

2018 Bill 2

Fourth Session, 29th Legislature, 67 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 2

GROWTH AND DIVERSIFICATION ACT

THE MINISTER OF ECONOMIC DEVELOPMENT AND TRADE

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 2

2018

GROWTH AND DIVERSIFICATION ACT

(Assented to , 2018)

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

1 The *Interactive Digital Media Tax Credit Act* as set out in Schedule 1 is enacted and may be cited as Chapter I-3.1 of the Statutes of Alberta, 2018.

2 The *Investing in a Diversified Alberta Economy Act* is amended as set out in Schedule 2.

3 The *Promoting Job Creation and Diversification Act* is amended as set out in Schedule 3.

Schedule 1
INTERACTIVE DIGITAL MEDIA
TAX CREDIT ACT

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Schedule

Definitions

1 In this Act,

- (a) “eligible activities”, in relation to an interactive digital media product, means eligible activities as defined by regulation;
- (b) “federal Act” means the *Income Tax Act* (Canada);

- (c) “Finance Minister” means the Minister determined under section 16 of the *Government Organization Act* as the Minister responsible for the *Alberta Corporate Tax Act*;
- (d) “interactive digital media product” means a product that
 - (i) consists of a combination of application files and data files, in a digital format, that are integrated and are intended to be operated together,
 - (ii) is designed primarily to educate, inform or entertain the user,
 - (iii) is capable of presenting information in at least 2 of the following forms:
 - (A) text;
 - (B) sound;
 - (C) images,
 - (iv) is intended to be used interactively by individuals, and
 - (v) is developed in Alberta,but does not include a prescribed product;
- (e) “labour plan” means a labour plan that meets the requirements of the regulations;
- (f) “Minister” means the Minister determined under section 16 of the *Government Organization Act* as the Minister responsible for this Act;
- (g) “permanent establishment” means a permanent establishment as defined in section 1(2) of the *Alberta Corporate Tax Act*;
- (h) “prescribed” means prescribed by regulation;
- (i) “salary and wages” means salary and wages as defined by regulation;
- (j) “tax credit certificate” means a tax credit certificate issued under section 5;

- (k) “taxation year” means a taxation year as defined in section 249 of the federal Act;
- (l) “under-represented employee” means an under-represented employee as defined by regulation.

Application for tax credit certificate

2(1) A corporation may apply to the Minister to receive a tax credit certificate under this Act for a taxation year by providing the following to the Minister:

- (a) an application in the form, and containing the information, required by the Minister;
- (b) a labour plan;
- (c) any other information or records required by the Minister.

(2) An application under this section must be made within the application period determined by the Minister.

(3) The Minister may establish different application periods for different classes of corporations based on the amount of eligible salary and wages of the corporations.

Conditional approval letter

3(1) If the Minister is satisfied on the basis of the information provided by a corporation under section 2 that the corporation will be eligible at the end of its taxation year to receive a tax credit certificate for that year, the Minister may issue a conditional approval letter to the corporation that shows the estimated tax credit for the taxation year, as determined by the formula set out in the Schedule, based on the corporation’s projected eligible salary and wages and designated assistance for that year.

(2) Subject to the regulations, the Minister may, on receipt of additional information by a corporation, issue a revised conditional approval letter to the corporation.

(3) If the Minister refuses to issue a conditional approval letter to a corporation, the Minister must promptly give notice to the corporation of the refusal and provide reasons for the Minister’s decision.

Eligibility for tax credit certificate

4(1) A corporation is eligible to receive a tax credit certificate under this Act for a taxation year if the corporation meets the following criteria:

- (a) the corporation has a permanent establishment in Alberta at any time in the taxation year;
- (b) the corporation is not exempt from tax in the taxation year under the *Alberta Corporate Tax Act* by virtue of section 35 of that Act;
- (c) either of the following applies:
 - (i) the corporation's eligible salary and wages, as determined under the Schedule for the taxation year, is equal to or greater than \$2 million;
 - (ii) the corporation's eligible salary and wages, as determined under the Schedule for the taxation year, is equal to or greater than \$50 000 and less than \$2 million and the corporation is substantially engaged in one or both of the following:
 - (A) the development of interactive digital media products;
 - (B) the provision of eligible activities to one or more recipient corporations that have permanent establishments in Alberta;
- (d) the corporation meets any other conditions or requirements set out in the regulations.

(2) If a corporation has a taxation year of less than 365 days,

- (a) the reference in subsection (1)(c)(i) and (ii) to \$2 million is to be read in respect of the corporation as a reference to the amount equal to that proportion of \$2 million that the number of days in the taxation year bears to 365, and
- (b) the reference in subsection (1)(c)(ii) to \$50 000 is to be read in respect of the corporation as a reference to the amount equal to that proportion of \$50 000 that the number of days in the taxation year bears to 365.

(3) Notwithstanding subsection (1), a corporation is not eligible to receive a tax credit certificate under this Act for a taxation year if

- (a) the corporation claims a scientific research and experimental development tax credit for the taxation year under Division 3 of Part 6 of the *Alberta Corporate Tax Act*, or
- (b) the corporation, at any time during the taxation year,
 - (i) is prescribed, under the federal Act, to be a labour-sponsored venture capital corporation for the purposes of section 127.4 of the federal Act,
 - (ii) is controlled directly or indirectly in any manner whatever by one or more corporations described in subclause (i), or
 - (iii) carries on a personal services business, as defined in subsection 125(7) of the federal Act.

Tax credit certificate

5(1) This section applies only in respect of a corporation that has been issued a conditional approval letter under section 3.

(2) A corporation referred to in subsection (1) must, within 90 days after the end of its taxation year, provide the following information to the Minister in the form and manner required by the Minister:

- (a) the total amount of the corporation's eligible salary and wages, as determined under the Schedule, for the taxation year;
- (b) the amount of designated assistance, as determined under the Schedule, that the corporation received during the taxation year;
- (c) any other information requested by the Minister.

(3) On receipt of the information and records and being satisfied that the corporation has complied with this Act and the regulations, the Minister must issue a tax credit certificate to the corporation for the taxation year that shows the amount of the tax credit.

(4) If the Minister refuses to issue a tax credit certificate to a corporation, the Minister must promptly give notice to the corporation of the refusal and provide reasons for the Minister's decision.

Amount of tax credit

6(1) The tax credit to be shown on a tax credit certificate issued to a corporation for a taxation year is equal to the amount determined by the formula set out in the Schedule.

(2) Notwithstanding subsection (1), the tax credit to be shown on a tax credit certificate issued to a corporation for a taxation year must not be greater than the estimated tax credit shown on the conditional approval letter issued to the corporation under section 3.

Diversity and inclusion program

7 Where a corporation that is eligible under section 5 to receive a tax credit certificate for a taxation year

- (a) employs at least one under-represented employee during a taxation year, and
- (b) has a diversity and inclusion policy that meets the requirements of the regulations,

for the purpose of calculating the tax credit for the taxation year, the amount of the corporation's eligible salary and wages paid to under-represented employees shall be increased by the gross-up factor determined in accordance with the regulations.

Revocation of conditional approval letter or tax credit certificate

8(1) The Minister may revoke a conditional approval letter or a tax credit certificate issued under this Act if any information provided by the corporation to obtain the conditional approval letter or the tax credit certificate is false or misleading or fails to disclose a material fact.

(2) A conditional approval letter or a tax credit certificate issued under this Act may be revoked by the Minister if the Minister considers that, at the time the conditional approval letter or the tax credit certificate was issued or at a subsequent time, the corporation

was in contravention of this Act or the regulations or a condition that the Minister imposed or made under this Act.

(3) If the Minister revokes a conditional approval letter or a tax credit certificate, the Minister must promptly give notice to the corporation of the revocation and provide reasons for the Minister's decision.

(4) If the Minister revokes a tax credit certificate, the Minister must promptly give notice to the Finance Minister of the revocation.

Reconsideration of Minister's decision

9(1) If

- (a) the Minister
 - (i) gives notice to a corporation under section 3(3) that the Minister has refused to issue a conditional approval letter,
 - (ii) gives notice to a corporation under section 5(4) that the Minister has refused to issue a tax credit certificate, or
 - (iii) revokes a conditional approval letter or a tax credit certificate under section 8,

or

- (b) a corporation disagrees with the tax credit shown on a tax credit certificate,

the corporation may, within 30 days after being notified of the Minister's decision, request in writing that the Minister reconsider that decision and may, for that purpose, provide the grounds on which the request for reconsideration is made.

(2) On receipt of written representations pursuant to subsection (1), the Minister must reconsider the matter and may rescind, vary or confirm the previous decision.

(3) The Minister must promptly give notice to the corporation of the Minister's decision to rescind, vary or confirm the previous decision.

(4) If under this section the Minister decides to rescind or vary a previous decision to revoke a tax credit certificate, the Minister must promptly give notice to the Finance Minister of that decision.

Refusal of further applications

10 Notwithstanding anything to the contrary in this Act, the Minister may for any reason, including budgetary restrictions, refuse to accept from corporations or from a class of corporations further applications for tax credit certificates under this Act for any period.

Examination of records, documents and things

11(1) For the purposes of determining whether a corporation

- (a) is eligible to receive a tax credit certificate under this Act, or
- (b) is complying with this Act and the regulations,

the Minister may appoint a person to examine the records, documents and things of that corporation.

(2) At the request of the person appointed under subsection (1), the corporation, or any other person in possession of records, documents or things of the corporation, must provide the person appointed under subsection (1) with those records, documents and things, including electronic records and documents.

(3) An officer or employee of the corporation must

- (a) cooperate with and give all reasonable assistance to the person appointed under subsection (1) for the purpose of enabling that person to conduct the examination satisfactorily, and
- (b) answer questions pertaining to the records, documents and things and provide other assistance that the person requests.

(4) Without limiting the generality of subsections (1) and (2), the person conducting an examination under this section

- (a) is entitled to unrestricted access, without charge, to all records, documents and things related to the enforcement of this Act, and
- (b) may make copies of any records, documents or things to which the person is entitled to unrestricted access.

Investigation

12(1) In this section, “justice” means a justice of the peace or a judge of the Provincial Court.

(2) The Minister may by order

- (a) appoint a person as an investigator to make whatever investigation the Minister considers appropriate for the administration of this Act, and
- (b) determine the scope of the investigation.

(3) On the application of the Minister or the investigator appointed under subsection (2), and on being satisfied by information on oath that it is necessary and in the public interest for any purpose relating to an investigation under subsection (2), a justice may make an order authorizing the investigator

- (a) to enter into the premises or on the land of a person at any reasonable time for the purpose of carrying out an inspection or examination,
- (b) to require the production of any records, documents or things and to inspect or examine them, and
- (c) on giving a receipt, to remove any records, documents or things inspected or examined under clause (b) for the purpose of further inspecting or examining them and making copies of them.

(4) Unless the justice otherwise directs, an application for an order under subsection (3) may be

- (a) made without notice to any other person, and
- (b) heard in private.

(5) An inspection or examination under subsection (3) must be completed as soon as practicable and the records, documents or

things must be promptly returned to the person who produced them.

(6) A person must not withhold, destroy, conceal or refuse to give any information or produce any record, document or thing reasonably required under this section by the investigator.

Powers of investigators

13(1) An investigator has the same power as is vested in the Court of Queen's Bench for the trial of civil actions

- (a) to summon and enforce the attendance of witnesses,
- (b) to compel witnesses to give evidence on oath or otherwise, and
- (c) to compel witnesses to produce records, documents and things.

(2) The failure or refusal of a person summoned as a witness under subsection (1) to attend, to answer questions or to produce records, documents or things that are in that person's custody or possession makes that person, on application to the Court of Queen's Bench by the investigator, liable to be committed for contempt by the Court of Queen's Bench in the same manner as if that person were in breach of an order or judgment of that Court.

(3) Section 41 of the *Alberta Evidence Act* does not exempt a bank, as defined in that section, or any officer or employee of a bank from the operation of this section.

Appointment of experts

14(1) If the Minister appoints an investigator under section 12, the Minister may appoint persons having special technical or other knowledge or skills to assist and be responsible to the investigator.

(2) A person appointed under subsection (1) must

- (a) examine records, documents and things of the person or corporation whose affairs are being investigated, and
- (b) perform other duties,

as required by the investigator.

Investigator's report to Minister

15 An investigator must provide the Minister with

- (a) a full and complete report of the investigation, including all transcripts of evidence and material in the investigator's possession relating to the investigation, and
- (b) interim reports as requested by the Minister.

Extension of time

16 The Minister may extend, with or without conditions, the time limit for the doing of anything under this Act or the regulations and may grant the extension even if the time limit to be extended has expired.

Offences

17(1) A person who does any of the following commits an offence:

- (a) makes a statement in any record, evidence or information submitted or given under this Act or the regulations to the Minister, to a person working for or under the Minister or to an investigator that, at the time and in the circumstances under which the statement is made, is false or misleading with respect to a material fact or omits a material fact the omission of which makes the statement false or misleading;
- (b) makes a statement in an application, report, return or other record required to be filed or furnished under this Act or the regulations that, at the time and in the circumstances under which the statement is made, is false or misleading with respect to a material fact or omits to state a material fact the omission of which makes the statement false or misleading;
- (c) withholds, destroys or conceals a record, document or thing referred to in section 11(2) after it has been requested by a person conducting an examination under that section;
- (d) contravenes section 11(3);

(e) impedes an investigator from entering premises under section 12(3)(a);

(f) contravenes section 12(6).

(2) If a corporation commits an offence under subsection (1), the corporation is liable to a fine of not more than \$100 000.

(3) If a corporation commits an offence under subsection (1), every director or officer of the corporation who authorized, permitted or acquiesced in the offence also commits an offence.

(4) If an individual commits an offence under subsection (1) or (3), the individual is liable to a fine of not more than \$50 000 or to imprisonment for a term of not more than one year, or to both the fine and imprisonment.

(5) A person does not commit an offence under this section in relation to a statement if the person did not know that the statement was false or misleading and, in the exercise of reasonable diligence, could not have known that the statement was false or misleading.

Limitation on prosecution

18 No prosecution for a contravention of this Act is to be commenced more than 2 years from the date when the facts on which the alleged contravention is based first come to the knowledge of the Minister.

Collection and sharing of information

19(1) The Minister may collect information, including personal information, directly or indirectly, for the purposes of this Act.

(2) The Minister may share information collected under this Act with the Minister responsible for the *Alberta Corporate Tax Act* for the purposes of administering that Act.

Regulations

20(1) The Lieutenant Governor in Council may make regulations

(a) defining “eligible activities”, “salary and wages” and “under-represented employee”;

- (b) defining any word or expression used but not defined in this Act;
- (c) respecting the requirements of a labour plan;
- (d) respecting conditions and requirements that a corporation must meet to be eligible for a tax credit certificate;
- (e) respecting the requirements of a diversity and inclusion policy;
- (f) respecting the making of applications under this Act;
- (g) respecting the issuance of a revised conditional approval letter;
- (h) respecting the calculation of the gross-up factor for the purpose of section 7;
- (i) respecting the reconsideration of a decision by the Minister under section 9;
- (j) prescribing any matter that is to be prescribed under this Act;
- (k) respecting the collection, use and disclosure of information, including personal information, for the purpose of this Act;
- (l) respecting the issuance or revocation of a tax credit certificate under this Act;
- (m) respecting forms for the purpose of this Act;
- (n) respecting the manner and form of giving notices under this Act;
- (o) respecting any matter or thing the Lieutenant Governor in Council considers necessary or advisable to effectively carry out the intent and purpose of this Act.

(2) A regulation made under subsection (1) may be made effective with reference to a period occurring before the regulation is made.

Consequential amendments

21(1) The *Alberta Corporate Tax Act* is amended by this section.

(2) Section 4.02 is amended

- (a) in subsection (3)(b) by striking out “Alberta SR & ED tax credit” and substituting “Alberta SR&ED tax credit or interactive digital media tax credit”;**
- (b) in subsection (6) by adding the following after clause (d):**
 - (e) the amount of any interactive digital media tax credit that is paid to the corporation under section 26.93 in the taxation year.**

Explanatory Notes

21(1) Amends chapter A-15 of the Revised Statutes of Alberta 2000.

(2) Section 4.02(3) and (6) presently read:

(3) Section 261 of the federal Act applies for the purposes of this Act, except that

- (a) all amounts payable by a corporation under this Act in respect of a taxation year must be paid in Canadian currency,*
- (b) if a particular amount that is determined in the corporation's elected functional currency, other than any Alberta SR & ED tax credit to which the corporation is entitled, is deemed to be paid at any time on account of an amount payable by the corporation under this Act for the particular taxation year, the particular amount is to be converted to Canadian currency using the relevant spot rate for the day that includes that time,*
- (c) the corporation's tax payable for the year must be converted to Canadian currency in accordance with the regulations,*
- (d) subsections 261(2), (11), (15) and (18) of the federal Act do not apply, and*
- (e) the references to subsection (18) in subsections 261(19) and (22) of the federal Act as they apply for the purposes of this Act shall be read as references to subsection (5) of this section.*

(6) For the purposes of determining a corporation's Canadian tax results in a taxation year that is a functional currency year of the corporation, the following amounts shall be converted to the functional currency at the average exchange rate for the year determined in accordance with the regulations:

- (a) the corporation's business limit for the year;*
- (b) the corporation's maximum expenditure limit for the year;*

(3) The following is added after section 26.92:

**Division 5
Interactive Digital Media Tax Credit**

Interactive Digital Media Tax Credit

26.93(1) In this section,

- (a) “interactive digital media tax credit” of a corporation means the amount shown on an interactive digital media tax credit certificate;
- (b) “interactive digital media tax credit certificate” means a tax credit certificate issued under section 5 of the *Interactive Digital Media Tax Credit Act* to a corporation in respect of a taxation year
 - (i) that has not been revoked under that Act, and
 - (ii) in respect of which the amount shown on the certificate has not been deducted under subsection (2) or applied or paid under subsection (3).

(2) A corporation may deduct from its tax otherwise payable under this Act for a taxation year an amount not exceeding the lesser of

- (a) the corporation’s interactive digital media tax credit for the year, and
- (b) the corporation’s tax otherwise payable under this Act for the year.

(3) The amount, if any, by which a corporation’s interactive digital media tax credit for a taxation year exceeds the amount referred to in subsection (2)(b) may be applied by the Provincial Minister to pay any tax, interest or penalty owing by the corporation for that or any taxation year pursuant to this Act, or any other amount owing to the Crown in right of Alberta, and the part of the amount not so applied shall be paid to the corporation.

- (c) the dollar amounts referred to in section 24(2.1);*
 - (d) the amount of any Alberta SR&ED tax credit as defined in section 26.6 that is paid to the corporation in the taxation year.*
- (3) Division 5, Interactive Digital Media Tax Credit.

(4) The amount deducted under subsection (2) is deemed to have been paid on account of the corporation's tax payable under this Act on the corporation's balance-due day for the taxation year.

(5) The amount, if any, by which a corporation's interactive digital media tax credit for a taxation year exceeds the amount referred to in subsection (2)(b) is deemed to have been paid by the corporation on the later of the balance-due day for the year and the day on which the corporation's claim for the interactive digital media tax credit for the year was received by the Provincial Minister.

(6) If requested by the Provincial Minister, a corporation shall provide to the Provincial Minister an original copy of the interactive digital media tax credit certificate in respect of which

- (a) a deduction is made under subsection (2), or
- (b) an amount is applied or paid under subsection (3),

as proof of entitlement to the interactive digital media tax credit.

(7) A corporation is not entitled to an interactive digital media tax credit under this section for a taxation year if the corporation

- (a) has not applied for the tax credit in the form and manner prescribed, or
- (b) the corporation claims an Alberta SR&ED tax credit under Division 3 of Part 6 for the taxation year.

(4) Section 36(1.11) is amended by striking out “or” at the end of clause (a), by adding “or” at the end of clause (b) and by adding the following after clause (b):

- (c) a corporation that is claiming an interactive digital media tax credit under section 26.93 for the taxation year.

(5) Section 37(1)(a) is amended by striking out “and” at the end of subclause (v), by adding “and” at the end of subclause (vi) and by adding the following after subclause (vi):

- (vii) the interactive digital media tax credit under section 26.93 to which the corporation is entitled for the year,

(4) Section 36(1.11) presently reads:

36(1.11) Subsection (1.1) does not apply to

(a) a qualified corporation that is claiming an Alberta SR&ED tax credit under Division 3 of Part 6 for the taxation year, or

(b) a corporation that is claiming an Alberta QET tax credit under section 26.92 for the taxation year.

(5) Section 37(1)(a) presently reads:

37(1) A corporation that has failed to file a return for a taxation year as and when required by this Act is liable to a penalty equal to the aggregate of

(6) Section 43 is amended

(a) in subsection (1) by striking out “or” at the end of clause (b.1), by adding “or” at the end of clause (c) and by adding the following after clause (c):

(d) the assessment is the first assessment in respect of the corporation’s interactive digital media tax credit for the year or is an additional assessment or reassessment made on or before the day that is 3 years, in the case of a corporation eligible for the small business deduction, or 4 years, in any other case, after the day of sending of the first assessment in respect of the interactive digital media tax credit for the year.

(b) in subsection (1.02)

(i) by striking out “subsection (1)(a), (b), (b.1) or (c)” and substituting “subsection (1)(a), (b), (b.1), (c) or (d)”;

- (a) *an amount equal to 5% of the amount by which the aggregate of*
- (i) *the tax for the year that was unpaid when the return was required to be filed, and*
 - (ii) *the amounts paid or applied to the corporation under section 26.4 for the year*
- exceeds the aggregate of*
- (iii) *the royalty tax credit to which the corporation is entitled for the year,*
 - (iv) *the amounts paid by the corporation under section 38(8) for the year on or before the day on which the return was required to be filed,*
 - (v) *the Alberta SR&ED tax credit under Division 3 of Part 6 to which the corporation is entitled for the year, and*
 - (vi) *the Alberta QET tax credit under section 26.92 to which the corporation is entitled for the year,*
- and*

(6) Section 43(1)(c) and (1.02) presently read:

43(1) The Provincial Minister may at any time make an assessment, reassessment or additional assessment of tax for a taxation year, interest or penalties, if any, payable under this Act by a corporation, notify in writing any corporation by whom a return for a taxation year has been filed that no tax is payable for the year, or determine the corporation's entitlement to and the amount, if any, of a refundable tax credit for a taxation year, except that an assessment, reassessment or additional assessment may be made after the corporation's normal reassessment period in respect of the year only if

- (c) *the assessment is the first assessment in respect of the corporation's Alberta SR&ED tax credit for the year or is an additional assessment or reassessment made on or before the day that is 3 years, in the case of a corporation eligible for the small business deduction, or 4 years, in any other case, after the day of sending of the first assessment in respect of the Alberta SR&ED tax credit for the year.*

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

- (d) where subsection (1)(d) applies to the assessment, reassessment or additional assessment, the interactive digital media tax credit to which the corporation was entitled.

(1.02) Notwithstanding subsections (1) and (2), an assessment, reassessment or additional assessment to which subsection (1)(a), (b), (b.1) or (c) 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)(i), (ii) or (iii) applies to the assessment, reassessment or additional assessment,*
 - (i) any misrepresentation made by the corporation or a person who filed the corporation's return 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 Provincial Minister in respect of the year,*
- (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,*
- (b) where subsection (1)(b) or (b.1) 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),*
 - (v) the reduction referred to in subsection (1)(b)(v), or*
 - (vi) the denial of a tax benefit from an avoidance transaction as described in section 72.1,*

and

(7) Section 77(5)(a) is amended by adding the following after subclause (ix):

- (x) to be used solely for the purposes of identifying a person and an amount deducted by that person under section 26.93 pursuant to an interactive digital media tax credit certificate issued under the *Interactive Digital Media Tax Credit Act*;

Coming into force

22 This Act comes into force on Proclamation.

(c) where subsection (1)(c) applies to the assessment, reassessment or additional assessment, the amount of the Alberta SR&ED tax credit to which the corporation was entitled.

(7) Section 77(5)(a)(ix) presently reads:

77(5) Tax information may be communicated as follows:

(a) to a person employed or engaged by the Government of Alberta if the tax information is

(ix) to be used solely for the purposes of identifying a person and an amount deducted by that person under section 25.02(2) pursuant to a capital investment tax credit certificate issued under the Investing in a Diversified Alberta Economy Act;

22 Coming into force.

Schedule

Formula for Amount of Tax Credit

Amount of tax credit = 25% x (eligible salary and wages – designated assistance)

where

designated assistance is the total of

- (a) a prescribed amount to be included as designated assistance, and
- (b) all amounts that would be included under paragraph 12(1)(x) of the federal Act in computing the income of the corporation for the taxation year if that paragraph were read without reference to subparagraphs (v) to (vii) of that paragraph and that can reasonably be considered to be in respect of eligible salary and wages, but does not include
 - (i) a prescribed amount,
 - (ii) an amount deducted under section 26.93 of the *Alberta Corporate Tax Act*, or
 - (iii) an amount deducted under subsection 127(5) or (6) of the federal Act;

eligible salary and wages is the total salary and wages that

- (a) are directly attributable to eligible activities,
- (b) are incurred by the corporation in the taxation year on or after April 1, 2018,
- (c) are paid to an individual who was resident in Alberta at the end of December 31 of the year preceding the end of the taxation year for which a tax credit is claimed under the *Alberta Corporate Tax Act*, and
- (d) are
 - (i) included in the cost to, or in the case of depreciable property the capital cost to, the corporation of a property in the taxation year under the *Alberta Corporate Tax Act* for the purposes of that Act, or
 - (ii) deductible as an outlay or expense in determining the income of the corporation for the taxation year under Part 2 of the *Alberta Corporate Tax Act*.

Schedule 2

AMENDMENTS TO THE INVESTING IN A DIVERSIFIED ALBERTA ECONOMY ACT

Amends SA 2016 cl-10.5

1 The *Investing in a Diversified Alberta Economy Act* is amended by this Schedule.

2 Section 21(2) and (3) are amended by adding “and within the time provided for in the regulations” **after** “by the Minister”.

3 Section 30(c) is amended by striking out “a constitution that restricts” **and substituting** “articles that restrict”.

Investing in a Diversified Alberta Economy Act

1 Amends chapter I-10.5 of the Statutes of Alberta, 2016.

2 Section 21 presently reads in part:

21(2) A venture capital corporation must apply to the Minister on behalf of its shareholders that are corporations, in a form approved by the Minister, for a tax credit certificate entitling each of those shareholders to an investor tax credit under the Alberta Corporate Tax Act equal to 30% of the amount received by the venture capital corporation from each of those shareholders for those shares in the then-current calendar year.

(3) A venture capital corporation must apply to the Minister on behalf of its shareholders who are individuals, in a form approved by the Minister, for a tax credit certificate entitling each of those shareholders to an investor tax credit under the Alberta Personal Income Tax Act equal to 30% of the amount received by the venture capital corporation from each of those shareholders for those shares in the then-current calendar year or, in the case of an individual who makes an election referred to in section 35.01 of the Alberta Personal Income Tax Act, in the first 60 days after the end of that calendar year.

3 Section 30 presently reads in part:

30 The requirements for registration of a corporation or cooperative as a community economic development corporation under section 29 are as follows:

(c) in the case of a cooperative, the cooperative must carry on business or operations in a prescribed activity or must have a constitution that restricts the cooperative to investing in

4 Section 38(1) and (2) are repealed and the following is substituted:

Application for tax credit certificates

38(1) An eligible business corporation that in any calendar year has raised additional equity capital must apply to the Minister, in a form approved by the Minister and within the time provided for in the regulations, for a tax credit certificate entitling each eligible investor that is a corporation to an investor tax credit under the *Alberta Corporate Tax Act* equal to

- (a) 30%, or
- (b) if the eligible business corporation meets the requirements prescribed by the regulations of the diversity and inclusion program, 35%

of the amount received by the eligible business corporation in that calendar year for the shares that were part of the additional equity capital and issued to the eligible investor.

(2) An eligible business corporation that in any calendar year has raised additional equity capital must apply to the Minister, in a form approved by the Minister and within the time provided for in the regulations, for a tax credit certificate entitling each eligible investor who is an individual to an investor tax credit under the *Alberta Personal Income Tax Act* equal to

- (a) 30%, or
- (b) if the eligible business corporation meets the requirements prescribed by the regulations of the diversity and inclusion program, 35%

of the amount received by the eligible business corporation in that calendar year or, in the case of an individual who makes an election referred to in section 35.01 of the *Alberta Personal Income Tax Act*, within 60 days after the end of that calendar year, for the shares that were part of the additional equity capital and issued to the eligible investor.

eligible investments of a cooperative that carries on business or operations in a prescribed activity;

4 Section 38 presently reads in part:

38(1) An eligible business corporation that in any calendar year has raised additional equity capital must apply to the Minister, in a form approved by the Minister, for a tax credit certificate entitling each eligible investor that is a corporation to an investor tax credit under the Alberta Corporate Tax Act equal to 30% of the amount received by the eligible business corporation in that calendar year for the shares that were part of the additional equity capital and issued to the eligible investor.

(2) An eligible business corporation that in any calendar year has raised additional equity capital must apply to the Minister, in a form approved by the Minister, for a tax credit certificate entitling each eligible investor who is an individual to an investor tax credit under the Alberta Personal Income Tax Act equal to 30% of the amount received by the eligible business corporation in that calendar year or, in the case of an individual who makes an election referred to in section 35.01 of the Alberta Personal Income Tax Act, within 60 days after the end of that calendar year, for the shares that were part of the additional equity capital and issued to the eligible investor.

5 Section 39 is amended

(a) in subsection (3) by adding the following after clause (e):

- (e.1) if applicable, the eligible business corporation has met the requirements prescribed by the regulations of the diversity and inclusion program;

(b) by adding the following after subsection (6):

(7) Where, as a result of an event prescribed by the regulations, an eligible business corporation no longer meets the requirements of the diversity and inclusion program, the eligible business corporation must within 30 days after the occurrence of the event so notify the Minister in accordance with the regulations.

(8) If at the end of 6 months from the date of the event the Minister determines that the eligible business corporation does not meet the requirements of the diversity and inclusion program,

- (a) the corporation is deemed to have been ineligible for the diversity and inclusion program as of the date of the event,
- (b) any tax credit certificate issued after the date of the event is revoked, and
- (c) a new tax credit certificate shall be issued to the eligible investor by the Minister in the amount referred to in section 38(1)(a) or (2)(a), as the case may be, effective on the same date that the tax certificate revoked under clause (b) was issued.

(9) If the Minister makes a determination under subsection (8) that an eligible business corporation does not meet the requirements of the diversity and inclusion program, the Minister must promptly give notice of that determination to the eligible business corporation and to the Finance Minister.

(10) The notice must include the reasons for the Minister's determination, information as to which certificates are revoked and any other information provided for by the regulations.

5 Section 39 presently reads in part:

39(1) The Minister must issue a tax credit certificate in the amount referred to in section 38(1) to each of the eligible investors referred to in section 38(1) if the Minister is satisfied as to all of the matters referred to in subsection (3).

(2) The Minister must issue a tax credit certificate in the amount referred to in section 38(2) to each of the eligible investors referred to in section 38(2) if the Minister is satisfied as to all of the matters referred to in subsection (3).

(3) The following are the matters referred to in subsections (1) and (2):

- (a) the eligible business corporation and its eligible investors are complying with this Act and the regulations;*
- (b) no tax credit certificate has been previously issued under this section in respect of those shares;*
- (c) the equity capital that is the subject of the application for the tax credit consists of equity capital of the eligible business corporation that has been raised pursuant to an approval under section 37;*
- (d) the eligible investor acquired the shares directly from the eligible business corporation or its agent acting in that behalf;*
- (e) the eligible investor, if an individual, was resident in Alberta on the date the eligible investor subscribed for the shares;*
- (f) any other prescribed conditions are met.*

(6) If the Minister revokes a tax credit certificate issued under this section, the Minister must promptly give notice of that revocation, together with reasons for the revocation, to the eligible business corporation and to the Finance Minister.

6 Section 51(1) is amended by striking out “or” at the end of clause (b) and by adding the following after clause (b):

(b.1) under section 39(9), or

7 Section 55(1) is amended

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

(b) respecting the making of applications under this Part, including the time within which an application must be made;

(b) by adding the following after clause (e):

(e.1) respecting the establishment of a diversity and inclusion program, including prescribing the requirements to be met by an eligible business corporation for the purposes of section 38;

(e.2) respecting the form and manner of notifying the Minister under section 39(7);

8 Section 58(4) is repealed.

9 This Act, except sections 3 and 8, comes into force on Proclamation.

6 Section 51(1) presently reads:

51(1) A corporation that has received a notice

- (a) under section 21(7) or 39(4) that the Minister has refused to issue a tax credit certificate,*
- (b) under section 21(9) or 39(6) that the Minister has revoked a tax credit certificate, or*
- (c) under section 27 or 42 that the Minister has suspended or revoked the corporation's registration,*

may, within 30 days after receiving the notice, request in writing that the Minister reconsider that decision and may, for that purpose, provide the grounds on which the request for reconsideration is made.

7 Section 55(1) presently reads in part:

55(1) The Lieutenant Governor in Council may make regulations

- (e) respecting the rights and restrictions attached to equity shares for the purposes of section 37;*

8 Section 58(4) presently reads:

(4) Subsection (3)(a) to (k) are repealed on January 1, 2019.

9 Coming into force.

Schedule 3

AMENDMENTS TO PROMOTING JOB CREATION AND DIVERSIFICATION ACT

Amends SA 2016 cP-26.3

1 The *Promoting Job Creation and Diversification Act* is amended by this Schedule.

2 The Preamble is amended by adding the following after the 3rd recital:

WHEREAS supporting new and existing technologies and providing for a highly skilled and technologically capable workforce will contribute to innovation, job creation and a diversified Alberta economy that attracts new investment;

3 The following is added after section 2:

**Increasing access to technology-related
post-secondary programs**

2.1(1) The Minister of Advanced Education shall

Promoting Job Creation and Diversification Act

1 Amends chapter P-26.3 of the Statutes of Alberta, 2016.

2 The preamble presently reads;

WHEREAS Albertans desire a prosperous and vibrant economy that offers employment opportunities for Albertans of different skills and backgrounds;

WHEREAS all areas of Alberta, from rural communities and indigenous communities to the largest cities, will benefit from a stronger and more diversified economy;

WHEREAS the Government is committed to supporting working people and their families and supporting businesses in their efforts to create and retain jobs and to diversify the products and services Albertans sell and the markets Albertans sell into;

WHEREAS by harnessing the opportunity for diversification and investment, Albertans can realize additional jobs and benefits from Alberta's many resources; and

WHEREAS accessing additional markets will give Alberta exporters and manufacturers more opportunities, choice and certainty;

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

3 Increasing access to technology-related post-secondary programs; strategic plan and investment strategy.

- (a) take steps to increase the number of seats in new and existing technology-related post-secondary programs by 3000 over the next 5 years,
- (b) consult with interested parties, including industry, post-secondary institutions, students, Alberta Innovates and organized labour to develop, in accordance with subsection (2), a strategy to allocate those 3000 seats, and
- (c) take steps to establish new scholarships or awards to support learning in new and existing technology-related post-secondary programs.

(2) In developing a strategy for the purpose of subsection (1)(b), the Minister of Advanced Education must consider the following:

- (a) the credentials should be widely recognized by industry and post-secondary institutions;
- (b) the programs should be designed to respond to changing market demand;
- (c) the programs should provide opportunities for the development of new or improved skills including for under-represented groups;
- (d) the programs should be cost effective.

(3) The Minister of Advanced Education must annually, and more frequently if the Premier directs, report to the Executive Council on the progress and results of the steps taken and strategies developed under subsection (1).

Strategic plan and investment strategy

2.2 The Minister of Transportation shall submit to the Executive Council a strategic plan and investment strategy in support of advancing unmanned aerial systems to make Alberta a leader in this area of technology and in support of job creation, economic diversification and investment in Alberta.

