



HOUSE USE ONLY

CHAIR:

WITH / WITHOUT

1st SESSION, 67th GENERAL ASSEMBLY
Province of Prince Edward Island
1 CHARLES III, 2023

(Bill No. 14)

An Act to Amend the Income Tax Act

Hon. Jill Burridge
Minister of Finance

GOVERNMENT BILL

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



AN ACT TO AMEND THE INCOME TAX ACT

BILL NO. 14

2023

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

1. (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 I-1*, are repealed and the following substituted:

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) \$12,750, and

(ii) the amount determined by the formula

$$\$10,829 - (C - \$1,083)$$

where

C is the greater of \$1,083 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) \$12,750, and
 - (iv) the amount determined by the formula
$$\$10,829 - (D - \$1,083)$$

where

- D is the greater of \$1,083 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), \$12,750;

(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 sixty-five years, there may be deducted the amount determined by the formula

$$A \times (\$4,679 - B)$$

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 \$30,879
- 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.

2. Clause 32(2)(g) of the Act is amended by the deletion of the words "exceeds \$20,000" and the substitution of the words "exceeds \$20,750".

3. Section 7 of the Act 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 2024 and subsequent taxation years is

- (a) 9.65% of the amount taxable if the amount taxable does not exceed \$32,656;
- (b) if the amount taxable exceeds \$32,656 and does not exceed \$64,313, the maximum amount determinable in respect of the taxation year under clause (a) plus 13.63% of the amount by which the amount taxable exceeds \$32,656 for the year;
- (c) if the amount taxable exceeds \$64,313 and does not exceed \$105,000, the maximum amount determinable in respect of the taxation year under clause (b) plus 16.65% of the amount by which the amount taxable exceeds \$64,313;
- (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 18.00% 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 18.75% of the amount by which the amount taxable exceeds \$140,000.

4. (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) \$13,500, and
- (ii) the amount determined by the formula

$$\$11,466 - (C - \$1,147)$$

where

C is the greater of \$1,147 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) \$13,500, and
 - (iv) the amount determined by the formula
$$\$11,466 - (D - \$1,147)$$

where

- D is the greater of \$1,147 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), \$13,500;

(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 sixty-five years, there may be deducted the amount determined by the formula

$$A \times (\$5,595 - B)$$

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 \$33,740

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.

5. Subsection 11.1(1) of the Act is amended in item B by the deletion of the words "lesser of \$500" and the substitution of the words "lesser of \$1,000".

6. Section 31 of the Act is amended

- (a) **by renumbering it as subsection (1);**
- (b) **in subsection (1), by the addition of the words “ending before 2024” after the words “by an individual for a taxation year”; and**
- (c) **by the addition of the following after subsection (1):**

Applicable

- (2) Subsection (1) does not apply to taxation years ending after 2023.

7. Clause 32(2)(g) of the Act is amended by the deletion of the words “exceeds \$20,750” and the substitution of the words “exceeds \$21,500”.

8. (1) Sections 1 and 2 of this Act are deemed to have come into force on January 1, 2023.

(2) Sections 3 to 7 of this Act come into force on January 1, 2024.

EXPLANATORY NOTES

SECTION 1 amends clauses 9(1)(a), (b) and (c) and subsection 9(2) of the *Income Tax Act* R.S.P.E.I. 1988, Cap.I-1, 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 2023 taxation year.

SECTION 2 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 2023.

SECTION 3 repeals section 7 of the Act and substitutes a new section 7 that establishes five income brackets for the purpose of calculating the amount of tax payable.

SECTION 4 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 2024 taxation year.

SECTION 5 amends subsection 11.1(1) of the Act to increase the amount of the Children's Wellness Tax Credit from \$500 to \$1,000.

SECTION 6 amends section 31 of the Act by renumbering it as subsection 31(1) and adding wording to clarify that the surtax applies to taxation years ending before 2024. The section also adds a new subsection 31(2) to clarify that the surtax does not apply to taxation years ending after 2023.

SECTION 7 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 2024.

SECTION 8 provides for the commencement of this Act.

(Bill No. 14)

An Act to Amend the Income Tax Act

<i>STAGE:</i>	<i>DATE:</i>
<i>1st Reading:</i>	May 26, 2023
<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 Darlene Compton, Speaker

Joseph Jeffrey, Clerk

Hon. Jill Burridge
Minister of Finance

GOVERNMENT BILL

2023
1st SESSION, 67th GENERAL ASSEMBLY