

2001 BILL 15

First Session, 25th Legislature, 50 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 15

TAX STATUTES AMENDMENT ACT, 2001

MR. GRAYDON

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 15
Mr. Graydon

BILL 15

2001

TAX STATUTES AMENDMENT ACT, 2001

(Assented to _____, 2001)

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

Alberta Corporate Tax Act

Amends RSA 1980 cA-17 **1(1) The *Alberta Corporate Tax Act* is amended by this section.**

(2) The following is added after section 57:

Limitations Act **57.1** The *Limitations Act* does not apply to the Crown with respect to any matter arising under this Act.

Alberta Income Tax Act

Amends RSA 1980 cA-31 **2(1) The *Alberta Income Tax Act* is amended by this section.**

(2) The following is added after section 1.1:

Limitations Act **1.2** The *Limitations Act* does not apply to the Crown with respect to any matter arising under this Act.

Alberta Personal Income Tax Act

Amends SA 2000 cA-35.03 **3(1) The *Alberta Personal Income Tax Act* is amended by this section.**

(2) Section 4 is amended by striking out “10.5%” and substituting “10%”.

Explanatory Notes

Alberta Corporate Tax Act

- 1**(1) Amends chapter A-17 of the Revised Statutes of Alberta 1980.
- (2) Limitations Act does not apply to Crown.

Alberta Income Tax Act

- 2**(1) Amends chapter A-31 of the Revised Statutes of Alberta 1980.
- (2) Limitations Act does not apply to Crown.

Alberta Personal Income Tax Act

- 3**(1) Amends chapter A-35.03 of the Statutes of Alberta, 2000.
- (2) Section 4 presently reads:
4 The specified percentage for the 2001 taxation year and subsequent taxation years is 10.5%.

(3) Section 8(1) is amended

(a) in clause (d)(iii) by striking out “\$14 047” and substituting “\$15 453” and by striking out “\$11 661” and substituting “\$11 953”;

(b) in clause (e) by striking out “\$7231” and substituting “\$8466” and by striking out “\$4845” and substituting “\$4966”.

(3) Section 8(1) presently reads in part:

8(1) For the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted the amount determined by the formula

(d) in the case of an individual who, at any time in the year alone or jointly with one or more persons, maintains a self-contained domestic establishment that is the ordinary place of residence of the individual and of a particular person

(i) who has attained the age of 18 years before that time,

(ii) who

(A) is the individual's child or grandchild, or

(B) is resident in Canada and is the individual's parent, grandparent, brother, sister, aunt, uncle, nephew or niece, and

(iii) who

(A) in the case of the individual's parent or grandparent, has attained the age of 65 years before that time, or

(B) in the case of any of the relatives referred to in subclause (ii), is dependent on the individual because of that particular person's mental or physical infirmity,

the amount determined by the formula

\$14 047 - D.1

where

D.1 is the greater of \$11 661 and the particular person's income for the year,

(e) for each dependant of the individual for the year who

(i) attained the age of 18 years before the end of the year, and

(ii) was dependent on the individual because of mental or physical infirmity,

(4) Section 9 is amended by striking out “\$3531” and substituting “\$3619” and by striking out “\$26 284” and substituting “\$26 941”.

(5) Section 12(1) is amended

(a) by striking out “\$1637” and substituting “\$1678”;

(b) by striking out the description of “B” and substituting the following:

B is the amount determined in the description of B in subsection 118.2(1) of the federal Act;

the amount determined by the formula

$\$7231 - E$

where

E is the greater of \$4845 and the income for the year of the dependant, and

(4) Section 9 presently reads:

9 For the purpose of computing the tax payable under this Act for a taxation year by an individual who, before the end of the year, has attained the age of 65 years, there may be deducted the amount determined by the formula

$A \times (\$3531 - B)$

where

A is the specified percentage for the year;

B is 15% of the amount, if any, by which the individual's income for the year would exceed \$26 284 if no amount were included in respect of a gain from a disposition of property to which section 79 of the federal Act applies in computing that income.

(5) Section 12(1) presently reads:

12(1) For the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted the amount determined by the formula

$A \times (B - C) - D$

where

A is the specified percentage for the year;

B is the total of the individual's medical expenses that are proven by filing receipts for the medical expenses with the Provincial Treasurer that were not included in determining an amount under this subsection for a preceding taxation year and that were paid by either the individual or the individual's legal representative,

(a) where the individual died in the year, within any period of 24 months that includes the day of death, and

(b) in any other case, within any period of 12 months ending in the year as selected by the individual for the purposes of the federal Act;

C is the lesser of \$1637 and 3% of the individual's income for the year;

(6) Section 13(2) is repealed and the following is substituted:

(2) For the purposes of computing the tax payable under this Act for a taxation year by an individual, there may be deducted an amount determined by the formula

$$A \times (\$6000 + B)$$

where

A is the specified percentage for the year;

B is

(a) where the individual has not attained the age of 18 years before the end of the year, the amount, if any, by which

(i) \$3500

exceeds

(ii) the amount, if any, by which

(A) the total of all amounts each of which is an amount paid in the year for the care or supervision of the individual and included in computing a deduction under section 63 or 64 of the federal Act or section 12 of this Act for a taxation year

exceeds

(B) \$2050, and

(b) in any other case, \$0.

D is 32% of the total of all amounts each of which is the amount, if any, by which

(a) the income for the year of a person (other than the individual and the individual's spouse) in respect of whom an amount is included in computing the individual's deduction under this section for the year exceeds

(b) \$12 900.

(6) Section 13(2) presently reads:

(2) For the purposes of computing the tax payable under this Act for a taxation year by an individual, there may be deducted an amount determined by the formula

$A \times \$4293$

where

A is the specified percentage for the year.

(7) Section 16(1) is amended

- (a) in clause (a) by striking out “\$200” and substituting “\$400”;**
- (b) in clause (b) by striking out “\$60” and substituting “\$120”.**

(8) Section 17 is amended by renumbering it as section 17(1) and by adding the following after subsection (1):

(2) If an individual was not resident in Alberta on the last day of the preceding taxation year, the individual's unused tuition and education credits at the end of that year are deemed to equal the amount that would be the individual's unused tuition and education credits at the end of that year under section 118.61 of the federal Act if the percentage applied under sections 118.5 and 118.6 of that Act in computing the individual's tuition and education credits had, at all material times, been the specified percentage instead of the appropriate percentage as defined in that Act.

(3) For the purposes of this section, an individual's unused tuition and education credits at the end of the 2000 taxation year are deemed to equal the amount that would be the individual's unused tuition and education credits at the end of that year under section 118.61 of the federal Act if the percentage applied under sections 118.5 and 118.6 of that Act in computing the individual's tuition and education credits had, at all material times, been the specified

(7) Section 16(1) presently reads:

16(1) For the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted an amount determined by the formula

A x B

where

A is the specified percentage for the year;

B is the total of the products obtained when

(a) \$200 is multiplied by the number of months in the year during which the individual is enrolled in a qualifying educational program as a full-time student at a designated educational institution, and

(b) \$60 is multiplied by the number of months in the year (other than months described in clause (a)), each of which is a month during which the individual is enrolled at a designated educational institution in a specified educational program that provides that each student in the program spend not less than 12 hours in the month on courses in the program.

(8) Section 17 presently reads:

17 Section 118.61 of the federal Act applies for the purposes of this Act.

percentage instead of the appropriate percentage as defined in that Act.

(9) Section 20(1) is repealed and the following is substituted:

Transfer of tax credits

20(1) Section 118.8 of the federal Act applies for the purposes of this section.

(1.1) Section 118.81 of the federal Act applies for the purposes of this Act, except that the reference to “\$850” in the description of A is to be read as “\$500”.

(10) Section 22 is amended by striking out “40%” and substituting “35%”.

(11) Section 27 is amended

(a) by renumbering it as section 27(1);

(b) in subsection (1)

(i) by striking out “For” and substituting “Subject to subsections (2) and (3), for”;

(ii) by striking out “40%” and substituting “35%”;

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

(2) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(2) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C-D}{C}$$

where C and D are as described in section 6(2).

(3) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(3) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

(9) Section 20 presently reads:

20(1) Sections 118.8 and 118.81 of the federal Act apply for the purposes of this Act.

(2) Section 118.9 of the federal Act applies for the purposes of this Act.

(10) Section 22 presently reads:

22 For the purposes of computing tax payable under this Act for a taxation year by an individual, there may be deducted an amount equal to 40% of the amount that the individual may deduct under section 122.3 of the federal Act for that taxation year.

(11) Section 27 presently reads:

27 For the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted an amount equal to 40% of the amount that the individual may deduct under section 120.2 of the federal Act for that taxation year.

where C and D are as described in section 6(3).

(12) Section 38 is amended by striking out “18 and 19” and substituting “17, 18, 19 and 20”.

(13) Section 39 is repealed and the following is substituted:

Business
income in
Alberta

39 Despite sections 8 to 13 and 15 to 25, for the purposes of computing tax payable under this Act for a taxation year by an individual referred to in section 6(3), the amount that may be deducted under those sections must not exceed the portion of such amount determined by the formula

$$A \times \frac{B}{C}$$

where

A is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19, 20, 24 and 25 that the individual is entitled to claim;

B is the individual's business income in Alberta;

C is the individual's income for the year as determined in section 1(1)(j)(iii).

(14) Section 44 is amended

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

(12) Section 38 presently reads:

38 Despite sections 8, 9, 11, 12, 13, 15, 16, 18 and 19, for the purposes of computing tax payable under this Act for a taxation year by an individual referred to in section 6(2), the amount that may be deducted under those provisions must not exceed the portion of such amount determined by the formula

$$A \times \frac{B - C}{B}$$

where

A is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 18 and 19 that the individual is entitled to claim;

B is the individual's income for the year as determined in section 1(1)(j)(iii);

C is the individual's business income outside Alberta.

(13) Section 39 presently reads:

39 Despite sections 8, 9, 11, 12, 13, 15, 16, 18 and 19, for the purposes of computing tax payable under this Act for a taxation year by an individual referred to in section 6(3), the amount that may be deducted under those sections must not exceed the portion of such amount determined by the formula

$$A \times \frac{B}{C}$$

where

A is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 18 and 19 that the individual is entitled to claim;

B is the individual's business income in Alberta;

C is the individual's income for the year as determined in section 1(1)(j)(iii).

(14) Section 44 presently reads:

44(1) Each of

Indexing

44(1) Each of the amounts referred to in sections 8(1)(a), (b), (c), (d) and (e), 9, 10, 12(1) and 13(2) and the amounts expressed in dollars in section 16 are to be adjusted so that the amount to be used under those provisions for the taxation year is the total of

(a) the amounts that would, but for subsection (3), be the amounts to be used under those provisions for the immediately preceding taxation year, and

(b) the product obtained by multiplying

(i) the amounts referred to in clause (a)

by

(ii) the amount, adjusted in such manner as may be prescribed and rounded to the nearest one-thousandth or, where the result obtained is equidistant from 2 consecutive one-thousandths, to the higher one-thousandth, that is determined by the formula

$$\frac{A}{B} - 1$$

where

A is the Consumer Price Index for Alberta for the 12-month period that ended on the last September 30 before that year, and

B is the Consumer Price Index for Alberta for the 12-month period immediately preceding the period mentioned in the description of A.

(b) by repealing subsection (2);

(c) by repealing subsections (5), (6) and (7) and substituting the following:

(7) This section applies to the 2002 taxation year and subsequent taxation years.

(a) the amount of \$12 900 referred to in sections 8(1)(a), (b) and (c) and 12(1), the amount of \$1000 referred to in section 10 and the amounts expressed in dollars in section 16, and

(b) the following, as adjusted under subsection (2):

(i) the amounts expressed in dollars in sections 8(1)(d) and (e), 9 and 13(2), and

(ii) the amount of \$1637 referred to in section 12(1),

are to be adjusted so that the amount to be used under those provisions for the taxation year is the total of

(c) the amount that would, but for subsection (3), be the amount to be used under those provisions for the immediately preceding taxation year, and

(d) the product obtained by multiplying

(i) the amount referred to in clause (c)

by

(ii) the amount, adjusted in such manner as may be prescribed and rounded to the nearest one-thousandth or, where the result obtained is equidistant from 2 consecutive one-thousandths, to the higher one-thousandth, that is determined by the formula

$$\frac{A}{B} - 1$$

where

A is the Consumer Price Index for Alberta for the 12-month period that ended on the last September 30 before that year, and

B is the Consumer Price Index for Alberta for the 12-month period immediately preceding the period mentioned in the description of A.

(2) Each of the amounts expressed in dollars in clauses (d) and (e) of the description of B in section 8(1), the amount of \$1637 referred to in section 12(1) and the amounts expressed in dollars in sections 9 and 13(2) for a taxation year are to be adjusted so that the amount to be used under those provisions for the taxation year is the total of

(a) the amount that would, but for subsection (3), be the amount to be used under those provisions for the immediately preceding taxation year, and

(b) the product obtained by multiplying

(i) the amount referred to in clause (a)

by

- (ii) *the amount, adjusted in such manner as may be prescribed and rounded to the nearest one-thousandth, or, where the result obtained is equidistant from two consecutive one-thousandths, to the higher one-thousandth, that is determined by the formula*

$$\frac{A - 1}{B}$$

where

A is the Canadian Consumer Price Index for the 12-month period that ended on the last September 30 before that year, and

B is the Canadian Consumer Price Index for the 12-month period immediately preceding the period mentioned in the description of A.

- (3) *Where an amount referred to in this section, when adjusted as provided in this section, is not a multiple of one dollar, it must be rounded to the nearest multiple of one dollar or, where it is equidistant from 2 such consecutive multiples, to the higher multiple.*

- (4) *In this section, the Consumer Price Index for Alberta for any 12-month period is the result arrived at by*

- (a) *aggregating the Consumer Price Index for Alberta, as published by Statistics Canada under the authority of the Statistics Act (Canada), adjusted in such manner as may be prescribed, for each month in that period,*
- (b) *dividing the aggregate obtained under clause (a) by 12, and*
- (c) *rounding the result obtained under clause (b) to the nearest one-thousandth or, where the result obtained is equidistant from 2 consecutive one-thousandths, to the higher one-thousandth.*

- (5) *In this section, the Canadian Consumer Price Index for any 12-month period is the result arrived at by*

- (a) *aggregating the Canadian Consumer Price Index, as published by Statistics Canada under the authority of the Statistics Act (Canada), adjusted in such manner as may be prescribed, for each month in that period,*
- (b) *dividing the aggregate obtained under clause (a) by 12, and*
- (c) *rounding the result obtained under clause (b) to the nearest one-thousandth or, where the result obtained is equidistant from 2 consecutive one-thousandths, to the higher one-thousandth.*

(15) Section 46 is repealed and the following is substituted:

Lump sum
payments

46 There must be added in computing the tax payable under this Act by an individual resident in Alberta for a particular taxation year the total of all amounts each of which is the amount, if any, for each preceding taxation year that results from any amount not included in computing the individual's income for the particular year because of subsection 56(8) of the federal Act or because of a deduction made to arrive at taxable income under subsection 110.2(2) of the federal Act, multiplied by the specified percentage.

(16) Section 47 is repealed and the following is substituted:

Tax on split
income

47(1) There must be added to the tax payable for a specified individual who is resident in Alberta under this Act for a taxation year an amount that is determined by multiplying the individual's split income for that year by the specified percentage.

(2) Section 120.4 of the federal Act applies for the purposes of this Act except that subsection (1) of this section applies instead of the proposed subsection 120.4(2) of the federal Act.

(17) Section 48 is repealed and the following is substituted:

Minimum tax

48(1) Subject to subsections (2) and (3), if an individual is required to pay tax under section 127.5 of the federal Act in respect of a taxation year, the amount of tax that the individual is required to pay under this Act in respect of that taxation year is 35% of the tax payable under section 127.5 of the federal Act, as if that section were read without reference to paragraphs 127.5(a)(ii) and (b), less amounts

(6) This section, except subsections (2) and (5), applies to the 2002 taxation year and subsequent taxation years.

(7) This section, except subsections (1) and (4), applies to the 2001 taxation year.

(15) Section 46 presently reads:

46(1) There must be added in computing an individual's tax payable under this Act for a particular taxation year the total of all amounts each of which is the amount, if any, by which

(a) the amount that would have been the tax payable under this Act by the individual for a preceding taxation year if that portion of any amount not included in computing the individual's income for the particular year because of subsection 56(8) of the federal Act and that relates to the preceding year had been included in computing the individual's income for the preceding year

exceeds

(b) the tax payable under this Act by the individual for the preceding year.

(2) For the purposes of the 2001 taxation year, subsection (1)(b) is to be read as follows:

(b) the tax payable under the old Act by the individual for the 2000 taxation year.

(16) Section 47 presently reads:

47(1) This section applies only if the proposal to enact, with or without amendments, section 120.4 of the federal Act as contained in the Ways and Means Motion tabled in the House of Commons on September 15, 1999 is enacted by the Parliament of Canada.

(2) There must be added to a specified individual's tax payable under this Act for a taxation year an amount that is determined by multiplying the individual's split income for that year by the specified percentage.

(3) Section 120.4 of the federal Act applies for the purposes of this Act except that subsection (2) of this section applies instead of the proposed subsection 120.4(2) of the federal Act.

(17) Section 48 presently reads:

48 If an individual is required to pay tax under section 127.5 of the federal Act in respect of a taxation year, the amount of tax that the individual is required to pay under this Act in respect of that taxation year is the greater of

(a) the tax payable under section 6 less any applicable deductions the individual is entitled to under Division 3, and

deducted in accordance with sections 23, 24, 25 and 26 of this Act.

(2) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(2) is the amount determined

(a) by multiplying the amount calculated under subsection (1), as though subsection (1) were read without reference to section 23, by the formula

$$\frac{C-D}{C}$$

where C and D are as described in section 6(2),

and

(b) by reducing the amount calculated under clause (a) by the amount calculated under section 23.

(3) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(3) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where C and D are as described in section 6(3).

(18) The following is added after section 71:

Limitations Act

71.1 The *Limitations Act* does not apply to the Crown with respect to any matter arising under this Act.

Fuel Tax Act

Amends SA
1987 cF-22.5

4(1) The *Fuel Tax Act* is amended by this section.

(2) Section 2(1.3) is repealed and the following is substituted:

(1.3) Subject to this section, a consumer shall pay a tax to the Minister at a rate of \$0.015 per litre on all fuel oil consumed within Alberta by a locomotive of which the consumer is the owner.

(b) 40% of the tax payable under section 127.5 of the federal Act.

(18) Limitations Act does not apply to Crown.

Fuel Tax Act

4(1) Amends chapter F-22.5 of the Statutes of Alberta, 1987.

(2) Section 2(1.3) presently reads:

(1.3) Subject to this section, a consumer shall pay a tax to the Provincial Treasurer at a rate of \$0.03 per litre on all fuel oil consumed within Alberta by a locomotive of which he is the owner.

(3) The following is added after section 37:

Limitations Act **37.1** The *Limitations Act* does not apply to the Crown with respect to any matter arising under this Act.

Hotel Room Tax Act

Amends SA **5(1) The *Hotel Room Tax Act* is amended by this section.**
1987 cH-11.5

(2) The following is added after section 29:

Limitations Act **29.1** The *Limitations Act* does not apply to the Crown with respect to any matter arising under this Act.

Tobacco Tax Act

Amends SA **6(1) The *Tobacco Tax Act* is amended by this section.**
1983 cT-5.1

(2) The following is added after section 18:

Limitations Act **18.1** The *Limitations Act* does not apply to the Crown with respect to any matter arising under this Act.

Coming into Force

7(1) Sections 1, 2, 3(18), 4(3), 5 and 6 are deemed to have come into force on March 1, 1999.

(2) Section 4(2) is deemed to have come into force on May 1, 2001.

(3) Limitations Act does not apply to Crown.

Hotel Room Tax Act

5(1) Amends chapter H-11.5 of the Statutes of Alberta, 1987.

(2) Limitations Act does not apply to Crown.

Tobacco Tax Act

6(1) Amends chapter T-5.1 of the Statutes of Alberta, 1983.

(2) Limitations Act does not apply to Crown.

Coming into Force

7 Coming into force.