

Cantax[®] T2

Release Notes

Versions 15.2.3xx.135

January 2016

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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, 2013**, and will end on or before **May 31, 2016**.

Users will be able to prepare up to three returns with *Cantax T2* and an unlimited number of returns with *Cantax T2Plus*. Throughout these *Release Notes*, the programs will be referred to as “*Cantax T2*” including versions with Corporation Internet Filing, unless the description pertains to only one of the software packages, in which case it will be referred to specifically.

If you have not purchased *Cantax T2*, you may install it as a demo version. Note that you will not be able to save or print tax returns with this version. Should you decide to purchase the software, please contact our Customer Service department to obtain an unlock code. You can reach us by the method most convenient for you (see the “[Help](#)” section).

What's New in Version 15.2.3xx.135?

Cantax T2 15.2.3xx.135 includes some tax changes. Here is a description of the changes made.

New & Revised Forms

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

Federal

Schedule 200, T2 Corporation Income Tax Return (T2)

As a result of the tabling by the federal government of Bill C-2 to amend the *Income Tax Act* on December 9, 2015, the calculation of lines A, C, H and L, that relates to the refundable portion of Part 1 tax, the calculation of line S that

relates to dividend refund and the calculation of line 604 have been modified to take into account the adjustments to the different applicable rates. These modifications apply to taxation years that end after 2015. For taxation years beginning before 2016, the adjustments to the various rates are prorated according to the number of days in the taxation year that are after 2015.

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

As a result of the tabling by the federal government of Bill C-2 to amend the *Income Tax Act* on December 9, 2015, the Part IV tax rate as well as the percentage of non-capital losses and farm losses that can be applied to reduce Part IV tax increase from 33 1/3% to 38 1/3% for a taxation year ending after December 31, 2015. In Part 1, column FF has been added so you can indicate if the dividends have been received before January 1, 2016, or after December 31, 2015. This information is required to determine the appropriate rate for the Part IV tax calculation.

In addition, on screen only, there are now two Part 2: one for dividends received after December 31, 2015, and the other for dividends received before January 1, 2016. This change is necessary to calculate the total non-capital losses and farm losses to be deducted from Part IV tax with the appropriate rate depending on the period during which the dividends have been received. For a taxation year that straddles January 1, 2016, the losses applicable to reduce Part IV tax are first applied to reduce tax payable on assessable dividends subject to the 38 1/3% rate.

When opening a file prepared with a prior version of *Cantax T2*, code 1 will be selected in the new FF column of Part 1 to indicate that the dividends have been received before January 1, 2016, and Part 2 for the period before January 1, 2016, will be completed. In addition, if there were overridden amounts, they will be retained in Part 2.

T1135, Foreign Income Verification Statement (T1135)*

A new version of Form T1135 has been implemented in *Cantax T2*. This version must be used for corporation whose taxation year ends after December 31, 2014.

The question located at the top of the form that allows you to determine which version of the form to use has been adjusted to take the new version of the form into account. The program will select the appropriate box to this question

based on the taxation year-end date indicated in Form Identification (T2-ID).

The filing requirements for Form T1135 have been simplified for taxpayers who owned specified foreign property with a cost amount of more than \$100,000, but less than \$250,000 at any time during the year. If the taxpayer is in this situation, you can complete either Part A, "Simplified reporting method" or Part B, "Detailed reporting method." The detailed reporting method must be used if the taxpayer owned specified foreign property with a total cost of \$250,000 or more at any time during the year.

What's New in Version 15.2.3xx.126?

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

Taxation year covered

The CRA assessment system update for the spring of 2016 will be performed one month later than usual. Version 100 of *Cantax T2* is generally available around mid-May. However, as a result of the modification in the update period of the CRA assessment system, *Cantax T2* 16.1.3xx.100 might be released later than mid-May. Therefore, it will be possible to prepare a return with a tax year ending on or before May 31, 2016, rather than on or before April 30, 2016, with this version of *Cantax T2*. Please note that because this situation will occur every year, each version 100 of *Cantax T2* will be released later than usual.

Alberta tax rates modifications

Changes relating to the increase in the base tax rate and the small business deduction rate have been made in this version of *Cantax T2*. For more information, please consult the [note](#) about this subject.

Schedule 89, Capital Dividend Account Balance Calculation Worksheet (S89)

Calculation enhancements of the CDA balance at the end of the taxation year (line M) have been made in this version of *Cantax T2*. For more information, please consult the [note](#) about this form.

Schedule 367, New Brunswick Small Business Investor Tax Credit (S367)

This schedule has been added in *Cantax T2* and can be used to claim a New Brunswick Small Business Investor Tax Credit (NBSBITC) under section 61.1 of the *New Brunswick Income Tax Act*. For more information, please consult the [note](#) about this form.

New & Revised Forms

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

Federal

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

As a result of the update of this form, two lines have been added to the "Small business deduction" section to take into account the 2015 federal budget measures. For 2016, the small business deduction rate is established at 17.5%. Note that this deduction will be calculated on a pro rata basis if the taxation year straddles January 1, 2016.

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

A section has been added on screen in Schedule 1 so you can select the amount representing non-deductible meals and entertainment expenses to be entered on line 121. This modification is similar to the modification already made to lines 112 (charitable donations and gifts) and 118 (scientific research expenditures deducted per financial statements).

On line 121, two check boxes have been added so you can indicate how the amount of non-deductible meals and entertainment expenses should be calculated. These boxes allow you to use the amount from line 8523 of the GIFL (G125#01), or any other amount. The program will calculate the amount relating to the first box, and you will have to specify the desired amount if you select the second box. When a choice is indicated, it will be retained during carryforward of the file.

In addition, *Line 8523 of the GIFL* is completed based on the choice made on the line *Transfer GIFL amounts to Corporation Income Tax Return of Form GIFL SUM (GIFL SUM)*.

When opening a file prepared with a prior version of *Cantax T2*, if the answer on the line *Transfer GIFL amounts to Corporation Income Tax Return of Form GIFL SUM* is "No" and if, in Schedule 1, there is an amount entered on the line totalling all lines 8523 of the GIFL, this amount will be transferred to the line *Other amount (specify)* and the check box corresponding to this line will be selected.

If the answer on the line *Transfer GIFL amounts to Corporation Income Tax Return of Form GIFL SUM* is "Yes" and if, in Schedule 1, the amount on the line totalling all lines 8523 of the GIFL is overridden, this amount will be transferred to the line *Other amount (specify)* and the check box corresponding to this line will be selected.

If the answer on the line *Transfer GIFL amounts to Corporation Income Tax Return of the GIFL SUM form* is "Yes" and if, in Schedule 1, the line totalling all lines 8523 of the GIFL is not overridden, the check box **Line 8523 of the GIFL** will be selected.

Non-deductible automobile lease payments (S1B)

Line E, *Lease payments entered in the GIFL* has been added so you can choose to calculate the leasing costs and other non-deductible expenses based on the actual leasing costs paid or based on the leasing costs deducted in the GIFL. When the box **To calculate the non-deductible lease charges based on the lease payments entered in the GIFL, check this box and complete line E (see Help <F1>)** is selected, the non-deductible leasing charge will be calculated based on the amount entered on line E.

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

A validation has been added on lines 210 and 410 of this schedule to prevent the input of an invalid business number.

When opening a file prepared with a prior version of *Cantax T2*, if an invalid business number had been entered on lines 210 and 410, it will not be retained.

Column F3 in Part 1, which was used to determine if the dividends had been received before December 21, 2012, or after December 20, 2012, has been removed.

When opening a file prepared with a prior version of *Cantax T2*, if any data had been entered in this column, it will not be retained, but the calculation will not be affected.

Schedule 5, Tax Calculation Supplementary - Corporations (S5)*

The following three lines have been added to the form:

- *Certificate number* (this line is located under the line *Newfoundland and Labrador interactive digital media tax credit*);
- *Nova Scotia digital animation tax credit*;
- *Certificate number* (this line is located under the line *Nova Scotia digital animation tax credit*).

Yukon political contribution tax credit, line 675

The credit granted for contributions to territorial political parties will increase on an ongoing basis to match the federal limits. For 2016, a 75% territorial credit will be granted on the first \$400 contributed (up from \$100), a 50% credit will be granted on the next \$350 (down from \$450) and a 33-1/3% credit will be granted on the next \$525 (down from \$600). The maximum credit in 2016 will be \$650, earned on a contribution of \$1,275 (\$500 on a contribution of \$1,150 prior to 2016).

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

To comply with the CRA requirements, a validation has been added to column 100 in Part 1, "Shares," and cell 300 in Part 3, "Bonds" to prevent the input of a negative value. When opening a file prepared with a prior version of *Cantax T2*, if those cells contained negative values, they will be deleted.

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

Schedule 8, Capital Cost Allowance - All Other Classes (S8OTHER)

The federal government introduced a new class, i.e. class 53, with a 50% CCA rate on the undepreciated capital cost. This class relates to additions, acquired after 2015, but before 2026, for property that could otherwise be included in class 29.

As a result, the list of CCA classes included in the program has been modified accordingly.

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

The fields that related to taxation years starting before 2012 have been removed from Part 9 and Part 13.

Schedule 31, Investment Tax Credit - Corporations (S31)

The calculation on line 385 has been modified. The answer to the question on this line will now be "No" when a Canadian-controlled private corporation (CCPC) is not associated with another CCPC for the purpose of calculating the scientific research and experimental development (SR&ED) expenditure limit.

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

The year's maximum pensionable earnings amount for purposes of the Canada pension plan has been updated for the 2016 calendar year (and is now \$54,900). 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)*

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

Important modifications have been made to Part 4, under line GG. The old subsection "Unused and unexpired losses at the end of the corporation's previous/last tax year" has been split in two subsections.

The first of these subsections is named "Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year."

The second is entitled: "Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year."

Part 5, "General rate factor for the tax year" has been removed.

When opening a file prepared with a prior version of *Cantax T2*, data in the old subsection will be retained in the first of the new subsections, on lines a to e. Verify the amounts shown in this subsection and make the required adjustments, if applicable. If the general rate factor calculated in a prior version on line UU of Part 5 differs from 0.72000, the value will be retained as an override in the general rate factor for the tax year cell included in the calculation of line 190.

Schedule 54, Low Rate Income Pool (LRIP) Calculation (S54)*

Important modifications have been made to Parts 4, 5 and 6 under lines 2. In these parts, the old subsection "Unused and unexpired losses at the end of the corporation's previous/last tax year" has been split in two.

Part 4 now includes the following subsections:

- "Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous tax year"; and
- "Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous tax year."

Part 5 now includes the following subsections:

- “Total of subsection 111(1) losses that would have been deductible in computing the predecessor’s taxable income for its last tax year if the predecessor had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for its last tax year”; and
- “Total of all amounts deducted under subsection 111(1) in computing the predecessor’s taxable income for its last tax year.”

Part 6 now includes the following subsections:

- “Total of subsection 111(1) losses that would have been deductible in computing the subsidiary’s taxable income for its last tax year if the subsidiary had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for its last tax year”; and
- “Total of all amounts deducted under subsection 111(1) in computing the subsidiary’s taxable income for the last tax year.”

When opening a file prepared with a prior version of *Cantax T2*, data in each of the old subsections will be retained on lines 3 to 7 of the first corresponding new subsection. Verify the amounts retained and make the required adjustments, if applicable.

Schedule 55, Part III.1 Tax on Excessive Eligible Dividend Designations (S55)*

Schedule 89, Capital Dividend Account Balance Calculation Worksheet (S89)

The calculation of the CDA balance at the end of the taxation year (line M) has been modified with regards to the eligible capital property in order for the balance at the end of the taxation year to reflect the balance at the beginning of the next taxation year.

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

In Section 3, “Organizational structure,” of Part I, “Identification,” the number of characters that can be entered has been increased to 60 characters for the columns **Name of foreign affiliate**, **Name of other foreign affiliate**, **Name of partner**, **Address of partner**, **Address of partnership** and **Foreign affiliate**.

Schedule T183, Information Return for Corporations Filing Electronically (T183CORP)*

AgriStability and AgriInvest Programs

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

New participant

Several changes have been made to the supplementary form for new participants.

- The following modifications have been made to Section A:
 - The line *Partner in a partnership* has been added for the business structure.
 - The lines *Name a corporate representative, When did you first file a Statement of Farming Activities to Canada Revenue Agency?, AgriStability / AgriInvest PIN (if applicable) and Production Insurance customer number (if applicable)* have been removed from the form.
 - The line *Did you start farming within the last six years?* has been moved to the new Section B.
 - Three boxes have been added so you can indicate the situation of the corporation concerning its registration in the AgriStability program.
- The “Shareholder information (corporations only)” section has been renamed and is now entitled “Corporate structure (corporations only)”. The following modifications have been made to that section:
 - The columns **Social Insurance Number**, **Production Insurance Number (if applicable)** and **Involved in other farm activities?** have been removed.
 - The column **Phone number** has been added.
- The “Partnership information (partnerships only)” section has been renamed and is now entitled “Partner information (partnerships only).” The column **Production Insurance Number (if applicable)** has been removed from that section.
- The “Information about related agricultural businesses (all participants)” section has been removed from the form.
- Section B, “Farming activities,” has been added in order for the corporation to be able to provide the information that relates to its current farming operation.
- A “Notes” section has been added in order for the corporation to be able to provide detailed information with regards to the answers indicated in Section B, “Farming activities.”
- In Section C, “Agreement and signature,” the line *Signature of* and the four boxes relating to this line have been removed.
- The check box **Farming history** has been added at the top of the form. Select this box to file the *Farming History* form.

When the corporation files the *New Participant Form*, verify with Agricorp if it has to also file the *Farming History* form. This form corresponds to the former “Information about this farm” section and displays under the Statement A or under the supplementary form for new participants, depending on the corporation’s situation. Here are the modifications included in the *Farming History* form:

- Section A, “Customer information,” has been added. The fields in this section are completed automatically.

- The line *Method of accounting for your financial statements* has been removed.
- The opening balances of the five preceding years have been removed from the “Inventory summary” section, which now corresponds to Section D, “Inventory summary.”
- Section E, “Agreement and signature,” has been added.

When opening a file prepared with a prior version of *Cantax T2*, if data had been entered in the deleted fields, it will not be retained. However, verify if adjustments are required.

Existing participants

Under the update of the supplementary form for existing participants, the form has been completely reengineered.

The following sections have been removed from the form:

- Section B, “Main farm location”;
- Section D, “For partnerships”;
- Section E, “Involvement in other farming business”;
- Section F, “Farming activity”;
- “Financial reporting summary”;
- “Production summary (Schedule 1)”;
- “Livestock production inventory (Schedule 2).”

When opening a file prepared with a prior version of *Cantax T2*, certain data will be retained:

- Many data items in Section A, “Customer information,” will be retained in Section A of the new version of the form.
- Information about shareholders in former Section C, “For corporations” will be retained in Section A.
- Information entered in former Section “Option to receive farm analysis report” will be retained in Section F, “Agreement and signature.”
- The types of crops and the units entered in former Section “Homegrown crop production and inventory (Schedule 2)” will be retained in Section C, “Production and sales.”
- The types of input and the ending inventory of former Section “Purchased inputs and crop-in-ground inventory (Schedule 2)” will be retained in Section “Purchased inputs and crop-in-ground.”
- The list of accounts receivable and the ending inventory of former Section “Accounts receivable for allowable income (Schedule 2)” will be retained in Section “Accounts receivable.”
- The list of accounts payable and the ending total of former Section “Accounts payable for allowable expenses (Schedule 2)” will be retained in Section “Accounts payable.”

Make sure that the information retained is accurate.

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

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 510, Ontario Corporate Minimum Tax (S510)

The values on lines 224, *Equity losses from corporations*, and 324, *Equity income from corporations*, are now calculated based on the information shown respectively on lines 110, *Loss in equity of subsidiaries and affiliates*, and 306, *Equity in income from subsidiaries or affiliates*, of Schedule 1 (S1).

When opening a file prepared with a prior version of *Cantax T2*, if amounts had been entered on those lines in Schedule 510, they will be retained as overridden amounts.

Schedule 552, Ontario Apprenticeship Training Tax Credit (S552#01)*

A subsection has been added to the form to calculate the specified percentage under Part 3. As well, two columns (4H and 4J) have been added in Part 4 to enter the number of days in the tax year and the eligible expenditures incurred that are applicable to an apprenticeship contract registered after April 23, 2015. As a result, the question *Is the data entered in this copy related to an apprenticeship program that commenced after April 23, 2015?* that appears on screen has been removed.

When opening a file prepared with a prior version of *Cantax T2*, if the original registration date entered is after April 23, 2015, the number of days and the eligible expenditure amounts entered on lines 442 and 452 that are related to this contract will also appear in columns 4H and 4J. The answer to the removed question will not be retained.

Alberta

AT1, Alberta Corporate Income Tax Return (AT1)*

The base tax rate increased to 12% from 10% for taxation years ending after June 30, 2015. Therefore, the rate used for purposes of calculating line 068 has been modified.

AT1 Schedule 1, Alberta Small Business Deduction (AT1-S1)*

AT100, Preparing and Filing the Alberta Corporate Income Tax Return – AT1 and Schedules (AT1-E)

A *Cantax* field has been added under point 2 of the “Requirement to file the AT1 return” section so you can indicate that the corporation is exempt from tax, if applicable, and that it is not required to file a return under section 35 of the *Alberta Corporate Tax Act*. Form AT100 will be applicable if the new field is not empty or if the answer to all statements in the “Exemption criteria” section is “Yes.”

Saskatchewan

Schedule 403, Saskatchewan Research and Development Tax Credit (S403)*

As a result of the update of this schedule, lines 210, 220, 230 and 240, which related to the calculation of the refundable credit earned before April 1, 2012, have been removed. When opening a file prepared with a prior version of *Cantax T2*, if data had been entered on those lines, it will not be retained.

Manitoba

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

As a result of the tabling of Bill 36 on June 9, 2015, we have reviewed the summary and analysis table relating to the carryforward of credits of Schedule 380 in order to add the carryforward over 20 years to this table for situations where carryforward is possible.

The credits expire after 10 years, if the taxation year during which they were earned is ending in 2005, and after 20 years if the taxation year during which they were earned is ending after December 31, 2005. When carrying forward a file, the expired credits are automatically removed from the summary and analysis table.

Schedule 383, Manitoba Corporation Tax Calculation (S383)*

In accordance with Manitoba's Bill 36, tabled June 9, 2015, the \$425,000 business limit will be increased to \$450,000 as of January 1, 2016. Parts 1 to 3 of Schedule 383 have been modified accordingly.

Schedule 384, Manitoba Paid Work Experience Tax Credit (S384)*

As a result of the update of the form, Parts 2 to 9 have been added, in accordance with section 10.1 of the *Manitoba Income Tax Act*. As a result, former Parts 2 and 3 have been renumbered and now correspond to Parts 10 and 11. In addition, columns have been added to Parts 2 to 8 to calculate the maximum amount of each credit.

For more information, consult the Help.

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

Schedule 393, Manitoba Nutrient Management Tax Credit (S393)*

British Columbia

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

Schedule 427, British Columbia Corporation Tax Calculation (S427)*

In Part 1, five lines have been added to take into account the gradual elimination over a five-year period, starting in 2016, of the preferential income tax treatment for credit unions.

New Brunswick

Schedule 367, New Brunswick Small Business Investor Tax Credit (S367)

Use this schedule to claim a New Brunswick Small Business Investor Tax Credit (NBSBITC) under section 61.1 of the *New Brunswick Income Tax Act*.

The NBSBITC is a non-refundable credit for eligible investors equal to 15% of all amounts, up to \$500,000, paid by those investors during the tax year, to a corporation registered under the *New Brunswick Small Business Investor Tax Credit Act* for eligible shares issued by the corporation as part of a specified issue.

A corporation that maintained a permanent establishment in New Brunswick at any time during the tax year, and received a New Brunswick Small Business Investor Tax Credit Certificate for the tax year is considered to be an eligible investor.

When opening a file prepared with a prior version of *Cantax T2*, if an amount had been entered on line 578 of Schedule 5 (S5), it will be retained as an overridden amount. You will then have to complete Schedule 367 and remove the override on line 578 of Schedule 5 in order for the credit calculated in Schedule 367 to update to Schedule 5.

New & Revised Guides

- 2015 AgriStability and AgriInvest Program, Corporation/Co-operative and Special Individual Harmonized Form and Guide
- Saskatchewan 2014 Commodity Code Guide
- *Alberta AgriStability Supplementary Forms (2015) Guide*

Corrected Calculations

The following problems have been corrected in this release:

- Schedule 384, *Manitoba Co-op Education and Apprenticeship Tax credit (S384)* - Diagnostic R3840005 and eligibility of the return for EFILE
- RC366, *Direct Deposit Request for Businesses (RC366)* and Schedule 200, *T2 Corporation Income Tax Return (T2)* - Incorrect validation in "account number" fields
- AT1, *Alberta Corporate Income Tax Return (AT1)* - Increase in the basic tax rate and increase in the small business deduction rate for taxation years ending after June 30, 2015

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.

 Help 

Support Centre

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