Corporate Taxprep®

Troubleshooting

## Corporate Taxprep 2014 Version 2.0

## Client filter and customized diagnostic templates now offered with the Troubleshooting Memos

To assist you in identifying clients that could be affected by the described problems, a downloadable client filter and customized diagnostic template is now associated with most *Troubleshooting Memos*. These templates allow you to display a diagnostic in the returns that have tax situations that were the subject of a *Troubleshooting Memo* and provide access to a list of clients affected by the described problems.

### Installing the client filter and diagnostic template

To find the predefined folder for customized client filters or diagnostics, proceed as follows:

1- Launch *Taxprep*.

2- On the **Tools** menu, click **Options and Settings**.

3- Under **Options**, click **File Locations**.

4- Verify the predefined location for the filters and diagnostics. After the installation, the default location is usually the following: **My Documents\CCH\T2 Taxprep 2014-2\Filter and Diagnostics\.**

5- Copy the downloaded file to this location.
The client filter will be available in the Client Manager, while the diagnostic will display in the relevant returns.

**Note:** The table below lists all of the client filter templates and diagnostics, which allows you to download them separately, depending on the troubleshooting memos and FAQs that relate to you. To download all templates in a single operation, click the **Download all templates** button, then copy all zipped files into the folder **My Documents\CCH\T2 Taxprep 2014-2\Filter and Diagnostics**.

Download all templates

| Publication | Problem | Affected Version | Corrected Version | Identifier (to download the client filter and diagnostic, if applicable) |
|---|---|---|---|---|
| Week of May 3, 2015 | Newfoundland and Labrador - Schedule 305, Newfoundland and Labrador Capital Tax on Financial Institutions (Jump Code: 305) - Increase in the capital tax rate | Version 2014 2.0 | Version 2015 1.0 | T22014-021 |

| Publication | Problem | Affected Version | Corrected Version | Identifier (to download the client filter and diagnostic, if applicable) |
|---|---|---|---|---|
| Week of April 26, 2015 | 2015 Ontario Budget – New measures with respect to several Ontario credits | Version 2014 2.0 | Version 2015 1.0 | T22014-020 |
| Week of April 12, 2015 | CO-1029.8.36.FM, Tax Credit for Francization or for Training in the Manufacturing, Forestry and Mining Sectors (Jump Code: 1029836FM) – Incorrect calculation of the eligible training expenditures for training in the manufacturing, forestry and mining sectors when these expenditures are incurred both under a contract entered into before June 4, 2014, and under a contract entered into after June 3, 2014, and the the corporation is subject to the Act to promote workforce skills development and recognition | Version 2014 2.0 | Version 2015 1.0 | T22014-019 |
| Week of April 12, 2015 | NS-Capital Tax, Financial Corporation Capital Tax Return (Jump Code: NS-CAP TAX) – Introduction of an annual cap of $12 million with regards to capital tax payable by a financial institution | Version 2014 2.0 | Version 2015 1.0 | T22014-018 |
| Week of March 29, 2015 | CO-1029.8.36.DF- Tax Credit for Film Dubbing (Jump Code: 1029836DF) – Tax Credit Rate for Qualified Film Dubbing Restored to 35% | Version 2014 2.0 | Version 2015 1.0 | T22014-016 |
| Week of March 29, 2015 | CO-1029.8.36.SM, Tax Credit for the Production of Performances (Jump Code: 1029836SM) – Increase in the Limit of the Tax Credit | Version 2014 2.0 | Version 2015 1.0 | T22014-015 |

| Publication | Problem | Affected Version | Corrected Version | Identifier (to download the client filter and diagnostic, if applicable) |
|---|---|---|---|---|
| Week of March 29, 2015 | CO-17S.2, Charitable Donations and Gifts (QC Sch. 2) (Jump Code: Q2) – 50% Increase in the Eligible Amount of Certain Donations Made by a Recognized Agricultural Producer | Version 2014 2.0 | Version 2015 1.0 | T22014-014 |
| Week of March 29, 2015 | CO-1029.8.36.PM, Tax Credit for Corporations Specialized in the Production of Multimedia Titles (Jump Code: 1029836PM) -Increase in the Tax Credit Rate and New Limit Per Eligible Employee | Version 2014 2.0 | Version 2015 1.0 | T22014-013 |
| Week of March 29, 2015 | CO-1029.8.36.TM, Tax Credit for Multimedia Titles (Jump Code: 1029836TM) - Tax Credit Rate Increase and New Limit per Eligible Employee | Version 2014 2.0 | Version 2015 1.0 | T22014-012 |
| Week of March 29, 2015 | CO-1029.8.33.6, Tax Credit for an On-the-Job Training Period (Jump Code: 10298336) – Increase in the Tax Credit Rate | Version 2014 2.0 | Version 2015 1.0 | T22014-011 |
| Week of March 29, 2015 | CO-1029.8.35, Tax Credit for Québec Film Productions (Jump Code: 1029835), CO-1029.8.36.DA, Tax Credit for the Development of E-Business (Jump Code: 1029836DA), CO-1029.8.36.EL, Tax Credit for Book Publishing (Jump Code: 1029836EL), CO-1029.8.36.ES, Tax Credit for the Production of Sound Recordings (Jump Code: 1029836ES), and CO-1029.8.36.XM, Tax Credit for the Production of Events or Multimedia Environments Staged Outside Québec (Jump Code: 1029836XM) - 2015 Québec Budget | Version 2014 2.0 | Version 2015 1.0 | T22014-010 |

| Publication | Problem | Affected Version | Corrected Version | Identifier (to download the client filter and diagnostic, if applicable) |
|---|---|---|---|---|
| Week of March 29, 2015 | Schedule 403 -Saskatchewan Research and Development Tax Credit (Jump Code: 403) - Modification Announced in the March 18, 2015 Budget | Version 2014 2.0 | Version 2015 1.0 | T22014-009 |
| Week of March 29, 2015 | Schedule 380, Manitoba Research and Development Tax Credit (Jump Code: 380) - Balance of the Tax Credit Carried Forward from the Seventh Previous Taxation Year Not Rolled Forward into the "Summary and analysis of credit" Section | Version 2014 2.0 | Version 2015 1.0 | T22014-008 |
| Week of February 22, 2015 | Schedule 423 (T1197), British Columbia Production Services Tax Credit (Jump Code: 1197) - Expanding the digital animation and visual effects tax credit to include a new component with respect to post-production activities | Version 2014 2.0 | Version 2015 1.0 | T22014-007 |
| Week of February 22, 2015 | Schedule 422 (T1196), British Columbia Film and Television Tax Credit (Jump Code: 1196) - Expanding the digital animation or visual effects tax credit to include a new component with respect to post-production activities | Version 2014 2.0 | Version2015 1.0 | T22014-006 |
| Week of February 22, 2015 | QC Instalment, Québec Tax Instalments (Jump Code: IQC) - 1st instalment base calculation and deduction for income from a large investment project | Version 2014 2.0 | Version 2015 1.0 | T22014-005 |

| Publication | Problem | Affected Version | Corrected Version | Identifier (to download the client filter and diagnostic, if applicable) |
|---|---|---|---|---|
| Week of February 8, 2015 | CO-1029.8.36.IN, Tax Credit for Investment (Jump Code: 1029836IN) - Incorrect calculation of the corporation's share in the qualified investments made during the year in the course of the joint venture when the corporation is a member of a joint venture, its taxation year is ending on December 31 and the joint venture's qualified investments exceed the balance of the annual cumulative limit | Version 2014 2.0 | Version 2015 1.0 | T22014-004 |
| Week of January 25, 2015 | T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (Jump Code: 661) and Inducement, Inducement Calculation Workchart (Jump Code: INDUCEMENT) - Incorrect calculation of the Québec government assistance when a credit is claimed in Form RD-1029.8.9.03 (Jump Code: 10298903) | Version 2014 2.0 | Version 2015 1.0 | T22014-003 |
| Week of January 11, 2015 | RC59 – Business Consent (Jump Code: RC59) - Incorrect display and print of the Rep ID or Group ID code in Part 2 b) | Version 2014 2.0 | Version 2015 1.0 | T22014-002 |
| Week of January 4, 2015 | Schedule 47 – T1131, Canadian Film or Video Production Tax Credit (Jump Code: 1131) - Incorrect roll forwarded amount of labour expenditures for all previous tax years (line 611) | Version 2014 2.0 | Version 2015 1.0 | T22014-001 |

## Federal

Troubleshooting memo T22014-003

### T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (Jump Code: 661) and Inducement, Inducement Calculation Workchart (Jump Code: INDUCEMENT) – Incorrect calculation of the Québec government assistance when a credit is claimed in Form RD-1029.8.9.03 (Jump Code: 10298903).

Download the client filter and diagnostic template

**Problem:**

When the corporation claims the tax credit for fees and dues paid to a research consortium on line 251 of Form RD-1029.8.9.03, this credit is not included in the calculation of government assistance on lines 429a and 513a of the T661 form.

Form RD-1029.8.9.03

**5 Tax credit for fees and dues paid to a research consortium**

| | | | |
|---|---|---|---|
| Eligible fees or dues (amount H or amount I, as applicable) | | 241 | 3,250 |
| Tax credit rate. If you checked<br>• box 05a, enter 35%;<br>• box 05b, enter 28%. | x | 250 | 28 % |
| Multiply line 241 by line 250. Carry amount V (or the total of amounts V) to one of the following, as applicable:<br>• to one of lines 440p to 440y of form CO-17, Déclaration de revenus des sociétés, and enter code 16 in the box provided for that purpose, if the taxpayer is a corporation (corporations must file the French versions of all forms); **or**<br>• to line 462 of the personal income tax return (form TP-1), if the taxpayer is an individual.<br>**Tax credit for fees and dues paid to a research consortium** | = | 251 | V 910 |

Form T661

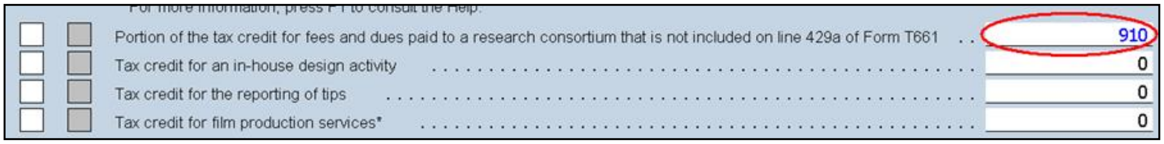
**Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)**

| | | | | |
|---|---|---|---|---|
| Amount from line 400 | | | 420 | 0 |
| **Deduct** | | | | |
| Québec tax credit for R&D | 429a | 0 | | |
| Ontario innovation tax credit (OITC), excluding the portion of the prescribed proxy amount | 429b | 0 | | |
| Ontario business-research institute tax credit (OBRITC) | 429b1 | 0 | | |
| Ontario SR&ED tax credit (ORDTC), excluding the portion of the prescribed proxy amount | 429b2 | 0 | | |
| British Columbia tax credit for SR&ED, excluding the portion of the prescribed proxy amount | 429c | 0 | | |
| Alberta SR&ED tax credit, excluding the portion of the prescribed proxy amount | 429d | 0 | | |

| **Deduct (see note 4)** | | | | |
|---|---|---|---|---|
| Québec tax credit for R&D | 513a | 0 | 514a | |
| Ontario innovation tax credit (OITC) | 513b | 0 | 514b | 0 |
| Ontario business-research institute tax credit (OBRITC) | 513b1 | 0 | 514b1 | 0 |
| Ontario SR&ED tax credit (ORDTC) | 513b2 | 0 | 514b2 | 0 |
| British Columbia tax credit for SR&ED | 513c | 0 | 514c | 0 |
| Alberta SR&ED tax credit | 513d | 0 | 514d | 0 |
| other provincial government assistance | 513e | 0 | 514e | 0 |
| • provincial government assistance | 513 – | 0 | 514 – | 0 |

In addition, if, for the previous taxation year, a credit had been calculated on line 251 of Form RD-1029.8.9.03, when rolling forward the client file with *Corporate Taxprep* 2014 v.2.0, this credit is updated to the line *Portion of the tax credit for fees and dues paid to a research consortium that is not included on line 429a of Form T661* of Form Inducement, while it should not be. This credit should rather be updated to lines 429a and 513a, as previously mentioned. In the above example, an amount of $910 would incorrectly be indicated in the Inducement form.

Inducement




**Solution:**

Add all of the amounts indicated on lines 251 in the copies of Form RD-1029.8.9.03 for which the qualified expenditures have been incurred by the corporation. Then, add to this amount the amount calculated on line 429a of Form T661. Enter the result on line 429a using an override.

Add all of the amounts indicated on lines 251 in the copies of Form RD-1029.8.9.03 for which the qualified expenditures have been incurred by the corporation. Then, add to this amount the amount calculated on line 513a of Form T661. Enter the result on line 513a using an override.

If you are rolling forward a client file with version 2014 v.2.0 and a credit had been calculated on line 251 of Form RD-1029.8.9.03, delete the data rolled forward on the line *Portion of the tax credit for fees and dues paid to a research consortium that is not included on line 429a of Form T661* in the Inducement form.

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

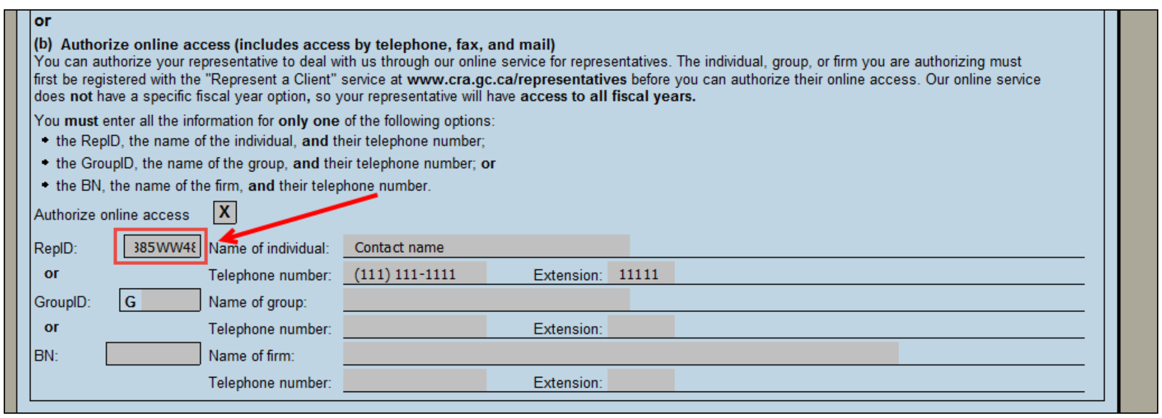
## Troubleshooting memo T22014-002

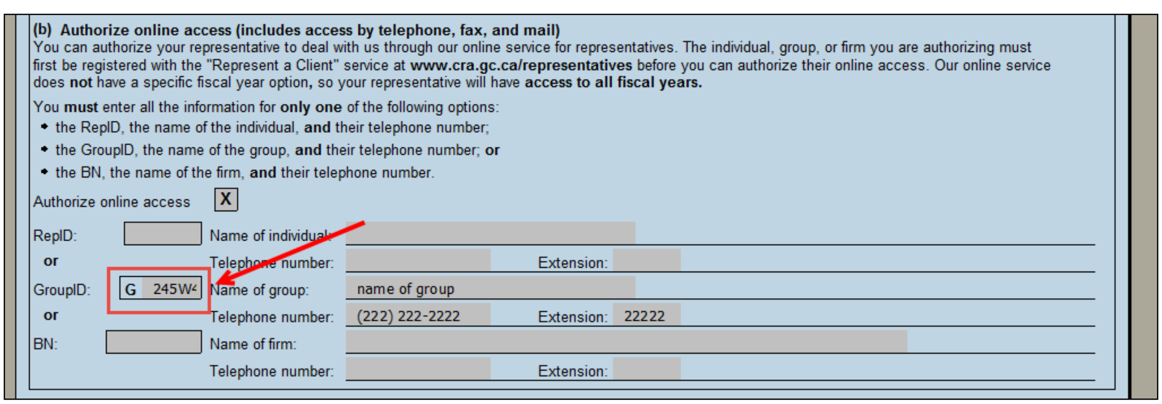
### RC59 – Business Consent (Jump Code: RC59) – Incorrect display and print of the Rep ID or Group ID code in Part 2 b)

**Download the client filter and diagnostic template**

**Problem:**

In certain circumstances, the Rep ID or Group ID code can incorrectly display and print in Part 2 b).



**Solution:**

First, enter the code using lowercase characters. If the problem persists, manually enter the code on the printed form.

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

Troubleshooting memo T22014-001

## Schedule 47 – T1131 - Canadian Film or Video Production Tax Credit (Jump Code: 1131) – Incorrect amount of labour expenditures rolled forward for all prior tax years (line 611)

**Download the client filter and diagnostic template**

**Problem:**

When the corporation has incurred labour expenditures in a prior year for a production, the amount rolled forward on line 611 is incorrect if, in the prior-year return, the amount on line J differs from the amount on line H.

**Solution:**

When the corporation has incurred labour expenditures in a prior year for a production and the amount on line J differs from the amount on line H, manually enter, on line 611 of the copy of the form for the current year for this production, the total of lines G, *Labour expenditure incurred in the tax year (total of amounts a to f)* of prior years for the relevant production.

**Part 6 – Qualified labour expenditure**

| | | | | | |
|---|---|---|---|---|---|
| **Labour expenditure for the tax year** is the total of: | | | | | |
| Salary or wages paid that are directly attributable to the production | 601 | 100,000 | a | | |
| Remuneration directly attributable to the production and paid to: | | | | | |
| – individuals | 603 | 0 | b | | |
| – other taxable Canadian corporations | 605 | 0 | c | | |
| – taxable Canadian corporations (solely owned by an individual) | 606 | 0 | d | | |
| – partnerships carrying on business in Canada (for their members or employees) | 607 | 0 | e | | |
| Labour expenditure transferred under a reimbursement agreement by the corporation, a wholly owned subsidiary, to the parent corporation that is a taxable Canadian corporation | 609 | 0 | f | | |
| Labour expenditure incurred in the tax year (total of amounts a to f) | | 100,000 | ▶ | 100,000 | G |
| Labour expenditures for all previous tax years | | | 611 | 300000 | H |
| Total labour expenditures (amount G **plus** amount H) | | | | 400,000 | I |
| **Deduct:** | | | | | |

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

# Ontario

## Troubleshooting memo T22014-020

### 2015 Ontario Budget – New measures with respect to several Ontario credits

**Problem:**

The Ontario Budget tabled on April 23, 2015, has announced the introduction of five measures with respect to several Ontario tax credits. The following forms are affected by these new measures:

- Schedule 504, *Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties* (Jump Code: **504**);
- Schedule 552, *Ontario Apprenticeship Training Tax Credit* (Jump Code: **552**);
- Schedule 554, *Ontario Computer Animation and Special Effects Tax Credit* (Jump Code: **554**);
- Schedule 558, *Ontario Production Services Tax Credit* (Jump Code: **558**);
- Schedule 562, *Ontario Sound Recording Tax Credit* (Jump Code: **562**).

**Solution:**

These new measures are effective starting April 24, 2015, and the changes required to take them into account will be made in *Corporate Taxprep* 2015 v.1.0, which is scheduled to be released mid-May. Therefore, we suggest that you wait for the release of this new version before using these forms in the tax returns that you are preparing.

# Québec

## Troubleshooting memo T22014-019

### CO-1029.8.36.FM, Tax Credit for Francization or for Training in the Manufacturing, Forestry and Mining Sectors (Jump Code: 1029836FM) – Incorrect calculation of the eligible training expenditures for training in the manufacturing, forestry and mining sectors when these expenditures are incurred both under a contract entered into before June 4, 2014, and under a contract entered into after June 3, 2014, and the corporation is subject to the Act to promote workforce skills development and recognition

**Download the client filter and diagnostic template**

**Problem:**

*Corporate Taxprep* suggests creating two copies of Form CO-1029.8.36.FM when the corporation has incurred eligible training expenditures both under a contract entered into before June 4, 2014, and under a contract entered into after June 3, 2014. One copy is to be used to enter the eligible training expenditures incurred under a contract entered into before June 4, 2014, and the other, to enter the eligible training expenditures incurred under a contract entered into after June 3, 2014. This procedure does not work when the corporation is an eligible employer subject to the *Act to promote workforce skills development and recognition*, because the eligible training expenditures that must be entered on line 65 may be limited to the amount calculated on line C in Section 5.3, and this amount must take into account of all the eligible training expenditures incurred by the corporation in the taxation year. Therefore, it may result in an incorrect calculation of the eligible training expenditures qualifying for the tax credit.

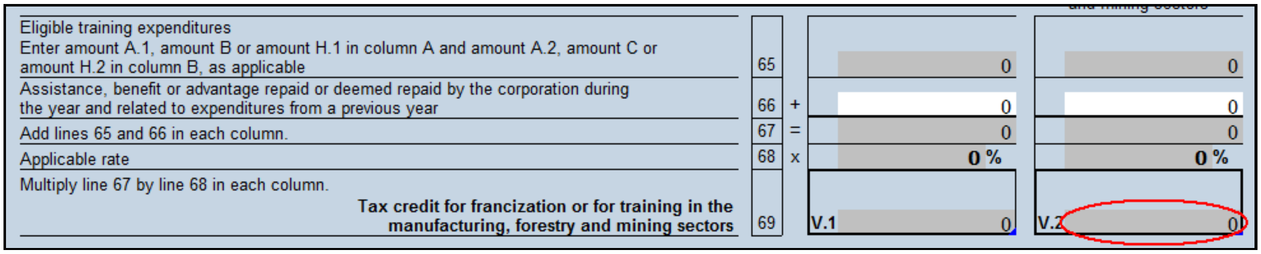
**Solution:**

If the corporation is claiming the tax credit for training in the manufacturing, forestry and mining sectors and it is in the above-described situation, you have to enter on a single copy of the form the eligible training expenditures incurred in the taxation year, whether they were incurred under a contract entered into before June 4, 2014, or a under a contract entered into after June 3, 2014. In addition, override field V.2 of that copy with the result of the following addition:

The portion of the amount on line 65 of column B that represents the eligible expenditures incurred under a contract entered into before June 4, 2014 X 30%

+

The portion of the amount on line 65 of column B that represents the eligible expenditures incurred under a contract entered into after June 3, 2014 X 24%



| | | | | |
|---|---|---|---|---|
| Eligible training expenditures<br>Enter amount A.1, amount B or amount H.1 in column A and amount A.2, amount C or amount H.2 in column B, as applicable | 65 | | 0 | 0 |
| Assistance, benefit or advantage repaid or deemed repaid by the corporation during the year and related to expenditures from a previous year | 66 | + | 0 | 0 |
| Add lines 65 and 66 in each column. | 67 | = | 0 | 0 |
| Applicable rate | 68 | x | 0 % | 0 % |
| Multiply line 67 by line 68 in each column.<br>**Tax credit for francization or for training in the manufacturing, forestry and mining sectors** | 69 | | V.1 0 | V.2 0 |

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-016

## CO-1029.8.36.DF- Tax Credit for Film Dubbing (Jump Code: 1029836DF) – Tax Credit Rate for Qualified Film Dubbing Restored to 35%

**Download the client filter and diagnostic template**

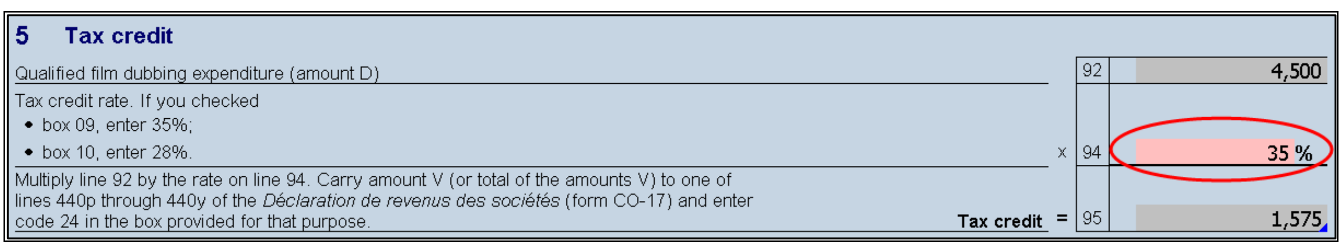
**Problem:**

In its March 26, 2015 Budget, the Québec government announced that the tax credit rate for a qualified film dubbing expenditure was restored to 35%. This modification applies in respect of eligible productions whose dubbing is completed after March 26, 2015.

At present, *Corporate Taxprep* does not take this measure into account.

**Solution:**

If the corporation is eligible for the tax credit for film dubbing and the dubbing has been completed after March 26, 2015, in Schedule CO-1029.8.36.DF, enter 35% on line 94 of Section 5, using an override.



**5 Tax credit**

| | | | |
|---|---|---|---|
| Qualified film dubbing expenditure (amount D) | | 92 | 4,500 |
| Tax credit rate. If you checked<br>• box 09, enter 35%;<br>• box 10, enter 28%. | x | 94 | 35 % |
| Multiply line 92 by the rate on line 94. Carry amount V (or total of the amounts V) to one of lines 440p through 440y of the *Déclaration de revenus des sociétés* (form CO-17) and enter code 24 in the box provided for that purpose. **Tax credit** | = | 95 | 1,575 |

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-015

# CO-1029.8.36.SM, Tax Credit for the Production of Performances (Jump Code: 1029836SM) – Increase in the Limit of the Tax Credit

**Download the client filter and diagnostic template**

**Problem:**

In its March 26, 2015 Budget, the Québec government announced the increase in the limit of the maximum tax credit for the production of performances. The maximum tax credit is increased to $1.25 million for an eligible performance that is a musical comedy and to $750,000 for all other eligible performances, other than a comedy show.

The increase in the maximum tax credit applies to any eligible performance, other than a comedy show, of which one of the eligibility periods was not ended on March 26, 2015.

For more information on this change, we invite you to consult the 2015 Québec Budget, particularly Section 3.5 of the *Additional Information 2015-2016*, at the following address: http://www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/AdditionalInfo.pdf.

**Solution:**

If the corporation can take advantage of the increase in the maximum tax credit, using an override, enter the amount of the new limit on line 80 of Section 5 in the applicable copy of the form.

**5 Tax credit**

| | | | |
|---|---|---|---|
| Maximum tax credit. If you checked<br>• box 10a, enter<br>– $1,250,000, if the tax credit is being claimed for a musical comedy performance,<br>– $750,000, if the tax credit is being claimed for any other type of performance;<br>• box 10b, enter<br>– $1,000,000, if the tax credit is being claimed for a musical comedy performance,<br>– $600,000, if the tax credit is being claimed for any other type of performance. | | 80 | 1,250,000 |
| In the case of a coproduction, enter the percentage that corresponds to the corporation's share[12] of the production costs. Otherwise, enter 100%. | x | 84 | 100 % |
| Multiply line 80 by line 84. | = | 85 | 1,250,000 |

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

**Other changes announced in the budget regarding this topic**

The rate of the tax credit applicable to a qualified labour expenditure is increased from 28% to 35%. This increase applies regarding eligibility periods of eligible performances that begin after March 26, 2015, and for which an application for an advance ruling or an application for a certificate, if no application for an advance ruling was filed earlier regarding that period, is submitted to SODEC after March 26, 2015.

The limit of the maximum tax credit regarding an eligible performance that is a comedy show is decreased to $350,000. This decrease applies to any eligible performance that is a comedy show and for which an application for an advance ruling relating to the first eligibility period or an application for a certificate, if no application for an advance ruling was filed earlier regarding that period, is submitted to SODEC after March 26, 2015, if SODEC considers that the work on the production of the performance was not sufficiently advanced on March 26, 2015, or after June 30, 2015, in the other cases.

For more information on this change, we invite you to consult the 2015 Québec Budget, particularly Section 3.5 of the *Additional Information 2015-2016*, at the following address: http://www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/AdditionalInfo.pdf.

Because the announced changes should not affect returns prepared with *Corporate Taxprep* 2014 v.2.0, no specific solution will be provided with regards to these changes. However, these modifications will be integrated into *Corporate Taxprep* 2015 v.1.0.

*Corporate Taxprep* 2015 v.1.0 is scheduled to be released in mid-May.

## Troubleshooting memo T22014-014

# CO-17S.2, Charitable Donations and Gifts (QC Sch. 2) (Jump Code: Q2) - 50% Increase in the Eligible Amount of Certain Donations Made by a Recognized Agricultural Producer

**Download the client filter and diagnostic template**

**Problem:**

In its March 26, 2015 Budget, the Québec government announced that the eligible amount of donations made after March 26, 2015, by a recognized agricultural producer to a registered charity that is either the Food Banks of Quebec or a Moisson member could be increased by 50% for purposes of calculating the deduction for gifts if the donation is eligible agricultural products.

At present, *Corporate Taxprep* does not take this measure into account.

For more details on the concept of "recognized agricultural producer," "Moisson member" and "eligible agricultural product," please consult Section 5.2 of the *Additional Information* 2015-2016, available at the following address: http://www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/AdditionalInfo.pdf.

**Solution:**

If the corporation can take advantage of the increase in the eligible amount of certain donations made by a recognized agricultural producer, please calculate this 50% increase, add it to the eligible amount of donation and, using an override, enter the result on the appropriate line in the "Charitable donations" section of Schedule CO-17S.2.

For example, if the eligible amount of a donation made to Moisson Estrie is $1,000, the increase is $500 and the amount to enter, using an override, is $1,500.

**Charitable donations**

| Charity / Recipient | | Amount ($100 or more only) |
|---|---|---|
| AAAA | | 575 |
| BBBB | | 1,500 |
| CCCC | | 2,000 |
| Moisson Estrie | | 1,500 |
| | | 0 |
| **Subtotal** | = | 5,575 |
| Total donations of less than $100 each | + | 0 |
| **Total donations in current taxation year** | = | 5,575 |

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-013

# CO-1029.8.36.PM, Tax Credit for Corporations Specialized in the Production of Multimedia Titles (Jump Code: 1029836PM) - Increase in the Tax Credit Rate and New Limit Per Eligible Employee

**Download the client filter and diagnostic template**

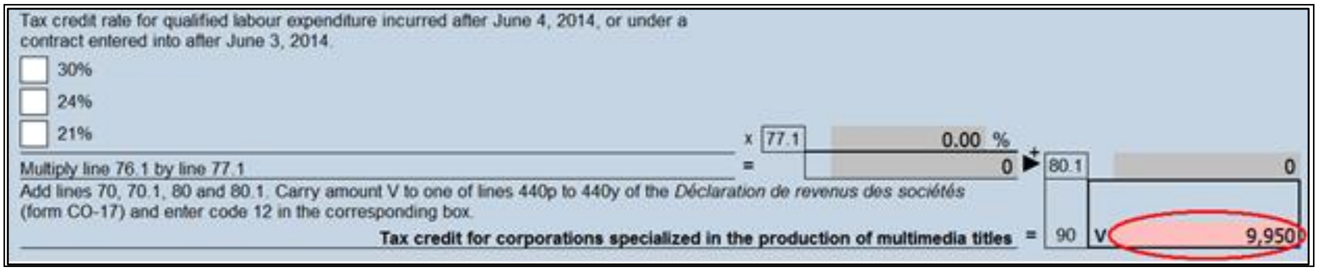
**Problem:**

In its March 26, 2015 Budget, the Québec government announced modifications with respect to Form CO-1029.8.36.PM. When the corporation is claiming the tax credit for corporations specialized in the production of multimedia titles with regards to a qualified labour expenditure incurred after March 26, 2015, or with regards to a qualified labour expenditure incurred under a contract entered into after March 26, 2015, the rates of the tax credit are increased from 30% to 37.5%, 24% to 30% and 21% to 26.25%, and a new annual limit of $100,000 per eligible employee of the corporation or of a subcontractor with which the corporation was not dealing at arm's length at the time the subcontract was entered into applies.

At present, *Corporate Taxprep* does not take this measure into account.

**Solution:**

If the corporation is affected by these new measures, line 90 must be overridden to take into account the changes announced in the March 26, 2015 Budget. For more information on these new measures, consult Section 3.1 of the *Additional Information 2015-2016*, available at the following address: http://www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/AdditionalInfo.pdf.



Tax credit rate for qualified labour expenditure incurred after June 4, 2014, or under a contract entered into after June 3, 2014

☐ 30%
☐ 24%
☐ 21%

x 77.1 0.00 %

Multiply line 76.1 by line 77.1 = 0 ▶ + 80.1 0

Add lines 70, 70.1, 80 and 80.1. Carry amount V to one of lines 440p to 440y of the *Déclaration de revenus des sociétés* (form CO-17) and enter code 12 in the corresponding box.

**Tax credit for corporations specialized in the production of multimedia titles** = 90 V 9,950

These measures will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-012

## CO-1029.8.36.TM, Tax Credit for Multimedia Titles (Jump Code: 1029836TM) – Tax credit rate increase and new limit per eligible employee

**Download the client filter and diagnostic template**

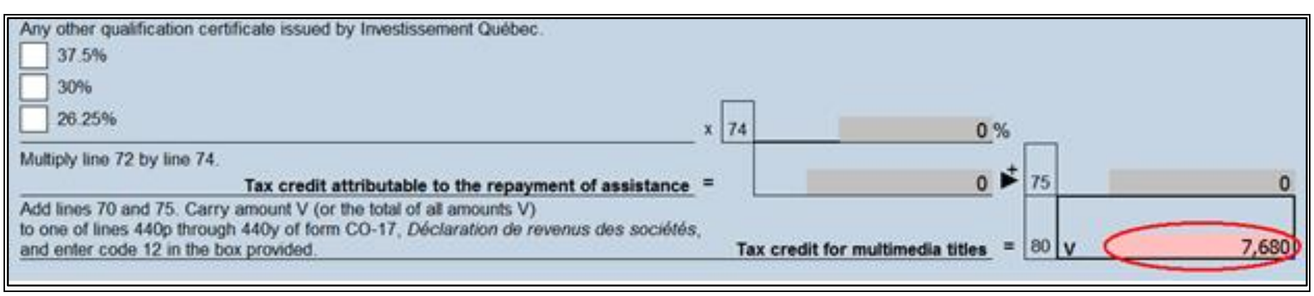
**Problem:**

In its March 26, 2015 Budget, the Québec government announced modifications with respect to Form CO-1029.8.36.TM. When the corporation is claiming the tax credit for multimedia titles with regards to a qualified labour expenditure incurred after March 26, 2015, or with regards to a qualified labour expenditure incurred under a contract entered into after March 26, 2015, the rates of the tax credit are increased from 30% to 37.5%, 24% to 30% and 21% to 26.25%, and a new annual limit of $100,000 per eligible employee of the corporation or of a subcontractor with which the corporation was not dealing at arm's length at the time the subcontract was entered into applies.

At present, *Corporate Taxprep* does not take this measure into account.

**Solution:**

If the corporation is affected by these new measures, line 80 must be overridden in one or more copies of the form where box 09 is selected, to take into account the changes announced in the March 26, 2015 Budget. For more information on these new measures, consult Section 3.1 of the *Additional Information 2015-2016*, available at the following address: http://www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/AdditionalInfo.pdf.



Any other qualification certificate issued by Investissement Québec

☐ 37.5%
☐ 30%
☐ 26.25%

x 74 0 %

Multiply line 72 by line 74.

**Tax credit attributable to the repayment of assistance** = 0 ▶ + 75 0

Add lines 70 and 75. Carry amount V (or the total of all amounts V) to one of lines 440p through 440y of form CO-17, *Déclaration de revenus des sociétés*, and enter code 12 in the box provided.

**Tax credit for multimedia titles** = 80 V 7,680

These measures will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-011

## CO-1029.8.33.6, Tax Credit for an On-the-Job Training Period (Jump Code: 10298336) - Increase in the Tax Credit Rate

**Download the client filter and diagnostic template**

**Problem:**

In its March 26, 2015 Budget, the Québec government announced an increase in the base rate and the increased rate for the on-the-job training tax credit. The base rate is raised from 24% to 40% and the increased rate, from 32% to 50%. These modifications apply in respect of qualified expenditures incurred after March 26, 2015, with regards to eligible training periods beginning after March 26, 2015.

However, a corporation can only take advantage of this increase in the tax credit rates if the following conditions are met:

- the eligible trainee is a student trainee;
- the taxation year is at least the third consecutive taxation year for which the corporation is entitled to the tax credit in respect of a student trainee, or the fiscal period of the partnership ending in the taxation year is at least the third consecutive fiscal period for which the partnership incurred a qualified expenditure in respect of a student trainee;
- the qualified expenditure of the corporation or the partnership of which the corporation is a member incurred in respect of a student trainee reached $2,500 for each of the three consecutive taxation years or more, or each of the three consecutive fiscal periods or more.

At present, *Corporate Taxprep* does not take this measure into account.

**Solution:**

If the corporation qualifies for the increase in the tax credit rates, multiply the amount on line 90 of the applicable copy of Form CO-1029.8.33.6 PARTS 2 to 7 by the appropriate rate, depending on the corporation's situation, then enter the result on line 92 of that copy using an override.

| 6 Tax credit for an on-the-job training period | | | |
|---|---|---|---|
| If the trainee is an eligible employee of the qualified corporation, enter the amount from line 57, 75 or 82c. | | | |
| If the trainee is an eligible employee of the qualified partnership, enter the amount from line 87. | | 1,000 | 90 |
| Tax credit rate[37] | x | 24 % | 91 |
| Multiply line 90 by the rate indicated on line 91. | | | |
| **Tax credit for an on-the-job training period** | = | S.1 400 | 92 |

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-010

## CO-1029.8.35, Tax Credit for Québec Film Productions (Jump Code: 1029835), CO-1029.8.36.DA, Tax Credit for the Development of E-Business (Jump Code: 1029836DA), CO-1029.8.36.EL, Tax Credit for Book Publishing (Jump Code: 1029836EL), CO-1029.8.36.ES, Tax Credit for the Production of Sound Recordings (Jump Code: 1029836ES), and CO-1029.8.36.XM, Tax Credit for the Production of Events or Multimedia Environments Staged Outside Québec (Jump Code: 1029836XM) - 2015 Québec Budget

**Problem:**

The 2015 Québec Budget tabled on March 26, 2015, has introduced numerous changes with regards to corporate tax. Among the announced changes, some are affecting the tax credits that are calculated by *Corporate Taxprep* in the above mentioned forms, but only for taxation years beginning after March 26, 2015, and the situations where an application for an advance ruling or an application for a certificate, if no application for an advance ruling was filed earlier, is submitted to SODEC after March 26, 2015, and must be filed with the return in order for the corporation to be eligible for the credit.

For more details on the announced changes that are affecting those tax credits, consult Section 3 of the *Additional Information 2015-2016*, available at the following address: http://www.budget.finances.gouv.qc.ca/budget/2015-2016/en/documents/AdditionalInfo.pdf.

**Solution:**

Because the changes announced should not affect returns prepared with *Corporate Taxprep* 2014 v.2.0, no specific solution will be provided with respect to those changes. However, all modifications made to the above mentioned credits that have been announced in the March 26 Budget will be integrated into *Corporate Taxprep* 2015 v.1.0.

*Corporate Taxprep* 2015 v.1.0 is scheduled to be released in mid-May.

## Troubleshooting memo T22014-005

### QC Instalment, Québec Tax Instalments (Jump Code: IQC) – 1st instalment base calculation and deduction for income from a large investment project

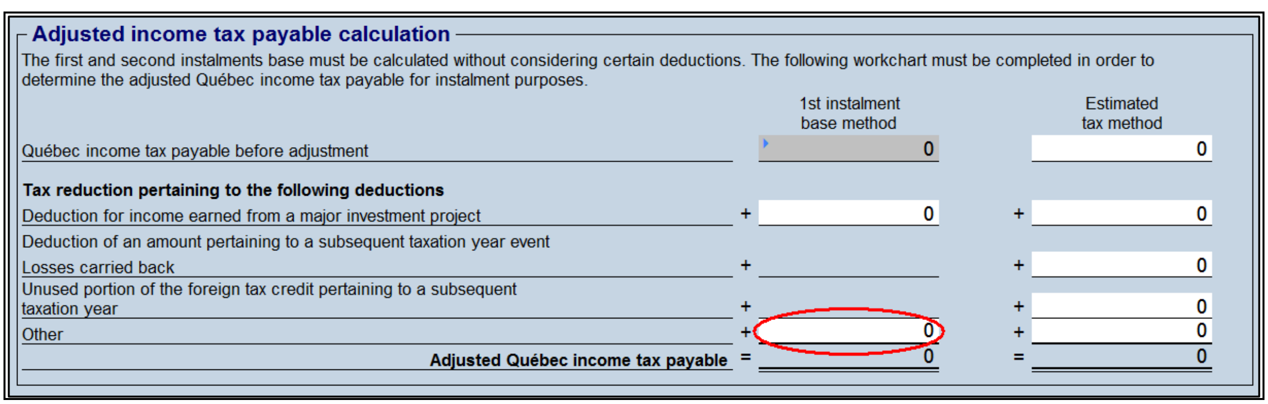
**Download the client filter and diagnostic template**

**Problem:**

When determining the 1st instalment base, the income tax payable must not take into account the amount of the deduction for income from a large investment project. *Taxprep* currently uses, for the calculation of the 1st instalment base, the income tax payable calculated from a taxable income that is reduced by the amount of the deduction for income from a large investment project. No line is provided in the Québec tax instalment form to make the required modifications and, contrary to the deduction relating to a major investment project, the deduction for income from a large investment project is not the subject of a diagnostic reporting this problematic situation.

**Solution:**

If the corporation is claiming the deduction for income from a large investment project on line 265 or on line 266 (code 12) of the *Corporation Income Tax Return* (Jump Code: **QJ**), enter, on line *Other* of the **1st instalment base method** column in the “Adjusted income tax payable calculation” section of Form QC Instalment, the appropriate amount to be added to the income tax payable before adjustment in order for the adjusted Québec income tax payable used in the calculation of the 1st instalment base method not to take into account the deduction for income from a large investment project.



**Adjusted income tax payable calculation**

The first and second instalments base must be calculated without considering certain deductions. The following workchart must be completed in order to determine the adjusted Québec income tax payable for instalment purposes.

| | | 1st instalment base method | | Estimated tax method |
|---|---|---|---|---|
| Québec income tax payable before adjustment | | 0 | | 0 |
| **Tax reduction pertaining to the following deductions** | | | | |
| Deduction for income earned from a major investment project | + | 0 | + | 0 |
| Deduction of an amount pertaining to a subsequent taxation year event | | | | |
| Losses carried back | + | | + | 0 |
| Unused portion of the foreign tax credit pertaining to a subsequent taxation year | + | | + | 0 |
| Other | + | 0 | + | 0 |
| **Adjusted Québec income tax payable** | = | 0 | = | 0 |

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-004

### CO-1029.8.36.IN, Tax Credit for Investment (Jump Code: 1029836IN) – Incorrect calculation of the corporation's share in the qualified investments made during the year in the course of the joint venture when the corporation is a member of a joint venture, its taxation year is ending on December 31 and the joint venture's qualified investments exceed the balance of the annual cumulative limit

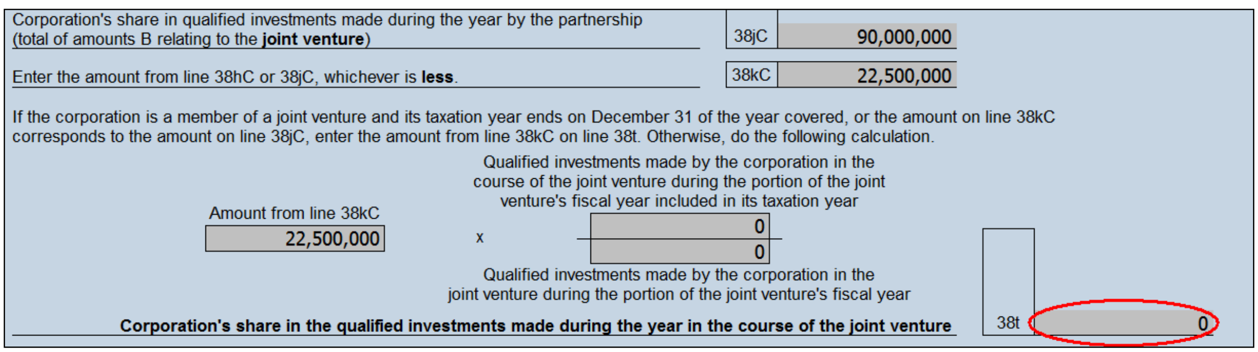
Download the client filter and diagnostic template

**Problem:**

When the corporation has a taxation year ending on December 31, is a member of a joint venture and the joint venture's qualified investments exceed the balance of the annual cumulative limit, the corporation's share in the qualified investments made during the year in the course of the joint venture is calculated incorrectly on line 38t of the copy completed for a member of a joint venture.

**Solution:**

In that situation, override line 38t with the amount from line 38kC. This modification must be made for each line 38t in Section 6.1C affected by this problem.



Corporation's share in qualified investments made during the year by the partnership (total of amounts B relating to the **joint venture**) 38jC 90,000,000

Enter the amount from line 38hC or 38jC, whichever is **less**. 38kC 22,500,000

If the corporation is a member of a joint venture and its taxation year ends on December 31 of the year covered, or the amount on line 38kC corresponds to the amount on line 38jC, enter the amount from line 38kC on line 38t. Otherwise, do the following calculation.

Amount from line 38kC 22,500,000 x (Qualified investments made by the corporation in the course of the joint venture during the portion of the joint venture's fiscal year included in its taxation year) 0 / (Qualified investments made by the corporation in the joint venture during the portion of the joint venture's fiscal year) 0

**Corporation's share in the qualified investments made during the year in the course of the joint venture** 38t 0

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

# British Columbia

## Troubleshooting memo T22014-006

### Schedule 422 (T1196), British Columbia Film and Television Tax Credit (Jump Code: 1196) – Expanding the digital animation or visual effects tax credit to include a new component with respect to post-production activities

Download the client filter and diagnostic template

**Problem:**

In the February 17, 2015 Budget and in Bill 10 – 2015, the British Columbia government announced a modification with respect to Schedule 422. The "digital animation or visual effects tax credit" is expanded and becomes the "digital animation, visual effects and post-production tax credit". As a result, a 17.5% tax credit can be claimed on the qualified British Columbia labour expenditure directly attributable to post-production activities for all eligible productions whose principal photography starts after February 28, 2015.

Currently, *Corporate Taxprep* does not take this expenditure into account when calculating the digital animation and visual effects tax credit.

We invite you to consult the 2015 British Columbia Budget at the following address for more information on this change: http://www.sbr.gov.bc.ca/msbr/budget/budget.htm.

**Solution:**

a) Calculate the qualified labour expenditure directly attributable to post-production activities for the taxation year, and then multiply this expenditure by 17.5% for each eligible production.

b) Use an override to enter, on line 800 in Part 12 of Schedule 422, the total of lines SS to WW and the amount calculated in a) for each eligible production.

**Part 12 – British Columbia film and television tax credit**

| | | | |
|---|---|---|---|
| Basic tax credit (amount AA from Part 7) | | 21,000 | SS |
| Regional tax credit (amount HH from Part 8) | | 0 | TT |
| Distant location regional tax credit (amount LL from Part 9) | | 0 | UU |
| Film training tax credit (amount OO from Part 10) | | 0 | VV |
| Digital animation or visual effects tax credit (amount RR from Part 11) | | 8,750 | WW |
| **British Columbia film and television tax credit** (total of amounts SS to WW) | 800 | 39,750 | XX |

Enter amount XX on line 671 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one of these forms, add all XX amounts from all of the forms and enter the total on line 671 of Schedule 5.

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Troubleshooting memo T22014-007

# Schedule 423 (T1197), British Columbia Production Services Tax Credit (Jump Code: 1197) - Expanding the digital animation and visual effects tax credit to include a new component regarding post-production activities

**Download the client filter and diagnostic template**

**Problem:**

In the February 17, 2015 Budget and in Bill 10 – 2015, the British Columbia government announced a modification with respect to Schedule 423. The “digital animation or visual effects production services tax credit” is expanded and becomes the “digital animation, visual effects and post-production services tax credit”. As a result, a 17.5% tax credit can be claimed on accredited qualified British Columbia labour expenditures directly attributable to post-production activities for all eligible productions whose principal photography starts after February 28, 2015.

Currently, *Corporate Taxprep* does not take these qualified expenditures into account when calculating the digital animation and visual effects production services tax credit.

We invite you to consult the 2015 British Columbia Budget at the following address for more information on this change: http://www.sbr.gov.bc.ca/msbr/budget/budget.htm.

**Solution:**

a) Calculate the accredited qualified labour expenditure directly attributable to post-production activities for the taxation year and multiply this expenditure by 17.5% for each eligible production.

b) Use an override to enter, on line 850 in Part 10 of Schedule 423, the total of lines EE to HH and the amount calculated in a) for each eligible production.

**Part 10 – British Columbia production services tax credit**

| | | | |
|---|---|---|---|
| Production services tax credit (amount U from Part 6) | | 25,000 | EE |
| Regional production services tax credit (amount X from Part 7) | | 0 | FF |
| Distant location production services tax credit (amount AA from Part 8) | | 0 | GG |
| Digital animation or visual effects production services tax credit (amount DD from Part 9) | | 13,125 | HH |
| **British Columbia production services tax credit** (total of amounts EE to HH) | 850 | 42,500 | II |

Enter amount II on line 672 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one of these forms, add all II amounts from all of the forms and enter the total on line 672 of Schedule 5.

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

# Saskatchewan

Troubleshooting memo T22014-009

## Schedule 403 –Saskatchewan Research and Development Tax Credit (Jump Code: 403) - Modification announced in the March 18, 2015 Budget

**Download the client filter and diagnostic template**

**Problem:**

In the March 18, 2015 Budget, the government of Saskatchewan announced a modification with regards to Schedule 403. As a result, the tax credit rate has been reduced from 15% to 10% for all expenditures incurred after March 31, 2015. In addition, for all expenditures incurred after that date, the credit is now a non-refundable tax credit that can be claimed by CCPCs and corporations other than CPCCS.

At present, *Corporate Taxprep* does not take this measure into account.

For more information on this change, we invite you to consult the 2015 Saskatchewan Budget at the following address: http://www.finance.gov.sk.ca/budget2015-16/201516Budget.pdf

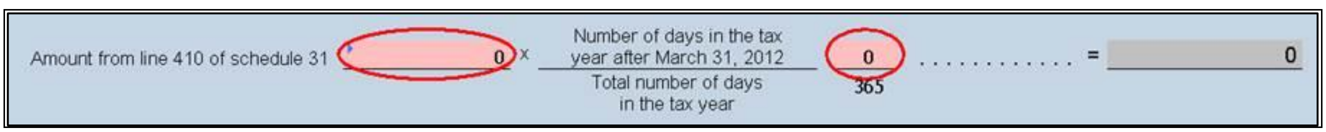
**Solution:**

**A) Calculation of the tax credit for expenditures incurred before April 1, 2015**

- For a CCPC

Complete Schedule 403 as usual, but only take into account expenditures incurred before April 1, 2015.

If the corporation's taxation year ends after March 31, 2015, use an override to enter the amount from line 410 of Schedule 31 and the number of days in the taxation year before April 1, 2015, on the next line in Section 1 of Schedule 403:




These overrides will allow *Corporate Taxprep* to prorate the expenditures limit based on the number of days before April 1, 2015, for expenditures incurred before that date.

- For a corporation other than a CCPC

Complete Schedule 403 as usual, but only take into account expenditures incurred before April 1, 2015.

**B) Calculation of the tax credit for expenditures incurred after March 31, 2015**

- For all corporations (CPCCs and corporations other than CPCCs)

Calculate the non-refundable tax credit for expenditures incurred after March 31, 2015, by adding to the amount on line 130 of Section 3, if applicable, the result obtained by multiplying the amount of expenditures incurred after March 31, 2015, by the 10% rate. Then, enter this result on line 130.


This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Manitoba

Troubleshooting memo T22014-008

### Schedule 380, Manitoba Research and Development Tax Credit (Jump Code: 380) - Balance of the Tax Credit Carried Forward From the Seventh Previous Taxation Year Not Rolled Forward Into the "Summary and analysis of credit" Section

**Download the client filter and diagnostic template**

**Problem:**

The balance of the tax credit carried forward from the seventh taxation year preceding the current year is not retained in the "Summary and analysis of credit" section of Schedule 380 after roll forward of the client file.

**Exemple:**

The corporation's taxation year end is December 31, 2014. Before the client file was rolled forward, the balance carried forward for the taxation year ending December 31, 2007, was $3,500 in the "Summary and analysis of credit" section.

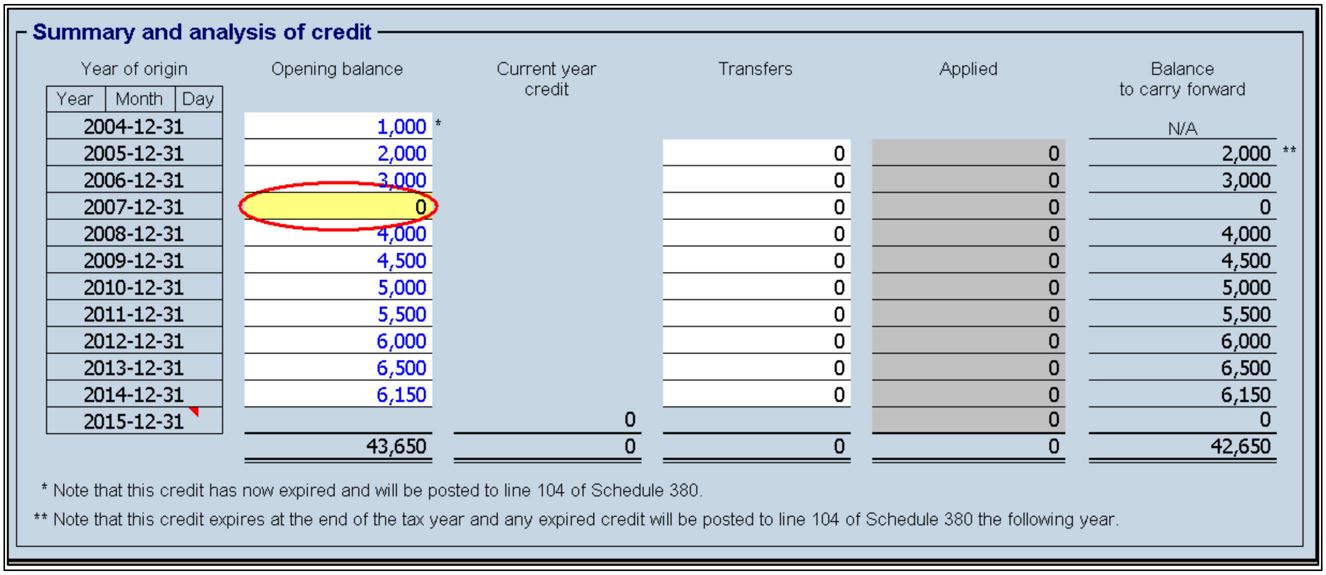
**Summary and analysis of credit**

| Year of origin (Year Month Day) | Opening balance | Current year credit | Transfers | Applied | Balance to carry forward |
|---|---|---|---|---|---|
| 2003-12-31 | 0 * | | | | N/A |
| 2004-12-31 | 1,000 | | 0 | 0 | 1,000 * |
| 2005-12-31 | 2,000 | | 0 | 0 | 2,000 |
| 2006-12-31 | 3,000 | | 0 | 0 | 3,000 |
| 2007-12-31 | 3,500 | | 0 | 0 | 3,500 |
| 2008-12-31 | 4,000 | | 0 | 0 | 4,000 |
| 2009-12-31 | 4,500 | | 0 | 0 | 4,500 |
| 2010-12-31 | 5,000 | | 0 | 0 | 5,000 |
| 2011-12-31 | 5,500 | | 0 | 0 | 5,500 |
| 2012-12-31 | 6,000 | | 0 | 0 | 6,000 |
| 2013-12-31 | 6,500 | | 0 | 0 | 6,500 |
| 2014-12-31 | | 16,250 | | 10,100 | 6,150 |
| | 41,000 | 16,250 | 0 | 10,100 | 47,150 |

* Note that this credit has now expired and will be posted to line 104 of Schedule 380.

** Note that this credit expires at the end of the tax year and any expired credit will be posted to line 104 of Schedule 380 the following year.

After the client file is rolled forward, the tax credit balance for 2007 is $0, while it should be $3,500.



**Summary and analysis of credit**

| Year of origin (Year Month Day) | Opening balance | Current year credit | Transfers | Applied | Balance to carry forward |
|---|---|---|---|---|---|
| 2004-12-31 | 1,000 * | | | | N/A |
| 2005-12-31 | 2,000 | | 0 | 0 | 2,000 ** |
| 2006-12-31 | 3,000 | | 0 | 0 | 3,000 |
| 2007-12-31 | 0 | | 0 | 0 | 0 |
| 2008-12-31 | 4,000 | | 0 | 0 | 4,000 |
| 2009-12-31 | 4,500 | | 0 | 0 | 4,500 |
| 2010-12-31 | 5,000 | | 0 | 0 | 5,000 |
| 2011-12-31 | 5,500 | | 0 | 0 | 5,500 |
| 2012-12-31 | 6,000 | | 0 | 0 | 6,000 |
| 2013-12-31 | 6,500 | | 0 | 0 | 6,500 |
| 2014-12-31 | 6,150 | | 0 | 0 | 6,150 |
| 2015-12-31 | | 0 | | 0 | 0 |
| | 43,650 | 0 | 0 | 0 | 42,650 |

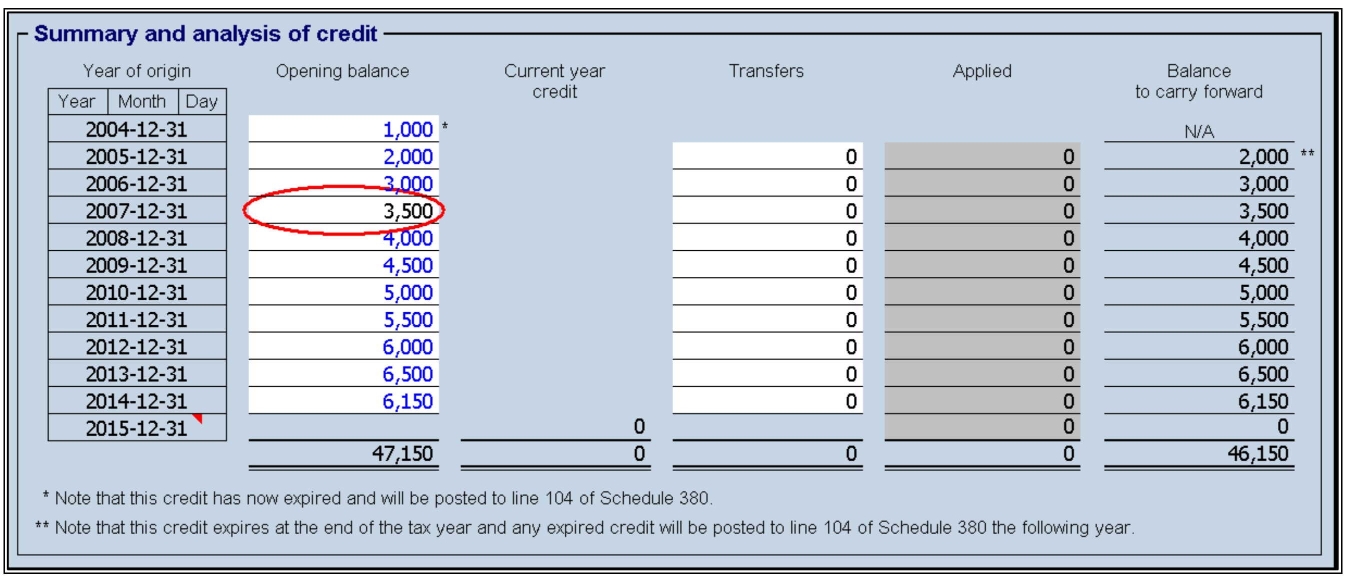
* Note that this credit has now expired and will be posted to line 104 of Schedule 380.

** Note that this credit expires at the end of the tax year and any expired credit will be posted to line 104 of Schedule 380 the following year.

**Solution:**

Enter the balance to carry forward to the "Summary and analysis of credit" section of Schedule 380 in the client file rolled forward.

In the above example, an amount of $3,500 should be entered for the 2007 taxation year.



**Summary and analysis of credit**

| Year of origin (Year Month Day) | Opening balance | Current year credit | Transfers | Applied | Balance to carry forward |
|---|---|---|---|---|---|
| 2004-12-31 | 1,000 * | | | | N/A |
| 2005-12-31 | 2,000 | | 0 | 0 | 2,000 ** |
| 2006-12-31 | 3,000 | | 0 | 0 | 3,000 |
| 2007-12-31 | 3,500 | | 0 | 0 | 3,500 |
| 2008-12-31 | 4,000 | | 0 | 0 | 4,000 |
| 2009-12-31 | 4,500 | | 0 | 0 | 4,500 |
| 2010-12-31 | 5,000 | | 0 | 0 | 5,000 |
| 2011-12-31 | 5,500 | | 0 | 0 | 5,500 |
| 2012-12-31 | 6,000 | | 0 | 0 | 6,000 |
| 2013-12-31 | 6,500 | | 0 | 0 | 6,500 |
| 2014-12-31 | 6,150 | | 0 | 0 | 6,150 |
| 2015-12-31 | | 0 | | 0 | 0 |
| | 47,150 | 0 | 0 | 0 | 46,150 |

* Note that this credit has now expired and will be posted to line 104 of Schedule 380.

** Note that this credit expires at the end of the tax year and any expired credit will be posted to line 104 of Schedule 380 the following year.

This problem will be corrected in *Corporate Taxprep* 2015 v.1.0.

## Newfoundland and Labrador

Troubleshooting memo T22014-021

### Schedule 305, Newfoundland and Labrador Capital Tax on Financial Institutions (Jump Code: 305) – Increase in the capital tax rate

**Download the client filter and diagnostic template**

**Problem:**

In its April 30, 2015 Budget, the Newfoundland and Labrador government announced an increase in its capital tax rate on financial institutions. This rate is increased from 4% to 5% on April 1, 2015.

Currently, *Corporate Taxprep* does not take this measure into account.

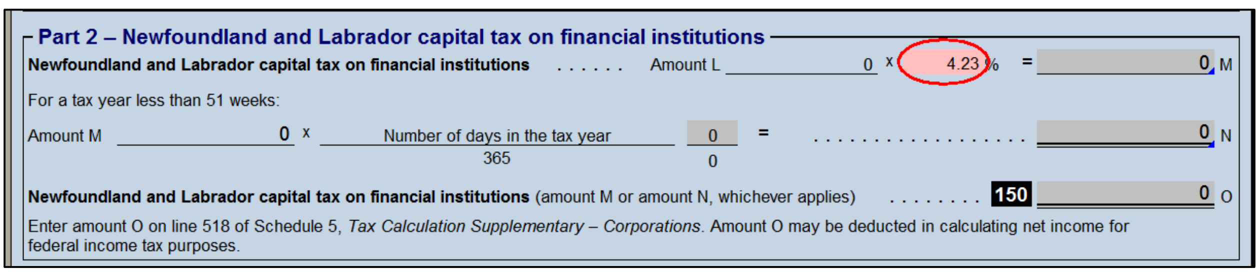
**Solution:**

If the corporation is a financial institution, its taxation year is ending after March 31, 2015, and it has to pay Newfoundland and Labrador capital tax on financial institutions, enter the following amount in the field for the rate of line M in Schedule 305, using an override:

4% X (number of days in the taxation year before April 1, 2015 / number of days in the taxation year)

+

5% X (number of days in the taxation year after March 31, 2015 / number of days in the taxation year)



**Part 2 – Newfoundland and Labrador capital tax on financial institutions**

**Newfoundland and Labrador capital tax on financial institutions** . . . . . . Amount L 0 x 4.23 % = 0 M

For a tax year less than 51 weeks:

Amount M 0 x Number of days in the tax year 0 / 365 0 = . . . . . . . . . . . . . . . . . . 0 N

**Newfoundland and Labrador capital tax on financial institutions** (amount M or amount N, whichever applies) . . . . . . . . 150 0 O

Enter amount O on line 518 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Amount O may be deducted in calculating net income for federal income tax purposes.

This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.

## Nova Scotia

Troubleshooting memo T22014-018

### NS-Capital Tax, Financial Corporation Capital Tax Return (Jump Code: NS-CAP TAX) - Introduction of an annual cap of $12 million with regards to capital tax payable by a financial institution

**Download the client filter and diagnostic template**

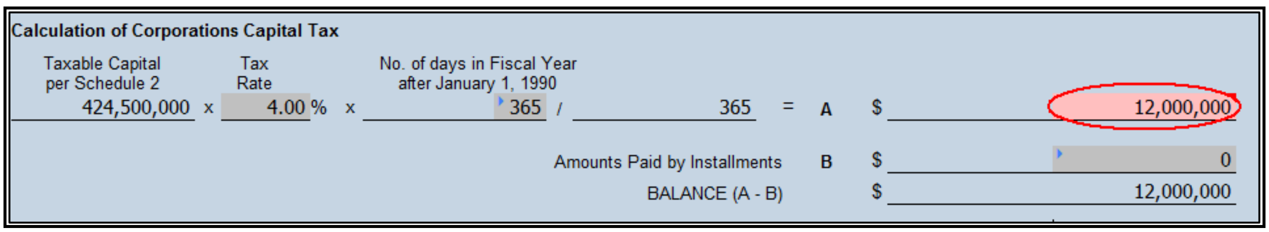
**Problem:**

In its April 9, 2015 Budget, the Nova Scotia government announced that an annual cap of $12 million was now applicable to the capital tax payable by a financial institution. This change is effective on January 1, 2015. At present, *Corporate Taxprep* does not take this measure into account.

We invite you to consult the 2015 Nova Scotia Budget at the following address for more information on this change: http://www.novascotia.ca/finance/en/home/budget/budgetdocuments/default.aspx.

**Solution:**

If the financial institution's taxation year ends after 2014 and the amount of capital tax payable exceeds $12 million, enter $12,000,000 on line A of subsection "Calculation of Corporations Capital Tax," using an override.




This measure will be integrated into *Corporate Taxprep* 2015 v.1.0.