

2001

CHAPTER P-15.2

An Act respecting a Tax Credit for Political Contributions and making consequential amendments to certain other Acts

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(Assented to June 20, 2001)

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 Political Contributions Tax Credit Act*.

Interpretation

2(1) In this Act:

(a) “**campaign period**” means, with respect to an independent candidate, the period commencing on the day on which the candidate’s nomination paper is filed pursuant to section 44 of *The Election Act, 1996* and ending on polling day;

(b) “**eligible contribution**” means a contribution meeting the requirements of section 6 that is made to a registered political party or an independent candidate by a taxpayer;

(c) “**eligible issuer**” means a person who, pursuant to section 8, is eligible to issue tax receipts on behalf of a registered political party or an independent candidate;

(d) “**fund-raising function**” means a function to which admission is charged that is held by or on behalf of a registered political party or an independent candidate for the purpose of raising funds for the registered party or the independent candidate;

- (e) **“independent candidate”** means a candidate who is not endorsed by a registered political party;
- (f) **“monetary contribution”** means a contribution in the form of cash or in the form of a negotiable instrument issued by the taxpayer who makes the contribution, but does not include:
- (i) a contribution made by a business manager of a candidate or chief official agent of a registered political party, acting in that capacity, to another business manager or chief official agent;
 - (ii) a contribution with respect to which the taxpayer has received or is entitled to receive a financial benefit of any kind, other than a tax credit pursuant to this Act or any prescribed financial benefit from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from tax, allowance or otherwise; or
 - (iii) a contribution in the form of a repayable loan from a taxpayer;
- (g) **“prescribed”** means prescribed in the regulations;
- (h) **“tax credit”** means a tax credit described in section 4;
- (i) **“tax receipt”** means a receipt issued in accordance with section 9 by an eligible issuer to a taxpayer with respect to an eligible contribution made by the taxpayer in accordance with this Act;
- (j) **“tax receipt form”** means a form to be used for the purpose of issuing a tax receipt that meets the requirements of section 9.
- (2) Except to the extent that they conflict with a provision of this Act or the regulations:
- (a) the definitions set out in *The Election Act, 1996* and *The Income Tax Act, 2000* apply for the purposes of this Act; and
 - (b) terms used in this Act and either *The Election Act, 1996* or *The Income Tax Act, 2000* but not defined in any of those Acts have the meanings that would be ascribed to them as they are used in *The Election Act, 1996* or *The Income Tax Act, 2000*, as the case may be.

Application of Act

3 This Act applies:

- (a) with respect to an individual, to the 2001 taxation year and subsequent taxation years; and
- (b) with respect to a corporation, to taxation years of the corporation that end after December 31, 2000.

Entitlement to claim tax credit

4(1) Subject to subsection (2), a taxpayer is entitled to claim a tax credit for a taxation year in accordance with section 67.1 of *The Income Tax Act, 2000* with respect to eligible contributions made by the taxpayer in the taxation year in an amount calculated in accordance with section 5 of this Act.

(2) Where a taxpayer claims a tax credit for a taxation year pursuant to section 67.1 of *The Income Tax Act, 2000*, the taxpayer's annual return required pursuant to that Act for the taxation year is to be accompanied by tax receipts issued by eligible issuers for all eligible contributions with respect to which the tax credit is being claimed.

Calculation of tax credit

5(1) In this section, "**total**" means the total of the eligible contributions made by a taxpayer in a taxation year for which the taxpayer has a valid tax receipt.

(2) If the total is \$200 or less, the amount of the tax credit that a taxpayer is entitled to claim for a taxation year is 75% of the total.

(3) If the total is greater than \$200 but not greater than \$550, the amount of the tax credit that a taxpayer is entitled to claim for a taxation year is \$150 plus 50% of the amount by which the total exceeds \$200.

(4) If the total is greater than \$550, the amount of the tax credit that a taxpayer is entitled to claim for a taxation year is the lesser of:

- (a) \$325 plus $33\frac{1}{3}\%$ of the amount by which the total exceeds \$550; and
- (b) \$500.

Eligible contributions

6(1) Subject to subsections (2) to (5), the following are eligible contributions for which a tax receipt may be given by an eligible issuer:

- (a) an amount contributed on or after January 1, 2001 by a taxpayer to a registered political party;
- (b) an amount contributed by a taxpayer to an independent candidate during a campaign period that commences on or after January 1, 2001;
- (c) an amount paid on or after January 1, 2001 by a taxpayer to a registered political party as a membership fee.

(2) A contribution that contravenes any provision of sections 239 to 242 of *The Election Act, 1996* is not an eligible contribution.

(3) A contribution must be a monetary contribution in order to be an eligible contribution.

(4) Subject to subsection (5), the net proceeds of a ticket to a fund-raising function purchased by a taxpayer, calculated in accordance with section 7, is an eligible contribution.

(5) Where the total of the contributions made by a tax payer in a taxation year is less than \$25, the contributions are not eligible contributions.

Net proceeds of ticket

7 The net proceeds of a ticket to a fund-raising function is the amount NP calculated in accordance with the following formula:

$$NP = TP - \frac{C}{S}$$

where:

TP is the price of a ticket;

C is the total of the expenses incurred in holding the function; and

S is the number of tickets sold.

Eligible issuers

8(1) The chief official agent of a registered political party is eligible to issue tax receipts on behalf of the registered political party.

(2) The business manager of an independent candidate is eligible to issue tax receipts on behalf of the independent candidate if the validity of the candidate's nomination has been certified by the returning officer in accordance with subsection 48(2) of *The Election Act, 1996*.

Tax receipts

9(1) An eligible issuer must:

- (a) issue tax receipts on tax receipt forms approved or supplied by the Chief Electoral Officer;
- (b) ensure that all information required on a tax receipt form is complete; and
- (c) sign or attach a facsimile signature to each tax receipt that he or she issues.

(2) A tax receipt must contain a statement that it is an official receipt for income tax purposes.

(3) A tax receipt issued by the chief official agent of a registered political party must show clearly, in a manner that cannot readily be altered:

- (a) the full name of the registered political party;
- (b) the serial number of the receipt;
- (c) the name of the chief official agent;
- (d) where the contributor is an individual, the calendar year in which the contribution was received;
- (e) where the contributor is a corporation, the day on which the contribution was received;
- (f) the day on which the receipt was issued;
- (g) the name and address of the contributor;
- (h) where the contributor is a numbered corporation, the names of the president and chief executive officer of the corporation;
- (i) the amount of the contribution; and
- (j) any other prescribed information.

(4) A tax receipt issued by the business manager of an independent candidate must show clearly, in a manner that cannot readily be altered:

- (a) the full name of the independent candidate;
- (b) the serial number of the receipt;
- (c) the name of the business manager;
- (d) the day on which the contribution was received;
- (e) the day on which the receipt was issued;
- (f) the name and address of the contributor;

(g) where the contributor is a numbered corporation, the names of the president and chief executive officer of the corporation;

(h) the amount of the contribution; and

(i) any other prescribed information.

Prohibitions

10(1) No eligible issuer shall issue a tax receipt otherwise than:

(a) with respect to an eligible contribution; and

(b) to the contributor of the eligible contribution.

(2) No person other than an eligible issuer shall purport to issue a tax receipt.

Duties of eligible issuers

11(1) An eligible issuer must:

(a) keep for a period of five years records and books of account sufficient to enable the contributions received to be verified, including a copy of all tax receipts issued;

(b) where tax receipts have been issued with respect to the purchase of tickets to a fund-raising function, keep records and books of account sufficient to enable the expenses incurred in holding the function and the number of tickets sold to be verified; and

(c) make the records and books of account mentioned in clauses (a) and (b) available for inspection by a duly authorized representative of the Chief Electoral Officer.

(2) Subject to sections 12 to 15, an eligible issuer must retain all unused and spoiled tax receipt forms.

Report by eligible issuer after polling day

12(1) Within 30 days after a polling day, an eligible issuer who is the business manager of an independent candidate must:

(a) file a report in the prescribed form with the Chief Electoral Officer with respect to:

(i) the number of tax receipts issued with respect to the campaign period;

(ii) the number of tax receipt forms spoiled with respect to the campaign period;

(iii) the number of unused tax receipt forms in the possession of the eligible issuer; and

(iv) the total amount of contributions received for which tax receipts have been issued;

(b) submit to the Chief Electoral Officer a duplicate copy of each tax receipt issued with respect to the campaign period; and

(c) return all spoiled and unused tax receipt forms to the Chief Electoral Officer.

(2) Compliance with subsection (1) does not relieve the business manager of an independent candidate from the duty to make a full return in accordance with section 261 of *The Election Act, 1996*.

Annual report by eligible issuer

13(1) In this section, “**reporting period**” means a calendar year with respect to which a report is required pursuant to subsection (2).

(2) On or before the last day of April in each year, an eligible issuer who is the chief official agent of a registered political party must:

(a) file a report in the prescribed form with the Chief Electoral Officer with respect to:

(i) the number of tax receipts issued with respect to the reporting period;

(ii) the number of tax receipt forms spoiled with respect to the reporting period;

(iii) the number of unused tax receipt forms in the possession of the eligible issuer at the end of the reporting period; and

(iv) the total amount of contributions received for which tax receipts have been issued with respect to the reporting period;

(b) submit to the Chief Electoral Officer a duplicate copy of each tax receipt issued with respect to the reporting period; and

(c) return all spoiled tax receipt forms to the Chief Electoral Officer.

(3) Compliance with subsection (2) does not relieve the chief official agent of a registered political party from the duty to make a full return in accordance with section 250 of *The Election Act, 1996*.

Party deleted from register

14 Where a political party is deleted from the register pursuant to section 227 of *The Election Act, 1996*:

(a) on and after the day on which notice of the deletion is published in the Gazette, no person shall issue tax receipts on behalf of the political party; and

(b) within five days after the day on which notice of the deletion is published in the Gazette, the person who was the chief official agent of the political party when it was deleted from the register must:

(i) file a report in the prescribed form with the Chief Electoral Officer with respect to:

(A) the number of tax receipts issued since the last annual report;

(B) the number of tax receipt forms spoiled since the last annual report;

(C) the number of unused tax receipt forms in the possession of the person who was the chief official agent; and

(D) the total amount of contributions received for which receipts have been issued since the last annual report;

(ii) submit to the Chief Electoral Officer a duplicate copy of each tax receipt issued since the last annual report; and

(iii) return all spoiled and unused tax receipt forms to the Chief Electoral Officer.

Withdrawal or death of candidate

15 Where an independent candidate dies or withdraws from an election:

- (a) on and after the date of death or withdrawal, no person shall issue tax receipts on behalf of the independent candidate; and
- (b) within five days after the date of death or withdrawal, the person who was the business manager of the deceased candidate or former candidate must:
 - (i) file a report in the prescribed form with the Chief Electoral Officer with respect to:
 - (A) the number of tax receipts issued with respect to the campaign period;
 - (B) the number of tax receipt forms spoiled with respect to the campaign period;
 - (C) the number of unused tax receipt forms in the possession of the person who was the business manager; and
 - (D) the total amount of contributions received for which receipts have been issued;
 - (ii) submit to the Chief Electoral Officer a duplicate copy of each tax receipt issued with respect to the campaign period; and
 - (iii) return all spoiled and unused tax receipt forms to the Chief Electoral Officer.

Certain provisions of *The Election Act, 1996* adopted

16(1) Subsection 7(1) and sections 280 to 285 of *The Election Act, 1996* apply, with any necessary modification, for the purposes of this Act.

(2) Section 232 of *The Election Act, 1996* applies, with any necessary modification, to a report filed pursuant to clause 12(1)(a) or 13(2)(a) or subclause 14(b)(i) or 15(b)(i).

Access to records, provision of information for tax purposes

17(1) For the purposes of administering and enforcing this Act and *The Income Tax Act, 2000*, the Chief Electoral Officer shall:

- (a) on request, provide to the Minister of Finance any information to which the Chief Electoral Officer has access that is relevant to the determination of the amount or validity of a tax credit claimed by a taxpayer; and
 - (b) provide to a duly authorized representative of the Minister of Finance access to all records in the care or custody of the Chief Electoral Officer pursuant to this Act.
- (2) Where a collection agreement as defined in *The Income Tax Act, 2000* is in force, the Chief Electoral Officer shall:
- (a) on request, provide to the Commissioner of Customs and Revenue the information described in clause (1)(a); and
 - (b) provide to a duly authorized representative of the Commissioner of Customs and Revenue access to the records described in clause (1)(b).

Retention of reports, etc.

18 The Chief Electoral Officer shall retain, for a period of five years from the date of receipt, all reports and documents that are required by this Act to be filed with or submitted or returned to the Chief Electoral Officer.

Regulations

19(1) The Lieutenant Governor in Council may make regulations:

- (a) defining, enlarging or restricting the meaning of any word or phrase used in this Act but not defined in this Act;
- (b) governing the issuance of tax receipts;
- (c) prescribing any additional information that must be set out in a tax receipt;
- (d) respecting the determination of the net proceeds of a ticket to a fund-raising function;
- (e) prescribing the form and contents of any report or return required by this Act;
- (f) prescribing any matter or thing required or authorized by this Act to be prescribed in the regulations;
- (g) respecting any other matter that the Lieutenant Governor in Council considers necessary to carry out the intent of this Act.

(2) A regulation made pursuant to this section may be made retroactive to a day not earlier than January 1, 2001.

Offence and penalty

20 Every person who contravenes a provision of this Act is guilty of an offence and is liable on summary conviction to a fine of not more than \$5,000, to imprisonment for a term not exceeding two years, or to both.

S.S. 1996, c.E-6.01 amended

21 Sections 272 to 276 of *The Election Act, 1996* are repealed.

S.S. 2000, c.I-2.01 amended

22 *The Income Tax Act, 2000* is amended by adding the following section after section 67:

“Political contributions credit

67.1 There may be deducted from the tax otherwise payable pursuant to this Act for a taxation year by a taxpayer a political contributions credit in an amount equal to the tax credits allowed for the taxation year by section 4 of *The Political Contributions Tax Credit Act*”.

Coming into force

23 This Act comes into force on assent but is retroactive and is deemed to have been in force on and from January 1, 2001.