

2018 Bill 17

Fourth Session, 29th Legislature, 67 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 17

TAX STATUTES AMENDMENT ACT, 2018

THE PRESIDENT OF TREASURY BOARD, MINISTER OF FINANCE

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 17

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2018

TAX STATUTES AMENDMENT ACT, 2018

(Assented to , 2018)

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

Alberta Corporate Tax Act

Amends RSA 2000 cA-15

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

(2) Section 4.02(6)(c) is repealed.

(3) Section 24 is repealed.

Explanatory Notes

Alberta Corporate Tax Act

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

(2) Section 4.02(6) presently reads:

(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;*
- (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) Section 24 presently reads:

24(1) In this section,

- (a) “registered candidate” means a person who is a registered candidate under the Election Finances and Contributions Disclosure Act;
- (b) “registered constituency association” means a registered constituency association under the Election Finances and Contributions Disclosure Act;
- (c) “registered party” means a political party that is a registered party under the Election Finances and Contributions Disclosure Act.

(2.1) Subject to subsection (2.2), in respect of the aggregate amount of contributions under the Election Finances and Contributions Disclosure Act contributed by a corporation during the taxation year to a registered party, registered constituency association or registered candidate, that corporation may reduce the amount of tax that it would be required to pay under this Part after claiming the deductions under sections 22 and 23 by an amount equal to the aggregate of

- (a) in the case of a registered party, a registered constituency association or a registered candidate who is a candidate under the Election Act, for contributions made on or after January 1, 2004 in respect of an election under the Election Act,
 - (i) 75% of the amount contributed if the aggregate amount of contributions by the corporation does not exceed \$200,
 - (ii) \$150 plus 50% of the amount contributed in excess of \$200 if the aggregate amount of contributions by the corporation exceeds \$200 but does not exceed \$1100, or
 - (iii) if the aggregate amount of contributions by the corporation exceeds \$1100, the lesser of
 - (A) \$1000, and
 - (B) \$600 plus 33 1/3 % of the amount contributed in excess of \$1100,

and

(4) Section 25(3) is amended

- (a) by striking out “sections 21, 22, 22.2, 23 and 24” and substituting “sections 21, 22, 22.2 and 23”;**

- (b) *in the case of a registered party that has nominated a candidate under the Senatorial Selection Act or a registered candidate who is a candidate under the Senatorial Selection Act, for contributions made on or after January 1, 2004 in respect of an election under the Senatorial Selection Act,*
- (i) *75% of the amount contributed if the aggregate amount of contributions by the corporation does not exceed \$200,*
 - (ii) *\$150 plus 50% of the amount contributed in excess of \$200 if the aggregate amount of contributions by the corporation exceeds \$200 but does not exceed \$1100, or*
 - (iii) *if the aggregate amount of contributions by the corporation exceeds \$1100, the lesser of*
 - (A) *\$1000, and*
 - (B) *\$600 plus 33 1/3 % of the amount contributed in excess of \$1100.*

(2.2) The amount under subsection (2.1) by which a corporation may reduce the amount of tax that it would be required to pay may not exceed the amount of the tax payable after claiming the deductions under sections 22 and 23.

(3) If requested by the Provincial Minister, receipts signed on behalf of the registered party, registered constituency association or registered candidate, as the case may be, shall be provided to the Provincial Minister as proof of payment of each amount included in the aggregate amount of contributions in respect of which a deduction is claimed under subsection (2.1).

(4) Where a corporation was, at the end of a taxation year of a partnership, a member of the partnership, its share of any amount contributed by the partnership in that taxation year that would, if the partnership were a corporation, be an amount contributed referred to in subsection (2.1), is, for the purposes of this section, deemed to be an amount contributed by the corporation in its taxation year in which the taxation year of the partnership ended.

(4) Section 25(3) presently reads:

(b) in clause (b) by striking out “sections 22, 22.2, 23 and 24”
and substituting “sections 22, 22.2 and 23”.

(5) Section 25.01(2)(b) is amended by striking out “sections 22,
23 and 24” **and substituting** “sections 22 and 23”.

(6) Section 25.02(2)(b) is amended by striking out “sections 22,
23 and 24” **and substituting** “sections 22 and 23”.

(7) Section 35 is amended

(a) by repealing subsections (2.1), (2.2) and (2.3);

(b) in subsection (3) by striking out “otherwise than by reason
of paragraph 149(1)(t) of the federal Act, as it applies for
the purposes of this Act”.

(3) A corporation may reduce the amount of tax that it would be required to pay under this Part after complying with sections 21, 22, 22.2, 23 and 24 by an amount equal to the lesser of

- (a) the amount, if any, by which the aggregate of the maximum eligible incentive for all qualifying Alberta multiple unit residential buildings of the corporation exceeds the aggregate of all tax credits allowed in a previous taxation year to the corporation under this section, and
- (b) the tax payable under this Act after claiming the deductions under sections 22, 22.2, 23 and 24.

(5) Section 25.01(2) presently reads:

(2) There may be deducted from the tax payable under this Part by a corporation for a taxation year an amount not exceeding the lesser of

- (a) the corporation's investor tax credit, and
- (b) the amount of tax payable by the corporation under this Part after claiming the deductions under sections 22, 23 and 24.

(6) Section 25.02(2) presently reads:

(2) There may be deducted from the tax payable under this Part by a corporation for a taxation year an amount not exceeding the lesser of

- (a) the corporation's capital investment tax credit, and
- (b) the amount of tax payable by the corporation under this Part after claiming the deductions under sections 22, 23 and 24.

(7) Section 35 presently reads in part:

(2.1) Subject to subsection (2.2), subsection (1) applies to an insurer described in paragraph 149(1)(t) of the federal Act only in respect of the part of its taxable income for a taxation year determined by the formula

$$\frac{A \times B \times C}{D}$$

where

A is its taxable income for the year;

B is

(a) 1/2, where less than 25% of the total of the gross premium income (net of reinsurance ceded) earned in the year by it and, where it is not a prescribed insurer for the purpose of paragraph 149(1)(t) of the federal Act, by all other insurers that

(i) are specified shareholders of the insurer,

(ii) are related to the insurer, or

(iii) where the insurer is a mutual corporation, are part of a group that controls, directly or indirectly in any manner whatever, or are controlled, directly or indirectly in any manner whatever by, the insurer,

is in respect of insurance of property used in farming or fishing or residences of farmers or fishermen, and

(b) 1, in any other case;

C is the part of the gross premium income (net of reinsurance ceded) earned by it in the year that, in the opinion of the Provincial Minister, is in respect of insurance of property used in farming or fishing or residences of farmers or fishermen;

D is the gross premium income (net of reinsurance ceded) earned by it in the year.

(2.2) Subsection (2.1) does not apply in respect of an insurer described in paragraph 149(1)(t) of the federal Act in respect of the taxable income of the insurer for a taxation year where more than 90% of the total of the gross premium income, net of reinsurance ceded, earned in the year by the insurer and, where the insurer is not a prescribed insurer under the federal Act, all other insurers that

(a) were specified shareholders of the insurer,

(b) were related to the insurer, or

- (c) *where the insurer is a mutual corporation, were part of a group that controlled, directly or indirectly in any manner whatever, or were controlled, directly or indirectly in any manner whatever, by the insurer,*

is in respect of insurance of property used in farming or fishing or residences of farmers or fishermen.

(2.3) For the purposes of this Act, in computing the taxable income of an insurer for a particular taxation year, the insurer is deemed to have deducted under paragraphs 20(1)(a), 20(7)(c) and 138(3)(a) and section 140 of the federal Act in each of the taxation years preceding the particular year and in respect of which paragraph 149(1)(t) of the federal Act applied to the insurer, the greater of

- (a) *the amount it claimed or deducted under those provisions for that preceding year, and*
- (b) *the greatest amount that could have been claimed or deducted under those provisions to the extent that the total of them does not exceed the amount that would be its taxable income for that preceding year if no amount had been claimed or deducted under those provisions.*

(3) Where, at any time (in this subsection referred to as “that time”), a corporation referred to in subsection (1)(a) becomes or ceases to be exempt from tax under this Act on its taxable income otherwise than by reason of paragraph 149(1)(t) of the federal Act, as it applies for the purposes of this Act, the following rules apply:

- (a) *the taxation year of the corporation that would otherwise have included that time is deemed to have ended immediately before that time, a new taxation year of the corporation is deemed to have begun at that time and, for the purpose of determining the corporation’s fiscal period after that time, the corporation is deemed not to have established a fiscal period before that time;*
- (b) *for the purpose of computing the corporation’s income for its first taxation year ending after that time, the corporation is deemed to have claimed or deducted, under sections 20, 138 and 140 of the federal Act, as they apply for the purposes of this Act, in computing its income for its taxation year ending immediately before that time, the greatest amount that could*

(8) Subsection (7) applies to taxation years that begin after December 31, 2018.

(9) Section 71 is amended by striking out “on demand by the Provincial Minister served personally or by registered letter” **and substituting** “on demand sent by the Provincial Minister.”

(10) Section 89(2) is amended by striking out “on receipt of a notice served personally or by registered letter” **and substituting** “on receipt of a notice sent”.

have been claimed or deducted for that year as a reserve under those sections;

- (c) the corporation is deemed to have disposed, at the time (in this subsection referred to as the “disposition time”) that is immediately before the time that is immediately before that time, of each property that was owned by it immediately before that time for an amount equal to its fair market value at that time and to have reacquired the property at that time at a cost equal to that fair market value;*
- (d) for the purposes of applying sections 23 and 26.9 of this Act and sections 37, 65 to 66.4, 66.7 and 111 of the federal Act, as they apply for the purposes of this Act, to the corporation, the corporation is deemed to be a new corporation the first taxation year of which began at that time.*

(8) Application of subsection (7).

(9) Section 71 presently reads:

71 Whether or not a person has filed an information return as required by a regulation made under paragraph 221(1)(d) of the federal Act as it applies by virtue of section 56(2) of this Act, a person shall, on demand by the Provincial Minister served personally or by registered letter file with the Provincial Minister, within any reasonable time that may be stipulated in the demand, any prescribed information or return designated in the demand.

(10) Section 89(2) presently reads:

(2) Whether or not an insurer is liable to pay tax under this Part for a taxation year and whether or not a return has been filed under subsection (1) or (3), an insurer shall, on receipt of a notice served personally or by registered letter by the Provincial Minister, file with the Provincial Minister, within any reasonable time stipulated by the Provincial Minister in the notice, a return for the taxation year designated in the notice in the prescribed form and containing the prescribed information.

Alberta Personal Income Tax Act

Amends RSA 2000 cA-30

2(1) The *Alberta Personal Income Tax Act* is amended by this section.

(2) Section 8 is amended

(a) in subsection (1)(f) by striking out “under clause (b) in respect of a person and who would also be entitled but for paragraph 118(4)(c) of the federal Act” **and substituting** “in respect of a person because of clause (b) and who would also be entitled but for subsection (2)(d)”;

(b) by repealing subsection (2) and substituting the following:

(2) The following rules apply for the purposes of subsection (1):

- (a) no amount may be deducted under subsection (1) because of clauses (a) and (b) of the description of B in subsection (1) by an individual in a taxation year for more than one other person;
- (b) no amount may be deducted under subsection (1) because of clause (b) of the description of B in subsection (1) by an individual for a taxation year for a person in respect of whom an amount is deducted because of clause (a) of that description by another individual for the year if, throughout the year, the person and that other individual are married to each other or in a common-law partnership with each other and are not living separate and apart because of a breakdown of their marriage or the common-law partnership, as the case may be;
- (c) not more than one individual is entitled to a deduction under subsection (1) because of clause (b) of the description of B in subsection (1) for a taxation year in respect of the same person or the same domestic establishment and where 2 or more individuals otherwise entitled to such a deduction fail to agree as to the individual by whom the deduction may be made, no such

Alberta Personal Income Tax Act

2(1) Amends chapter A-30 of the Revised Statutes of Alberta 2000.

(2) Section 8 presently reads:

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) \$14 899, and

(ii) an amount determined by the formula

\$14 899 – 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

deduction for the year shall be allowed to either or any of them;

- (d) if an individual is entitled to a deduction under subsection (1) because of clause (b) of the description of B in subsection (1) for a taxation year in respect of any person, no amount may be deducted because of clause (d) or (e) of that description by any individual for the year in respect of the person;
- (e) if an individual is entitled to a deduction under subsection (1) because of clause (d) of the description of B in subsection (1) for a taxation year in respect of any person, the person is deemed not to be a dependant of any individual for the year for the purpose of clause (e) of that description;
- (f) if more than one individual is entitled to a deduction under subsection (1) because of clause (d) or (e) of the description of B in subsection (1) for a taxation year in respect of the same person,
 - (i) the total of all amounts so deductible for the year shall not exceed the maximum amount that would be so deductible for the year by any one of those individuals for that person if that individual were the only individual entitled to deduct an amount for the year because of clause (d) or (e) for that person, and
 - (ii) if the individuals cannot agree as to what portion of the amount each can so deduct, the Minister may fix the portions.

(3) No amount may be deducted under subsection (1) in computing an individual's tax payable for a taxation year in respect of a person where the individual is required to pay a support amount within the meaning assigned by subsection 56.1(4) of the federal Act to the individual's spouse or common-law partner or former spouse or common-law partner in respect of the person and the individual

- (a) lives separate and apart from the spouse or common-law partner or former spouse or common-law partner

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) \$14 899, and*
 - (iv) an amount determined by the formula*
$$\$14\,899 - D$$

where

throughout the year because of the breakdown of their marriage or common-law partnership, or

- (b) claims a deduction for the year because of section 60 of the federal Act in respect of a support amount paid to the spouse or common-law partner or former spouse or common-law partner.

(4) Where, if this section were read without reference to this subsection, solely because of the application of subsection (3), no individual is entitled to a deduction under clause (b) of the description of B in subsection (1) for a taxation year in respect of a child, subsection (3) shall not apply in respect of that child for that taxation year.

(5) For the purposes of clauses (e) and (f) of the description of B in subsection (1) and subsection (2)(f), the dependant of an individual for a taxation year means a person who at any time in the year is dependent on the individual for support and is

- (a) the child or grandchild of the individual or of the individual's spouse or common-law partner, or
- (b) the parent, grandparent, brother, sister, uncle, aunt, niece or nephew, if resident in Canada at any time in the year, of the individual or of the individual's spouse or common-law partner.

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), \$14 899,

In-home care of relative credit

- (d) in the case of an individual who, at any time in the year alone or jointly with one or more persons, maintains a self-contained domestic establishment that is the ordinary place of residence of the individual and of a particular person

(i) who has attained the age of 18 years before that time,

(ii) who

(A) is the individual's child or grandchild, or

(B) is resident in Canada and is the parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the individual or of the individual's spouse or common-law partner, and

(iii) who

(A) in the case of the individual's parent or grandparent, has attained the age of 65 years before that time, or

(B) in the case of any of the relatives referred to in subclause (ii), is dependent on the individual because of that particular person's mental or physical infirmity,

the amount determined by the formula

$\$24\,229 - D.1$

where

D.1 is the greater of \$14 874 and the particular person's income for the year,

Dependant credit

(3) Section 24(2.1) is repealed and the following is substituted:

(2.1) In respect of the aggregate amount of contributions under the *Election Finances and Contributions Disclosure Act* contributed on or after January 1, 2004 by an individual, other than a trust, during a taxation year to a registered party, registered constituency association, registered candidate, registered leadership contestant or registered nomination contestant, that individual may deduct the lesser of the amount of tax payable and an amount equal to

- (a) 75% of the amount contributed if the aggregate amount of contributions by the individual does not exceed \$200,

- (e) for each dependant of the individual for the year who
- (i) attained the age of 18 years before the end of the year, and
 - (ii) was dependent on the individual because of mental or physical infirmity,

the amount determined by the formula

$$\$15\,535 - E$$

where

E is the greater of \$6180 and the income for the year of the dependant, and

Infirm dependant credit

- (f) in the case of an individual entitled to a deduction under clause (b) in respect of a person and who would also be entitled but for paragraph 118(4)(c) of the federal Act to a deduction under clause (d) or (e) in respect of the same person, the amount by which the amount that would be determined under clause (d) or (e) in respect of the person exceeds the amount determined under clause (b) in respect of the person.

(2) Subsections 118(4), (5) and (6) of the federal Act apply to subsection (1).

(3) Section 24(2.1) presently reads:

(2.1) In respect of the aggregate amount of contributions under the Election Finances and Contributions Disclosure Act contributed by an individual during a taxation year to a registered party, registered constituency association, registered candidate, registered leadership contestant or registered nomination contestant, that individual may deduct the lesser of the amount of tax payable and an amount equal to

- (a) in the case of a registered party, a registered constituency association, a registered leadership contestant or a registered nomination contestant or a registered candidate who is a candidate under the Election Act, for contributions

- (b) \$150 plus 50% of the amount contributed in excess of \$200 if the aggregate amount of contributions by the individual exceeds \$200 but does not exceed \$1100, or
- (c) if the aggregate amount of contributions by the individual exceeds \$1100, the lesser of
 - (i) \$1000, and
 - (ii) \$600 plus 33 1/3% of the amount contributed in excess of \$1100.

(4) Section 35.3(3) is amended in the description of B by repealing clause (b) and substituting the following:

- (b) if the amount determined for the individual under A includes an amount pursuant to clause (b) or (c), the lesser of the amount determined under A and 4.0% of the amount

made on or after January 1, 2004 in respect of an election under the Election Act,

- (i) 75% of the amount contributed if the aggregate amount of contributions by the individual does not exceed \$200,*
- (ii) \$150 plus 50% of the amount contributed in excess of \$200 if the aggregate amount of contributions by the individual exceeds \$200 but does not exceed \$1100, or*
- (iii) if the aggregate amount of contributions by the individual exceeds \$1100, the lesser of*
 - (A) \$1000, and*
 - (B) \$600 plus 33 1/3 % of the amount contributed in excess of \$1100,*

and

- (b) in the case of a registered party that has nominated a candidate under the Senatorial Selection Act or a registered candidate who is a candidate under the Senatorial Selection Act, for contributions made on or after January 1, 2004 in respect of an election under the Senatorial Selection Act,*
 - (i) 75% of the amount contributed if the aggregate amount of contributions by the individual does not exceed \$200,*
 - (ii) \$150 plus 50% of the amount contributed in excess of \$200 if the aggregate amount of contributions by the individual exceeds \$200 but does not exceed \$1100, or*
 - (iii) if the aggregate amount of contributions by the individual exceeds \$1100, the lesser of*
 - (A) \$1000, and*
 - (B) \$600 plus 33 1/3 % of the amount contributed in excess of \$1100.*

(4) Section 35.3(3) presently reads:

(3) If, in relation to a month specified for a taxation year, an eligible individual files a return of income for the taxation year, the eligible individual is deemed to have paid during the specified month, on account of the eligible individual's tax payable under this

by which the sum of the adjusted incomes of the individual and the qualified relation for the taxation year in relation to the specified month exceeds \$95 000.

(5) Subsections (2) and (4) are deemed to have come into force on January 1, 2017.

Act for the taxation year, an amount equal to 25% of the amount, if any, determined by the following formula:

A - B

where

A is the total of the following:

- (a) \$200;*
- (b) \$100, if the individual has in relation to the specified month*
 - (i) a qualified relation, or*
 - (ii) if the individual has no qualified relation in relation to the specified month and is entitled to deduct an amount for the taxation year under subsection 118(1) of the federal Act because of paragraph (b) of the description of "B" in that subsection in respect of a qualified dependant of the individual in relation to the specified month;*
- (c) \$30 for each qualified dependant, not to exceed 4, of the individual in relation to the specified month, other than a qualified dependant in respect of whom an amount is included under clause (b) in computing the total for the specified month;*

B is

- (a) if the individual has no qualified relation or qualified dependant in relation to the specified month, the lesser of the amount determined under A and 2.67% of the amount by which the individual's adjusted income for the taxation year in relation to the specified month exceeds \$47 500, or*
- (b) if the amount determined for the individual under A includes an amount pursuant to clause (b) or (c), the lesser of the amount determined under A and 4.0% of the amount by which the sum of the adjusted incomes of the individual and the qualified relation or qualified dependants for the taxation year in relation to the specified month exceeds \$95 000.*

(5) Coming into force of subsections (2) and (4).

RECORD OF DEBATE

Stage	Date	Member	From	To
		Questions and Comments	From	To
Stage	Date	Member	From	To
		Questions and Comments	From	To
Stage	Date	Member	From	To
		Questions and Comments	From	To
Stage	Date	Member	From	To
		Questions and Comments	From	To