



1st SESSION, 66th GENERAL ASSEMBLY
Province of Prince Edward Island
68 ELIZABETH II, 2019

CHAPTER 7

(Bill No. 12)

An Act to Amend the Income Tax Act

Hon. Darlene Compton
Minister of Finance

GOVERNMENT BILL

Carol Mayne
Acting Queen's Printer
Charlottetown, Prince Edward Island



CHAPTER 7

AN ACT TO AMEND THE INCOME TAX ACT

(Assented to July 12, 2019)

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 I-1*, are repealed and the following substituted: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) \$10,000, and
 - (ii) the amount determined by the formula

$$\$8,493 - (C - \$849)$$

where

C is the greater of \$849 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) \$10,000, and
- (iv) the amount determined by the formula

$$\$8,493 - (D - \$849)$$

where

- D is the greater of \$849 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), \$10,000;

2. **Clause 32(2)(g) of the Act is amended by the deletion of the words "\$17,000" and the substitution of the words "\$18,000".**
3. **Subsection 37.11.3(2) of the Act is amended by the addition of the words "and ends before January 1, 2020" after the words "after January 1, 2019".**
4. **The Act is amended by the addition of the following after section 37.11.3:**

37.11.4 Where corporation eligible for small business deduction on or after January 1, 2020

- (1) Notwithstanding subsection 37(1), where in a taxation year a corporation, other than a credit union or a corporation to which subsection 137.1(9) of the Federal Act applies, is eligible for a deduction under subsection 125(1) of the Federal Act, the tax payable by that corporation under this Part for that taxation year is equal to the amount determined by the formula

$$(A \times B \times C/D) + (E \times (C - (B \times C/D)))$$

where

- A is 3%;
- B is the least of the amounts determined pursuant to paragraphs 125(1)(a), (b) and (c) of the Federal Act in respect of the corporation for the taxation year;
- C is the corporation's taxable income earned in the year in Prince Edward Island;
- D is the corporation's taxable income earned in the year in a province; and
- E is 16%.

Application

- (2) Subsection (1) applies in respect of a corporation's taxation year which begins on or after January 1, 2020.



Transitional

- (3) Where a corporation to which subsection (1) applies has a taxation year part of which is before January 1, 2020, the tax payable for the taxation year shall be calculated
- (a) by dividing the taxation year into two notional taxation years, the first ending on December 31, 2019, and the second beginning on January 1, 2020;
 - (b) by apportioning the taxable income earned in the taxation year between the two notional taxation years proportionately according to the number of days in each;
 - (c) by calculating
 - (i) tax for the first notional taxation year in accordance with subsection 37.11.3(1), and
 - (ii) tax for the second notional taxation year in accordance with subsection 37.11.4(1); and
 - (d) by adding together the amounts determined under clause (c).
- 5. This Act comes into force on January 1, 2020.**

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<i>STAGE:</i>	<i>DATE:</i>
<i>1st Reading:</i>	July 9, 2019
<i>2nd Reading:</i>	July 11, 2019
<i>To Committee:</i>	July 11, 2019
<i>Reported:</i>	July 11, 2019
<i>3rd Reading and Pass:</i>	July 12, 2019
<i>Assent:</i>	July 12, 2019

SIGNATURES:

Honourable Antoinette Perry, Lieutenant Governor

Honourable Colin LaVie, Speaker

Joseph Jeffrey, Clerk

Hon. Darlene Compton
Minister of Finance

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