

2015 Bill 2

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First Session, 29th Legislature, 64 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 2**

## **AN ACT TO RESTORE FAIRNESS TO PUBLIC REVENUE**

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THE PRESIDENT OF TREASURY BOARD, MINISTER OF FINANCE

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First Reading . . . . .

Second Reading . . . . .

Committee of the Whole . . . . .

Third Reading . . . . .

Royal Assent . . . . .

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*Bill 2*

## **BILL 2**

2015

### **AN ACT TO RESTORE FAIRNESS TO PUBLIC REVENUE**

*(Assented to , 2015)*

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 21 is amended**

**(a) by striking out “or” at the end of clause (n);**

**(b) by repealing clause (o) and substituting the following:**

- (o) beginning after March 31, 2006 and ending before July 1, 2015 is 10.0% of the amount taxable in Alberta for the year,
- (p) beginning after June 30, 2015 is 12.0% of the amount taxable in Alberta for the year, or
- (q) part of which is before July 1, 2015 and part of which is after June 30, 2015, is the aggregate of
  - (i) 10.0% of the proportion of the amount taxable in Alberta for the year that the number of days before July 1, 2015 bears to the number of days in the year, and

## Explanatory Notes

### Alberta Corporate Tax Act

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

(2) Section 21(o) presently reads:

*21 Except where otherwise provided in this Part, the tax payable under this Act by a corporation that has a taxation year*

*(o) beginning after March 31, 2006 is 10.0% of the amount taxable in Alberta for the year.*

- (ii) 12.0% of the proportion of the amount taxable in Alberta for the year that the number of days after June 30, 2015 bears to the number of days in the year.

**(3) Section 22 is amended**

- (a) in subsection (2.1293)(c) by adding “and before July 1, 2015” before “bears”;

- (b) by adding the following after subsection (2.1293):

**(2.1294)** There may be deducted from the tax payable under section 21 for a taxation year ending after June 30, 2015 by a corporation that was, throughout the year, a Canadian-controlled private corporation an amount equal to the product obtained by the multiplication of the following:

- (a) the small business allocation factor for the year;
- (b) 9.0%;
- (c) the proportion of the least of the following amounts that the number of days in the year after June 30, 2015 bears to the number of days in the year:
  - (i) the amount determined under subsection (2)(a);
  - (ii) the amount determined under subsection (2)(b);
  - (iii) the corporation’s business limit for the year.
- (c) in subsection (2.2) by striking out “and (2.1292)” and substituting “, (2.1292) and (2.1294)”.

**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 6(1) to (6) are amended by striking out “The tax payable under this Act for a taxation year” and substituting “For taxation years ending on or before December 31, 2014, the tax payable under this Act for a taxation year”.**

(3) Section 22 presently reads in part:

*(2.1293) There may be deducted from the tax payable under section 21 for a taxation year ending after March 31, 2009 by a corporation that was, throughout the year, a Canadian-controlled private corporation an amount equal to the product obtained by the multiplication of the following:*

- (a) the small business allocation factor for the year;*
- (b) 7%;*
- (c) the proportion of the least of the following amounts that the number of days in the year after March 31, 2009 bears to the number of days in the year:*
  - (i) the amount determined under subsection (2)(a);*
  - (ii) the amount determined under subsection (2)(b);*
  - (iii) the corporation's business limit for the year.*

*(2.2) For the purposes of subsections (2), (2.11), (2.12), (2.121), (2.122), (2.123), (2.124), (2.125), (2.126), (2.127), (2.128), (2.129), (2.1291) and (2.1292), the "small business allocation factor" is the Alberta allocation factor that would be determined if, during the taxation year, the corporation had no permanent establishment in a country other than Canada.*

### **Alberta Personal Income Tax Act**

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

(2) Section 6 presently reads:

*6(1) The tax payable under this Act for a taxation year by an*



*individual who was resident in Alberta on the last day of the calendar year and had no business income outside Alberta in the taxation year is the amount determined by the formula*

$$A \times B$$

*where*

*A is the specified percentage for the year;*

*B is the individual's taxable income for the year.*

*(2) The tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had business income outside Alberta in the taxation year is the amount determined by the formula*

$$A \times B \times \frac{(C-D)}{C}$$

*where*

*A is the specified percentage for the year;*

*B is the individual's taxable income for the year;*

*C is the individual's income for the year as determined under section 1(1)(j)(i) or (iii), as the case may be;*

*D is the individual's business income outside Alberta for the year that is included in amount C.*

*(3) The tax payable under this Act for a taxation year by an individual who was resident in a province or territory other than Alberta on the last day of the calendar year and had business income in Alberta in the taxation year is the amount determined by the formula*

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

*where*

*A is the specified percentage for the year;*

*B is the individual's taxable income for the year;*





*C* is the individual's business income in Alberta for the year;

*D* is the individual's income for the year as determined under section 1(1)(j)(i) or (iii), as the case may be.

(4) The tax payable under this Act for a taxation year by an individual who

(a) was resident in Alberta throughout part of the calendar year,

(b) was not resident in any other province or territory after ceasing to be a resident of Alberta, and

(c) was resident in a jurisdiction outside Canada on the last day of the calendar year,

is the amount determined by the formula

$$A \times B \times \frac{(C-D)}{C}$$

where

*A* is the specified percentage for the year;

*B* is the individual's taxable income for the year;

*C* is the individual's income for the year as determined under section 1(1)(j)(i);

*D* is the individual's business income outside Alberta for the year that is included in amount *C*.

(5) The tax payable under this Act for a taxation year by an individual who at no time in the year was resident in Canada is the amount determined by the formula

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

where

*A* is the specified percentage for the year;



*B* is the individual's taxable income earned in Canada for the year;

*C* is the total of the individual's income for the year earned in Alberta as determined under section 2602 of the federal regulation and the taxable capital gain from the disposition of taxable Alberta property as determined by the Alberta regulation;

*D* is the individual's income for the year as determined under section 1(1)(j)(ii).

(6) The tax payable under this Act for a taxation year by an individual who

- (a) was resident in a jurisdiction outside Canada on the last day of the calendar year,
- (b) was resident in a province or territory other than Alberta in the calendar year immediately prior to becoming a resident in a jurisdiction outside Canada, and
- (c) had business income in Alberta in the taxation year

is the amount determined by the formula

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

where

*A* is the specified percentage for the year;

*B* is the individual's taxable income for the year;

*C* is the individual's business income in Alberta for the year;

*D* is the individual's income for the year as determined under section 1(1)(j)(i).

(7) In the case of an individual who died or became bankrupt during the calendar year, the words "calendar year" in subsections (1), (2), (3), (4) and (6) shall be read as "taxation year".

**(3) The following is added after section 6:**

**Amount of tax payable for 2015 and subsequent taxation years**

**6.1(1)** Subject to subsection (2), for taxation years ending after December 31, 2014, the tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had no business income outside Alberta in the taxation year is

- (a) if the individual is an individual other than a trust subject to section 122 of the federal Act,
  - (i) if the individual's taxable income is less than or equal to \$125 000, 10.0% of the individual's taxable income,
  - (ii) if the individual's taxable income is greater than \$125 000 but less than or equal to \$150 000, the total of the highest amount that might be determined for an individual under subclause (i) and 12.0% of the amount by which the individual's taxable income exceeds \$125 000,
  - (iii) if the individual's taxable income is greater than \$150 000 but less than or equal to \$200 000, the total of the highest amount that might be determined for an individual under subclause (ii) and 13.0% of the amount by which the individual's taxable income exceeds \$150 000,
  - (iv) if the individual's taxable income is greater than \$200 000 but less than or equal to \$300 000, the total of the highest amount that might be determined for an individual under subclause (iii) and 14.0% of the amount by which the individual's taxable income exceeds \$200 000, and
  - (v) if the individual's taxable income is greater than \$300 000, the total of the highest amount that might be determined for an individual under subclause (iv) and 15.0% of the amount by which the individual's taxable income exceeds \$300 000;

(3) Amount of tax payable for 2015 and subsequent taxation years.

- (b) if the individual is a trust subject to section 122 of the federal Act, the amount determined by the formula

$$A \times B$$

where

A is the percentage specified for the purposes of clause (a)(v) for the year, and

B is the trust's taxable income for the year.

**(2)** For the purposes of calculating tax payable under this Act for taxation years ending after December 31, 2014 and on or before December 31, 2015,

- (a) the reference in subsection (1)(a)(ii) to "12.0%" shall be read as a reference to "10.5%";
- (b) the reference in subsection (1)(a)(iii) to "13.0%" shall be read as a reference to "10.75%";
- (c) the reference in subsection (1)(a)(iv) to "14.0%" shall be read as a reference to "11%";
- (d) the reference in subsection (1)(a)(v) to "15.0%" shall be read as a reference to "11.25%".

**(3)** For taxation years ending after December 31, 2014, the tax payable under this Act for a taxation year by an individual who was resident in Alberta on the last day of the calendar year and had business income outside Alberta in the taxation year is the amount determined by the formula

$$T \times (C - D)/C$$

where

T is the tax that would be payable if subsection (1) applied to the individual for the taxation year;

C is the individual's income for the year as determined under section 1(1)(j)(i) or (iii), as the case may be;



D is the individual's business income outside Alberta for the year that is included in amount C.

(4) For taxation years ending after December 31, 2014, the tax payable under this Act for a taxation year by an individual who was resident in a province or territory other than Alberta on the last day of the calendar year and had business income in Alberta in the taxation year is the amount determined by the formula

$$T \times C/D$$

where

T is the tax that would be payable if subsection (1) applied to the individual for the taxation year;

C is the individual's business income in Alberta for the year;

D is the individual's income for the year determined under section 1(1)(j)(i) or (iii), as the case may be.

(5) For taxation years ending after December 31, 2014, the tax payable under this Act for a taxation year by an individual who

(a) was resident in Alberta throughout part of the calendar year,

(b) was not resident in any other province or territory after ceasing to be a resident of Alberta, and

(c) was resident in a jurisdiction outside Canada on the last day of the calendar year,

is the amount determined by the formula

$$T \times (C - D)/C$$

where

T is the tax that would be payable if subsection (1) applied to the individual for the taxation year;





- C is the individual's income for the year as determined under section 1(1)(j)(i);
- D is the individual's business income outside Alberta for the year that is included in amount C.

(6) For taxation years ending after December 31, 2014, the tax payable under this Act for a taxation year by an individual who at no time in the year was resident in Canada is the amount determined by the formula

$$T \times C/D$$

where

- T is the tax that would be payable if subsection (1) applied to the individual for the taxation year and the individual's taxable income for the year was equal to the individual's taxable income earned in Canada for the year;
- C is the total of the individual's income for the year earned in Alberta as determined under section 2602 of the federal regulation and the taxable capital gain from the disposition of taxable Alberta property as determined by the Alberta regulation;
- D is the individual's income for the year as determined under section 1(1)(j)(ii).

(7) For taxation years ending after December 31, 2014, the tax payable under this Act for a taxation year by an individual who

- (a) was resident in a jurisdiction outside Canada on the last day of the calendar year,
- (b) was resident in a province or territory other than Alberta in the calendar year immediately prior to becoming a resident in a jurisdiction outside Canada, and
- (c) had business income in Alberta in the taxation year

is the amount determined by the formula



$T \times C/D$

where

- T is the tax that would payable if subsection (1) applied to the individual for the taxation year;
- C is the individual's business income in Alberta for the year;
- D is the individual's income for the year as determined under section 1(1)(j)(i).

**(8)** In the case of an individual who died or became bankrupt during the calendar year, the words "calendar year" in subsections (1), (3), (4), (5) and (7) shall be read as "taxation year".

**(9)** For taxation years ending after December 31, 2015, a trust that was resident on the last day of the calendar year and is subject to tax pursuant to paragraph 122(1)(c) of the federal Act shall pay an additional tax for the year for the purposes of this Act equal to the amount determined by the formula

$A - B$

where

- A is the amount that would be determined for B for the year if
  - (i) the rate of tax payable under this Act by the trust for each taxation year referred to in the description of B were 15.0%, and
  - (ii) the trust's taxable income for a particular taxation year referred to in the description of B were reduced by the total of
    - (A) the amount, if any, that was paid or distributed in satisfaction of all or part of an individual's interest as a beneficiary under the trust if



- (I) the individual was an electing beneficiary, as defined by the federal Act, of the trust for the particular year,
  - (II) the payment or distribution can reasonably be considered to be made out of that taxable income, and
  - (III) the payment or distribution was made in a taxation year referred to in the description of B,
- (B) the amount that is the portion of the tax payable under the federal Act by the trust for the particular year that can reasonably be considered to relate to the amount determined under paragraph (A), and
  - (C) the amount that is the portion of the tax payable under the law of the province in which the trust is resident for the particular year, that can reasonably be considered to relate to the amount determined under paragraph (A);
- B is the total of all amounts each of which is the amount of tax payable under this Act by the trust for a taxation year that precedes the year if that preceding taxation year is
- (i) the later of
    - (A) the first taxation year for which the trust was a qualified disability trust, and
    - (B) the last taxation year, if any, for which subsection 122(2) of the federal Act applied to the trust,
  - or
  - (ii) a taxation year that ends after the taxation year described in subclause (i).

**(4) Section 7 is amended by adding “or 6.1” after “section 6”.**

(4) Section 7 presently reads:

*7 The amounts that may be deducted under this Division and*

**(5) Section 13.1(2) is amended by striking out “Part” and substituting “Act”.**

**(6) Section 23(3) is amended by adding “or 6.1(5)” after “section 6(4)”.**



*Division 6 may be deducted only from the amount of tax payable under section 6, except that amounts under sections 21 and 23 may also be deducted from tax payable under section 47.*

(5) Section 13.1(2) presently reads:

*(2) For the purpose of computing the tax payable under this Part by an individual for the taxation year that includes the end of the adoption period in respect of an eligible child of the individual, there may be deducted the amount determined by the formula*

*A x B*

*where*

*A is the specified percentage for the year, and*

*B is the lesser of*

*(a) \$10 000, and*

*(b) the amount determined by the formula*

*C - D*

*where*

*C is the total of all eligible adoption expenses in respect of the eligible child, and*

*D is the total of all amounts each of which is the amount of a reimbursement or any other form of assistance (other than an amount that is included in computing the individual's income and that is not deductible in computing the individual's taxable income) that any individual is or was entitled to receive in respect of an amount included in computing the value of C.*

(6) Section 23(3) presently reads:

*(3) In the case of an individual referred to in section 6(4), the words "last day of a taxation year" in subsection (1) shall be read as "last day in the taxation year on which the individual resided in Canada".*

**(7) Section 26(1) is amended**

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

- (a) “Alberta rate” means
  - (i) in respect of a taxation year ending on or before December 31, 2014, the rate, expressed as a percentage, calculated by multiplying the specified percentage for the year by 1/2, and
  - (ii) in respect of a taxation year ending after December 31, 2014, the rate, expressed as a percentage, calculated by multiplying the rate for the year as provided by the description of A in section 6.1(1)(b) by 1/2;

**(b) by repealing clause (d) and substituting the following:**

- (d) “refundable capital gains tax on hand” of a mutual fund trust at the end of a taxation year means the amount, if any, by which
  - (i) the aggregate of amounts each of which is an amount in respect of that or any previous taxation year throughout which it was mutual fund trust, equal to the least of,
    - (A) where the taxation year ended on or before December 31, 2014,
      - (I) the product obtained by multiplying its taxable income for the year by the specified percentage for the year,
      - (II) the product obtained by multiplying its taxed capital gains for the year by the specified percentage for the year, and
      - (III) where the taxation year ended after May 6, 1974, the tax payable under this Part by it for the year,

or

(7) Section 26(1)(a) and (d) presently read:

*26(1) In this section,*

- (a) “Alberta rate” in respect of a taxation year means the rate, expressed as a percentage, calculated by multiplying the specified percentage for the year by 1/2;*
- (d) “refundable capital gains tax on hand” of a mutual fund trust at the end of a taxation year means the amount, if any, by which*
  - (i) the aggregate of amounts each of which is an amount in respect of that or any previous taxation year throughout which it was a mutual fund trust, equal to the least of*
    - (A) the product obtained by multiplying its taxable income for the year by the specified percentage for the year,*
    - (B) the product obtained by multiplying its taxed capital gains for the year by the specified percentage for the year, and*
    - (C) where the taxation year ended after May 6, 1974, the tax payable under this Part by it for the year*
  - exceeds*
  - (ii) the aggregate of amounts each of which is an amount in respect of any previous taxation year throughout which it was a mutual fund trust, equal to its tax refund determined under subsection (3) for the year;*

(B) where the taxation year ended after December 31, 2014,

(I) the product obtained by multiplying its taxable income for the year by the rate for the year as provided by the description of A in section 6.1(1)(b),

(II) the product obtained by multiplying its taxed capital gains for the year by the rate for the year as provided by the description of A in section 6.1(1)(b), and

(III) the tax payable under this Part by it for the year,

exceeds

(ii) the aggregate of amounts each of which is an amount in respect of any previous taxation year throughout which it was a mutual fund trust, equal to its tax refund determined under subsection (3) for the year;

**(8) Section 27 is amended**

**(a) in subsection (2)**

(i) **by adding** “or 6.1(3)” **after** “referred to in section 6(2)”;

(ii) **by adding** “or 6.1(3), as the case may be” **after** “described in section 6(2)”;

**(b) in subsection (3)**

(i) **by adding** “or 6.1(4)” **after** “referred to in section 6(3)”;

(ii) **by adding** “or 6.1(4), as the case may be” **after** “described in section 6(3)”;

**(c) in subsection (4)**

(i) **by adding** “or 6.1(5)” **after** “referred to in section 6(4)”;

(ii) **by adding** “or 6.1(5), as the case may be” **after** “described in section 6(4)”;

(8) Section 27 presently reads:

*27(1) Subject to subsections (2), (3), (4), (5) and (6), for the purpose of computing the tax payable under this Act for a taxation year by an individual, there may be deducted an amount equal to 35% of the amount that the individual may deduct under section 120.2 of the federal Act for that taxation year.*

*(2) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(2) is the amount determined by multiplying the amount calculated under subsection (1) by the formula*

$$C - \frac{D}{C}$$

*where C and D are the individual's amounts for the year as described in section 6(2).*

*(3) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(3) is the amount*

**(d) in subsection (5)**

- (i) by adding “or 6.1(6)” after “referred to in section 6(5)”;**
- (ii) by adding “or 6.1(6), as the case may be” after “described in section 6(5)”;**

**(e) in subsection (6)**

- (i) by adding “or 6.1(7)” after “referred to in section 6(6)”;**
- (ii) by adding “or 6.1(7), as the case may be” after “described in section 6(6)”.**

**(9) Section 38 is amended**

- (a) by adding “or 6.1(3)” after “referred to in section 6(2)”;**

determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(3).

(4) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(4) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C-D}{C}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(4).

(5) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(5) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(5).

(6) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(6) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(6).

(9) Section 38 presently reads:

38 Despite sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20, for the purposes of computing tax payable under this Act for a taxation

**(b) by adding** “or 6.1(3), as the case may be” **after** “described in section 6(2)”.

**(10) Section 39 is amended**

**(a) by adding** “or 6.1(4)” **after** “referred to in section 6(3)”;

**(b) by adding** “or 6.1(4), as the case may be” **after** “described in section 6(3)”.

**(11) Section 40 is amended**

**(a) in subsection (1)**

**(i) by adding** “or 6.1(5)” **after** “referred to in section 6(4)”;

**(ii) by adding** “or 6.1(5), as the case may be” **after** “described in section 6(4)”;

**(b) in subsection (2)**



*year by an individual referred to in section 6(2), the amount that may be deducted under those provisions must not exceed the portion of such amount determined by the formula*

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

*where*

*A is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20 that the individual is entitled to claim;*

*C and D are the individual's amounts for the year as described in section 6(2).*

(10) Section 39 presently reads:

*39 Despite sections 8 to 13.1 and 15 to 23, for the purposes of computing tax payable under this Act for a taxation year by an individual referred to in section 6(3), the amount that may be deducted under those sections must not exceed the portion of such amount determined by the formula*

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

*where*

*A is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20 that the individual is entitled to claim;*

*C and D are the individual's amounts for the year as described in section 6(3).*

(11) Section 40 presently reads:

*40(1) Despite sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20, for the purposes of computing tax payable under this Act for a taxation year by an individual referred to in section 6(4), the amount that may be deducted under those provisions must not exceed the portion of such amount determined by the formula*

$$A \times \frac{(C-D)}{C}$$

- (i) **by adding** “or 6.1(7)” **after** “referred to in section 6(6)”;
- (ii) **by adding** “or 6.1(7), as the case may be” **after** “described in section 6(6)”.

**(12) Section 41(2) is amended**

- (a) **by adding** “or 6.1(6)” **after** “referred to in section 6(5)”;
- (b) **by adding** “or 6.1(6), as the case may be” **after** “described in section 6(5)”.

where

*A* is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20 that the individual is entitled to claim, and

*C* and *D* are the individual's amounts for the year as described in section 6(4).

(2) Despite sections 8 to 13.1 and 15 to 23, for the purposes of computing tax payable under this Act for a taxation year by an individual referred to in section 6(6), the amount that may be deducted under those sections must not exceed the portion of such amount determined by the formula

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

where

*A* is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 17, 18, 19 and 20 that the individual is entitled to claim, and

*C* and *D* are the individual's amounts for the year as described in section 6(6).

(12) Section 41(2) presently reads:

(2) For an individual referred to in section 6(5), the amount that may be deducted under subsection (1) for the year must not exceed the portion of such amount determined by the formula

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

where

*A* is the total of those credits under sections 8, 9, 11, 12, 13, 15, 16, 18, 19 and 20 that the individual is entitled to claim, and

*C* and *D* are the individual's amounts for the year as described in section 6(5).

**(13) Section 44(1) is amended by striking out “section 16” and substituting “sections 6.1 and 16”.**

**(14) Subsection (13) applies to taxation years ending after December 31, 2016.**

**(15) Section 46 is amended**

**(a) in subsection (2)**

**(i) by adding “or 6.1(3)” after “referred to in section 6(2)”;**

(13) Section 44(1) presently reads:

*44(1) Each of the amounts referred to in sections 8(1)(a), (b), (c), (d) and (e), 9, 10, 12(1), 13(2) and 13.1(2) and the amounts expressed in dollars in section 16 are to be adjusted so that the amount to be used under those provisions for the taxation year is the total of*

*(a) the amounts that would, but for subsection (3), be the amounts to be used under those provisions for the immediately preceding taxation year, and*

*(b) the product obtained by multiplying*

*(i) the amounts referred to in clause (a)*

*by*

*(ii) the amount, adjusted in such manner as may be prescribed and rounded to the nearest one-thousandth or, where the result obtained is equidistant from 2 consecutive one-thousandths, to the higher one-thousandth, that is determined by the formula*

$$\frac{A - 1}{B}$$

*where*

*A is the Consumer Price Index for Alberta for the 12-month period that ended on the last September 30 before that year, and*

*B is the Consumer Price Index for Alberta for the 12-month period immediately preceding the period mentioned in the description of A.*

(14) Application of subsection (13).

(15) Section 46 presently reads:

*46(1) Subject to subsections (2), (3), (4), (5) and (6), there must be added in computing an individual's tax payable pursuant to this Act for a taxation year an amount equal to 35% of the total of any amounts added pursuant to section 120.3 or 120.31 of the federal*

(ii) **by adding** “or 6.1(3), as the case may be” **after** “described in section 6(2)”;

**(b) in subsection (3)**

(i) **by adding** “or 6.1(4)” **after** “referred to in section 6(3)”;

(ii) **by adding** “or 6.1(4), as the case may be” **after** “described in section 6(3)”;

**(c) in subsection (4)**

(i) **by adding** “or 6.1(5)” **after** “referred to in section 6(4)”;

(ii) **by adding** “or 6.1(5), as the case may be” **after** “described in section 6(4)”;

**(d) in subsection (5)**

(i) **by adding** “or 6.1(6)” **after** “referred to in section 6(5)”;

(ii) **by adding** “or 6.1(6), as the case may be” **after** “described in section 6(5)”;

**(e) in subsection (6)**

(i) **by adding** “or 6.1(7)” **after** “referred to in section 6(6)”;

(ii) **by adding** “or 6.1(7), as the case may be” **after** “described in section 6(6)”.

*Act or section 40 of the Income Tax Application Rules (Canada) for the purpose of computing the individual's tax payable pursuant to Part I of the federal Act for the taxation year.*

*(2) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(2) is the amount determined by multiplying the amount calculated under subsection (1) by the formula*

$$\frac{C-D}{C}$$

*where C and D are the individual's amounts for the year as described in section 6(2).*

*(3) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(3) is the amount determined by multiplying the amount calculated under subsection (1) by the formula*

$$\frac{C}{D}$$

*where C and D are the individual's amounts for the year as described in section 6(3).*

*(4) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(4) is the amount determined by multiplying the amount calculated under subsection (1) by the formula*

$$\frac{C-D}{C}$$

*where C and D are the individual's amounts for the year as described in section 6(4).*

*(5) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(5) is the amount determined by multiplying the amount calculated under subsection (1) by the formula*

$$\frac{C}{D}$$

**(16) Section 47(1) is repealed and the following is substituted:**

**Tax on split income**

**47(1)** There must be added to the tax payable for a specified individual who is resident in Alberta under this Act for a taxation year an amount that is determined by

- (a) multiplying the individual's split income for that year by the specified percentage, if the year ends on or before December 31, 2014, or
- (b) multiplying the individual's split income for that year by the highest percentage specified for the purposes of section 6.1(1)(a), if the year ends after December 31, 2014.

**(17) Section 48 is amended**

**(a) in subsection (2)**

- (i) **by adding** “or 6.1(3)” **after** “referred to in section 6(2)”;
- (ii) **by adding** “or 6.1(3), as the case may be” **after** “described in section 6(2)”;

**(b) in subsection (3)**

- (i) **by adding** “or 6.1(4)” **after** “referred to in section 6(3)”;
- (ii) **by adding** “or 6.1(4), as the case may be” **after** “described in section 6(3)”;



where *C* and *D* are the individual's amounts for the year as described in section 6(5).

(6) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(6) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(6).

(16) Section 47(1) presently reads:

*47(1) There must be added to the tax payable for a specified individual who is resident in Alberta under this Act for a taxation year an amount that is determined by multiplying the individual's split income for that year by the specified percentage.*

(17) Section 48 presently reads:

*48(1) Subject to subsections (2), (3), (4), (5) and (6), if an individual is required to pay tax under section 127.5 of the federal Act in respect of a taxation year, the amount of the additional minimum tax that the individual is required to pay under this Act in respect of that taxation year is 35% of the amount that would be determined under subsection 120.2(3) of the federal Act for the taxation year if that subsection were read without reference to paragraph (c).*

*(2) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(2) is the amount determined by multiplying the amount calculated under subsection (1) by the formula*

**(c) in subsection (4)**

- (i) by adding “or 6.1(5)” after “referred to in section 6(4)”;**
- (ii) by adding “or 6.1(5), as the case may be” after “described in section 6(4)”;**

**(d) in subsection (5)**

- (i) by adding “or 6.1(6)” after “referred to in section 6(5)”;**
- (ii) by adding “or 6.1(6), as the case may be” after “described in section 6(5)”;**

**(e) in subsection (6)**

- (i) by adding “or 6.1(7)” after “referred to in section 6(6)”;**
- (ii) by adding “or 6.1(7), as the case may be” after “described in section 6(6)”.**

$$\frac{C-D}{C}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(2).

(3) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(3) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(3).

(4) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(4) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C-D}{C}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(4).

(5) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(5) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

where *C* and *D* are the individual's amounts for the year as described in section 6(5).

(6) The amount calculated for the purposes of subsection (1) in respect of an individual referred to in section 6(6) is the amount determined by multiplying the amount calculated under subsection (1) by the formula

$$\frac{C}{D}$$

**(18) Section 57(3)(e) is amended by adding “or 6.1(6)” after “section 6(5)”.**

**(19) Section 82(1)(b) is amended by adding “or 6.1(6)” after “section 6(5)”.**

**(20) This section, except subsections (13) and (14), is deemed to have come into force on January 1, 2015.**

*where C and D are the individual's amounts for the year as described in section 6(6).*

(18) Section 57(3)(e) presently reads:

*(3) An appeal from an assessment under this Act lies only in respect of the determination of*

*(e) Alberta taxable property for the purposes of section 6(5),*

(19) Section 82(1)(b) presently reads:

*82(1) The Lieutenant Governor in Council may make regulations*

*(b) determining, for the purposes of section 6(5), taxable Alberta property;*

(20) Coming into force of this section.





