Tax and Revenue Administration (TRA)

Alberta Corporate Tax Act
Information Circular IEG-1
Alberta Innovation Employment Grant

Issued: January 29, 2021

NOTE: This information circular is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this information circular and governing legislation, the legislation takes precedence.

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See also:

- *Guide to Claiming the Alberta Innovation Employment Grant*
- Alberta Innovation Employment Grant - AT1 Schedule 29 (Form AT29)
- Listing of SR&ED Projects Carried Out in Alberta (Form AT4970)

TAX AND REVENUE ADMINISTRATION
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- Email: TRA.Revenue@gov.ab.ca
- Website: tra.alberta.ca
- Phone: 780-427-3044
- Fax: 780-427-0348

Note: for toll-free service in Alberta, call 310-0000, then enter the number.

Overview

1. The Alberta Innovation Employment Grant (IEG) is a refundable tax credit that a qualified corporation may deduct from tax otherwise payable for a taxation year in accordance with Division 7 of Part 6 of the *Alberta Corporate Tax Act*. In general, the IEG is equal to 8 per cent of the lesser of the corporation's eligible expenditures in respect of scientific research and experimental development (SR&ED) carried out in Alberta after December 31, 2020, and the corporation's maximum expenditure limit for the year. The corporation will be eligible to claim an additional amount equal to 12 per cent of any such amount in excess of a base amount. A corporation's base amount is determined by calculating the corporation's average eligible expenditures for the two preceding taxation years.

2. For the purposes of the IEG, the term "scientific research and experimental development" has the same meaning as it does in federal *Income Tax Act* (federal Act).

3. Expenditures of a partnership, trust, or individual in respect of SR&ED are <u>not</u> eligible for the IEG.

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IEG Calculation and Deduction

4. For taxation years ending after December 31, 2020, a **qualified corporation** is entitled to an IEG equal to the product of

A x B

where

A is the aggregate of

(a) the product of 8 per cent and the lesser of

(i) the corporation's **eligible expenditures** for the taxation year, and

(ii) the corporation's **maximum expenditure limit** for the taxation year,

and

(b) the product of 12 per cent and the amount, if any, by which the lesser of

(i) the corporation’s eligible expenditures for the taxation year, and

(ii) the corporation’s maximum expenditure limit for the taxation year,

exceeds the corporation’s **base amount** for the year,

and

B is the ratio determined by the formula

($40 million – C) / $40 million

where

C is

(a) nil, if the following amount is less than or equal to $10 million:

(i) if the qualified corporation is not associated with any other corporation in the taxation year, the amount that is its taxable capital employed in Canada (for federal tax purposes) for its immediately preceding taxation year, and

(ii) if the qualified corporation is associated with one or more other corporations in the taxation year, the amount that is the total of all amounts, each of which is the taxable capital employed in Canada (for federal tax purposes) of the corporation for its, or of one of the other corporations for its, last taxation year that ended in the last calendar year that ended before the end of the taxation year, and

(b) in any other case, the lesser of $40 million and the amount by which the amount determined under (a)(i) or (a)(ii), as the case may be, exceeds $10 million.

5. A qualified corporation may deduct from its tax otherwise payable under the *Alberta Corporate Tax Act* (the Act) for a taxation year, the lesser of

   - the corporation's IEG for the year, and
   - the corporation's tax otherwise payable under the Act for the year.

6. The amount of IEG that a qualified corporation may deduct from tax otherwise payable for a taxation year is reported on line 129 of the Alberta Corporate Income Tax Return (AT1) after completing and filing Form AT29. For additional information on completing Form AT29, refer to the *Guide to Claiming the Alberta Innovation Employment Grant*.

7. The effective date of when the qualified corporation's IEG is deducted from its tax otherwise payable for a taxation year is the corporation's balance-due day for the taxation year.

8. Any amount by which a qualified corporation's IEG exceeds it tax otherwise payable for a taxation year will be applied by TRA to pay any tax, interest or penalty owing by the corporation for that or any other taxation year, or to pay any other amount owing to Alberta. Any remaining amount of IEG will be refunded to the corporation.

9. No interest is payable by Alberta in respect of an amount of IEG payable to a qualified corporation.

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Qualified Corporation

10. A qualified corporation means a corporation that

    - has a permanent establishment in Alberta at any time during the taxation year, and
    - carries on SR&ED activities in Alberta during the taxation year,

    but does not include a corporation that is exempt from tax in the taxation year under the Act unless the corporation is a prescribed corporation under the Alberta Corporate Tax Regulation.

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Eligible Expenditures

11. The eligible expenditures of a qualified corporation for a taxation year are calculated using the formula

$$A - B + C + D + E$$

where

A is the sum of amounts included in the federal SR&ED qualified expenditure pool at the end of the corporation’s taxation year, as determined for the purposes of the federal investment tax credit, that are in respect of SR&ED carried out in Alberta after December 31, 2020. In general, A is the Alberta portion of the federal qualified SR&ED expenditures included on line 559 of federal Form T661.

B is the amount, if any, included in the sum determined under A that is in respect of a prescribed proxy amount included in the federal qualified SR&ED expenditures of the corporation.

C is the Alberta proxy amount for the taxation year. This amount will only occur if there is a prescribed proxy amount included in the federal qualified SR&ED expenditures. In general, the Alberta proxy amount is 55 per cent of the salaries and wages used in the calculation of the prescribed proxy amount included in the federal expenditures of the corporation for the taxation year that were paid in respect of SR&ED carried out in Alberta after December 31, 2020.

D is the amount, if any, in respect of an IEG that reduced federal qualified SR&ED expenditures of the corporation in the taxation year.

E is the amount of a repayment, in the taxation year, of either government assistance (other than an IEG) or a contract payment that can reasonably be considered to relate to amounts included in A in the taxation year or any preceding taxation year.

12. If TRA is of the opinion that an expenditure of a qualified corporation does not meet the definition of ‘qualified expenditure’ for federal investment tax credit purposes, TRA may disallow the expenditure for the purpose of calculating the corporation’s IEG, notwithstanding that the expenditure was included in the federal SR&ED qualified expenditure pool at the end of the corporation’s taxation year.

13. Prior to an expenditure being disallowed, TRA will ask the corporation to provide satisfactory evidence that the expenditure was, in fact, incurred in the year and was in respect of SR&ED carried out in Alberta. Examples of expenditures that may be disallowed include, but are not limited to, ineligible salaries and wages, expenditures claimed in the wrong taxation year and expenditures for which satisfactory supporting documentation is not provided.

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Maximum Expenditure Limit

Non-Associated Corporations

14. If the taxation year of a qualified corporation, which is not associated with one or more corporations in a taxation year, is 365 days (or 366 days if the taxation year includes February 29), its maximum expenditure limit is $4 million.

15. If the taxation year of the corporation is shorter than 365 days (or 366 days if the taxation year includes February 29), its maximum expenditure limit is $4 million multiplied by the ratio of the number of days in the taxation year to 365 (or to 366 if the taxation year includes February 29).

16. However, if the taxation year of the corporation begins before January 1, 2021 and ends after December 31, 2020, the maximum expenditure limit of the corporation for that year is the proportion of $4 million that the number of days in the taxation year in 2021 is of 365.

Associated Corporations

17. A qualified corporation is required to share the maximum expenditure limit with one or more associated qualified corporations that claim an IEG in taxation years within the same calendar year.

18. The maximum expenditure limit allocated to a qualified corporation that is associated with one or more corporations in a taxation year cannot exceed the proportion of $4 million that the number of days in the corporation’s taxation year bears to 365 (or 366 if the taxation year includes February 29).

19. However, if the taxation year of the corporation begins before January 1, 2021 and ends after December 31, 2020, the maximum expenditure limit allocated to the corporation cannot exceed the proportion of $4 million that the number of days after December 31, 2020, in its 2021 taxation year, bears to 365 (or 366 if the taxation year includes February 29).

20. The maximum expenditure limit to be allocated among two or more qualified corporations that are associated with each other is the lesser of $4 million, and the proportion of $4 million that the number of days in the taxation year of the corporation with the longest taxation year bears to 365 (or 366 if the taxation year includes February 29).

21. However, if the taxation year of one or more of the associated corporations begins before January 1, 2021 and ends after December 31, 2020, the maximum expenditure limit to be allocated among the associated corporations is the proportion of $4 million that the number of days after December 31, 2020 in the taxation year of the corporation that has the greatest number of days after December 31, 2020 in its 2021 taxation year bears to 365 (or 366 if the taxation year includes February 29).

22. If two or more qualified corporations that are associated with each other file an agreement in prescribed form with TRA, the maximum expenditure limit will be allocated by TRA in accordance with the agreement. For the purposes of the IEG, the prescribed form of agreement is provided on page 3 of From AT29.

23. If two or more qualified corporations that are associated with each other do not file an agreement with TRA within 60 days after being notified in writing by TRA that an agreement is required, TRA will allocate the maximum expenditure limit to one or more of the associated corporations, which are then bound by the amounts so allocated.

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Base Amount

24. The base amount for a taxation year of a qualified corporation that is not associated with any other corporation in that taxation year is the amount that is the average of the eligible expenditures of the qualified corporation for the two taxation years immediately preceding that taxation year. For example, if a corporation desiring to claim an IEG in 2021 had eligible expenditures of $10,000 in 2020 and $20,000 in 2019, the base amount is $15,000 (($10,000 + $20,000) / 2).

25. The base amount for a taxation year of a qualified corporation that is associated with one or more other corporations in that taxation year is the amount that is the average of

- the total of all amounts, each of which is the eligible expenditures of the qualified corporation for its, or of one of the other corporations for its, last taxation year that ended in the last calendar year that ended before the end of that taxation year, and

- the total of all amounts, each of which is the eligible expenditures of the qualified corporation for its, or of one of the other corporations for its, taxation year immediately preceding the taxation year described in the immediately preceding bullet point.

26. For the purpose of determining a qualified corporation's base amount for a taxation year, eligible expenditures for a preceding year are calculated using the formula set out in the Eligible Expenditures section, but disregarding each reference to 'December 31, 2020.' The eligible expenditures of a preceding taxation year include all such expenditures in respect of SR&ED carried out in Alberta during the respective preceding taxation year, even if the expenditures were previously used for the purpose of claiming the former Alberta SR&ED tax credit.

27. Expenditures made in respect of SR&ED carried out in Alberta do not constitute eligible expenditures for IEG purposes unless they were included in the federal SR&ED qualified expenditure pool at the end of the respective taxation year and determined by the Canada Revenue Agency for the purposes of the federal investment tax credit. Accordingly, in determining the base amount for IEG purposes, only the expenditures in respect of SR&ED carried out in Alberta that were included on line 559 of federal Form T661 are relevant.

28. If a corporation did not have any eligible expenditures in the preceding two years, the base amount is nil.

29. If a corporation had eligible expenditures in only one of the two preceding taxation years, including a relatively new corporation that only had one preceding taxation year, the eligible expenditures are still averaged over two years for the purpose of calculating the base amount. For example, if a corporation (that is not associated with any other corporation) desiring to claim an IEG in 2021 had eligible expenditures of $0 in 2019 and $20,000 in 2020, the base amount is $10,000 (($0 + $20,000) / 2).

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Determination of the IEG

30. TRA will determine the amount of a qualified corporation's IEG after the later of

- the date TRA receives the corporation's Form AT29

and

- the earlier of the date TRA receives
  - o confirmation from the Canada Revenue Agency of the amount of federal expenditures of the corporation allowed for federal investment tax credit purposes for the taxation year, as well as confirmation of the amount of taxable capital employed in Canada of the corporation for the taxation year,

    and

- o notice of the federal notice of assessment or other notification that relates to the amount of federal expenditures of the corporation allowed for federal investment tax credit purposes for the taxation year, as well as notification of the amount of taxable capital employed in Canada by the corporation for the taxation year, and all relevant supporting documentation.

31. Confirmation or notice will generally be received by TRA directly from the Canada Revenue Agency, but the corporation may also provide TRA with a copy of the relevant federal notice of assessment or other notification and all supporting documentation.

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Recapture on Sale or Conversion of Property

32. If a corporation has received an IEG in respect of property that is sold or converted to commercial use, the corporation must add to its Alberta tax payable the respective amount of recapture in the circumstances described in the two following situations:

- The property was acquired by the corporation and the cost of the property was included in the corporation's eligible expenditures after December 31, 2020 (refer to Situation 1).

- The property was acquired by the corporation under an agreement to transfer qualified expenditures to a transferee corporation and the cost of the property was included in the corporation's eligible expenditures after December 31, 2020 (refer to Situation 2).

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<u>Situation 1</u>

- A qualified corporation acquires a property from a person or partnership in a taxation year or in any of the 20 preceding taxation years.

- The cost (or a portion of the cost) of the property is included in the corporation's eligible expenditures at the end of the taxation year, or in any of the 20 preceding taxation years, including amounts that were unpaid after 180 days from the end of the taxation year.

- The corporation converts to commercial use, or disposes of, without having previously converted to commercial use, the property (or another property that incorporates the property) to a person who deals at arm's length with the corporation.

In this situation, the corporation must add to its Alberta tax payable, for the year in which the property was converted or disposed of, an amount of recapture equal to the **lesser of**

- the amount that can reasonably be considered to have been received by the corporation as an IEG in respect of the property, or that would have been received by the corporation even if the expenditure in respect of the property was unpaid after 180 days from the end of the taxation year, determined by the formula

  (A / B) x C x (D / E)

  where

  A is the qualified corporation’s IEG for the taxation year in which the property was acquired.

  B is the lesser of the qualified corporation’s eligible expenditures and maximum expenditure limit for the taxation year in which the property was acquired.

  C is the amount included in the corporation’s eligible expenditures in respect of the cost of the property in the taxation year in which the property was acquired.

  D the corporation’s maximum expenditure limit for the taxation year in which the property was acquired.

  E is the greater of the corporation’s maximum expenditure limit and eligible expenditures for the year in which the property was acquired.

and

- the amount determined by the formula

  (F / G) x H x (I / J)

  where

  F is the qualified corporation’s IEG for the taxation year in which the property was acquired.

  G is the lesser of the qualified corporation’s eligible expenditures for the taxation year in which the property was acquired, and the corporation’s maximum expenditure limit for that taxation year.

  H is the proceeds of disposition of the property (or of the other property that incorporates the property).

I is the corporation's maximum expenditure limit for the taxation year in which the property was acquired.

J is the greater of the corporation's maximum expenditure limit or eligible expenditures for the taxation year in which the property was acquired.

Example:

Property Acquired in 2021 and Sold by Corporation in an Arm's Length Transaction in 2022

<u>Facts</u>

Cost of property acquired in 2021	100,000
Amount included in eligible expenditures in 2021	100,000
IEG for 2021	340,000
Proceeds of disposition in 2022	20,000
Eligible expenditures for 2021	5,000,000
Maximum expenditure limit for 2021	4,000,000

<u>Formula Components</u>

A	IEG for 2021	340,000
B	Lesser of 5,000,000 and 4,000,000	4,000,000
C	Amount included in eligible expenditures in 2021	100,000
D	Maximum expenditure limit for 2021	4,000,000
E	Greater of 4,000,000 and 5,000,000	5,000,000
F	IEG for 2021	340,000
G	Lesser of 5,000,000 and 4,000,000	4,000,000
H	Proceeds of disposition in 2022	20,000
I	Maximum expenditure limit for 2021	4,000,000
J	Greater of 4,000,000 and 5,000,000	5,000,000

<u>Recapture Added to Corporation's 2022 Alberta Tax Payable</u>

Lesser of

(340,000 / 4,000,000) x 100,000 x (4,000,000 / 5,000,000)	6,800

and

(340,000 / 4,000,000) x 20,000 x (4,000,000 / 5,000,000)	**1,360**

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Situation 2

- A qualified corporation acquires a property from a person or partnership in a taxation year or in any of the 20 preceding taxation years.
- The cost (or a portion of the cost) of the property is included in the eligible expenditures of the corporation at the end of the taxation year or in any of the 20 preceding taxation years.
- All, or a portion of, the cost of the property is the subject of an agreement made pursuant to the federal Act by the corporation to transfer to another corporation (the Transferee) amounts included in the federal SR&ED qualified expenditure pool.
- The corporation converts to commercial use, or disposes of, without having previously converted to commercial use, the property (or another property that incorporates the property) to a person who deals at arm's length with the corporation.

In this situation, the corporation must add to its Alberta tax payable, for the year in which the property was converted or disposed of, an amount of recapture equal to the **lesser of**

- the amount that can reasonably be considered to have been received by the Transferee as an IEG in respect of the property that was subject to the agreement, determined by the formula

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

  where

  A is the Transferee's IEG for the taxation year in which the property was acquired.

  B is the lesser of the Transferee's eligible expenditures and maximum expenditure limit for the taxation year in which the property was acquired.

  C is the amount included in the Transferee's eligible expenditures in respect of the cost of the property in the taxation year in which the property was acquired.

  D the Transferee's maximum expenditure limit for the taxation year in which the property was acquired.

  E is the greater of the Transferee's maximum expenditure limit and eligible expenditures for the year in which the property was acquired.

and

- the amount determined by the formula

  $(F / G) \times (H – I) \times (J / K)$

  where

  F is the Transferee's IEG for the taxation year in which the property was acquired.

  G is the lesser of the Transferee's eligible expenditures and maximum expenditure limit for the taxation year in which the property was acquired.

  H is the proceeds of disposition of the property (or of the other property that incorporates the property).

  I is the amount, if any, added to the corporation's Alberta tax payable under Situation 1 in respect of the property.

  J is the Transferee's maximum expenditure limit for the taxation year in which the property was acquired.

  K is the greater of the Transferee's maximum expenditure limit and eligible expenditures for the taxation year in which the property was acquired.

Example:

Property Acquired in 2022 and Sold by Corporation in an Arm's Length Transaction in 2023

<u>Facts</u>

Cost of property acquired by corporation in 2022	50,000
Amount included in Transferee's eligible expenditures in 2022	50,000
Proceeds of disposition in 2023	30,000
Transferee's eligible expenditures for 2022	10,000,000
Transferee's maximum expenditure limit for 2022	4,000,000
Transferee's IEG for 2022	320,000
Addition to corporation's Alberta Tax Payable under Situation 1	NIL

<u>Formula Components</u>

A	Transferee's IEG for 2022	320,000
B	Lesser of 10,000,000 and 4,000,000	4,000,000
C	Amount included in Transferee's eligible expenditures in 2022	50,000
D	Maximum expenditure limit for 2022	4,000,000
E	Greater of 4,000,000 and 10,000,000	10,000,000
F	Transferee's IEG for 2022	320,000
G	Lesser of 10,000,000 and 4,000,000	4,000,000
H	Proceeds of disposition in 2023	30,000
I	Amount from Situation 1	NIL
J	Transferee's maximum expenditure limit for 2022	4,000,000
K	Greater of 4,000,000 and 10,000,000	10,000,000

<u>Recapture Added to Corporation's 2023 Alberta Tax Payable</u>

Lesser of

(320,000 / 4,000,000) x 50,000 x (4,000,000 / 10,000,000) 1,600

and

(320,000 / 4,000,000) x (30,000 - 0) x (4,000,000 / 10,000,000) **960**

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33. Where the property (or another property that incorporates the property) is disposed of to a person who does not deal at arm's length with the corporation, the amount of recapture to be added to the corporation's Alberta tax payable for the taxation year in which the property was disposed of, is calculated in the same way as for an arm's length disposition. The only exception to this calculation is that the proceeds of disposition (part H of the latter formula in each of the Situations explained above) is replaced with the **fair market value** of the property (or of the other property) at the time of disposition.

34. Where at any time a property (or another property that incorporates the property) ceases to be located in Alberta, the property (or the other property) is deemed to have been disposed of to a person who deals at arm's length with the corporation for proceeds of disposition equal to the fair market value of the property (or of the other property) at the time the property ceases to be located in Alberta.

35. If property in respect of which recapture must be calculated and added to Alberta taxable income was included in eligible expenditures in more than one taxation year, the amount that can reasonably be considered to have been included in the IEG (the first formula in each of the Situations explained above) must be calculated in respect of each such taxation year. The amount that can reasonably be considered to have been included in the IEG is the aggregate of the amounts so calculated for each of the taxation years.

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Filing Deadline

36. A corporation is not entitled to an IEG unless TRA has **received** its claim for the IEG on or before the day that is 15 months after the day on or before which the corporation is required to file its AT1 for the year. The completed AT1 and Form AT29 may be mailed, couriered, or hand delivered to TRA at the address below.

ALBERTA TREASURY BOARD AND FINANCE
TAX AND REVENUE ADMINISTRATION
9811 109 STREET NW
EDMONTON AB T5K 2L5

37. Using certified software, a claimant may also use net file to electronically submit the completed AT1 and form AT29. Net file provides the claimant with immediate receipt confirmation, faster processing and the convenience of filing from anywhere. For additional information on filing options, refer to the "How to file" section of the Corporate Income Tax page of our website.

38. No new eligible expenditures are to be added to an IEG claim after the deadline for filing the claim. The federal Act deems expenditures not to be SR&ED expenditures if they were not included in the SR&ED claim when the federal filing deadline expired. Accordingly, such expenditures are excluded from the federal qualifying expenditure pool and cannot be included in eligible expenditures for the purposes of the IEG.

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Late-Filing Penalty

39. A corporation that has failed to file an AT1 for a taxation year as and when required by the Act is liable to a late-filing penalty equal to

- five per cent of the amount of unpaid tax on the filing due-date, plus
- one per cent of the amount of unpaid tax on the filing due-date for each complete month, not exceeding 12, between the filing due-date and the actual filing date.

For the purpose of calculating the five per cent of the amount of tax unpaid on the filing due-date, the amount of unpaid tax does not include the amount of IEG and other tax credits to which the corporation is entitled.

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Exemption from Filing an AT1

40. A corporation claiming an IEG must file an AT1 with TRA, even if the corporation would otherwise be exempt from filing.

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Objections

41. A corporation that disagrees with the basis of an Alberta assessment may be entitled to file a Notice of Objection (Form AT97), which is available in the "Forms" section of the Corporate Income Tax page of our website.

42. Subject to TRA's right to disallow an expenditure on the basis that TRA is of the opinion that the expenditure does not meet the definition of "qualified expenditure" for federal investment tax credit purposes, in determining eligible expenditures for the purposes of the IEG, a qualified corporation is bound by any federal determination of amounts included in or excluded from the federal SR&ED qualified expenditure pool at the end of the respective taxation year.

43. Accordingly, a corporation generally cannot object to an Alberta assessment in respect of the inclusion or exclusion of an expenditure in the federal SR&ED qualified expenditure pool, but must use the federal dispute resolution process for that purpose.

44. However, a corporation is entitled to object to an Alberta assessment in respect of an expenditure that was included in the federal SR&ED qualified expenditure pool, but was disallowed by TRA on the basis that it was not a qualified expenditure or was not carried out in Alberta. A corporation may also object to an assessment in respect of the application of the association rules to the maximum expenditure limit or in respect of the amount of recapture for Alberta purposes.

45. For additional information on objecting to an assessment, refer to Information Circular CT-8, *Objections and Appeals*.

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Reassessments

46. The reassessment periods for Alberta corporate income tax payable and the IEG are different. In general, the normal reassessment period in respect of corporate income tax payable for a Canadian-controlled private corporation (CCPC) is three years from the date of mailing the notice of assessment for the taxation year. In all other cases the normal reassessment period is four years from the date of mailing the notice of assessment.

47. The normal reassessment period for the IEG is, for a CCPC, three years from the date of mailing the initial assessment in respect of the IEG for the year. In all other cases the normal reassessment period is four years from the date of mailing the first assessment in respect of the IEG for the year.

48. Because of the different reassessment periods, the first assessment of an IEG for a taxation year may be issued beyond the normal reassessment period for corporate income tax payable. Any subsequent reassessment or additional assessment of the IEG may be issued within the normal reassessment period for the IEG as noted in the immediately preceding paragraph.

49. If the Canada Revenue Agency has reassessed a corporation's federal SR&ED claim, the corporation is required to file with TRA all relevant information provided to the corporation under the federal Act, even if the information is received by the corporation beyond the normal reassessment periods noted above. In such cases, TRA may contact the corporation to confirm how the federal adjustments affect the corporation's IEG claim. TRA is permitted to reassess the IEG within 12 months after the date on which the corporation files the federal reassessment information with TRA.

50. TRA is authorized to reassess both the Alberta corporate income tax payable and the IEG at any time if the reassessment arises from the resolution of an objection or appeal. For additional information on reassessments, refer to Information Circular CT-6, *Reassessments*.

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Anti-Avoidance Provisions

51. If, at any time after December 31, 2020, control of a qualified corporation is acquired by a person, and TRA is satisfied that, as a result of the acquisition of control, there has been an increase to the IEG to which the corporation is otherwise entitled or to which a group of corporations with which it is associated in a calendar year is otherwise entitled, TRA may determine the amount of the IEG to which that corporation, or any of the associated corporations, is entitled.

52. If, at any time after December 31, 2020, a qualified corporation, as a result of an amalgamation or otherwise, has a taxation year that ends before the time it would normally end, or has two or more taxation years ending in the same calendar year, TRA may determine the amount of the IEG to which that qualified corporation, any successor corporation, or any associated qualified corporation, is entitled.

53. If one or more of a qualified corporation's preceding taxation years used in calculating its base amount is shorter than 365 days, and TRA is satisfied that, as a result of the shorter taxation year, there has been an increase to the IEG to which the corporation or any corporation with which is it associated is otherwise entitled, TRA may determine the amount of the IEG to which that corporation, or any of the associated corporations, is entitled.

54. If a qualified corporation is controlled by the same person or group of persons who controlled another corporation that was dissolved before the beginning of the taxation year for which the qualified corporation's IEG is being determined, and TRA is satisfied that, as a result of the dissolution, there has been an increase to the IEG to which the qualified corporation or any corporation with which is it associated is otherwise entitled, TRA may determine the amount of the IEG to which that qualified corporation, or any of the associated corporations, is entitled.

55. If TRA is satisfied that one of the main reasons for the separate existence of two or more qualified corporations is to increase the amount of the IEG, TRA may direct that all of the corporations are deemed to be associated with each other for the purposes of claiming the IEG.

56. If TRA is of the opinion that a qualified corporation has at any time entered into one or more sales, exchanges, declarations of trust or other transactions that

- lack any substantial business purpose, other than increasing the IEG to which it or any qualified corporation is otherwise entitled, or
- artificially increases the IEG that may be claimed by it or any qualified corporation,

TRA may direct that all of the corporations are deemed to be associated with each other for the purposes of the IEG.

57. A direction made by TRA deeming corporations to be associated with each other does not apply to a taxation year of any qualified corporation prior to the taxation year for which the direction is made. If TRA revokes such a direction, the direction does not apply to the taxation year to which the revocation relates or to any subsequent taxation year.

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Contact Information and Useful Links

Email TRA:	TRA.Revenue@gov.ab.ca
Visit our website:	tra.alberta.ca
Subscribe to receive email updates:	tra.alberta.ca/subscribe.html
TRA Client Self-Service (TRACS):	tra.alberta.ca/tracs

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