

# BILL

No. 93 of 1935.

An Act to amend The Income Tax Act.

(Assented to \_\_\_\_\_, 1935.)

**H**IS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

**1.** This Act may be cited as "*The Income Tax Act Amendment Act, 1935.*"

**2.** *The Income Tax Act*, being chapter 5 of the Statutes of Alberta, 1932, is hereby amended as to section 3 thereof by adding at the end thereof the following new paragraphs:

"(f) all moneys received by any person on account of or in respect of any annuity;

"(g) the gross amount earned by, derived by, accrued to or received by any person on account of any gratuity, royalty, rent or other periodic payment in respect of or on account of any right, property or interest in any land, and without derogating from the generality of the foregoing, in any mine, quarry, oil well, gas well or timber limit."

**3.** The said Act is further amended as to section 4 thereof by adding at the end thereof the following new paragraph:

"(n) The income of railway companies which pay taxes under *The Railway Taxation Act.*"

**4.** The said Act is further amended as to section 5 thereof—

(a) by striking out paragraph (a) of subsection (1) thereof and by substituting therefor the following:

"(a) Such reasonable amount as the Minister may in his discretion allow for depreciation, and the Minister in determining the income derived in respect of the operation of any property which is a mine, quarry, oil well, gas well or timber limit by any person who is operating the same as owner or lessee or who is the lessor thereof, shall make such allowance for the exhaustion of the mine, quarry, oil well, gas well or timber limit as he may deem just and fair, but no such allowance shall be made for any year if that allowance, when added to any allowances made to any taxpayer in respect thereof for any

previous years, will make the aggregate amount of the allowances exceed the total value of the asset as determined by the Minister: and in the case of leases of mines, quarries, oil wells, gas wells or timber limits, the lessor and the lessee may apportion the amount of the allowance between them in such proportion as may be agreed upon, and in default of agreement, the Minister may and is hereby empowered to apportion the allowance between them, and any apportionment so made shall be binding and conclusive upon them, and each of them shall be entitled to exemption in respect of the amount of the allowance so apportioned to him;”;

- (b) by striking out paragraph (i) of subsection (1) thereof and by substituting therefor the following:
  - “(i) The amount not exceeding four hundred dollars actually expended by a taxpayer for the support of each of the following persons, except in cases wherein exemption (whether of four hundred dollars or seven hundred and fifty dollars) in respect of such persons is already provided for in this Act:
    - “(i) A parent or grandparent dependent on account of mental or physical infirmity;
    - “(ii) A brother or sister under twenty-one years of age or twenty-one years of age or over if dependent on account of mental or physical infirmity”;
- (c) by adding at the end of subsection (1) thereof the following new paragraph:
  - “(k) In the case of an annuity payable to and for the benefit of the purchaser thereof, one-half of the sum so payable to that person for his benefit”;
- (d) by striking out subsection (2) thereof and by substituting therefor the following new subsections:
  - “(2) Where a husband and wife have each a separate income in excess of seven hundred and fifty dollars, whether taxable or not, each shall receive an exemption of seven hundred and fifty dollars in lieu of the exemption set forth in paragraph (c) of the immediately preceding subsection.
  - “(2a) Where either a husband or wife has an income in excess of seven hundred and fifty dollars, whether taxable or not, and the other has an income of seven hundred and fifty dollars or less, whether taxable or not, then the income of the lesser shall be added to the income of the other for the purpose of ascertaining the taxes payable under this Act unless the husband and wife each file a separate return and each claim an exemption of seven hundred and fifty dollars”;

- (e) by adding at the end thereof the following new subsections:

“(4) The exemptions and deductions authorized by paragraphs (c), (d), (e) and (i) of subsection (1) shall not apply in respect of the income of any taxpayer who is not resident in the Province.

“(5) No exemption on account of exhaustion, depletion or depreciation of the property of any corporation or joint stock company shall be allowable in respect of any dividend payable to any shareholder in the corporation or joint stock company or in respect of any other disposition of any profits of the corporation or joint stock company payable to a shareholder thereof.”

**5.** The said Act is further amended as to section 8 thereof—

- (a) by striking out subsections (2) and (3) thereof and by substituting therefor the following:

“(2) Save as herein otherwise provided, corporations and joint stock companies, no matter how created or organized carrying on business within the Province, shall pay a tax at the rate applicable thereto set forth in the first schedule of this Act.

“(3) Where the tax imposed upon a corporation or joint stock company by this Act exceeds the tax imposed upon the same corporation or joint stock company under sections 4 to 17 inclusive of *The Corporations' Taxation Act*, the company shall pay under this Act only the amount of the excess”;

- (b) by striking out subsection (4) thereof;  
 (c) by striking out subsection (5) thereof;  
 (d) by striking out subsection (6) thereof;  
 (e) by adding at the end thereof the following new subsection:

“(4) Where the Superintendent of Income Tax is unable to determine or obtain the information required to ascertain the income within the Province of any corporation or joint stock company or any class of corporations or joint stock companies the Minister may make regulations for determining such income within the Province and he may fix or determine the tax to be paid by any corporation or joint stock company liable to taxation.”

**6.** The said Act is further amended as to section 20 thereof by striking out the same and by substituting therefor the following:

“**20.**—(1) The income of a personal corporation, whether the same is actually distributed or not, shall be deemed to be distributed on the last day of each year as a dividend to the shareholders, and every such shareholder who is liable to taxation under this Act shall be taxable in each year as if the same had been distributed in the proportion hereinafter mentioned.

“(2) The portion of the income of a personal corporation in respect of which a shareholder is liable to taxation shall be such percentage of the income of the corporation as the value of all property transferred or loaned by that shareholder or his predecessor in title to the corporation is of the total value of all property of the corporation acquired from all the shareholders of the corporation.

“(3) The value of the property transferred by such shareholder or his predecessor in title shall be the fair value as at the date of the transfer of such property to the corporation, and the total value of the property of the corporation acquired from its shareholders shall, for the purpose of determining the percentage referred to in the last preceding subsection, be taken as at the date of acquisition thereof by the corporation; and in ascertaining values under this subsection, regard shall be had to all the facts and circumstances, and the decision of the Minister in that respect shall be final and conclusive.

“(4) Where one personal corporation is succeeded by, or transfers its property to, another corporation, the shareholders of the first corporation shall be deemed to have transferred to the second or succeeding corporation the property which they transferred to the corporation first mentioned and where any person acquires the control of a personal corporation he shall be deemed to have transferred to such corporation the property transferred thereto by his vendor.

“(5) Where the fiscal period of the personal corporation does not coincide with the calendar year, the income shall be deemed to be distributed as a dividend on the last day of the fiscal period.

“(6) Dividends actually declared by a personal corporation after the thirty-first day of December, one thousand nine hundred and thirty, shall be deemed to be paid out of income earned after said thirty-first day of December, one thousand nine hundred and thirty, so far as the same is available and to that extent shall not be liable to further taxation in the hands of the shareholders.

“(7) The shareholder of a personal corporation who controls that corporation shall file with his income tax return a statement of the assets, liabilities and income of the personal corporation.

“(8) Any such shareholder who fails to file the statement required by the last preceding subsection at the time and in the manner prescribed shall be taxed on double the amount of his proportion of the income of the corporation.

“(9) A personal corporation shall be liable to taxation at the rate prescribed in the case of corporations only in respect of so much of its income as is distributed or deemed to be distributed in any year to shareholders who are not liable to taxation under this Act in that year.”

7. The said Act is further amended as to section 34 thereof by striking out subsection (2) thereof and by substituting therefor the following:

“(2) Notwithstanding the provisions of section 32 of this Act, any corporation or joint stock company whose fiscal year ends upon some day other than the thirty-first day of December, shall make a return within three months from the day upon which its fiscal year ends, and the tax shall be computed in the manner prescribed by this Act, *mutatis mutandis*, as if the fiscal year of the corporation or joint stock company had ended on the thirty-first day of December after the day upon which that fiscal year ends.”

**8.** The said Act is further amended as to section 47 thereof by striking out the words “the tax of three dollars and”, where the same occur therein.

**9.** The said Act is further amended as to section 48 thereof by striking out the words “together with the tax of three dollars”, where the same occur therein.

**10.** The said Act is further amended by striking out the First Schedule thereto and by substituting therefor the following:

#### “FIRST SCHEDULE

##### “RATES OF TAX APPLICABLE TO PERSONS OTHER THAN CORPORATIONS AND JOINT STOCK COMPANIES.

“On the excess of income over the amount exempt from taxation up to \$2,000—1% ;

“On the excess of income over the amount exempt, over \$2,000 and up to \$3,000—2% ;

“On the excess of income over the amount exempt, over \$3,000 and up to \$4,000—3% ;

“On the excess of income over the amount exempt, over \$4,000 and up to \$5,000—4% ;

“On the excess of income over the amount exempt, over \$5,000 and up to \$6,000—6% ;

“On the excess of income over the amount exempt, over \$6,000 and up to \$7,000—7% ;

“On the excess of income over the amount exempt, over \$7,000 and up to \$8,000—8% ;

“On the excess of income over the amount exempt, over \$8,000 and up to \$9,000—9% ;

“On the excess of income over the amount exempt, over \$9,000 and up to \$10,000—10% ;

“On the excess of income over the amount exempt, over \$10,000 and up to \$11,000—12% ;

“On the excess of income over the amount exempt, over \$11,000 and up to \$12,000—13% ;

“On the excess of income over the amount exempt, over \$12,000 and up to \$13,000—14% ;

“On the excess of income over the amount exempt, over \$13,000 and up to \$14,000—15% ;

"On the excess of income over the amount exempt, over \$14,000 and up to \$15,000—16% ;

"On the excess of income over the amount exempt, over \$15,000 and up to \$16,000—18% ;

"On the excess of income over the amount exempt, over \$16,000 and up to \$17,000—19% ;

"On the excess of income over the amount exempt, over \$17,000 and up to \$18,000—20% ;

"On the excess of income over the amount exempt, over \$18,000 and up to \$19,000—21% ;

"On the excess of income over the amount exempt, over \$19,000 and up to \$20,000—22% ;

"On the excess of income over the amount exempt, over \$20,000 and up to \$21,000—24% ;

"On the excess of income over the amount exempt, over \$21,000 and up to \$22,000—25% ;

"On the excess of income over the amount exempt, over \$22,000 and up to \$23,000—26% ;

"On the excess of income over the amount exempt, over \$23,000 and up to \$24,000—27% ;

"On the excess of income over the amount exempt, over \$24,000 and up to \$25,000—28% ;

"On the excess of income over the amount exempt, over \$25,000 and over—30% ;

"RATE OF TAX APPLICABLE TO CORPORATIONS AND  
JOINT STOCK COMPANIES.

"On the income of the Company—4%."

**11.** The provisions of section 7 of this Act shall apply to returns relating to any income period terminating in the year 1936 or any year thereafter: the provisions of section 10 of this Act shall apply to all taxes accruing due and payable under the provisions of this Act in the year 1936 and any year thereafter; and the remaining provisions of this Act shall apply in respect of income for the year 1934 and for any subsequent year and for any income period terminating in any of those years, and also to all taxes payable in respect of any such income.

**12.** This Act shall come into force on the day upon which it is assented to.

No. 93.

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FIFTH SESSION  
SEVENTH LEGISLATURE  
25 GEORGE V  
1935

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**B I L L**

An Act to amend The Income Tax Act.

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Received and read the

First time.....

Second time.....

Third time.....

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HON. MR. LOVE

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EDMONTON:  
W. D. McLEAN, KING'S PRINTER  
1935