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c 16 The Corporations Tax Amendment Act 1977 (No 1.)

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CHAPTER 16

An Act to amend The Corporations Tax Act, 1972*Assented to July 12th, 1977*

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

1. Subsection 1 of section 24 of *The Corporations Tax Act, 1972*, ^{s. 24 (1), amended} being chapter 143, as amended by the Statutes of Ontario, 1973, chapter 157, section 5, 1974, chapter 75, section 3, 1975, chapter 17, section 8 and 1976, chapter 32, section 4, is further amended by adding thereto the following clause:

(x) such amount as is allowed to the corporation by regulation in respect of oil or gas resources in Canada, as defined by regulation. ^{Resource allowance}

2. Subsections 1 and 2 of section 62 of the said Act, as re-enacted ^{s. 62 (1. 2), re-enacted} by the Statutes of Ontario, 1974, chapter 75, section 4, are repealed and the following substituted therefor:

(1) Except as otherwise provided in this section, there may be deducted in computing a corporation's income for a fiscal year such amount as an allowance, if any, in respect of, ^{Allowance for oil or gas well, mine or timber limit}

(a) an oil or gas well, mineral resource or timber limit; or

(b) the processing, to the prime metal stage or its equivalent, of ore from a mineral resource,

as is allowed by regulation.

(2) For greater certainty, it is hereby declared that, in ^{Regulations} the case of a regulation made under subsection 1,

(a) there may be prescribed by such regulation an amount in respect of any or all,

- (i) oil or gas wells or mineral resources in which the corporation has an interest, or
- (ii) processing operations described in clause *b* of subsection 1 that are carried on by the corporation; and

(*b*) notwithstanding any other provision in this Act, the Lieutenant Governor in Council may prescribe the formula by which the amount that may be allowed to the corporation by such regulation shall be determined.

s. 126 (2) (*b*),
re-enacted

3. Clause *b* of subsection 2 of section 126 of the said Act, as enacted by the Statutes of Ontario, 1973, chapter 42, section 11, is repealed and the following substituted therefor:

(*b*) its rest account and all its reserves, whether created from income or otherwise, except any reserve the creation of which is allowed as a charge against income under the provisions of Part II; and

ss. 131, 132,
re-enacted

4. Sections 131 and 132 of the said Act, as re-enacted by the Statutes of Ontario, 1973, chapter 42, sections 14 and 15, respectively, are repealed and the following substituted therefor:

Rate of
capital tax
on non-
banking
corporations

131.—(1) Except as provided in subsection 2, the tax payable under this Part by a corporation for a fiscal year calculated upon its taxable paid-up capital or taxable paid-up capital employed in Canada, as the case may be, in this subsection referred to as the "amount taxable", is three-tenths of 1 per cent of the amount taxable.

Rate of
capital tax
on banks

(2) The tax payable under this Part by a bank for a fiscal year calculated upon its taxable paid-up capital, in this subsection referred to as the "amount taxable", is three-fifths of 1 per cent of the amount taxable.

Deductions
from tax on
paid-up
capital

132.—(1) Except as provided in subsection 2, there may be deducted from the tax otherwise payable under this Part by a corporation for a fiscal year an amount equal to three-tenths of 1 per cent of that portion of the taxable paid-up capital or taxable paid-up capital employed in Canada, as the case may be, that is deemed to be used by the corporation in the fiscal year in each jurisdiction outside Ontario determined under rules prescribed by the regulations.

(2) There may be deducted from the tax otherwise payable under this Part by a bank for a fiscal year an amount equal to three-fifths of 1 per cent of that portion of its taxable paid-up capital, that is deemed to be used by the bank in the fiscal year in each jurisdiction outside Ontario determined under rules prescribed by the regulations. Idem

5. The said Act is amended by adding thereto the following section: s. 133a,
enacted

133a.—(1) Notwithstanding sections 131 and 132 and except as provided in subsections 1 and 2 of section 135, the tax payable under this Part shall be, Flat rate
tax

(a) \$50, where the taxable paid-up capital used in Ontario does not exceed \$50,000; or

(b) \$100, where the taxable paid-up capital used in Ontario exceeds \$50,000 but does not exceed \$100,000.

(2) For the purposes of subsection 1, "taxable paid-up capital used in Ontario" means the taxable paid-up capital, or taxable paid-up capital employed in Canada, as the case may be, less that portion thereof that is deemed to be used by the corporation in the fiscal year in a jurisdiction outside Ontario determined under rules prescribed by the regulations. Interpre-
tation

6. Section 136 of the said Act is repealed and the following substituted therefor: s. 136,
re-enacted

136. Subject to section 133, where a corporation has a fiscal year of less than 365 days, the tax otherwise payable by it under this Part shall be in the proportion thereof that the number of days of such fiscal year bears to 365, except that this section does not apply, Apportion-
ment of
capital tax

(a) to any corporation to which section 135 applies; or

(b) to any corporation the fiscal year of which does not end on the same date each year, but that has been accepted for purposes of assessment under this Act.

- 7.—(1) This Act, except sections 4 and 5, comes into force on the day it receives Royal Assent. Commence-
ment and
application

(2) Section 4 shall be deemed to have come into force on the 20th day of April, 1977 and applies to corporations. Idem

in respect of all fiscal years ending after the 19th day of April, 1977, except that in determining the tax payable under Part III of the said Act, as amended by this Act, by a corporation in respect of which section 133a of the said Act is not applicable, for a fiscal year that ends after the 19th day of April, 1977 and that includes that day, the following rules apply,

- (a) determine the tax under Part III of the said Act, as amended by this Act that, but for the rules made applicable by this section, would be payable by the corporation for a fiscal year that ends after the 19th day of April, 1977 and that includes that day;
- (b) determine the proportion of the amount determined under clause *a* that the number of days of the fiscal year that follow the 19th day of April, 1977 bears to the total number of days of that fiscal year;
- (c) determine the tax that, but for the rules made applicable by this section, would be payable for the fiscal year that ends after the 19th day of April, 1977, and that includes that day, under Part III of the said Act, as that Part stood prior to the 20th day of April, 1977, and on the assumption that that Part was applicable to that fiscal year;
- (d) determine the proportion of the amount determined under clause *c* that the number of days of the fiscal year prior to the 20th day of April, 1977 bears to the total number of days of that fiscal year;
- (e) determine the aggregate of the amounts determined under clauses *b* and *d* in respect of the corporation,

and the aggregate determined under clause *e* is the tax under Part III of the said Act, as amended by this Act, that is payable by the corporation for its fiscal year that ends after the 19th day of April, 1977 and that includes that day.

Idem.

- (3) Section 5 shall be deemed to have come into force on the 20th day of April, 1977 and applies to corporations in respect of all fiscal years that end after the 19th day of April, 1977.

Short title

8. The short title of this Act is *The Corporations Tax Amendment Act, 1977*.