

Bill 40

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2005

ALBERTA PERSONAL INCOME TAX AMENDMENT ACT, 2005 (NO. 2)

(Assented to _____, 2005)

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2 Section 30(2) is repealed and the following is substituted:

(2) Subject to subsection (3), the amount that an individual is
deemed to have overpaid in a month is determined by the
formula:

$$\frac{1}{12} (A - B)$$

where

A is the least of the following:

- (a) whichever of the following applies, depending on the
number of qualified dependants:
 - (i) if the person was an eligible individual at the
beginning of the month in respect of only one
qualified dependant, \$550;

- (ii) if the person was an eligible individual at the beginning of the month in respect of more than one qualified dependant, the total of
 - (A) \$550 for the first qualified dependant,
 - (B) \$500 for the 2nd qualified dependant,
 - (C) \$300 for the 3rd qualified dependant, and
 - (D) \$100 for each of the 4th and subsequent qualified dependants;
- (b) 8% of the amount, if any, by which the individual's adjusted earned income for the base taxation year in relation to the month exceeds \$2760;
- (c) \$1450;
- B is 4% of the amount, if any, by which the individual's adjusted income for the base taxation year in relation to the month exceeds \$25 000.

3 Section 44 is amended

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

(1.1) Each of the dollar amounts referred to in section 30(2), except the amount \$2760, shall be adjusted so that, where the base taxation year in relation to a particular month is after 2004, the amount to be used under that subsection for the month is the total of

- (a) the amounts that would, but for subsection (3), be the relevant amounts used under section 30(2) for the month that is one year before the particular month, 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

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

where

A is the Consumer Price Index for Alberta for the 12-month period that ended on the last September 30 of the base taxation 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 (7) and substituting the following:

(7) This section, except subsection (1.1), applies to the 2002 taxation year and subsequent taxation years.

(8) Subsection (1.1) applies on and after July 1, 2006.

4(1) Section 2 comes into force on July 1, 2005.

(2) Section 3 comes into force on January 1, 2006.

Explanatory Notes

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

2 Section 30 presently reads in part:

(2) Subject to subsection (3), the amount that an individual is deemed to have overpaid in a month is determined by the formula

$$\frac{1}{12} (A - B)$$

where

A is the least of the following:

- (a) the product obtained when \$500 is multiplied by the number of qualified dependants in respect of whom the individual was an eligible individual at the beginning of the month;
- (b) 8% of the amount, if any, by which the individual's adjusted earned income for the base taxation year in relation to the month exceeds \$6500;
- (c) \$1000;

B is 4% of the amount, if any, by which the individual's adjusted income for the base taxation year in relation to the month exceeds \$25 000.

3 Section 44 presently reads:

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.

(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.*

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

4 Coming into force.