

*Bill 4*  
*Mr. Renner*

## **BILL 4**

2003

### **ALBERTA PERSONAL INCOME TAX AMENDMENT ACT, 2003**

*(Assented to , 2003)*

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

#### **Amends RSA 2000 cA-30**

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

#### **2 Section 1(1) is amended**

- (a) in clause (d) by striking out “, but in Canada,”;**
- (b) by repealing clause (j)(i) and (ii) and substituting the following:**
  - (i) in the case of an individual resident in Canada during only part of the taxation year in respect of whom section 114 of the federal Act applies, the amount determined under paragraph 114(a) of the federal Act in respect of the individual for the year,
  - (ii) in the case of an individual who at no time in the taxation year is resident in Canada, the individual’s income for the year as determined under paragraphs 115(1)(a), (b) and (c) of the federal Act, and

#### **3 Section 5 is repealed and the following is substituted:**

**Taxable income**

**5(1)** An individual's taxable income for the purposes of this Act is equal to the taxable income of the individual for the purposes of computing tax payable under Part I of the federal Act.

**(2)** An individual's taxable income earned in Canada for the purposes of this Act is equal to the individual's taxable income earned in Canada for the purposes of computing tax payable under Part I of the federal Act.

**4 Section 6 is repealed and the following is substituted:**

**Amount of tax payable**

**6(1)** The tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had no business income outside Alberta in the taxation year is the amount determined by the formula

$$A \times B$$

where

A is the specified percentage for the year;

B is the individual's taxable income for the year.

**(2)** The tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had business income outside Alberta in the taxation year is the amount determined by the formula

$$A \times B \times \frac{(C-D)}{C}$$

where

A is the specified percentage for the year;

B is the individual's taxable income for the year;

C is the individual's income for the year as determined under section 1(1)(j)(i) or (iii), as the case may be;

D is the individual's business income outside Alberta for the year that is included in amount C.

(3) The tax payable under this Act for a taxation year by an individual who was resident in a province or territory other than Alberta on the last day of the calendar year and had business income in Alberta in the taxation year is the amount determined by the formula

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

where

A is the specified percentage for the year;

B is the individual's taxable income for the year;

C is the individual's business income in Alberta for the year;

D is the individual's income for the year as determined under section 1(1)(j)(i) or (iii), as the case may be.

(4) The tax payable under this Act for a taxation year by an individual who

(a) was resident in Alberta throughout part of the calendar year,

(b) was not resident in any other province or territory after ceasing to be a resident of Alberta, and

(c) was resident in a jurisdiction outside Canada on the last day of the calendar year,

is the amount determined by the formula

$$A \times B \times \frac{(C-D)}{C}$$

where

A is the specified percentage for the year;

B is the individual's taxable income for the year;

C is the individual's income for the year as determined under section 1(1)(j)(i);

D is the individual's business income outside Alberta for the year that is included in amount C.

(5) The tax payable under this Act for a taxation year by an individual who at no time in the year was resident in Canada is the amount determined by the formula

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

where

A is the specified percentage for the year;

B is the individual's taxable income for the year earned in Canada;

C is the total of the individual's income for the year earned in Alberta as determined under section 2602 of the federal regulation and the taxable capital gain from the disposition of taxable Alberta property as determined by the Alberta regulation;

D is the individual's income for the year as determined under section 1(1)(j)(ii).

(6) The tax payable under this Act for a taxation year by an individual who

(a) was resident in a jurisdiction outside Canada on the last day of the calendar year,

(b) was resident in a province or territory other than Alberta in the calendar year immediately prior to becoming a resident in a jurisdiction outside Canada, and

(c) had business income in Alberta in the taxation year

is the amount determined by the formula

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

where

A is the specified percentage for the year;

B is the individual's taxable income for the year;

C is the individual's business income in Alberta for the year;

D is the individual's income for the year as determined under section 1(1)(j)(i).

(7) In the case of an individual who died during the calendar year, the words "calendar year" in subsections (1), (2), (3), (4), and (6) shall be read as "taxation year".

**5 Section 11 is repealed and the following is substituted:**

**Charitable and other gifts**

**11(1)** For the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted such amount as the individual claims not exceeding the amount determined by the formula

$$(A \times B) + [12.75\% \times (C - B)]$$

where

A is the specified percentage for the year;

B is the lesser of \$200 and amount C;

C is the amount of the individual's total gifts for the year used to claim a deduction by the individual for the year for the purposes of section 118.1 of the federal Act.

(2) Section 118.1 of the federal Act applies for the purposes of this Act except that subsection (1) of this section applies instead of subsection 118.1(3) of the federal Act.

**6 Section 25(1)(b) is repealed and the following is substituted:**

- (b) “Alberta basic tax rate” of an individual for a taxation year means the proportion that the individual’s tax payable under this Act for the year, after deducting only the individual’s personal credits under section 8 and no other credits or rebates under this Division, is of the individual’s taxable income for the year, expressed as a percentage;

**7 Section 38 is repealed and the following is substituted:**

**Business income outside Alberta**

**38** Despite sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20, 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

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

where

- A is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20 that the individual is entitled to claim;
- C and D are the individual’s amounts for the year as described in section 6(2).

**8 Section 39 is amended**

- (a) **by striking out “15 to 25” and substituting “15 to 23”;**
- (b) **by striking out “A x  $\frac{B}{C}$ ” and substituting “A x  $\frac{C}{D}$ ”;**
- (c) **by striking out “, 20, 24 and 25” and substituting “and 20”;**
- (d) **by striking out “B is the individual’s business income in Alberta;” and “C is the individual’s income for the year as determined in section 1(1)(j)(iii)” and substituting “C and D are the individual’s amounts for the year as described in section 6(3)”.**

**9 Section 42 is repealed and the following is substituted:**

**Ordering of credits**

**42** In computing an individual's tax payable under this Act, the following provisions must be applied in the following order:

sections 8, 9, 19, 10, 13, 17, 15, 16, 20(2), 20(1), 12, 11, 18, 21, 22, 27, 23, 24 and 25.

**10(1) This Act, except section 8(a) and (c), is deemed to have come into force on January 1, 2001.**

**(2) Section 8(a) and (c) are deemed to have come into force on January 1, 2002.**

**Explanatory Notes**

**1** Amends chapter A-30 of the Revised Statutes of Alberta 2000.

**2** Section 1(1) presently reads in part:

*1(1) In this Act,*

*(d) "business income outside Alberta" means income for the taxation year from a business with a permanent establishment outside Alberta, but in Canada, as determined in accordance with section 2603 of the federal regulation;*

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

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

- (A) *the individual's income for the period or periods in the year referred to in paragraph 114(a) of the federal Act as determined in accordance with and for the purposes of the federal Act, and*
- (B) *the individual's income for the portion of that year that is not included in the period or periods referred to in paragraph (A), computed under paragraphs 115(1)(a), (b) and (c) of the federal Act as though that portion of the year were the whole taxation year,*
  - (ii) *in the case of an individual not resident in Canada at any time in the taxation year, the individual's income for the year as computed under paragraphs 115(1)(a), (b) and (c) of the federal Act, and*
  - (iii) *in the case of any other individual, the individual's income for the year as determined in accordance with and for the purposes of Part I of the federal Act;*

**3** Section 5 presently reads:

*5 The taxable income of an individual for the purposes of computing tax payable under Part I of the federal Act is the individual's taxable income for the purposes of this Act.*

**4** Section 6 presently reads:

*6(1) The tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had no business income outside Alberta in the taxation year is the amount determined by the formula*

*A x B*



where

*A* is the specified percentage for the year;

*B* is the taxable income of the individual.

(2) The tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had business income outside Alberta in the taxation year is the amount determined by the formula

$$A \times B \times \frac{(C-D)}{C}$$

where

*A* is the specified percentage for the year;

*B* is the taxable income of the individual;

*C* is the income for the year as determined under section 1(1)(j)(iii);

*D* is the business income outside Alberta.

(3) The tax payable under this Act for a taxation year by an individual who was resident in a province other than Alberta or in a territory on the last day of the calendar year and had business income in Alberta in the taxation year is the amount determined by the formula

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

where

*A* is the specified percentage for the year;

*B* is the taxable income of the individual;

*C* is the business income in Alberta;

*D* is the income for the year as determined under section 1(1)(j)(iii).

*(4) The tax payable under this Act for a taxation year by an individual who*

- (a) was not resident in Alberta on the last day of the calendar year but was resident in Alberta throughout part of the calendar year, and*
- (b) was not resident in Canada on the last day of the calendar year*

*is the amount determined in accordance with the formula*

$$A \times B \times \frac{(C-D)}{C}$$

*where*

- A is the specified percentage for the year;*
- B is the taxable income of the individual;*
- C is the income for the year as determined under section 1(1)(j)(i);*
- D is the business income outside Alberta.*

*(5) The tax payable under this Act for a taxation year by an individual who was not resident in Canada at any time in the calendar year is the amount determined by the formula*

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

*where*

- A is the specified percentage for the year;*
- B is the taxable income of the individual;*
- C is the total of the individual's income for the year earned in Alberta as determined under section 2602 of the federal regulation and the taxable capital gain from the disposition of taxable Alberta*

*property as determined by an Alberta regulation;*

*D is the income for the year as determined under section 1(1)(j)(ii).*

*(6) The tax payable under this Act for a taxation year by an individual who*

- (a) was not resident in Alberta at any time in the taxation year but was resident in a province other than Alberta or in a territory in the calendar year,*
- (b) was not resident in Canada on the last day of the calendar year, and*
- (c) had business income in Alberta in the taxation year*

*is the amount determined by the formula*

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

*where*

*A is the specified percentage for the year;*

*B is the taxable income of the individual;*

*C is the business income in Alberta;*

*D is the income for the year as determined under section 1(1)(j)(i).*

**5** Section 11 presently reads:

*11(1) For the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted such amount as the individual claims not exceeding the amount determined by the formula*

$$(A \times B) + [12.75\% \times (C - B)]$$

where

*A is the specified percentage for the year;*

*B is the lesser of \$200 and the individual's total gifts for the year;*

*C is the individual's total gifts for the year.*

*(2) Section 118.1 of the federal Act applies for the purposes of this Act except that subsection (1) of this section applies instead of subsection 118.1(3) of the federal Act.*

**6** Section 25(1) presently reads in part:

*25(1) In this section,*

*(b) "Alberta basic tax rate" of an individual for a taxation year means*

*(i) in a taxation year when the individual's tax payable under this Act is determined under section 48, the proportion that that tax payable is of the individual's adjusted taxable income determined under section 127.52 of the federal Act for the year less the individual's basic exemption determined under section 127.53 of the federal Act, expressed as a percentage, and*

*(ii) in any other case, the proportion that the individual's tax payable under this Act for the year, after deducting only the individual's personal credits under section 8 and no other credits or rebates under this Division, is of the individual's taxable income for the year, expressed as a percentage;*

**7** Section 38 presently reads:

38 Despite sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20, 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, 17, 18, 19 and 20 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.

**8** Section 39 presently reads:

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).*

**9** Section 42 presently reads:

*42 In computing an individual's tax payable under this Act, the following provisions must be applied in the following order:*

*sections 8, 9, 19, 10, 13, 17, 15, 16, 20(2), 20(1), 12, 11, 18, 21, 23, 24 and 25.*

**10** Coming into force.