

1988-89

## CHAPTER 38

## An Act to amend The Corporation Capital Tax Act

(Assented to June 29, 1988)

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 Corporation Capital Tax Amendment Act, 1988*.  
S.S. 1979-80, c.C-38.1

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

**Section 2 amended**

**3(1) Clause 2(g) is amended:**

- (a) by striking out “and” after subclause (ii);
- (b) by adding “and” after subclause (iii); and
- (c) by adding the following subclause after subclause (iii):  
“(iv) a resource corporation”.

**(2) The following clauses are added after clause 2(v):**

**“related group”**

“(v.1) **‘related group’** means a group of persons of which each member is related to every other member of the group;

**“related persons” or “persons related to each other”**

“(v.2) **‘related persons’ or ‘persons related to each other’** means:

- (i) individuals connected by blood relationship, marriage or adoption;
- (ii) a corporation and:
  - (A) a person who controls the corporation, where it is controlled by one person;
  - (B) a person who is a member of a related group that controls the corporation; or
  - (C) any person related to a person described in paragraph (A) or (B); or
- (iii) any two corporations where:
  - (A) they are controlled by the same person or the same group of persons;
  - (B) each of the corporations is controlled by one person and the person who controls one of the corporations is related to the person who controls the other corporation;
  - (C) one of the corporations is controlled by one person and that person is related to any member of a related group that controls the other corporation;

(D) one of the corporations is controlled by one person and that person is related to each member of an unrelated group that controls the other corporation;

(E) any member of a related group that controls one of the corporations is related to each member of an unrelated group that controls the other corporation; or

(F) each member of an unrelated group that controls one of the corporations is related to at least one member of an unrelated group that controls the other corporation”.

**(3) The following clause is added after clause 2(x):**

“resource corporation”

“(x.1) ‘resource corporation’ means a resource corporation as defined in the regulations”.

**(4) The following clause is added after clause 2(ii):**

“value of resource sales”

“(jj) ‘value of resource sales’ means the value of resource sales as defined in the regulations”.

Section 3 amended

**4 The following subsection is added after subsection 3(1):**

“(1.1) Subject to subsection (2), for the period commencing on or after July 1, 1988, every resource corporation is liable, in addition to the liability imposed pursuant to subsection (1), to pay to the Crown a tax as computed in section 13.1”.

Section 6 amended

**5 Subsection 6(1) is repealed.**

New section 12

**6 Section 12 is repealed and the following substituted:**

- (a) taxable paid-up capital;
- (b) taxable paid-up capital employed in Canada; or
- (c) value of resource sales;

no reduction may be made with respect to any transaction that would unduly or artificially reduce the taxable paid-up capital, taxable paid-up capital employed in Canada or value of resource sales of the corporation, as the case may be.

“(2) If as a result of a transaction or event, or series of transactions or events, the minister believes that one of the purposes of the transaction, event or series of transactions or events is to unduly or artificially reduce the liability for tax, the minister may:

- (a) prorate the deduction permitted in clause 9(1)(a) among two or more corporations which are related persons; or
- (b) calculate the tax payable as if that transaction or event or series of transactions or events had not occurred and, for that purpose, may estimate the tax that would have been payable had the transaction or event, or series of transactions or events not occurred”.

**New section 13.1****7 The following section is added after section 13:****Additional tax**

**“13.1** In addition to the tax payable pursuant to subsection 13(1), a resource corporation shall, with respect to the period commencing on or after July 1, 1988, pay tax in an amount equal to the positive difference between:

- (a) 2% of the corporation's value of resource sales in the fiscal year; and
- (b) the tax payable pursuant to this Act determined in accordance with subsection 13(1)”.

**Section 14 amended**

**8 Subsection 14(1) is amended by adding “pursuant to subsection 13(1)” after “tax payable”.**

**New section 17**

**9 Section 17 is repealed and the following substituted:**

**Returns**

**“17(1)** In this section, ‘**corporation**’ means a corporation that is liable to pay tax and that has:

- (a) taxable paid-up capital or taxable paid-up capital employed in Canada; or
- (b) a value of resource sales in its fiscal year, for the period commencing on or after July 1, 1988.

**“(2)** Every corporation shall, on or before the last day of the month that ends six months following the close of its fiscal year, without notice or demand:

- (a) file a corporation capital tax return for the fiscal year with the minister or with any appointed officer; and
- (b) pay to the minister the tax payable for the fiscal year, less the amount of any payments made in respect of the fiscal year pursuant to section 24”.

**New section 24.1**

**10 The following section is added after section 24:**

**Powers of officers**

**“24.1** Notwithstanding any other Act or agreement, for the purpose of enforcing and administering this Act and *The Department of Revenue and Financial Services Act*, officers of the department and of the Department of Energy and Mines are authorized to:

- (a) inspect any return, record or information submitted to the other department by a resource corporation; and
- (b) exchange any return, record or information with the other department”.

**Section 58 amended**

**11 The following clause is added after clause 58(1)(i):**

**“(i.1)** prescribing rules for determining the value of resources sales”.

**Coming into force**

**12** This Act comes into force on July 1, 1988.

