

BILL 34

2006

ALBERTA CORPORATE 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-15

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

2 The following is added after section 12:

Reimbursement of Crown charges

12.1(1) Section 80.2 of the federal Act does not apply for the purposes of this Act in respect of reimbursement of Crown charges imposed in respect of production after December 31, 2002.

(2) Where, in respect of the period that begins on January 1, 2003 and ends on December 31, 2006,

- (a) a taxpayer, under the terms of a contract, pays to another person an amount (in this section referred to as the “specified payment”) that may reasonably be considered to have been received by the other person as a reimbursement, contribution or allowance in respect of an amount (referred to in clause (b) as the “particular amount”) paid or payable by the other person,
- (b) the particular amount is included in the income of the other person or is denied as a deduction in computing the income of the other person by reason of paragraph

12(1)(o) or 18(1)(m) of the federal Act, as the case may be, as it applies for the purposes of this Act, and

- (c) the taxpayer was resident in Canada or carrying on a business in Canada at the time the specified payment was made by the taxpayer,

the following rules apply for the purposes of this Act, other than this section:

- (d) the taxpayer is deemed neither to have made nor to have become obligated to make the specified payment to the other person but to have paid an amount described in paragraph 18(1)(m) of the federal Act as it applies for the purposes of this Act equal to the amount of the specified payment, and
- (e) the other person is deemed neither to have received nor to have become entitled to receive the specified payment from the taxpayer.

3 Section 20.1(1) is amended

- (a) **in clause (a) by adding** “as it applies for the purposes of this Act” **after** “federal Act”;
- (b) **in clause (b) by adding** “as it applies for the purposes of this Act” **after** “18(1)(m) of the federal Act”;
- (c) **in clause (d.1) by adding** “as it applies for the purposes of this Act” **after** “18(1)(l.1)”;
- (d) **in clause (e) by adding** “as it applies for the purposes of this Act” **after** “20(1)(v.1) of the federal Act”;
- (e) **in clause (f) by adding** “as it applies for the purposes of this Act” **after** “federal Act”.

4 Section 21 is amended by striking out “or” at the end of clause (l) and repealing clause (m) and substituting the following:

- (m) beginning after March 31, 2004 and ending before April 1, 2006 is 11.5% of the amount taxable in Alberta for the year,
 - (n) part of which is before April 1, 2006 and part of which is after March 31, 2006, is the aggregate of
 - (i) 11.5% of the proportion of the amount taxable in Alberta for the year that the number of days before April 1, 2006 bears to the number of days in the year, and
 - (ii) 10.0% of the proportion of the amount taxable in Alberta for the year that the number of days after March 31, 2006 bears to the number of days in the year,
- or
- (o) beginning after March 31, 2006 is 10.0% of the amount taxable in Alberta for the year.

5(1) Section 22 is amended

- (a) by repealing subsection (2.125);**
- (b) in subsection (2.126)**
 - (i) by striking out “ending after December 31, 2005” and substituting “ending after December 31, 2004”;**
 - (ii) by repealing clause (c) and substituting the following:**
 - (c) the proportion of the least of the following amounts that the number of days in the year after December 31, 2004 and before April 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) 133.34% of the corporation’s business limit for the year.
- (c) by adding the following after subsection (2.126):**

(2.127) There may be deducted from the tax payable under section 21 for a taxation year ending after March 31, 2006 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) 7.0%;
- (c) the proportion of the least of the following amounts that the number of days in the year after March 31, 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) 133.34% of the corporation's business limit for the year.

(2) Subsection (1)(a) applies to taxation years ending after 2004.

(3) Subsection (1)(b) is deemed to have come into force on January 1, 2005.

(4) Subsection (1)(c) is deemed to have come into force on April 1, 2006.

6(1) Section 26 is amended

(a) by repealing subsection (1.01) and substituting the following:

(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 that is a reimbursement, contribution or allowance received by the corporation under the terms of a contract pursuant to section 12.1(2) if the reimbursement, contribution or allowance was for an amount paid or payable by the corporation in respect of an amount referred to in clause (a) or (b).

(b) in subsection (1.1)(b) by striking out “(1)(c)(i) to (iii)” and substituting “(1.01)”.

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

7(1) Section 30.01 is repealed and the following is substituted:

Amounts designated by mutual fund trust

30.01 When a corporation is or becomes a beneficiary under a mutual fund trust, subsections 132(5.1) and (5.2) and sections 132.1 and 132.11 of the federal Act apply for the purposes of determining the income of the corporation under this Act.

(2) This section applies after March 22, 2004.

8(1) The following is added after section 30.1:

Communal organizations

30.2 Section 143 of the federal Act applies for the purposes of this Act.

(2) This section applies on and after January 1995.

9 The following is added after section 47:

Small amounts owing

47.1(1) Notwithstanding the *Financial Administration Act*, if a notice of assessment or reassessment indicates an amount owing or a refund of less than the amount prescribed under subsection (3), the Provincial Minister may

- (a) in the case of an amount owing, not collect it, or
- (b) in the case of a refund, not pay it unless specifically requested by the person to whom the amount is payable.

(2) A request under subsection (1)(b) must be made no later than the day on which all rights of objection and appeal with respect to the assessment or reassessment for the taxation year expire.

(3) The Provincial Minister may by regulation prescribe the amount for the purpose of subsection (1).

10(1) Section 55.1 is repealed and the following is substituted:

Waiver or cancellation of penalties or interest

55.1 Notwithstanding the *Financial Administration Act*, the Provincial Minister may, on application by a taxpayer on or

before the day that is 10 calendar years after the end of a taxation year of the taxpayer,

- (a) waive or cancel all or any portion of any penalty or interest payable under this Act by the taxpayer in respect of that taxation year, or
- (b) refund any portion of any penalty or interest paid under this Act by the taxpayer in respect of that taxation year.

(2) This section applies to applications made to the Provincial Minister after the coming into force of this section.

11(1) Section 72.1 is amended

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

- (a) “tax benefit” means a reduction, avoidance or deferral of tax or other amount payable under this Act or the regulations or an increase in a refund of tax or other amount under this Act or the regulations, and includes a reduction, avoidance or deferral of tax or other amount that would be payable under this Act or the regulations but for a tax treaty, or an increase in a refund of tax or other amount under this Act or the regulations that is a result of a tax treaty;

(b) by repealing subsection (4) and substituting the following:

(4) Subsection (2) applies to a transaction only if it may reasonably be considered that the transaction

- (a) would, if this Act were read without reference to this section, result directly or indirectly in a misuse of the provisions of any one or more of
 - (i) this Act or the regulations,
 - (ii) the *Income Tax Regulations* (Canada) as they apply for the purposes of this Act,

- (iii) the *Income Tax Application Rules* (Canada) as they apply for the purposes of this Act,
 - (iv) a tax treaty, or
 - (v) any other enactment that is relevant in computing tax or any other amount payable by or refundable to a person under this Act or in determining any amount that is relevant for the purposes of that computation, or
- (b) would result directly or indirectly in an abuse having regard to the provisions referred to in clause (a), other than this section, read as a whole.

(c) in subsection (5)

- (i) **by adding** “and notwithstanding any other enactment” **after** “generality of subsection (2)”;
- (ii) **in clauses (a) and (b) by adding** “, exemption or exclusion” **after** “deduction”.

(2) This section applies with respect to transactions entered into after September 12, 1988.

12 Section 77(5) is amended by adding the following after clause (l):

- (m) to the Chief Electoral Officer or his designate to be used solely for the purposes of ensuring associated corporations are complying with the requirements of the *Election Finances and Contributions Disclosure Act*.

13 Section 86 is amended by adding the following after subsection (1):

(1.1) For the purposes of this Part, an insurance company is deemed to include an insurance company that claims a policy reserve in respect of an insurance business pursuant to paragraph 20(7)(c) of the federal Act as it applies for the purposes of this Act.

14(1) Section 106(1.01) is repealed and the following is substituted:

(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, contribution or allowance received by the individual under the terms of a contract pursuant to section 12.1(2) if the reimbursement, contribution or allowance was for an amount paid or payable by the individual in respect of an amount referred to in clause (a) or (b).

(2) This section is 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 Reimbursement of Crown charges.

3 Section 20.1 presently reads in part:

20.1(1) Notwithstanding section 20(1), in section 20(2) to (7), “attributed Canadian royalty income” of a corporation for a taxation year commencing in 1998, 1999, 2000 or 2001 in which it had a permanent establishment in Alberta means 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,*
- (d.1) 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

- (e) 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, and*
- (f) the amount of any 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.*

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

- (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 Section 22 presently reads in part:

(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.*

6 Section 26 presently reads in part:

(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).

7 Section 30.01 presently reads:

30.01 When a corporation is or becomes a beneficiary under a mutual fund trust, sections 132.1 and 132.11 of the federal Act apply for the purposes of determining the income of the corporation under this Act.

8 Communal organizations.

9 Small amounts owing.

10 Section 55.1 presently reads:

55.1 Notwithstanding the Financial Administration Act, the Provincial Minister may at any time waive or cancel the imposition of or liability for any

penalty or interest imposed or payable under this Act.

11 Section 72.1 presently reads:

72.1(1) In this section and in section 41(1.11),

- (a) “tax benefit” means a reduction, avoidance or deferral of tax or other amount payable under this Act or an increase in a refund of tax, refundable tax credit, royalty credit or other amount under this Act;*
- (b) “tax consequences” to a corporation means the amount of*
 - (i) the corporation’s income, taxable income, taxable income earned in Canada or amount taxable in Alberta,*
 - (ii) the corporation’s capital, adjusted taxable capital, basic capital amount or taxable capital employed in Canada referred to in Part 10,*
 - (iii) the corporation’s amount of premiums receivable referred to in Part 9,*
 - (iv) tax, refundable tax credit or other amount payable by or refundable to the corporation under this Act, or*
 - (v) any other amount that is relevant for the purposes of computing any amount referred to in this clause;*
- (c) “transaction” includes an arrangement or event.*

(2) Where a transaction is an avoidance transaction, the tax consequences to a person shall be determined as is reasonable in the circumstances in order to deny a tax benefit that, but for this section, would result, directly or indirectly, from that

transaction or from a series of transactions that includes that transaction.

(3) An avoidance transaction is any transaction

- (a) that, but for this section, would result, directly or indirectly, in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit, or*
- (b) that is part of a series of transactions, which series, but for this section, would result, directly or indirectly, in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit.*

(4) For greater certainty, subsection (2) does not apply to a transaction where it may reasonably be considered that the transaction would not result directly or indirectly in a misuse of the provisions of this Act or an abuse having regard to the provisions of this Act, other than this section, read as a whole.

(5) Without restricting the generality of subsection (2),

- (a) any deduction made in computing income, taxable income, taxable income earned in Canada, amount taxable in Alberta or tax payable or any part of it may be allowed or disallowed in whole or in part,*
- (b) any deduction referred to in clause (a) or any income, loss or other amount, or part of it, may be allocated to any corporation,*
- (c) the nature of any payment or other amount may be recharacterized,*
- (d) the tax effects that would otherwise result from the application of other provisions of this Act may be ignored, and*

- (e) *the amount of any refundable tax credits may be disallowed in whole or in part*

in determining the tax consequences to a corporation as is reasonable in the circumstances in order to deny a tax benefit that would, but for this section, result, directly or indirectly, from an avoidance transaction.

(6) *Where with respect to a transaction*

- (a) *a notice of assessment, reassessment or additional assessment involving the application of subsection (2) with respect to the transaction has been sent to a corporation, or*
- (b) *a notice of determination pursuant to section 41(1.11) has been sent to a corporation with respect to the transaction,*

any corporation, other than a corporation referred to in clause (a) or (b), is entitled, within 180 days after the day of mailing of the notice under section 72.2(2), to request in writing that the Provincial Minister make an assessment, reassessment or additional assessment applying subsection (2) or make a determination applying section 41(1.11) with respect to that transaction.

(7) *Notwithstanding any other provision of this Act, the tax consequences to any person, following the application of this section, shall be determined only through a notice of assessment, reassessment, additional assessment or determination pursuant to section 41(1.11) involving the application of this section.*

(8) *On receipt of a request by a person under subsection (6), the Provincial Minister shall, with all due dispatch, consider the request and, notwithstanding section 43(1), assess, reassess or make an additional assessment or determination pursuant to section 41(1.11) with respect to that corporation, except that an assessment, reassessment, additional assessment or*

determination may be made under this subsection only to the extent that it may reasonably be regarded as relating to the transaction referred to in subsection (6).

12 Section 77(5) presently reads in part:

(5) Tax information may be communicated as follows:

- (l) to a police officer (within the meaning assigned by subsection 462.48(17) of the Criminal Code (Canada)) solely for the purpose of investigating whether an offence has been committed under the Criminal Code (Canada), or the laying of an information or the preferring of an indictment, where*
 - (i) such information can reasonably be regarded as being necessary for the purpose of ascertaining the circumstances in which an offence under the Criminal Code (Canada) may have been committed, or the identity of the person or persons who may have committed an offence, with respect to an official, or with respect to any person related to that official,*
 - (ii) the official was or is engaged in the administration or enforcement of this Act, and*
 - (iii) the offence can reasonably be considered to be related to that administration or enforcement.*

13 Section 86 presently reads:

86(1) In this Part,

- (a) “accident insurance” has the meaning given to that expression by the regulations under the Insurance Act;*

- (b) *“annuity contract” means a contract that provides for the payment of an income for a specified period or for life and under the terms of which the sole benefit stated to be payable by reason of death does not exceed the sum of the amounts paid as consideration for the contract together with interest;*
- (c) *“business transacted in Alberta” means*
 - (i) *in the case of property insurance, all contracts on which premiums are receivable from, or in respect of, persons whose property was situated in Alberta at the time the premiums became payable, and*
 - (ii) *in the case of other insurance, all contracts on which premiums are receivable from, or in respect of, persons who were resident in Alberta at the time the premiums became payable;*
- (d) *“insurance company” means a person or corporation carrying on in Alberta the business of insurance within the meaning of the Insurance Act, and*
 - (i) *includes a reciprocal or inter-insurance exchange and underwriters and syndicates of underwriters operating on the plan known as “Lloyd’s”, but*
 - (ii) *does not include a fraternal society as defined in the Insurance Act;*
- (e) *“life insurance” has the meaning given to that expression by the regulations under the Insurance Act;*
- (f) *“marine insurance” has the meaning given to that expression by the regulations under the Insurance Act;*
- (g) *“risk distribution plan” means a plan, agreement, scheme or arrangement entered*

into or established by insurance companies for the purposes of pooling, assigning or transferring risks among insurance companies and that is approved under section 661 of the Insurance Act;

(h) “sickness insurance” has the meaning given to that expression by the regulations under the Insurance Act.

(2) For the purposes of this Part, the tax payable by an insurance company means the tax payable under this Part by the insurance company as fixed by assessment or reassessment subject to variation on objection or on appeal, if any, in accordance with this Part.

(3) For the purposes of this Part, ABC Benefits Corporation is considered to be an insurance company.

14 Section 106(1.01) presently reads:

(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).