

BILL 33

2006

ALBERTA PERSONAL INCOME TAX AMENDMENT ACT, 2006

(Assented to _____, 2006)

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 3 is amended by adding the following after subsection (2):

(3) In the case of an individual who died or became bankrupt during the calendar year, the words “calendar year” in subsection (1) shall be read as “taxation year”.

3 Section 6(7) is repealed and the following is substituted:

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

4 Section 8(1)(a), (b) and (c) are amended by striking out “\$12 900” wherever it occurs and substituting “\$14 899”.

5 Section 12(1) is repealed and the following is substituted:

Medical expense credit

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 amount determined in the description of B in subsection 118.2(1) of the federal Act;
- C is the lesser of \$1865 and 3% of the individual's income for the taxation year;
- D is the total of all amounts each of which is, in respect of a dependant of the individual (within the meaning assigned by subsection 118(6) of the federal Act, other than a child of the individual who has not attained the age of 18 years before the end of the taxation year), the lesser of \$5000 and the amount determined by the formula

E - F

where

- E is the amount determined in the description of E in subsection 118.2(1) of the federal Act;
- F is the lesser of \$1865 and 3% of the dependant's income for the taxation year.

6 Section 35.2(2) is amended by adding the following after clause (b):

- (c) in the case of an individual who is an eligible individual in respect of one or more qualified dependants but is not eligible in respect of himself or herself to a rebate under this Division, \$400 for each qualified dependant.

7 Section 44 is amended by adding the following after subsection (1.1):

(1.2) Notwithstanding subsection (1), this section does not apply for the purpose of adjusting the amounts referred to in section 8(1)(a), (b) and (c) for the 2006 taxation year.

8(1) Sections 2 and 3 are deemed to have come into force on January 1, 2001.

(2) Section 5 is deemed to have come into force on January 1, 2004.

(3) Section 6 is deemed to have come into force on December 1, 2005.

(4) Sections 4 and 7 are deemed to have come into force on January 1, 2006.

Explanatory Notes

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

2 Section 3 presently reads:

3(1) An individual

- (a) who was resident in Alberta on the last day of a calendar year,*
- (b) who was resident in a province other than Alberta or in a territory on the last day of a calendar year and had business income in Alberta in that calendar year, or*
- (c) who, not being resident in Canada on the last day of a calendar year, had income for the year*

must pay tax as required by this Act.

(2) No tax is payable under this Act by an individual for a period when that individual was exempt from tax because of subsection 149(1) of the federal Act.

3 Section 6 presently reads in part:

(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”.

4 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

A x B

where

A is the specified percentage for the year;

B is the total of

Marital status

(a) in the case of an individual who at any time in the year is a married person or a person who is in a common-law partnership who supports the individual’s spouse or common-law partner and is not living separate and apart from the spouse or common-law partner because of a breakdown of their marriage or common-law partnership, an amount equal to the total of

(i) \$12 900, and

(ii) an amount determined by the formula

\$12 900 – C

where

C is the income of the individual's spouse or common-law partner for the year or, where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the year because of a breakdown of their marriage or common-law partnership, the spouse's or common-law

partner's income for the year while married or in the common-law partnership and not so separated,

Wholly dependent person

(b) in the case of an individual who does not claim a deduction for the year under clause (a) and who, at any time in the year,

(i) is

(A) a person who is unmarried and who does not live in a common-law partnership, or

(B) a person who is married or in a common-law partnership, who neither supported nor lived with his or her spouse or common-law partner and who is not supported by that spouse or common-law partner, and

(ii) whether alone or jointly with one or more other persons, maintains a self-contained domestic establishment (in which the individual lives) and actually supports in that establishment a person who, at that time, is

(A) except in the case of a child of the individual, resident in Canada,

(B) wholly dependent for support on the individual, or on the individual and the other person or persons, as the case may be,

(C) related to the individual, and

(D) *except in the case of a parent or grandparent of the individual, either under 18 years of age or so dependent because of mental or physical infirmity,*

an amount equal to the total of

(iii) *\$12 900, and*

(iv) *an amount determined by the formula*

\$12 900 – D

where

D is the income for the year of the dependent person,

Basic personal credit - single status

(c) *except in the case of an individual entitled to a deduction under clause (a) or (b), \$12 900,*

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

C is the lesser of \$1678 and 3% of the individual's income for the year;

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 or common-law partner) 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 35.2(2) presently reads:

(2) The amount that an individual is deemed to have overpaid is as follows:

- (a) in the case of an individual who is not an eligible individual, \$400;*
- (b) in the case of an individual who is an eligible individual in respect of one or more qualified dependants, \$400 plus \$400 for each qualified dependant.*

7 Section 44 presently reads in part:

(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.

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

8 Coming into force.