

# Cantax T2

## Release Notes

Versions 22.2.3xx.126

December 2022

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### Our Support Centres are Going Digital: Emails are Now Our First Priority

This is the digital age. As part of our transformation to digital support centres, we are pleased to announce that email inquiries will now be given first priority. This digital shift will allow us to process your requests even faster, and better meet your needs.

From now on, use emails instead of telephone to contact [Customer Service](#) and the [Support Centre](#) to save time and get accelerated service!

### Version Coverage

This release of *Cantax T2* and *T2Plus* can be used to prepare corporation income tax returns for tax years that began on or after **January 1, 2020**, and will end on or before **May 31, 2023**.

Users will be able to prepare up to three returns with *Cantax T2* and an unlimited number of returns with *Cantax T2Plus*. Throughout these *Release Notes*, the programs will be referred to as "*Cantax T2*" including versions with Corporation Internet Filing, unless the description pertains to only one of the software packages, in which case it will be referred to specifically.

If you have not purchased *Cantax T2*, you may install it as a demo version. Note that you will not be able to save or print tax returns with this version. Should you decide to purchase the software, please contact our Customer Service department to obtain an unlock code. You can reach us by the method most convenient for you (see the "[Help](#)" section).

### Training

To consult the different training options available regarding *Cantax T2* (seminars, webinars, tutorials and more), access the [Training](#) section of the *Cantax Web* site. You can also access it from the program, by selecting **Help**, **Cantax on the Web** and **Get Cantax Training**.

### Overview - Version 22.2.3xx.126

#### Notice of assessment download via the T2 Auto-fill service

It is now possible to download the Notice of Assessment of a corporation in *Cantax T2* via the CRA's *T2 Auto-fill* service. For more information, consult the [note on this topic](#).

#### Update of Schedule 89 (S89)

Several sections have been added to Schedule 89. You must now use this version of the form when making a balance verification request or electing for a capital dividend under subsection 83(2) of the Income Tax Act. For more information, consult the [note on this topic](#).

#### New Schedule 65 (S65)

This schedule can be used to claim the air quality improvement tax credit. Expenditures must be incurred after August 31, 2021, and before January 1, 2023, in a taxation year ending after 2021. For more information, consult the [note on this topic](#).

## What's New in Version 22.2.3xx.126?

Cantax T2 22.2.3xx.126 includes some tax changes. Here is a description of the changes made.

### New & Revised Forms

\*Note that these forms were updated in accordance with the latest version issued by the applicable tax authorities.

### Federal

#### Notice to Reader

As a result of the coming into force of the new Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, published by the Auditing and Assurance Standards Board, the program is introducing changes to the Notice to Reader.

CSRS 4200 addresses compilation engagements, also referred to as the **Notice to Reader** in practice, and contains new conducting and reporting requirements. Therefore, to align with key changes, including scope and reporting standards, the Notice to Reader is removed from the program.

Therefore, item (d) has been removed from the Engagement letter: *(d) you will attach my notice to reader when distributing the return(s) or supplementary financial information to third parties.*

And finally, the Disclaimer mentions in the **Options/Preferences** section have been renamed **Customized Note**.

#### Corporate Profile (T2-ID)

Following the publication of legislative proposals by the federal government on August 9, 2022, the question **Must this return be electronically filed with the CRA in pursuance of subsection 150.1(2.1) ITA?** indicates Yes when a corporation has a gross revenue greater than \$1 million for a taxation year starting before 2024 instead of 2022.

#### Schedule 200, T2 Corporation Income Tax Return (T2)

When opening a file prepared with a prior version of Cantax T2, the answer entered on line 275, **Is the corporation claiming an air quality improvement tax credit?**, and the amount on line 799, **Air quality improvement tax credit from Schedule 65**, are retained as overridden data.

#### Auto-fill T2 Return (AFR)

A new T2 Auto-Fill option is now available in Cantax T2 to download an available notice of assessment (NOA) in HTML format for the current year and for the six previous taxation year-ends.

When you download the CRA tax data via this form, you will have to select the taxation year-end of the NOA that you want to download. After the download is finished, open the new Notice of assessment data (NOA) form by clicking on the "Notice of assessment data" text at the top of the AFR form. To view a downloaded NOA, use **Shift+F10** or go to the **Edit** menu and select **View NOA**. Once the NOA is displayed in your Web browser, you can print it using the print functionality in your browser.

For more details, consult the Help as well as the note relating to the [Download NOA from the CRA T2 Auto-fill](#) functionality in the Technical Enhancement section.

In addition, the fields **Date the dividend becomes payable**, **Includes information up to (hour(s) and minute(s))**, **Deduct: Dividend payable on**, **Subtotal**, **Deduct: Amount subject to Part III tax**, **Deduct: Amount identified as an election pursuant to ss. 184(3) of the ITA** and **Capital dividend account balance as of processed date** have been removed from the **Capital dividend account (CDA)** section.

#### Representative Authorization Request (AUTH)

Effective October 2022, the CRA is using a two-step verification process to authorize a representative that electronically transmits a request through the program. Once the authorization request is received by the CRA, the corporation has ten (10) business days to confirm the authorization request by accessing the CRA's [My Business Account](#) service. If the 10-day period expires, the request will be cancelled, and the representative will need to submit a new authorization request.

#### Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation (S3) \*

The following columns have been added to Part 1 to correctly calculate the amount on line 2E of Part 2:

- Custom column H.1, **Total eligible dividends paid by the connected payer corporation (line 465 in Schedule 3 for the tax year in column D)**; and
- Custom column I.2, **Additional non-eligible dividend refund of the connected payer corporation from its ERDTH (amount II from T2 return for the tax year in column D)**.

Note 5 explains the calculations performed in column L. You will have to complete the new

columns H.1 and I.2 in Part 1 to correctly calculate column L.

When opening a file prepared with a prior version of *Cantax T2*, if an amount has been entered using an override on line 2E of Part 2, cancel the override on this line.

### **Schedule 5, Tax Calculation Supplementary — Corporations (S5)\***

The following lines have been added:

- line 506, Newfoundland and Labrador non-refundable green technology tax credit;
- line 508, Newfoundland and Labrador non-refundable manufacturing and processing investment tax credit;
- line 523, Newfoundland and Labrador refundable manufacturing and processing investment tax credit;
- line 526, Newfoundland and Labrador refundable green technology tax credit;
- line 222, Nova Scotia financial institutions capital tax (from Schedule 352);
- line 324, Manitoba data processing investment tax credits (from Schedule 392); and
- line 685, British Columbia clean buildings tax credit.

### **Schedule 8, Capital Cost Allowance (CCA) (S8)**

The list of type of asset codes used for line 301 to indicate the taxation year's acquisitions in the Classes 43.1 and 43.2 only table has been updated. The descriptions and definitions of codes 01, 02, 06, 08, 09, 12, 13, 16, 17, 18, 20, 21 and 22 have been updated.

The following codes have been added:

- 25- Pumped hydroelectric energy storage
- 26- Solid biofuel production system
- 27- Equipment used to produce hydrogen by electrolysis of water
- 28- Hydrogen refuelling equipment
- 29- Air-source heat pump system

### **Schedule 13, Continuity of Reserves (S13)\***

### **Schedule 27, Calculation of Canadian Manufacturing and Processing Profits Deduction (S27)\***

Parts 14 to 17 have been added to calculate the deduction for profits generated by zero-emission technology manufacturing (ZETM). This deduction

applies to ZETM profits generated in a taxation year that starts after 2021 and before 2032.

The new line 9K has also been added to Part 9. Line 9K is calculated when a corporation claims a manufacturing and processing profits deduction for other eligible activities, either Canadian manufacturing and processing or for electrical energy for sale or producing steam for sale. In cases where the corporation claims only the ZETM deduction, the amount on line 350 will automatically update line 626 of the T2 Return.

The same principle also applies to the manufacturing and processing profits deduction for generating electrical energy for sale or producing steam for sale calculated on line 13L.

### **Schedule 30, Third-Party Payments for Scientific Research and Experimental Development (SR&ED) (S30#01)\***

### **Schedule 31, Investment Tax Credit – Corporations (S31)\***

The parts below have been removed:

- Part 22 - Eligible child care spaces expenditures
- Part 23 - Current-year credit - ITC from child care spaces expenditures
- Part 25 - Request for carryback of credit from child care space expenditures

Part 2 is now Part 2A, Determination of a qualifying corporation. Line 390 has been moved to this part.

Part 2B, Determination of an excluded corporation - SR&ED, has been added. Line 650 has been moved to this new part.

In addition, line 242 was removed from Part 5.

Lines concerning the calculation of the SR&ED expenditure limit for tax years ending before March 19, 2019, were removed from Part 10.

As a result of the update, the schedule has been entirely renumbered.

### **Schedule 32, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (S32)\***

The year's maximum pensionable earnings amount for purposes of the Canada pension plan has been updated for the 2023 calendar year (and is now \$66,600). This amount is used to determine the specified employees' salary or wages in Part 5 when the proxy method is selected to calculate the SR&ED expenditures.

**Schedule 53, General Rate Income Pool (GRIP) Calculation (S53)\*****Schedule 61, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length (S61#01)\*****Schedule 62, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length (S62#01)\*****Schedule 65, Air Quality Improvement Tax Credit (S65)\***

A Canadian-Controlled Private Corporation (CCPC), or a cooperative that is eligible for the Small Business Deduction (SBD), whose taxable capital used to calculate the business limit reduction is less than \$15 million can claim the air quality improvement tax credit for expenditures incurred after August 31, 2021, and before January 1, 2023, in a taxation year that ends after 2021. Any expenditures incurred after August 31, 2021, and before the start date of the first taxation year ending after 2021 are to be included in that taxation year.

Upon carrying forward a file with a taxation year ending before December 31, 2022, the following data are retained:

- In the table of Part 2, the information in column 1, **Name and address of the qualifying location** and the amount in column 5, **Total qualifying expenditures for which a credit was claimed in prior tax years**, which correspond to the amount in column 10, **Cumulative qualifying expenditures of the corporation**
- In the table of Part 3, the information in all columns is retained.

**Schedule 89, Request for Capital Dividend Account Balance Verification (S89)\***

As a result of updates to the schedule, the following changes have been made:

- Part 2 - CDA components (except for eligible capital property) is now made of two parts: Part 2A - CDA components (except for eligible capital property) - Summary lines for predecessor corporations (for amounts after July 13, 1990) and Part 2B - CDA components (except for eligible capital property) - Detail lines for filing corporation. If you have information that relates to the amalgamations or wind-ups after July 13, 1990, in Part 2B, it should be moved to Part 2A.
- Since Part 3 - CDA components - Eligible capital property (ECP) must only display amounts related

to the filing corporation, and for the amounts reported therein to be considered in the calculation, custom lines **Eligible capital property for tax years ending before January 1, 2018** (predecessor corporations) and **Eligible capital property for tax years ending before January 1, 2018** (filing corporation - Part 3) have been added to Part 7 - CDA balance. When opening a file prepared with a prior version of *Cantax T2*, the amount entered on line 6B.1 of the former Part 6 is retained on line **Eligible capital property for tax years ending before January 1, 2018** (filing corporation - Part 3).

- Part 5 - Additional information - Capital dividends received from a Trust has been added.
- The previous Part 5 - Additional information - Life insurance has been replaced with Part 6 - Additional information - Life insurance, and this section contains details relating to life insurance. The requirement to provide a letter from the insurance company stating whether the life insurance policy was a taxable or a non-taxable policy is maintained.

Furthermore, the line's numbers have been added to the form to reflect the official CRA schedule. Note that the data from the schedule is not part of the data sent in the electronic transmission. You still have to print and mail the schedule.

**T1135, Foreign Income Verification Statement (T1135)\***

If the return is being efiled, the CRA has requested that the mention "FOR ELECTRONIC SIGNATURE ONLY - DO NOT SEND BY MAIL TO CRA" be added when the form is sent to obtain an electronic signature. For this reason, the new question **Are you planning on using an electronic signature method on Form T1135?** has been added in the Electronic Filing section.

**T5004, Claim for Tax Shelter Loss or Deduction (T5004)\*****AgriStability and AgriInvest Programs****AgriStability and AgriInvest Additional Information and Adjustment Request (HAGRI ADD)\*****AgriStability and AgriInvest Programs (AGRI/HAGRI) – Ontario\*****AgriStability and AgriInvest Programs (AGRI/HAGRI) – Alberta\***

## AgriStability and AgriInvest Programs (AGRI/HAGRI) – Saskatchewan\*

### Ontario

#### Schedule 570, Ontario Regional Opportunities Investment Tax Credit (S570#01)\*

### British Columbia

#### Schedule 427, British Columbia Corporation Tax Calculation (S427)\*

#### Schedule 428, British Columbia Training Tax Credit (S428)\*

#### Schedule 430, British Columbia Shipbuilding and Ship Repair Industry Tax Credit (S430)\*

### Alberta

#### AT1, Alberta Corporate Income Tax Return (AT1)\*

Alternate addresses are no longer accepted by the Alberta Taxation Revenue Administration (TRA). Consequently, the alternate addresses at lines 018 to 024 have been removed from the return. All address changes should be made via TRACS or contacting the Alberta TRA. In addition, line 027, Fax number, has been removed.

#### AT1 Schedule 10, Alberta Loss Carry-Back Application (AT1-S10)\*

The address lines 058 to 068 have been removed from the schedule. In addition, line 056, Fax Number, has been removed.

#### Alberta Schedule 29 Listing, Listing of Innovation Employment Grant Projects Claimed in Alberta (AT1-S29LIST)

As a result of changes to the examples in the *Guide to Claiming the Alberta Innovation Employment Grant*, the calculation on line 135 has been changed. The amount calculated on this line no longer includes the Alberta innovation employment grant calculated on line 513d2 of Schedule 32 (S32).

### Saskatchewan

#### Schedule 411, Saskatchewan Corporation Tax Calculation (S411)

As a result of the tabling of Bill 89 on November 2, 2022, which announced the extension of the lower tax rate at 0% until July 1, 2023, line 3B of Part 3 has been

modified to calculate the number of days in the tax year after June 30, 2023, and before July 1, 2024.

### Manitoba

#### Schedule 387, Manitoba Small Business Venture Capital Tax Credit (S387)\*

### New & Revised Guides

#### AgriStability and AgriInvest

- **Alberta AgriStability Guide for 2022 Supplementary Forms**
- **Saskatchewan AgriStability Commodity Code Guide (2021)**

### Technical Enhancement

#### Download NOA from the CRA T2 Auto-fill

You can now download the Notice of Assessment (NOA) from the Canada Revenue Agency without leaving your *Cantax* environment. To download the NOA you will need to select the Notice of Assessment data option available on the **Download** options box that pops up while Downloading CRA Tax Data (AFR). Note that Canada Revenue Agency doesn't offer an express NOA for the T2; therefore, it cannot be downloaded directly after filing the return. It will take approximately 3 days to process a return before the NOA is accessible through this method and only the latest version of a NOA can be accessed for a tax year end.

To view the data related to the notice of assessment once it has been downloaded, open the Notice of assessment (NOA) form by clicking on the "Notice of Assessment data" text at the top of the AFR form (AFR). Then click on the menu Edit/View NOA or press Shift+F10.

### Corrected Calculations - Version 22.2.3xx.126

The following problem has been corrected in this release:

- [Schedule 411, Saskatchewan Corporation Tax Calculation - Extension of Saskatchewan's lower tax rate of 0% for tax years ending after June 30, 2022](#)



## Filing Requirements

### Requirements for Filing Corporate Returns

Please refer to the **Filing Requirements** help topic of the program for an explanation on the requirements of the various tax authorities for filing corporate returns.

A chart is also available under the **Printing - Requirements for Filing Corporate Returns** help topic, which further explains the requirements of the various tax authorities.

## Cantax e-Bulletin

For your convenience, you are automatically subscribed to the **Cantax e-Bulletin**, a free e-mail service that ensures you receive up-to-date information about the latest version of *Cantax T2*.

If you want to review your subscription to **Cantax e-Bulletin**, visit <https://support.wolterskluwer.ca/en/newsletter/?inc=manage>.

You can also send an e-mail to [cservice@wolterskluwer.com](mailto:cservice@wolterskluwer.com) to indicate the products for which you wish to receive general information or information on our software (*Cantax T1*, *Cantax T2*, *Cantax FormMaster* or *CCH Accountants' Suite*).



### E-mail

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