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CHAIR:

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2nd SESSION, 66th GENERAL ASSEMBLY
Province of Prince Edward Island
71 ELIZABETH II, 2022

(Bill No. 63)

An Act to Amend the Income Tax Act (No. 2)

Hon. Darlene Compton
Minister of Finance

GOVERNMENT BILL

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Acting Queen's Printer
Charlottetown, Prince Edward Island



AN ACT TO AMEND THE INCOME TAX ACT (NO. 2)

BILL NO. 63

2022

BE IT ENACTED by the Lieutenant Governor and the Legislative Assembly of the Province of Prince Edward Island as follows:

1. Clauses 9(1)(a), (b) and (c) of the *Income Tax Act R.S.P.E.I. 1988, Cap. I-1*, are repealed and the following substituted:

- (a) in the case of an individual who at any time in the year is a married person or a person who is in a common-law partnership who supports the individual's spouse or common-law partner and is not living separate and apart from the spouse or common-law partner by reason of a breakdown of their marriage or common-law partnership, an amount equal to the total of
- (i) \$12,000, and
 - (ii) the amount determined by the formula

$$\$10,192 - (C - \$1,020)$$

where

C is the greater of \$1,020 and the income of the individual's spouse or common-law partner for the year or, where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the year because of a breakdown of their marriage or common-law partnership, the spouse's or common-law partner's income for the year while married or in a common-law partnership and not so separated;

- (b) in the case of an individual who does not claim a deduction for the year because of clause (a) and who, at any time in the year,
- (i) is
 - (A) a person who is unmarried and who does not live in a common-law partnership, or
 - (B) a person who is married or in a common-law partnership, who neither supported nor lived with the person's spouse or common-law partner and who is not supported by that spouse or common-law partner, and
 - (ii) whether alone or jointly with one or more other persons, maintains a self-contained domestic establishment (in which the individual lives) and actually supports in that establishment a person who, at that time, is
 - (A) except in the case of a child of the individual, resident in Canada,

- (B) wholly dependent for support on the individual, or the individual and the other person or persons, as the case may be,
- (C) related to the individual, and
- (D) except in the case of a parent or grandparent of the individual, either under eighteen years of age or so dependent by reason of mental or physical infirmity,

an amount equal to the total of

- (iii) \$12,000, and
- (iv) the amount determined by the formula

$$\$10,192 - (D - \$1,020)$$

where

D is the greater of \$1,020 and the dependent person's income for the year;

- (c) except in the case of an individual entitled to a deduction because of clause (a) or (b), \$12,000;

2. **Clause 12(1)(a) of the Act is amended by the deletion of the words “section 63, 64 or 118.2” and the substitution of the words “section 63, 64, 64.01 or 118.2”.**

3. **Section 29 of the Act is repealed and the following substituted:**

29. Tax on split income

Section 120.4 of the Federal Act applies for the purposes of this Act, except that

- (a) the reference to “29%” (or to the percentage that it is amended to read) in subsection 120.4(2) of the Federal Act shall be read, for the purposes of this Act, as a reference to the “highest percentage”; and
- (b) the reference to Canada shall be read as a reference to Canada.

4. **Paragraph 34(1)(b)(ii)(C) of the Act is amended by the deletion of the words “paragraphs 110(1)(d) to (d.3), (f), (g) and (j)” and the substitution of the words “paragraphs 110(1)(d) to (g)”.**

5. **The heading preceding section 36.2 of the Act and subsection 36.2(1) of the Act are repealed and the following substituted:**

Subdivision m - Volunteer Firefighter, Volunteer Search and Rescue Personnel Tax Credit

36.2 Volunteer firefighter and volunteer search and rescue personnel tax credit

- (1) For the purpose of computing the tax payable under this Part by an individual, other than an individual that is a trust, for a taxation year, there may be deducted the amount of \$1,000 where the individual
 - (a) is entitled to a deduction under section 118.06 or 118.07 of the Federal Act for the taxation year;

- (b) has not excluded all or part of the payments for volunteer services under subsection 81(4) of the Federal Act; and
 - (c) was residing in the province
 - (i) on December 31 of the taxation year, or
 - (ii) on the date of death, where the individual died in the year.
- 6. Section 43 of the Act is amended by the deletion of the words “153(1) to (3)” and the substitution of the words “153(1), 153(1.01), (1.1) to (3)”.**
- 7. Section 48 of the Act is amended by the deletion of the words “paragraphs 104(23)(d) and (e)” and the substitution of the words “paragraph 104(23)(d)”.**
- 8. Subsection 74(1) of the Act is amended by the deletion of the words “Sections 231 to 231.5” and the substitution of the words “Sections 231 to 231.8”.**
- 9. (1) Subsection 79(2) of the Act is amended**
- (a) in clause (a) by the deletion of the words “Island; or” and the substitution of the words “Island;”;
 - (b) in subclause (b)(ii) by the deletion of the words “subsection 89(2).” and the substitution of the words “subsection 89(2); or”; and
 - (c) by the addition of the following after clause (b):
 - (c) the Minister of National Revenue for Canada and the Minister of Finance for Canada, where that information is provided pursuant to subsection (3).
- (2) Section 79 of the Act is amended by the addition of the following after subsection (2):**
- Provision of information**
- (3) The Minister may provide any information obtained by or on behalf of the province for the purposes of this Act to an official of the Minister of Finance for Canada, solely for the purposes of the formulation of fiscal policy.
- 10. Subsection 82(1) of the Act is amended by the addition of the words “(6.1),” after the words “244(1) to (5).”.**
- 11. (1) Subject to this section, this Act comes into force on assent.**
- (2) Section 1 of this Act comes into force on January 1, 2023.
 - (3) Section 2 of this Act is deemed to have come into force on January 1, 2020.
 - (4) Section 3 of this Act is deemed to have come into force on January 1, 2022.
 - (5) Section 4 of this Act is deemed to have come into force on July 1, 2021.

- (6) Section 5 of this Act is deemed to have come into force on January 1, 2022.**
- (7) Section 6 of this Act is deemed to have come into force on March 25, 2020.**
- (8) Section 7 of this Act is deemed to have come into force on January 1, 2016.**
- (9) Section 8 of this Act is deemed to have come into force on June 14, 2001.**
- (10) Section 10 of this Act is deemed to have come into force on June 29, 2021.**



EXPLANATORY NOTES

SECTION 1 repeals clauses 9(1)(a), (b) and (c) of the *Income Tax Act* R.S.P.E.I. 1988, Cap. I-1, and substitutes new clauses (a), (b) and (c) that increase, as specified, the basic personal amount that may be claimed by the persons to whom those clauses apply.

SECTION 2 amends clause 12(1)(a) of the Act to incorporate a new reference to federal attendant care expenses.

SECTION 3 repeals section 29 of the Act and substitutes a new section 29 to clarify the application of section 120.4 of the Federal Act.

SECTION 4 amends paragraph 34(1)(b)(ii)(C) of the Act to update references to the Federal Act.

SECTION 5 repeals the heading preceding section 36.2 of the Act and subsection 36.2(1) of the Act and substitutes a new heading and subsection 36.2(1) to expand coverage to include eligible search and rescue personnel for the purposes of the tax credit available to volunteer firefighters and to increase the amount of the credit from \$500 to \$1,000.

SECTION 6 amends section 43 of the Act to update references to the Federal Act.

SECTION 7 amends section 48 of the Act to update references to the Federal Act.

SECTION 8 amends subsection 74(1) of the Act to update references to the Federal Act.

SECTION 9 amends section 79 of the Act to restore the exception to communication of information between the Minister of National Revenue for Canada and the Minister of Finance for Canada.

SECTION 10 amends subsection 82(1) of the Act to update references to the Federal Act respecting sending notice electronically.

SECTION 11 provides for the commencement of the Act.

(Bill No. 63)

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<i>STAGE:</i>	<i>DATE:</i>
<i>1st Reading:</i>	March 24, 2022
<i>2nd Reading:</i>	
<i>To Committee:</i>	
<i>Reported:</i>	
<i>3rd Reading and Pass:</i>	
<i>Assent:</i>	

SIGNATURES:

Honourable Antoinette Perry, Lieutenant Governor

Honourable Colin LaVie, Speaker

Joseph Jeffrey, Clerk

Hon. Darlene Compton
Minister of Finance

GOVERNMENT BILL

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