

## Release Notes

Versions 14.2.3xx.126

November 2014

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### Version Coverage

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

#### Applicability of Schedule 33 (S33)

The form is now applicable when the corporation's tax year is after December 31, 2013, and box 233 of Schedule 200 (T2) is selected. Please consult the [note](#) about this form.

#### Update of Form RC59 (RC59)

Form RC59 has been updated. New lines have been added and lines have been removed. In addition, the authorization level option has been added in the Preferences dialog box as a default value when creating a new file. Please consult the [note](#) about this form.

#### New paragraph in the Client Letter and Client EFILE Letter

A new paragraph has been added to the letter templates to indicate when a tax refund is being applied to next year's instalments or to another liability or account. Please consult the [note](#) about this topic.

#### New forms

The following forms have been added to the program:

- T1134, *Information Return Relating to Controlled and Not-Controlled Foreign Affiliates* (T1134SUM and T1134S#01)
- Schedule 392, *Manitoba Data Processing Investment Tax Credits* (S392)
- Schedule 394, *Manitoba Rental Housing Construction Tax Credit* (S394)

### Version coverage

This release of *Cantax* T2 and T2Plus can be used to prepare corporation income tax returns for tax years that began on or after **January 1, 2012**, and will end on or before **April 30, 2015**.

### Cantax Productivity Seminars - Autumn 2014

Experience the productivity-boosting power of the full-day *Cantax* Productivity Seminars! Attend a seminar in your location and get the valuable information you need to prepare T2 corporate returns efficiently. Seminar dates are November 24 to December 11, 2014. [Click here to register today!](#)

### What's New in this Release?

#### Index Dialog Box

The variable "Dividends Paid during the Year" has been added to the Displayable Fields dialog box to allow you to display the information in the Index.

#### New & Revised Forms

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

#### Federal

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

In the "Attachments" section, line 256, *Did the corporation have any foreign affiliates that are not controlled foreign affiliates?* (T1134), and line 258, *Did the corporation have any controlled foreign affiliates?* (T1134), have been removed and have been replaced by the new line 271, *Did the corporation have any foreign affiliates in the tax year?* (T1134). When opening a client file prepared with a prior version of *Cantax* T2, if the box on line 256 or line 258 was selected, the box on line 271 will be automatically selected by the program.

In the "General tax reduction for Canadian-controlled private corporations" and "General tax reduction" sections, the calculation of the reduction rate with respect to the number of days in the taxation year before January 1, 2012, has been removed.

In the "Part I tax" section, line 641, *Eligible Canadian bank deduction under section 125.21*, has been added. This line includes an input field.

**Schedule 2, Charitable Donations and Gifts (S2)\***

Line 262 has been added to Part 1 of the form. This line is used to enter donations made by farmers to the Ontario community food program. Using the amount indicated on this line, *Cantax* will be able to calculate the Ontario community food program donation tax credit for farmers on line 420 of Schedule 5 (S5).

In addition, line 520 has been added to Part 5 of the form. This line allows you to enter the total current-year gifts of certified ecologically sensitive land made after February 10, 2014. Please note that line 510 is now used to enter the total current-year gifts of certified ecologically sensitive land made before February 11, 2014. Because the lines used to enter these amounts were already in *Cantax*, no change is required when opening a client file prepared with a prior version of *Cantax T2*. However, if the amount on line 510, which was used to enter the total current-year gifts of certified ecologically sensitive land, was overridden, it will not be retained when opening a file prepared with a prior version of *Cantax T2*.

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

The following lines have been added to the form:

- Line 420, *Ontario community food program donation tax credit for farmers (from Schedule 2)*;
- Line 504, *Newfoundland and Labrador venture capital tax credit (from schedule 308)*;
- Line 578, *New Brunswick small business investor tax credit (from Schedule 367)*;
- Line 327, *Manitoba community enterprise development tax credit*.

The line *Other Ontario non-refundable credits* has been removed.

A new line, entitled *Nova Scotia capital investment tax credit* has been added to Part 2 of Schedule 5. This new refundable tax credit has been introduced as a result of the tabling of Bill 49 on October 22, 2014.

In addition, the line entitled *New Brunswick tax credit for investment in a registered community economic development fund* has been removed from Schedule 5, because the amount of this credit must be added to the New Brunswick small business investor tax credit amount on line 578. When opening a client file prepared with a prior version of *Cantax T2*, the amount on this line will be added to line 578. Ensure the amount on line 578 is accurate.

**Schedule 6, Summary of Dispositions of Capital Property (S6)\*****Income Analysis – Schedule of Rental Income (S7-R)**

The field on line *Name of property* has been expanded to contain a maximum of 20 characters. In addition, eight additional lines have been added for the item "Other."

**Schedule 8 – Capital Cost Allowance (CCA) (S8)\***

Based on new CRA requirements, when property acquired during the year is entered in a class 43.1 or 43.2 CCA on line 203, additional information is required about each of

these acquisitions. This information is used for statistical purposes only.

Therefore, a new section has been added to Schedule 8, for these two CCA classes only. This section, entitled "Classes 43.1 and 43.2 only," displays under the details of Schedule 8 and it includes multi-lines areas that allow you to provide the information required for each of the property acquisitions included in one of these classes. For more details, please see the *CCA Additions During the Year (line 203)* help topic.

Note that the CRA does not want to add these lines on their Schedule 8. This is why this information is not found on the paper copy of Schedule 8; it appears on screen only. However, this information is mandatory: it is included in the bar codes and is transmitted electronically.

When opening a client file prepared with a prior version of *Cantax T2*, if additions in the year are entered in a class 43.1 or 43.2, a diagnostic will prompt you to provide the information required by the CRA in columns **Class number and description** and 301 to 303 for each addition of the corresponding class.

**Schedule 8, Capital Cost Allowance (S8OTHER)**

A new diagnostic has been added to prompt you to send an election letter to the Minister with your tax return when you elect to depreciate a building in a separate class 1, at a rate different from 4%.

**Schedule 21, Federal and Provincial or Territorial Foreign Income Tax Credits and Federal Logging Tax Credit (S21)\***

To comply with the rules and regulations relating to the application of the federal business income tax credits, the calculation in the *Federal Business Foreign Tax Credits Unused* workchart has been adjusted. When carrying forward a file in *Cantax T2* 14.2.3xx.126, the calculation of the amounts carried forward from prior years in the workchart has been modified in order for the foreign tax credit amount claimed for a tax year to be considered first to be in respect of the business income tax paid for that year with any remainder considered to be a deduction in respect of unused foreign tax credits which will be applied in chronological order.

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

Two lines have been added to Part 8 of the schedule to allow you to enter contributions to agricultural organizations for SR&ED before the assistance reduction related to the contributions as well as the input of government assistance, non-government assistance and contract payments related to these contributions. When opening a file prepared with a prior version of *Cantax T2*, if an amount of contributions to agricultural organizations for SR&ED was entered, it will be retained as an overridden amount on line *Contributions to agricultural organizations for SR&ED for the federal ITC*.

For more information on contributions to agricultural organizations for SR&ED, consult the Help.

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

The maximum pensionable earnings for the year giving rise to the Canada pension plan for the 2015 fiscal year (i.e. \$53,600) 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 33, Taxable Capital Employed in Canada – Large Corporations (S33)\*

In accordance with the latest specifications received from the CRA, the applicability of this form has been modified. It is now applicable when the corporation's taxation year is ending after December 31, 2013, and box 233 of Schedule 200 (T2) is selected.

### T1134, Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (T1134SUM and T1134S#01)

This new form includes a summary and supplements. The form used to enter the supplements is a multiple copy form. Each filer must prepare a summary as well as a separate supplement for each foreign affiliate.

In addition, we have added a question at the beginning of the form to allow you to not print the form at the same time as the T2 return.

When opening a client file prepared with a prior version of *Cantax T2*, if data is entered on lines 256 and 258 of Schedule 200 (T2), it will be retained as an overridden value on line 271.

### RC59, Business Consent (RC59)\*

In Part 2 (b), two new *Telephone number* lines have been added in order to be able to enter a telephone number for the *RepID*, *GroupID* and *BN*. When opening a client file prepared with a prior version of *Cantax T2*, the telephone number that was entered will be assigned to the option chosen, i.e. the *RepID*, *GroupID* and *BN*. You can only complete one option at the time.

A new program identifier, i.e. "RR Registered charities," has been added to the list of program identifiers that can be entered in Part 3.

Also in Part 3, the existing boxes have been replaced by the following three check boxes:

- Box (a) - Level 1 authorization applied to all program accounts and all fiscal years.
- Box (b) - Level 2 authorization applied to all program accounts and all fiscal years.
- Box (c) - Specific program accounts.

In addition, a new line has been added for box 3(a), i.e., line *Expiry date*, in order to be able to enter an expiry date for each of boxes 3(a) and 3(b).

When opening a client file prepared with a prior version of *Cantax T2*, the expiry date that was entered will be assigned to the authorization level chosen. You can only select one box at the time.

In Part 5, a subsection has been added, i.e., the "The individual signing this form is" subsection, and you can select one of the following six choices:

- an owner
- a partner of a partnership
- a corporate director
- an officer of a non-profit organization
- a trustee of an estate
- an individual with delegated authority

In addition, two new lines have been added to this same section, i.e., lines *Title* and *Telephone number*.

A diagnostic has been added to advise you that the consent is now expired and that you must submit a new request, if applicable.

In *Cantax T2Plus*, you may now select an authorization level in the Preferences dialog box (Options/Preferences) as a default value when creating a new file.

## AgriStability and AgriInvest Programs

- AgriStability and AgriInvest Programs (AGRI/HAGRI) – Ontario\*
- AgriStability and AgriInvest Programs (AGRI/HAGRI) – Harmonized Provinces\* and British Columbia\*
- AgriStability and AgriInvest Programs (AGRI/HAGRI) – Saskatchewan\*
- AgriStability and AgriInvest Additional Information and Adjustment Request (HAGRI ADD)\*

## Ontario

### Schedule 506, Ontario Transitional Tax Debits and Credits (S506)\*

### Schedule 525, Ontario Political Contributions Tax Credit (S525)\*

## Alberta

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

In accordance with the latest specifications received from the Alberta Tax and Revenue Administration, the number of characters that can be entered in fields 010, "Legal Name of Corporation," and 011, "Operating Name of Corporation," has been decreased to 70. When opening a client file prepared with a prior version of *Cantax T2*, only the first 70 characters will be retained.

### AT1 Schedule 12, Alberta Income/Loss Reconciliation (AT1- S12)

In accordance with the latest specifications received from the Alberta Tax and Revenue Administration, the number of characters that can be entered in field 048, "If amount in Line 040, provide explanation," has been decreased to 100. When opening a client file prepared with a prior version of *Cantax T2*, only the first 100 characters will be retained.

## Manitoba

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### Schedule 381, Manitoba Manufacturing Investment Tax Credit (S381)\*

### Schedule 385, Manitoba Odour-Control Tax Credit (S385)\*

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

### Schedule 392, Manitoba Data Processing Investment Tax Credits (S392)

You can use this schedule to claim a Manitoba data processing centre investment tax credit under section 7.19 of the *Manitoba Income Tax Act*. The credit is a refundable credit for an eligible data processing centre corporation. The credit is equal to 4% of the cost of data processing buildings acquired by purchase or lease, or constructed in the current tax year before July 1, 2013, and 7% of the cost of data processing centre equipment acquired by purchase or lease in the current tax year before July 1, 2013. The rates are 4.5% and 8%, respectively, for property acquired after June 30, 2013.

You can also use this schedule to claim a Manitoba data processing equipment investment tax credit. The credit is a refundable credit for an eligible corporation. The credit is equal to 8% of the cost of data processing equipment acquired by purchase or lease in the current tax year. To be eligible for this credit, the amount an eligible corporation invests in data processing equipment in the current tax year has to be at least \$10 million.

When opening a file prepared with a prior version of *Cantax T2*, if an amount was entered on line 324 of Schedule 5 (S5), it will be retained as an overridden amount. You will then have to complete Schedule 392 and remove the override on line 324 of Schedule 5 in order for the credit calculated in Schedule 392 to update to Schedule 5.

### Schedule 394, Manitoba Rental Housing Construction Tax Credit (S394)

This schedule is used to claim the Manitoba Rental Housing Construction Tax Credit (MRHCTC) under section 10.6 of the *Manitoba Income Tax Act*.

A qualifying entity may claim a refundable MRHCTC for a tax year. This credit is calculated on line 326 of Schedule 5 (S5).

A qualifying corporation may claim a non-refundable MRHCTC for a tax year. To qualify for the credit, the corporation must be a qualifying corporation and be a taxable Canadian corporation with a permanent establishment in Manitoba that is not a qualifying entity for the purposes of claiming this credit. Any unused non-refundable MRHCTC can be carried forward up to 10 years. This credit is calculated on line 602 of Schedule 5.

When opening a file prepared with a prior version of *Cantax T2*, if an amount was entered on line 326 and/or line 602 of Schedule 5, it will be retained as an overridden amount. You will then have to complete Schedule 394 and remove the override on line 326 and/or line 602 of Schedule 5 in order for the credit(s) calculated in Schedule 394 to update to Schedule 5.

## British Columbia

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### Schedule 425 (T666), British Columbia (BC) Scientific Research and Experimental Development Tax Credit (S425)\*

## New Brunswick

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### Schedule 366, New Brunswick Corporation Tax Calculation (S366)

In Part 2, in the section relating to the lower tax rate calculation, line I1 has been added to take into account the press release issued by the province of New Brunswick on October 8, 2014. On January 1, 2015, the lower income tax rate will be decreased from 4.5% to 4%. The rate will be calculated proportionally when the tax year straddles January 1, 2015. In the section relating to the higher tax rate calculation, line K1, which pertained to a tax year including days before July 1, 2011, has been removed.

When opening a file prepared with a prior version of *Cantax T2*, if an amount was entered on that line, it will not be retained.

## Nova Scotia

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

Line 0, which related to a taxation year including days before January 1, 2012, has been removed.

When opening a file prepared with a prior version of *Cantax T2*, if an amount was entered on that line, it will not be retained.

### Schedule 346, Nova Scotia Corporation Tax Calculation (S346)

Line 0, which related to a taxation year including days before January 1, 2012, has been removed from Part 3.

When opening a file prepared with a prior version of *Cantax T2*, if an amount was entered on that line, it will not be retained.

## Yukon

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

## Newfoundland and Labrador

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### Schedule 307, Newfoundland and Labrador Corporation Tax Calculation (S307)\*

## New & Revised Guides

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- *2014 AgriStability and AgriInvest Program, Corporation/Co-operative and Special Individual Harmonized Form and Guide*
- *Saskatchewan AgriStability 2014 Corporations/Co-operatives/Other Entities Guide*
- *Saskatchewan AgriStability Program Handbook*

## Word Processor Templates

A paragraph has been added to the "Client Letter" and "Client EFILE Letter" templates to indicate when a tax refund is being applied to next year's instalments or to another liability or account. The program will choose which paragraph to add, depending on the entry in field 894 of Schedule 200 (T2).

In addition, a paragraph has also been added in the case where a tax refund is being applied to next year's tax for the Alberta Return, depending on the entry in field 092 of the AT-1 return (AT1).

## Reminder

### Schedule 88, Internet Business Activities (S88)

CRA guidelines reminder:

If the corporation earns income from one or more Web pages or Web sites, it is required to file Schedule 88 along with the corporation income tax return (T2) for tax years where the filing due date is after December 31, 2014.

## Technical Enhancement

### Define the default authorization level in Form RC59, Business Consent (RC59)

In *Cantax T2Plus*, the authorization level given to your representative, which must be entered in Form RC59, can now be defined by default for new files.

To define the default authorization level for Form RC59, select **Preferences** from the **Options** menu to display the **Preferences** dialog box. Then, under **Defaults**, click **New File**. In the **RC59** area of the dialog box, select which level to apply to the new files.

## Corrected Calculations

The following problem has been corrected in this release:

- Schedule 60, *Part 2 Project information for SR&ED* (S60P2#01) - Diagnostics Error 0600004 and 0600014

## Filing Requirements

### Requirements for Filing Corporate Returns

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

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



### Support Centre

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