

# BILL

No. 22

## An Act to amend *The Income Tax Act, 2000* and to repeal *The Active Families Benefit Act*

(Assented to \_\_\_\_\_)

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, 2016*.

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

2 *The Income Tax Act, 2000* is amended in the manner set forth in this Act.

### Section 9 amended

**3(1) Subsection 9(1) is amended in the portion preceding clause (a) by striking out “subsections (3) and (4), the tax payable by an individual described in clause 6(1)(a) that is an *inter vivos* trust” and substituting “subsection (3), the tax payable by an individual described in clause 6(1)(a) that is a trust”.**

**(2) Subsection 9(2) is amended in the portion preceding the formula by striking out “subsections (3) and (4), the tax payable for a taxation year by an individual described in clause 6(1)(b) or (c) that is an *inter vivos* trust” and substituting “subsection (3), the tax payable for a taxation year by an individual described in clause 6(1)(b) or (c) that is a trust”.**

**(3) Subsection 9(3) is repealed and the following substituted:**

“(3) Section 122 of the federal Act applies for the purposes of this Act”.

**(4) Subsection 9(4) is repealed.**

### Section 19.2 amended

**4(1) Subsection 19.2(1) is amended by striking out “subsections (2), (3) and (4)” and substituting “subsections (2) to (5)”.**

**(2) The following subsection is added after subsection 19.2(4):**

“(5) No amount is to be deducted as a first-time homebuyers’ credit if the individual has received a Graduate Retention Program First Home Plan loan, as provided pursuant to *The Saskatchewan Housing Corporation Act*”.

**New section 21****5 Section 21 is repealed and the following substituted:****“Charitable and other gifts credit**

**21(1)** Subject to subsections (2) and (4), for the purpose of computing the tax payable pursuant to this Act for a taxation year by an individual, there may be deducted a credit with respect to ‘total gifts’ as defined in section 118.1 of the federal Act in an amount determined pursuant to subsection (3).

(2) In applying the definitions of ‘total charitable gifts’, ‘total cultural gifts’ and ‘total ecological gifts’ in subsection 118.1(1) of the federal Act for the purposes of this section, the words ‘to the extent it is not otherwise included in determining an amount that is deducted under this section in computing any individual’s tax payable under this Part for any taxation year’ in those definitions are to be read as ‘to the extent it is not otherwise included in determining an amount that is deducted for any taxation year pursuant to this section in computing any individual’s tax payable pursuant to this Act or pursuant to section 118.1 of the federal Act in computing any individual’s tax payable pursuant to Part 1 of the federal Act’.

(3) The credit with respect to total gifts for the taxation year is the amount CC determined in accordance with the following formula:

$$CC = (A \times B) + [C \times (D - B)]$$

where:

A is the appropriate percentage for the taxation year;

B is the lesser of \$200 and the individual’s total gifts for the taxation year;

C is the percentage set out in clause 8(3)(c) for the taxation year; and

D is the individual’s total gifts for the taxation year.

(4) The amount of the total gifts claimed by an individual pursuant to this section for a taxation year must be the same as the amount of the total gifts claimed by the individual pursuant to section 118.1 of the federal Act for the taxation year”.

**Section 32 amended****6 Section 32 is amended:**

(a) **by striking out “and” after clause (f);**

(b) **in clause (g) by striking out the portion preceding subclause (i) and substituting the following:**

“for the 2014 and 2015 taxation years, the total of:”;

(c) **by adding “and” after clause (g); and**

(d) **by adding the following clause after clause (g):**

“(h) for the 2016 taxation year and subsequent taxation years, the total of:

(i) 23.173% of any amount required by subparagraph 82(1)(b)(i) of the federal Act to be included in computing the individual’s income for the year; and

(ii) 39.95% of any amount required by subparagraph 82(1)(b)(ii) of the federal Act to be included in computing the individual’s income for the year”.

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**Section 39.2 repealed**

**7 Section 39.2 is repealed.**

**Section 42 amended**

**8 Subsections 42(3) and (4) are repealed.**

**Section 64.3 amended**

**9(1) Subclause 64.3(1)(f)(ii) is repealed and the following substituted:**

“(ii) seasonal or temporary employees, or independent contractors”.

**(2) Subsection 64.3(8) is amended in the portion preceding the formula by striking out “and (15)” and substituting “, (15) and (15.1)”.**

**(3) The following subsection is added after subsection 64.3(15):**

“(15.1) For the purpose of calculating the hiring tax credit of an eligible corporation:

(a) employees who have been transferred to the eligible corporation from a related person or associated corporation are not to be included in the calculation of the eligible corporation’s CYEL if, in the opinion of the minister, the transfer has not created net new Saskatchewan-based jobs; and

(b) employees who have been converted from independent contractors of the eligible corporation are not to be included in the calculation of the eligible corporation’s CYEL if, in the opinion of the minister, the conversion has not created net new Saskatchewan-based jobs”.

**Section 64.4 amended**

**10(1) Subclause 64.4(1)(f)(ii) is repealed and the following substituted:**

“(ii) seasonal or temporary employees, or independent contractors”.

**(2) Subsection 64.4(8) is amended in the portion preceding the formula by striking out “and (15)” and substituting “, (15) and (15.1)”.**

**(3) The following subsection is added after subsection 64.4(15):**

“(15.1) For the purpose of calculating the head office tax credit of an eligible corporation:

(a) employees who have been transferred to the eligible corporation from a related person or associated corporation are not to be included in the calculation of the eligible corporation’s CYEL if, in the opinion of the minister, the transfer has not created net new Saskatchewan-based jobs; and

(b) employees who have been converted from independent contractors of the eligible corporation are not to be included in the calculation of the eligible corporation’s CYEL if, in the opinion of the minister, the conversion has not created net new Saskatchewan-based jobs”.

**Section 64.5 amended****11(1) Subsection 64.5(1) is amended:****(a) by repealing clause (c) and substituting the following:**

“(c) ‘**eligible tax**’ is the amount ET determined in accordance with the following formula:

$$ET = TT \times AR$$

where:

TT is total tax for the taxation year of the eligible corporation; and

AR is the average of all amounts PLR calculated in accordance with subsection (1.1) with respect to each product line”;

**(b) in clause (d) by adding “for a product line” after “nameplate capacity”;****(c) in clause (e) by adding “for a product line” after “nameplate capacity”;****(d) in clause (f) by adding “for a product line” after “tonnes”; and****(e) by adding the following clause after clause (g):**

“(g.1) ‘**product line**’ means a primary steel product or group of related primary steel products, as approved by the minister”.

**(2) The following subsection is added after subsection 64.5(1):**

“(1.1) For the purposes of clause (1)(c), the amount PLR with respect to a product line is calculated in accordance with the following formula:

$$PLR = \frac{EC - IC}{EC}$$

where:

EC is expanded productive capacity of the eligible corporation; and

IC is initial productive capacity of the eligible corporation”.

**S.S. 2008, c.A-4.01 repealed**

**12** *The Active Families Benefit Act* is repealed.

**Coming into force**

**13(1)** Subject to subsections (2) and (3), this Act comes into force on assent but is retroactive and is deemed to have been in force on and from January 1, 2016.

(2) Sections 9 and 10 come into force on assent but are retroactive and are deemed to have been in force on and from January 1, 2015.

(3) Section 11 comes into force on assent but is retroactive and is deemed to have been in force on and from March 19, 2015.



FIRST SESSION

# Twenty-eighth Legislature

SASKATCHEWAN

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## B I L L

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to repeal *The Active Families Benefit Act*

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Received and read the

First time

Second time

Third time

And passed

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Honourable Kevin Doherty

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