

MEMORANDUM OF AGREEMENT MADE THIS 26<sup>th</sup> DAY

OF January, 1962.

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable Donald Methuen Fleming, Minister of Finance of Canada,

OF THE FIRST PART;

AND

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable William Andrew Cecil Bennett, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS subsection (1) of section 6 of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, provides that where a province imposes taxes on the income of individuals or corporations, or both, the Minister, with the approval of the Governor in Council, may, on behalf of Canada, enter into an agreement with the government of the province pursuant to which Canada will collect the provincial taxes on behalf of the province and will make payments to the province in respect of the taxes so collected, in accordance with such terms and conditions as the agreement prescribes;

AND WHEREAS the Income Tax Act, 1961, chapter 1 of the Second Session, Statutes of British Columbia, 1961, imposes taxes on the income of individuals and corporations and in subsection (1) of section 51 thereof provides that the Provincial Minister, with the approval of the Lieutenant-Governor in Council, may, on behalf of the Province, enter into an agreement with the Minister, acting on behalf of Canada, pursuant to which,

under such terms and conditions as are agreed upon, officers acting on behalf of Canada may exercise in the place, stead or on behalf of, or as agent for, provincial officers such of the powers and duties conferred or imposed upon provincial officers under the provincial act as may be specified in the agreement;

AND WHEREAS with a view to the economical administration of the provincial act and to facilitate the payment of taxes imposed thereunder Canada and the Province have agreed that Canada will, upon the terms and conditions hereinafter set out, collect the taxes imposed under the provincial act and administer that act through the Taxation Division of the Department of National Revenue of Canada;

AND WHEREAS Canada has agreed, upon the terms and conditions hereinafter set out, to make payments to the Province in respect of the taxes collected under the provincial act;

AND WHEREAS the Province has agreed to maintain the provincial act and regulations made thereunder in a form similar to the federal act and regulations made thereunder in order to permit the expeditious administration of the provincial act and to facilitate the collection of income tax imposed thereunder;

AND WHEREAS it is understood that neither Canada nor the Province shall be deemed by reason of having entered into this agreement to have surrendered or abandoned any of the powers, rights, privileges or authorities vested in it under the British North America Acts, 1867 to 1960, or otherwise, or to have impaired any of such powers, rights, privileges or authorities;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

#### COVENANTS BY CANADA

1.(1) Canada, as agent of the Province, will collect for and on behalf of the Province the income taxes imposed under the provincial act for each of the years comprising the term of this agreement and remit amounts in respect thereof to the Province in accordance with this agreement.

(2) Any costs, charges or expenses (including amounts required to be paid in respect of prosecutions or other legal proceedings) incurred in the collection by Canada of the income taxes imposed under the provincial act for any year during the term will, subject to this agreement, be paid by Canada.

#### COVENANTS BY THE PROVINCE

2.(1) The Province will, in respect of each year during the term, impose income tax under the provincial act in the following manner:

(a) in the case of an individual who resides in the Province on the last day of the year in respect of which the tax is imposed and who has no income earned in the year outside the Province, individual income tax shall be expressed as a constant percentage (in whole percentage points) of the federal tax payable by that individual for the year;

(b) in the case of an individual

(i) who resides in the Province on the last day of the year in respect of which the tax is imposed and who has income earned in the year outside the Province, or

(ii) who does not reside in the Province on the last day of the year in respect of which the tax is imposed but has income earned in the year in the Province,

individual income tax shall be expressed as a constant percentage (in whole percentage points) of the amount that bears the same relation to the federal tax payable by such individual for the year that his income earned in the year in the Province bears to his income for the year; and

(c) corporation income tax shall be expressed as a percentage of the taxable income of a corporation earned in the Province in the year.

(2) In imposing income tax in accordance with subclause (1) the Province will, in respect of each year, impose only one rate of individual income tax and one rate of corporation income tax.

(3) In this clause, the expressions "income earned in the year in the Province", "income earned in the year outside the Province" and "income for the year" mean, in respect of each expression, as determined under and in accordance with the federal act and regulations made thereunder.

3.(1) The Province will, in the case of a member of the Armed Forces stationed within the Province on the first day of any month during the term

(a) impose a tax in respect of the service income of such member (as determined under and in accordance with regulations made pursuant to section 66 of the federal act) for each month of the term that he is stationed within the Province on the first day thereof, and

- (b) express the tax as a percentage of the tax payable for that month by such member under regulations made pursuant to section 66 of the federal act, computed as if he were a member who is not taxable in respect of his service income in any province and from whose tax is subtracted the amount included therein by virtue of the Old Age Security Act, chapter 200, R.S.C. 1952.

(2) In respect of each month of any year during the term the percentage referred to in paragraph (b) of subclause (1) shall be the same percentage as is specified for that year under the provincial act in respect of individual income tax.

4. The Province will, in respect of each year during the term, maintain

- (a) the rates of interest and penalties provided in the provincial act at the same percentages as are provided from time to time in the corresponding provisions of the federal act,
- (b) the manner of making instalment payments in respect of any taxation year in conformity with that provided from time to time in the corresponding provisions of the federal act; and the Province will provide that in calculating such payments for any taxation year, the taxpayer shall use the same period as that in respect of which his instalment payments under the federal act are calculated for the same taxation year, and

- (c) the rate of deductions at source from employees' wages in respect of any year in a fixed ratio to the deductions prescribed for that year under subsection (1) of section 47 of the federal act.

5.(1) Except as provided in this clause, in respect of each year during the term, where it imposes an individual income tax, a corporation income tax, or both, as the case may be, the Province will impose the tax in respect of such persons as are taxable under similar provisions in the federal act for that year in respect of whom it may impose income taxes.

(2) The Province will not, in respect of any year during the term, impose an income tax on the persons specified in subsection (1) of section 62 of the federal act or on a non-resident-owned investment corporation as defined in the federal act.

(3) The Province will not, in respect of any year during the term, impose or purport to impose a tax identical or similar to the taxes imposed by Part II, IIA, IIB, IIC, III, IIIA or IV of the federal act.

6. The Province will, in respect of the term of this agreement,

- (a) maintain, where appropriate, the provisions of the provincial act and regulations relating to the administration, enforcement and collection of the income tax imposed thereunder in a form and with a content similar to the corresponding provisions of the federal act, and
- (b) make such changes in the provincial act or regulations made thereunder
  - (i) as may be required from time to time by reason of amendments to the federal act or regulations, or

- (ii) as may be determined in accordance with this agreement.

#### PAYMENTS TO THE PROVINCE

7.(1) Payments will be made to the Province by Canada pursuant to regulations made under the Federal-Provincial Fiscal Arrangements Act in respect of each year comprising the term of this agreement on account of income tax imposed under the provincial act for that year.

(2) Subject to subclause (3), the amount payable to the Province for each of the fiscal years beginning in each of the years comprising the term of this agreement is the amount that is equal to the aggregate of

(a) amounts assessed under the provincial act on or before the 15th day of October in the year in which the fiscal year ends in respect of

- (i) individual income tax for the year that ends in that fiscal year,

- (ii) corporation income tax for the taxation years of corporations ending in the year that ends in that fiscal year, and

- (iii) individual or corporation income tax, or adjustments thereof, for previous years comprising the term of this agreement not included in the calculation of the amount payable for a previous fiscal year; and

(b) amounts, as determined by the Minister, that have been deducted at source from employees in accordance with the provincial act in respect of individual

income tax for the year that ends in that fiscal year, and for all previous years during the term, and that have not, because of the failure of such employees to file returns, been applied on or before the 15th day of October in the year in which the fiscal year ends on account of the tax payable by such employees under the provincial act for the year or for any previous year, less any amount included in a determination under this paragraph in respect of a previous fiscal year.

(3) In respect of the fiscal year beginning on the 1st day of April, 1962, the calculation of the amount payable to the Province in accordance with subclause (2) shall include an amount (hereinafter in this clause referred to as the "adjusting amount") that is, in the opinion of the Minister, equal to the amount by which, if corporation income tax had been imposed by the Province in respect of the entire taxation year of corporations ending in 1962 at the rate imposed by the provincial act in respect of that portion of the 1962 taxation year of corporations that is in 1962, the aggregate amount of assessments thereunder would exceed the aggregate amount of actual assessments of corporation income tax in respect of that portion of the 1962 taxation year of corporations that is in 1962.

(4) In each fiscal year beginning in each year of the term, the Minister will

- (a) estimate the amount of the payment that, in his opinion, is due to the Province under subclause (2) in respect of the year ending in that fiscal year,
- (b) make payments to the Province on the basis of the estimate referred to in paragraph (a) in equal monthly instalments on the third Thursday of each month or, if such day be a holiday, on the day next following that is not a holiday, and



(c) furnish the Province with a statement outlining the method of calculating the estimate referred to in paragraph (a) at the time the first payment is made in each fiscal year.

(5) If, in a fiscal year during which payments are being made in accordance with this clause, it becomes apparent to the Minister that, owing to more accurate information received by him, the estimate made in accordance with paragraph (a) of subclause (4) in respect of that fiscal year should be revised, he shall make a new estimate and the remaining payments in respect of that fiscal year shall be adjusted accordingly.

(6) Following the close of each fiscal year in respect of which payments in accordance with this clause have been made by Canada to the Province, and in no case later than the 31st day of December next following the close of that fiscal year, the Minister will, on the basis of information available on the 15th day of October next following the close of that fiscal year

(a) recalculate the amount payable to the Province in accordance with subclause (2),

(b) furnish the Province with a statement outlining the method and result of such recalculation, and

(c) pay to the Province the amount, if any, by which the amount of such recalculation exceeds the total of the payments made to the Province during that fiscal year.

(7) On or before the 31st day of December, 1968, on the basis of information available on the 15th day of October of that year, the Minister will

(a) calculate the amount, if any, by which the aggregate of

- (i) the amount of corporation income tax assessed under the provincial act for the 1966 year in respect of that portion of the 1967 taxation year of corporations that is in 1966 (for those corporations whose taxation years under the provincial act do not coincide with the year 1966) and
  - (ii) the amount of assessments and reassessments (other than any reassessments included under subparagraph (i)) of individual and corporation income tax made under the provincial act on or before the 15th day of October, 1968 in respect of the years comprising the term of this agreement that were not included in previous calculations of payments, less any unclaimed deductions at source applied in respect of such assessments and reassessments,
- exceeds
- (iii) the adjusting amount;
  - (b) furnish the Province with a statement outlining the method and result of such calculation; and
  - (c) pay to the Province the amount of the excess, if any, calculated in accordance with paragraph (a).
- (8) On or before the 31st day of December in each year, beginning in the year 1969, on the basis of information available on the 15th day of October of the same year as to assessments and reassessments of individual and corporation income tax, the Minister will,
- (a) recalculate the amount payable to the Province in respect of the term of this agreement,
  - (b) furnish the Province with a statement outlining the method and result of such recalculation, and

- (c) pay to the Province the amount, if any, by which the amount of such recalculation exceeds the total of the payments made to the Province in respect of the term of this agreement.

(9) Notwithstanding anything in this clause, the aggregate of all amounts to be paid to the Province on account of income tax in respect of the term of this agreement will be the amount that is equal to the aggregate of

- (a) the total amount of individual and corporation income tax assessed under the provincial act in respect of the term of this agreement, and
- (b) the amount, as determined by the Minister, that is equal to the total amount of unclaimed deductions at source made from employees under the provincial act in respect of the term of this agreement.

8. The Minister will, on or before the 31st day of December of each year beginning in each fiscal year in which payments are made to the Province under clause 7, supply to the Province a statement prepared by the Taxation Division of the Department of National Revenue showing

- (a) the individual income tax assessed prior to the 15th day of October of that year in respect of the immediately preceding year, or other preceding year where the assessment was not included in a previous statement supplied under this clause,
- (b) the corporation income tax assessed prior to the 15th day of October of that year in respect of the taxation years of corporations ending in the immediately preceding year, or other preceding year where the assessment was not included in a previous statement supplied under this clause, and

- (c) the amount, as determined by the Minister on the 15th day of October of that year, that is due to the Province in respect of amounts deducted at source from employees in accordance with the provincial act in respect of the preceding years during the term of the agreement that were not applied in respect of income tax payable by such employees under the provincial act in respect of such years because of their failure to file returns for those years.

#### DEBTS DUE TO CANADA

9. Where under this agreement the Province has received any amount in excess of the amount to which it is entitled the Minister may recover as a debt due to Canada an amount equal to such excess from any moneys that may become payable to the Province hereunder or under any statute of the Parliament of Canada.

#### ADMINISTRATION

- 10.(1) The Minister of National Revenue, the Deputy Minister of National Revenue for Taxation and other officials of the Taxation Division of the Department of National Revenue of Canada will administer the provincial act for and on behalf of the Province.

- (2) The Province will, during the term of this agreement, ensure that the Minister of National Revenue and the Deputy Minister of National Revenue for Taxation have and may exercise all the powers of the Provincial ~~Minister~~ under the provincial act and that officials of the Taxation Division of the Department of National Revenue have and may exercise like powers under the provincial act as they are given under the federal act.

(3) The Province will provide to the Minister of National Revenue information that it may have relating to any person liable to tax under the provincial act where it is requested by the Minister of National Revenue to assist in the administration of the provincial act.

(4) The Province will accept as final and binding all assessments, decisions and other steps made or taken by the Minister of National Revenue and officials of the Taxation Division of his Department under the provincial act in pursuance of this agreement.

(5) The Province will not demand the imposition, collection or remission of any penalty or fine that is or might be imposed under the provincial act; but any penalties, or any fines or other amounts awarded in judicial proceedings, (except penalties imposed under the provincial act under provisions corresponding to section 56 of the federal act) that are imposed, collected or received shall, in consideration of the collection by Canada of the tax imposed under the provincial act, be retained by Canada together with any interest that is payable by a taxpayer under the provincial act.

11.(1) Upon the request of the Provincial Minister or his deputy, the Minister of National Revenue will, only for purposes directly related to the imposition and collection of income taxes, make available for examination by the Province

- (a) any return or other document that relates solely both to the tax payable under the federal act and the tax payable under the provincial act in respect of any year during the term of this agreement, and
- (b) such other information with respect to assessments, collections and payments as the Minister of National Revenue deems advisable.

(2) Any information made available by the Minister of National Revenue pursuant to subclause (1) shall not be communicated to any person who would not be legally entitled thereto if the Province were collecting its own income taxes.

(3) The returns made under the federal act in respect of tax for years prior to or following the term of this agreement will continue to be confidential and privileged documents and will not be open to inspection by the Province or any official thereof.

12. Where, in the opinion of the Minister of National Revenue, it is necessary for the purpose of collecting the income tax imposed under the provincial act to make, amend or revoke the regulations, forms or tables authorized under the provincial act, he shall so advise the Provincial Minister and the Province shall thereupon, with all reasonable despatch, take such steps as may be necessary to effect the required making, amendment or revocation of the regulations, forms or tables.

13.(1) Notwithstanding that the term of this agreement has ended or the agreement has been terminated, the Minister of National Revenue and officials of the Taxation Division of his Department will continue to assess and collect individual and corporation income tax imposed under the provincial act in respect of the years comprising the term of this agreement.

(2) The Province will ensure that, for the purposes of assessing and collecting the individual and corporation income tax imposed under the provincial act as described in subclause (1), the Minister of National Revenue and officials of the Taxation Division of his Department will have all the powers with respect to the assessment and collection of income tax after the end of the term of this agreement or its termination in respect of the years comprising that term that they would have had if the assessment were made and the collection effected during the term of this agreement.

(3) Where the term of this agreement has ended or the agreement has been terminated, and where payment has been made to the Province of the amount of tax assessed in respect of a year comprising that term as herein provided, any amount collected in respect of such assessment at any time thereafter shall be retained by Canada.

(4) Where the term of this agreement has ended or the agreement has been terminated and any loss is incurred by Canada by reason of the fact that the Province has failed to provide the Minister of National Revenue and officials of the Taxation Division of his Department with authority sufficient to collect the income taxes imposed under the provincial act, an amount equal to the amount of the loss may be retained by Canada as a debt due to Canada by the Province.

14.(1) Actions, suits, prosecutions or other legal proceedings required to be brought or taken under the provincial act shall be brought or taken by Canada on behalf of the Province

(a) in the same name in which such action, suit, prosecution or other legal proceeding would have been brought or taken if brought or taken under corresponding provisions of the federal act, or

(b) in such other name as would be appropriate if such action, suit, prosecution or other legal proceeding were brought or taken by Her Majesty in right of the Province on the Province's own behalf;

and the Province through its officers will assist Canada with respect to the conduct of any such action, suit, prosecution or other legal proceeding or any matter related or incidental thereto.

(2) The Provincial Minister will, with all reasonable despatch, forward to the Minister of National Revenue any document that may be received by him relating to any assessment made under the provincial act or relating to any action, suit, prosecution or other legal proceeding brought or taken under the provincial act.

COLLECTION

15.(1) Where, in respect of any year during the term, amounts are required to be paid by a taxpayer on account of tax payable under the provincial act and under the federal act and the Minister of National Revenue receives a payment on account of the tax payable by the taxpayer for that year under either or both of such acts, the payment so received shall be applied by the Minister of National Revenue towards the tax payable by the taxpayer under the provincial act for that year, and the remainder, if any, shall be applied towards the tax payable by the taxpayer for that year under the federal act.

(2) Where, in respect of any year during the term, amounts are required to be paid by a taxpayer on account of tax payable under the provincial act, under the income tax act of another agreeing province and under the federal act and the Minister of National Revenue receives a payment on account of tax payable by the taxpayer for that year under any or all of such acts, the payment so received shall be applied by the Minister of National Revenue pro rata towards the tax payable by the taxpayer for that year under the provincial act and under the income tax act of the other agreeing province and the remainder, if any, shall be applied towards the tax payable by him for that year under the federal act.

(3) For the purpose of calculating interest in respect of instalment payments to be made by a taxpayer under the provincial act, under the income tax act of another agreeing province, under the federal act or under any or all of such acts, as the case may be, in respect of income tax imposed thereunder for any year during the term, a payment described in subclause (1) or (2) shall be deemed to have been applied in accordance with the



direction of the taxpayer by the Minister of National Revenue at the time it was received by him in the manner provided in subclause (1) or (2), whichever is applicable.

(4) Subclauses (1) and (2) apply in respect of amounts remitted in the form of

- (a) instalment payments on account of tax, or
- (b) final payments with taxpayers' returns or thereafter following the end of the taxation year in respect of which the tax is imposed.

16. Where deductions at source have been made on account of tax payable under the provincial act for any year comprising the term of this agreement in respect of a person

- (a) who may be liable to pay individual income tax for that year, and
- (b) who ceases to reside in the Province during that year and resides in another agreeing province on the last day thereof,

the amounts so deducted shall be retained by Canada in consideration of the payments to the Province under clause 7.

#### CHANGE IN RATES OF PROVINCIAL TAX

17.(1) Where the Province alters the rate of individual income tax,

- (a) the Province will make the alteration effective from the 1st day of January in any year,
- (b) the Province will make the alteration by one or more whole percentage points, and

(c) the Provincial Minister will notify the Minister of National Revenue, in writing, of the alteration before the 1st day of October in the year immediately preceding the year in respect of which the alteration will have effect.

(2) Notwithstanding subclause (1), where in any year it is proposed to alter the rates of federal tax or personal exemptions or allowances for dependants (as defined in the regulations made pursuant to the federal act) and such alteration will reduce the effective rate of federal tax for that year by more than 3% (as determined for the purposes of paragraph (c) of subsection (4) of section 4 of the Federal-Provincial Fiscal Arrangements Act), the Minister will advise the Province within thirty days of the announcement of the proposed alteration to the House of Commons of Canada and the Province may thereafter raise the rate of individual income tax for that year if

- (a) the increased rate of individual income tax bears to the existing rate of individual income tax the same ratio that the effective rate of the federal tax before the proposed alteration bears to the effective rate of federal tax after the proposed alteration,
- (b) the increased rate calculated in accordance with paragraph (a) is expressed in terms of the nearest whole percentage point, and
- (c) the Provincial Minister, before the 1st day of October of that year, notifies the Minister of National Revenue, in writing, of the amount of the alteration.

(3) Where the Province alters the rate of corporation income tax,

(a) the Province will make the alteration effective from the 1st day of January in any year comprising the term of this agreement, and

(b) the Provincial Minister will notify the Minister of National Revenue, in writing, of the amount of the alteration before the 1st day of April of the year in respect of which the alteration will have effect.

(4) Paragraph (c) of subclause (1) does not apply in respect of the 1962 year.

#### AUDIT BY PROVINCIAL AUDITOR

18.(1) At such times as the Deputy Minister of National Revenue for Taxation may agree, and in any case at least once with respect to the payments made to the Province in each fiscal year in the period beginning on the 1st day of April, 1962 and ending on the 31st day of March, 1967, the Provincial Auditor, if he is a person in the public service of the Province, or such person in the public service of the Province as may be designated by the Provincial Minister, may examine such books and records as may be relevant in order to permit him to report in respect of the payments made to the Province under this agreement on account of

- (a) individual income tax,
- (b) unclaimed deductions at source remitted in accordance with the provincial act, and
- (c) corporation income tax.

(2) The Provincial Auditor or such person in the public service of the Province as may be designated by the Provincial Minister under subclause (1) shall not examine, or be allowed to examine, or in any way review or report in respect of any of the following:

- (a) in the case of individual income tax, any aspect of a taxpayer's return other than the computation of provincial tax on the basis of the federal tax and the allocation of income, if any, that is made in respect of the Province in accordance with the provincial act and the federal act and regulations made thereunder;
- (b) in the case of deductions at source remitted in accordance with the provincial act, any aspect of the computation thereof other than the percentage computation of the provincial share of the total amount of unclaimed deductions at source; and
- (c) in the case of corporation income tax, any aspect other than the computation of provincial tax on the basis of the total taxable income of a corporation and the allocation of such taxable income, if any, made in respect of the Province in accordance with the provincial act and the federal act and regulations made thereunder.

#### UNIFORMITY OF PROVINCIAL LEGISLATION

19.(1) Where, in the opinion of the Minister, the provincial act or a regulation made thereunder does not

- (a) give to the Minister of National Revenue authority sufficient to collect the income taxes imposed under the provincial act,

(b) admit of sufficient uniformity in the administration of the federal and provincial acts, or

(c) provide for the imposition and collection of income taxes in a manner similar to that provided in the income tax statutes of other agreeing provinces,

the Minister shall so notify the Provincial Minister in writing and shall specify the amendments and alterations to the provincial act or regulations that he considers necessary.

(2) Where the Province fails to amend or alter the provincial act or regulations within six months of the receipt of the notice referred to in subclause (1), the Minister may give a notice to terminate in the manner prescribed in clause 22.

(3) Where the Province fails to make applicable an alteration in the rate of individual or corporation income taxes, or both, from the 1st day of January in any year as provided in subclauses (1) and (3) of clause 17 or fails to give notification of alterations in the rate of provincial tax before the relevant dates specified in that clause, the Minister may give a notice to terminate in the manner prescribed in clause 22.

(4) The provisions of clause 20 with respect to disputes and differences do not apply where a notice to terminate is given under this clause.

#### DISPUTES AND DIFFERENCES

20.(1) Where either party to this agreement gives notice to the other in writing that in its opinion

(a) there is disagreement between the parties as to the interpretation of any provision of this agreement or any matter arising therefrom, or

(b) the other party has contravened or failed to observe a provision of the agreement, the Province will, within sixty days of delivery of the notice, cause the matter to be referred by the Lieutenant-Governor of the Province to the British Columbia Court of Appeal for hearing and consideration and for the opinion of the court.

(2) A reference under subclause (1) shall be in the form of a question for the opinion of the British Columbia Court of Appeal or other method of defining clearly the matter in issue, in such terms as the parties agree and, if they cannot agree, the form and terms of the reference shall be determined by the Chief Justice of the Province upon the application of either party.

(3) Where one of the parties alleges that the other has contravened or failed to observe a provision of this agreement, the reference shall include a request for the opinion of the court as to the steps, if any, that ought to be taken by either or both of the parties in order to place the parties in the position in which they would have been had there been no such contravention or failure.

(4) Where, upon a reference under subclause (1), the opinion of the British Columbia Court of Appeal (or of the Supreme Court of Canada in the case of an appeal therefrom) discloses that the Province has contravened or failed to observe a provision of this agreement, the Province will promptly take such steps as are necessary to give effect to the opinion of the British Columbia Court of Appeal, or the Supreme Court of Canada, as the case may be, and to place the parties in the position in which they would have been had there been no such contravention or failure; but if the Province fails to do so, Canada may, in the manner prescribed in clause 22, terminate this agreement or may deduct the amount of any tax imposed or collected in contravention of this agreement from any amount payable by Canada to the Province.

(5) Where, upon a reference under subclause (1), the opinion of the British Columbia Court of Appeal (or of the Supreme Court of Canada, in the case of an appeal therefrom) discloses that Canada has contravened or failed to observe a provision of this agreement, Canada will promptly take such steps as are necessary to give effect to the opinion of the British Columbia Court of Appeal or the Supreme Court of Canada, as the case may be, and to place the parties in the position in which they would have been had there been no such contravention or failure; but if Canada fails to do so, the Province may, in the manner prescribed in clause 22, terminate this agreement forthwith.

#### PROCEDURE ON REFERENCE

21.(1) The procedure in any reference under the provisions of clause 20 shall be governed by the rules of the British Columbia Court of Appeal or otherwise shall be such as the court determines.

(2) The parties hereto agree to supply promptly such information as may be required by the British Columbia Court of Appeal for the purposes of a reference under clause 20 and will accept as final and binding upon them the opinion of the British Columbia Court of Appeal in any such reference (or of the Supreme Court of Canada in the case of an appeal therefrom) and agree to accept and be governed, in interpreting and carrying out this agreement, by the opinions of the courts of other provinces (or of the Supreme Court of Canada in the case of an appeal therefrom) concerning a matter submitted to them under any other collection agreement, entered into after the 1st day of December, 1961, between Canada and a province, of a like nature and having like purposes to this agreement, to the extent that those opinions may be applied in respect of this agreement.

(3) The parties hereto agree that the government of any other province that has, after the 1st day of December, 1961, entered into an agreement of a like nature and having like purposes to this agreement, may appear before the courts and be heard as a party to any proceedings consequent upon a reference under clause 20 and the Province will accordingly, within ten days from the day on which a matter is referred to the British Columbia Court of Appeal under clause 20, give notice in writing of the reference to each province that entered into such an agreement with Canada setting out clearly the matters in issue.

(4) Each party to a reference under this provision shall bear its own costs of the reference.

(5) The Province undertakes that it has procured or will, at the session of its Legislature next ensuing after the execution of this agreement, procure the enactment of such legislation as may be necessary

- (a) to ensure that the British Columbia Court of Appeal has jurisdiction to hear, consider and determine a matter referred to it under clause 20;
- (b) to declare, for the purposes of section 37 of the Supreme Court Act, chapter 259 of the Revised Statutes of Canada, 1952, that the opinion of the British Columbia Court of Appeal in respect of a matter referred to it under clause 20 is to be deemed a judgment of that court and that an appeal lies therefrom as from a judgment in an action; and
- (c) to enable a Province that has, after the 1st day of December, 1961, entered into an agreement of a like nature and having like purposes to this agreement to appear before the courts and be heard as a party in respect of any matter referred to the British Columbia Court of Appeal under clause 20.



#### TERMINATION

22.(1) Where, in circumstances described in subclause (2) or (3) of clause 19 or in subclause (4) or (5) of clause 20, either party may terminate this agreement, a notice to terminate shall be given

- (a) in the case of termination by Canada, by notice in writing given by the Minister to the Provincial Minister, or
- (b) in the case of termination by the Province, by notice in writing given by the Provincial Minister to the Minister.

(2) A notice to terminate this agreement will, with respect to any year following the year in which the notice is given,

- (a) terminate the obligation of the Province to keep the provincial act in harmony with the federal act, and
- (b) terminate the obligation of Canada to collect income tax for and on behalf of the Province, and to make any payments under this agreement in respect of income tax so collected.

(3) Termination of the obligations of the Province and of Canada as provided in paragraphs (a) and (b) of subclause (2), respectively, shall not affect the operation of any clause of this agreement in respect of the years comprising the term prior to or ending at the time of termination of the said obligations, and upon such termination the provisions of this agreement shall apply mutatis mutandis in respect of the said years as if this agreement had been entered into only for the period of those years; and the provisions of this agreement relating to payments to the Province, including those relating to the adjusting amount referred to in clause 7, in respect of income tax imposed under the provincial act for that period shall be adjusted to take into account such termination.

SAVING

23. Nothing in this agreement shall limit or restrict, or be construed as limiting or restricting, Canada's right to alter or vary, in such manner as Canada may determine, the federal act or the regulations made thereunder.

24.(1) Nothing in this agreement shall be or be construed as an undertaking by Canada to collect any income tax imposed by the provincial act or take any action with respect to the collection of income tax where, in the opinion of the Minister, a doubt exists that the Province has provided the requisite statutory or other authority for the imposition or collection of such income tax.

(2) Where Canada has been unable to collect income tax or amounts payable on account of income tax by reason of there being, in the opinion of the Minister, doubtful authority so to do as provided in subclause (1), the amount that, in the opinion of the Minister, Canada has thereby failed to collect may be recovered by Canada as a debt due to Canada by the Province, notwithstanding that payments on account have been made to the Province as if there were the requisite authority.

25. Nothing contained in this agreement shall be deemed to vary or terminate any of the rights or obligations of the Province or of Canada under any agreement heretofore entered into between them or to limit their authority to enter into any agreement in addition to or by way of amendment to this agreement.

TERM

26. The term of this agreement, except as otherwise specifically provided herein, is the five year period commencing on the 1st day of January, 1962, and ending on the 31st day of December, 1966.

INTERPRETATION

27.(1) In this agreement,

- (a) "agreeing province" means a province that has entered into a collection agreement;
- (b) "Armed Forces" means the persons specified in the regulations made pursuant to section 66 of the federal act;
- (c) "assessment" includes reassessment and amounts deducted from members of the Armed Forces on account of individual income tax;
- (d) "collection agreement" means an agreement entered into by Canada with a province for the collection of income tax pursuant to section 6 of the Federal-Provincial Fiscal Arrangements Act;
- (e) "corporation income tax" means the corporation income tax imposed by the provincial act;
- (f) "Deputy Minister of National Revenue for Taxation" means the Deputy Minister of National Revenue for Taxation of Canada;
- (g) "federal act" means the Income Tax Act, chapter 148, R.S.C. 1952;
- (h) "Federal-Provincial Fiscal Arrangements Act" means Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61;
- (i) "federal tax" means the tax payable by an individual under Part I of the federal act (other than under regulations made pursuant to section 66 thereof) minus any amount included in computing that amount by virtue of subsection (3) of section 10 of the Old Age Security Act, chapter 200, R.S.C. 1952, plus any amount deducted therefrom by virtue of sections 33 and 41 of the federal act;

- (j) "fiscal year" means the period of twelve months commencing on the 1st day of April and ending on the 31st day of March next following;
- (k) "income tax", in respect of the province, means the tax imposed by the provincial act;
- (l) "individual income tax" means the individual income tax imposed by the provincial act and includes, where relevant, any tax imposed by the provincial act on members of the Armed Forces;
- (m) "Minister" means the Minister of Finance of Canada;
- (n) "Minister of National Revenue" means the Minister of National Revenue of Canada;
- (o) "provincial act" means the Income Tax Act, 1961,  
chapter 1, of the Statutes of British Columbia, 1961<sup>Second Session</sup>;
- (p) "Provincial Minister" means the Minister of Finance of the Province;
- (q) "taxable income", when used with reference to a corporation, means the taxable income of the corporation determined under and in accordance with the federal act and regulations made thereunder;
- (r) "taxation year" has the meaning given that expression in subsection (2) of section 139 of the federal act;
- (s) "year", unless the context otherwise requires, means a calendar year during the term of this agreement, and
- (t) words in the singular include the plural and words in the plural include the singular.

(2) Words and expressions not specifically defined in this agreement shall, where they are defined in the federal act, have the meaning given to them therein.

- (3) In this agreement, where the Province has agreed
- (a) to take or refrain from taking any action requiring the approval or sanction of the Legislature of the Province,
  - (b) to enact or refrain from enacting any legislation, or
  - (c) otherwise to do any act or thing that relates to the rights and prerogatives of the Legislature of the Province,

the same shall be read and construed as if the Province had agreed thereby to procure the assent of the said Legislature

- (d) to take or refrain from taking the action,
- (e) to enact or refrain from enacting the legislation, or
- (f) otherwise to do any act or thing that relates to the rights and prerogatives of the said Legislature;

but nothing in this paragraph shall be construed as restricting any right that Canada may have under clause 19 or 20 of this agreement with respect to a breach by the Province of any undertaking contained herein.

(4) In this agreement, where reference is made to a clause, subclause, paragraph, subparagraph, section or other provision without anything in the context to indicate that a provision in some other agreement, statute or instrument is intended to be referred to, the reference shall be deemed to be a reference to a provision of this agreement, and, unless the context otherwise requires, where reference is made to a subclause, paragraph, subparagraph or section, the reference shall be deemed to be a reference to a subclause, paragraph, subparagraph or section of the clause or subclause, as the case may be, in which the reference is made.

(5) In this agreement where reference is made to a statute of Canada or of the Province the reference shall be deemed to be a reference to the statute as amended from time to time whether such amendment is made before or after the execution of this agreement.

IN WITNESS WHEREOF the Honourable Donald Methuen Fleming, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada and the Honourable William Andrew Cecil Bennett, Minister of Finance of British Columbia has hereunto set his hand on behalf of the Province.

Signed on behalf of Canada  
by the Honourable Donald  
Methuen Fleming, Minister  
of Finance, in the presence  
of (Sgd.) Edith M. Sheppard

(Sgd.) Donald M. Fleming

Signed on behalf of British  
Columbia by the Honourable  
William Andrew Cecil Bennett,  
Minister of Finance of British  
Columbia, in the presence  
of (Sgd.) W. D. Black

(Sgd.) Wm. A. C. Bennett

5600-03(62)-3/334  
a copy is on the "Master set of Agreements" Vol. 1  
5600-02(62) (Vol. 2)

MEMORANDUM OF AGREEMENT DATED  
THE 26th DAY OF October, 1964.

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable Walter L. Gordon, Minister of Finance of Canada,

OF THE FIRST PART;

AND

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable William Andrew Cecil Bennett, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS under subsection (1) of section 6 of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, as amended, and subsection (1) of section 51 of the Income Tax Act, 1961, chapter 1 of the Statutes of British Columbia, 1961, Second Session, as amended, an agreement was entered into between the parties hereto on the 26th day of January, 1962, (hereinafter referred to as "the original agreement"); and

WHEREAS it is desired to amend the original agreement by this agreement as hereinafter provided; and

WHEREAS subsection (2) of section 6 of the Federal-Provincial Fiscal Arrangements Act provides that the Minister, with the approval of the Governor in Council, may, on behalf of the Government of Canada, enter into an agreement amending the terms and conditions of the agreement entered into pursuant to subsection (1) of section 6 of the said Act; and

WHEREAS subsection (2) of section <sup>49</sup>~~51~~ of the Income Tax Act, 196<sup>2</sup>~~2~~, provides that the Provincial Minister, with the approval of the Lieutenant-Governor in Council, may, on behalf of the Province, enter into an agreement amending the terms and conditions of the collection agreement entered into under subsection (1) of section <sup>49</sup>~~51~~ of the said Act *or deemed by virtue of subsection (2) of section 59 of the said Act to have been entered into thereunder.*

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

1. (1) Subclause (2) of clause 7 of the original agreement is revoked and the following substituted therefor:

"(2) Subject to subclause (3), the amount payable to the Province for each of the fiscal years beginning in each of the years comprising the term of this agreement is the amount that is equal to the aggregate of

(a) amounts assessed under the provincial act on or before the 31st day of December in the year in which the fiscal year ends in respect of

(i) individual income tax for the year that ends in that fiscal year,

(ii) corporation income tax for the taxation years of corporations ending in the year that ends in that fiscal year, and

(iii) individual or corporation income tax, or adjustments thereof, for previous years comprising the term of this agreement not included in the calculation of the amount payable for a previous fiscal year; and

(b) amounts, as determined by the Minister, that have been deducted at source from employees in



accordance with the provincial act in respect of individual income tax for the year that ends in that fiscal year, and for all previous years during the term and that have not, because of the failure of such employees to file returns, been applied on or before the 31st day of December in the year in which the fiscal year ends on account of the tax payable by such employees under the provincial act for the year or for any previous year, less any amount included in a determination under this paragraph in respect of a previous fiscal year."

(2) Subclauses (6), (7) and (8) of clause 7 of the original agreement are revoked and the following substituted therefor:

"(6) Following the close of each fiscal year in respect of which payments in accordance with this clause have been made by Canada to the Province, and in no case later than the 31st day of March next following the close of that fiscal year, the Minister will, on the basis of information available on the 31st day of December next following the close of that fiscal year,

- (a) recalculate the amount payable to the Province in accordance with subclause (2);
- (b) furnish the Province with a statement outlining the method and result of such recalculation; and
- (c) pay to the Province the amount, if any, by which the amount of such recalculation exceeds the total of the payments made to the Province during that fiscal year.

"(7) On or before the 31st day of March, 1969, on the basis of information available on the 31st day of December of the preceding year, the Minister will

(a) calculate the amount, if any, by which the aggregate of

(i) the amount of corporation income tax assessed under the provincial act for the 1966 year in respect of that portion of the 1967 taxation year of corporations that is in 1966 (for those corporations whose taxation years under the provincial act do not coincide with the year 1966), and

(ii) the amount of assessments and reassessments (other than any reassessments included under subparagraph (i)) of individual and corporation income tax made under the provincial act on or before the 31st day of December, 1968, in respect of the years comprising the term of this agreement that were not included in previous calculations of payments, less any unclaimed deductions at source applied in respect of such assessments and reassessments, exceeds

(iii) the adjusting amount;

(b) furnish the Province with a statement outlining the method and result of such calculation; and

(c) pay to the Province the amount of the excess, if any, calculated in accordance with paragraph (a).

"(8) On or before the 31st day of March in each year, beginning in the year 1970, on the basis of information available on the 31st day of December of the preceding year as to assessments and reassessments of individual and corporation income tax, the Minister will,

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TITLE/TITRE Federal-Provincial Relations Div. .... 1962...  
RG 19 ENC. 1 R. 1 SERIES/SÉRIE 1  
ACCESSION 1 VOL. 5519 PAGE(S) 6  
BOX/BOÎTE 5686/8862-3 REEL/BOBINE 1  
FILE/DOSSIER 5686/8862-3  
DATE 21/1/11  
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- (a) recalculate the amount payable to the Province in respect of the term of this agreement;
- (b) furnish the Province with a statement outlining the method and result of such recalculation; and
- (c) pay to the Province the amount, if any, by which the amount of such recalculation exceeds the total of the payments made to the Province in respect of the term of this agreement."

2. Clause 8 of the original agreement is revoked and the following substituted therefor:

"8. The Minister will, on or before the 31st day of March of each year following each fiscal year in which payments are made to the Province under clause 7, supply to the Province a statement prepared by the Taxation Division of the Department of National Revenue showing

- (a) the individual income tax assessed prior to the 31st day of December next following the close of that fiscal year in respect of the immediately preceding year, or other preceding year where the assessment was not included in a previous statement supplied under this clause;
- (b) the corporation income tax assessed prior to the 31st day of December next following the close of that fiscal year in respect of the taxation years of corporations ending in the immediately preceding year, or other preceding year where the assessment was not included in a previous statement supplied under this clause; and
- (c) the amount, as determined by the Minister on the 31st day of December next following the close of that fiscal year, that is due to the Province in respect of amounts deducted at source from

employees in accordance with the provincial act in respect of the preceding years during the term of the agreement that were not applied in respect of income tax payable by such employees under the provincial act in respect of such years because of their failure to file returns for those years."

3. This agreement shall have operation between the parties hereto as of the 26th day of January, 1962, and the original agreement shall be construed accordingly.

IN WITNESS WHEREOF the Honourable Walter J. Gordon, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada, and the Honourable William Andrew Cecil Bennett, Minister of Finance of British Columbia, has hereunto set his hand on behalf of the Province.

Signed on behalf of Canada  
by the Honourable Walter L.  
Gordon, Minister of Finance,  
in the presence of

Edwin M. Sheppard

Signed on behalf of British  
Columbia by the Honourable  
William Andrew Cecil Bennett,  
Minister of Finance of British  
Columbia, in the presence of

St. B. B. Bennett

W. J. Gordon

W. A. C. Bennett

MEMORANDUM OF AGREEMENT DATED  
THE 3rd DAY OF *March*, 1967.

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable Mitchell Sharp, Minister of Finance of Canada,

OF THE FIRST PART:

AND

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable William Andrew Cecil Bennett, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS under subsection (1) of section 6 of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, as amended, and subsection (1) of section 51 of the Income Tax Act, 1961, chapter 1 of the Statutes of British Columbia, 1961, Second Session, as amended, an agreement was entered into between the parties hereto on the 26th day of January, 1962, and was amended by a further agreement entered into between the said parties on the 26th day of October, 1964 (which agreement as so amended is hereinafter referred to as "the original agreement"); and

WHEREAS it is desired to amend the original agreement by this agreement as hereinafter provided; and

WHEREAS subsection (2) of section 6 of the Federal-Provincial Fiscal Arrangements Act provides that the Minister, with the approval of the Governor in Council, may, on behalf of the Government of Canada, enter into an agreement amending the terms and conditions of the agreement entered into pursuant to subsection (1) of section 6 of the said Act; and

WHEREAS subsection (2) of section 51 of the Income Tax Act, 1961, provides that the Provincial Minister, with the approval of the Lieutenant-Governor in Council, may, on behalf of the Province, enter into an agreement amending the terms and conditions of the collection agreement entered into under subsection (1) of section 51 of the said Act.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

1. Subclauses (7) and (8) of clause 7 of the original agreement are revoked and the following substituted therefor:

"(7) On or before the 31st day of March, 1971, on the basis of information available on the 31st day of December of the preceding year, the Minister will

(a) calculate the amount, if any, by which the aggregate of

- (i) the amount of corporation income tax assessed under the provincial act for the 1968 year in respect of that portion of the 1969 taxation year of corporations that is in 1968 (for those corporations whose taxation years under the provincial act do not coincide with the year 1968), and
- (ii) the amount of assessments and reassessments (other than any reassessments included under subparagraph (i)) of individual and corporation income tax made under the provincial act on or before the 31st day of December, 1970, in respect of the years comprising the term of this agreement that were not included in previous calculations of payments, less any unclaimed deductions at source applied in respect of such assessments and reassessments

exceeds

- (iii) the adjusting amount;
- (b) furnish the Province with a statement outlining the method and result of such calculation; and
- (c) pay to the Province the amount of the excess, if any, calculated in accordance with paragraph (a).

(8) On or before the 31st day of March in each year, beginning in the year 1972, on the basis of the information available on the 31st day of December of the preceding year as to assessments and reassessments of individual and corporation income tax, the Minister will

- (a) recalculate the amount payable to the Province in respect of the term of this agreement;
- (b) furnish the Province with a statement outlining the method and result of such recalculation; and
- (c) pay to the Province the amount, if any, by which the amount of such recalculation exceeds the total of payments made to the Province in respect of the term of this agreement."

....3

2. Clause 17 of the original agreement is amended by adding thereto the following subclause:

"(5) Notwithstanding paragraph (c) of sub-clause (1), the Provincial Minister may, on or before November 4, 1966, notify the Minister of National Revenue, of the rate of individual income tax applicable in respect of the 1967 taxation year."

3. Subclause (1) of clause 18 of the original agreement is revoked and the following substituted therefor:

"18. (1) At such times as the Deputy Minister of National Revenue for Taxation may agree, and in any case at least once with respect to the payments made to the Province in each fiscal year in the period beginning on the 1st day of April, 1962 and ending on the 31st day of March, 1969, the Provincial Auditor, if he is a person in the public service of the Province, or such person in the public service of the Province as may be designated by the Provincial Minister, may examine such books and records as may be relevant in order to permit him to report in respect of the payments made to the Provinces under this agreement on account of

- (a) individual income tax;
- (b) unclaimed deductions at source remitted in accordance with the provincial act; and
- (c) corporation income tax."

4. Clause 26 of the original agreement is revoked and the following substituted therefor:

"26. The term of this agreement, except as otherwise specifically provided herein, is the seven-year period commencing on the 1st day of January, 1962 and ending on the 31st day of December, 1968."

5. This agreement shall have operation between the parties hereto as of the 26th day of January, 1962, and the original agreement shall be construed accordingly.

...4



IN WITNESS WHEREOF the Honourable Mitchell Sharp, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada, and the Honourable William Andrew Cecil Bennett, Minister of Finance of British Columbia, has hereunto set his hand on behalf of the Province.

Signed on behalf of Canada by  
the Honourable Mitchell Sharp  
Minister of Finance, in the  
presence of

Jeannette Dugal

Mitchell Sharp

Signed on behalf of British  
Columbia by the Honourable  
William Andrew Cecil Bennett,  
Minister of Finance of British  
Columbia, in the presence of

W.A.C. Bennett

W.A.C. Bennett

5600-02 (62)

1967 Amendment (new Vol. 3)

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TITLE/TITRE Federal-Provincial Relations 1967

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FILE/DOSSIER 5688-06

DATE 21/1/11

CP5-34803-B

MEMORANDUM OF AGREEMENT DATED  
THE 19th DAY OF December, 1968.

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable E.J. Benson, Minister of Finance of Canada,

OF THE FIRST PART:

AND

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable W.A.C. Bennett, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS under subsection (1) of section 6 of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, as amended, and subsection (1) of section 51 of the Income Tax Act, 1961, chapter 1 of the Statutes of British Columbia, 1961, Second Session, as amended, an agreement was entered into between the parties hereto on the 26th day of January, 1962, and was amended by two further agreements entered into between the said parties on the 26th day of October, 1964 and the 3rd day of March, 1967, respectively, (which agreement as so amended is hereinafter referred to as "the original agreement"); and

WHEREAS it is desired to amend the original agreement by this agreement as hereinafter provided; and

WHEREAS subsection (4) of section 21 of the Federal-Provincial Fiscal Arrangements Act, 1967, chapter 89 of the Statutes of Canada, 1966-67, provides that where an agreement was entered into pursuant to subsection (1) or (2) of section 6 of the Federal-Provincial Fiscal Arrangements Act, the agreement shall be deemed to have been entered into pursuant to subsection (1) of section 21 of the Federal-Provincial Fiscal Arrangements Act, 1967; and

WHEREAS subsection (2) of section 21 of the Federal-Provincial Fiscal Arrangements Act, 1967 provides that the Minister, with the approval of the Governor in Council, may, on behalf of the Government of Canada, enter into an agreement amending the terms and conditions of an agreement entered into pursuant to subsection (1) of section 21 of the said Act; and

WHEREAS subsection (2) of section 51 of the Income Tax Act, 1961, provides that the Provincial Minister, with the approval of the Lieutenant-Governor in Council, may, on behalf of the Province, enter into an agreement amending the terms and conditions of the collection agreement entered into under subsection (1) of section 51 of the said Act.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

1. (1) Paragraph (b) of subclause (4) of clause 7 of the original agreement is revoked and the following substituted therefor:

"(b) make payments to the Province on the basis of the estimate referred to in paragraph (a) in forty-eight equal instalments, four of which shall be in each month as follows:

- (i) on the sixth working day of the month,
- (ii) on the first working day following the fifteenth calendar day of the month,
- (iii) on the second working day following the fifteenth calendar day of the month, and
- (iv) on the fourth working day following the fifteenth calendar day of the month, and"

(2) Subclauses (7) and (8) of clause 7 of the original agreement are revoked and the following substituted therefor:

"(7) On or before the last day of the twenty-seventh month following the day on which the term of this agreement ends in accordance with clause 26, on the basis of information available on the thirty-first day of the twenty-fourth month following the day on which the term of this agreement so ends, the Minister will

(a) calculate the amount, if any, by which the aggregate of

- (i) the amount of corporation income tax assessed under the provincial act for the last year of the term of the agreement (hereinafter referred to as the "last year of the agreement") in respect of that portion of the taxation year immediately succeeding the last year of the agreement of corporations that is in the last year of the agreement (for those corporations whose taxation years under the provincial act do not coincide with the calendar year) and

- (ii) the amount of assessments and reassessments (other than any reassessments included under subparagraph (i)) of individual and corporation income tax made under the provincial act on or before the thirty-first day of the twenty-fourth month following the day on which the term of the agreement so ends, in respect of the years comprising the term of this agreement that were not included in previous calculations of payments, less any unclaimed deductions at source applied in respect of such assessments and reassessments

exceeds

- (iii) the adjusting amount;
- (b) furnish the Province with a statement outlining the method and result of such calculation; and
- (c) pay to the Province the amount of the excess, if any, calculated in accordance with paragraph (a).

.....3

(8) On or before the 31st day of March in each year beginning in the fourth year following the last year of the agreement, on the basis of the information available on the 31st day of December of the preceding year as to assessments and reassessments of individual and corporation income tax, the Minister will

- (a) recalculate the amount payable to the Province in respect of the term of this agreement;
- (b) furnish the Province with a statement outlining the method and result of such recalculation; and
- (c) pay to the Province the amount, if any, by which the amount of such recalculation exceeds the total of payments made to the Province in respect of the term of this agreement."

2. (1) Paragraphs (b) and (c) of subclause (1) of clause 17 of the original agreement are revoked and the following substituted therefor:

- "(b) the Province will make the alteration in such manner so that the altered rate for the year shall be expressed in whole percentage points, and
- (c) the Provincial Minister will notify the Minister of National Revenue, in writing, of the alteration
  - (i) if Canada is to commence collection on the basis of the altered rate on January 1st of the year, on or before the 15th day of October in the year immediately preceding the year in respect of which the alteration will have effect, or
  - (ii) if Canada is to commence collection on the basis of the altered rate on July 1st of the year, on or before the 15th day of April of that year."

(2) Clause 17 of the original agreement is amended by adding thereto, immediately after subclause (1) thereof, the following subclause:

"(1a) Notwithstanding paragraph (b) of subclause (1) and subclause (1) of clause 2, where Canada is to commence collection on July 1st of any year on the basis of the altered rate for that year, the Province may, for that year, make the alteration by one or more half percentage points."

(3) Subclause (2) of clause 17 of the original agreement is revoked and the following substituted therefor:

"17. (2) Notwithstanding subclause (1), where in any year it is proposed to alter the federal tax by changing the rates of federal tax or personal exemptions or allowances for dependents or in any other manner whatsoever and the alteration, in the opinion of the Minister, would result in reducing

(a) the total revenue from federal tax for the first year to which the alteration applies  
by at least 1% from

(b) the amount that, but for the alteration, would have been the total revenue from federal tax for the said year, the Minister will advise the Province within thirty days of the announcement of the proposed alteration to the House of Commons of Canada and the Province may thereafter raise the rate of individual income tax for the said year if

- "(c) the increased rate of individual income tax is the nearest whole percentage point to the rate that bears the same ratio to the existing rate of individual income tax that the amount described in paragraph (b) bears to the amount described in paragraph (a), and
- (d) the Provincial Minister notifies the Minister of National Revenue, in writing, of the increased rate of individual income tax within sixty days of the date that the Minister advised the Province of the proposed alteration."

3. Subclause (1) of clause 18 of the original agreement is revoked and the following substituted therefor:

"18. (1) At such times as the Deputy Minister of National Revenue for Taxation may agree, and in any case, with respect to the payments made to the Province in each fiscal year in the period beginning on the 1st day of April, 1962 and ending on the last day of the twenty-seventh month following the last day of the term of this agreement, at least once during the twenty-four month period following the end of each such fiscal year, the Provincial Auditor, if he is a person in the public service of the Province, or such person in the public service of the Province as may be designated by the Provincial Minister, may examine such books and records as may be relevant in order to permit him to report in respect of the payments made to the Province under this agreement on account of

- (a) individual income tax,
- (b) unclaimed deductions at source remitted in accordance with the provincial act, and
- (c) corporation income tax."

4. Clause 26 of the original agreement is revoked and the following substituted therefor:

"26. (1) The term of this agreement, except as otherwise specifically provided herein, is the period commencing on the 1st day of January, 1962 and ending on the 31st day of December of that year in respect of which, pursuant to subclause (2), notice is given by Canada or the Province to terminate the agreement.

(2) Canada or the Province may terminate this agreement as of December 31st of any year,

- (a) in the case of Canada, by the Minister giving notice to terminate, in the manner prescribed in clause 22, at any time preceding the commencement of that year, and
- (b) in the case of the Province, by the Provincial Minister giving notice to terminate, in the manner prescribed in clause 22, at any time preceding the 1st day of October in the year,

and upon such notification in respect of a year, the term of the agreement shall be deemed to be at an end on the 31st day of December in that year."


5. Subclause (1) of clause 27 of the original agreement is amended by adding thereto, immediately after paragraph (r) thereof, the following paragraph:

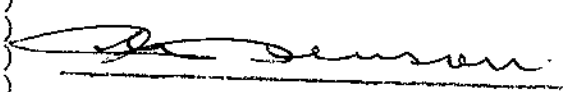
"(rr) "working day" means a day on which employees of the Department of Finance situated in Ottawa are normally required to work in accordance with the Public Service Terms and Conditions of Employment Regulations made pursuant to the Financial Administration Act, chapter 116, R.S.C. 1952,"

6. This agreement shall have operation between the parties hereto as of the 31st day of December, 1968, and the original agreement shall be construed accordingly.

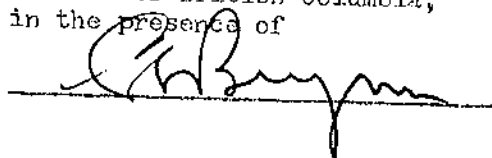
IN WITNESS WHEREOF the Honourable E.J. Benson, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada, and the Honourable W.A.C. Bennett, Minister of Finance of British Columbia, has hereunto set his hand on behalf of the Province.

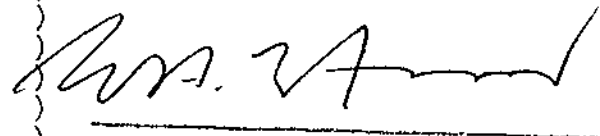
Signed on behalf of Canada by  
the Honourable E.J. Benson,  
Minister of Finance, in the  
presence of





Signed on behalf of British  
Columbia by the Honourable  
W.A.C. Bennett, Minister of  
Finance of British Columbia,  
in the presence of







MEMORANDUM OF AGREEMENT DATED  
THE 30<sup>th</sup> DAY OF November, 1970.

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable E.J. Benson, Minister of Finance of Canada,

OF THE FIRST PART:

AND

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable W.A.C. Bennett, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS under subsection (1) of section 6 of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, as amended, and subsection (1) of section 51 of the Income Tax Act, 1961, chapter 1 of the Statutes of British Columbia, 1961, Second Session, as amended, an agreement was entered into between the parties hereto on the 26th day of January, 1962, and was amended by three further agreements entered into between the said parties on the 26th day of October, 1964, the 3rd day of March, 1967, and the 19th day of December, 1968, respectively, (which agreement as so amended is hereinafter referred to as "the original agreement"); and

WHEREAS it is desired to amend the original agreement by this agreement as hereinafter provided; and

WHEREAS subsection (4) of section 21 of the Federal-Provincial Fiscal Arrangements Act, 1967, chapter 89 of the Statutes of Canada, 1966-67, provides that where an agreement was entered into pursuant to subsection (1) or (2) of section 6 of the Federal-Provincial Fiscal Arrangements Act, the agreement shall be deemed to have been entered into pursuant to subsection (1) of section 21 of the Federal-Provincial Fiscal Arrangements Act, 1967; and

WHEREAS subsection (2) of section 21 of the Federal-Provincial Fiscal Arrangements Act, 1967 provides that the Minister, with the approval of the Governor in Council, may, on behalf of the Government of Canada, enter into an agreement amending the terms and conditions of an agreement entered into pursuant to subsection (1) of section 21 of the said Act; and

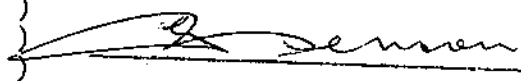
.....2

3. This agreement shall have operation between the parties as of the 31st day of December, 1970 and the original agreement shall be construed accordingly.

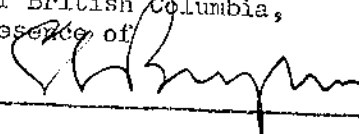
IN WITNESS WHEREOF the Honourable E.J. Benson, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada, and the Honourable W.A.C. Bennett, Minister of Finance of British Columbia, has hereunto set his hand on behalf of the Province.

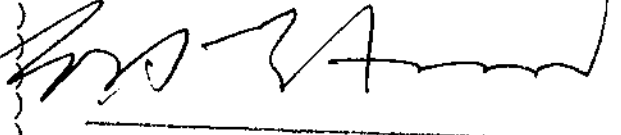
Signed on behalf of Canada by  
the Honourable E.J. Benson,  
Minister of Finance, in the  
presence of

  
\_\_\_\_\_

  
\_\_\_\_\_

Signed on behalf of British  
Columbia by the Honourable  
W.A.C. Bennett, Minister of  
Finance of British Columbia,  
in the presence of

  
\_\_\_\_\_

  
\_\_\_\_\_

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TITLE/TITRE Fed. - Prov. Relations Dir. - Fiscal Arrangements - 1967

RG \_\_\_\_\_ NO \_\_\_\_\_ R \_\_\_\_\_ SERIES/SÉRIE \_\_\_\_\_

ACCESSION \_\_\_\_\_ VOL \_\_\_\_\_ PAGE(S) 2

BOX/BOÎTE \_\_\_\_\_ REEL/BOÛNE \_\_\_\_\_

FILE/DOSSIER 5688-06 Vol. 2

DATE 21/1/11

CP 5-34803-B

BETWEEN:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable John N. Turner, Minister of Finance of Canada,

5600-03(72)-3
Original for the
Original for the
Original for the
Original for the

OF THE FIRST PART;

AND

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable W.A.C. Bennett, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS under subsection (1) of section 6 of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, as amended, and subsection (1) of section 51 of the Income Tax Act, 1961, chapter 1 of the Statutes of British Columbia, 1961, Second Session, as amended, an agreement was entered into between the parties hereto on the 26th day of January, 1962, and was amended by four further agreements entered into between the said parties on the 26th day of October, 1964, the 3rd day of March, 1967, the 19th day of December, 1968, and the 30th day of November, 1970, respectively, (which agreement as so amended is hereinafter referred to as "the original agreement"); and

WHEREAS it is desired to amend the original agreement by this agreement as hereinafter provided; and

WHEREAS section 21 of the Federal-Provincial Fiscal Arrangements Act, provides that where an agreement was entered into pursuant to subsection (1) or (2) of section 6 of the Federal-Provincial Fiscal Arrangements Act, Chapter 58 of the Statutes of Canada, 1960-61, the agreement shall be deemed to have been entered into pursuant to subsection (1) of section 20 of the Federal-Provincial Fiscal Arrangements Act, and

WHEREAS subsection (2) of section 20 of the Federal-Provincial Fiscal Arrangements Act, provides that the Minister, with the approval of the Governor in Council, may, on behalf of the Government of Canada, enter into an agreement amending the terms and conditions of an agreement entered into pursuant to subsection (1) of section 20 of the said Act; and

... / 2

WHEREAS subsection (2) of section 51 of the Income Tax Act, 1961, provides that the Provincial Minister, with the approval of the Lieutenant-Governor in Council, may, on behalf of the Province, enter into an agreement amending the terms and conditions of the collection agreement entered into under subsection (1) of section 51 of the said Act.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

1. (1) Paragraph (a) of subclause (1) of clause 2 of the original agreement is revoked and the following substituted therefor:

(a) in the case of an individual who resides in the Province on the last day of the year in respect of which the tax is imposed and who has no income earned in the year outside the Province, individual income tax shall be expressed as a constant percentage (in one or more half percentage points) of the federal tax payable by that individual for the year;"

(2) All that portion of subclause (1) of clause 2 of the original agreement immediately following subparagraph (ii) of paragraph (b) thereof is revoked and the following substituted therefor:

"individual income tax shall be expressed as a constant percentage (in one or more half percentage points) of the amount that bears the same relation to the federal tax payable by such individual for the year that his income earned in the year in the Province bears to his income for the year; and"

2. Clause 3 of the original agreement is revoked.

3. Paragraph (c) of clause 4 of the original agreement is revoked and the following substituted therefor:

"(c) the rate of deductions at source from employees' wages in respect of any year in a fixed ratio to the deductions prescribed for that year under subsection (1) of section 153 of the federal act."

4. Subclauses (2) and (3) of clause 5 of the original agreement are revoked and the following substituted therefor:

.../ 3

"(2) The Province will not, in respect of any year during the term, impose an income tax on the persons specified in subsection (1) of section 149 of the federal act or on a non-resident-owned investment corporation as defined in the federal act.

(3) The Province will not, in respect of any year during the term, impose or purport to impose a tax identical or similar to the taxes imposed by Parts II to XIV of the federal act."

5. (1) Subclause (3) of clause 10 of the original agreement is revoked and the following substituted therefor:

"(3) Where it is requested by the Minister of National Revenue to assist in the administration of the provincial act, the Province will provide to the Minister of National Revenue information that it may have

- (a) relating to any person liable to tax under the provincial act, and
- (b) relating to real property valuations and transactions."

(2) Subclause (5) of clause 10 of the original agreement is revoked and the following substituted therefor:

"(5) The Province will not demand the imposition, collection or remission of any penalty or fine that is or might be imposed under the provincial act; but any penalties, or any fines or other amounts awarded in judicial proceedings, (except penalties imposed under the provincial act under provisions corresponding to section 163 of the federal act) that are imposed, collected or received shall, in consideration of the collection by Canada of the tax imposed under the provincial act, be retained by Canada together with any interest that is payable by a taxpayer under the provincial act."

6. (1) Paragraph (b) of subclause (1) of clause 17 of the original agreement is revoked and the following substituted therefor:

"(b) the Province will make the alteration in such manner so that the altered rate for the year shall be expressed in one or more half percentage points, and"

(2) Subclause (1a) of clause 17 of the original agreement is revoked.

7.(1) Paragraphs (b) and (c) of subclause (1) of clause 27 of the original agreement are revoked and the following substituted therefor:

"(b) "assessment" includes reassessment;"

(2) Paragraphs (h) and (i) of subclause (1) of clause 27 of the original agreement are revoked and the following substituted therefor:

"(h) "Federal-Provincial Fiscal Arrangements Act" means the Federal-Provincial Fiscal Arrangements Act, chapter F-6 R.S.C. 1970;

(i) "federal tax" means the amount that, but for section 120 of the federal act, would be the tax payable by a taxpayer under Part I of that act for the taxation year in respect of which the expression is being applied computed as if the taxpayer were not entitled to any deduction under section 126 or 127 of that act;"

(3) Paragraph (1) of subclause (1) of clause 27 of the original agreement is revoked and the following substituted therefor:

"(1) "individual income tax" means the individual income tax imposed by the provincial act;"

(4) Paragraphs (r) and (rr) of subclause (1) of clause 27 of the original agreement are revoked and the following substituted therefor:

"(r) "taxation year" has the meaning given that expression in subsection (1) of section 249 of the federal act;

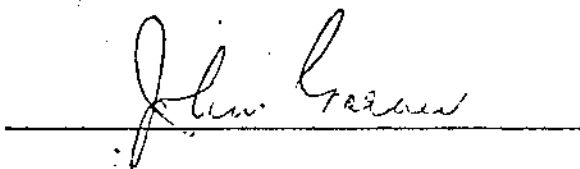
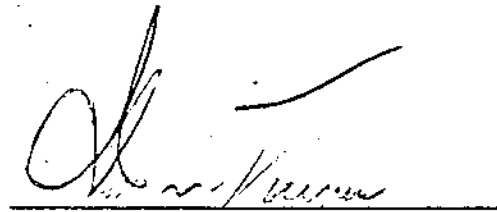
(rr) "working day" means a day on which employees of the Department of Finance situated in Ottawa are normally required to work in accordance with the Public Service Terms and Conditions of Employment Regulations made pursuant to the Financial Administration Act, chapter F-6, R.S.C. 1970;"

8. This agreement shall have operation between the parties as of the 1st day of January, 1972, and the original agreement shall be construed accordingly.

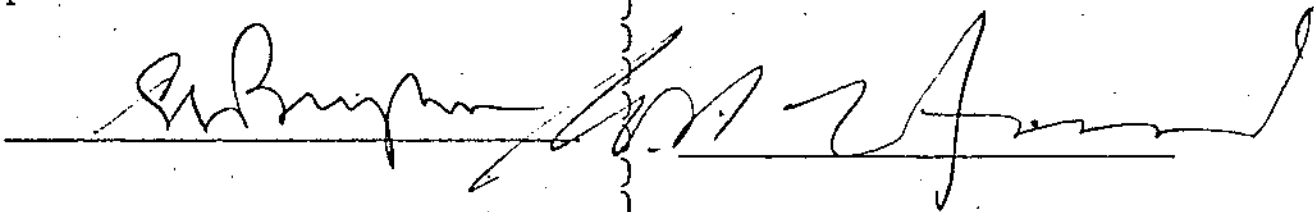
.../5

IN WITNESS WHEREOF the Honourable John N. Turner, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada, and the Honourable W.A.C. Bennett, Minister of Finance of British Columbia, has hereunto set his hand on behalf of the Province.

Signed on behalf of Canada by  
the Honourable John N. Turner  
Minister of Finance, in the  
presence of

A handwritten signature of John N. Turner in cursive script, written over a horizontal line.A handwritten signature of W.A.C. Bennett in cursive script, written over a horizontal line.

Signed on behalf of  
British Columbia by the  
Honourable W.A.C. Bennett,  
Minister of Finance of  
British Columbia, in the  
presence of

A handwritten signature of W.A.C. Bennett in cursive script, written over a horizontal line.





Province of  
British Columbia

Ministry of  
Finance

Office of the  
Deputy Minister  
Parliament Buildings  
Victoria  
British Columbia  
V8V 1X4

*Ray*

December 11, 1978

5692-04  
5692/8862-3  
5853-04-1

Mr. James H. Lynn  
Director  
Federal Provincial Relations Division  
Department of Finance  
Government of Canada  
Ottawa, Ontario  
K1A 0G5

DEC 21 1978

Dear Mr. Lynn:

Re: British Columbia-Canada  
Tax Collection Agreement

Attached for your records is a copy of Order-in-Council 3068, approved December 5, 1978, in respect of the amendment to the tax collection agreement providing for the sales tax reduction compensating payment.

A signed copy of the agreement has been submitted to the Honourable Jean Chretien.

Yours truly,

*H. G. Ferguson*

H. G. Ferguson  
Assistant Deputy Minister

Attach.



3068

APPROVED AND ORDERED DEC.-5.1978

Lieutenant-Governor

EXECUTIVE COUNCIL CHAMBERS, VICTORIA DEC.-4.1978

On the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders that

WHEREAS the Government of British Columbia amended the Social Services Tax Act to reduce the rate of tax from seven per cent to five per cent effective midnight April 10, 1978,

AND WHEREAS the Government of Canada has undertaken to compensate the Province of British Columbia for this reduction in the Social Services Tax for a period of six months,

AND WHEREAS it is necessary to amend the British Columbia - Canada tax collection agreement to give effect to the federal compensation,

APPROVAL be and is hereby given to the Minister of Finance, on behalf of the Government of British Columbia, to enter into an agreement amending the terms and conditions of the collection agreement with the Minister of Finance for Canada, acting on behalf of the Government of Canada, in the form of the draft agreement attached hereto.

MINISTER OF FINANCE

PRESIDING MEMBER OF THE EXECUTIVE COUNCIL

(This part is for administrative purposes and is not part of the Order.)

Authority under which Order is made:

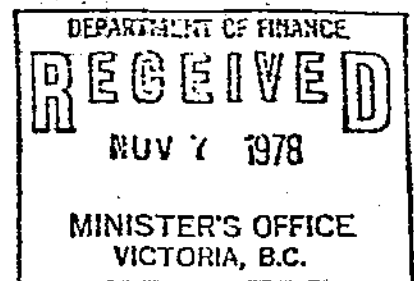
Act and section Income Tax Act - Section 49(2)

Other (specify) OIC 2993/61; 2891/64; 399/67; 3886/68; 3780/70 and 1248/72

Statutory authority checked by

(Signature and typed name of the

Legal Officer)



The Honourable Evan M. Wolfe, M.L.A.,  
Minister of Finance,  
Government of British Columbia,  
Victoria, British Columbia.  
V8V 1X4

NOV - 3 1978

Dear Mr. Wolfe:

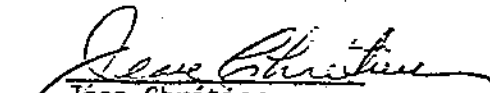
The purpose of this letter is to amend the Tax Collection Agreement between the Government of Canada and the Government of the Province of British Columbia in order to accommodate paragraph 15(a) of the Finance Statutes Amendment Act, being chapter 21 of the Statutes of British Columbia, 1978. As required by subsection 7(2) of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, I have received Governor in Council approval to make the amendment incorporated in this letter; after you have received Lieutenant-Governor in Council approval to make the amendment, I would be obliged if you would sign both copies of this letter and return one of them to me. It is agreed that the countersigned letters will constitute evidence of the amendment to the Agreement.

The Tax Collection Agreement between our two governments is amended by adding thereto, immediately after clause 7 thereof, the following clauses:

- 7A (1) Notwithstanding clause 2, the Province may impose an income tax on individuals in the manner and in an amount provided for in paragraph 15(a) of the Finance Statutes Amendment Act, being chapter 21 of the Statutes of British Columbia, 1978.
- (2) A tax imposed in accordance with subclause (1) shall be collected by Canada in the same manner as provided for in clause 1.
- 7B Notwithstanding clause 7 and subject to subclause 7C(4), payments of taxes collected under subclause 7A(2) shall be made by Canada to the Province in the manner provided for in clause 7C.
- 7C (1) Subject to subclause (2), Canada shall pay to the Province as an interim payment on the tenth working day of each month, commencing in May, 1978 and ending in October, 1978 an amount equal to 1/6th of the total amount, as estimated by the Minister, of the tax collectable by Canada pursuant to subclause 7A(2).

- (2) The Minister may from time to time at his discretion, during the period May 1978 to October 1978, re-estimate the total amount referred to in subclause (1) and the interim payments made pursuant to subclause (1) shall be adjusted accordingly.
- (3) A further payment equal to the amount, if any, by which the tax collectable by Canada pursuant to subclause 7A(2) assessed as of December 31, 1980 exceeds the aggregate of payments made pursuant to subclauses (1) and (2), shall be made by Canada to the Province on or before July 1, 1981.
- (4) Any amount of the tax collectable pursuant to subclause 7A(2) as assessed after December 31, 1980 and not previously paid to the Province, shall be paid by Canada to the Province in accordance with clause 7.

Sincerely yours,

  
Jean Chrétien,  
Minister of Finance,  
Government of Canada.

The Honourable Evan M. Wolfe,  
Minister of Finance,  
Government of British Columbia.

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TITLE/TITRE Fiscal Arrangements ... 1977

RG \_\_\_\_\_ NG \_\_\_\_\_ R \_\_\_\_\_ SERIES/SÉRIE \_\_\_\_\_

ACCESSION \_\_\_\_\_ VOL \_\_\_\_\_ PAGE(S) 4

BOX/BOÎTE \_\_\_\_\_ REEL/BOBINE \_\_\_\_\_

FILE/DOSSIER 5692-3 Vol. 1

DATE 21/1/11

Q5-34803-B

MEMORANDUM OF AGREEMENT

DATED the 9<sup>th</sup> day of October, 1977

B E T W E E N:

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Honourable John Crosbie, Minister of Finance of Canada,

OF THE FIRST PART;

A N D

THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA (hereinafter referred to as "the Province"), represented by the Honourable Evan M. Wolfe, Minister of Finance of the Province,

OF THE SECOND PART.

WHEREAS pursuant to subsection 6(1) of the Federal-Provincial Fiscal Arrangements Act, chapter 58 of the Statutes of Canada, 1960-61, as amended, and subsection 51(1) of the Income Tax Act, 1961, chapter 1 of the Statutes of British Columbia, 1961, Second Session, as amended, an agreement was entered into between the parties hereto on the 26th day of January, 1962, and was amended by five further agreements entered into between the said parties on the 26th day of October, 1964, the 3rd day of March, 1967, the 19th day of December, 1968, the 30th day of November, 1970, the 13th day of April, 1972, respectively, (which agreement as so amended is hereinafter referred to as "the original agreement"); and

WHEREAS it is desired to amend the original agreement by this agreement as hereinafter provided; and

WHEREAS subsection 7(2) of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977, provides that the Minister, with the approval of the Governor in Council, may, on behalf of the Government of Canada, enter into an agreement amending the terms and conditions of the original agreement; and

WHEREAS subsection 49(2) of the Income Tax Act, 1962, provides that the Minister of Finance of the Province, with the approval of the Lieutenant Governor in Council, may, on behalf of the Province, enter into an agreement amending the terms and conditions of the original agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT the parties hereto, in consideration of the covenants hereinafter contained, covenant and agree with each other as follows:

1. The original Agreement is amended by adding thereto immediately after subclause 2(2) the following subclause:

"(2A) Notwithstanding subclause (2), the Province may impose another rate of tax on corporations eligible for the small business deduction under section 125 of the federal Act."

2. The original Agreement is further amended by adding thereto, immediately after clause 6 thereof, the following heading and clause:

"RENTER CREDIT PLAN

6A. (1) Canada, as agent for the Province, shall administer for and on behalf of the Province, in accordance with the provisions of this Agreement, the Renter Credit Plan enacted by the provincial Act for each of the years comprising the term of this agreement in respect of which the said Plan is applicable under the provincial Act.

(2) "Renter Credit Plan" means the plan enacted pursuant to section 4A of the provincial Act authorizing, inter alia, a deduction from the tax otherwise payable under that Act for a taxation year by an individual resident in British Columbia on the last day of the taxation year of an amount determined pursuant to section 4A.

(3) The Renter Credit Plan, in respect of any taxation year, shall be administered by Canada in the following manner:

(a) the Renter Credit Plan will not be applied in the case of an individual in the year unless the individual has filed an income tax return for the taxation year in accordance with the provisions of the provincial Act, whether or not the individual is liable to pay tax under the provincial Act for that taxation year; and

(b) the amount determined under section 4A of the provincial Act of the Renter Credit Plan to which an individual is entitled for the taxation year (hereinafter referred to as the "renter credit") shall be applied by Canada

(i) as a deduction from the tax, including interest and penalties, otherwise payable by the taxpayer under the provincial Act for that and any preceding year;

(ii) as a deduction from any amount owing to Her Majesty in right of any other agreeing province in respect of income tax, including interest and penalties, payable by the taxpayer for that and any preceding year;

(iii) as a deduction from any amount owing to Her Majesty in right of Canada in respect of federal tax, contributions under the Canada Pension Plan or premiums under the Unemployment Insurance Act, 1971, including interest and penalties, payable in respect of that and any preceding year, and

(iv) the balance, if any, shall be paid by Canada to the individual.

(4) The administration and enforcement of the Renter Credit Plan in the case of an individual for the taxation year shall be effected and carried out by Canada in the same manner as if the said Plan were an element of and included in the computation of the income tax imposed under the provincial Act.

(5) For each fiscal year during the term of this Agreement beginning with the fiscal year commencing on April 1, 1976, the Minister shall

- (a) estimate, having regard to such information, if any, as is submitted to him by the Province, the aggregate amount of the renter credit applicable in the case of each individual in the Province for the taxation year ending in the preceding fiscal year;
- (b) deduct in 24 equal instalments commencing with the month of April in the fiscal year from the amount otherwise payable to the Province under this Agreement, on the basis of the estimate referred to in paragraph (a);
- (c) furnish the Province with a statement outlining the method of calculating the estimate referred to in paragraph (a) at the time the first deduction from a payment is made for that fiscal year pursuant to this subclause.

(6) In the last month of each fiscal year in which, in accordance with this clause, deductions from amounts payable by Canada to the Province under this Agreement have been made by Canada, and in no case later than the 31st day of March of the fiscal year, the Minister shall, on the basis of information available on the 31st day of December,



- (a) recalculate the aggregate amount of the renter credit applicable in the case of each individual in the Province in the taxation year ending in the preceding fiscal year in accordance with this clause;
- (b) calculate an amount in accordance with clause 6C which shall represent the administrative fee payable by the Province to Canada in respect of the administration by Canada on behalf of the Province of the renter credit for the taxation year ending in the preceding fiscal year;
- (c) furnish the Province with a statement outlining the method and results of the recalculation and calculation referred to in paragraphs (a) and (b);
- (d) in the event that the aggregate of the amount recalculated under paragraph (a) and the amount calculated under paragraph (b) exceeds the aggregate of the amounts that have been deducted by Canada under subclause (5) in respect of the taxation year, deduct an amount equal to such excess from any amount payable to the Province under this agreement in respect of that or any subsequent taxation year; and
- (e) in the event that the aggregate of the amounts that have been deducted by Canada under subclause (5) in respect of the taxation year exceeds the aggregate of the amount recalculated under paragraph (a) and the amount calculated under paragraph (b), pay to the Province the amount of such excess."

3. The original Agreement is further amended by adding thereto immediately after clause 6A the following heading and clause:

"ROYALTY AND DEEMED INCOME REBATE PLAN

6B. (1) Canada, as agent for the Province, shall administer for and on behalf of the Province, in accordance with the provisions of this Agreement, the Royalty and Deemed Income Rebate Plan enacted by the provincial Act for each of the years comprising the term of this Agreement in respect of which the said plan is applicable under the provincial Act.

(2) "Royalty and Deemed Income Rebate Plan" means the plan enacted pursuant to section 5C of the provincial Act authorizing, inter alia, a deduction from, or addition to, the tax otherwise payable under that Act for a taxation year of an amount determined pursuant to said section 5C.

(3) The Royalty and Deemed Income Rebate Plan in respect of any taxation year shall be administered by Canada in the following manner:

- (a) the Royalty and Deemed Income Rebate Plan will not be applied to a taxpayer in the year unless the taxpayer has filed an income tax return for the taxation year in accordance with the provisions of the provincial Act, whether or not the taxpayer is liable to pay tax under the provincial Act for that taxation year; and
- (b) the amount determined under section 5C of the provincial Act (hereinafter referred to as the "royalty and deemed income rebate") shall be applied by Canada as a deduction from, or addition to, whichever is applicable, the tax otherwise payable by the taxpayer under the provincial Act.

(4) The administration and enforcement of the Royalty and Deemed Income Rebate Plan shall be effected and carried out by Canada in the same manner as if the said Plan were an element of and included in the computation of the income tax imposed under the provincial Act.

(5) For each fiscal year during the term of this Agreement beginning with the fiscal year commencing on April 1, 1975, the Minister shall

- (a) estimate, having regard to such information, if any, as is submitted to him by the Province, the aggregate amount of the royalty and deemed income rebate applicable to taxpayers in the Province for the taxation year ending in the preceding fiscal year, taking into account the amount of the royalty and deemed income rebate deducted or added by taxpayers during the taxation year;
- (b) deduct from or add to, whichever is applicable, the amount otherwise payable to the Province, the royalty and deemed income rebate, on the basis of the estimate referred to in paragraph (a), in 24 equal instalments commencing with the month of April in the fiscal year;
- (c) furnish the Province with a statement outlining the method of calculating the estimate referred to in paragraph (a) at the time the first deduction from a payment is made for that fiscal year pursuant to this subclause.

(6) In the last month of each fiscal year in which, in accordance with this clause, deductions from or additions to amounts payable by Canada to the Province under this Agreement

have been made by Canada, and in no case later than the 31st day of March of that fiscal year, the Minister shall, on the basis of information available on the 31st day of December of that fiscal year for individuals, and on the last day of February of that fiscal year for corporations,

- (a) recalculate the aggregate amount of the royalty and deemed income rebate applicable in the case of each taxpayer in the Province in the taxation year ending in the preceding fiscal year in accordance with this clause;
- (b) calculate an amount in accordance with clause 6C which shall represent the administrative fee payable by the Province to Canada in respect of the administration by Canada on behalf of the Province of the Royalty and Deemed Income Rebate Plan for the taxation year ending in the preceding fiscal year;
- (c) furnish the Province with a statement outlining the method and results of the recalculation and calculation referred to in paragraphs (a) and (b);
- (d) where a deduction has been made by Canada under subclause (5) in respect of a taxation year,
  - (i) in the event that the aggregate of the amount recalculated under paragraph (a) and the amount calculated under paragraph (b) exceeds the aggregate of the amounts that have been deducted under subclause (5), deduct an amount equal to such excess from any amount payable to the Province under this Agreement in respect of that or any subsequent taxation year, and
  - (ii) in the event that the aggregate of the amounts that have been deducted under subclause (5) exceeds the aggregate of the amount recalculated under paragraph (a) and the amount calculated under paragraph (b), pay to the Province the amount of such excess; and
- (e) where an addition has been made by Canada under subclause (5) in respect of a taxation year,
  - (i) in the event that the amount, determined by subtracting the amount calculated under paragraph (b) from the amount recalculated under paragraph (a), exceeds the aggregate of the amounts that have been added under subclause (5), pay to the Province the amount of such excess, and
  - (ii) in the event that the aggregate of the amounts that have been added under subclause (5) exceeds the amount determined by subtracting the amount calculated under

paragraph (b) from the amount recalculated under paragraph (a), deduct an amount equal to such excess from any amount payable to the Province under this Agreement in respect of that or any subsequent taxation year."

4. The original Agreement is further amended by adding thereto immediately after clause 6B the following heading and clause:

"ADMINISTRATIVE FEE

- 6C. (1) The administrative fee referred to in paragraph 6A(6)(b) and paragraph 6B(6)(b) shall be,
- (a) with respect to the renter credit for the 1975 and subsequent taxation years, and with respect to the royalty and deemed income rebate applicable to individuals for the 1974 and subsequent taxation years, the amount determined pursuant to subparagraph (iv), calculated in the following manner:
    - (i) aggregate the amount determined pursuant to paragraph 6A(6)(a) and the amount determined pursuant to paragraph 6B(6)(a), less the amount of the royalty and deemed income rebate attributable to corporations;
    - (ii) divide the sum of subparagraph (i) by the total population of the Province as determined pursuant to subclause (2) in the taxation year for which the administrative fee is to be calculated;
    - (iii) apply to the quotient obtained under subparagraph (ii) the following schedule:
      - (A) one per cent on the amount up to fifty dollars per capita,
      - (B) two-thirds of one per cent on the amount which exceeds fifty dollars but does not exceed seventy-five dollars per capita,
      - (C) one-third of one per cent on the amount which exceeds seventy-five dollars but does not exceed one hundred dollars per capita,
      - (D) no administrative fee shall be charged on amounts in excess of one hundred dollars per capita;
    - (iv) aggregate the amounts obtained from (A), (B), and (C) of subparagraph (iii);

- (b) with respect to the royalty and deemed income rebate applicable to corporations,
  - (i) a fee of forty thousand dollars, covering all corporations, for each of the taxation years 1974 and 1975, and
  - (ii) a fee of twenty thousand dollars, covering all corporations, for each taxation year subsequent to the 1975 taxation year.
- (2) For the purposes of this clause,
  - (a) the total population of the Province shall be the population as determined by Statistics Canada
    - (i) for a year in which a census was taken, the population thus determined, and
    - (ii) for a year other than one referred to in subparagraph (i), the population as determined as of June 1 of that year,
  - (b) "per capita" in subparagraph (1)(a)(iii) shall refer to the total population of the Province as determined pursuant to paragraph (a)."

5. Paragraph 7(2)(a) of the original Agreement is revoked and the following substituted therefor:

- "(a) amounts assessed under the provincial Act
  - (i) on or before the 31st day of December in the year in which the fiscal year ends in respect of
    - (A) individual income tax for the year that ends in that fiscal year, and
    - (B) individual income tax, or adjustments thereof, for previous years comprising the term of this Agreement not included in the calculation of the amount payable for a previous fiscal year, and
  - (ii) on or before the last day of February in the year next following the year in which the fiscal year ends in respect of
    - (A) corporation income tax for the taxation years of corporations ending in the year that ends in that fiscal year, and

- (B) corporation income tax, or adjustments thereof, for previous years comprising the term of this Agreement not included in the calculation of the amount payable for a previous fiscal year; and"

6. Subclause 7(6) of the original Agreement is revoked and the following substituted therefor:

"(6) Following the close of each fiscal year in respect of which payments in accordance with this clause have been made by Canada to the Province, and in no case later than the 31st day of December next following the close of that fiscal year, the Minister shall, on the basis of information available on the 15th day of October next following the close of that fiscal year, in respect of both individual income tax and corporation income tax

- (a) make an interim recalculation of the amount payable to the Province in accordance with subclause (2),
- (b) furnish the Province with a statement outlining the method and result of such interim recalculation

and, in the case of individual income tax only, the Minister may, within 30 days following December 31, pay to the Province all or such part as he may determine, of the amount, if any, by which the amount of such interim recalculation exceeds the total of the payments made to the Province during that fiscal year.

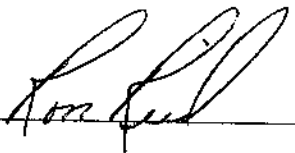
(6.1) Following the close of each fiscal year in respect of which payments in accordance with this clause have been made by Canada to the Province, and in no case later than the 31st day of March next following the close of that fiscal year, the Minister shall, on the basis of information available on the 31st of December next following the close of that fiscal year, in respect of individual income tax, and on the basis of information available on the last day of February next following the close of that fiscal year, in respect of corporation income tax,

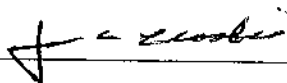
- (a) make a revised recalculation of the amount payable to the Province in accordance with subclause (2),
- (b) furnish the Province with a statement outlining the method and result of such revised recalculation, and
- (c) pay to the Province the amount, if any, by which the amount of such revised recalculation exceeds the total of the payments made to the Province in respect of that fiscal year."

In this Agreement clauses 1 and 2 shall have effect as of the 1975 taxation year, clauses 3 and 5 as of the 1974 taxation year, and clause 6 as of the 1976 taxation year, and the original Agreement shall be construed accordingly.

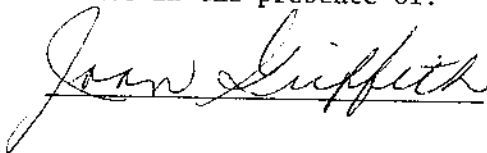
IN WITNESS WHEREOF the Honourable John Crosbie, Minister of Finance of Canada, has hereunto set his hand on behalf of Canada, and the Honourable Evan M. Wolfe, Minister of Finance of British Columbia, has hereunto set his hand on behalf of the Province.

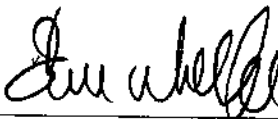
SIGNED on behalf of Canada by )  
the Honourable John Crosbie, )  
Minister of Finance in the presence )  
of: )

  
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SIGNED on behalf of the Province )  
by the Honourable Evan M. Wolfe, )  
Minister of Finance of the )  
Province in the presence of: )

  
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