

BILL

No. 35

An Act to amend *The Income Tax Act, 2000*

(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, 2008*.

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 14 amended

3 Section 14 is amended:

(a) by striking out the formula and substituting the following:

“ $D = AP \times (\$8,190 + \$13,987 - PI)$ ”; and

(b) in the description of the amount PI by striking out “\$11,953” and substituting “\$13,987”.

Section 15 amended

4 Section 15 is amended:

(a) by striking out the formula and substituting the following:

“ $E = AP \times (\$8,190 + \$5,811 - PI)$ ”; and

(b) in the description of the amount PI by striking out “\$4,966” and substituting “\$5,811”.

Section 23 amended

5(1) The formula in subsection 23(1) is amended by striking out “\$6,000” and substituting “\$8,190”.

(2) Subsection 23(2) is amended:

(a) by striking out the formula and substituting the following:

“ $S = AP \times [\$8,190 - (C - \$2,399)]$ ”; and

(b) in clause (a) of the description of the amount C by striking out “\$2,050” and substituting “\$2,399”.

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New sections 39.1 and 39.2

6 The following sections are added after section 39:

“Graduate tuition rebate

39.1(1) In this section:

- (a) **‘eligible individual’**, with respect to a taxation year, means an individual:
 - (i) who was resident in Saskatchewan on the last day of the taxation year; and
 - (ii) to whom a tuition rebate eligibility certificate has been issued;
- (b) **‘eligible program’** means an eligible program as defined in section 2 of *The Graduate Retention Program Act*;
- (c) **‘graduate tuition rebate’**, for a taxation year with respect to a tuition rebate eligibility certificate, means the amount determined in accordance with subsection (6);
- (d) **‘total eligible tuition amount’**, with respect to a tuition rebate eligibility certificate, means, subject to subsection (5), the lesser of:
 - (i) the total of the tuition fees:
 - (A) paid for the enrolment of the individual in eligible programs during any period after December 31, 2004; and
 - (B) verified by tuition receipts; and
 - (ii) the tuition rebate maximum applicable to the eligible program from which the individual graduated as set out in the tuition rebate eligibility certificate;
- (e) **‘tuition fees’** means, subject to subsection (3), amounts that are eligible to be used to claim a credit pursuant to section 118.5 of the federal Act for a taxation year;
- (f) **‘tuition rebate eligibility certificate’** means a tuition rebate eligibility certificate that is issued to an individual pursuant to section 4 of *The Graduate Retention Program Act* and that sets out:
 - (i) the name and social insurance number of the individual to whom the certificate is issued;
 - (ii) the eligible program from which the individual graduated and to which the certificate relates;
 - (iii) the taxation year in which the individual graduated from the eligible program; and
 - (iv) the tuition rebate maximum applicable to the eligible program;
- (g) **‘tuition rebate maximum’**, with respect to an eligible program, means the tuition rebate maximum determined pursuant to *The Graduate Retention Program Act*;

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(h) **‘tuition receipt’** means a receipt or other documentation acceptable to the minister that verifies to the satisfaction of the minister the tuition fees paid for the enrolment of an individual in an eligible program during any period after December 31, 2004;

(i) **‘year of graduation’**, with respect to a tuition rebate eligibility certificate, means:

(i) in the case of an individual who graduated from an eligible program in 2006 or 2007 as set out in the tuition rebate eligibility certificate, the 2008 taxation year; and

(ii) in any other case, the taxation year in which an individual graduated from an eligible program as set out in the tuition rebate eligibility certificate.

(2) For the purposes of this section, an individual who dies while resident in Saskatchewan is deemed to be resident in Saskatchewan on the last day of the taxation year in which the individual dies.

(3) For the purposes of clause (1)(e):

(a) paragraph 118.5(1)(a) of the federal Act is to be read without reference to subparagraphs (iii) to (v); and

(b) subsection 118(5) of the federal Act is to be read without reference to paragraphs (b) and (c).

(4) Subject to subsection (7), an eligible individual may claim a graduate tuition rebate for a taxation year in accordance with this section with respect to each tuition rebate eligibility certificate issued to the eligible individual.

(5) An individual who claims an amount of tuition fees pursuant to this section with respect to a tuition rebate eligibility certificate shall not claim that amount with respect to any other tuition rebate eligibility certificate.

(6) An eligible individual's graduate tuition rebate for a taxation year with respect to a tuition rebate eligibility certificate is:

(a) for the taxation year that is the year of graduation, 10% of the total eligible tuition amount;

(b) for the first taxation year following the year of graduation, 10% of the total eligible tuition amount;

(c) for the second taxation year following the year of graduation, 10% of the total eligible tuition amount;

(d) for the third taxation year following the year of graduation, 10% of the total eligible tuition amount;

(e) for the fourth taxation year following the year of graduation, 20% of the total eligible tuition amount;

(f) for the fifth taxation year following the year of graduation, 20% of the total eligible tuition amount; and

(g) for the sixth taxation year following the year of graduation, 20% of the total eligible tuition amount.

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(7) The total amount of all graduate tuition rebates to which an individual is entitled pursuant to this section shall not exceed \$20,000 in the individual's lifetime.

(8) To claim a graduate tuition rebate with respect to a tuition rebate eligibility certificate, an eligible individual to whom the certificate was issued must file the tuition rebate eligibility certificate with the eligible individual's return of income for the taxation year in which the tuition rebate eligibility certificate was issued.

(9) If an eligible individual claims a graduate tuition rebate with respect to one or more tuition rebate eligibility certificates in accordance with this section for a taxation year, an amount equal to the total of the eligible individual's graduate tuition rebates for that taxation year is deemed to be an amount paid by the eligible individual on account of the eligible individual's tax payable pursuant to this Act for the taxation year.

(10) An eligible individual who claims a graduate tuition rebate shall:

(a) retain all tuition receipts related to the total eligible tuition amount with respect to which the graduate tuition rebate is claimed until the expiration of six years from the last day of the last taxation year for which a graduate tuition rebate may be claimed with respect to that total eligible tuition amount; and

(b) provide the tuition receipts described in clause (a) to the minister on request.

“Active families benefit amount

39.2(1) In this section:

(a) **‘active families benefit amount’** means an active families benefit amount determined in accordance with section 3 of *The Active Families Benefit Act*;

(b) **‘eligible child’** means an eligible child as defined in *The Active Families Benefit Act*;

(c) **‘eligible individual’** means, with respect to a taxation year, an individual who:

(i) was an eligible individual, as defined in *The Active Families Benefit Act*, with respect to an eligible child for that taxation year; and

(ii) was resident in Saskatchewan on the last day of the taxation year.

(2) Subject to subsection (3), an eligible individual may claim an active families benefit amount for a taxation year with respect to each child who is an eligible child of the eligible individual for that taxation year by filing with the eligible individual's return of income for the taxation year the form described in subsection 4(4) of *The Active Families Benefit Act*.

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(3) Only one individual may claim an active families benefit amount with respect to a child for a taxation year.

(4) If an eligible individual claims an active families benefit amount in accordance with subsection (2) for a taxation year with respect to an eligible child, an amount equal to the active families benefit amount of the eligible individual for the taxation year is deemed to be an amount paid by the eligible individual on account of the eligible individual's tax payable pursuant to this Act for the taxation year”.

Section 40 amended

7 The portion of subsection 40(1) preceding clause (a) is amended by striking out “this Division” and substituting “section 38 or 39”.

Section 42 amended

8 The following subsections are added after subsection 42(2):

“(3) Notwithstanding sections 39.1 and 39.2 but subject to subsection (4), for the purpose of computing amounts deemed pursuant to subsections 39.1(9) and 39.2(4) to have been paid by an individual on account of the individual's tax payable pursuant to this Act for a taxation year that ends in a calendar year in which the individual becomes bankrupt, the individual is allowed, of the amounts that the individual is deemed to have paid pursuant to any of those provisions on account of the individual's tax payable pursuant to this Act for a taxation year, only the parts that can reasonably be considered applicable to the taxation year.

“(4) The total of the amounts deemed to have been paid in accordance with subsection (3) for all taxation years of the individual in the calendar year pursuant to any of the provisions mentioned in subsection (3) cannot exceed the amount that would have been deemed to have been paid pursuant to that provision with respect to the calendar year if the individual had not become bankrupt”.

Section 51 amended

9(1) Subsection 51(1) is amended by adding “, (6.3), (6.4)” after “(6.2)” wherever it appears.

(2) Subsection 51(6.2) is repealed and the following substituted:

“(6.2) Each of the amounts expressed in dollars in section 17 and clause 22(2)(b) is to be adjusted:

(a) in accordance with subsection (5) for the 2005, 2006 and 2007 taxation years; and

(b) in accordance with subsection (3) for the 2008 taxation year and each subsequent taxation year.

“(6.3) For the 2005, 2006 and 2007 taxation years, each of the amounts expressed in dollars in sections 14, 15 and 23 as those sections existed on December 31, 2007 is to be adjusted in accordance with subsection (5).

“(6.4) Each of the amounts expressed in dollars in sections 14, 15 and 23 is to be adjusted in accordance with subsection (3) for the 2009 taxation year and each subsequent taxation year”.

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Section 124 amended

10 Clause 124(1)(g) is amended by striking out “a provision of Division 4 of Part II” and substituting “section 38 or 39”.

Coming into force

11(1) Subject to subsections (2) to (4), this Act comes into force on assent.

(2) Sections 3, 4, 5, 7, 8, 9 and 10 of this Act come into force on assent but are retroactive and are deemed to have been in force on and from January 1, 2008.

(3) Section 39.1 of *The Income Tax Act, 2000*, as being enacted by section 6 of this Act, comes into force on assent but is retroactive and is deemed to have been in force on and from January 1, 2008.

(4) Section 39.2 of *The Income Tax Act, 2000*, as being enacted by section 6 of this Act, comes into force on January 1, 2009.