

Bill No. 99 of 1941.

A BILL TO AMEND THE INCOME TAX ACT

NOTE.

This Bill amends *The Income Tax Act*.

Section 2 of the Bill adds to the exemptions from taxation service pay and allowances of officers or men of the Naval, Military and Air Forces of Canada. The exemption granted to commissioned officers is confined to pay and allowances while they are on active service outside of Canada or in Canada and outside of Alberta.

Section 3 of the Bill allows an exemption of four hundred dollars for each child brought from the United Kingdom owing to war conditions and maintained by a taxpayer.

Section 6 of the Act provides that in computing the amount of profits and gains to be assessed as income, certain deductions shall not be allowed. Paragraph (g) as it now stands disallows all fees or salaries paid to directors, etc., of a corporation where a person is non-resident unless a separate return is made therefor and income tax paid thereon at the personal rate. The new paragraph (g) changes this by only applying the disallowance to expenses including salaries over and above what the Minister thinks is reasonable or normal for the business carried on by the taxpayer.

The provisions of section 5 of the Bill validate the arrangement already made whereby taxpayers could pay their income tax in four equal instalments without interest.

Sections 6 and 7 strike out certain provisions relating to interest in the nature of penalties.

The provisions of sections 2, 3 and 4 are made retroactive so as to apply to income for the year 1940.

W. S. GRAY,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 99 of 1941.

An Act to amend The Income Tax Act.

(Assented to _____, 1941.)

HIS 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, 1941.*"

2. *The Income Tax Act*, being chapter 5 of the Statutes of Alberta, 1932, is hereby amended as to section 4 thereof by adding the following new paragraph:

"(o) The service pay and allowances of,—

"(i) warrant officers, non-commissioned officers and men of the Canadian Naval, Military and Air Forces while on active service in or beyond Canada; and

"(ii) commissioned officers of the said Forces while on active service beyond Canada or on active service in Canada outside the Province of Alberta."

3. The said Act is further amended as to subsection (1) of section 5 by adding immediately after paragraph (e) the following paragraph:

"(ee) Four hundred dollars for each child maintained by the taxpayer in Alberta when such child has been brought from the United Kingdom by reason of war conditions there whether such child was brought to Alberta by private arrangement or through a Government sponsored scheme."

4. The said Act is further amended as to section 6 by striking out paragraph (g) thereof and by substituting therefor the following:

"(g) Any expense, including salaries, bonuses, directors' fees or other like remuneration, which the Minister in his discretion may determine to be in excess of what is reasonable or normal for the business carried on by the taxpayer or which was incurred in respect of any transaction or operation which, in his opinion, has unduly or artificially reduced the income."

5. The said Act is further amended as to section 47 by numbering the same as subsection (1) and adding thereto the following subsections:

“(2) Notwithstanding the provisions of subsection (1) every person liable to pay any tax, excepting a corporation whose fiscal year ends upon some date other than the 31st day of December, may pay the amount of such tax without interest if he pays not less than one-quarter of such amount on or before February 28th and the balance, if any in not more than three equal consecutive monthly instalments thereafter.

“(3) Any corporation whose fiscal year ends upon some date other than the 31st day of December liable to pay any tax, may pay the amount of such tax without interest if not less than one-quarter of the amount of the tax is paid within two months from the date upon which its fiscal year ends and the balance, if any, is paid in not more than three equal consecutive monthly instalments thereafter.

“(4) Any taxpayer who adopts the method of payment set out in subsection (2) or (3) of this section and who defaults in making payment of any instalment at the time when any such instalment should be paid, shall pay interest at the rate of five per cent per annum on the amount of the tax remaining unpaid from the date of such default until payment.”

6. The said Act is further amended as to section 48 by repealing the same.

7. The said Act is further amended as to section 53 by striking out subsection (3) thereof.

8. This Act shall come into force on the day upon which it is assented to, and upon so coming into force the amendments made by sections 2, 3 and 4 shall be retroactive so as to apply to all income for the year 1940; and the amendment made by section 5 shall apply to all returns for and tax payable on income received in 1940.

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BILL

An Act to amend The Income Tax
Act.

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. LOW.

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