

*The
Farm and Small
Business Capital
Gains Credit
Regulations*

being

[Chapter I-2.01 Reg 2](#) (effective August 14, 2002).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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CHAPTER I-2.01 REG 2

The Income Tax Act, 2000

Title

1 These regulations may be cited as *The Farm and Small Business Capital Gains Credit Regulations*.

Interpretation

2 In these regulations:

- (a) “**Act**” means *The Income Tax Act, 2000*;
- (b) “**eligible taxable capital gain**” means the eligible taxable capital gain of an individual for a taxation year determined in accordance with section 6;
- (c) “**qualified taxable capital gain**” means the qualified taxable capital gain of an individual for a taxation year determined in accordance with section 7.

30 Aug 2002 cI-2.01 Reg 2 s2.

Credit established

3 For the purposes of section 31 of the Act, a farm and small business capital gains credit is established.

30 Aug 2002 cI-2.01 Reg 2 s3.

Eligibility

4 An individual is eligible to claim a farm and small business capital gains credit for a taxation year pursuant to section 31 of the Act if:

- (a) the individual:
 - (i) is eligible to claim a deduction pursuant to subsection 110.6(2), 110.6(2.1) or 110.6(12) of the federal Act for the taxation year; or
 - (ii) would be eligible to claim a deduction pursuant to one of the subsections mentioned in subclause (i) for the taxation year if:
 - (A) in the case of subsection 110.6(2), the subsection is read without paragraph (a);
 - (B) in the case of subsection 110.6(2.1), the subsection is read without paragraph (a); or
 - (C) in the case of subsection 110.6(12), the subsection is read without paragraph (c); and
- (b) the individual has an eligible taxable capital gain for the taxation year.

30 Aug 2002 cI-2.01 Reg 2 s4.

Amount of credit

5(1) In the case of an individual described in clause 6(1)(a) of the Act, the amount of an individual's farm and small business capital gains credit for a taxation year is the amount R, if it is positive, calculated in accordance with the following formula:

$$R = TPA - (TPB + TPG)$$

where:

TPA is the amount of tax payable by the individual for the taxation year pursuant to Division 1 of Part II of the Act;

TPB is the amount of tax that would be payable by the individual for the taxation year pursuant to Division 1 of Part II of the Act if the eligible taxable capital gain of the individual for the taxation year were not included in computing the taxable income of the individual for the taxation year; and

TPG is the amount obtained by multiplying the eligible taxable capital gain of the individual for the taxation year by the appropriate percentage for the taxation year.

(2) In the case of an individual described in clause 6(1)(b) of the Act, the amount of an individual's farm and small business capital gains credit for a taxation year is the amount C, if it is positive, calculated in accordance with the following formula:

$$C = R \times \frac{A}{B}$$

where:

R is the amount R for the individual for the taxation year determined in accordance with subsection (3);

A is the individual's income earned in the taxation year in Saskatchewan; and

B is the individual's income for the year.

(3) For the purposes of subsection (2), the value of R is the amount R, if it is positive, calculated in accordance with the following formula:

$$R = TPA - (TPB + TPG)$$

where:

TPA is the amount of tax that would be payable by the individual for the taxation year pursuant to Division 1 of Part II of the Act if the individual were an individual described in clause 6(1)(a) of the Act;

TPB is the amount of tax that would be payable by the individual for the taxation year pursuant to Division 1 of Part II of the Act if:

(a) the individual were an individual described in clause 6(1)(a) of the Act; and

(b) the eligible taxable capital gain of the individual for the taxation year were not included in computing the taxable income of the individual for the taxation year; and

TPG is the amount obtained by multiplying the eligible taxable capital gain of the individual for the taxation year by the appropriate percentage for the taxation year.

Eligible taxable capital gain

6 The eligible taxable capital gain of an individual for a taxation year is the amount, if any, by which the individual's qualified taxable capital gain for the taxation year exceeds the total of the amounts deducted pursuant to subsections 110.6(2), 110.6(2.1) and 110.6(12) of the federal Act for the taxation year.

30 Aug 2002 cl-2.01 Reg 2 s6.

Qualified taxable capital gain

7 The qualified taxable capital gain of an individual for a taxation year is the lesser of:

(a) the total of the amounts determined pursuant to paragraph 3(b) and subsection 14(1.1) of the federal Act with respect to the individual for the taxation year less any net capital losses for other taxation years deducted pursuant to paragraph 111(1)(b) of the federal Act in computing the individual's taxable income for the taxation year; and

(b) the total of the amounts determined pursuant to paragraphs 110.6(2)(d), 110.6(2.1)(d) and 110.6(12)(b) of the federal Act with respect to the individual for the taxation year.

30 Aug 2002 cl-2.01 Reg 2 s7.

Coming into force

8 These regulations come into force on the day on which they are filed with the Registrar of Regulations, but are retroactive and are deemed to have been in force on and from January 1, 2001.

30 Aug 2002 cl-2.01 Reg 2 s8.

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