

BALANCED BUDGET 2005 LEGISLATION SUMMARY

Budget Measures Implementation Act, 2005

Financial Administration Act

- this Act is amended to:
 - clarify the definition of public money; and
 - allow a minister to authorize payments out of the consolidated revenue fund if they are payable to or received by government.

South Moresby Implementation Account Act

- this Act is amended to allow the government to act in accordance with the federal-provincial agreement for the establishment of the South Moresby Park.

Special Accounts Appropriation and Control Act

- this Act is amended to:
 - establish the Production Insurance Special Account;
 - repeal a section related to the Habitat Conservation Fund Special Account.

Wildlife Act

- this Act is amended to change the structure of the board of the Habitat Conservation Fund to comply with accounting policy regarding trusts.

Income Tax Amendment Act, 2005

Income Tax Act

- this act is amended to:
 - introduce the BC Tax Reduction, a non-refundable personal income tax credit;
 - extend the Mining Exploration Tax Credit to 2016;
 - increase the Film Incentive BC basic tax credit to 30 per cent from 20 per cent and the Production Services tax credit to 18 per cent from 11 per cent for the period from January 1, 2005 to March 31, 2006;
 - increase the corporate income tax small business threshold to \$400,000 from \$300,000;
 - change the calculation of medical expenses incurred on behalf of dependent relatives that may be claimed;

- clarify that the determination of a refundable tax credit constitutes an assessment;
- limit the foreign tax credit that can be claimed by corporations;
- parallel the federal Act regarding the treatment of a series of transactions for purposes of the province’s anti-avoidance provisions;
- confirm the existing practice of not charging taxpayers additional interest if the taxpayers’ accounts are paid by the date specified in their notices;
- ensure that the Mining Exploration Tax Credit cannot be claimed on expenses incurred for purposes of the BC Mining Flow-through Share tax credit.

Taxation Statutes Amendment Act, 2005

Corporation Capital Tax Act

- this Act is amended to:
 - add a requirement that a financial corporation may only claim the investment allowance for another financial corporation if both corporations have the same year end;
 - require financial corporations to retain their books and records for specified periods.

Property Transfer Tax Act

- this Act is amended to:
 - increase the qualifying value of a property for the purposes of the First Time Home Buyers’ exemption;
 - increase the amount by which first time home buyers registering their properties may reduce their mortgages during the first year without becoming taxable.

Home Owner Grant Act

- this Act is amended to:
 - increase the threshold for the home owner grant phase-out;
 - reduce the phase-out rate of the home owner grant to \$5 per \$1,000 of assessed value from \$10 per \$1,000 of assessed value.

School Act

- this Act is amended to authorize the Lieutenant Governor in Council to make regulations to provide school tax exemptions and refunds for alternative energy power projects.

Social Service Tax Act

- this Act is amended to:
 - increase incentives for the purchase of alternative fuel vehicles by:
 - converting the previous refund incentive into a point-of-sale tax reduction;
 - expanding the definition of hybrid electric passenger vehicle;
 - raising the maximum tax reduction amount for hybrid electric passenger vehicles to \$2,000; reducing that maximum amount to \$1,000 on April 1, 2008; and eliminating this tax reduction on April 1, 2009;
 - increasing the percentage reduction of tax from 30% to 50% for alternative fuel vehicles that are not hybrid electric passenger vehicles;

- increase the vehicle surtax threshold to \$49,000 from \$47,000;
- provide an exemption for energy efficient residential heating equipment until March 31, 2007;
- require all amounts collected as environmental levies on tires and batteries to be remitted to Government;
- increase the maximum price of self-contained smoke or fire alarms, eligible for exemption, from \$50 to \$250;
- provide an exemption for recordings of moving picture and audio productions, or copies thereof, acquired for public broadcast, exhibition, sale or lease or for copying into other such productions. A provision is also made to ensure that persons eligible for the exemption are required to pay tax if they themselves exhibit the moving picture.

Insurance Premium Tax Act

- this Act is amended to:
 - clarify the application of tax for persons who are licensees under the *Real Estate Services Act*;
 - provide the Commissioner of Income Tax, or other authorized officer of the Ministry of Provincial Revenue, with the authority to require records to be kept and allow them to be accessed to administer and enforce the tax;
 - clarify that a corporation or partnership is resident in British Columbia if it has a permanent establishment in the province.

Motor Fuel Tax Act

- this Act is amended to:
 - impose a penalty for the unauthorized purchase or use of coloured fuel;
 - clarify that farmers may use coloured fuel in any unlicensed vehicle (such as threshers, combines, loaders, ATVs and snowmobiles) under certain conditions.

Tobacco Tax Act

- this Act is amended to provide appropriate officials with the authority to seize tobacco products that were not purchased from an authorized wholesaler. The quantity of seized products can be up to a maximum of 1,000 grams (50 cartons).

International Financial Activity Act

- this Act is amended to:
 - clarify and expand the appeal provisions;
 - change the name “IFC International Financial Centre Society of Vancouver” to “International Financial Centre British Columbia Society” in the Act to reflect the recent change in the society’s name.

Health Authorities Act

- this Act is amended to:
 - clarify that property tax exemptions apply to public hospitals managed directly or as a public-private partnership in the following situations:
 - property held or occupied for future hospital use;
 - space occupied by organizations on behalf of the Health Authority that is used for Health Authority purposes;

- space occupied by not-for-profit organizations that would be exempt under another act if they were the owner; and
- space occupied and used for teaching purposes by physicians who have academic appointments with the medical faculty of the University of British Columbia and are credentialed members of the teaching hospital.

Financial Administration Act

- This Act is amended to:
 - clarify that money received, held or collected by a government corporation is not public money unless it is money payable to the government under an enactment.
 - allow the minister, instead of Treasury Board but subject to Treasury Board direction, to authorize payment out of the consolidated revenue fund for government expenditures if amounts are payable to or received by government for those expenditures.

Special Accounts Appropriation and Control Act

- This Act is amended to:
 - establish the Production Insurance Special Account, which indemnifies farmers for crop failures under the British Columbia Crop Insurance Program.
 - repeal the section related to the Habitat Conservation Fund Special Account, which has not been in use for several years.

South Moresby Implementation Account Act

- This Act is amended to:
 - provide the government with the ability to act in accordance with the agreement made between the federal and provincial governments for the establishment of the South Moresby Park whether or not that agreement is amended before or after March 31, 2000.

Wildlife Act

- This Act is amended to:
 - move the trusteeship of the Habitat Conservation Fund from the minister to a public officer appointed by the Lieutenant Governor in council, and provides details for the constitution and proceedings of the board.

Freedom of Information and Protection of Privacy Act

- Schedule 2 of this Act is amended to:
 - remove the Habitat Conservation Fund Public Advisory Board as a result of repealing sections of the Special Accounts Appropriation and Control Act that relate to payments out of the Habitat Conservation Fund.

Insurance for Crops Act

- This Act is amended to:
 - clarify when money may be paid out of the consolidated revenue fund to satisfy a liability of government that arising from carrying out the Federal-Provincial-Territorial Framework Agreement on Agricultural and Agri-Food Policy for the Twenty-First Century.