



# Information Bulletin

March 26, 1999

**TO: RESOURCE CORPORATIONS AND MANUFACTURING AND PROCESSING CORPORATIONS**

**RE: THE CORPORATION CAPITAL TAX ACT**

As a result of the March 26, 1999 budget, some changes have been made to the calculation of paid-up capital for resource corporations and manufacturing and processing corporations.

## **CANADIAN EXPLORATION AND DEVELOPMENT EXPENDITURES**

For fiscal years ending after March 31, 1999, corporations will have the option of deducting unused Canadian exploration and development (E&D) tax pools in determining taxable paid-up capital. Previously, corporations were required to deduct the E&D pools.

## **SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENDITURES**

For fiscal years ending after March 31, 1999, corporations will be permitted to deduct unused scientific research and experimental development tax pools in determining taxable paid-up capital. The deduction applies to expenditures that are incurred by the corporation and which are deductible under the *Income Tax Act* (Canada), to the extent the expenses have not already been deducted for income tax purposes.

Eligible scientific research and experimental development expenditures are those expenditures defined in the *Income Tax Act* (Canada).

## **FOR FURTHER INFORMATION**

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