

RELEASE NOTES



Versions 10.2.3xx.126

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Version Coverage

Here is a summary of the main topics in the current version.

GIFI Print 100-101 and GIFI Print 125-140

In response to a request from the CRA, these two new forms will be printed at the same time as the traditional GIFI schedules. You will have to mail these schedules if you have to file your return by a means other than T2 Bar codes or electronic filing. Please consult the [note](#) on this topic.

Multiple lines in Schedule 31 and 428

To allow you to enter more information related to apprentices in Schedule 31 (S31) and Schedule 428 (S428), Part 21 of Schedule 31 and Part 1, 2 and 3 of Schedule 428 are now multiple lines.

Updated RC59 form

Various parts of the RC59 form (RC59) have been updated to take the new GroupID number into account. Please consult the [note](#) on this topic.

Version Coverage

This release of *Cantax T2* and *T2Plus* can be used to prepare corporate income tax returns for taxation years that began on or after **January 1, 2008**, and will end on or before **April 30, 2011**.

Please refer to the "Program Enhancements" section for details about the changes made to this version.

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 on page 5).

What's New in this Release?

New & Revised Forms

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

Federal

- [Schedule 200 - T2 - Corporation Income Tax Return \(T2\)*](#)
- [Schedule 1 - Net Income \(Loss\) for Income Tax Purposes \(S1\)](#)
- Schedule 3 - Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation (S3)*
- Schedule 4 - Corporation Loss Continuity and Application (S4)*
- [Schedule 5 - Tax Calculation Supplementary - Corporations \(S5\)*](#)
- [Schedule 8 - Capital Cost Allowance - All Other classes \(S8OTHER\)](#)
- Schedule 21 - Federal and Provincial or Territorial Foreign Income Tax Credits and Federal Logging Tax Credit (S21)*
- [Schedule 27 - Calculation of Canadian Manufacturing and Processing Profits Deduction \(S27\)](#)
- [Schedule 30 \(T1263\) - Third-Party Payments for Scientific and Experimental Development \(SR&ED\) \(S30\)](#)
- [Schedule 31 - Investment Tax Credit - Corporations \(S31\)](#)
- [Schedule 32 - T661 - Scientific Research and Experimental Development \(SR&ED\) Expenditures Claim \(S32\)](#)
- [Schedule 60 - T661 - Scientific Research and Experimental Development \(SR&ED\) Expenditures Claim - Part 2 - Project information \(S60P2#01\)](#)
- [RC59 - Business Consent form \(RC59\)*](#)
- [GIFI Print 100-101 - Cantax form used to print a paper copy of the GIFI \(GP 100\)](#)
- [GIFI Print 125-140 - Cantax form used to print a paper copy of the GIFI \(GP 125#01\)](#)

AgriStability and AgriInvest Programs

- [AgriStability and AgriInvest Programs \(AGRI/HAGRI\) - Ontario*](#)

Ontario

- Schedule 500 - Ontario Corporation Tax Calculation (\$500)*
- Schedule 501 - Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction (\$501)*
- Schedule 502 - Ontario Tax Credit for Manufacturing and Processing (\$502)*
- Schedule 504 - Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties (\$504)*
- Schedule 506 - Ontario Transitional Tax Debits and Credits (\$506)*
- Schedule 510 - Ontario Corporate Minimum Tax (\$510)*
- Schedule 515 - Ontario Capital Tax on Other Than Financial Institutions (\$515)*
- Schedule 525 - Ontario Political Contributions Tax Credit (\$525)*
- Schedules 546 and 547 - *Corporations Information Act* Annual Return for Ontario Corporations (\$546-547)*
- Schedule 548 - *Corporations Information Act* Annual Return for Foreign Business Corporations (\$548)*
- Schedule 564 - Ontario Book Publishing Tax Credit (\$564#01)*
- [Schedule 566 - Ontario Innovation Tax Credit \(\\$566\)*](#)

Alberta

- [AT1 Schedule 9 LIST - Listing of SR & ED Projects Claimed in Alberta \(AT1-S9LIST\)](#)
- [AT1 Schedule 100 - Preparing and Filing the Alberta Corporate Income Tax Return - AT1 and Schedules \(AT1-E\)*](#)

Saskatchewan

- Schedule 411 - Saskatchewan Corporation Tax Calculation (\$411)*

Manitoba

- [Schedule 380 - Manitoba Research and Development Tax Credit \(\\$380\)](#)
- Schedule 383 - Manitoba Corporation Tax Calculation (\$383)*

British Columbia

- Schedule 427 - British Columbia Corporation Tax Calculation (\$427)*
- [Schedule 428 - British Columbia Training Tax Credit \(\\$428\)*](#)

Nova Scotia

- [Schedule 341 - Nova Scotia Corporate Tax Reduction for New Small Businesses \(\\$341\)*](#)

- Schedule 346 - Nova Scotia Corporation Tax Calculation (\$346)*

New Brunswick

- Schedule 366 - New Brunswick Corporation Tax Calculation (\$366)*

Yukon

- [Schedule 443 - Yukon Corporation Tax Calculation \(\\$443\)](#)

Deleted Forms

Federal

- Schedule 382 - Additional Certificate Numbers for the Manitoba Film and Video Production Tax Credit (\$382)

New & Revised Guides

- T4088, Guide to Form T661 - Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Program Enhancements

Federal

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

The rates relating to taxation years ending before 2008 have been removed from the Sections "Small business deduction" and "General tax reduction" since *Cantax T2* no longer covers those years. Moreover, because the corporate surtax (line 600) was abolished effective January 1, 2008, all references and calculations relating to the surtax payable have been removed from the tax return and its schedules.

In accordance with the legislative proposals introduced on July 16, 2010, by the Minister of Finance, the following modifications were made:

The multiplier "3" used to calculate the Part VI.1 income tax deduction on line 325 of the "Taxable income" section, will be increased to 3.2 for taxation years ending in 2010 and in 2011, then to 3.5 for the 2012 taxation year and subsequent taxation years.

The multiplier "3" has been replaced by a new field representing the "relevant factor" on line 405 in the "Small business deduction" section and in the "Refundable portion of Part I tax" section. This factor is used when a federal foreign business income tax credit is claimed on line 636.

Schedule 1, Net Income (Loss) for Income Tax Purposes (S1)

In the Legislative Proposals, tabled on November 5, 2010, the federal government has modified subsection 67.1(1.1) of the ITA to specify that meal expenses for long-haul truck drivers can be deducted by the employer if he has paid the expenses. As a result of this change, five lines have been added above line 121 to allow you to calculate the meal and entertainment expenses non-deductible at 50% as well as to enter the meal expenses for long-haul truck drivers incurred in 2008, 2009, 2010 and after 2010, because, based on the

year where the meals expenses for long-haul truck drivers have been incurred, the applicable deduction varies. Each rate used on these lines represents the rate that is non-deductible, because only the non-deductible portion of the meals and entertainment expenses must be entered on line 121.

Please note that the amount on line 8523 of the GIFI must include all of the meals and entertainment expenses including those of long-haul truck drivers. Also note that you will have to allocate meal expenses for long-haul truck driver on the above mentioned lines.

When opening a client file prepared with a previous version of *Cantax T2*, the amount entered on line 121 will be retained as an override.

Schedule 5, Tax Calculation Supplementary – Corporations (S5)

As a result of the update of Schedule 5 by the government, line 856, *Certificate number* has been removed from the schedule.

Moreover, note that line 620, *Manitoba film and video production tax credit*, now refers to Schedule 388.

Because Schedule 388 is not a supported *Cantax T2* schedule, line 620 is now an input line.

The line *Other Manitoba tax credits* has been renamed *Manitoba cooperative development tax credit* and is now line 612. For corporations qualifying for the Manitoba cooperative development tax credit, attach the details of your calculations to the return or attach the government form (when it becomes available).

The line *Other British Columbia tax credits* has been renamed *British Columbia interactive digital media tax credit* and is now line 680. For corporations qualifying for the British Columbia interactive digital media tax credit, attach the details of your calculations to the return or attach the government form (when it becomes available).

Schedule 8, Capital Cost Allowance – All Other classes (S8OTHER)

In *Cantax T2* version 10.1.3xx.100, a class 53 with a 40% CCA rate had been temporarily created to account for the new CCA rate announced in the March 4, 2010 Federal Budget with respect to cable and satellite set-top boxes acquired after March 4, 2010. Based on Bill C-47, which was given First Reading on September 30, 2010, these assets should be included in class 30 (40% rate).

Furthermore, the draft of the proposed regulation published May 3, 2010, has introduced a new class (class 41.1), with a 25% CCA rate. This class is applicable to taxation years ending after March 18, 2007. This class will be used primarily for certain oil sands assets acquired after March 18, 2007.

Therefore, the list of CCA classes included in the program has been revised accordingly.

When opening a client file prepared with a previous version of *Cantax T2*, if data was entered in a class 53, it will be transferred to a new class 30 (40% rate). A diagnostic will inform you of the change of class and will prompt you to verify if the new class should be grouped with an existing

class 30, if applicable, to enable the program to correctly calculate the amount of recapture or terminal loss.

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

In Parts 9 and 13 of this schedule, a new field representing the "relevant factor" replaces the multiplier "3" to reflect the legislative proposals introduced on July 16, 2010, by the Minister of Finance concerning subparagraph 125.1(1)(b)(ii) ITA.

Schedule 30 (T1263), Third-Party Payments for Scientific and Experimental Development (SR&ED) (S30)

A box has been added to Schedule 30 to allow you to post the name of the third party (line 701) to the AT1 Schedule 9 List, which you must complete when a tax credit relating to scientific research & experimental development (SR&ED) incurred in Alberta after December 31, 2008, is claimed on the AT1 Schedule 9 (AT1-S9).

Schedule 31, Investment Tax Credit – Corporations (S31)

The various information lines that must be completed in "Part 21 - Calculation of total current-year credit - ITC from apprenticeship job creation expenditures" are now multiple lines.

Schedule 32, T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim (S32)

Part 5, Calculation of prescribed proxy amount (PPA)

The year's maximum pensionable earnings giving entitlement to the Canada pension plan for the 2011 fiscal year (i.e. \$48,300) has been updated. This amount is used to determine the specified employees' salary or wages when the proxy method is selected to calculate the SR&ED expenditures.

Schedule 60, T661 - Scientific Research and Experimental Development (SR&ED) Expenditures Claim Part 2 - Project Information (S60P2#01)

In accordance with the new CRA requirements, changes have been made to this form. The maximum number of lines that can be entered in fields 240, 242 and 244 of Section B as well as in fields 250 and 252 of Section C has increased from 35 to 50 or from 70 to 100, as the case may be. Remember that each one of these lines can contain a maximum of 78 characters. On the paper copy, the lines have been numbered so you can more easily ensure that your text does not exceed the limit.

RC59, Business Consent Form (RC59)

In subsection b, "Authorize online access (includes access by telephone, fax, mail or by appointment)," of Part 2, "Authorize a representative" a new line has been added to allow you to enter the group name as well as the GroupID.

In Part 4, "Cancel one or more authorizations," four new lines have been added to allow you to enter the group name and the GroupID, the business number (BN) and the RepID.

Please consult the Help for more information on the GroupID.

GIFI Print 100-101, Cantax form used to print a paper copy of the GIFI (GP 100)**GIFI Print 125-140 - Cantax form used to print a paper copy of the GIFI (GP 125#01)**

In response to a request from the CRA, these two new forms were designed and will be printed with the corporation tax return, since from now on, when the corporation is required to send a copy of the GIFI by a means other than the T2 Bar codes return or electronic filing, it must enclose the Forms GIFI Print 100-101 (GP 100) and GIFI Print 125-140 (GP 125#01) instead of the traditional GIFI schedules. Note that only GIFI lines containing data will be carried forward to these new forms.

Please consult the Help from these two forms to see the complete list of traditional GIFI schedules that should no longer be paper filed with the CRA in this situation.

AgriStability and AgriInvest**AgriStability and AgriInvest Programs (AGRI/HAGRI) – Ontario**

In Statement A, the “Identification numbers” section has been added and offers the possibility to enter a number for a corporation, a special individual or a trust and to enter a PIN. In the “Partnership information” section, you must now provide a PIN in the case of an individual.

Ontario**Schedule 566, Ontario Innovation Tax Credit (S566)**

A new column has been added to Part 5 to enter the corporation’s and associated corporations’ taxable income for their last taxation year ending in the previous calendar year. The total of that new column will be carried over to line 420.

Alberta**AT1 Schedule 9 LIST, Listing of SR & ED Projects Claimed in Alberta (AT1-S9LIST)**

For more details on the changes concerning this Schedule, consult the Help and/or the [note](#) on Schedule 30.

AT1 Schedule 100, Preparing and Filing the Alberta Corporate Income Tax Return – AT1 and Schedules (AT1-E)

The statement *It is not claiming the Alberta Scientific Research & Experimental Development (SR & ED) Tax Credit nor is it reporting a recapture of SR & ED* has been added to determine if the corporation is exempt from having to file an *Alberta Corporate Income Tax Return (AT1)* for the taxation year.

Manitoba**Schedule 380, Manitoba Research and Development Tax Credit (S380)**

The Manitoba government has extended the current refundable portion of the R&D tax credit to include expenditures related to in-house research and development, i.e., R&D not undertaken under a contract with an institute in Manitoba, as follows:

- one quarter of the 20% tax credit (i.e. 5%) will be refundable for eligible expenditures incurred in 2011 and;
- one half of the 20% tax credit (i.e. 10%) will be refundable for eligible expenditures incurred after December 31, 2011.

We have added lines to Part 1 to allow you to identify the eligible expenditures according to the date they are incurred. The *Cantax* Part 2a has been updated to reflect the new refundable tax credits that were announced.

Furthermore, as it is not necessary to differentiate capital expenditures from current expenditures, we have removed from Part 1 the table listing the capital expenditures as well as the lines relating to current R&D expenditures. When opening a file prepared with a previous version of *Cantax T2*, if an amount had been entered on one of the lines that has been removed, the amounts of capital expenditures and current expenditures will be added and displayed on the line *Total eligible expenditures for R&D made in the current year after March 8, 2005, and before January 1, 2011*.

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

Two new columns have been added to Part 3 of the form. Columns C4.1 and D4.1 are used to enter the salary and wages payable after June 2, 2010, and calculate the credit at the rate of 5.5%. Please note that columns 410 and 415 will now be used to enter the salary and wages payable before June 3, 2010, and calculate the credit at the rate of 5.5%.

The various information lines that must be completed to claim the training tax credit with regard to an eligible employee are now multiple lines (Part 1, 2 and 3).

Nova Scotia**Schedule 341, Nova Scotia Corporate Tax Reduction for New Small Businesses (S341)**

Lines 1 and 2 have been added to the form as a result of a change made to Section 3 of Schedule 346 (S346) in the previous version. These lines take into account the reduction of the rate applicable to small businesses, which will decrease from 5% to 4.5% on January 1, 2011.

Yukon**Schedule 443, Yukon Corporation Tax Calculation (S443)**

- As announced on September 21, 2010, by the province of Yukon and enacted in Bill 92, the business limit, which presently is \$400,000 will be increased to \$500,000 on January 1, 2011.

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.

Corrected Calculations

The following problems have been corrected in the current version:

Federal

- Instalment, Calculation of instalments needed (INSTAL) - Ontario capital tax calculation for purposes of determining instalment

British Columbia


- Schedule 427, British Columbia Corporation Tax Calculation (S427) - Calculation delay at line KK

Newfoundland and Labrador

- Schedule 5, Tax Calculation Supplementary - Corporations (S5) - Incorrect calculation of the lower rate when the taxation year is straddling April 1, 2010

Help

Software Support Hotline: 1-888-829-7848
 Software Support Fax Line: 1-877-802-4487
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