



# Corporate Taxprep®

## Release Notes

### Corporate Taxprep 2012 v.2.0

(January 2010 - April 2013)

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#### Overview

*Corporate Taxprep 2012 v.2.0* includes several technical and tax changes. Here is a summary of the main topics addressed in this document.

#### Tracking of the Adjusted Cost Base

This new form is used to compute and keep track of the adjusted cost base (ACB) of certain assets. A link to transfer certain data in Schedule 6 (Jump Code: **6**) when there is a disposition has been added to this form. Please consult the [note](#) on this form.

#### Form to calculate the interest and penalties

This new form allows you to calculate the interest on the unpaid balance, the late-filing penalty and the interest on late-filing penalty. The interest and penalties are calculated on the federal, Alberta and Québec returns. Please consult the [note](#) on this form.

#### Schedules 71, 72 and 73

These schedules are used to calculate the amounts to include in income of corporations that are members of partnerships. These schedules replace Form Partnerships Workchart, *Additional Income Inclusion/Deduction* (Jump Code: **PARTNERSHIPS**). Please consult the [note](#) on this form.

#### New Québec forms

The following Québec forms have been added to the program:

- CO-1029.8.36.DF, *Tax Credit for Film Dubbing* (Jump Code: **1029836DF**)\*
- CO-1029.8.36.HE, *Tax Credit for the Modernization of a Tourist Accommodation Establishment* (Jump Code: **1029836HE**)
- CO-1029.8.36.HF, *Agreement Respecting the Annual Tax Credit Limit for the Modernization of a Tourist Accommodation Establishment* (Jump Code: **1029836HF**)
- CO-1029.8.36.MA, *Tax Credit for the Diversification of Markets of Québec Manufacturing Companies* (Jump Code: **1029836MA**)
- CO-1029.8.36.PN, *Tax Credit for Wages for an Innovation Project* (Jump Code: **1029836PN**)

\*This form is only available with the **Specialized Information (SI)** module.

#### Webinars

Interested in training, but short on time? When you attend a *Taxprep* Webinar, you can interact with our experienced trainers and get the latest information on *Taxprep* without leaving your office. A full range of Webinars geared toward new and experienced users available on *Personal Taxprep*, *Corporate Taxprep*, *Taxprep Forms* and *Taxprep for Trusts*. [Pick the topics](#) that best suit your professional development needs!

#### Improve Your Productivity

#### Identification, Corporate Identification and Other Information (Jump Code: ID)

The role of each question in the "General information" section is now defined in the Help of *Corporate Taxprep*. To access these new explanations, press F1 when your cursor is in the field of one of the questions concerned and read the text related to the desired question.

The lines *Date of amalgamation* and *Date of dissolution* were added to the "Tax year information" section, to

allow the program to better guide you, by displaying the appropriate diagnostics when preparing tax returns in specific situations.

The line *Date of amalgamation* must be completed when the answer to the question on line 076 is "Yes," i.e. when it is the corporation's final tax year before amalgamation. The date of amalgamation is found on the amalgamation certificate or on the corporation's letters patent of amalgamation.

The line *Date of dissolution* must be completed when the answer to the question on line 078 is "Yes," i.e. when it is the final return up to dissolution. The date of dissolution is found on the corporation's instrument of dissolution.

#### **Notes, Notes to the financial statements (Jump Code: NOTES)**

A new box has been added to this form to allow you to file this form with the *Corporation Income Tax Return (T2)* when it contains information about one or more elections made by the corporation and for which there is no prescribed form.

#### **Schedule 8 REC, Fixed Assets Reconciliation (Jump Code: 8REC)**

The line *Other (specify)* with respect to other acquisitions and dispositions is now a multiple line. It allow for reconciling data on financial statements with data used for tax purposes.

#### **Schedule 9 WORKCHART, Related and Associated Corporations Workchart (Jump Code: 9 WORKCHART)**

The fields "Title or position of authorized representative" and "Date of signature of authorized representative" were added to the "Québec CO-17 - Corporation income tax return" section for related and associated corporations in order to group the Québec general information into the same section. The information in these two fields is carried over to the applicable Québec sections. From now on, the fields "Title or position of authorized representative" and "Date of signature of authorized representative" of the "Québec CO-1137.E - Agreement respecting the \$1 million deduction" section will be calculated using the two new fields in the "Québec CO-17 - Corporation income tax return" section.

#### **T1134A, Information Return Relating to Foreign Affiliates That Are Not Controlled Foreign Affiliates (Jump Code: 1134A)**

Check boxes were added to Section 2, "Financial information of the foreign affiliate," to allow you to post the amount of your choice (either in Canadian dollars or in foreign currency) to Form T1134AL, *List of Foreign Affiliates That Are Not Controlled Foreign Affiliates*. Where a single column in Section 2 includes

an amount for a given line, *Taxprep* posts the amount in this column. Where both columns contain an amount for a same line, *Taxprep* posts the amount in Canadian dollars by default.

#### **T1134B, Information Return Relating to Controlled Foreign Affiliates (Jump Code: 1134B)**

Check boxes were added to Section 2, "Financial information of the foreign affiliate," to allow you to post the amount of your choice (either in Canadian dollars or in foreign currency) to Form T1134BL, *List of Controlled Foreign Affiliates*. Where a single column in Section 2 includes an amount for a given line, *Taxprep* posts the amount in this column. Where both columns contain an amount for a same line, *Taxprep* posts the amount in Canadian dollars by default.

#### **AgriStability and AgriInvest Programs (Jump Code: AGRI/HAGRI)**

Henceforward, when opening this form, where the province of Alberta, Prince Edward Island or Ontario is selected, only the Statement A for the province selected will display and the question *Do you want to display Form Supplemental Forms?* will appear under the question used to select the province. Therefore, you can complete Statement A only, by leaving the answer to this question at "No," or answer "Yes" to complete Statement A and Form *Supplemental Forms*. The answer to this question will be retained when rolling forward.

When opening a client file prepared with a previous version of *Corporate Taxprep*, if Form AGRI/HAGRI was applicable, the answer to this question will be "Yes."

#### **CO-17.R, Request for an Adjustment to a Corporation Income Tax Return or to an Information and Income Tax Return for Non-Profit Corporations (Jump Code: QJR)**

To file an amended return, *Revenu Québec* requires corporations to use Form CO-17.R. From now on, when the answer on line 24, *Is the return an amended return?* of the CO-17 return (Jump Code: QJ) is "Yes," Form CO-17 will not be applicable and, consequently, will not print when the predefined print formats are used. If you completed Form CO-17.R for the current fiscal year, this form will be applicable in replacement of Form CO-17 and will print with all the forms in the return. However, if you completed Form CO-17.R for a prior fiscal year, Form CO-17.R will print before the Québec forms for the current year. Note that you must file the request's supporting documents by mail, under separate cover, to one of *Revenu Québec's* addresses listed in the help topic relating to Form CO-17.R.

### CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1)

The amounts of lines 36, *Interest charges in relation to the purchase of an automobile*, and 37, *Non-allowable expenses related to automobile leasing* are now calculated using data from recently added *Taxprep* forms to calculate non-deductible automobile expenses (Jump Codes: **SAUTOMOBILE**, **AUTO INTEREST** and **AUTO LEASE**), when these forms are used. However, note that you may still manually enter non-deductible expenses on these lines without having to complete the forms.

### AT1 Schedule 10, Alberta Loss Carry-Back Application (Jump Code: A10)

A question was added at the top of this schedule in order to allow you to electronically file the AT1 Schedule 10 in cases where this schedule is applicable, but where the corporation is exempt from filing a tax return according to Schedule AB AT100, *Preparing and Filing the Corporate Income Tax Return* (Jump Code: **A100**). For more information, please consult the Help.

### CDA, Continuity of Capital Dividend Account (Jump Code: CDA)

Part of the "Eligible capital property" section with respect to eligible capital property (ECP) dispositions in the taxation year has been moved to ensure that the amount of ECP dispositions is not included in the capital dividend account balance before capital dividends paid or payable. This part is now below the "Capital dividends paid or payable" section and is taken into account in the capital dividend account balance.

## New Forms



### Federal

#### Line 996, Amended Tax Return - Description of Changes (Jump Code: L996)

This new form is to be used to provide details of the changes made in an amended tax return. This form must be completed when you answer "Yes" on line 997, *Is this an amended federal tax return?* of the [Identification](#) form. For more information, consult the Help.

#### ACB, Tracking of the Adjusted Cost Base (Jump Code: ACB)

This new form is used to compute the adjusted cost base (ACB) of the assets included in the following classes and keep track of the ACBs:

- Shares
- Real estate

- Bonds
- Other properties
- Personal-use property
- Listed personal property

This form is a multiple copy form where each asset must be entered on a separate copy.

When disposing of property or part of the property in the taxation year, you may transfer certain data items relating to the disposed property to Schedule 6 (Jump Code: **6**), by selecting the form's appropriate check box. A check box has been added to the *Tax Preparer's Profile* to allow you to ensure that the check box in the PBR form is selected for all your client files.

#### ACB SUM, Adjusted Cost Base Summary (Jump Code: ACB SUM)

This new form is a summary of all assets entered in the ACB form.

#### Schedule 71, Income Inclusion for Corporations that Are Members of Single-Tier Partnerships (Jump Code: 71)

#### Schedule 72, Income Inclusion for Corporations that Are Members of Multi-Tier Partnerships (Jump Code: 72)

#### Schedule 73, Income Inclusion Summary for Corporations that Are Members of Partnerships (Jump Code: 73)

These schedules are used to calculate the amounts to include in income of corporations that are members of partnerships. These schedules replace Form *Partnerships Workchart - Additional Income Inclusion/Deduction* (Jump Code: **PARTNERSHIPS**).

Schedule 71 has to be completed by corporations that are members of single-tier partnerships and Schedule 72 has to be completed by corporations that are members of multi-tier partnerships. As for Schedule 73, it is used to calculate the amounts to be added or deducted in the corporation's income. The amounts required to calculate the various amounts and deductions in Schedule 73 come from Schedule 71 and Schedule 72.

*Taxprep* parts have been added to Schedule 71 and Schedule 72 to:

- Indicate the first year for which the filing corporation was eligible for transitional relief,
- Indicate the allocation between business income, property income and taxable capital gain for the various amounts calculated in these schedules,

- Indicate certain preceding year amounts that are required to calculate schedules, and
- Track the transitional reserve.

Note that Schedules 71 and 72 are workcharts and only the data in Schedule 73 is included in the *T2 - Bar Codes* return and the electronically filed return.

The option allowing you to generate a copy for Québec or Alberta which was available in the *Partnerships Workchart* is also available in Schedules 71 and 72. For more details on this option, please consult the Help with respect to these forms.

When opening a client file prepared with a previous version of *Corporate Taxprep*, if the **Yes** check box was selected at line *Is the partnership a member of one or more other partnerships?*, the data from the workchart will be retained in Schedule 72. If the **No** check box was selected at this line or if no check box was selected, the data from the workchart will be retained in Schedule 71. Please verify if adjustments are required.

Please note that corporations are required to file a Schedule 73 for a previous year if the corporation reported amounts of stub period accrual, alignment income or transitional reserve on Schedule 1 of that previous year. Thus, the prior year Schedule 73 has to be filed separately from the current year tax return.

#### **Summary to Export Taxprep Data to GI (Jump Code: SUM GI)**

This form groups *Taxprep* data that can be exported to the *Global Integrator* (GI) program by tax jurisdictions for the purpose of preparing tax provisions.

Currently, the data in Schedule 8 (Jump Code: **8**) (as well as data from Québec Schedule CO-130.A (Jump Code: **Q8**) and Alberta Schedule 13 (Jump Code: **A13**), where applicable) and Schedule 10 (Jump Code: **10**) (as well as Québec Schedule CO-130.B (Jump Code: **Q10**) and Alberta Schedule 14 (Jump Code: **A14**), where applicable) can be subjected to such export. For more information about data export to GI or the GI program, consult the Help.

#### **INTEREST, Interest and Late-Filing Penalty (Jump Code: INTEREST)**

This new form allows you to calculate the interest on the unpaid balance, the late-filing penalty and the interest on late-filing penalty for the three following forms: the *Corporation Income Tax Return* (T2), the *Alberta Corporate Income Tax Return* (AT1) and the *Corporation Income Tax Return* (CO-17). For more information, consult the form and the Help.



#### **CO-1029.8.36.DF, Tax Credit for Film Dubbing (Jump Code: 1029836DF)**

This multiple copy form can be used by a qualified corporation to claim the tax credit for film dubbing. It is important to indicate in box 6, 7 or 8 when the application for a certificate was filed with SODEC, because many values and rates allowing for the calculation of the credit vary according to the date indicated in one of these boxes.

When opening a client file prepared with a previous version of *Corporate Taxprep*, if an amount was entered on line 024 of Form QC L440P-Y (Jump Code: **L440P**), it will be retained as an overridden amount. You will then have to complete the sections of Form CO-1029.8.36.DF related to this credit, and remove the override on line 024 of Form QC L440P-Y in order for the credits calculated in Form CO-1029.8.36.DF to update to Form QC L440P-Y. Please also note that this form is only available in the **Specialized Information (SI)** module.

#### **CO-1029.8.36.HE, Tax Credit for the Modernization of a Tourist Accommodation Establishment (Jump Code: 1029836HE)**

This multiple copy form is for any corporation that, in the taxation year, has an establishment in Québec and is the owner of an eligible tourist accommodation establishment and/or is the member of a partnership that is the owner of an eligible tourist accommodation establishment. In the case where the corporation is claiming the tax credit as an eligible corporation and where it also wants to claim the credit as a member of an eligible partnership, complete a copy of the form for each of these claims.

If the eligible corporation had the work carried out by more than one contractor or if the work involves more than one eligible tourist accommodation establishment, you must complete as many copies of Sections 2, 3, 4 and 5 as there are contractors and/or tourist accommodation establishments. Sections 6 and 7 are identical on all on-screen copies of the form and only print on the first copy.

Note that in order for a copy of the form to be applicable, the answer to the two questions under Section 1 must be "Yes."

In addition, if the corporation is associated with another corporation eligible for the tax credit covered by this claim, you must also complete Form CO-1029.8.36.HF (Jump Code: **1029836HF**).

For more details about this credit, consult the Help.

#### **CO-1029.8.36.HF, Agreement Respecting the Annual Tax Credit Limit for the Modernization of a Tourist**

### **Accommodation Establishment (Jump Code: 1029836HF)**

This form may be completed by any corporation claiming the *Tax Credit for the Modernization of a Tourist Accommodation Establishment* (Jump Code: **1029836HE**) when this corporation is a member of a group of associated corporations within which at least one other corporation is eligible for the tax credit. The form is used to determine the \$750,000 annual limit for a group of associated corporations and must be duly completed and signed by the authorized representative of each associated corporation.

### **CO-1029.8.36.MA, Tax Credit for the Diversification of Markets of Québec Manufacturing Companies (Jump Code: 1029836MA)**

This multiple copy form is to be completed by any corporation that has, in the taxation year, a permanent establishment in Québec where it carries on a business that manufactures one or more eligible goods for markets outside Québec. This 30% tax credit relates to eligible certification expenses that the corporation incurs after March 20, 2012, and before January 1, 2016, with regards to an eligible good. To qualify, the corporation must have obtained, in the year, a qualification certificate that certifies that the product complies with the legal standards applicable in a market outside Québec where the corporation intends to market the product. The total amount of the tax credit that the corporation may claim with respect to one or more eligible goods cannot exceed \$45,000.

Note that in order for the form to be applicable, the corporation must not be an excluded corporation. Therefore, the answer to the question above Section 1 must be "Yes."

### **CO-1029.8.36.PN, Tax Credit for Wages for an Innovation Project (Jump Code: 1029836PN)**

This new multiple copy form, for which one copy must be completed for each qualifying centre, is intended for any exempt corporation that wishes to claim the tax credit for wages for an innovation project. To be eligible for the tax credit, the corporation must operate a business and carry out an innovation project in a building occupied by an information technology development centre (ITDC), a new economy centre (NEC) or a biotechnology development centre (BDC). In addition, the corporation, as well as any associated corporation, must not have elected to claim the tax credit for the development of e-business on Form CO-1029.8.36.DA (Jump Code: **1029836DA**).

In Part 1, "Information about the corporation," identify the centre for which you are completing the credit claim. Then complete a separate copy of Form CO-1029.8.36.PN PARTS 2 to 5 for each eligible employee

working in the centre. To access Form CO-1029.8.36.PN PARTS 2 to 5, click **Go to Form CO-1029.8.36.PN PARTS 2 to 5** in Part 2 to 5, "Tax credit for each eligible employee and/or further to the repayment of assistance," of Form CO-1029.8.36.PN. The chart in Part 6 will be completed using the information from Form CO-1029.8.36.PN PARTS 2 to 5.

When opening a client file prepared with a previous version of *Corporate Taxprep*, if an amount was entered on line 037 of Form QC L440P-Y (Jump Code: **L440P**), this amount will be retained as an overridden amount. You will need to complete Form CO-1029.8.36.PN and remove the override on line 037 in order for the credit calculated in Form CO-1029.8.36.PN to be updated to Form QC L440P-Y.

### **Alberta**

#### **AT1 Schedule 9 Supplemental, Alberta Scientific Research & Experimental Development (SR&ED) Tax Credit (Jump Code: A9 SUP)**

This new multiple copy worksheet was added to *Corporate Taxprep* to allow you to calculate the reduction in the Alberta scientific research and experimental development (SR&ED) tax credit when the corporation claimed a federal investment tax credit in the immediately preceding year and that this federal tax credit related to Alberta SR&ED expenditures. This new reduction only affects corporations whose taxation year is ending on or before March 31, 2012. A copy of this worksheet must be completed for each year where the federal investment tax credit claimed in the immediately preceding year originates. For example, if the federal investment tax credit claimed in the immediately preceding year originates in 2009 and in 2010, a first copy of Form AT1 Schedule 9 Supplemental will have to be completed using the 2009 amounts and a second copy using the 2010 amounts. The total of these amounts will then be posted to line 116 of Form [AT1-Schedule 9](#).

When rolling forward the client file, *Taxprep* will carry over to Form AT1 Schedule 9 Supplemental the amounts required to calculate the reduction, but only if the federal investment tax credit claimed in the immediately preceding year originates in a single year.

Note that Form AT1 Schedule 9 Supplemental is not part of the Alberta RSI schedules, but it must be attached to the Alberta RSI return, where applicable. The form does not have to be sent if the Alberta return is filed electronically, but it must be kept on file in case the government of Alberta asks to see it.

## Updated Forms

\* Note that these forms were updated according to the latest version issued by the applicable tax authority.

### Federal

#### Identification, Corporate Identification and Other Information (Jump Code: ID)

According to new CRA requirements, amended tax returns filed using tax preparation software must now be submitted in T2 - Bar Code format, except for certain exceptions provided for by the CRA. When you answer "Yes" on line 997, *Is this an amended federal tax return?* (note that this question already existed in the "General information" section), you must complete the new line 996, *Description of changes*. An expand has been added for direct access to the new form created for data entry on this line, i.e. [Form Line 996, Amended Tax Return - Description of Changes \(Jump Code: L996\)](#).

Furthermore, the questions with respect to the filing of an amended federal tax return or an amended Alberta or Québec tax return (note that, for Québec, it consists of a new question) have been grouped in a new section of the Identification form entitled "Amended tax return." When you answer "Yes" to the question *Is this an amended Québec tax return?* in this section, an expand will allow you to access Form CO-17.R (Jump Code: QJR).

For more information on the exceptions provided for by the CRA, consult the Help.

#### EFILE INFO, EFILE Information (Jump Code: EFILE INFO)

The "Transmitted" status has been removed from the three following sections of the form:

- "EFILE";
- "Alberta Net File";
- "NetFile Québec or Clic Revenu."

This value has been deleted as there is immediate confirmation when transmitting corporate returns and that, accordingly, the only relevant statuses for the transmission of such returns are "Accepted" or "Rejected."

#### Schedule 200, T2 Corporation Income Tax Return (Jump Code: J)\*

The lines as well as the calculations related to taxation years ending before January 1, 2010 have been removed from the "General tax reduction for Canadian-controlled private corporations" and "General tax reduction" sections.

#### Schedule 1, Net income (Loss) for Income Tax Purposes (Jump Code: 1)\*

Line 109, *Income or loss for tax purposes - joint ventures or partnerships* has been removed. The amount of income or loss relating to joint ventures and the amount relating to partnerships must now be entered on separate lines. Therefore, the following lines were added:

Line 129, *Income or loss for tax purposes - partnerships*;

Line 132, *Income or loss for tax purposes - joint ventures*.

In addition, two lines were added to take into account the adjustments to be made to the income of a corporation member of a partnership calculated in [Schedule 73](#) (Jump Code: 73).

Line 130, *Amounts calculated under section 34.2 - Schedule 73*;

Line 131, *Income shortfall adjustment and additional amount from Schedule 73*.

When opening a client file prepared with a previous version of *Corporate Taxprep* in which an amount was entered on line 109 (which was removed), this amount will be posted to line 129 or line 132. However, when the amount could be allocated between those two lines, a diagnostic will prompt you to make an allocation, where applicable.

The field of lines 601, 602 and 702, which were used for the calculations with respect to Form *Partnerships Workchart* (Jump Code: PARTNERSHIPS), is now an input field. When opening a client file prepared with a previous version of *Corporate Taxprep*, if one of the fields of these lines contained an overridden value, this value will be retained and the field will be an input field.

The fifth occurrence of line 603 and the third occurrence of line 703, which were used for the calculations with respect to Form *Partnerships Workchart* (Jump Code: PARTNERSHIPS) have been removed. When opening a client file prepared with a previous version of *Corporate Taxprep*, if one of the fields of these lines contained an overridden value, this value will be retained in an input field at one of the occurrences of line 604.1 or line 704.1.

#### Schedule 5, Tax Calculation Supplementary - Corporations (Jump Code: 5)\*

Line 577, *New Brunswick non-refundable research and development tax credit (from Schedule 360)* has been removed from the New Brunswick "Tax payable, tax credits, and rebates" section, because this credit is no longer available.

Line 681, *British Columbia shipbuilding and ship repair industry tax credit (from Schedule 430)* has been added to the British Columbia "Tax payable, tax credits, and rebates" section.

### **Schedule 7, Aggregate Investment Income and Active Business Income (Jump Code: 7)\***

In Part 3, "Specified partnership income," a note relating to line 315, *Adjustments*, has been added to show you how to determine the amount on this line using data in the new Schedule 73 (Jump Code: **73**), in accordance with section 34.2 of the ITA. In addition, certain changes have been made to the display of the lines in the schedule.

### **Schedule 9 WORKCHART, Related and Associated Corporations Workchart (Jump Code: 9 WORKCHART)**

Because the amount on the line *Taxable income of prior taxation year* is used to determine the answer on line 896 of the T2 return (Jump Code: **J**), this amount must now be entered in the "General information" section instead of in the "Schedule 49 - Agreement among associated Canadian-controlled private corporations to allocate the expenditure limit" section. However, note that the corresponding line in the "Schedule 49 - Agreement among associated Canadian-controlled private corporations to allocate the expenditure limit" section still exists. The amount on this line is now calculated using the amount entered in the "General information" section. For more information on this topic, consult the Help.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the taxable income shown in the "Schedule 49 - Agreement among associated Canadian-controlled private corporations to allocate the expenditure limit" section will be posted to the new line in the "General information" section and the amount on the corresponding line in the section relating to Schedule 49 will be calculated by the program.

In Section "Québec CO-771.1.3 - Associated corporations' agreement respecting the allocation of the business limit and calculation of the business limit", the line related to the \$400,000 business limit was removed.

Moreover, the Section "Québec CO-1029.8.36.HF - Agreement Respecting the Annual Tax Credit Limit for the Modernization of a Tourist Accommodation Establishment" has been added to this workchart to allow you to enter the portion of the annual limit for the eligible expenses allocated to each associated corporation eligible for the credit.

### **Schedule 17, Credit Union Deductions (Jump Code: 17)\***

Part 4 of the form has been modified to introduce the new 100/17 gross-up factor.

Because the calculation of lines I and J has been modified, when opening a client file prepared with a previous version of *Corporate Taxprep* in which these lines contained overridden values, the total of these two lines will be entered on the new line J.

### **Schedule 31, Investment Tax Credit – Corporations (Jump Code: 31)**

*Taxprep* lines relating to pre-production mining expenditures were added to Section 19 to take into account the tax credit rate reduction announced in the latest budget.

The current 10% rate will decrease to 5% for expenditures incurred in 2013 and to 0% for expenditures incurred starting January 1, 2014.

### **T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (Jump Code: 661)\***

#### *Part 4, Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes*

Line 529, *20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012*, was added to take into account the new measures introduced in the 2012 budget. Pursuant to these measures, only 80% of the expenditures related to SR&ED contracts carried out at arm's length for the corporation and the payments made to third parties will qualify for the tax credit for investment for SR&ED purposes.

#### *Part 5, Calculation of prescribed proxy amount (PPA)*

The year's maximum pensionable earnings giving entitlement to the Canada pension plan for the 2013 fiscal year (i.e. \$51,100) 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.

In addition, the 65% rate used to calculate the prescribed proxy amount (PPA) will be decreased to 60% in 2013 and 55% the subsequent years. The rate used for the proxy method that will be applicable for taxation years that include days in 2012, 2013 or 2014 will be calculated in proportion to the number of days in the taxation year included in each of these calendar years.

### **Schedule 62 T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts**

## Between Persons Not Dealing at Arm's Length (Jump Code: 1146)\*

### Schedule 49, Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit (Jump Code: 49)

The amount on the line *Taxable income of prior taxation year* is now calculated by the program when this line is to be completed. This amount is calculated using the taxable income in the "General information" section of Schedule 9 WORKCHART (Jump Code: 9 WORKCHART). For more information on this topic, consult the note relating to [Schedule 9 WORKCHART](#).

### Inducement, Inducement Calculation Workchart (Jump Code: Inducement)

The following fields have been added to Part "Tax credits whose amount should be added to income":

- Manitoba data processing centre investment tax credit
- British Columbia shipbuilding and ship repair industry tax credit
- Tax credit for wages for an innovation project - Information Technology Development Centre (ITDC)
- Tax credit for the diversification of markets of Québec manufacturing companies
- Tax credit for the hiring of employees by a new financial services corporation
- Tax credit relating to a new financial services corporation
- Tax credit for the production of multimedia environments or events staged outside Québec
- Tax credit relating to the costs of issuing shares - Stock Savings Plan II (SSP II)

The following fields have been added to Part "Tax credits whose amount should reduce the capital cost of property":

- Manitoba nutrient management tax credit
- Tax credit for the modernization of a tourist accommodation establishment

The following fields are now calculated fields:

- Manitoba green energy equipment tax credit
- Saskatchewan manufacturing and processing investment tax credit
- Québec tax credit for investment
- Québec tax credit for the acquisition or lease of a new energy-efficient vehicle

When opening a client file prepared with a previous version of *Corporate Taxprep*, if an amount was entered in one of these fields that are now calculated, it will be retained as an overridden amount.

## AgriStability and AgriInvest

### AgriStability and AgriInvest Programs (Jump Code: AGRI/HAGRI) - Ontario\*

Several changes were made to the form for existing participants. In tables A, B and C of the "2012 AgriStability form" section, the column **Market Revenue Number (if applicable)** has been added and the columns used to enter the social insurance number (SIN), the business number (BN) and the trust number have been removed. In addition, the line *Your name* in table C has also been removed.

In the "Schedule 1 - Production Summary" section, the **Unit** column has been removed. Moreover, in the "Schedule 2 - Inventory, A/R, A/P" section, the table entitled *Type of breeding livestock* and the columns **Value of inventory change** and **Change in accounts receivable/payable** of last three tables have been removed.

### AgriStability and AgriInvest Programs (Jump Code: AGRI/HAGRI) - Saskatchewan\*

## Québec

### Non-Negative Values

In accordance with *Revenu Québec* requirements, the following forms were modified so that only positive values can be entered on certain lines. When opening a client file prepared with a previous version of *Corporate Taxprep*, if a negative value was entered on one of those lines, it will not be retained.

- CO-1029.8.33.6, *Tax Credit for an On-the-Job Training Period*
- CO-1029.8.33.13, *Tax Credit for the Reporting of Tips*
- CO-1029.8.35, *Tax Credit for Québec Film Productions*
- CO-1029.8.36.CP, *Tax Credit for the Construction of Public Access Roads and Bridges in Forest Areas*
- CO-1029.8.36.DA, *Tax Credit for the Development of E-Business*
- CO-1029.8.36.EM, *Tax Credit Relating to Resources*
- CO-1029.8.36.SD, *Tax Credit for Wages Paid by a Corporation Carrying Out a Specified Activity in a Designated Site*

- CO-1029.8.36.SM, *Tax Credit for the Production of Performances*
- CO-1029.8.36.SP, *Tax Credit for Film Production Services*
- CO-1029.8.36.TM, *Tax Credit for Multimedia Titles*
- CO-1029.8.36.5, *Tax Credit for a Design Activity Carried Out by an Outside Consultant*
- CO-1029.8.36.7, *Tax Credit for an In-House Design Activity*
- RD-1029.7, *Tax Credit for Salaries and Wages (R&D)*
- RD-1029.8.6, *Tax Credit for University Research or Research Carried Out by a Public Research Centre or a Research Consortium*
- RD-1029.8.9.03, *Tax Credit for Fees and Dues Paid to a Research Consortium*
- RD-1029.8.16.1, *Tax Credit for Private Partnership Pre-Competitive Research*

#### **CO-17, Corporation Income Tax Return (Jump Code: QJ)\***

Line 13, *Is the corporation applying for the temporary exemption?*, and the three *Taxprep* fields that were under this line have been removed from this form, as well as line 420a, *Amount giving entitlement to the temporary exemption (amount I on the 2011-01 version of form CO-771)*.

The answer to the question on line 24, *Is this an amended tax return?* is now determined by *Taxprep* based on the answers in the new "Amended tax return" section of the [Identification](#) form.

When opening a tax return prepared with a previous version of *Corporate Taxprep* if you answered "Yes" to the question on line 24, the answer to the question *Is this an amended Québec tax return?* in the "Amended tax return" section of the Identification form will be "Yes."

In addition, if you answer "Yes" to the question on line 26, *Is the corporation a general partner, an agent corporation, or a dummy corporation?*, you must now enter the object of the dummy contract (if applicable) under this line.

Also note that six new special taxes can now be selected on lines 425ai and 425bi of the CO-17 return:

76 – Special tax relating to the tax credit for the hiring of employees by a new financial services corporation

77 – Special tax relating to the tax credit relating to a new financial services corporation

78 – Special tax relating to the tax credit for the diversification of markets of Québec manufacturing companies

79 – Special tax relating to the tax credit for the modernization of a tourist accommodation establishment

80 – Special tax relating to the tax credit for the production of multimedia environments or events staged outside Québec

81 – Special tax relating to the tax credit relating to the costs of issuing shares - Stock Savings Plan II (SSP II)

The registration fees on line 441b will be indexed on January 1, 2013. The amount for cooperative or federation of cooperatives will increase from \$39 to \$40, the amount for non-profit legal person, syndicate of co-ownership, fraternal society, from \$33 to \$34 and the amount for corporation, mutual insurance company or other, from \$81 to \$83.

#### **CO-17.SP, Information and Income Tax Return for Non-Profit Corporations (Jump Code: QJSP)\***

The registration fees on line 441b will be indexed on January 1, 2013. The amount for non-profit legal person, syndicate of co-ownership or fraternal society will increase from \$33 to \$34.

#### **CO-17.R, Request for an adjustment to a Corporation Income Tax Return or to an Information and Income Tax Return for Non-Profit Corporations (Jump Code: QJR)\***

#### **QC L440P-Y, Additional Québec Credits (Jump Code: L440P)**

The following credit codes were added to the form:

- 091 - Tax credit for the hiring of employees by a new financial services corporation
- 092 - Tax credit relating to a new financial services corporation
- 093 - Tax credit for the diversification of markets of Québec manufacturing companies
- 094 - Tax credit for the modernization of a tourist accommodation establishment
- 095 - Tax credit for the production of multimedia environments or events staged outside Québec
- 096 - Tax credit relating to the costs of issuing shares - Stock Savings Plan II (SSP II)

**CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1)\***

As a result of the removal of line 109 and the addition of lines 129 and 132 in federal [Schedule 1](#), the calculation on line 54, *Income or loss for income tax purposes - joint venture and partnerships* has been reviewed.

In addition, line 124, *Tax relief for public transportation organized by the employer* has been added. This tax relief was announced in the latest budget and applies starting with the 2012 taxation years.

**Q1 L70A, Taxable Tax Credits (Jump Code: L70A)**

The following credits were added to the form:

- 091 - Tax credit for the hiring of employees by a new financial services corporation
- 092 - Tax credit relating to a new financial services corporation
- 093 - Tax credit for the diversification of markets of Québec manufacturing companies
- 094 - Tax credit for the modernization of a tourist accommodation establishment
- 095 - Tax credit for the production of multimedia environments or events staged outside Québec
- 096 - Tax credit relating to the costs of issuing shares - Stock Savings Plan II (SSP II)

You could enter one of these credits in Form Q1 L70A, should it have to be included in the corporation's net income. This amount will be carried forward to one of lines 70a to 70j of Form CO-17.A.1 (Jump Code: Q1).

**Q1 L140A, Non-Taxable Tax Credits (Jump Code: L140A)**

The following credits were added to the form:

- 091 - Tax credit for the hiring of employees by a new financial services corporation
- 092 - Tax credit relating to a new financial services corporation
- 093 - Tax credit for the diversification of markets of Québec manufacturing companies
- 094 - Tax credit for the modernization of a tourist accommodation establishment
- 095 - Tax credit for the production of multimedia environments or events staged outside Québec

- 096 - Tax credit relating to the costs of issuing shares - Stock Savings Plan II (SSP II)

You could enter one of these credits in Form Q1 L140A, should it have to be subtracted in the corporation's net income. This amount will be carried forward to one of lines 140a to 140j of Form CO-17.A.1 (Jump Code: Q1).

**CO-1000.TE, Online Filing of the Corporation Income Tax Return by an Accredited Person (Jump Code: Q1000)\*****CO-130.A, Capital Cost Allowance (Jump Code: Q8)\*****CO-130.B, Deduction Respecting Incorporeal Capital Property (Jump Code: Q10)\*****CO-737.18.18, Exemption for Small and Medium-Sized Manufacturing Businesses in Remote Resource Regions (Jump Code: 7371818)\*****CO-771, Calculation of the Income Tax of a Corporation (Jump Code: 771)\*****CO-771.2.1.2, Income from an Eligible Business Carried On in Canada by a Member of a Partnership (Jump Code: 771212)\*****CO-771.1.3, Associated Corporations' Agreement Respecting the Allocation of the Business Limit and Calculation of the Business Limit (Jump Code: 77113)\***

In Section 3, the identification number and the federal business number (BN) of associated CCPCs that have an establishment in a province other than Québec are now required. Moreover, we removed former Section 4, "Business limit established for the year for the CCPC before allocation," where the business limit was calculated, and column **Business limit for the taxation year calculated on line 17 for each associated CCPC** of the *Allocation of the business limit and information about the associated corporations* table.

**CO-771.R.3, Proportion of Business Carried On in Québec and Elsewhere (Jump Code: 771R3)\*****CO-1012, Application by a Corporation to Carry Back a Loss (Jump Code: 1012)\*****CO-1029.8.33.6, Tax Credit for an On-the-Job Training Period (Jump Code: 10298336)\***

In order for the table in Part 8 to be completed in accordance with the requirements of *Revenu Québec*, the display of this form has been modified: the data in Parts 2 to 7 must now be entered in the new Form CO-1029.8.33.6 PARTS 2 to 7, accessible only from Form CO-1029.8.33.6. You must complete a separate copy of Form CO-1029.8.33.6 for each entity (corporation, partnership or interposed partnership) that is claiming a tax credit. For each of these entities, you should also complete a separate copy of Form CO-1029.8.33.6

PARTS 2 to 7 for each trainee with regards to whom a tax credit is claimed.

When opening a client file prepared with a previous version of *Corporate Taxprep*, a separate copy of the form will be created for each entity that has incurred eligible expenditures. The data in Parts 2 to 7 relating to the trainee will be posted to a copy of Form CO-1029.8.33.6 PARTS 2 to 7 related to the applicable entity. Verify if adjustments are required.

In Part 2.2, the field of line 17f, which is used to enter the education program number, is now a 10-character long field. Therefore, when opening a client file prepared with a previous version of *Corporate Taxprep*, only the first ten characters will be retained in this field.

The field that was used to indicate the remote resource region has been removed from the form because the training location is no longer relevant when calculating the tax credit for training periods which began after December 31, 2006. However, a field to enter the training identification number was added to Section 2.3.

Furthermore, *Revenu Quebec* has modified the instructions to complete Sections 3 and 4 of the form. The check boxes in the "Additional information" section have been modified to reflect these changes and the check box **There are two sets of identical weeks of training, and the corporation is claiming the tax credit for an on-the-job training period for both sets, as well as another tax credit for one of the sets** has been removed from the form. When opening a client file prepared with a previous version of *Corporate Taxprep* in which this check box was selected, the check box **4- Situations 1 and 2 do not apply and a portion of the salary or wages entitled the corporation to another tax credit or can give entitlement to a tax credit to a person or a member of a partnership other than the qualified corporation.** will be selected. In such a situation, complete Section 4 instead of Section 3.

Also note that Section 5, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 84, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership. When opening a client file prepared with a previous version of *Corporate Taxprep*, the data in this section will be reorganized according to the new presentation. Please verify if adjustments are required.

In addition, please note that it is now possible to enter several supervisors in Section 2.3 and it is also possible

to enter expenditures relating to several supervisors in Section 3.2.

### **CO-1029.8.33.13, Tax Credit for the Reporting of Tips (Jump Code: 102983313)\***

This form has been updated in order to integrate the various applicable rates for 2012. In addition, line 06b has been added to Part 1, "Identification of the corporation" in order for you to be able to enter the corporation's QST identification number, and lines 27a and 27b have been added to Part 2.3, "Employer Québec Pension Plan (QPP) contribution" to take into account the adjustment related to minor employees.

Note that Section 4, which relates to information on corporations that are members of a partnership, has been modified. From now on, only line 76 can be used to enter information about the qualified partnership. You need to use this line when the corporation is member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership. When opening a client file prepared with a previous version of *Corporate Taxprep*, the data in this section will be reorganized according to the new presentation. Please verify if adjustments are required.

### **CO-1029.8.36.CP, Tax Credit for the Construction of Public Access Roads and Bridges in Forest Areas (Jump Code: 1029836CP)\***

As a result of the form's update, Part 5, which relates to information on corporations members of a partnership, has been modified. In this part, there is now a single line, line 33, to enter information about the eligible partnership. Use this line when the corporation is a direct member of an eligible partnership or when the corporation is the member of an interposed partnership that is a member of an eligible partnership.

In addition, Part 8 has been added to the form. In order for the table in this part to be completed in accordance with the requirements of *Revenu Québec*, the form display has been modified: the data in Parts 2 to 7 must now be entered in the new Form CO-1029.8.36.CP PARTS 2 to 7, accessible only from Part 2 to 7 of Form CO-1029.8.36.CP. Complete a separate copy of Form CO-1029.8.36.CP for each entity (corporation, partnership or interposed partnership) for which the corporation is claiming a tax credit. For each of these entities, you must also complete a separate copy of Form CO-1029.8.36.CP PARTS 2 to 7 for each access road or bridge with regards to which a tax credit is claimed. The table in Part 8 will be completed for each entity using the information entered in Form CO-1029.8.36.CP PARTS 2 to 7.

When opening a client file prepared with a previous version of *Corporate Taxprep*, a separate copy of the form will be created for each entity that has incurred eligible expenditures. Data in Parts 2 to 7 relating to the access road or the bridge will be posted to a copy of Form CO-1029.8.36.CP PARTS 2 to 7 related to the applicable entity and the data in Part 5 will be reorganized based on the new display. Verify if adjustments are required.

In Section 2, the field on line 06b, which is used to enter the annual forest management plan identification number, is now a 25-character long field. Therefore, when opening a client file prepared with a previous version of *Corporate Taxprep*, only the first 25 characters will be retained.

**CO-1029.8.36.DA, Tax Credit for the Development of E-Business (Jump Code: 1029836DA)\***

**CO-1029.8.36.DC, Election Respecting the Tax Credit for the Development of E-Business (Jump Code: 1029836DC)\***

**CO-1029.8.36.EL, Tax Credit for Book Publishing (Jump Code: 1029836EL)\***

In order to comply with *Revenu Québec's* standards for tax return filing, two fields were modified:

1- Line 05b, field 'Number of the advance ruling or certificate': the length of the field has decreased from fifteen to seven characters.

2- Line 222, field 'Number of works': the length of the field has decreased from twelve to eight characters.

In those two cases, when opening a client file created with a previous version of the program, if the content of those two fields is more than 7-character long in the first case and more than 8-character long in the second case, the content will be deleted.

When opening your client files, verify the content of these two fields.

**CO-1029.8.36.EM, Tax Credit Relating to Resources (Jump Code: 1029836EM)\***

In Part 2.1, lines 6 and 6a were merged into a single line, i.e., line 6. The same applies to lines 13 and 13a, which now form line 13.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the amounts that were entered on lines 6 and 6a will be added and their total will be retained on the new line 6. The amounts that were entered on lines 13 and 13a will also be added and their total will be retained on the new line 13.

Part 3.1, which relates to information on corporations that are members of a partnership, has been modified.

From now on, there is only one line, line 51, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 51.

Part 5.1, which concerned the temporary increase for the year, has been removed from the schedule, because this increase only related to expenditures incurred before January 1, 2008. As a result, Part 6 has also been removed from the schedule, because this temporary increase can no longer be carried back to a previous taxation year.

Former Part 5.2 is now Part 5, "Refundable portion of the temporary increase from a prior year," and a few lines were removed from this part so that the temporary increase for the year is no longer taken into account.

**CO-1029.8.36.ES, Tax Credit for the Production of Sound Recordings (Jump Code: 1029836ES)\***

**CO-1029.8.36.FM, Tax Credit for Francization or for Training in the Manufacturing, Forestry and Mining Sectors (Jump Code: 1029836FM)\***

Part 6, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 56, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 56.

**CO-1029.8.36.ID, Cumulative Limit Allocation Agreement for the Tax Credit for Investment (Jump Code: 1029836ID)\***

Part 3, "Allocation of the balance of cumulative limit," has been removed because the information that was required must now be provided in Part 2 "Balance of the cumulative limit of the associated corporations."

**CO-1029.8.36.IN, Tax Credit for Investment (Jump Code: 1029836IN)\***

Note that Section 4, which relates to information on corporations that are members of a partnership or a joint venture, has been modified. From now on, only line 26 can be used to enter information about the qualified partnership or joint venture. You need to use

this line when the corporation is a joint venture member, direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership. When opening a client file prepared with a previous version of *Corporate Taxprep*, the data in this section will be reorganized according to the new presentation. Please verify if adjustments are required.

In addition, in Section 7, "Tax credit for investment made in the year concerned for all regions and RCMs", column **Region or regional county municipality (RCM)** was removed and the column **Qualified investment used in the course of ore processing activities** has been added. This column is useful only in the case where qualified investments acquired after March 20, 2012, are used for ore processing activities. In order for this new column to be calculated, complete the lines under line 31 of each copy of the form. For more information, consult the Help.

Region and RCM codes have been added to the code list of line 09. The added codes are codes 01, 02, 04, 50, 51 and 53 for the investments made after November 20, 2012 that give entitlement to the rise in the increase of the investment tax credit rate announced in the Québec Budget introduced November 20, 2012. Note that a separate copy of the form has to be completed when these codes are selected. In addition, two new questions asking if the corporation benefits from the tax credit for job creation, Form CO-1029.8.36.RO (Jump Code: **1029836RO**), or if the corporation is associated with another corporation that benefits from that tax credit have been added, under line 09. When at least one of these questions indicates "Yes," the corporation is not entitled to the rise in the increase of the investment tax credit rate announced in the Québec Budget and the calculations are adjusted accordingly.

#### **CO-1029.8.36.PC, Tax Credit for Major Employment-Generating Projects (Jump Code: 1029836PC)\***

#### **CO-1029.8.36.PX, Agreement Respecting the Tax Credit for Major Employment-Generating Projects (Jump Code: 1029836PX)\***

#### **CO-1029.8.36.RO, Tax Credit for Job Creation in the Resource Regions, Vallée de l'Aluminium, Gaspésie and Certain Maritime Regions of Québec (Jump Code: 1029836RO)\***

#### **CO-1029.8.36.RP, Agreement Respecting the Base Amount for Assistance Granted in the Resource Regions (Jump Code: 1029836RP)\***

#### **CO-1029.8.36.SD, Tax Credit for Wages Paid by a Corporation Carrying Out a Specified Activity in a Designated Site (Jump Code: 1029836SD)\***

In the table of Part 6, "Tax credit for wages paid by a corporation carrying out a specified activity in a designated site," the amounts of the tax credit for each specified employee (amounts S.2) and the tax credit as a result of an assistance repayment (amounts S.3) are now in separate columns. In addition, line 79 was removed from the table.

#### **CO-1029.8.36.5, Tax Credit for a Design Activity carried out by an Outside Consultant (Jump Code: 10298365)\***

Part 5, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 52, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 52.

#### **CO-1029.8.36.7, Tax Credit for an In-House Design Activity (Jump Code: 10298367)\***

Part 5, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 45, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 45.

**CO-1029.8.36.SM, Tax Credit for the Production of Performances (Jump Code: 1029836SM)\***

Lines 06a and 06b, *Number of the favourable advance ruling or certificate issued for each eligibility period*, have been added to Part 2. You must either enter the number of the advance ruling on line 06a or the certificate number on line 06b.

**CO-1029.8.36.SP, Tax Credit for Film Production Services (Jump Code: 1029836SP)\***

The number of the advance ruling or certificate issued by SODEC has to be entered on line 05b, *Number of the favourable advance ruling or the certificate issued*, which has been added to Part 2. Note that box 07, which was used to indicate that the amounts were incurred before December 21, 2007, has been removed from Part 2.

**CO-1029.8.36.TM, Tax Credit for Multimedia Titles (Jump Code: 1029836TM)\***

Lines 07 and 71a, *Number of the qualification certificate issued by Investissement Québec*, have been added to Part 1 and Part 3 respectively. The number of the qualification certificate for the property should be entered on line 07, while each eligible employee's number should be entered on line 71a.

**CO-1136, Calculation of Paid-Up Capital (Jump Code: 1136)\***

Boxes 01 and 02, which respectively related to the deduction for a corporation eligible for the five-year temporary exemption and the deduction for a corporation that carries on its activities in an ITDC or a CNE have been removed from Section 5, because these deductions are no longer allowed for taxation years covered by *Corporate Taxprep 2012 v.2.0*.

**CO-1136.CS, Paid-Up Capital for Purposes of Calculating the Income Tax of Certain Corporations (Jump Code: 1136CS)\*****CO-1137.A, \$1 Million Deduction (Jump Code: 1137A)\*****CO-1137.E, Agreement Respecting the \$1 Million Deduction (Jump Code: 1137E)\***

The column **Percentage allocated to the corporation** has been moved from the "Agreement" section to the "Paid-up capital of the associated corporations" section.

**CO-1138.1, Agreement and Election Respecting the Deduction for Farming Corporations and Fishing Corporations (Jump Code: 11381)\*****CO-1159.2, Compensation Tax for Financial Institutions (Jump Code: 11592)**

The following changes have been made to the form to take into account the modifications announced in the Budget introduced on November 20, 2012, by the Québec government:

Sections 2.2, 4 and 7

The salaries and wages to be entered in column B are now the salaries and wages paid after March 30, 2010, and before January 1, 2013. Column C has been added to enter the salaries and wages paid after December 31, 2012.

Section 8

The rate applicable to premiums calculated on line 73 is now the rate for the number of days in the taxation year after March 30, 2010, and before January 1, 2013. Line 73d has been added to calculate the rate applicable to premiums for the days in the taxation year after December 31, 2012.

Section 9

This section has been added to calculate the rate applicable to the paid-up capital of a bank, a loan corporation, a trust corporation or a corporation trading in securities when that taxation year starts before January 1, 2013.

**RD-222, Deduction Respecting Scientific Research and Experimental Development Expenditures (Jump Code: Q222)\***

The identification number is now part of the information required when payments relating to R&D activities were made to third parties.

Moreover, when opening a client file prepared with a previous version of *Corporate Taxprep*, if lines 104, 112 and/or 119 were overridden, the override amount will not be retained. The program no longer allows overrides in these fields in order to ensure that the new requirements from *Revenu Québec* are met.

**RD-1029.7, Tax Credit for Salaries and Wages (R&D) (Jump Code: 10297)\***

Part 5, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 206, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 206.

As a result of the recent Québec budget, eligible biopharmaceutical companies will see their refundable R&D salaries tax credit rate rise from 17.5 % to 27.5% for R&D expenses incurred after November 20, 2012. This new measure will still be subject to the same rules and, as a result, the rate will be reduced in a straight-line manner from 37.5% to 27.5% where the corporation's assets (including the assets of associated corporations, if applicable) for the preceding taxation year were between 50 and 75 million dollars. This measure will also be subject to the expenditure limit of \$3,000,000.

A new *Taxprep* section has been added in order to identify the eligible expenditures incurred after November 20, 2012. Where the taxation year straddles November 20, 2012, you must complete separate copies of the form, with one copy for the expenses incurred before November 21, 2012, and another copy for those incurred after November 20, 2012, so that the program can correctly calculate the expenditure limit and the applicable rates.

**RD-1029.8.6, Tax Credit for University Research or Research Carried Out by a Public Research Centre or a Research Consortium (Jump Code: 102986)\***

The Québec enterprise number (NEQ) is now part of the information required with regards to the research contract.

Part 4, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 206, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 206.

**RD-1029.8.9.03, Tax Credit for Fees and Dues Paid to a Research Consortium (Jump Code: 10298903)\***

Part 4, which relates to information on corporations that are members of a partnership, has been modified. From now on, there is only one line, line 206, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership which is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the information on the qualified partnership will be retained on line 206.

**RD-1029.8.16.1, Tax Credit for Private Partnership Pre-Competitive Research (Jump Code: 10298161)\***

A new part has been added to list information about the taxpayer separately. Therefore, the form now includes five parts instead of four. The part with respect to information relating to the partnership agreement, now includes a single field to enter the identification number. A new line, line 126, has been added to the part with respect to qualified expenditures to allow you to enter separately the qualified expenditures according to the traditional method (line 125) and the qualified expenditures according to the proxy method (line 126).

The part with respect to information on corporations that are members of a partnership has been modified. From now on, there is only one line, line 203, to enter information about the qualified partnership. You need to use this line when the corporation is a direct member of a qualified partnership or when it is a member of an interposed partnership that is a member of a qualified partnership.

When opening a client file prepared with a previous version of *Corporate Taxprep*, only one identification number will be retained for each partner, the qualified expenditures that were on former line 125 will be retained on the appropriate line (line 125 or 126) according to the method chosen in Form RD-222 (Jump Code: Q222), and the information about the qualified partnership will be retained on line 203.

**TP-1086.R.23.12, Costs Incurred for Work on an Immovable (Jump Code: 1086R2312)\***

**MR-69, Power of Attorney, Authorization to Communicate Information, or Revocation (Jump Code: MR69)\***

**COZ-1179, Logging Operations Return (Jump Code: 1179)\***

**CO-771.R.14, Proportion of Business Carried On in Québec and Elsewhere by an Insurance Corporation (Jump Code: 771R14)\***

**CO-786, Patronage Dividend Deduction (Jump Code: Q16)\***

When opening a client file prepared with a previous version of *Corporate Taxprep*, if lines 17, 26, 27, 28, 32, 40, 41 and/or 43 were overridden, the override amount will not be retained. The program no longer allows overrides in these fields in order to ensure that the new requirements from *Revenu Québec* are met.

**CO-1029.8.35, Tax Credit for Québec Film Productions (Jump Code: 1029835)\***

Line 09, *Number of the advance ruling or certificate*, has been added to Section 1. Enter the number of the advance ruling or certificate issued by SODEC.

**CO-1140.A, Paid-Up Capital to Be Used for Purposes Other Than the Calculation of the Tax on Capital (Jump Code: 1140A)\***

When opening a client file prepared with a previous version of *Corporate Taxprep*, if lines 25, 41a, 41b and/or 41c were overridden, the override amount will not be retained. The program no longer allows overrides in these fields in order to ensure that the new requirements from *Revenu Québec* are met.

**CO-1140, Calculation of the Paid-Up Capital of a Financial Institution (Jump Code: 1140)\*****CO-1167, Insurance Corporation (Jump Code: 1167)\*****QC Instalment, Québec Tax Instalments (Jump Code: IQC)**

The calculation of instalments has been adjusted as a result of the modifications in the compensatory tax on financial institutions announced in the Québec government's 2012-4 Information Bulletin.

The fields "Deduction for a corporation that carries on activities in an ITDC, an MNE or a BDC" have been removed from the "Adjusted capital tax payable calculation" section, because this deduction is no longer allowed for taxation years covered by *Corporate Taxprep 2012 v.2.0*.

 **Ontario****Schedule 502, Ontario Tax Credit for Manufacturing and Processing (Jump Code: 502)\*****Schedule 558, Ontario Production Services Tax Credit (Jump Code: 558)\*** **Alberta****AT1 Schedule 9, Alberta Scientific Research & Experimental Development (SR&ED) Tax Credit (Jump Code: A9)\***

Alberta's Bill 9, which was in First Reading at the time *Corporate Taxprep* was released, proposes changes to the Alberta scientific research and experimental development (SR&ED) tax credit. Because of these changes, lines 015, 017, 019, 021 and 023 were removed from the form. These lines were used to calculate the reduction in Alberta expenditures when the corporation had claimed a federal investment tax credit in the immediately preceding year and that this federal tax credit related to Alberta SR&ED expenditures.

For corporations whose taxation year is ending on or before March 31, 2012, the reduction in Alberta expenditures that had to be calculated in this situation is replaced by a reduction in the Alberta SR&ED tax credit, which must be calculated using the new Form [AT1 Schedule 9 Supplemental, Alberta Scientific Research & Experimental Development \(SR&ED\) Tax Credit](#) (Jump Code: **A9 SUP**). The result obtained in this schedule is posted to line 116, *Alberta portion of prior year federal investment tax credit*, which was added to Form AT1 Schedule 9.

Furthermore, line 106, which was used to indicate eligible expenditures, was removed from the form. This line had no impact on the calculation of this credit. In addition, the field of line *Name*, which was previously completed by the program, is now an input field and line *Firm name, if applicable* was added to the form. This line will be completed automatically from the information in the preparer profile used.

Note that the Alberta government announced that corporations will have to recalculate their Alberta SR&ED credits for taxation years ending on or before March 31, 2012, by completing the new version of Form AT1 Schedule 9 as well as Form AT1 Schedule 9 Supplemental and by submitting these forms to the Tax and Revenue Administration (TRA). Recalculating the credit is necessary, because the changes proposed in Bill 9 have a retroactive impact to January 1, 2009.

 **British Columbia****FIN 542, Logging Tax Return of Income (Jump Code: FIN542)\***

The *Logging Tax Return of Income* form has been replaced by two separate forms, i.e. the *Logging Tax Return of Income for Processors* (FIN542P) form for processors and the *Logging Tax Return of Income* (FIN542S) form for businesses not involved in processing logs into forest products. In addition, the presentation of the new forms has been modified to simplify their use, and some outdated instructions were removed.

If the corporation processed logs into primary or secondary forest products (lumber, shakes, shingles, poles, pulp, paper etc.), answer "Yes" to the question *Did the corporation process logs into primary or secondary forest products in the taxation year covered by this form?* located in the header of the form. Otherwise, answer "No" to this question. The answer to this question will determine which form should be completed.

When opening a client file prepared with a previous version of *Corporate Taxprep*, the answer to this question will be "Yes" if the check box in Section "Calculation of income derived from logging operations

in British Columbia" was selected in the previous version. Please make the required verifications and, if applicable, complete the form.

## Nova Scotia

### Schedule 341, Nova Scotia Corporate Tax Reduction for New Small Businesses (Jump Code: 341)\*

### Schedule 346 – Nova Scotia Corporation Tax Calculation (Jump Code: 346)\*

A new line has been added to reflect the reduction in the lower rate which will be decreased from 4% to 3.5% on January 1, 2013.

## New Brunswick

### NB-Capital Tax, Financial Corporation Capital Tax Return (Jump Code: NB-CAP TAX)\*

The form has been updated to reflect the rise in the financial institution capital tax rate, which increased from 3% to 4% on April 1, 2012. Furthermore, a new *Taxprep* section has been added to calculate tax when the taxation year is less than 362 days.

## Letters

### Client letter, Client Letter Worksheet (Jump Code: LW)

A new section, entitled "Interest and late-filing penalty," has been added to allow you to choose whether or not include the paragraph with respect to interest and the late-filing penalty in the client letter for the *Corporation Income Tax Return (T2)*, the *AT1*, *Alberta Corporate Income Tax Return (AT1)* and/or the *Corporation Income Tax Return (CO-17)*.

## Deleted Forms

## Federal

### PARTNERSHIPS, Partnerships Workchart - Additional Income Inclusion / Deduction (Jump Code: PARTNERSHIPS)

This form has been removed from the program since Schedules 71, 72 and 73 have been implemented and replace this form. For more information, consult the [note](#) related to Schedules 71, 72 and 73.

## Québec

### Exemption 5 years, Temporary Exemption Information (Jump Code: QEX5)

## Guides

### Updated Guides

#### Federal

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

#### AgriStability and AgriInvest

Saskatchewan AgriStability 2012 Corporations/Co-operatives/Other Entities Guide

## Technical Changes

### T661 Excel Questionnaire

Please note that you will no longer be able to import project data from the *T661 Excel Questionnaire* into Form T661 Part 2 of *Corporate Taxprep 2012 v.2.0*. This tool has been replaced by the *CCH R&D Express Web Solution*. For more information about this new tool, please contact our Customer Service.

### Preparer Profiles

Two new check boxes were added in subsection 5, "Print options" of Section B "Options - Return," in order to allow you to make additional choices with regards to printing for all client files prepared with this version of the program. The check boxes are the following:

- Schedule 4N  
Print only the lines for the years of origin with amounts
- Schedule 31  
Print all sections

Moreover, a new tab, **INTEREST**, has been added to the preparer profiles to allow you to modify the settings with respect to the selection and the display of calculations related to the late-filing penalty, interest on late-filing penalty and interest on the unpaid balance for the new *Interest and Late-Filing Penalty* (Jump Code: **INTEREST**) form for all client files. At the time *Corporate Taxprep* was released, the interest rates prescribed for 2013 were not yet available on the Web sites of the CRA, the Alberta government and *Revenu Québec*. To avoid having to enter these rates in all client files, you can enter the appropriate rates in Sections B, "Rates – Federal," C, "Rates – Alberta," and D, "Rates – Québec," of the **INTEREST** tab. For more information, consult the *Interest and Late-Filing Penalty* form and the Help.

### Print Formats

Because it's now possible to electronically file Alberta returns, the Alberta RSI schedules will no longer print

when the *EFILE-TED* print format is used. With the *GOVT RSI, Bar Codes - RDA, code à barres* print format, the RSI schedules will no longer print in the case where the answer to the question *Do you want to electronically file this return with the Alberta Tax and Revenue Administration?*, located in the "Alberta (Internet filing, RSI)" section in Form RSI, *Electronic Filing and Bar Codes Control Workchart* (Jump Code: **RSI-EFILE-Bar codes**), is "Yes" and where the AT1 return is eligible for Internet transmission of Alberta tax returns (Net File).

### Reopen forms from last work session

This new option, which is enabled by default, has been added to the "File save options" section in the **Options/Tax returns** panel of the options and settings in *Taxprep*. It allows you to resume work on a client file exactly where you left off when the file was last saved. In fact, *Taxprep* saves the information with respect to the opened forms in the return, as well as the positioning of the cursor in the client file. Note that if the option is enabled and that several persons are working in a same client file, the forms will open as they were displayed for the last user who saved the client file.

### Printing the name of the print format in the page header

It is sometimes complicated to collate copies when printing is performed based on the various print formats (for example, "Govt" and "Client"). In addition, when comes the time to have the taxpayer sign, it can be difficult to select the right copy to have signed. To help you avoid these difficulties, we added an option in the **Print/General** panel of the options and settings, so you can automatically print the name of the print format used in the header of each printed page. By default, this option is disabled and its configuration will be retained from one version to the next.

### Importing and exporting data - Global Integrator

With the objective to better address the needs of clients who are using *Global Integrator* (GI) to prepare tax reserves, we are now offering the integration between *Global Integrator* and *Taxprep* which allows users to import and export certain data from one program to another for the purpose of calculating the reserve and the preparation of returns.

Here is an overview of the data that can be transferred from one program to another:

Form *Taxprep* to GI:

- Data from Federal Schedule 8 (Jump Code: **8**), Québec CO-130.A (Jump Code: **Q8**) or Alberta Form AT1 Schedule 13 (Jump Code: **A13**)

- Data from Federal Schedule **10** (Jump Code: 10), Québec CO-130.B (Jump Code: **Q10**) or Alberta Form AT1 Schedule 14 (Jump Code: **A14**)

Form GI to *Taxprep*:

- GIFI data
- Certain data items from Schedule 1
- Certain data items from Schedule 5

## Converting Templates

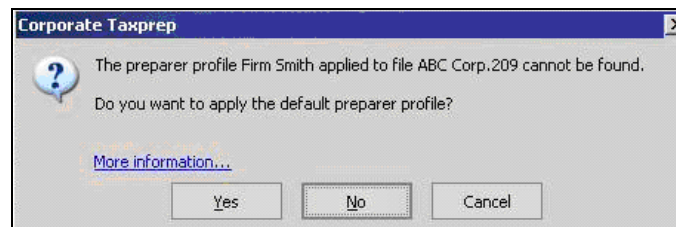
### Converting Template Files

All templates (i.e. client letter templates, client filters, preparer profiles and print formats) created in a prior version must be converted to be used with *Corporate Taxprep 2012 v.2.0*. Templates can be converted using the **Convert** function which is available in each template view.

### Converting Prior Year Preparer Profiles

In the taskpad of the **Preparer Profiles** view, click **Convert** to convert a preparer profile from a prior version of *Corporate Taxprep* in order to use it with the current version of the program.

**Note:** When a client file from a prior version is opened or rolled forward, *Taxprep* will attempt to use the same preparer profile, if applicable. If that preparer profile is not available, then you will be prompted to select an available profile.



**TIP:** You should convert your prior version preparer profile(s) before you open or roll forward your client files to avoid being prompted for your preparer profile when opening client files.

## Corrected Calculations

The following problems have been resolved in this release:

### Federal

- Form Inducement, *Inducement Calculation Workchart* (Jump Code: **Inducement**) - Roll forward error for certain amounts in Part "Tax credits whose amount should reduce the capital cost of property"

## Electronic Filing

- RSI-EFILE-Bar codes - RSI, *Electronic Filing and Bar Codes Control Workchart* (Jump Code: **RSI-EFILE-Bar codes**) - Wrong answer to the question with respect to the mandatory electronic transmission when there is a change of address

### Essential Program Information

#### Taxation Years Covered

*Corporate Taxprep* 2012 v.2.0 is designed to process corporate tax returns with taxation years beginning on or after January 1, 2010, and ending on or before April 30, 2013.

You must use the appropriate prior version of *Corporate Taxprep* to prepare returns relating to a taxation year that begins before that period. To obtain a list of prior *Corporate Taxprep* versions and corresponding taxation years, consult the "Version Coverage" topic available in the program's Help.

#### Mandatory Internet filing for tax preparer

Bill C-38, which received Royal Assent on June 29, 2012, introduced modifications to the disposition of the *Income Tax Act* (ITA) with regards to electronic filing of tax returns. These modifications apply with respect to tax returns covering the 2012 and later taxation years that are filed after 2012.

Section 150.1 of the ITA has been modified with the result that tax preparers are required to electronically file the returns they prepare, if, in the calendar year, they prepared and paper-filed 10 returns. Any tax preparer who fails to file a return in the manner described in subsection 150.1(2.3) of the ITA will be liable to pay a \$25 penalty for each such failure to file the return of an individual and a \$100 penalty for each such failure to file the return of a corporation.

Ensure to file your returns in the appropriate format.

For more information, consult the "About Federal T2 Internet Filing" help topic.

#### Update of the NAICS list of codes for 2012

This list is used in Form Identification, *Corporate Identification and Other Information* (Jump Code: **ID**), the T106 slip (Jump Code: **106**) and Form T106 Summary, *Information Return of Non-Arm's Length Transactions with Non-Residents* (Jump Code: **106S**).

Note that the list underwent important changes. For details on these changes, consult the help topics related to the forms and slips concerned. When opening a client file prepared with a previous version of *Corporate Taxprep* or when rolling forward client files, the codes that were entered, but that have since

been removed from the list will be replaced by an equivalent code or will not be retained.

#### Default Taxation Year

The default taxation year for a new client file is January 1, 2012, to December 31, 2012.

#### Specialized Information Module, Network Installation and Module for Internet Transmission of Corporate Tax Return

The modules **Specialized Information (SI)**, **Network Installation** and **Corporation Internet Filing** are options sold separately from the program.

### Where to Find Help

If you have any questions regarding the installation or use of the program, there are several options for getting help. Refer to the *QuickStart Guide* for tips and useful information on how to use the program; not only is this booklet included in your software package, but it is also in the **Professional Centre** for quick reference. If you are in the program and need help, press F1 to get help on a specific topic.

### Taxprep e-Bulletin

For your convenience, you are automatically subscribed to **Taxprep e-Bulletin**, a free e-mail service that ensures you receive up-to-date information about the latest version of *Corporate Taxprep*. If you wish to review your subscription to **Taxprep e-Bulletin**, visit [www.taxprep.com](http://www.taxprep.com) and click **My e-Bulletin** in the "e-Bulletin" section. You can also send an e-mail to [cservice@cch.ca](mailto:cservice@cch.ca) to indicate the products for which you wish to receive general information or information on our CCH software (*Personal Taxprep*, *Corporate Taxprep*, *Taxprep for Trusts*, *Taxprep Forms* or *CCH Accountants' Suite*).

### How to Reach Us

#### Sales and Customer Service:

E-mail: [cservice@cch.ca](mailto:cservice@cch.ca)  
 Telephone: 1-800-268-4522  
 Fax: 1-800-461-4131

#### Tax and Technical support:

E-mail: [support@cch.ca](mailto:support@cch.ca)  
 Telephone: 1-800-567-6173  
 Web Site: [www.taxprep.com](http://www.taxprep.com)