

RELEASE NOTES

Versions 11.2.3xx.126

November 2011

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Version Coverage

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

Mandatory NAICS code

Starting with this version, the CRA requires that corporation tax returns prepared using tax software include the corporation's main business activity. The main business activity can be indicated by selecting the applicable North American Industry Classification System (NAICS) code. Please consult the [note](#) on the Corporate Profile.

EFILE letter

A new Client EFILE letter has been added to the program. This letter will provide information on the return and will be applicable when the return is eligible for Corporate Internet Filing. Please consult the [note](#) on this topic.

History of taxation years' table

In order to keep track of the corporation's taxation years' history, a new table entitled "History of Taxation Years" has been added to the form. Please consult the [note](#) on the Corporate Profile.

Multiple lines in Schedules 4, 7-R, 8L, AT1-S13L and AT1-S13R

To allow you to enter more information, various parts in Schedule 4 (S4), Schedule 7(R) (S7-R), Schedule 8L (S8L), Alberta Schedule 13L (AT1-S13L) and Alberta Schedule 13(R) (AT1-S13R) are now multiple lines.

New form for partnerships

A new clonable form has been integrated into the program to take into account the new federal tax measure which proposes to eliminate the deferral of corporate tax through a partnership that has a fiscal period different from the corporation's taxation year. Please consult the [note](#) on this topic.

Version coverage

This release of *Cantax* T2 and T2Plus can be used to prepare corporation income tax returns for taxation years that began on or after **January 1, 2009**, and will end on or before **April 30, 2012**.

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 6).

Seminars

The *Cantax* training seminars will begin in November 2011. Join us and discover how to get the most out of *Cantax*! These training seminars, given by our experienced trainers, will provide you with up-to-date tax information and practical tips to optimize the preparation of your returns. Visit our Web site at www.cantax.com for a description of the seminars' contents and information on how to register.

What's New in this Release?

Word Processor Template

New & Revised Template

- [New Client EFILE letter template](#)
- [Client letter template modifications](#)

New & Revised Forms

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

Federal

- [Corporate Profile \(T2-ID\)](#)
- [Schedule 200 – T2 Corporation Income Tax Return \(T2\)*](#)
- [Schedule 1 – Net Income \(Loss\) for Income Tax Purposes \(S1\)](#)
- [Partnerships Workchart – Additional Income Inclusion/Deduction \(PARTNER#01\)](#)
- [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 6 – Summary of Dispositions of Capital Property \(S6\)](#)
- [Schedule 7 – Calculation of Aggregate Investment Income and Active Business Income \(S7\)](#)
- [Schedule 7\(R\) – Income Analysis – Schedule of Rental Income \(S7-R\)](#)
- [Schedule 8L – Capital Cost Allowance – Leaseholds and Franchises \(S8L\)](#)
- Schedule 8 – Capital Cost Allowance (CCA) (S8)*
- Schedule 9 – Related and Associated Corporations (S9)*
- [Schedule 13 – Continuity of Reserves \(S13\)*](#)
- Schedule 22 – Non-Resident Discretionary Trust (S22)*
- Schedule 27 – Calculation of Canadian Manufacturing and Processing Profits Deduction (S27)*
- [Schedule 31 – Investment Tax Credit – Corporations \(S31\)*](#)
- [Schedule 32 – Scientific Research and Experimental Development \(SR&ED\) Expenditures Claim \(S32\)](#)
- [Schedule 49 – Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit \(S49\)*](#)
- [Schedule 53 – General Rate Income Pool \(GRIP\) Calculation \(S53\)](#)
- [T183 CORP – Information Return for Corporations Filing Electronically \(T183CORP\)](#)
- T106SUM – Information Return of Non-Arm’s Length Transactions With Non-Residents (T106SUM)*
- T106 (T106 SLIP) – Information Return of Non-Arm’s Length Transactions With Non-Residents (T106#01)*
- [RC59 – Business Consent Form \(RC59\)*](#)
- [Schedule 141 – Notes Checklist \(GIFI 141\)*](#)

AgriStability and AgriInvest Programs

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

Ontario

- Schedule 500 – Ontario Corporation Tax Calculation (S500)*
- Schedule 506 – Ontario Transitional Tax Debits and Credits (S506)*
- [Schedule 508 – Ontario Research and Development Tax Credit \(S508\)](#)
- Schedule 525 – Ontario Political Contributions Tax Credit (S525)*
- [Schedules 546 and 547 – Corporations Information Act Annual Return for Ontario Corporations \(S546-547\)](#)
- Schedule 564 – Ontario Book Publishing Tax Credit (S564)*

Alberta

- [AT1 – Alberta Corporate Income Tax Return \(AT1\)*](#)
- AT1 Schedule 10 – Alberta Loss Carry-Back Application (AT1-S10)*
- [AT1 Schedule 13L – Capital Cost Allowance \(CCA\) – Leaseholds and Franchises \(AT1-S13L\)](#)
- [AT1 Schedule 13\(R\) – Income Analysis – Schedule of Rental Income \(AT1-S13R\)](#)
- [AT1 Schedule 21 – Alberta Calculation of Current Year Loss and Continuity of Losses \(AT1-S21\)](#)
- AT1 Schedule 100 – Preparing and Filing the Alberta Corporate Income Tax Return – AT1 and Schedules (AT1-E)*

Saskatchewan

- [Schedule 404 – Saskatchewan Manufacturing and Processing Profits Tax Reduction \(S404\)*](#)
- Schedule 411 – Saskatchewan Corporation Tax Calculation (S411)*

Manitoba

- Schedule 384 – Manitoba Co-op Education and Apprenticeship Tax Credit (S384)*

British Columbia

- [Schedule 427 – British Columbia Corporation Tax Calculation \(S427\)*](#)
- Schedule 428 – British Columbia Training Tax Credit (S428)*

Nova Scotia

- Schedule 341 – Nova Scotia Corporate Tax Reduction for New Small Businesses (S341)*
- Schedule 346 – Nova Scotia Corporation Tax Calculation (S346)*

New Brunswick

- Schedule 366 – New Brunswick Corporation Tax Calculation (S366)*

Yukon

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

New & Revised Guides

- T4012, T2 Corporation - Income Tax Guide 2010

Program Enhancements

Word Processor Templates

A new template entitled Client EFILE letter has been added to the Word Processor. The default template supplied is EFILE.RTF. This template is used to provide clients with a summary of their return, and to let them know that the return has been electronically transmitted to the appropriate tax authorities.

When the answer to the question *Do you want to select this tax return to be transmitted to the CRA?* of the T2 ID form (T2-ID) is "Yes", the new EFILE letter will be printed instead of the Client letter.

All sections that were referring to the province of Ontario (pre-harmonization) in the Client letter were removed as they were outdated.

Federal

Corporate Profile (T2-ID)

Both the Identification form and Schedule 200 have been modified as a result of the update of Schedule 200 (T2).

In the "Tax year" section, line 064, *Is the date on line 061 a deemed tax year-end in accordance with subparagraph 88(2)a(iv)?* has been added.

In the addresses section, the question *Has this address changed since the last time you filed your T2 return?* on lines 010 (Address of head office), 020 (Mailing address), and 030 (Location of books and records), has been changed to the following: *Has this address changed since the last time we were notified?*

Moreover, note that the "c/o" indicator is no longer accepted on the address lines of the T2 return. Therefore, when an indicator is included in an address, this indicator should not be entered; only the person's name should be entered. A new "T2 BAR CODES ERRORS - (must be cleared before printing the T2 Bar Codes)" type diagnostic will advise you of this requirement. This diagnostic will also be integrated into the next version of *Cantax T2* for all address lines of the federal forms. When opening a client file prepared with a previous version of *Cantax T2*, if an address line of the T2 return contains the "c/o" indicator, a diagnostic will prompt you to remove this indicator.

The following lines have been removed from the "Major Business Activity" section, because they are no longer part of the T2 tax return:

Line 281, *Has the major business activity changed since the last return was filed?*

Line 282, *What is the corporation's major business activity?*

Line 283, *If the major activity involves the resale of goods, show whether it is wholesale or retail*

As a result of the removal of line 282, the field on the *Nature of business* line in the MCT1 schedule (MCT1) and in the SCT1 schedule (SCT1) are now data entry fields.

A new line, *What is the corporation's main revenue-generating business activity?*, has been added to this section. You must indicate the corporation's main business activity on this line by selecting the applicable North American Industry Classification System (NAICS) code.

An NAICS code is required for all corporations, except for an inactive corporation. According to the new CRA requirements, this code is mandatory when the tax return is prepared using tax software. Therefore, if the NAICS code is missing, it will not be possible to EFILE the return or to print it in bar code format. For more information on this topic, please consult the Help. Since an NAICS code is required for any active corporation, a diagnostic will ask you to provide this information.

In order to keep track of the corporation's tax year history, a new table entitled "History of Taxation Years" has been added below the "Foreign Property Reporting" section. The dates entered in this new table will be carried over to all schedules where the tax year history is required.

When creating a new client file, the "History of Taxation Years" table should be completed, if applicable. Also, when opening or carrying forward a client file prepared with a previous version of *Cantax T2*, verify the "History of Taxation Years" table and make the required adjustments to have an accurate tax year history.

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* version 11.2.3xx.126 does not cover those years.

The name of line 765, *Provincial tax on large corporations* as well as the calculation performed on this line have been adjusted and no longer take into account the provincial tax on large corporations for New Brunswick since this tax was abolished on January 1, 2009.

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

This form has been modified to take into account the new CRA requirements with regards to the inclusion or deduction of additional income for a corporate member of a partnership. In accordance with these new requirements, the Stub Period Accrual, the Alignment Income and the Transitional Reserve must be entered in the "Other additions" and "Other deductions" sections of Schedule 1. The lines 602, 603 and 703 now include a description for these various types of inclusions or deductions. As for the amounts related to these descriptions, they must now be entered on lines 292, 293 and 393. When you complete the new Form *Partnerships Workchart (PARTNER#01)*, the amounts will be carried over to the appropriate lines in Schedule 1.

When opening a client file prepared with a previous version of *Cantax T2*, the descriptions that were previously entered on lines 602 and 603 as well as their respective amounts on lines 292 and 293 will be moved to lines 604 and 294. Also, the description previously entered on line 703 and the related amount on line 393 will be moved to lines 704 and 394.

Furthermore, Schedule 1 is now presented under a single tab and it has been modified with the result that only lines containing at least one amount are printed.

Partnerships Workchart – Additional Income Inclusion/Deduction (PARTNER#01)

This new clonable form has been integrated into the program to take into account the new tax measure from the CRA which proposes to eliminate the deferral of corporate tax through a partnership that has a fiscal period different from the corporation's taxation year. A copy of this form must be completed for each partnership affected by this new measure in which the filing corporation has a significant interest.

This form is used to determine the Stub Period Accrual and identify the Eligible Alignment Income. The form is also used to calculate and keep track of the Transitional Reserve. The various amounts in this new form are carried forward to specific lines in Schedule 1 (S1), according to CRA guidelines.

Please refer to the [note](#) on Schedule 1 for more details. Moreover, we invite you to consult the Help and federal Bill C-13 before completing the form.

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

Two new check boxes entitled **Select this box if you want to carry forward data in this section** have been added to Parts 1 and 3 of the form, on screen only, to allow you to carry forward data in those parts. When carrying forward the client file, the value in those boxes will be retained.

Schedule 4, Corporation Loss Continuity and Application (S4)

An unlimited number of limited partnership losses may now be entered in Part 7, "Limited partnership losses."

Schedule 5, Tax Calculation Supplementary – Corporations (S5)

The line *Other Manitoba refundable tax credits* was renamed *Manitoba cultural industries printing tax credit*. As for line *Other Manitoba tax credits*, it was renamed *Manitoba Neighbourhoods Alive! tax credit*.

Make sure the amounts on those lines reflect those changes.

Schedule 6, Summary of Dispositions of Capital Property (S6)

This form has been modified to take into account the changes to clauses a)(i)(A) and a)(ii)(A) of subsection 89(1) of the ITA announced in the October 2011 federal Legislative Proposals related to income tax and the sales and excise tax. Two new lines with input cells have been added to Part 8, "Determining capital gains or losses."

The lines are the following: *Amount from a deemed gain pursuant to paragraph 40(3.1)(a) of the ITA for dispositions made after October 2011* and *Amount from a deemed loss*

pursuant to subsection 40(3.12) of the ITA for dispositions made after October 2011.

The amounts that you enter on those lines will be used in Form CDA, *Continuity of Capital Dividend Account (CDA)*, to calculate the non-taxable portion of capital gains for the year and the non-taxable portion of capital losses for the year.

Schedule 7, Calculation of Aggregate Investment Income and Active Business Income (S7)

The reference to associated corporations has been removed from line 207 of Schedule 200. The applicability of Schedule 7 has been modified to take this change into account.

Schedule 7(R), Income Analysis - Schedule of Rental Income (S7-R)

This schedule has been modified to accommodate additional rental properties. Previously, you could enter up to four rental properties - one per column. This has now been expanded to allow you to create an unlimited number of columns for entering your rental properties.

Similarly the section "Capital Cost Allowance for rental properties" also now allows you to create an unlimited number of columns to accommodate the CCA classes for these rental properties. Moreover, a new line entitled *Description* has been added to this section to allow you to enter information with respect to each class.

Schedule 8L, Capital Cost Allowance – Leaseholds and Franchises (S8L)

The capital cost allowance workchart now allows you to create an unlimited number of columns to calculate CCA class 13, Leaseholds and CCA class 14, Franchises.

Schedule 13, Continuity of Reserves (S13)

The line *Reserve for December 31, 1995 income* including codes 170, 175 and 180 has been removed.

Schedule 31, Investment Tax Credit - Corporations (S31)

Line 103, *Contributions to agricultural organizations for SR&ED*, has been added to Part 3. The amount on this line is calculated using the information required with respect to this topic in Part 8.

As for line 395, *Enter your reduced business limit for the current tax year*, it has been removed from Part 9 as well as calculations 1 and 3 from Part 10. These data items are no longer required, because they were used to calculate the SR&ED expenditure limit for a taxation year that was straddling February 26, 2008, and this period is not covered by *Cantax T2* version 11.2.3xx.126.

In addition, lines *Amount A* and *Amount B* have been added to Part 9. These lines are to be completed when the corporation's taxation year straddles January 1, 2010. When opening a client file prepared with a previous version of *Cantax T2*, if the taxation year straddles January 1, 2010, a diagnostic will prompt you to complete the new lines for amounts A and B, if applicable.

In regards to the amounts on lines 550 and 655, *Credit allocated from a partnership*, which respectively display in Part 12 (SR&ED expenditures) and Part 22 (job creation expenditures), they are now taken into account when

calculating the *Current year's ITC* line for the different classes concerned on the 31S worksheet (S31-S).

Moreover, the form has been modified with the result that it is now possible to print all or only the sections containing at least one value. The question *Do you want to print all sections?* has been added to allow you to print all sections of the form. By default, the answer to this question is "Yes."

Furthermore, the order in which the investment tax credits can be claimed has been revised to maximize the investment tax credit refund at line 780 of Schedule 200 (T2).

For more information on these changes, consult the Help and the form.

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

The year's maximum pensionable earnings giving entitlement to the Canada pension plan for the 2012 fiscal year (i.e. \$50,100) 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 49, Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit (S49)

Line 450, *Amount B*, which represented the total of all reduced business limits for the year, and line 475, *Amount C*, which corresponded to the total of all business limits allocated to each associated corporation, as well as calculations 1 and 3 have been removed from the form. These data items are no longer required, because they were used to calculate the SR&ED expenditure limit of the filing corporation when the taxation year of this corporation straddled February 26, 2008. *Cantax T2* version 11.2.3xx.126 does not cover this period for the filing corporation. For associated corporations, however, these data items are retained, because they are still required to calculate the SR&ED expenditure limit of a corporation whose taxation year ended in the 2009 calendar year and straddled February 26, 2008.

Line 495, *Amount D*, which represented the total of all taxable capital employed in Canada of all associated corporations, has been renamed *Amount B*.

Moreover, lines *Amount C* and *Amount D* have been added. These lines are required to calculate the expenditure limit if the taxation year of any corporation in the group straddles January 1, 2010.

For more information on how to calculate these amounts, consult the Help and the form.

When opening a client file prepared with a previous version of *Cantax T2*, if at least one of the taxation years of a corporation in the group straddled January 1, 2010, a diagnostic will prompt you to complete the new lines for amounts C and D, if applicable.

Schedule 53, General Rate Income Pool (GRIP) Calculation (S53)

Modifications have been made to the calculations on lines 500, 520 and 540 to ensure that the general rate factor used is the current taxation year's general rate factor. Previously, the general rate factor used in those calculations

corresponded to the factor for the year in which the loss was carried back.

Since *Cantax T2* didn't correctly calculate the general rate factor for these lines in the previous versions, please ensure that previous year amounts are correct and perform the appropriate modifications, if applicable.

T183 CORP, Information Return for Corporations Filing Electronically (T183CORP)

The form's calculations will now be locked when the Corporation Internet Filing status value of the return is "Accepted." This is to prevent the information on the form from being modified once the Corporation Internet Filing status value has been defined for the return.

RC59, Business Consent Form (RC59)

A new line has been added to Part 4, "Cancel one or more authorizations," to allow you to enter the telephone number.

Schedule 141, Notes Checklist (GIFI 141)

Lines 102, 103 and 109 have been removed. Moreover, new information is now requested in Part 4 with regards to impairment and fair value changes, financial instruments and adjustments to opening equity.

AgriStability and AgriInvest Programs

AgriStability and AgriInvest Programs (AGRI/HAGRI), Ontario

The form for new participants has been added to the program. As a result of this change, a new section allowing you to state the filing corporation's situation (new participant or previous year's participant) has been added to the top of the form for cases where the province selected is "Ontario." Depending on the chosen situation, the appropriate forms will be displayed.

In the official update of Statement A, certain fields were moved and new information is required (in particular the emergency number and the name of the accounting firm). Moreover, new check boxes have been added to the "Income" and "Expenses" sections of this statement to allow you to indicate whether the corporation has amounts to report in those sections.

New columns have been added to charts A and B of the *Supplemental Forms*. Furthermore, the column **Market Revenue Number** has been removed from charts A, B and C of this form.

The various charts in Section "Schedule 1 - Production Summary" now include columns to record units. In Section "Schedule 2 - Inventory, A/R, A/P," the chart *Type of breeding livestock* has been added. Finally, in this same section, new check boxes located above each of the existing charts now allow you to indicate whether the corporation has information to report in the relevant chart.

Ontario

Schedule 508, Ontario Research and Development Tax Credit (S508)

Two new lines have been added to provide detail on line 105. The program automatically carries the Ontario innovation tax credit amount to the first of these lines, *Ontario Innovation Tax Credit (OITC)*. The second line *Other government assistance, non-government assistance or contract payment*, is used to manually enter any other amount of assistance received for eligible expenditures. For more information, consult the Help.

When opening a client file prepared with a prior version of *Cantax T2*, the amount entered on line 105 will be retained as an overridden amount.

Schedules 546 and 547, Corporations Information Act Annual Return for Ontario Corporations (S546-547)

The question *Were Schedules 546 and 547 filed or will they be filed electronically with the Ontario Ministry of Government Services (MGS)?* has been added because corporations that must complete Schedules 546 and 547 can send these schedules electronically directly to the Ontario government instead of including them with the T2 return. Therefore, if the corporation answers "Yes" to this question and is submitting the schedules directly to MGS, Schedules 546 and 547 should not be completed in *Cantax T2* since they will not be applicable.

For more information, consult the Help.

Alberta

AT1, Alberta Corporate Income Tax Return (AT1)

Although Alberta accepts tax returns filed in a functional currency, note that the program is not able to calculate the tax return based on a functional currency. However, since Alberta requires that the average exchange rate be indicated, line 043 has been added to the form. For more information on the requirements with respect to the functional currency return, consult the Help.

AT1 Schedule 13L, Capital Cost Allowance (CCA) – Leaseholds and Franchises (AT1-S13L)

The capital cost allowance workchart now allows you to create an unlimited number of columns for class 13, Leaseholds and class 14, Franchises.

AT1 Schedule 13(R), Income Analysis - Schedule of Rental Income (AT1-S13R)

The section "Capital Cost Allowance for rental properties" now allows you to create an unlimited number of columns to accommodate the CCA classes for these rental properties.

AT1 Schedule 21, Alberta Calculation of Current Year Loss and Continuity of Losses (AT1-S21)

An unlimited number of limited partnership losses may now be entered in the "Continuity of Limited Partnership Losses" section.

Saskatchewan

Schedule 404, Saskatchewan Manufacturing and Processing Profits Tax Reduction (S404)

The calculation of income eligible for the Saskatchewan tax reduction and the calculation of the Saskatchewan manufacturing and processing profits tax reduction for the periods before July 1, 2008, have been removed from Parts 1 and 2.

British Columbia

Schedule 427, British Columbia Corporation Tax Calculation (S427)

A new line has been added to reflect the change in the high rate of tax which will increase from 10% to 12% on January 1, 2012.

Technical Enhancement

New menu choice to make payments to the CRA

Cantax T2 now gives you access, in its interface, to the CRA Web site where corporations can pay their balance due online. Therefore, regardless of which *Cantax T2* is installed (with or without the CIF module), the command **My payment service - CRA** can be found in the menu **Internet Filing**, which will direct you to the CRA Web site.

Filing Requirements

Modifications to the printing conditions for the T2 Bar Codes

The printing conditions for the T2 Bar Codes form has been modified to print when you answer "No" to the question *Do you want to select this tax return to be transmitted to the CRA?* on the T2-ID form (T2-ID).

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.

Help

Software Support Hotline:	1-888-829-7848
Software Support Fax Line:	1-877-802-4487
Tax and Technical Support E-mail:	support@cch.ca

<i>Cantax</i> Customer Service:	1-800-268-4522
Sales Fax:	1-800-461-4131
Sales E-mail:	cservice@cch.ca
Web site:	www.cantax.com

