that no tax is payable for the year.*

(1) Subject to subsection (2), the Provincial Treasurer

- (a) may, at any time, assess tax for a taxation year, interest or penalties payable under this Act by a corporation,*
- (b) may, at any time, notify in writing any corporation that filed a return for a taxation year that no tax is payable for a taxation year,*
- (c) may, at any time, determine the corporation's entitlement to and the amount, if any, of a refundable tax credit for a taxation year, and*
- (d) may reassess or make additional assessments of or assess tax, interest or penalties under this Act or determine the entitlement to and the amount, if any, of the refundable tax credits for a taxation year*
 - (i) at any time if the corporation filing the return*
 - (A) has made a misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in filing the return or in supplying any information under this Act,*
 - (B) has filed with the Provincial Treasurer a waiver in the prescribed form within*

refundable tax credit for a taxation year, except that an assessment, reassessment or additional assessment may be made after the corporation's normal reassessment period in respect of the year only if

- (a) the corporation or person filing the return
 - (i) has made any misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in filing the return or in supplying any information under this Act,
 - (ii) has filed with the Minister of Revenue a waiver in prescribed form within the normal reassessment period for the corporation in respect of the year,
 - (iii) has filed with the Minister of Revenue a waiver in prescribed form within any other period established by this Act during which the Minister of Revenue may reassess, make additional assessments of or assess tax, interest or penalties or determine the entitlement to and the amount, if any, of any refundable tax credits, or
 - (iv) has failed to comply with section 36.2,
- (a.1) the assessment or reassessment is required pursuant to section 44.1 or 44.2, or
- (b) the assessment, reassessment or additional assessment is made before the day that is 3 years after the end of the normal reassessment period for the corporation in respect of the year and
 - (i) is required pursuant to section 44 or would be so required if the corporation had claimed an amount by filing the prescribed form referred to in that section on or before the day referred to in that section,
 - (ii) is made as a consequence of the assessment or reassessment pursuant to this clause or section 44 of tax payable by another taxpayer,
 - (iii) is made as a consequence of a transaction involving the corporation and a non-resident

- (I) *the normal reassessment period for the corporation in respect of the year, or*
- (II) *any other period established by this Act during which the Provincial Treasurer may reassess, make additional assessments of or assess tax, interest or penalties or determine the entitlement to and the amount, if any, of any refundable tax credits, or*
- (C) *has failed to comply with section 36.2,*
- (ii) *within the period that ends 3 years after the expiration of the normal reassessment period for the corporation in respect of the year if*
 - (A) *an assessment or reassessment of the tax of the corporation was required pursuant to section 44 or would have been required if the corporation had claimed an amount by filing the prescribed form referred to in that section on or before the date referred to in that section,*
 - (B) *there is reason, as a consequence of the assessment or reassessment of another corporation's tax pursuant to this subclause or section 44, to assess or reassess the corporation's tax for any relevant year,*
 - (C) *there is reason, as a consequence of a transaction involving the corporation and a non-resident person with whom it was not dealing at arm's length, to assess or reassess the corporation's tax for any relevant taxation year, or*
 - (D) *there is reason, as a consequence of an additional payment or reimbursement of any income or profits tax to or by the government of a country other than Canada, to assess or reassess the corporation's tax for any relevant taxation year,*

and

- (iii) *within the normal reassessment period for the corporation in respect of the year in any other case,*
- except that a reassessment, additional assessment or assessment may be made under subclause (ii) after the normal reassessment period for the corporation in respect of the year only to the extent that it may reasonably be regarded as relating to the assessment, reassessment, transaction, additional payment or reimbursement referred to in subclause (ii).*

(1.01) A waiver referred to in subsection (1)(d)(i)(B)(II) may be filed only in respect of a matter that may be the subject of the

person with whom the corporation was not dealing at arm's length,

(iv) is made as a consequence of a payment or reimbursement of any income or profits tax to or by the government of a country other than Canada or a government of a state, province or other political subdivision of any such country, or

(v) is made as a consequence of a reduction under subsection 66(12.73) of the federal Act, as it applies for the purposes of this Act, of an amount purported to be renounced under section 66 of the federal Act.

(c) in subsection (1.01) by striking out “subsection (1)(d)(i)(B)(II)” wherever it occurs and substituting “subsection (1)(a)(iii)”;

(d) by adding the following after subsection (1.01):

(1.02) Notwithstanding subsections (1) and (2), an assessment, reassessment or additional assessment to which subsection (1)(a) or (b) applies in respect of a corporation for a taxation year may be made after the corporation's normal reassessment period in respect of the year to the extent that, but only to the extent that, it can reasonably be regarded as relating to,

(a) where subsection (1)(a) applies to the assessment, reassessment or additional assessment,

(i) any misrepresentation made by the corporation or a person who filed the corporation's return of income for the year that is attributable to neglect, carelessness or wilful default or any fraud committed by the corporation or that person in filing the return or supplying any information under this Act, or

(ii) a matter specified in a waiver filed with the Minister of Revenue in respect of the year,

and

(b) where subsection (1)(b) applies to the assessment, reassessment or additional assessment,

reassessment, assessment or determination referred to in subsection (1)(d)(i)(B)(II).

(1.1) In subsections (1.2) and (2), “assessment action” means

- (a) an assessment, reassessment or additional assessment of tax, interest or penalties,*
- (b) a determination or redetermination of a loss, or*
- (c) a confirmation of an assessment, reassessment or additional assessment of tax, interest or penalties or of a determination or redetermination of a loss*

under the federal Act or a statute of a province that imposes a tax similar to the tax imposed under this Act.

(1.2) Notwithstanding subsection (1), not more than 12 months after

- (a) a corporation files information under section 36.2(1) for a particular taxation year as a result of an assessment action, or*
- (b) a corporation files an amended return or return under section 36.2(2) or (3) for a particular taxation year,*

the Provincial Treasurer, in respect of the particular taxation year or any taxation year in which a loss of the particular taxation year may be deducted under subsection 41(2) or section 111 of the federal Act as it applies for purposes of this Act, may

- (c) reassess, make additional assessments of or assess tax, interest or penalties,*
- (d) notify in writing a corporation that filed a return under this Act for the year that no tax is payable for the year, or*
- (e) determine the corporation's entitlement to, and the amount, if any, of, a refundable tax credit.*

(1.21) If the Provincial Treasurer becomes aware that there has been an assessment action in respect of a corporation, the Provincial Treasurer may exercise the powers in subsection (1.2)(c), (d) and (e) with respect to that corporation before the corporation files information under section 36.2(1) in respect of that assessment action.

(1.3) For the purposes of this section, where a corporation did not file a return for a taxation year because of section 36(1.1)(b) or (c), a notice of an original assessment or notification that no tax is payable for the year under this Act is deemed to be mailed to the corporation on the day of mailing under Part I of the federal Act by the Minister of National Revenue of a notice of an original assessment or notification that no tax is payable for that year.

(2) For the purposes of any reassessment, additional assessment or assessment of tax, interest or penalties that is made after the normal

- (i) the assessment, reassessment or additional assessment to which subsection (1)(b)(i) applies,
- (ii) the assessment or reassessment referred to in subsection (1)(b)(ii),
- (iii) the transaction referred to in subsection (1)(b)(iii),
- (iv) the payment or reimbursement referred to in subsection (1)(b)(iv), or
- (v) the reduction referred to in subsection (1)(b)(v).

(e) by repealing subsection (1.1) and substituting the following:

(1.1) In subsections (1.2), (1.21) and (2), “assessment action” means

- (a) an assessment, reassessment or additional assessment of tax, interest or penalties,
- (b) a determination or redetermination of a loss,
- (c) a confirmation of an assessment, reassessment or additional assessment of tax, interest or penalties or of a determination or redetermination of a loss, or
- (d) a notification that no tax is payable

under the federal Act or a statute of a province that imposes a tax similar to the tax imposed under this Act.

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

(2) There shall not be included in computing the income of a corporation for a taxation year, for the purpose of an assessment, reassessment or additional assessment made under this Act after the corporation’s normal reassessment period in respect of the year,

- (a) any amount that was not included in computing the corporation’s income for the purpose of an assessment, reassessment or additional assessment made under this Act before the end of the period,

reassessment period in respect of a corporation for a taxation year, an amount that was not included in computing the corporation's income for the purpose of an assessment of tax made before the end of the normal reassessment period in respect of the corporation shall not be included in computing the income of the corporation for the taxation year if,

- (a) in the case of a reassessment, additional assessment or assessment made as a result of a misrepresentation that is attributable to neglect, carelessness or wilful default or from any fraud in filing a return or supplying any information under this Act, the corporation establishes that the failure to include the amount did not result from such a misrepresentation or fraud,*
- (b) in the case of a reassessment, additional assessment or assessment made as a result of an assessment action, the corporation establishes that the amount cannot be reasonably regarded as relating to the assessment action,*
- (c) in the case of a reassessment, additional assessment or assessment made as a result of a waiver filed by the corporation in the form and within the time referred to in subsection (1)(d)(i)(B), the corporation establishes that the amount cannot be reasonably regarded as relating to a matter specified in the waiver, or*
- (d) in the case of a reassessment, additional assessment or assessment made as a result of a corporation's submitting an amended return under section 36.2(2), the corporation establishes that the amount cannot reasonably be regarded as relating to the error that was corrected by the amended return.*

(3) Where the Provincial Treasurer would, but for this subsection, be entitled to reassess, make an additional assessment, assess tax, interest or penalties or determine the entitlement to and the amount, if any, of a corporation's refundable tax credit by virtue only of the filing of a waiver under subsection (1)(d)(i)(B), the Provincial Treasurer may not make that reassessment, additional assessment, assessment or determination after the day that is 6 months after the date on which a notice of revocation of the waiver in the prescribed form is filed.

(3.1) Subject to subsection (3.2), if in a particular taxation year a corporation is notified that, pursuant to section 39 or 39.01 of the Mines and Minerals Act, the Minister of Energy has recalculated or made additional calculations that change an amount referred to in section 26(1)(c)(i) or (ii) for a previous taxation year in respect of which the normal reassessment period has expired, the Provincial Treasurer, notwithstanding subsection (1) and within the normal reassessment period for the particular taxation year, may

- (a) assess, reassess or make additional assessments of tax, interest or penalties with respect to the previous taxation year, and*

- (b) any amount that the corporation establishes cannot be reasonably regarded as relating to an assessment action, or
- (c) any amount that the corporation establishes cannot be reasonably regarded as an error that was corrected by the filing of an amended return under section 36.2(2).

(g) in subsection (3) by striking out “subsection (1)(d)(i)(B)” and substituting “subsection (1)(a)(ii) or (iii)”;

(h) in subsection (3.1)(b) by striking out “or the royalty tax credit gas supplement”;

(i) in subsection (4) by striking out “subsection 67.5(1) of the federal Act as it is” and substituting “subsections 67.5(1) and 69(11) and section 143.2 of the federal Act as they are”;

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

(4.1) Notwithstanding subsections (1), (1.02) and (2), the Minister of Revenue shall assess or reassess interest and penalties payable by a corporation in respect of any taxation year as necessary in order to take into account a reallocation of amounts under section 39.2.

(4.2) Notwithstanding subsections (1), (1.02), (2), (3), (5) and (6), the Minister of Revenue may make at any time such assessments, reassessments, determinations and redeterminations that are necessary where information is obtained that the conditions in subparagraph 86.1(2)(c)(iii) or (d)(iii) of the federal Act as it applies for the purposes of this Act are not, or are no longer, satisfied.

(k) by adding the following after subsection (6):

(7) Where, at any particular time as part of a series of transactions or events a corporation disposes of property after July 10, 1997 and before the coming into force of sections 14.1, 14.2 and 16.1 and a subsequent disposition of that property is made, or arrangements for the subsequent disposition of that property are made, before the day that is 3 years after the particular time, and the result of the series of transactions or events is that the aggregate amount of income arising from the disposition of that property by the corporation and from any subsequent disposition of that

(b) determine or redetermine the entitlement to and the amount, if any, of the royalty tax credit or the royalty tax credit gas supplement of the corporation for the previous taxation year.

(3.2) The Provincial Treasurer may assess, reassess or make additional assessments, determinations or redeterminations under subsection (3.1) only to the extent that they are reasonably related to the recalculation or additional calculation under section 39 or 39.01 of the Mines and Minerals Act referred to in subsection (3.1).

(3.3) If, as a result of a notice of objection filed under section 48 or an appeal under section 50, the Provincial Treasurer has vacated or varied an assessment, reassessment, determination or redetermination made under subsection (3.1) in respect of a taxation year, the Provincial Treasurer may, notwithstanding subsection (1), exercise any of the Provincial Treasurer's powers described in subsection (3.1) in respect of any other taxation year to the extent that the exercise of the powers is reasonably related to the recalculation or additional calculation under section 39 or 39.01 of the Mines and Minerals Act referred to in subsection (3.1).

(3.4) The Provincial Treasurer may exercise the powers under subsection (3.3) within one year after the assessment, reassessment, determination or redetermination referred to in subsection (3.3) has been vacated or varied.

(4) Notwithstanding subsections (1) to (2), the Provincial Treasurer may make such assessments, reassessments and additional assessments of tax, interest and penalties and such determinations and redeterminations as are necessary to give effect to subsection 67.5(1) of the federal Act as it is made applicable by this Act for any taxation year.

(5) Notwithstanding subsections (1), (2) and (3), if the result of an assessment or a decision on an appeal is to change a particular balance of a corporation for a particular taxation year, the Provincial Treasurer may or, if the corporation so requests in writing, shall, before the later of the expiration of the normal reassessment period in respect of a subsequent taxation year and the end of the day that is one year after the day on which all rights of objection and appeal expire or are determined in respect of the particular year, reassess the tax, interest or penalties payable, or redetermine an amount deemed to have been paid or to have become payable under this Act by the corporation in respect of the subsequent taxation year, but only to the extent that the reassessment or redetermination can reasonably be considered to relate to the change in the particular balance of the corporation for the particular year.

(6) For the purposes of subsection (5), a "balance" of a corporation for a taxation year is the income, taxable income, taxable income earned in Canada, amount taxable in Alberta or any loss of the

property by a subsequent owner included by the corporation and any subsequent owner in the computation of income for the purposes of the federal Act exceeds the aggregate amount of income included by the corporation and any subsequent owner in the computation of income in all the provinces, the Minister of Revenue may assess or reassess tax of the corporation on the excess for the taxation year in which the corporation disposed of the property.

(8) Where subsection (7) applies and the property disposed of by the corporation is depreciable property, the Minister of Revenue may assess or reassess the corporation

- (a) for the taxation year in which it disposed of the property on the basis that the proceeds of disposition in the calculation of undepreciated capital cost to the corporation of the prescribed class, to which the property was a part, is deemed for the purposes of this Act to equal the proceeds of disposition of the property for the purposes of the federal Act, if the proceeds of disposition for the purposes of the federal Act exceed the proceeds of disposition for the purposes of this Act, and
- (b) for any subsequent taxation year to the extent that the assessment or reassessment is consequential to the application of clause (a).

(9) Where, at any particular time as part of a series of transactions or events a partnership, at least one member of which is a corporation, disposes of property after July 10, 1997 and before the coming into force of sections 14.1, 14.2 and 16.1 and a subsequent disposition of that property is made, or arrangements for the subsequent disposition of that property are made, before the day that is 3 years after the particular time and the result of the series of transactions or events is that the aggregate amount of income, arising from the disposition of that property by the partnership and from any subsequent disposition of that property by a subsequent owner, included by the corporation to which this Act applies that is a member of the partnership and any subsequent owner in the computation of income for the purposes of the federal Act exceeds the aggregate amount of income included by the corporation and any subsequent owner in the computation of income in all the provinces, the Minister of Revenue may assess or reassess tax on the corporation on the excess for the taxation year of the corporation which includes the fiscal period in which the partnership disposed of the property.

corporation for the year or the tax or other amount payable by, any amount refundable to or any amount deemed to have been paid or to have become payable by, the corporation for the year.

(10) Where subsection (9) applies and the property disposed of by the partnership is depreciable property, the Minister of Revenue may assess or reassess the corporation to which this Act applies that is a member of the partnership

- (a) for the taxation year which includes the fiscal period in which the partnership disposed of the property on the basis that the proceeds of disposition in the calculation of undepreciated capital cost to the partnership of the prescribed class, to which the property was a part, is deemed for the purposes of this Act to equal the proceeds of disposition for the purposes of the federal Act, if the proceeds of disposition for the purposes of the federal Act exceed proceeds of disposition for the purposes of this Act, and
- (b) for any subsequent taxation year to the extent that the assessment or reassessment is consequential to the application of clause (a).

(2) Subsection (1)(a), (c), (f) and (g) apply after April 27, 1989.

(3) Subsection (1)(b) applies after April 27, 1989, except in respect of section 43(1)(b)(v), which applies only to the 1996 and subsequent taxation years.

(4) Subsection (1)(d) applies after April 27, 1989, except in respect of section 43(1.02)(b)(v), which applies only to the 1996 and subsequent taxation years.

(5) Subsection (1)(i), with respect to subsection 69(11) of the federal Act, applies to each disposition that is part of a series of transactions or events that begins after April 26, 1995, other than a disposition that occurred before 1996 to a person who was obliged on that day to acquire the property under the terms of an agreement in writing entered into on or before that day, and for the purpose of this subsection, a person is considered not to be obliged to acquire property where the person can be excused from the obligation if there is a change to this Act or the federal Act or if there is an adverse assessment under this Act or the federal Act.

(6) Subsection (1)(i), with respect to section 143.2, applies to the same extent as provided in section 34.02(6) to (11) of the *Alberta Corporate Tax Act*.

(7) Section 43(4.2) of the *Alberta Corporate Tax Act*, as enacted by subsection (1)(j), applies only if the proposal to enact, with or without amendments, section 86.1 of the federal Act as contained in the Ways and Means Motion tabled in the House of Commons on December 21, 2000 is enacted by the Parliament of Canada.

35 The following is added after section 44:

Reassessment
re: election on
proceeds

44.1 Where a corporation has filed for a particular taxation year the return required by section 36 and the proceeds of disposition of property are subsequently reduced as a result of a valid election filed in accordance with section 14.1(3), 14.2(3) or 16.1(3), the Minister of Revenue shall reassess the corporation's tax for any relevant taxation year in order to take into account the elected amount.

Reassessment
re: excessive
capital cost
allowance

44.2 Where a corporation has filed for a particular taxation year the return required by section 36 and the capital cost allowance claimed by the corporation, or by the partnership of which the corporation is a member, is excessive as a result of a valid election filed in accordance with section 14.1(3), 14.2(3) or 16.1(3), the Minister of Revenue shall reassess the corporation's tax for any relevant taxation year in order to take into account the elected amount.

36(1) Section 45 is amended by adding the following after subsection (2):

(3) The Provincial Minister may advance an alternative argument in support of an assessment at any time after the normal reassessment period unless, on an appeal under this Act,

- (a) there is relevant evidence that the corporation is no longer able to adduce without the leave of the court, and
- (b) it is not appropriate in the circumstances for the court to order that the evidence be adduced.

(2) This section applies to appeals disposed of after June 17, 1999.

35 Reassessment re: election on proceeds. Reassessment re: excessive capital cost allowance.

36 Section 45 presently reads:

45(1) The Provincial Treasurer is not bound by a return or information supplied by or on behalf of a corporation, and in making an assessment may, notwithstanding the contents of a return or information so supplied, or notwithstanding that no return or information has been supplied, assess the tax payable under this Act and may determine the entitlement to and the amount, if any, of any refundable tax credits under this Act.

(2) An assessment shall, subject to being varied or vacated on an objection or appeal under this Act and subject to a reassessment, be deemed to be valid and binding notwithstanding any error, defect or omission in the assessment or in any proceeding under this Act relating to the assessment.

37(1) Section 47(2)(b) is repealed and the following is substituted:

- (b) shall, with all due dispatch, make the refund referred to in clause (a) after mailing the notice of assessment if application for it is made in writing by the corporation within the period within which the Minister of Revenue would be allowed, under section 43(1) read without reference to clause (a) or under section 43(1.2), to assess tax payable under this Act by the taxpayer for the year.

(2) Subsection (1) applies after April 27, 1989.

38(1) Section 48 is amended

(a) by repealing subsection (1.1) and substituting the following:

(1.1) Notwithstanding subsection (1), where at any time the Minister of Revenue assesses tax, interest or penalties or other amounts payable under this Act by, or makes a determination or redetermination in respect of, a corporation

- (a) under section 41(1.1), (1.11) or (8), 43(1)(b)(i), (1.2), (3.1), (3.3), (4), (4.1) or (5), 44, 47(4.4) or 72.1(8) or in accordance with an order of a court vacating, varying or restoring the assessment or referring the assessment back to the Minister of Revenue for reconsideration and reassessment,
- (b) under subsection (4) where the underlying objection relates to an assessment or a determination made under any of the provisions or circumstances referred to in clause (a), or
- (c) under subsection 12(2.2) of the federal Act as it applies for the purposes of this Act,

the corporation may object to the assessment or determination within 90 days after the day of mailing of the notice of assessment or determination but only to the extent that the reasons for the objection can reasonably be regarded

37 Section 47(2) presently reads:

(2) If the return required to be filed by a corporation under section 36 for a taxation year has been filed within 3 years from the end of that year, the Provincial Treasurer

- (a) may, on or after mailing the notice of assessment for the taxation year, refund without application for the refund any overpayment for the year, and*
- (b) if the corporation makes an application in writing under circumstances in which section 43(1)(d)(ii) or (iii) or (1.2) applies within the periods referred to in section 43(1)(d)(ii) or (iii) or (1.2), as the case may be, shall, with all due dispatch, make the refund after mailing the notice of reassessment.*

38 Section 48 presently reads:

48(1) A corporation that objects to an assessment under this Act may serve on the Provincial Treasurer a notice of objection in the prescribed form setting out the reasons for the objection and all relevant facts, on or before the day that is 90 days after the day of mailing of the notice of assessment.

(1.1) Notwithstanding subsection (1), where at any time the Provincial Treasurer assesses tax, interest or penalties payable under this Act by, or makes a determination in respect of, a corporation

- (a) under section 41(1.1) or (1.11), 43(1)(d)(ii)(A), (1.2), (3.1), (3.3), (4) or (5), 44 or 47(4.4) or in accordance with an order of a court vacating, varying or restoring the assessment or referring the assessment back to the Provincial Treasurer for reconsideration and reassessment,*
- (b) under subsection (4) where the underlying objection relates to an assessment or a determination made under any of the provisions or circumstances referred to in clause (a), or*
- (c) under subsection 12(2.2) of the federal Act as it is made applicable for the purposes of this Act,*

the corporation may object to the assessment or determination within 90 days after the day of mailing of the notice of assessment or determination only to the extent that the reasons for the objection may reasonably be regarded as relating to a matter that gave rise to the assessment or determination and that was not conclusively determined by the court, except that this subsection shall not be read

(d) where the assessment or determination was made under section 41(8), as relating to any matter or conclusion specified in section 41(8)(a), (b) or (c), and

(e) in any other case, as relating to any matter that gave rise to the assessment or determination

that was not conclusively determined by the court, and this subsection is not to be read or construed as limiting the right of the corporation to object to an assessment or a determination issued or made before that time.

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

(6) The limitations imposed under section 43(1) and (1.02) do not apply to a reassessment made under subsection (4).

(2) Subsection (1)(a) applies in respect of assessments and determinations made after June 18, 1998.

(3) Subsection (1)(b) applies after April 27, 1989.

or construed as limiting the right of the corporation to object to an assessment or a determination issued or made before that time.

(1.105) Notwithstanding subsection (1), where the Provincial Treasurer confirms a determination, assessment, reassessment or additional assessment in respect of a corporation under section 72.5(4), the corporation may object to the determination or assessment within 90 days after the day of mailing of the notice of confirmation only to the extent that the reasons for the objection may reasonably be regarded as relating to a matter that gave rise to the determination or assessment.

(1.11) If a corporation that was a large corporation in a taxation year, within the meaning assigned by subsection 225.1(8) of the federal Act, objects to an assessment under this Part for the year, the notice of objection shall

- (a) reasonably describe each issue to be decided,*
- (b) specify in respect of each issue, the relief sought, expressed as the amount of a change in a balance, within the meaning assigned by section 43(6), or a balance of undeducted outlays, expenses or other amounts of the corporation, and*
- (c) provide facts and reasons relied on by the corporation in respect of each issue.*

(1.12) Notwithstanding subsection (1.11), if a notice of objection served by a corporation to which that subsection applies does not include the information required by subsection (1.11)(b) or (c) in respect of an issue to be decided that is described in the notice, the Provincial Treasurer may in writing request the corporation to provide the information, and subsection (1.11)(b) or (c) is deemed to be complied with in respect of the issue if, within 60 days after the request is made, the corporation submits the information in writing to the Provincial Treasurer.

(1.13) Notwithstanding subsections (1), (1.1) and (1.105), if under subsection (4) a particular assessment was made for a taxation year pursuant to a notice of objection served by a corporation that was a large corporation in the year, within the meaning assigned by subsection 225.1(8) of the federal Act, except where the objection was made to an earlier assessment made under any of the provisions or circumstances referred to in subsection (1.1)(a), the corporation may object to the particular assessment in respect of an issue

- (a) only if the corporation has complied with subsection (1.11) in the notice with respect to that issue, and*
- (b) only with respect to the relief sought in respect of that issue as specified by the corporation in the notice.*

(1.14) If a particular assessment is made under subsection (4) pursuant to an objection made by a corporation to an earlier assessment, subsection (1.13) does not limit the right of the corporation to object to the particular assessment in respect of an

issue that was part of the particular assessment and not part of the earlier assessment.

(1.2) Notwithstanding subsection (1), a corporation shall not object to an assessment made under section 50(1.2) nor, for greater certainty, in respect of an issue for which the right of objection has been waived in writing by the corporation.

(2) A notice of objection under this section shall be served by being sent by certified mail or registered letter addressed to the Provincial Treasurer.

(3) The Provincial Treasurer may accept a notice of objection under this section notwithstanding that it was not served in the manner required by subsection (2).

(4) Subject to subsection (4.1), on receipt of a notice of objection, the Provincial Treasurer shall

(a) if the corporation indicates in the notice of objection that it wishes to appeal immediately to the court and that it waives reconsideration of the assessment and the Provincial Treasurer consents, file a copy of the notice of objection with the clerk of the court of a judicial district in which the corporation has a permanent establishment, or

(b) with all due dispatch reconsider the assessment and vacate, confirm or vary the assessment or reassess

and he shall notify the corporation of his action in writing.

(4.1) When the Provincial Treasurer is served with a notice of objection to a determination, assessment, reassessment or additional assessment that the Provincial Treasurer has designated as being based on a federal assessment action, the Provincial Treasurer's duties under subsection (4) do not arise until all rights of appeal in respect of the federal assessment action have been exhausted or extinguished.

(5) If the Provincial Treasurer files a copy of a notice of objection pursuant to subsection (4)(a), the Provincial Treasurer shall be deemed for the purpose of section 50 to have confirmed the assessment to which the notice relates and the corporation that served the notice shall be deemed to have instituted an appeal in accordance with that section.

(6) No reassessment made by the Provincial Treasurer pursuant to subsection (4)(b) is invalid by reason only of not having been made within the periods referred to in section 43(1)(d)(ii) or (iii) or (1.2), as the case may be, under circumstances in which section 43(1)(d)(ii) or (iii) or (1.2) applies.

(7) If a corporation has served a notice of objection to an assessment in accordance with this section and the Provincial Treasurer then reassesses for the taxation year in respect of which the notice of objection was served or issues an additional assessment in respect of that year and notifies the corporation of his action by

39(1) Section 49 is repealed and the following is substituted:

Legal
representatives

49(1) For the purposes of this Act, where a person is a legal representative of a corporation at any time,

(a) the legal representative is jointly and severally liable with the corporation

(i) to pay each amount that is payable under this Act by the corporation at or before that time and that remains unpaid, to the extent that the legal representative is at that time in possession or control, in the capacity of legal representative, of property that belongs or belonged to, or that is or was held for the benefit of, the corporation, and

(ii) to perform any obligation or duty imposed under this Act on the corporation at or before that time and that remains outstanding, to the extent that the obligation or duty can reasonably be considered to relate to the responsibilities of the legal representative acting in that capacity,

and

(b) any action or proceeding in respect of the corporation taken under this Act at or after that time by the Minister of Revenue may be so taken in the name of the legal representative acting in that capacity and, when so taken, has the same effect as if it had been taken directly against the corporation and, if the corporation no longer exists, as if the corporation continued to exist.

(2) Every legal representative (other than a trustee in bankruptcy) of a corporation shall, before distributing to one or more persons any property in the possession or control of the legal representative acting in that capacity, obtain a certificate from the Minister of Revenue by applying for one in the prescribed form, certifying that all amounts

certified mail or registered letter, the corporation may without serving a notice of objection to the reassessment or the additional assessment,

- (a) appeal to the court in accordance with section 50, or*
- (b) if an appeal to the court has been instituted with respect to the assessment, amend that appeal by joining to it an appeal in respect of the reassessment or additional assessment in the manner and on the terms, if any, that the court may direct.*

39 Section 49 presently reads:

49(1) Every person, other than a trustee in bankruptcy, who is an assignee, liquidator, administrator, receiver, receiver-manager or any other like person, in this section referred to as the “responsible representative”, administering, winding up, controlling or otherwise dealing with a property or business of a corporation, before distributing to 1 or more persons any property over which he has control in his capacity as the responsible representative, shall obtain a certificate from the Provincial Treasurer certifying that all amounts

- (a) for which the corporation is liable under this Act in respect of the taxation year in which the distribution is made, or any preceding taxation year, and*
- (b) for the payment of which the responsible representative is or can reasonably be expected to become liable in his capacity as the responsible representative*

have been paid or that security for the payment of the amounts has been accepted by the Provincial Treasurer.

(2) If a responsible representative distributes to 1 or more persons property over which he has control in his capacity as the responsible representative without obtaining a certificate under subsection (1) in respect of the amounts referred to in that subsection, the responsible representative is personally liable for the payment of those amounts to the extent of the value of the property distributed and the Provincial Treasurer may assess the responsible representative for the amounts in the same manner and with the same effect as if it were an assessment of the corporation made under section 41.

- (a) for which the corporation is or can reasonably be expected to become liable under this Act at or before the time the distribution is made, and
- (b) for the payment of which the legal representative is or can reasonably be expected to become liable in that capacity as the legal representative

have been paid or that security for the payment of the amounts has been accepted by the Minister of Revenue.

(3) Where a legal representative (other than a trustee in bankruptcy) of a corporation distributes to one or more persons property in the possession or control of the legal representative acting in that capacity without obtaining a certificate under subsection (2) in respect of the amounts referred to in that subsection, the legal representative is personally liable for the payment of those amounts to the extent of the value of the property distributed, and the Minister of Revenue may at any time assess the legal representative in respect of any amount payable because of this subsection, and the provisions of this Act apply, with any modifications that the circumstances require, to an assessment made under this subsection as though it had been made under section 41 or 43.

(4) For the purposes of subsections (2) and (3), an appropriation by a legal representative of a corporation of property in the possession or control of the legal representative acting in that capacity is deemed to be a distribution of the property to a person.

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

40(1) Section 49.1 is amended

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

(2.1) Where a corporation or a partnership of which a corporation subject to tax under this Act is a member (referred to in this subsection as the “corporate partner”) is deemed by subsection 69(11) of the federal Act, as it applies for the purposes of this Act, to have disposed of a property at any time for proceeds of disposition equal to its fair market value at the time, the person referred to in that subsection to whom a benefit described in that subsection was available in respect of a subsequent disposition of the

40 Section 49.1 presently reads:

49.1(1) If property is transferred at any time by a corporation to a person with whom the corporation does not deal at arm's length at that time and the corporation is not entitled by virtue of the application of subsection 61.3(3) of the federal Act to deduct an amount under this Act by virtue of the application of section 61.3 of the federal Act in computing its income for a taxation year because of the transfer or because of the transfer and one or more other transactions, the person is jointly and severally liable with the corporation to pay an amount of the corporation's tax under this Act for the year equal to the amount, if any, by which the fair market value of the property at that time exceeds the fair market value at that time of the consideration given for the property, but nothing in

property or property substituted for the property is jointly and severally liable with the corporation or the corporate partner to pay a part of the corporation's or the corporate partner's liabilities under this Act in respect of each taxation year equal to the amount determined by the formula

$A - B$

where

A is the total of amounts payable under this Act by the corporation or the corporate partner in respect of the year, and

B is the amount that would, if the corporation or partnership were not deemed by subsection 69(11) of the federal Act, as it applies for the purposes of this Act, to have disposed of the property, be determined for A in respect of the corporation or the corporate partner in respect of the year,

but nothing under this subsection is deemed to limit the liability of the corporation or the corporate partner under any other provision of this Act.

(b) in subsection (3) by striking out “by the person”;

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

(4) Where a person has become jointly and severally liable with a corporation under this section in respect of part or all of a liability under this Act of the corporation,

(a) a payment by the person on account of that person's liability discharges the joint liability to the extent of the payment, but

(b) a payment by the corporation on account of that corporation's liability discharges the person's liability only to the extent that the payment operates to reduce the corporation's liability to an amount less than the amount in respect of which the person is, by this section, made jointly and severally liable.

(2) Subsection (1)(a) applies in respect of dispositions that are deemed by subsection 69(11) of the federal Act to occur after April 26, 1995.

this subsection limits the liability of the corporation under any other provisions of this Act.

(2) If

- (a) property is transferred at any time from a corporation (in this subsection referred to as the "transferor") to another person (in this subsection referred to as the "transferee") with whom the transferor does not deal at arm's length,*
- (b) the transferor is liable because of subsection (1) or this subsection to pay an amount of the tax of another person (in this subsection referred to as the "debtor") under this Act, and*
- (c) it can reasonably be considered that one of the reasons of the transfer would, but for this subsection, be to prevent the enforcement of this section,*

the transferee is jointly and severally liable with the transferor and the debtor to pay an amount of the debtor's tax under this Act equal to the lesser of the amount of such tax that the transferor was liable to pay at that time and the amount, if any, by which the fair market value of the property at that time exceeds the fair market value at the time of the consideration given for the property, but nothing in this subsection limits the liability of the debtor or the transferor under any provision of this Act.

(3) The Provincial Treasurer may at any time assess a person in respect of any amount payable by the person because of this section, and the provisions of this Part apply, with such modifications as the circumstances require, in respect of an assessment made under this section as though it had been made under section 41 or 43.

(4) If a corporation and another person have, because of subsection (1) or (2), become jointly and severally liable in respect of part or all of a liability of the corporation under this Act,

- (a) a payment by the other person on account of that person's liability shall to the extent of the payment discharge the joint liability, and*
- (b) a payment by the corporation on account of the corporation's liability discharges the other person's liability only to the extent that the payment operates to reduce the corporation's liability to an amount less than the amount in respect of which the other person was, by subsection (1) or (2), as the case may be, made liable.*

(3) Subsection (1)(b) and (c) are deemed to have come into force on June 18, 1998.

41(1) Section 50(1.1) is amended

(a) by striking out “interest or penalties” and substituting “interest, penalties or other amounts”;

(b) in clause (a) by striking out “41(1.1) or (1.11), 43(1)(d)(ii)(A), (1.2), (3.1), (3.3), (4) or (5), 44 or 47(4.4)” and substituting “41(1.1), (1.11) or (8), 43(1)(b)(i), (1.2), (3.1), (3.3), (4) or (5), 44, 47(4.4) or 72.1(8)”;

(c) by striking out the words after clause (c) and substituting the following:

the corporation may appeal to the court within the time limit specified in subsection (1) but only to the extent that the reasons for the appeal can reasonably be regarded

(d) where the assessment or determination was made under section 41(8), as relating to any matter or conclusion specified in section 41(8)(a), (b) or (c), and

(e) in any other case, as relating to any matter that gave rise to the assessment or determination

that was not conclusively determined by the court, and this subsection is not to be read or construed as limiting the right of the corporation to appeal from an assessment or a determination issued or made before that time.

(2) Subsection (1) applies in respect of determinations made after June 18, 1998.

42 Section 60.1(1) is amended by striking out “the Provincial Treasurer” and substituting “other than an amount assessed under section 50(1.2), the Minister of Revenue”.

41 Section 50(1.1) presently reads:

(1.1) Notwithstanding subsection (1), where at any time the Provincial Treasurer assesses tax, interest or penalties payable under this Act by, or makes a determination in respect of, a corporation

- (a) under section 41(1.1) or (1.11), 43(1)(d)(ii)(A), (1.2), (3.1), (3.3), (4) or (5), 44 or 47(4.4) or in accordance with an order of a court vacating, varying or restoring the assessment or referring the assessment back to the Provincial Treasurer for reconsideration and reassessment,*
- (b) under section 48(4) where the underlying objection relates to an assessment or a determination made under any of the provisions or circumstances referred to in clause (a), or*
- (c) under subsection 12(2.2) of the federal Act as it is made applicable for the purposes of this Act,*

the corporation may appeal to the court within the time limit specified in subsection (1) only to the extent that the reasons for the appeal may reasonably be regarded as relating to a matter that gave rise to the assessment or determination and that was not conclusively determined by the court, except that this subsection shall not be read or construed as limiting the right of the corporation to appeal from an assessment or a determination issued or made before that time.

42 Section 60.1(1) presently reads:

60.1(1) If a corporation is liable for the payment of an amount assessed under this Act, in this subsection referred to as the “unpaid amount”, the Provincial Treasurer shall not, for the purpose of collecting the unpaid amount,

- (a) commence legal proceedings in the court,*
- (b) certify the unpaid amount under section 58, or*
- (c) require a person to make a payment under section 60,*

43 Section 61 is amended by adding the following after subsection (3):

(3.1) Every person required by this section to keep records who does so electronically shall retain them in an electronically readable format for the retention period referred to in subsection (3).

(3.2) The Minister of Revenue may, on such terms and conditions as are acceptable to the Minister of Revenue, exempt a person or a class of persons from the requirement in subsection (3.1).

until after the day that is 90 days after the day of the mailing of the notice of assessment.

43 Section 61 presently reads:

61(1) A corporation that is required by or pursuant to this Act to pay taxes or other amounts or is entitled to a refundable tax credit pursuant to this Act shall keep records and books of account including an annual inventory kept in the prescribed manner and the records and books of account shall be in the form and shall contain the information that will enable taxes payable and refundable tax credits receivable under this Act or taxes and other amounts that are to be collected to be determined.

(1.1) Records and books of account required to be kept under subsection (1) shall be kept

- (a) at the corporation's place of business or residence in Alberta, or*
- (b) if it has no place of business or residence in Alberta, at a place in Alberta or elsewhere approved in writing by the Provincial Treasurer under any terms and conditions he may impose.*

(1.2) Notwithstanding subsection (1.1)(a), a corporation may keep the records and books of account at a place in Alberta or elsewhere approved in writing by the Provincial Treasurer under any terms and conditions he may impose.

(2) If a corporation has failed to keep adequate records and books of account for the purposes of this Act, the Provincial Treasurer may require it to keep those records and books of account that he may specify and that corporation shall then keep the records and books of account so required.

(3) Every corporation required by this section to keep records and books of account shall retain

- (a) the records and books of account in respect of which a period is prescribed, together with every account and voucher necessary to verify the information in any record or book of account, for the prescribed period, and*
- (b) all records and books of account other than those referred to in clause (a), together with every account and voucher necessary to verify the information contained in any record or book of account, until the expiration of 6 years from the end of the last taxation year to which the records and books of account relate.*

(4) Where, in respect of any taxation year, a corporation referred to in subsection (1) has not filed a return with the Provincial Treasurer as and when required by section 36(1), that corporation shall retain every record and book of account that is required to be

44(1) Section 62(b) is repealed and the following is substituted:

(b) “documents” includes money, securities and records;

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

kept by this section and that relates to that taxation year, together with every account and voucher necessary to verify the information contained in the record and book of account, until the expiration of 6 years from the day the return for that taxation year is filed.

(5) Where a corporation required by this section to keep records and books of account serves a notice of objection or is a party to an appeal under this Act, that corporation shall retain every record, book of account, account and voucher necessary for dealing with the objection or appeal until, in the case of the serving of a notice of objection, the time provided by section 50 or 50.1 to appeal has elapsed or, in the case of an appeal, until the appeal is disposed of and any further appeal in respect of it is disposed of or the time for filing any further appeal has expired.

(6) Where the Provincial Treasurer is of the opinion that it is necessary for the administration of this Act, he may, by a demand served personally or by registered letter or certified mail, require any corporation required by this section to keep records and books of account to retain those records and books of account, together with every account and voucher necessary to verify the information contained in the records and books of account, for any period specified in the demand.

(7) A corporation required by this section to keep records and books of account may dispose of the records and books of account referred to in this section, together with every account and voucher necessary to verify the information contained in the records and books of account, before the expiration of the period for which those records and books of account are required to be kept if written permission for their disposal is given by the Provincial Treasurer.

44 Section 62 presently reads in part:

62 *In sections 63 to 65,*

- (a) "authorized person" means a person authorized by the Provincial Treasurer for the purposes of sections 63 to 65;*
- (b) "documents" includes money, securities and any of the following, whether computerized or not: books, records, letters, telegrams, vouchers, invoices, accounts and statements, financial or otherwise;*
- (c) "dwelling-house" means the whole or any part of a building or structure that is kept or occupied as a permanent or temporary residence and includes*
 - (i) a building within the curtilage of a dwelling-house that is connected to it by a doorway or by a covered and enclosed passageway, and*
 - (ii) a unit that is designed to be mobile and to be used as a permanent or temporary residence that is being used as a permanent or temporary residence;*

45 Section 64(1) is amended by adding “, by facsimile” after “personally”.

46(1) Section 67 is repealed and the following is substituted:

Copies of
seized
documents

67(1) If any document has been seized, inspected, examined, audited or provided under sections 63 to 65, the person by whom it is seized, inspected, examined or audited or to whom it is provided or any officer of the Department of Revenue may make, or cause to be made, one or more copies of it and, in the case of an electronic document, make or cause to be made a print-out of the electronic document.

(2) A document purporting to be certified by the Minister of Revenue, or a person authorized by the Minister of Revenue, to be a copy of the document, or to be a print-out of an electronic document, made pursuant to this section is evidence of the nature and contents of the original document and has the same probative force as the original document would have had if it had been proven in the ordinary way.

(2) This section applies to copies and print-outs made after June 18, 1998.

47 Section 75 is amended

(a) in subsection (1)

- (i) by repealing clause (d);**
- (ii) by adding “or” at the end of clause (e) and by repealing clause (f);**
- (iii) by adding “or” at the end of clause (h) and by repealing clause (i);**

(d) “judge” means a judge of the court.

45 Section 64(1) presently reads:

64(1) Notwithstanding any other provision of this Act, the Provincial Treasurer may, subject to subsection (4), for any purpose related to the administration of this Act, by notice served personally or by registered or certified mail, demand that a corporation or any other person provide or produce, within the reasonable period of time stipulated in the notice,

- (a) any information or additional information, including a return under section 36 or a supplementary return, or*
- (b) any document.*

46 Section 67 presently reads:

67(1) If any document, book, record, paper or other document has been seized, examined or produced under sections 63 to 65, the person by whom it is seized or examined or to whom it is produced or any officer of the Treasury Department may make, or cause to be made, one or more copies.

(2) A document purporting to be certified by the Provincial Treasurer or a person authorized by the Provincial Treasurer to be a copy made pursuant to this section shall be admitted in evidence and has the same probative force as the original document would have had if it had been proven in the ordinary way.

47 Section 75 presently reads:

75(1) A person who

- (a) makes or participates in, assents to or acquiesces in the making of false or deceptive statements in a return, certificate, statement, application or answer filed or made as required by or under this Act or a regulation,*
- (b) to evade payment of a tax imposed by this Act, destroys, alters, mutilates, secretes or otherwise disposes of the records or books of account of a corporation,*

(iv) in clause (j) by striking out “or (i) or both”;

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

(1.1) Every person that obtains or claims a refund or credit under this Act to which a corporation or any other person is not entitled or obtains or claims a refund or credit under this Act in an amount that is greater than the amount to which the corporation or other person is entitled

- (a) by making, or participating in, assenting to or acquiescing in the making of, a false or deceptive statement in a return, certificate, statement or answer filed or made under this Act or a regulation,
- (b) by destroying, altering, mutilating, hiding or otherwise disposing of a record or book of account of the corporation or other person,
- (c) by making, or assenting to or acquiescing in the making of, a false or deceptive entry in a record or book of account of the corporation or other person,
- (d) by omitting, or assenting to or acquiescing in an omission, to enter a material particular in a record or book of account of the corporation or other person,
- (e) wilfully in any manner, or
- (f) by conspiring with any person to commit any offence under this subsection,

is guilty of an offence and, in addition to any penalty otherwise provided, is liable to

- (g) a fine of not more than 200% of the amount by which the amount of the refund or credit obtained or claimed exceeds the amount, if any, of the refund or credit to which the corporation or other person is entitled, or
- (h) both the fine described in clause (g) and imprisonment for a term not exceeding 2 years.

(c) in subsection (2) by striking out “subsection (1)(e) or (f)” and substituting “this section”.

- (c) makes or assents to or acquiesces in the making of false or deceptive entries or omits or assents or acquiesces in the omitting to enter a material particular in records or books of account of a corporation,*
- (d) to assist a corporation in claiming or attempting to claim a refundable tax credit greater than that to which the corporation is entitled, destroys, alters, mutilates, secretes or otherwise disposes of the records or books of account of a corporation,*
- (e) wilfully in any manner evades or attempts to evade compliance with this Act or payment of taxes imposed by this Act,*
- (f) wilfully in any manner claims or attempts to claim a refundable tax credit greater than that to which the corporation is entitled, or*
- (g) conspires with any person to commit an offence described in clauses (a) to (f)*

is guilty of an offence and, in addition to any penalty otherwise provided, is liable

- (h) to a fine of not more than 200% of the tax sought to be evaded,*
- (i) to a fine of not more than 200% of the difference between the amount of the refundable tax credit claimed and the amount of the refundable tax credit to which the corporation is entitled, or*
- (j) to a fine under clause (h) or (i) or both and to imprisonment for a term of not more than 2 years.*

(2) If a person is convicted of an offence under subsection (1)(e) or (f), he is not liable to pay a penalty under section 37.1 for the same matter unless he is assessed that penalty before the information or complaint giving rise to the conviction is laid or made.

48 Section 77(5) is amended

- (a) in clause (b)(ii) by striking out “Provincial Treasurer” and substituting “Minister of Revenue or the Minister of Finance”;**
- (b) in clause (g) by striking out “or” at the end of subclause (i), by adding “or” at the end of subclause (ii) and by adding the following after subclause (ii):**
 - (iii) the status for purposes of section 26(1)(h) of a defunct corporation for a particular taxation year, if the defunct corporation previously owned property currently owned by the corporation;

48 Section 77(5) presently reads:

(5) Tax information may be communicated as follows:

- (a) to a person employed or engaged by the Government of Alberta if the tax information is*
 - (i) statistical in nature and to be used solely in accordance with section 3 of the Statistics Bureau Act;*
 - (ii) to be used solely by an employee under the administration of the Registrar of Corporations or the Registrar of Companies to confirm that a return or application under this Act has been filed or made by any person;*
 - (iii) to be used solely for the purposes of the formulation or analysis of tax or fiscal policy;*
 - (iv) to be used solely for the purposes of administering or enforcing this Act or any other taxation statute of Alberta, the Small Power Research and Development Act or Division 2 of Part 5 of the Hospitals Act;*
 - (v) to be used solely to identify a person to whom money is owed by the Government and to determine the amount of the money so that the Government can set off all or part of the money owed against amounts owing by that person to the Government;*
- (b) to a person employed or engaged by the Government of Canada or the government of a province in the administration or enforcement of a taxation statute of Canada or of that province if*
 - (i) the tax information is used solely for the purposes of administering or enforcing the taxation statute, and*
 - (ii) the Government of Canada or the government of that province supplies the Provincial Treasurer with equivalent information and records on a reciprocal basis;*
- (c) to an employee or agent of the Government of Canada or the government of a province*
 - (i) if the tax information consists of the name, address, occupation and size or type of business of a person and is to be used solely for the purposes of enabling a department or agent of the Government of Canada*

49 Section 82(4) is repealed and the following is substituted:

(4) An affidavit of an officer of the Department of Revenue setting out that the officer has charge of the appropriate

or the government of that province to obtain statistical data for research and analysis, or

- (ii) if the tax information consists of the identifying number, name, address, telephone number and facsimile number of an identifying number holder and is to be used solely for the purpose of the administration or enforcement of an Act of Parliament or a law of a province, if the holder of the identifying number is required by that Act or that law to provide the information, other than the identifying number, to the department or agency;*
- (d) to a person to be used solely in the investigation or prosecution of offences under this Act;*
- (e) to a justice of the peace or provincial court judge for the purpose of making an application for an order under section 77.1;*
- (f) to a person employed or engaged in the investigation or prosecution of offences under the Criminal Code (Canada) if*
 - (i) an order under section 77.1 has been obtained in respect of the tax information, and*
 - (ii) the tax information is used solely for the purpose of investigating or prosecuting the offence referred to in the order made under section 77.1;*
- (g) to a corporation if the tax information is in respect of*
 - (i) the status, for purposes of section 26(1)(h), of property acquired by the corporation, or*
 - (ii) the tax cost of property acquired by that corporation if, because of a provision of this Act or the federal Act, the cost is other than the consideration paid by that corporation;*
- (h) to the person in respect of whom the information was received or any other person if the person in respect of whom the information was received authorizes in writing its release;*
- (i) to any person if the tax information is in such a form that it cannot, directly or indirectly, be associated with or identify a particular person.*

49 Section 82(4) presently reads:

(4) An affidavit of an officer of the Treasury Department setting out that he has charge of the appropriate records and that a document annexed to the affidavit is a document or true copy of a document made by or on behalf of the Provincial Treasurer or some person exercising the powers of the Provincial Treasurer or by or on behalf

records and that a document annexed to the affidavit is a document or true copy of a document or a print-out of an electronic document made by or on behalf of the Minister of Revenue or some person exercising the powers of the Minister of Revenue or by or on behalf of a corporation is evidence of the nature and contents of the document.

50 Section 83 is amended

- (a) by striking out** “to be an order, direction, demand notice, certificate, inquiry, decision, assessment or discharge of mortgage and”;
- (b) by striking out** “shall be deemed to be a document” **and substituting** “is deemed to have been”;
- (c) by striking out** “some person” **and substituting** “a person”.

51 Section 84(2) is amended by adding “or determination” after “assessment” wherever it occurs.

52 Section 92(1.1) is amended by adding “36.2,” after “and (4),”.

53(1) Section 95(1) is amended by striking out “ $ATC = (TC + CTP) \times SP$ ” and substituting “ $ATC = TC + (CTP \times SP)$ ”.

(2) This section applies to taxation years beginning on or after November 1, 1999.

of a taxpayer shall be received as prima facie proof of the nature and contents of the document and shall be admitted in evidence and has the same probative force as the original document would have if it had been proven in the ordinary way.

50 Section 83 presently reads:

83 A document purporting to be an order, direction, demand notice, certificate, inquiry, decision, assessment or discharge of mortgage and to have been executed under or in the course of administration or enforcement of this Act over the name in writing of the Provincial Treasurer or an officer authorized by the Provincial Treasurer to exercise powers or perform duties of the Provincial Treasurer under this Act shall be deemed to be a document signed, made and issued by the Provincial Treasurer or the officer unless called in question by the Provincial Treasurer or by some person acting for him or Her Majesty.

51 Section 84(2) presently reads:

(2) When a notice of an assessment has been sent by the Provincial Treasurer as required by this Act, the assessment shall be deemed to have been made on the day of mailing of the notice of the assessment.

52 Section 92(1.1) presently reads:

(1.1) Subject to subsection (2), sections 1(2)(g) and (i), 1(3) and (4), 37.1, 39(6), 41(1), (1.11), (1.111) and (1.12), 42, 43, 43.1, 45, 46, 47(2) to (4) and (4.2) to (5), 48 to 72, Part 8 Division 4.1 and 74 to 84 apply for the purposes of this Part.

53 Section 95(1) presently reads:

95(1) The adjusted taxable capital of a financial institution that is a resident corporation for a taxation year is the amount calculated in accordance with the following formula:

$$ATC = (TC + CTP) \times SP$$

where

ATC is the institution's adjusted taxable capital for the taxation year;

54 Section 97 is amended

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

(2.1) Notwithstanding subsections (2) and (6), where a financial institution that is a resident corporation has a taxation year that begins before April 1, 2001 and ends after March 31, 2001, the tax payable under this Part for the taxation year is equal to the proportion of the amount calculated under subsection (2) that the number of days in the taxation year before April 1, 2001 bears to 365.

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

(7.1) Notwithstanding subsections (6) and (7), where a credit union has a taxation year that begins before April 1, 2001 and ends after March 31, 2001, the tax payable under this Part for the taxation year is equal to the proportion of \$100 that the number of days in the taxation year before April 1, 2001 bears to 365.

(c) by repealing subsection (8).

TC is the institution's taxable capital for the taxation year calculated in accordance with subsection (2);

CTP is the Canadian tangible property of the institution, which is the total of all amounts determined under paragraphs 181.3(1)(a) and (b) of the federal Act in respect of the institution for the taxation year;

SP is the fraction, expressed as a percentage, in which the numerator is 100% and the denominator is the percentage of the institution's taxable capital that is not deemed under the prescribed rules to be used by it in the taxation year in a jurisdiction other than Canada.

54 Section 97 presently reads:

97(1) In this section, "threshold amount" in respect of a taxation year means \$400 000 000 or, if a higher amount is prescribed for the taxation year, the higher amount.

(2) The tax payable under this Part by a financial institution that is a resident corporation for a taxation year is calculated in accordance with the following formula:

$$T = A \times (B + C)$$

where

T is the tax payable;

A is the percentage of the institution's adjusted taxable capital that is not deemed under the prescribed rules to be used by it in the taxation year in a jurisdiction other than Alberta;

B is 0.7% of the lesser of

(a) the institution's adjusted taxable capital for the taxation year, and

(b) the institution's basic capital amount determined under subsection (3) or (5) for the taxation year;

C is 1% of the amount by which the institution's adjusted taxable capital for the taxation year exceeds its basic capital amount determined under subsection (3) or (5) for the taxation year.

(3) The basic capital amount of a financial institution that is a resident corporation for a taxation year is the threshold amount for the taxation year if the financial institution is not related in the taxation year to another financial institution that has a permanent establishment in Canada.

55 Section 97.1 is amended by adding the following after subsection (2):

(3) Notwithstanding subsections (1) and (2), where a financial institution that is a non-resident corporation has a taxation year that begins before April 1, 2001 and ends after March 31, 2001, the tax payable under this Part for the taxation year is equal to the proportion of the amount calculated under subsection (1) that the number of days in the taxation year before April 1, 2001 bears to 365.

(4) The basic capital amount of a financial institution that is a resident corporation for a taxation year is the amount calculated under subsection (5) if the financial institution is related in the taxation year to another financial institution that

(a) has a permanent establishment in Canada, and

(b) is not exempt by virtue of section 94(2) from tax under this Part.

(5) The basic capital amount for a financial institution that is a resident corporation for a taxation year for the purposes of subsection (4) is the amount determined by multiplying the threshold amount for the taxation year by the ratio of

(a) the institution's taxable capital employed in Canada for the taxation year for the purposes of Part 1.3 of the federal Act, to

(b) the total of the taxable capital employed in Canada for the purposes of Part 1.3 of the federal Act of

(i) the financial institution for the taxation year, and

(ii) each related financial institution referred to in subsection (4) for its last taxation year ending before the end of the institution's taxation year.

(6) Notwithstanding subsection (2), the tax payable by a financial institution that is a resident corporation whose taxation year is less than 365 days is the product obtained by multiplying the amount calculated under subsection (2) by the ratio of the number of days in the taxation year to 365.

(7) Notwithstanding anything in this section, the maximum tax payable by a credit union under this Part for a taxation year is \$100.

(8) Subsection (7) is repealed on Proclamation and the repeal is effective in respect of the taxation years specified in the Proclamation.

55 Section 97.1 presently reads:

97.1(1) The tax payable under this Part for a taxation year by a financial institution that is a non-resident corporation is the amount calculated in accordance with the following formula:

$$T = 2\% \times (TC - PTC)$$

where

T is the tax payable;

TC is the institution's taxable capital employed in Canada;

56 Section 105 is amended

- (a) in subsection (2) by adding “36.2,” after “and (10),”;**
- (b) by repealing subsection (3)(a.1).**

PTC is that portion of the taxable capital employed in Canada that is used by the institution in jurisdictions outside Alberta as determined in accordance with the prescribed rules.

(2) Notwithstanding subsection (1), the tax payable by a financial institution that is a non-resident corporation

(a) whose taxation year is less than 365 days, and

(b) whose taxable capital employed in Canada for the taxation year is calculated using the amount referred to in section 96(1)(b),

is the product obtained by multiplying the amount calculated under subsection (1) by the ratio of the number of days in the taxation year to 365.

56 Section 105 presently reads:

105(1) Subject to subsection (2), sections 1 to 85 and Parts 9 and 11 do not apply for the purposes of this Part.

(2) Subject to subsection (3), sections 1(1), 1(2)(c), (d), (e), (f), (g), (i), 1(3) and (4), 2(1) to (3), (8) and (10), 37.1, 39(6), 41(1), (1.11), (1.111) and (1.12), 42, 43, 43.1, 45, 46, 47(2) to (4) and (4.2) to (5), 48 to 72, Part 8 Division 4.1 and 73.1 to 84 apply to this Part.

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

(a) section 39(6) shall be read as if clause (a) read as follows:

(a) in the case of a penalty payable by reason of section 103, from the day on or before which the corporation's return under section 102 was required to be filed to the day of payment,

(a.1) section 43 shall be read as if subsections (1)(d)(ii) and (1.2) of that section were struck out,

(b) a liability of a corporation that may be reduced by the application of an amount to the liability by the Provincial Treasurer pursuant to the application of section 47 includes any liability under this Act,

(c) section 47(4) applies as if clause (a.1) came into force on April 1, 1990, and

(d) section 73.1 applies with respect to amounts payable under section 104(2) after March 31, 1990.

57 The following is added after section 105:

Application of
Part

105.1 This Part does not apply to taxation years beginning after March 31, 2001.

58 Section 106 is amended

(a) by repealing subsection (1)(e);

(b) in subsection (5) by striking out “or the royalty credit gas supplement” wherever it occurs and by striking out “or a royalty credit gas supplement”.

57 Application of Part.

58 Section 106 presently reads:

106(1) In this Part,

(a) "Alberta crown royalty" of an individual for a taxation year means the aggregate of

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

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

less any amount that

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

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

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

where each of the amounts is or is in respect of a qualified royalty;

(b) "crown royalty shelter" means the crown royalty shelter determined under subsection (1.1);

(c) "individual" includes a trust or estate as defined in subsection 104(1) of the federal Act;

(c.1) "qualified royalty" means a royalty receivable by or payable to the Crown in right of Alberta

(i) under an agreement as defined in the Mines and Minerals Act granting petroleum rights, natural gas rights or petroleum and natural gas rights and, for greater certainty, a qualified royalty under this

subclause does not include any royalty under an agreement as defined in the Mines and Minerals Act granting rights to oil sands as defined in the Mines and Minerals Act, or

- (ii) pursuant to the Oil Sands Royalty Regulation, 1984 (AR 166/84) in respect of a prescribed lease;*
- (d) "royalty credit" means a royalty credit to which an individual is entitled under this Part;*
- (e) "royalty credit gas supplement" means a royalty credit gas supplement to which an individual is entitled under this Part;*
- (f) "taxation year" means,*
 - (i) in the case of an estate or trust arising on death, a taxation year as defined in paragraph 104(23)(a) of the federal Act, and*
 - (ii) in the case of an individual that is not an estate or trust arising on death, a calendar year;*
- (g) "weighted average rate" means the weighted average rate determined in accordance with the regulations;*
- (h) "weighted supplemental rate" means the weighted supplemental rate determined in accordance with the regulations.*

(1.1) An individual's crown royalty shelter

- (a) for the 1991, 1992, 1993 and 1994 taxation years, is the lesser of*
 - (i) \$2 500 000, and*
 - (ii) the proportion of \$2 500 000 that the number of days in the taxation years bears to 365,*
- and*
- (b) for the 1995 and subsequent taxation years, is the lesser of*
 - (i) \$2 000 000, and*
 - (ii) the proportion of \$2 000 000 that the number of days in the taxation year bears to 365.*

(2) An individual shall not include in computing his Alberta crown royalty for a taxation year

- (a) any of the amounts described in subsection (1)(a) if those amounts are or are in respect of royalties receivable by or payable to the Crown in right of Alberta in respect of*

59 Section 108 is amended by adding the following after subsection (1):

(1.1) Subject to section 110, where an individual has a taxation year that begins in 2000 and ends in 2001, the individual's royalty credit for that taxation year is the amount obtained when the lesser of

a restricted resource property described in section 26(1)(h)(i) or (ii), or

(b) the restricted percentage determined under section 26(1.11) or (1.111), as the case may be, of any of the amounts described in subsection (1)(a) if those amounts are or are in respect of royalties receivable by or payable to the Crown in right of Alberta in respect of a restricted resource property described in section 26(1)(h)(iii).

(3) If an individual is a member of a partnership, his share of the amount that would be Alberta crown royalty of that partnership if the partnership were an individual shall be deemed to be Alberta crown royalty of the individual.

(4) In computing the Alberta crown royalty of an individual, no amount shall be included that would, if included, artificially increase the Alberta crown royalty of that individual.

(5) If, in the opinion of the Provincial Treasurer, an individual and another individual or a corporation have at any time in a taxation year entered into one or more sales, exchanges, declarations of trust or other transactions that

(a) lack any substantial business purpose, other than increasing the aggregate amount of the royalty credit or the royalty credit gas supplement that may be claimed, or

(b) artificially increase the royalty credit or the royalty credit gas supplement that may be claimed,

the Provincial Treasurer may direct that the individual is not entitled to a royalty credit or a royalty credit gas supplement for the taxation year or subsequent taxation years.

(6) A direction made under subsection (5)

(a) shall not apply to a taxation year of any individual prior to the taxation year for which the direction is made, and

(b) may be revoked by the Provincial Treasurer and, if revoked, shall not apply to the taxation year for which the revocation occurs or to any subsequent taxation year.

59 Calculation for 2001.

- (a) Alberta crown royalty incurred in the period that begins on the first day of the taxation year and ends on December 31, 2000, and
- (b) that proportion of \$2 000 000 that the number of days in the period referred to in clause (a) bears to 365

is multiplied by the weighted average rate for that year.

60 The following is added after section 108:

Elimination of
royalty credit

108.1 An individual is not entitled to a royalty credit in respect of Alberta crown royalty incurred after December 31, 2000.

61 Section 109 is repealed.

62 Section 110 is amended

- (a) in subsection (1) by striking out “or a royalty credit gas supplement”;
- (b) in subsection (2) by striking out “or royalty credit gas supplement”.

60 Elimination of royalty credit.

61 Section 109 presently reads:

109 Subject to section 110, an individual is entitled to a royalty credit gas supplement for a taxation year equal to the amount obtained when the weighted supplemental rate is multiplied by that proportion of

(a) the amount by which the lesser of

(i) his Alberta crown royalty for the year, and

(ii) his crown royalty shelter for the year

exceeds

(b) his Alberta crown royalty for the year attributable to the production of petroleum and natural gas liquids

that the number of days in the taxation year in 1991 is of the number of days in the taxation year.

62 Section 110 presently reads:

110(1) An individual is entitled to a royalty credit or a royalty credit gas supplement in respect of a taxation year only if he files an application for the credit in the prescribed form within 3 years from the end of that taxation year.

(2) An individual becomes entitled to receive the amount of the royalty credit or royalty credit gas supplement on the date ~~the~~

63 Section 116(1) is amended by striking out “or royalty credit gas supplement”.

64 Section 117 is amended by striking out “or royalty credit gas supplement” **wherever it occurs.**

65 Section 118(1) is amended

- (a) by striking out** “or a royalty credit gas supplement”;
- (b) by striking out** “or royalty credit gas supplement”.

application is filed under subsection (1) and is deemed to have paid that amount on account of any liability under this Act at that time.

63 Section 116(1) presently reads:

116(1) If, at any time, the Provincial Treasurer determines that a royalty credit or royalty credit gas supplement has been paid to an individual for a taxation year in excess of the amount to which he was entitled,

- (a) the excess shall be deemed to be an amount that became payable by the individual on the date on which the amount was paid, and*
- (b) the individual shall pay interest at the prescribed rate on the excess from the date it became payable to the date of payment.*

64 Section 117 presently reads:

117 If, at any time, interest on a royalty credit or royalty credit gas supplement has been paid to an individual or applied to his liability and it is determined at a subsequent time that the royalty credit or royalty credit gas supplement to which he was entitled was less than the amount on which interest was paid or applied, the following rules apply:

- (a) the amount by which the interest that has been paid or applied exceeds the interest, if any, computed in respect of the amount that is determined at the subsequent time to be the actual royalty credit or royalty credit gas supplement shall be deemed to be an amount, in this section referred to as "the amount payable", that became payable under this Part by the individual at the particular time;*
- (b) the individual shall pay to the Provincial Treasurer interest at the prescribed rate on the amount payable computed from the particular time to the date of payment;*
- (c) the Provincial Treasurer may, at any time, assess the individual in respect of the amount payable and, if the Provincial Treasurer makes that assessment, this Act applies in respect of the assessment as if it had been made under section 119.*

65 Section 118(1) presently reads:

118(1) The Provincial Treasurer shall examine an application for a royalty credit or a royalty credit gas supplement for a taxation year and assess the interest and penalties payable and shall

66 Section 119(1), (2), (2.1), (3) and (4) are amended by striking out “or royalty credit gas supplement” wherever it occurs.

determine the amount of the royalty credit or royalty credit gas supplement, if any, to which the individual is entitled for the year.

66 Section 119 presently reads in part:

119(1) The Provincial Treasurer, at any time, may assess interest or penalties under this Part or determine the entitlement to and the amount, if any, of an individual's royalty credit or royalty credit gas supplement.

(2) The Provincial Treasurer may reassess, make additional assessments of, or assess interest or penalties under this Part or redetermine the entitlement to and the amount, if any, of the royalty credit or royalty credit gas supplement

(a) at any time, if the individual filing an application for a royalty credit or royalty credit gas supplement

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

(ii) has filed with the Provincial Treasurer a waiver in the prescribed form within 3 years from the day of mailing of a notice of an original determination for a taxation year,

or

(b) in any other case within 3 years from the day referred to in clause (a)(ii).

(2.1) Subject to subsection (2.2), if in a particular taxation year an individual is notified that, pursuant to section 39 or 39.01 of the Mines and Minerals Act, the Minister of Energy has recalculated or made additional calculations that change an amount referred to in section 106(1)(a)(i) or (ii) for a previous taxation year in respect of which the period referred to in subsection (2)(b) has expired, the Provincial Treasurer, notwithstanding subsection (2), within the period referred to in subsection (2)(b) for the particular taxation year, may

(a) assess, reassess or make additional assessments of interest or penalties under this Part with respect to the previous taxation year, and

(b) determine or redetermine the entitlement to and the amount of the royalty credit or royalty credit gas supplement, if any, of the individual for the previous taxation year.

67 Section 120 is amended

- (a) in subsection (1) by striking out “and royalty credit gas supplement”;**
- (b) in subsection (2) by striking out “or royalty credit gas supplement”.**

(3) Notwithstanding that more than 3 years has passed since the date of mailing a notice of an original assessment of interest or penalties payable by an individual for a taxation year, or of a determination of the entitlement to a royalty credit or royalty credit gas supplement for the year, if a collection agreement is in effect under the Alberta Income Tax Act or a tax collection agreement is in effect under the Alberta Personal Income Tax Act and the amounts referred to in section 106(1)(a) of this Act for the year are revised on a reassessment under the federal Act for the year, the Provincial Treasurer, within 12 months of the reassessment under the federal Act,

(a) may reassess or make additional assessments of interest or penalties under this Part, or

(b) may redetermine the amount of the royalty credit or royalty credit gas supplement, if any, to which the individual is entitled for the year.

(4) If the Provincial Treasurer would, but for this subsection, be entitled to reassess or make an additional assessment of interest or penalties or redetermine the entitlement to and the amount, if any, of an individual's royalty credit or royalty credit gas supplement by virtue only of the filing of a waiver under subsection (2)(a)(ii), the Provincial Treasurer may not make that reassessment, additional assessment, assessment or redetermination after the date that is 6 months after the date on which a notice of revocation of the waiver in the prescribed form is filed.

67 Section 120 presently reads:

120(1) For the purposes of this section the "net royalty credit" of an individual for a taxation year is the amount, if any, by which his royalty credit and royalty credit gas supplement for the year exceed the aggregate of

(a) the interest and penalties payable under this Part for the year, and

(b) the royalty credit instalments paid to the individual for the year less the aggregate of amounts paid by the individual under section 113 for the year.

(2) If an application for a royalty credit or royalty credit gas supplement for a taxation year has been filed by an individual within 3 years from the end of that year, the Provincial Treasurer shall, on or after mailing a notice of determination for the year, refund to the individual his net royalty credit for the year.

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

(4) If under this section an amount in respect of a taxation year is refunded to an individual or applied to another liability, the Provincial Treasurer shall pay or apply interest on the amount at the

68 Section 121(3)(c) is amended by striking out “or a royalty credit gas supplement, as the case requires”.

69 In the following provisions “, 22.1” is struck out wherever it occurs:

section 18(1.1);
section 23(2);
section 24(2);
section 25(3).

prescribed rate for the period beginning on the day that is the later of

- (a) the day on which the application for the royalty credit for the year is filed, and*
- (b) the end of the 3rd month of the year following the taxation year.*

68 Section 121(3) presently reads:

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

- (a) a reference to a corporation that is subject to this Act shall be read as a reference to an individual to which this Part applies,*
- (b) a reference to an assessment or reassessment shall be read as a reference to an assessment, reassessment, determination or redetermination under this Part, and*
- (c) a reference to a refundable tax credit shall be read as a reference to a royalty credit or a royalty credit gas supplement, as the case requires.*

69 Consequential amendments.