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1st SESSION, 67th GENERAL ASSEMBLY  
Province of Prince Edward Island  
3 CHARLES III, 2024

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**(Bill No. 66)**

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

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Hon. Jill Burrige  
Minister of Finance

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GOVERNMENT BILL

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Andrea MacRae  
Acting King's Printer  
Charlottetown, Prince Edward Island

**For House  
Use Only**

**Prince Edward Island  
Legislative Assembly**

**AMENDMENTS**

**ASSEMBLY / SESSION / YEAR**  
67th General Assembly / 1st / 2024

**BILL NUMBER: 66** PAGE No. 2 of 8 PAGES

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

#	SECTION	AMENDMENT	DATE

**NOTED:** \_\_\_\_\_ **CERTIFIED CORRECT:** \_\_\_\_\_  
**COMMITTEE CLERK** **CHAIR, IN COMMITTEE**



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

BILL NO. 66

2024

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

**1. Section 7 of the of the *Income Tax Act* R.S.P.E.I. 1988, Cap. I-1, is repealed and the following substituted:**

**7. Amount of tax payable**

The tax payable under this Part for a taxation year by an individual on the individual's taxable income or taxable income earned in Canada, as the case may be, (in this Division referred to as the "amount taxable") for the 2025 and subsequent taxation years is

- (a) 9.50% of the amount taxable if the amount taxable does not exceed \$33,328;
- (b) if the amount taxable exceeds \$33,328 and does not exceed \$64,656, the maximum amount determinable in respect of the taxation year under clause (a) plus 13.47% of the amount by which the amount taxable exceeds \$33,328 for the year;
- (c) if the amount taxable exceeds \$64,656 and does not exceed \$105,000, the maximum amount determinable in respect of the taxation year under clause (b) plus 16.60% of the amount by which the amount taxable exceeds \$64,656;
- (d) if the amount taxable exceeds \$105,000 and does not exceed \$140,000, the maximum amount determinable in respect of the taxation year under clause (c) plus 17.62% of the amount by which the amount taxable exceeds \$105,000; and
- (e) if the amount taxable exceeds \$140,000, the maximum amount determinable in respect of the taxation year under clause (d) plus 19.00% of the amount by which the amount taxable exceeds \$140,000.

**2. (1) Clauses 9(1)(a), (b) and (c) of the Act are repealed and the following substituted:**

**9. Personal Credits**

(1) For the purpose of computing the tax payable under this Part by an individual for a taxation year, there may be deducted an amount determined by the formula

$$A \times B$$

where

A is the appropriate percentage for the year; and

- B is the total of
- (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) \$14,250, and
  - (ii) the amount determined by the formula
$$\$12,103 - (C - \$1,210)$$

where

C is the greater of \$1,210 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 18 years of age or so dependent by reason of mental or physical infirmity,
- an amount equal to the total of
- (iii) \$14,250, and
  - (iv) the amount determined by the formula
$$\$12,103 - (D - \$1,210)$$

where

- D is the greater of \$1,210 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), \$14,250;

**(2) Subsection 9(2) of the Act is repealed and the following substituted:**

**Age credit**

- (2) For the purpose of computing the tax payable under this Part for a taxation year by an individual who, before the end of the year, has attained the age of 65 years, there may be deducted the amount determined by the formula

$$A \times (\$6,510 - B)$$

where

A is the appropriate percentage for the year; and

B is 15% of the amount, if any, by which the individual's income for the year would exceed \$36,600

if, in computing that income, no amount were included in respect of a gain from a disposition of property to which section 79 of the Federal Act applies and as if no amount were deductible under paragraph 20(1)(ww) of the Federal Act.

3. **Clause 32(2)(g) of the Act is amended by the deletion of the words “exceeds \$21,500” and the substitution of the words “exceeds \$22,250”.**
4. **The Act is amended by the addition of the following after section 36.3:**

*Subdivision n.1 – Child Benefit*

**36.3.1 Interpretation**

- (1) In this section,
- (a) **“adjusted income”** means adjusted income as defined in section 122.6 of the Federal Act;
  - (b) **“base taxation year”** means a base taxation year as defined in section 122.6 of the Federal Act;
  - (c) **“cohabiting spouse or common-law partner”** means a cohabiting spouse or common-law partner as defined in section 122.6 of the Federal Act;
  - (d) **“eligible individual”** means an eligible individual as defined in section 122.6 of the Federal Act;
  - (e) **“qualified dependant”** means a qualified dependant as defined in section 122.6 of the Federal Act;
  - (f) **“return of income”** means return of income as defined in section 122.6 of the Federal Act;
  - (g) **“shared-custody parent”** means a shared-custody parent as defined in section 122.6 of the Federal Act.

**Deemed overpayment**

- (2) If a person and, if the Minister so demands, the person's cohabiting spouse or common-law partner at the end of a taxation year have filed a return of income for the year, an overpayment on account of the person's liability under this Subdivision for the year is deemed to have arisen during a month in relation to which the year is the base taxation year, equal to the amount determined by the formula

$$(A \times B) / 12$$

where

- A is
- (a) \$360, if the eligible individual's adjusted income is less than \$45,000;
  - (b) \$240, if the eligible individual's adjusted income is \$45,000 or more but not more than \$80,000;
  - (c) \$0, if the eligible individual's adjusted income is more than \$80,000; and
- B is the number of qualified dependants in respect of whom the person was an eligible individual at the beginning of the month.

**Shared-custody parent**

- (3) Notwithstanding subsection (2), if an eligible individual is a shared-custody parent in respect of one or more qualified dependants at the beginning of a month, the overpayment deemed by subsection (2) to have arisen during the month is equal to the amount determined by the formula
- $$1/2 \times (A + B)$$

where

- A is the amount determined by the formula in subsection (2), calculated without reference to this subsection; and
- B is the amount determined by the formula in subsection (2), calculated without reference to this subsection and subparagraph (b)(ii) of the definition of “**eligible individual**” referred to in subsection (1).

**Application of Federal Act**

- (4) Subsections 122.61(3) and (3.1) and 122.62(1), (2), (4), (5), (6), (7), (8), (9), (10) and (11) of the Federal Act apply in respect of an overpayment.

**Amount not to be charged, etc.**

- (5) A refund of an amount deemed by this section to be an overpayment on account of a person's liability under this subdivision for a taxation year
- (a) shall not be subject to the operation of any law relating to bankruptcy or insolvency;
  - (b) cannot be assigned, charged, attached or given as security;
  - (c) does not qualify as a refund of tax for the purposes of the *Tax Rebate Discounting Act* (Canada);
  - (d) cannot be retained by way of deduction or set-off under the *Financial Administration Act* (Canada); and
  - (e) is not garnishable moneys for the purposes of the *Family Orders and Agreements Enforcement Assistance Act* (Canada).

5. **The Act is amended by the addition of the following heading immediately before section 36.4:**

*Subdivision o – Political Contribution Deduction*

6. **This Act comes into force on January 1, 2025.**

## EXPLANATORY NOTES

**SECTION 1** repeals section 7 of the *Income Tax Act* R.S.P.E.I. 1988, Cap.I-1, and substitutes a new section 7 that adjusts income bracket thresholds for the purpose of calculating the amount of tax payable for the 2025 taxation year.

**SECTION 2** amends clauses 9(1)(a), (b) and (c) and subsection 9(2) of the Act and substitutes new clauses 9(1)(a), (b) and (c) and a new subsection 9(2) to increase the basic personal amount for an individual under those clauses, and the amount of the age credit under subsection 9(2), for the 2025 taxation year.

**SECTION 3** amends clause 32(2)(g) of the Act to increase the maximum amount of the low income tax reduction that may be calculated in accordance with that clause for the taxation year 2025.

**SECTION 4** adds a new Subdivision n.1 to the Act to provide for a new Child Benefit. Subsection 36.3.1(1) provides that the specified definitions from the Federal Act apply for the purposes of the new Subdivision. Subsection 36.3.1(2) provides for the calculation of the benefit, including the applicable income thresholds. Subsection 36.3.1(3) applies the calculation to the situation of a shared-custody parent. Subsection 36.3.1(4) establishes the provisions of the Federal Act that apply to the new Subdivision. Subsection 36.3.1(5) provides that the amount of the Child Benefit is not subject to the operation of any law of bankruptcy or insolvency, cannot be assigned or given as security, does not qualify as a refund of tax as specified, cannot be retained as deduction or set-off under the *Financial Administration Act*, and is not garnishable moneys under the *Family Orders and Agreements Assistance Act* (Canada).

**SECTION 5** amends the Act by adding a heading immediately before section 36.4. This heading should have been added when section 36.4 was added to the Act, but was inadvertently omitted.

**SECTION 6** provides for the commencement of the Act.

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(Bill No. 66)

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

<i>STAGE:</i>	<i>DATE:</i>
<i>1st Reading:</i>	November 5, 2024
<i>2nd Reading:</i>	
<i>To Committee:</i>	
<i>Reported:</i>	
<i>3rd Reading and Pass:</i>	
<i>Assent:</i>	

**SIGNATURES:**

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Honourable Dr. Wassim Salamoun, Lieutenant Governor

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Honourable Darlene Compton, Speaker

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Joseph Jeffrey, Clerk

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Hon. Jill Burrige  
Minister of Finance

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GOVERNMENT BILL

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2024  
1st SESSION, 67th GENERAL ASSEMBLY