

1992

CHAPTER 55

An Act to amend *The Income Tax Act*

(Assented to August 24, 1992)

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

Short title

1 **This Act may be cited as *The Income Tax Amendment Act, 1992*.**

R.S.S. 1978, c.I-2 amended

2 ***The Income Tax Act* is amended in the manner set forth in this Act.**

Section 3 amended

3 **Section 3 is amended:**

- (a) **by striking out "and 5" in subsection (1) and substituting " , 5 and 5.1"; and**
- (b) **by striking out "and 5" in subsection (2) and substituting " , 5 and 5.1".**

Section 4 amended

4 **Section 4 is amended:**

- (a) **by striking out "and 5" in subsection (1) and substituting " , 5 and 5.1";**
- (b) **in clause (1)(i):**
 - (i) **by striking out "and subsequent" and substituting " , 1990 and 1991"; and**
 - (ii) **by striking out "which" in subparagraph (ii)(B)(II) and substituting "with";**
- (c) **by adding the following clauses after clause (1)(i):**
 - "(j) for the 1992 taxation year, by an amount equal to the lesser of:
 - (i) the tax computed pursuant to sections 3, 3.1, 5 and 5.1 for the taxation year; and
 - (ii) the amount by which the aggregate of \$200 plus:
 - (A) \$300, in the case of an individual whose spouse is resident in Canada during the year, and with respect to whose spouse an amount is deductible by the individual pursuant to paragraph 118(1)(a) of the Federal Act from his or her tax payable pursuant to Part I of the Federal Act for the taxation year;
 - (B) \$300, in the case of an individual who, during the taxation year:
 - (I) was an unmarried person or a married person who neither supported nor lived with his or her spouse and was not supported by his or her spouse; and
 - (II) supported a wholly dependent person with respect to whom an amount is deductible by the individual pursuant to paragraph 118(1)(b) of the Federal Act from his or her tax payable pursuant to Part I of the Federal Act for the taxation year;
 - (C) the product obtained when \$225 is multiplied by the number of children of the individual who are under the age of 18 years at any time in the taxation year, and with respect to whom an amount is deductible by the individual pursuant to paragraph 118(1)(b) or (d) of the Federal Act from his or her tax payable pursuant to Part I of the Federal Act for the taxation year, to a maximum of \$900; and
 - (D) \$200, in the case of an individual who has attained the age of 65 years before the end of the taxation year; exceeds 5% of that part of the net income of the individual for the taxation year that exceeds \$10,000;
 - "(k) for the 1993 and subsequent taxation years, by an amount equal to the lesser of:
 - (i) the tax computed pursuant to sections 3, 3.1, 5 and 5.1 for the taxation year; and
 - (ii) the amount by which the aggregate of \$200 plus:
 - (A) \$300, in the case of an individual whose spouse is resident in Canada during the year, and with respect to whose spouse an amount is deductible by the individual pursuant to paragraph 118(1)(a) of the Federal Act from his or her tax payable pursuant to Part I of the

- Federal Act for the taxation year;
- (B) \$300, in the case of an individual who, during the taxation year:
- (I) was an unmarried person or a married person who neither supported nor lived with his or her spouse and was not supported by his or her spouse; and
- (II) supported a wholly dependent person with respect to whom an amount is deductible by the individual pursuant to paragraph 118(1)(b) of the Federal Act from his or her tax payable pursuant to Part I of the Federal Act for the taxation year;
- (C) the product obtained when \$250 is multiplied by the number of children of the individual who are under the age of 18 years at any time in the taxation year, and with respect to whom an amount is deductible by the individual pursuant to paragraph 118(1)(b) or (d) of the Federal Act from his or her tax payable pursuant to Part I of the Federal Act for the taxation year, to a maximum of \$1,000; and
- (D) \$200, in the case of an individual who has attained the age of 65 years before the end of the taxation year; exceeds 5% of that part of the net income of the individual for the taxation year that exceeds \$10,000"; **and**
- (d) by striking out "and (1)(i)(ii)(C)" in subsection (1.1) and substituting "**, (1)(i)(ii)(C), (1)(j)(ii)(B), (1)(j)(ii)(C), (1)(k)(ii)(B) and (1)(k)(ii)(C)".

New section 5.1

5 The following section is added after section 5:

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"5.1 The tax otherwise payable under this Act pursuant to sections 3 and 3.1 for a taxation year by an individual residing in Saskatchewan on the last day of the taxation year shall be increased:

- (a) for the 1992 taxation year, by an amount equal to the product of:
- (i) 5%; and
- (ii) the amount of tax computed pursuant to sections 3 and 3.1 for the taxation year calculated without any deduction or addition pursuant to section 120.1 of the Federal Act;
- (b) for the 1993 and subsequent taxation years, by an amount equal to the product of:
- (i) 10%; and
- (ii) the amount of tax computed pursuant to sections 3 and 3.1 for the taxation year calculated without any deduction or addition pursuant to section 120.1 of the Federal Act".

Section 6 amended

6 Section 6 is amended:

(a) by repealing clause (1)(e) and substituting the following:

"(e) commencing on January 1, 1992, 17%";

(b) in subsection (4.1):

(i) by adding "and before January 1, 1992" after "December 31, 1986"; and

(ii) by repealing subclause (b)(iii);

(c) by adding the following subsections after subsection (4.1):

"(4.2) Notwithstanding subsection (1), with respect to taxation years ending after December 31, 1991 and before January 1, 1993, the tax payable under this Act by a corporation, other than a credit union, for a taxation year when the corporation is eligible for a deduction under section 125 of the Federal Act is equal to the sum of:

- (a) an amount equal to 9.5% of an amount equal to that proportion of the least of the amounts determined under paragraphs 125(1)(a), (b) and (c) of the Federal Act for the taxation year that:
- (i) the amount of that portion of its taxable income earned in the taxation year in Saskatchewan, determined in accordance with paragraph 124(4)(a) of the Federal Act;

bears to:

- (ii) the total amount of the portions of its taxable income earned in the taxation year in all provinces, determined in accordance with paragraph 124(4)(a) of the Federal Act; and
- (b) 17% of the amount equal to the corporation's total taxable income earned in Saskatchewan during the taxation year less any amounts to which the 9.5% rate is applied in accordance with clause (a).

"(4.3) Notwithstanding subsection (1), with respect to taxation years ending after December 31, 1992, the tax payable under this Act by a corporation, other than a credit union, for a taxation year when the corporation is eligible for a deduction under section 125 of the Federal Act is equal to the sum of:

(a) an amount equal to 9% of an amount equal to that proportion of the least of the amounts determined under paragraphs 125(1)(a), (b) and (c) of the Federal Act for the taxation year that:

(i) the amount of that portion of its taxable income earned in the taxation year in Saskatchewan, determined in accordance with paragraph 124(4)(a) of the Federal Act;

bears to:

(ii) the total amount of the portions of its taxable income earned in the taxation year in all provinces, determined in accordance with paragraph 124(4)(a) of the Federal Act; and

(b) 17% of the amount equal to the corporation's total taxable income earned in Saskatchewan during the taxation year less any amounts to which the 9% rate is applied in accordance with clause (a)";

(d) in subsection (5.1):

(i) by adding "and before January 1, 1992" after "December 31, 1986"; and

(ii) by repealing subclause (b)(iii);

(e) by adding the following subsections after subsection (5.1):

"(5.2) Notwithstanding subsection (1), with respect to taxation years ending after December 31, 1991 and before January 1, 1993, the tax payable under this Act by a corporation that is a credit union for a taxation year when the credit union is eligible for a deduction under subsection 125(1) or 137(3) of the Federal Act is equal to the sum of:

(a) an amount equal to 9.5% of an amount equal to that proportion of the least of the amounts calculated under paragraphs 125(1)(a), (b) and (c) of the Federal Act and the amount with respect to which an allowance is made under subsection 137(3) of the Federal Act for the taxation year that:

(i) the amount of that portion of its taxable income earned in the taxation year in Saskatchewan, determined in accordance with paragraph 124(4)(a) of the Federal Act;

bears to:

(ii) the total amount of the portions of its income earned in the taxation year in all provinces, determined in accordance with paragraph 124(4)(a) of the Federal Act; and

(b) 17% of the amount equal to the credit union's total taxable income earned in Saskatchewan during the taxation year less any amounts to which the 9.5% rate is applied in accordance with clause (a).

"(5.3) Notwithstanding subsection (1), with respect to taxation years ending after December 31, 1992, the tax payable under this Act by a corporation that is a credit union for a taxation year when the credit union is eligible for a deduction under subsection 125(1) or 137(3) of the Federal Act is equal to the sum of:

(a) an amount equal to 9% of an amount equal to that proportion of the least of the amounts calculated under paragraphs 125(1)(a), (b) and (c) of the Federal Act and the amount with respect to which an allowance is made under subsection 137(3) of the Federal Act for the taxation year that:

(i) the amount of that portion of its taxable income earned in the taxation year in Saskatchewan, determined in accordance with paragraph 124(4)(a) of the Federal Act;

bears to:

(ii) the total amount of the portions of its income earned in the taxation year in all provinces, determined in accordance with paragraph 124(4)(a) of the Federal Act; and

(b) 17% of the amount equal to the credit union's total taxable income earned in Saskatchewan during the taxation year less any amounts to which the 9% rate is applied in accordance with clause (a)"; **and**

(f) by repealing subsection (6) and substituting the following:

"(6) Notwithstanding subsection (1), the tax payable under this Act by a corporation to which subsection 137.1(9) of the Federal Act applies is equal to:

(a) with respect to the period commencing on January 1, 1978 and ending on December 31, 1980, 11%;

(b) with respect to the period commencing on January 1, 1981 and ending on December 31, 1991, 10%;

(c) with respect to the period commencing on January 1, 1992 and ending on December 31, 1992, 9.5%;

(d) with respect to the period commencing on January 1, 1993, 9%;

of the amount calculated by allocating to Saskatchewan, on the same basis as set out in the regulations made under paragraph 124(4)(a) of the Federal Act, the amount of taxable income of the corporation".

Section 7 amended

7 Subclause 7(1)(a)(iii.1) is repealed and the following substituted:

"(iii.1) commencing on January 1, 1989 and ending on December 31, 1991, 15%;

(iii.2) commencing on January 1, 1992, 17%".

Section 7.1 amended

8 Subclause 7.1(1)(c)(i) is amended by adding “and commenced business” after “was incorporated”.

Coming into force

9(1) Subject to subsection (2), this Act comes into force on the day of assent, but is retroactive and is deemed to have been in force on and from January 1, 1992.

(2) Section 8 of this Act comes into force on the day of assent, but is retroactive and is deemed to have been in force on and from March 26, 1986.