

Bill 27

BILL 27

2004

ALBERTA CORPORATE TAX AMENDMENT ACT, 2004

(Assented to _____, 2004)

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

Amends RSA 2000 cA-15

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

2(1) Section 8 is amended

- (a) in subsection (2.001) by striking out “and” at the end of clause (a) and by adding the following after clause (b):**
 - (c) for each taxation year that ends after 2002 and before 2007, the repeal of paragraph (o) does not apply for the purposes of this Act,
 - (d) for taxation years that end after 2002 and before 2007, paragraph (z.5) shall be read as “25% of the taxpayer’s prescribed resource loss for the year”,
 - (e) notwithstanding paragraph (x.2) as it applies for the purposes of this Act, payments received under the Alberta Royalty Tax Credit program shall be excluded from the calculation of taxable income,
 - (f) for a taxation year that begins in 2006 and ends in 2007, the repeal of paragraph (o) does not apply for the purposes of this Act to the proportion of the amount described by that paragraph that the number of days in

the taxation year in 2006 bears to the number of days in the taxation year, and

- (g) for a taxation year that begins in 2006 and ends in 2007, paragraph (z.5) shall be read as “that proportion of 25% of the taxpayer’s prescribed loss for the year that the number of days in the taxation year in 2006 bears to the number of days in the taxation year”.

(b) in subsection (2.01) by striking out “and” at the end of clause (b) and by adding the following after clause (b):

- (b.1) for each taxation year that ends after 2002 and before 2007, the repeal of paragraph (m) does not apply for the purposes of this Act,
- (b.2) for a taxation year that begins in 2006 and ends in 2007, the repeal of paragraph (m) does not apply for the purposes of this Act to the proportion of the amount described by that paragraph that the number of days in the taxation year in 2006 bears to the number of days in the taxation year, and

(c) by adding the following after subsection (2.01):

(2.02) In the application of subsection 20(1) of the federal Act

- (a) for a taxation year that ends after 2002 and before 2007, paragraph (v.1) shall be read as “such amount as is allowed to the taxpayer for the year by regulation in respect of natural accumulations of petroleum or natural gas in Canada, oil or gas wells in Canada or mineral resources in Canada”,
- (b) for a taxation year that begins in 2006 and ends in 2007, paragraph (v.1) shall be read as “that proportion of such amount as is allowed to the taxpayer for the year by regulation in respect of natural accumulations of petroleum or natural gas in Canada, oil or gas wells in Canada or mineral resources in Canada that the number of days in the taxation year in 2006 bears to the number of days in the taxation year”, and

(c) no deduction may be made under paragraph (v.1) in respect of any time period after 2006.

(2) This section is deemed to have come into force on January 1, 2003.

3(1) Section 20 is amended

(a) in subsection (6) in (a) of the description of A by adding “as it applies for the purposes of this Act” after “Act”;

(b) in subsection (6) in (b) of the description of A by adding “as it applies for the purposes of this Act” before “, other”;

(c) in subsection (6) in (f) of the description of A by adding “as it applies for the purposes of this Act” after “Act”;

(d) by adding the following after subsection (15):

(16) Subject to subsection (17), all pool amounts available to be carried forward expire December 31, 2013.

(17) The royalty tax deduction claim for a taxation year that begins in 2013 and ends in 2014 is that proportion of the royalty tax deduction for the year as otherwise determined that the number of days in the taxation year in 2013 bears to the number of days in the taxation year.

(2) Section 20(1), as it read on December 31, 2002, is amended

(a) in clause (a) by adding “as it applies for the purposes of this Act” after “Act”;

(b) in clause (b) by adding “as it applies for the purposes of this Act” before “, other”;

(c) in clause (g) by adding “as it applies for the purposes of this Act” after “Act”.

(3) Subsection (1)(a), (b) and (c) apply to taxation years beginning on or after December 4, 2003.

(4) Subsection (2) is deemed to have come into force on January 1, 2003 and applies to taxation years beginning before December 4, 2003.

4 Section 21 is amended

(a) by striking out “or” at the end of clause (j);

(b) by repealing clause (k) and substituting the following:

(k) beginning after March 31, 2003 and ending before April 1, 2004 is 12.5% of the amount taxable in Alberta for the year,

(c) by adding the following after clause (k):

(l) part of which is before April 1, 2004 and part of which is after March 31, 2004, is the aggregate of

(i) 12.5% of the proportion of the amount taxable in Alberta for the year that the number of days in the year before April 1, 2004 bears to the number of days in the year, and

(ii) 11.5% of the proportion of the amount taxable in Alberta for the year that the number of days in the year after March 31, 2004 bears to the number of days in the year,

or

(m) beginning after March 31, 2004 is 11.5% of the amount taxable in Alberta for the year.

5(1) Section 22 is amended

(a) in subsection (2.12)

(i) by striking out “Subject to subsection (2.13), there” and substituting “There”;

(ii) by striking out “and before April 1, 2002 by” and substituting “by”;

(b) in subsection (2.121)

- (i) **by striking out** “Subject to subsection (2.13), there” **and substituting** “There”;
 - (ii) **by striking out** “and before April 1, 2003 by” **and substituting** “by”;
 - (iii) **in clause (c) by striking out** “April 1, 2003” **and substituting** “January 1, 2003”;
- (c) in subsection (2.122)**
- (i) **by striking out** “Subject to subsection (2.13), there” **and substituting** “There”;
 - (ii) **by striking out** “ending after March 31, 2003” **and substituting** “ending after December 31, 2002”;
 - (iii) **in clause (c) by striking out** “March 31, 2003” **and substituting** “December 31, 2002 and before April 1, 2003”;
 - (iv) **in clause (c)(iii) by striking out** “200%” **and substituting** “155.56%”;
- (d) by adding the following after subsection (2.122):**

(2.123) There may be deducted from the tax payable under section 21 for a taxation year ending after March 31, 2003 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, 2003 and before January 1, 2004 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) 177.78% of the corporation's business limit for the year.

(2.124) There may be deducted from the tax payable under section 21 for a taxation year ending after December 31, 2003 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 December 31, 2003 and before January 1, 2005 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) 160% of the corporation's business limit for the year.

(2.125) There may be deducted from the tax payable under section 21 for a taxation year ending after December 31, 2004 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 December 31, 2004 and before January 1, 2006 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) 145.46% of the corporation's business limit for the year.

(2.126) There may be deducted from the tax payable under section 21 for a taxation year ending after December 31, 2005 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 December 31, 2005 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) 133.34% of the corporation's business limit for the year.

(e) by repealing subsection (2.13);

(f) in subsection (2.2) by striking out “subsections (2), (2.11), (2.12), (2.121) and (2.122)” **and substituting** “subsections (2), (2.11), (2.12), (2.121), (2.122), (2.123), (2.124), (2.125) and (2.126)”.

(2) This section is deemed to have come into force on March 31, 2002.

6(1) Section 26 is amended

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

- (c) “Alberta crown royalty” means Alberta crown royalty as defined in subsection (1.01);

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

(1.01) For the purposes of this Division, “Alberta crown royalty” of a corporation for a taxation year, subject to subsection (1.1), means the aggregate of

- (a) any amount that is or is in respect of a qualified royalty (other than an amount prescribed under the federal regulations and an amount referred to in clause (b))
 - (i) that became receivable from the corporation in the year by
 - (A) the Crown in right of Alberta,
 - (B) an agent of the Crown in right of Alberta, or
 - (C) a corporation, a commission or an association that is controlled by the Crown in right of Alberta or by an agent of the Crown in right of Alberta,
 - and
 - (ii) that can reasonably be considered to be a royalty, tax (other than a tax or portion of a tax that can reasonably be considered to be a municipal or school tax), lease rental or bonus, however described, or to be in respect of the late receipt or non-receipt of any of those amounts, in relation to
 - (A) the acquisition, development or ownership of a Canadian resource property of the corporation, or
 - (B) the production in Canada
 - (I) of petroleum, natural gas or related hydrocarbons from a natural accumulation of petroleum or natural gas (other than a mineral resource) located in Canada, or from an oil or gas well located in Canada, in respect of which the corporation had an interest,
 - (II) of sulphur from a natural accumulation of petroleum or natural gas located in Canada, from an oil or gas well located in Canada or from a mineral resource located in Canada, in respect of which the corporation had an interest,
 - (III) to any stage that is not beyond the prime metal stage or its equivalent, of metal,

minerals (other than iron or petroleum or related hydrocarbons) or coal from a mineral resource located in Canada in respect of which the corporation had an interest,

(IV) to any stage that is not beyond the pellet stage or its equivalent, of iron from a mineral resource located in Canada in respect of which the corporation had an interest, or

(V) to any stage that is not beyond the crude oil stage or its equivalent, of petroleum or related hydrocarbons from a deposit located in Canada of bituminous sands or oil shales in respect of which the corporation had an interest,

and

- (b) any amount that is or is in respect of a qualified royalty (other than an amount prescribed in the federal regulations)
- (i) that is paid or payable by the corporation in the year to
- (A) the Crown in right of Alberta,
 - (B) an agent of the Crown in right of Alberta, or
 - (C) a corporation, a commission or an association that is controlled by the Crown in right of Alberta or by an agent of the Crown in right of Alberta, and
- (ii) that can reasonably be considered to be a royalty, tax (other than a tax or portion of a tax that can reasonably be considered to be a municipal or school tax), lease rental or bonus, however described, or to be in respect of the late payment or non-payment of any of those amounts, in relation to
- (A) the acquisition, development or ownership of a Canadian resource property, or
 - (B) the production in Canada

- (I) of petroleum, natural gas or related hydrocarbons from a natural accumulation of petroleum or natural gas (other than a mineral resource) located in Canada or from an oil or gas well located in Canada,
- (II) of sulphur from a natural accumulation of petroleum or natural gas located in Canada, from an oil or gas well located in Canada or from a mineral resource located in Canada,
- (III) to any stage that is not beyond the prime metal stage or its equivalent, of metal, minerals (other than iron or petroleum or related hydrocarbons) or coal from a mineral resource located in Canada,
- (IV) to any stage that is not beyond the pellet stage or its equivalent, of iron from a mineral resource located in Canada, or
- (V) to any stage that is not beyond the crude oil stage or its equivalent, of petroleum or related hydrocarbons from a deposit located in Canada of bituminous sands or oil shales

less any amount that is or is in respect of a qualified royalty and is a reimbursement, pursuant to section 80.2 of the federal Act as it applies until December 31, 2006, received by the corporation under the terms of a contract if the reimbursement was for an amount paid or payable by the corporation in respect of an amount referred to in subclause (i) or (ii).

(2) This section is deemed to have come into force on January 1, 2003.

7(1) Section 36(1.1)(b)(vi) is repealed and the following is substituted:

- (vi) has no pool amounts available to be carried forward as defined in section 20(1),

(2) This section applies to taxation years beginning on or after December 4, 2003.

8(1) Section 36.2 is amended by adding the following after subsection (1):

(1.1) Notwithstanding subsection (1), the corporation is not required to file any information with the Provincial Minister in respect of an assessment action for a taxation year that does not result in a change to a balance, as defined in section 43(6), of the corporation for a taxation year.

(2) Subsection (1) applies on and after December 9, 1998.

9(1) Section 43 is amended

(a) in subsection (1.02)

(i) in clause (a) by striking out “where subsection (1)(a)” and substituting “where subsection (1)(a)(i), (ii) or (iii)”;

(ii) by striking out “and” at the end of clause (a) and adding the following after clause (a):

(a.1) where subsection (1)(a)(iv) applies to the assessment, reassessment or additional assessment, the issues that gave rise to the assessment action, the errors made in the information contained in the return filed or the information or return filed pursuant to section 36.2, and

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

(5.1) Notwithstanding subsections (1) and (2), the Provincial Minister may at any time make an assessment, reassessment or additional assessment of tax for a taxation year, interest or penalties payable by a corporation where the corporation has not complied with section 85(4.2) or (4.4).

(2) Subsection (1)(a) applies on and after December 9, 1998.

10 Section 48(1.111) is amended by striking out “If” and substituting “Unless the corporation has taxable income of nil or a loss for the taxation year, if”.

11 Section 85 is amended by adding the following after subsection (4.1):

(4.2) Notwithstanding subsection (4.1) and sections 6.1 and 6.2, where a corporation establishes a permanent establishment in Alberta at any time in a taxation year and had a permanent establishment in Ontario or Quebec in the immediately preceding taxation year, and either or both of the following applies:

- (a) the corporation had a balance at the end of the immediately preceding taxation year for purposes of the applicable Ontario or Quebec corporate tax statute that varied from the corresponding balance at the end of the immediately preceding taxation year for purposes of the federal Act, and the balance for purposes of the federal Act arose from the application of paragraphs 18(1)(b), 20(1)(a), 20(1)(e), 20(1)(l), 20(1)(l.1), 20(1)(m), 20(1)(m.1), 20(1)(n), 20(1)(o) and 20(1)(p), subsections 20(26), 20(30), 21(1), 21(2), 26(2), 37(1), 40(1), 91(2) and 138(3) and sections 65 to 68 and 110.1 of the federal Act;
- (b) the corporation had a non-capital, net capital, restricted farm, farm or limited partnership loss balance at the end of the immediately preceding taxation year for purposes of the applicable Ontario or Quebec corporate tax statute that varied from the corresponding balance for purposes of the federal Act,

the amount of any such balance at the beginning of the taxation year in which the corporation establishes a permanent establishment in Alberta is deemed to be equal to the aggregate of

- (c) the product obtained when the balance at the end of the immediately preceding year for purposes of a particular province in which the corporation had a permanent

establishment at any time in that year is multiplied by the percentage of taxable income allocated to that province for that taxation year, and

- (d) the product obtained when the balance at the end of the immediately preceding year for federal purposes is multiplied by the percentage of taxable income that is not allocated to a province for that taxation year.

(4.3) For the purposes of computing the percentage of taxable income allocated to a province for the purpose of subsection (4.2), taxable income of the corporation for the immediately preceding year is deemed to be \$1 if the corporation did not have taxable income in that year.

(4.4) The taxable income of a corporation shall not be reduced by an amount in any taxation year by the application of section 111 of the federal Act, as it applies for purposes of this Act, to the extent that a portion of the amount is also applied to reduce the taxable income in a province other than Alberta so that the aggregate reduction in all provinces exceeds 100% of the available loss.

12 The heading to Part 11 is repealed and the following is substituted:

**Part 11
Royalty Credit and Tax
Refunds for Individuals**

**Division 1
Alberta Royalty Credit**

13 Section 106 is amended

- (a) in subsection (1) by striking out “In this Part” and substituting “In this Division”;**
- (b) by repealing subsection (1)(a) and substituting the following:**

- (a) “Alberta crown royalty” means Alberta crown royalty as defined in subsection (1.01);

(c) in subsection (1)(d) by striking out “Part” and substituting “Division”;

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

(1.01) For the purposes of this Division, “Alberta crown royalty” of an individual for a taxation year, subject to subsection (2), means the aggregate of

- (a) any amount that is or is in respect of a qualified royalty (other than an amount prescribed under the federal regulations and an amount referred to in clause (b))
 - (i) that became receivable from the individual in the year by
 - (A) the Crown in right of Alberta,
 - (B) an agent of the Crown in right of Alberta, or
 - (C) a corporation, a commission or an association that is controlled by the Crown in right of Alberta or by an agent of the Crown in right of Alberta,
 - and
 - (ii) that can reasonably be considered to be a royalty, tax (other than a tax or portion of a tax that can reasonably be considered to be a municipal or school tax), lease rental or bonus, however described, or to be in respect of the late receipt or non-receipt of any of those amounts, in relation to
 - (A) the acquisition, development or ownership of a Canadian resource property of the individual, or
 - (B) the production in Canada
 - (I) of petroleum, natural gas or related hydrocarbons from a natural accumulation of petroleum or natural gas (other than a mineral resource) located in Canada, or from an oil or

gas well located in Canada, in respect of which the individual had an interest,

- (II) of sulphur from a natural accumulation of petroleum or natural gas located in Canada, from an oil or gas well located in Canada or from a mineral resource located in Canada, in respect of which the individual had an interest,
- (III) to any stage that is not beyond the prime metal stage or its equivalent, of metal, minerals (other than iron or petroleum or related hydrocarbons) or coal from a mineral resource located in Canada in respect of which the individual had an interest,
- (IV) to any stage that is not beyond the pellet stage or its equivalent, of iron from a mineral resource located in Canada in respect of which the individual had an interest, or
- (V) to any stage that is not beyond the crude oil stage or its equivalent, of petroleum or related hydrocarbons from a deposit located in Canada of bituminous sands or oil shales in respect of which the individual had an interest,

and

- (b) any amount that is or is in respect of a qualified royalty (other than an amount prescribed in the federal regulations)
 - (i) that is paid or payable by the individual in the year to
 - (A) the Crown in right of Alberta,
 - (B) an agent of the Crown in right of Alberta, or
 - (C) a corporation, a commission or an association that is controlled by the Crown in right of Alberta or by an agent of the Crown in right of Alberta,

and

- (ii) that can reasonably be considered to be a royalty, tax (other than a tax or portion of a tax that can reasonably be considered to be a municipal or school tax), lease rental or bonus, however described, or to be in respect of the late payment or non-payment of any of those amounts, in relation to
 - (A) the acquisition, development or ownership of a Canadian resource property, or
 - (B) the production in Canada
 - (I) of petroleum, natural gas or related hydrocarbons from a natural accumulation of petroleum or natural gas (other than a mineral resource) located in Canada or from an oil or gas well located in Canada,
 - (II) of sulphur from a natural accumulation of petroleum or natural gas located in Canada, from an oil or gas well located in Canada or from a mineral resource located in Canada,
 - (III) to any stage that is not beyond the prime metal stage or its equivalent, of metal, minerals (other than iron or petroleum or related hydrocarbons) or coal from a mineral resource located in Canada,
 - (IV) to any stage that is not beyond the pellet stage or its equivalent, of iron from a mineral resource located in Canada, or
 - (V) to any stage that is not beyond the crude oil stage or its equivalent, of petroleum or related hydrocarbons from a deposit located in Canada of bituminous sands or oil shales

less any amount that is or is in respect of a qualified royalty and that is a reimbursement, pursuant to section 80.2 of the federal Act as it applies until December 31, 2006, 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 in respect of an amount referred to in subclause (i) or (ii).

14 Section 107 is amended by striking out “Part” and substituting “Division”.

15 The following is added after section 115:

**Division 2
Resource Allowance
Tax Refund**

Definitions

115.1 In this Division,

- (a) “full resource allowance” means the amount calculated pursuant to paragraph 20(1)(v.1) of the federal Act without regard to the scheduled repeal of the paragraph;
- (b) “total royalties” means the aggregate of the amounts calculated pursuant to paragraphs 12(1)(o) and 18(1)(m) of the federal Act, both calculated without regard to the scheduled repeals of the paragraphs.

Additional resource allowance deduction

115.2 An individual’s additional resource allowance deduction for a taxation year is equal to the full resource allowance for the year less the aggregate of

- (a) the amount of the resource allowance deducted on the individual’s return for the taxation year pursuant to paragraph 20(1)(v.1) of the federal Act as it applies for purposes of the *Alberta Personal Income Tax Act*,
- (b) the difference between the amount calculated pursuant to paragraph 12(1)(o) of the federal Act without regard to the scheduled repeal of the paragraph and the amount included in income on the individual’s return for the taxation year pursuant to that paragraph, and
- (c) the difference between the amount calculated pursuant to paragraph 18(1)(m) of the federal Act without regard to

the scheduled repeal of the paragraph and the amount in respect of which no deduction was allowed on the individual's return for the taxation year pursuant to that paragraph.

Resource allowance refund calculation

115.3(1) Where in a taxation year the amount of the full resource allowance is greater than the amount of total royalties, an individual is entitled to a tax refund equal to the lesser of

- (a) 10% of the additional resource allowance deduction for the year, and
- (b) the individual's tax otherwise payable for the year under the *Alberta Personal Income Tax Act*.

(2) The tax refund is applicable to the 2003 to 2006 taxation years.

Division 3 Refund of Income Tax on Royalty Credit

Refund of income tax on royalty credit

115.4 An individual is entitled to a tax refund equal to the lesser of

- (a) 10% of the portion of the royalty credit received in the year and included in the calculation of taxable income for the year pursuant to paragraph 12(1)(x.2) of the federal Act, and
- (b) the individual's tax otherwise payable for the year under the *Alberta Personal Income Tax Act* less the amount of the refund received pursuant to section 115.3.

Division 4 Assessment

Application for refunds

115.5(1) An individual is entitled to refunds under Divisions 2 and 3 in respect of a taxation year only if the individual files an application for the refunds 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 refunds on the date the 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.

16 Section 116(1) is amended

- (a) **by striking out** “credit has been paid to an individual” **and substituting** “credit or tax refund has been paid to an individual under this Part”.
- (b) **in clause (a) by adding** “or refunded” **after** “paid”.

17 Section 117 is amended

- (a) **by adding** “or tax refund under this Part” **after** “a royalty credit”;
- (b) **by adding** “or tax refund” **after** “the royalty credit”;
- (c) **in clause (a) by adding** “or tax refund” **after** “royalty credit”.

18 Section 118(1) is amended

- (a) **by adding** “or tax refund under this Part” **after** “a royalty credit”;
- (b) **by adding** “or tax refund” **after** “the royalty credit”.

19 Section 119 is amended

- (a) **in subsections (1), (2.1) and (4) by adding** “or tax refund under this Part” **after** “royalty credit”;
- (b) **in subsection (2)**
 - (i) **by adding** “or tax refund under this Part” **after** “the royalty credit”;

(ii) in clause (a) by adding “or tax refund” after “a royalty credit”;

(c) in subsection (3)

(i) by adding “or tax refund under this Part” after “a royalty credit”;

(ii) in clause (b) by adding “or tax refund” after “the royalty credit”.

20 Section 120 is amended

(a) in subsection (1)

(i) by striking out “net royalty credit” and substituting “net credit”;

(ii) by adding “under this Part” after “an individual”;

(iii) by striking out “royalty credit for” and substituting “royalty credit and tax refund for”;

(b) in subsection (2)

(i) by adding “or tax refund under this Part” after “a royalty credit”;

(ii) by striking out “net royalty credit” and substituting “net credit”;

(c) in subsection (4) by adding “and tax refund under this Part” after “royalty credit”.

21 Section 121(2) is amended by adding “, 36.2(1) and (2)” after “1(4)”.

22(1) The *Alberta Personal Income Tax Act* is amended by this section.

(2) Section 25 is amended

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

(b) “Alberta basic tax rate” of an individual for a taxation year means the specified percentage for the year;

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

(5.1) Subject to subsection (5.2), an individual’s Alberta ACRI carried forward amount expires on December 31, 2013.

(5.2) The royalty tax rebate in respect of income from a business or a partnership with a fiscal period that begins in 2013 and ends in 2014 is that proportion of the royalty tax rebate for the year as otherwise determined that the number of days in the taxation year of the business or partnership in 2013 bears to the number of days in the taxation year.

(3) This section is deemed to have come into force on January 1, 2004.

23 Sections 12 to 21 are deemed to have come into force on January 1, 2003.

Explanatory Notes

1 Amends chapter A-15 of the Revised Statutes of Alberta 2000.

2 Section 8 presently reads in part:

(2.001) In the application of subsection 12(1) of the federal Act,

(a) the reference in paragraph (o) to “or in respect of the late receipt or non-receipt of any such amount” does not apply for the purposes of this Act, and

(b) paragraph (x.1) does not apply for the purposes of this Act.

(2.01) In the application of subsection 18(1) of the federal Act,

(a) paragraph (a) shall be read as if “including but not limited to any tax payable under Part 1 of this Act, any tax payable under the federal Act, any tax similar to that imposed under Part 1 of this Act that is imposed by a province or any interest or penalties payable in respect of any of them” were added after “outlay or expense”,

(b) the reference in paragraph (m) to “or in respect of the late payment or non-payment of any such amount” does not apply for the purposes of this Act, and

(c) paragraph (t) does not apply for the purposes of this Act.

3 Section 20 presently reads in part:

(6) The net amount available for a taxation year in respect of the corporation’s unsuccessored pool is the amount determined by the formula

(A + B)

where

A is the amount, if any, by which the aggregate of

(a) the amounts required to be included in computing the corporation’s income for the year by virtue of paragraph 12(1)(o) of the federal Act,

(b) the amounts 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, other than amounts described in the definition of “Canadian development expense” in subsection 66.2(5) of the federal Act or the definition of “Canadian oil and gas property expense” in subsection 66.4(5) of the federal Act,

- (c) any amounts by which the fair market value, as determined under subsection 69(8) of the federal Act, of petroleum, natural gas or related hydrocarbons or metal or minerals disposed of under dispositions referred to in subsection 69(6) of the federal Act, exceeds the proceeds of disposition, if any, actually received by the corporation in respect of the petroleum, natural gas or related hydrocarbons or metal or minerals so disposed of,*
- (d) any amounts by which the amount referred to in subsection 69(7) of the federal Act in respect of acquisitions of petroleum, natural gas or related hydrocarbons or metal or minerals referred to in that subsection exceeds the fair market value, as determined under subsection 69(9) of the federal Act, of the petroleum, natural gas or related hydrocarbons or metal or minerals so acquired, and*
- (e) any amount that would be deemed to have been payable in the year by a trust to the corporation as beneficiary of the trust under subsection 104(29) of the federal Act if the reference in that subsection to paragraph 18(1)(l.1) were struck out,*

exceeds the aggregate of

- (f) the amount of reimbursement received by the corporation under the terms of a contract, where the reimbursement was for an amount paid or payable by the corporation that is required to be included in computing its income or denied as a*

deduction in computing its income by virtue of paragraph 12(1)(o) or 18(1)(m) of the federal Act, and

(g) the amount allowed to the corporation for the year under section 8 in its adoption of paragraph 20(1)(v.1) of the federal Act;

B is the pool amount available to be carried forward at the end of the immediately preceding taxation year.

(15) This section applies to taxation years beginning on or after the day this section comes into force.

4 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

(j) part of which is before April 1, 2003 and part of which is after March 31, 2003, is the aggregate of

(i) 13.0% of the proportion of the amount taxable in Alberta for the year that the number of days in the year before April 1, 2003 bears to the number of days in the year, and

(ii) 12.5% of the proportion of the amount taxable in Alberta for the year that the number of days in the year after March 31, 2003 bears to the number of days in the year,

or

(k) beginning after March 31, 2003 is 12.5% of the amount taxable in Alberta for the year.

5 Section 22 presently reads in part:

(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 and before April 1, 2002 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 and before April 1, 2002 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.*

(2.121) Subject to subsection (2.13), there may be deducted from the tax payable under section 21 for a taxation year ending after March 31, 2002 and before April 1, 2003 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, 2002 and before April 1, 2003 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) *175% of the corporation's business limit for the year.*

(2.122) Subject to subsection (2.13), there may be deducted from the tax payable under section 21 for a taxation year ending after March 31, 2003 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, 2003 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) *200% of the corporation's business limit for the year.*

(2.13) No amount may be deducted

- (a) *under subsection (2.11) for a taxation year in excess of the product obtained when the proportion of the amount determined under section 19.1 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%,*

- (b) *under subsection (2.12) for a taxation year in excess of the product obtained when the proportion of the amount determined under section 19.1 that the number of days in the taxation year after March 31, 2001 and before April 1, 2002 bears to the number of days in the taxation year is multiplied by 8.5%, or*
- (c) *under subsection (2.121) for a taxation year in excess of the product obtained when the proportion of the amount determined under section 19.1 that the number of days in the taxation year after March 31, 2002 and before April 1, 2003 bears to the number of days in the taxation year is multiplied by 8.5%;*
- (d) *under subsection (2.122) for a taxation year in excess of the product obtained when the proportion of the amount determined under section 19.1 that the number of days in the taxation year after March 31, 2003 bears to the number of days in the taxation year is multiplied by 8.5%.*

(2.2) For the purposes of subsections (2), (2.11), (2.12), (2.121) and (2.122), the “small business allocation factor” is the Alberta allocation factor that would be determined if, during the taxation year, the corporation had no permanent establishment in a country other than Canada.

6 Section 26(1)(c) presently reads:

26(1) In this Division,

- (c) *“Alberta crown royalty” of a corporation for a taxation year, subject to subsection (1.1), 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;

7 Section 36(1.1) presently reads in part:

(1.1) Subsection (1) does not apply to the following corporations:

- (b) a corporation that*

- (vi) has no attributed royalty income carry forward for the taxation year,*

8 Section 36.2 presently reads in part:

36.2(1) If there has been an assessment action as defined in section 43(1.1) in respect of a corporation for a taxation year, the corporation shall, within 90

days from the later of the date of the assessment action and the required filing date under section 36(1), file with the Provincial Minister all information provided to the corporation under the federal Act or a statute of a province with respect to the assessment action.

9 Section 43 presently reads in part:

(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,

- (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).*

10 Section 48 presently reads in part:

(1.111) 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 files a valid objection pursuant to subsection 165(1.11) of the federal Act (the “federal notice of objection”) to an assessment with respect to a taxation year made under the federal Act (the “federal assessment”), but does not object within the time required by this Act to an assessment under this Act with respect to that taxation year that is based on the same issues as the federal assessment (the “Alberta parallel assessment”),

- (a) *the corporation is deemed to have filed a notice of objection pursuant to subsection (1.11) of this section to the Alberta parallel assessment on the last day on which the notice of objection could have been filed under this Act, and*
- (b) *the federal notice of objection is deemed to be the objection filed pursuant to subsection (1.11) of this section, with such modifications for the relief sought as are appropriate for the determination of any amount of a change in a balance within the meaning of section 43(6) of this Act or a balance of undeducted*

outlays or other amounts of the corporation under this Act.

11 Section 85 presently reads in part:

(4.1) For the purposes of this Act, any amount calculated, deducted or deductible under the federal Act for a previous taxation year in respect of which the corporation was not subject to this Act or the old Act is deemed to have been calculated, deducted or deductible under this Act for the previous taxation year if the amount would have been calculated, deducted or deductible under this Act if it had applied to the corporation in that year.

12 The heading to Part 11 presently reads:

*Part 11
Alberta Royalty Credit for Individuals*

13 Section 106 presently reads in part:

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 the individual's income for the year by virtue of paragraph 12(1)(o) of the federal Act, or*
- (B) denied as a deduction in computing the individual's 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;

- (d) "royalty credit" means a royalty credit to which an individual is entitled under this Part;*

(2) An individual shall not include in computing the individual's 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 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).*

14 Section 107 presently reads:

107 This Part applies to an individual who has Alberta crown royalty in a taxation year.

15 Application for refunds.

16 Section 116(1) presently reads:

116(1) If, at any time, the Provincial Minister determines that a royalty credit has been paid to an individual for a taxation year in excess of the amount to which the individual was entitled,

- (a) the excess is 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.*

17 Section 117 presently reads:

117 If, at any time, interest on a royalty credit has been paid to an individual or applied to the individual's liability and it is determined at a subsequent time that the royalty credit to which the individual 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 is 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 Minister interest at the prescribed rate on the amount payable computed from the particular time to the date of payment;*

- (c) *the Provincial Minister may, at any time, assess the individual in respect of the amount payable and, if the Provincial Minister makes that assessment, this Act applies in respect of the assessment as if it had been made under section 119.*

18 Section 118(1) presently reads:

118(1) The Provincial Minister shall examine an application for a royalty credit for a taxation year and assess the interest and

penalties payable and shall determine the amount of the royalty credit, if any, to which the individual is entitled for the year.

19 Section 119 presently reads in part:

119(1) The Provincial Minister may, at any time, assess interest or penalties under this Part or determine the entitlement to and the amount, if any, of an individual's royalty credit.

(2) The Provincial Minister 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

- (a) *at any time, if the individual filing an application for a royalty credit*
 - (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 Minister 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 Resource Development 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 Minister, 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, if any, of the individual for the previous taxation year.*

(3) Notwithstanding that more than 3 years have 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 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 Minister, 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, if any, to which the individual is entitled for the year.*

(4) *If the Provincial Minister 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 by virtue only of the filing of a waiver under subsection (2)(a)(ii), the Provincial Minister 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.*

20 Section 120 presently reads in part:

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 the individual's royalty credit 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 for a taxation year has been filed by an individual within 3 years from the end of that year, the Provincial Minister shall, on or after mailing a notice of determination for the year, refund to the individual the individual's net royalty credit for the year.*

(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 Minister shall pay or apply interest on the amount at the 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.*

21 Section 121 presently reads in part:

(2) Subject to subsection (3), sections 1(4), 37.1, 41(1.11), (1.111) and (1.12), 43.1, 48, 48.1, 48.2, 50 to 54, 55(1), (3) and (4), 55.1 to 70, Part 8 Division 4.1, 74 to 79 and 81 to 84 apply to this Part.

22(1) Amends chapter A-30 of the Revised Statutes of Alberta 2000.

(2) Section 25 presently reads in part:

25(1) In this section,

- (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;*

(3) Coming into force.

23 Coming into force.