Electricity Act, 1998  
Loi de 1998 sur l’électricité

[ONTARIO REGULATION 162/01](https://www.ontario.ca/laws/regulation/R01162)

payments in lieu of corporate taxes — municipal electricity utilitIES

**Historical version for the** **period April 25, 2016 to December 18, 2018.**

Last amendment: [111/16](https://www.ontario.ca/laws/regulation/R16111).

Legislative History: [123/02](https://www.ontario.ca/laws/regulation/R02123), [172/02](https://www.ontario.ca/laws/regulation/R02172), [672/05](https://www.ontario.ca/laws/regulation/R05672), [29/07](https://www.ontario.ca/laws/regulation/R07029), [141/09](https://www.ontario.ca/laws/regulation/R09141), [276/12](https://www.ontario.ca/laws/regulation/R12276), [111/16](https://www.ontario.ca/laws/regulation/R16111).

This Regulation is made in English only.

Application

**1.**This Regulation applies to every municipal electricity utility that is required to make a payment under section 93 of the Act. O. Reg. 162/01, s. 1.

Interpretation, ss. 8.2 and 11.1

**1.1**(1)  A corporation is an eligible corporation at a particular time in a taxation year for the purposes of subsection (2) and sections 8.2, 11.1 and 11.2 if the corporation is liable to make a payment under section 89, 90 or 93 of the Act for the taxation year. O. Reg. 141/09, s. 1; O. Reg. 111/16, s. 1 (1).

(2)  A partnership is an eligible partnership at a particular time for the purposes of sections 8.2, 11.1 and 11.2 if each member of the partnership is, at that time,

(a) an eligible corporation; or

(b) a partnership in which all of the partnership interests are held directly or indirectly by corporations that are eligible corporations. O. Reg. 141/09, s. 1; O. Reg. 111/16, s. 1 (2).

Definitions

**2.**In this Regulation,

“collection agreement” has the meaning assigned by subsection 1 (1) of the Taxation Act, 2007;

“Federal Act” means the Income Tax Act (Canada);

“Federal Regulations” means the regulations made under the Federal Act;

“transfer by-law” and “transferor” have the meanings assigned by section 141 of the Act. O. Reg. 162/01, s. 2; O. Reg. 141/09, s. 2.

Modifications to method of calculating amount of payment

**3.**(1)  The method of calculating the amount of a payment required by subsection 93 (1) of the Act is modified by the rules set out in sections 3.1, 4 and 5 to 12 of this Regulation. O. Reg. 141/09, s. 3.

(2)  The method of calculating the amount of a payment required by subsection 93 (2) of the Act is modified by the rules set out in sections 3.1 and 5 to 12 of this Regulation. O. Reg. 141/09, s. 3.

(3)  The method of calculating the amount of a payment required by subsection 93 (2.1) of the Act is modified by the rules set out in sections 3.1 and 4.1 to 12 of this Regulation. O. Reg. 141/09, s. 3.

Tax exempt status

**3.1**The following rules apply to a municipal electricity utility for each taxation year ending after December 31, 2008:

1. The Federal Act, the Corporations Tax Act and the Taxation Act, 2007 apply to the utility for the year as if the corporation were not exempt from tax under any of those statutes throughout the taxation year and throughout each previous taxation year for which payments were required under section 93 of the Act.

2. Except for the purpose of applying subsection 149 (10) of the Federal Act, the utility is considered to be exempt from tax under each of those statutes listed in paragraph 1 throughout each taxation year for which a payment is not required under section 93 of the Act. O. Reg. 141/09, s. 3.

Application of Federal Act and Federal Regulations

**4.**The following rules apply in the application of the Federal Act and the Federal Regulations in determining the amount of a payment required by subsection 93 (1) of the Act:

1. Subject to paragraph 1.1, sections 150 to 180 and 220 to 244 of the Federal Act do not apply.

1.1 Subsection 237.1 (6) of the Federal Act applies in determining the amount of a payment required under subsection 93 (1) of the Act for a taxation year ending after February 9, 2007.

2. References in the Federal Act and in the Federal Regulations to the “Minister of National Revenue” or to the “Minister” shall be read as references to the Minister of Finance.

3. If the Federal Act or the Federal Regulations require an election, designation or other document to be filed with the Minister of National Revenue, it must be filed instead with the Minister of Finance. O. Reg. 162/01, s. 4; O. Reg. 672/05, s. 1; O. Reg. 29/07, s. 1.

Application of the *Taxation Act, 2007*

**4.1**The following rules apply to a municipal electricity utility for the purposes of determining the amount of a payment under subsection 93 (2.1) of the Act for a taxation year ending after December 31, 2008:

1. The Taxation Act, 2007 applies,

i. as if a collection agreement were not in effect, and

ii. as if each adjustment required to be made under or because of any of sections 5 to 12 of this Regulation were, to the extent applicable, made for the purposes of the Federal Act.

2. The amounts determined under the Federal Act or the Corporations Tax Act for the purposes of subdivision d of Division B of Part III of the Taxation Act, 2007 are deemed to be those amounts as determined for the purposes of subsection 93 (1) or (2) of the Act, as the case may be.

3. The rules in paragraphs 2 and 3 of section 4 apply in so far as the Federal Act and the Federal Regulations are relevant for the purposes of the Taxation Act, 2007.

4. Despite any other provision of this Regulation, the utility’s taxable income for the taxation year for the purposes of section 93 of the Act is equal to its taxable income for the year under the Federal Act, except to the extent that there is a difference in the amounts resulting from the application of section 110 of the Taxation Act, 2007. O. Reg. 141/09, s. 4.

Private corporation

**5.**A municipal electricity utility shall be deemed to be a private corporation. O. Reg. 162/01, s. 5.

Taxation year

**6.**(1)  The first taxation year of a municipal electricity utility ending after October 1, 2001 ends on the same day as the utility’s first fiscal period ending after October 1, 2001. O. Reg. 162/01, s. 6 (1).

(2)  The utility may change the day on which a subsequent taxation year ends only with the consent of the Minister of Finance. O. Reg. 162/01, s. 6 (2).

Cost of transferred property

**7.**(1)  The following property shall be deemed to be acquired by a municipal electricity utility on October 1, 2001 at a cost equal to the fair market value of the property on that date:

1. Property that is transferred to the utility under a transfer by-law.

2. Property that is acquired by the utility before October 1, 2001 but after any property is transferred to the utility under a transfer by-law. O. Reg. 162/01, s. 7 (1).

(2)  In determining the fair market value of property referred to in subsection (1), (4) or (6), a municipal electricity utility shall use a valuation method,

(a) that is generally accepted as a reasonable method for determining the fair market value of the particular type of property; and

(b) that is acceptable to the Minister of Finance. O. Reg. 162/01, s. 7 (2); O. Reg. 172/02, s. 1 (1).

(3)  If a transferor transfers property to a municipal electricity utility under a transfer by-law and if the utility describes the transferred property as falling within Class 24 or 27 of Schedule II to the Federal Regulations immediately before the transfer, the transferred property shall be deemed to be property in the same class after the transfer if the following conditions are satisfied:

1. The transferor acquired the property before 1999.

2. The Minister of Finance is satisfied that the primary use of the property by the utility is the prevention, reduction or elimination of pollution. O. Reg. 162/01, s. 7 (3).

(4)  Despite subsection (1), if all of the conditions set out in subsection (5) are satisfied, each property that is transferred under a transfer by-law to a municipal electricity utility from a person (as defined in subsection 85 (1) of the Act) shall be deemed,

(a) to have been acquired by the utility from the person at the time the person last acquired the property;

(b) to have been acquired by the utility at a cost equal to the fair market value of the property on October 1, 2001; and

(c) to have been acquired by the utility from a person with whom the utility was not dealing at arm’s length. O. Reg. 172/02, s. 1 (2).

(5)  The following are the conditions referred to in subsection (4):

1. The utility must elect to have subsection (4) apply with respect to all the property described in subsection (4).

2. The election must be made in the form approved by the Minister.

3. The election must be made in the return filed by the utility under section 13 for the taxation year, if any, commencing on October 1, 2001.

4. For the purpose of calculating the amount payable by the utility under section 93 of the Act for the taxation year, if any, commencing on October 1, 2001 and for each subsequent taxation year, the utility must apply subsection 1102 (14) of the Federal Regulations in respect of all the property described in subsection (4), unless the utility opts not to apply subsection 1102 (14) and the Minister is satisfied that the non-application of subsection 1102 (14) would not result in a decrease in the amount otherwise payable under section 93 of the Act. O. Reg. 172/02, s. 1 (2).

(6)  Despite subsection (1), if all of the conditions set out in subsection (7) are satisfied, each property that is transferred to a municipal electricity utility from a person (as defined in subsection 85 (1) of the Act) who, at the time of the transfer, is a municipal corporation formed as a result of a statutory municipal amalgamation of two or more predecessor municipal corporations shall be deemed,

(a) to have been acquired by the utility from the predecessor municipal corporation that owned the property immediately before the statutory municipal amalgamation;

(b) to have been acquired by the utility at the time that the predecessor municipal corporation last acquired the property before the statutory municipal amalgamation;

(c) to have been acquired by the utility at a cost equal to the fair market value of the property on October 1, 2001; and

(d) to have been acquired by the utility from a person with whom the utility was not dealing at arm’s length. O. Reg. 172/02, s. 1 (2).

(7)  The following are the conditions referred to in subsection (6):

1. The property must have been owned by one of the predecessor municipal corporations immediately before the statutory municipal amalgamation.

2. The utility must elect to have subsection (6) apply with respect to all the property described in subsection (6) and does not elect to have subsection (4) apply with respect to the property.

3. The election must be made in the form approved by the Minister.

4. The election must be made in the return filed by the utility under section 13 for the taxation year, if any, commencing on October 1, 2001.

5. For the purpose of calculating the amount payable by the utility under section 93 of the Act for the taxation year, if any, commencing on October 1, 2001 and for each subsequent taxation year, the utility must apply subsection 1102 (14) of the Federal Regulations in respect of all the property described in subsection (6), unless the utility opts not to apply subsection 1102 (14) and the Minister is satisfied that the non-application of subsection 1102 (14) would not result in a decrease in the amount otherwise payable under section 93 of the Act. O. Reg. 172/02, s. 1 (2).

(8)  In subsections (6) and (7),

“statutory municipal amalgamation” means, in relation to two or more municipal corporations, an amalgamation which is required by an Act or is otherwise required by law. O. Reg. 172/02, s. 1 (2).

(9)  An election referred to in subsection (5) or (7) is effective for the first taxation year of the utility, if any, commencing on October 1, 2001 and for all subsequent taxation years. O. Reg. 172/02, s. 1 (2).

(10)  A utility cannot revoke an election referred to in subsection (5) or (7) unless the utility has the consent of the Minister of Finance to do so. O. Reg. 172/02, s. 1 (2).

Special rules

**8.**(1)  The following rule applies in determining a municipal electricity utility’s income for its first taxation year ending after October 1, 2001:

1. The utility shall be deemed to have deducted under section 20 of the Federal Act an amount determined as if the utility,

i. had always been a corporation subject to tax under that Act, and

ii. had claimed or deducted in its prior taxation year the maximum amounts that it would have been entitled to claim and deduct under that section as a reserve for that prior taxation year. O. Reg. 162/01, s. 8 (1); O. Reg. 172/02, s. 2.

(2)  The following rules apply in determining a municipal electricity utility’s income, taxable income and amount payable under section 93 of the Act for a taxation year ending after October 1, 2001:

1. The utility is not entitled to deduct an amount in respect of any expense or loss incurred before October 1, 2001.

2. The amount of any deduction from the amount that would otherwise be payable under section 93 of the Act is determined as if the utility were a corporation incorporated on October 1, 2001. O. Reg. 162/01, s. 8 (2).

(3)  Subsections (1) and (2) do not apply to a municipal electricity utility that is subject to tax under the Federal Act or the Corporations Tax Act immediately before its first taxation year under section 93 of the Act ending after October 1, 2001. O. Reg. 162/01, s. 8 (3).

Gifts to municipalities

**8.1**In computing the taxable income of a municipal electricity utility for the purposes of determining an amount payable under section 93 of the Act for a taxation year ending after March 22, 2006, no deduction may be made in respect of a gift made after that day to a municipal corporation or a police village. O. Reg. 29/07, s. 2.

Rollovers

**8.2**Section 85 and subsection 97 (2) of the Federal Act do not apply on a disposition of property unless,

(a) the transfer occurs in a taxation year of the transferor that ends after October 1, 2001; and

(b) the transferee is an eligible corporation or eligible partnership immediately before and immediately after the disposition. O. Reg. 141/09, s. 5.

Income, separate businesses

**8.3**(1)  In this section,

“core business property” means property that is or was used or held by a municipal electricity utility in carrying on a core electricity business;

“core electricity business” means a business in which the primary business activity is the generation, transmission, distribution or retailing of electricity or any combination of two or more of those activities;

“non-core business” means a business that is not a core electricity business;

“non-core property” means, in respect of a municipal electricity utility, property that was never used or held by the utility in carrying on a core electricity business;

“restricted allowable capital loss” means, in respect of a taxation year, an allowable capital loss or allowable business investment loss realized in the year on the disposition of a non-core property;

“restricted non-capital loss” means, in respect of a taxation year, a loss for that year from a non-core business;

“total restricted allowable capital loss” means, in respect of a municipal electricity utility for a taxation year,

(a) nil, if the year ends before January 1, 2008, or

(b) the sum of the utility’s restricted allowable capital losses for the year, if the year ends after December 31, 2007;

“total restricted non-capital loss” means, in respect of a municipal electricity utility for a taxation year,

(a) nil, if the year ends before January 1, 2008, or

(b) the sum of the utility’s restricted non-capital losses for the year, if the year ends after December 31, 2007. O. Reg. 141/09, s. 5.

(2)  An expression used in this section that has a meaning assigned by the Federal Act, the Corporations Tax Act or the Taxation Act, 2007 has the same meaning for the purposes of this section. O. Reg. 141/09, s. 5.

(3)  The following rules apply in determining a municipal electricity utility’s taxable income for a taxation year ending after December 31, 2007:

1. For the purposes of applying sections 3 and 111 of the Federal Act, each of its restricted non-capital losses and restricted allowable capital losses for the year is deemed to be nil.

2. Subject to paragraph 4, there may be added to the amount otherwise deducted in computing its taxable income for the year an amount not exceeding the lesser of “A” and “B” where,

“A” is the amount by which the sum of its total restricted non-capital losses for the year, for its last 20 taxation years ending before the year and for its first three taxation years ending after the year exceeds the portion of that sum that may reasonably be considered to have been added under this paragraph to the amount deducted in computing its taxable income for a previous taxation year, and

“B” is the amount, if any, by which “C” exceeds “D” where,

“C” is its total income for the year from property and non-core businesses, and

“D” is the amount, if any, by which its total losses for the year from its core electricity businesses exceeds its total income for the year from its core electricity businesses.

3. Subject to paragraph 4, there may be added to the amount otherwise deducted in computing its taxable income for the year an amount not exceeding the lesser of “E” and “F” where,

“E” is the amount by which the sum of its total restricted allowable capital losses for the year, for its taxation years preceding the year and for its first three taxation years ending after the year exceeds the portion of that sum that may reasonably be considered to have been added under this paragraph to the amount deducted in computing its taxable income for a previous taxation year, and

“F” is the amount, if any, by which “G” exceeds “H” where,

“G” is the sum of all amounts, each of which is a taxable capital gain of the utility for the year from the disposition of a non-core property, and

“H” is the amount, if any, by which the sum of all amounts each of which is its allowable capital loss or allowable business investment loss for the year from the disposition of a core business property exceeds the sum of all amounts each of which is its taxable capital gain for the year from the disposition of a core business property.

4. If control of the municipal electricity utility is acquired by a person or group of persons,

i. no portion of its total restricted allowable capital loss or total restricted non-capital loss for a taxation year ending before the acquisition of control may be included in an amount determined under paragraph 2 or 3 for a subsequent taxation year, and

ii. no portion of its total restricted allowable capital loss or total restricted non-capital loss for a taxation year ending after the acquisition of control may be included in an amount determined under paragraph 2 or 3 for a taxation year ending before the acquisition of control. O. Reg. 141/09, s. 5.

(4)  For the purposes of applying Parts V and VI of the Corporations Tax Act, an amount that is deducted by reason of paragraph 2 or 3 of subsection (3) for a taxation year is treated in the same manner as if it were deducted under section 111 of the Federal Act or under that section as it applies for the purposes of the Corporations Tax Act or the Taxation Act, 2007, as the case may be. O. Reg. 141/09, s. 5.

Renewable energy generation facilities

**8.4**(1)  Subsection (2) applies if a municipal corporation, a municipal services board, a city board or municipal services corporation (referred to in this section as an “entity”)generates electricity in accordance with subsection 144 (2) of the Act. O. Reg. 276/12, s. 1.

(2)  The calculation of an entity’s required payment under section 93 of the Act for a taxation year ending after September 8, 2009 is determined on the basis,

(a) that the only businesses or other activities carried on by the entity are those businesses and activities that relate to a generation facility described in clause 144 (2) (a) or (b) of the Act; and

(b) that the only properties held by the entity are those properties that relate to the generation facility. O. Reg. 276/12, s. 1.

No inter-provincial allocation

**9.**For the purposes of sections 39, 57.6 and 67 of the Corporations Tax Act and the definition of “Ontario allocation factor” in subsection 1 (1) of the Taxation Act, 2007, a municipal electricity utility that would otherwise have a permanent establishment in a jurisdiction other than Ontario shall be deemed not to have a permanent establishment in that jurisdiction if the utility is not subject to taxation under the laws of that jurisdiction on its income and on its capital. O. Reg. 162/01, s. 9; O. Reg. 141/09, s. 6.

Income earned through other entities

**10.**(1)  Subsection (2) applies to a municipal electricity utility for a taxation year if the following conditions are satisfied:

1. The utility owns at the end of the taxation year,

i. at least one share of a corporation that generates, transmits, distributes or retails electricity at any time in the utility’s taxation year,

ii. at least one share of a corporation that is related at the end of the utility’s taxation year to a corporation described in subparagraph i, or

iii. shares having a fair market value equal to at least 10 per cent of the fair market value of all issued and outstanding shares of a corporation that is not a corporation described in subparagraph i or ii.

2. The corporation meets all of the following conditions for its taxation year that ends during or on the same day as the utility’s taxation year:

i. The corporation is not subject to tax under the Federal Act by reason of subsection 149 (1) of that Act or is not subject to income tax under the laws of a jurisdiction in which the corporation would have a permanent establishment for the purposes of the Taxation Act, 2007 or section 4 of the Corporations Tax Act, as the case may be.

ii. The corporation is not required to make a payment under section 89, 90 or 93 of the Act. O. Reg. 162/01, s. 10 (1); O. Reg. 141/09, s. 7 (1).

(2)  For the purposes of determining the utility’s income for the taxation year and its taxable paid-up capital or taxable capital for the year, the corporation is treated as if it were a partnership in which the utility’s ownership interest in the partnership is equal to the fraction of the partnership’s income and capital calculated using the formula,

A/B

in which,

“A” is the fair market value of the issued and outstanding shares of the corporation that are owned by the utility, determined as of the last day of the corporation’s taxation year ending in or on the same day as the utility’s taxation year, and

“B” is the fair market value of all of the issued and outstanding shares of the corporation, determined as of that day.

O. Reg. 162/01, s. 10 (2); O. Reg. 141/09, s. 7 (2).

Reduction on disposition of subsidiary

**11.**(1)  This section applies if a municipal electricity utility disposes of shares of a subsidiary and, as a result of the disposition, subsection 149 (10) of the Federal Act applies to the subsidiary. O. Reg. 162/01, s. 11 (1).

(2)  The amount, if any, otherwise payable by the utility under section 93 of the Act as a consequence of the disposition of the shares is reduced by the amount, if any, payable by the subsidiary under that section, determined as if the subsidiary’s only income in the taxation year in which the disposition occurs is its income resulting from the deemed disposition of its assets under subsection 149 (10) of the Federal Act. O. Reg. 162/01, s. 11 (2).

Disposition of partnership interest, before April 23, 2015

**11.1**(1)  Subsection 100 (1) of the Federal Act does not apply for the purposes of determining the amount of a payment required by section 93 of the Act in respect of a disposition after December 31, 2007 and before April 23, 2015. O. Reg. 141/09, s. 8; O. Reg. 111/16, s. 2 (1).

(2)  Despite the application of paragraph 38 (a) of the Federal Act, as it applies for the purposes of determining the amount of a payment required by section 93 of the Act, a municipal electricity utility’s taxable capital gain for a taxation year from the disposition after December 31, 2007 and before April 23, 2015 of an interest in a partnership to any person or partnership that is not an eligible corporation or eligible partnership is deemed to be the sum of,

(a) one-half of the portion of the utility’s capital gain for the year from the disposition of the interest that may reasonably be regarded as attributable to increases in the value of any partnership property of the partnership, other than depreciable property, that is capital property; and

(b) the whole of the remaining portion of the capital gain. O. Reg. 141/09, s. 8; O. Reg. 111/16, s. 2 (2).

Disposition of partnership interest, after April 22, 2015

**11.2**For the purposes of determining the amount of a payment required by section 93 of the Act in respect of a transaction or event that occurs after April 22, 2015, section 100 of the Federal Act, other than subsections (1.1), (1.2) and (1.3), applies with the following modification:

1. The references in subsections 100 (1) and (1.4) of the Federal Act to a person or partnership described in any of paragraphs 100 (1.1) (a) to (d) of that Act shall be read as references to a person or partnership that is not an eligible corporation or eligible partnership under section 1.1 of this Regulation. O. Reg. 111/16, s. 3.

Change in tax status

**12.**(1)  Subsections (2) and (3) apply to a municipal electricity utility if,

(a) the utility ceases at any time to be exempt under subsection 149 (1) of the Federal Act in circumstances in which a deemed disposition occurs under paragraph 149 (10) (b) of the Federal Act;

(b) the utility was exempt immediately before that time under subsection 57 (1) of the Corporations Tax Act or subsection 27 (2) of the Taxation Act, 2007; and

(c) the utility was not exempt at that time under subsection 57 (1) of the Corporations Tax Act or subsection 27 (2) of the Taxation Act, 2007. O. Reg. 141/09, s. 9; O. Reg. 111/16, s. 4 (1).

(2)  The following rules apply to a municipal electricity utility to which this section applies:

1. The utility is deemed to continue to be exempt until immediately after the deemed disposition.

2. The taxation year of the utility is deemed to end immediately before the time that the corporation ceases to be exempt from the payment of tax under subsection 149 (1) of the Federal Act.

3. Subject to paragraphs 4 and 5, the utility shall pay the amount determined under section 93 of the Act calculated by reference to the deemed disposition under paragraph 149 (10) (b) of the Federal Act.

4. The utility is not required to pay an amount under paragraph 3 in respect of a deemed disposition of shares of a subsidiary corporation,

i. if the utility owns at least 90 per cent of the issued and outstanding shares of the subsidiary corporation, and

ii. if the subsidiary corporation is required to pay the amount determined under section 93 of the Act calculated by reference to the deemed disposition under paragraph 149 (10) (b) of the Federal Act.

5. The utility is not required to pay the amount described in paragraph 3 if both of the following conditions are satisfied:

i. The utility ceases to be exempt from the payment of tax under the Federal Act as a result of a lawful distribution to the public of shares of the utility or a related corporation pursuant to a prospectus, registration statement or similar document filed with and, if required by law, accepted for filing by a public authority in Canada under the laws of Canada or of a province. The distribution must be the first distribution to the public of shares of the utility or related corporation.

ii. With the consent of the Minister, the utility pays to the Financial Corporation an amount that, in the Minister’s opinion, reasonably approximates the additional amounts, if any, that would be payable by the utility under section 93 of the Act if the utility were required, but for this paragraph, to pay the amount described in paragraph 3.

6. An amount paid to the Financial Corporation under subparagraph 5 ii cannot be varied on objection or appeal under the Corporations Tax Act.

7. The Minister is not permitted, on a reassessment, to vary an amount paid to the Financial Corporation under subparagraph 5 ii unless, in the Minister’s opinion, the utility, a related corporation or a person acting on behalf of the utility or related corporation makes a misrepresentation to the Minister that is attributable to neglect, carelessness or wilful default or commits a fraud in giving information under the Act in respect of the determination of the amount paid to the Financial Corporation under that paragraph. O. Reg. 141/09, s. 9.

(3)  For the period after December 31, 2015 and before January 1, 2019, and despite the application of paragraph 38 (a) of the Federal Act, as it applies for the purposes of determining the amount of a payment required by section 93 of the Act, a municipal electricity utility’s taxable capital gain for a taxation year from a deemed disposition of a property under paragraph 149 (10) (b) of the Federal Act, as it applies for the purposes of subsection (2), is deemed to be zero. O. Reg. 111/16, s. 4 (2).

Return

**13.**(1)  If a municipal electricity utility is required to make a payment under subsection 93 (1) of the Act for a taxation year, it shall deliver to the Minister of Finance a return for the taxation year, in the form and containing the information required by section 150 of the Federal Act. O. Reg. 162/01, s. 13 (1).

(2)  If a municipal electricity utility is required to make a payment under subsection 93 (2) of the Act for a taxation year, it shall deliver to the Minister of Finance a return for the taxation year, in the form and containing the information required by section 75 of the Corporations Tax Act. O. Reg. 162/01, s. 13 (2).

(3)  If a municipal electricity utility is required to make a payment under subsection 93 (2.1) of the Act for a taxation year, it shall deliver to the Minister of Finance a return for the taxation year in the form and containing the information required by section 111 of the Taxation Act, 2007 and such other information as the Minister of Finance may require for the purposes of determining the amount payable for the year. O. Reg. 141/09, s. 10.

(4)  For the purposes of applying Parts V and VI of the Corporations Tax Act, a return under subsection (3) is deemed to be a return required by section 75 of the Corporations Tax Act. O. Reg. 141/09, s. 10.

(5)  A municipal electricity utility that is required to deliver a return under subsection (1), (2) or (3) shall deliver the return not more than six months after the end of the taxation year to which the return relates. O. Reg. 141/09, s. 10.

Payments

**14.**(1)  Section 78 of the Corporations Tax Act applies to municipal electricity utilities in respect of amounts payable under section 93 of the Act. O. Reg. 162/01, s. 14 (1).

(2)  Despite subsection (1), the following rules apply to amounts payable by a municipal electricity utility under section 93 of the Act for its taxation year, if any, that commences on October 1, 2001:

1. The first instalment for the taxation year is payable on or before October 31, 2001 and subsequent instalments for the year are payable on or before the end of each subsequent month in the taxation year.

2. The balance of the amount payable for the taxation year is payable on or before the end of the third month after the end of the taxation year.

3. Subclauses 78 (2) (a) (ii) and (iii), clause 78 (2) (b) and subsections 78 (3), (8), (9) and (10) of the Corporations Tax Act do not apply.

4. If the amount payable by the utility under section 93 of the Act for the taxation year is less than $2,000,

i. after the deduction of any credits to which the utility would be entitled if it were a corporation subject to tax under the Federal Act, and

ii. after the deduction of any credits and tax that would be deemed under Division E of Part II of the Corporations Tax Act to be paid by the utility if it were a corporation subject to tax under the Corporations Tax Act,

the utility is not required to pay monthly instalments on account of the amount payable under section 93 of the Act, and may pay the total amount on or before the end of the third month after the end of the taxation year.

5. Subsection 79 (1) of the Corporations Tax Act applies unless it is reasonable to believe from the amount of the instalments paid by the utility and the timing of the payments that the utility exercised due diligence in estimating the amount of its instalments. O. Reg. 162/01, s. 14 (2); O. Reg. 172/02, s. 3 (1, 2).

(3)  Despite subsection (1), subclause 78 (2) (a) (iii) and paragraph 2 of subsection 78 (4.2) of the Corporations Tax Act do not apply to a municipal electricity utility in respect of amounts payable under section 93 of the Act for the taxation year, if any, of the utility commencing immediately after the end of its taxation year that commenced on October 1, 2001. O. Reg. 172/02, s. 3 (3).

(4)  In applying section 78 of the Corporations Tax Act for a taxation year, clauses 78 (4.3) (a), (5) (b), (5.1) (b) and (6) (a) of that Act shall be read as if they included a reference to each credit that is an amount deemed under Division E of Part I of the Federal Act to have been paid on account of a corporation’s tax payable under the Federal Act for the taxation year. O. Reg. 172/02, s. 3 (3).