

# Cantax® T2

## Frequently Asked Questions

### 2015 Versions

Publication	Subject/Question	Affected Version
February 2016	<a href="#">Schedule 3 - Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation (S3) - Part IV tax is not calculated.</a>	Versions 15.2.3xx.135
January 2016	<a href="#">Electronic filing with the Canada Revenue Agency (CRA) - Using a Web Access Code (WAC)</a>	Versions 15.2.3xx.135
September 2015	<a href="#">Electronic filing with the federal government - Returns filed in EDI format using versions prior to Cantax T2 09.1.3xx.100</a>	Version 08.2.3xx.125 and previous versions
June 2014	<a href="#">Schedule 88 - Internet Business Activities (S88) - Filing the form</a>	Versions 14.1.3xx.100 and later
June 2013	<a href="#">Tracking the transitional relief for joint ventures that made the election to benefit from this relief as result of the elimination of the separate fiscal period</a>	Version 13.1.3xx.100 and later
June 2013	<a href="#">Schedule 71, Income Inclusion for Corporations that Are Members of Single-Tier Partnerships (S71#01), and Schedule 72, Income Inclusion for Corporations that Are Members of Multi-Tier Partnerships (S72#01) - Current fiscal period of the partnership</a>	Version 13.1.3xx.100 and later
February 2010	<a href="#">Schedules 546-547, Corporations Information Act Annual Return for Ontario Corporations (S546 and S547) - Diagnostics Error 5460003 and Error 5470002</a>	Version 09.2.3xx.126 and later

July 2009	<a href="#">Schedule 32, Scientific Research and Experimental Development (SR&amp;ED) Expenditures Claim (S32) - Calculations of line 429</a>	Version 09.1.3xx.100 and later
Before 2009	<a href="#">T661, Scientific Research and Experimental Development (SR&amp;ED) Expenditures Claim (S32) - Part 2 - Project information (S60P2#01)</a>	Versions 2008 and later
Before 2009	<a href="#">GIFI Notes Checklist - Parts 1 and 4 (GIFI 141)</a>	Versions 2008 and later

**Federal**

**Schedule 3 – Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation (S3) – Part IV tax is not calculated.**

**Question:**

Why isn't Part IV calculated in column I of Part 1 and in Part 2 of Schedule 3?

**Answer:**

You must complete column FF for each dividend received in order to enable the Part IV tax calculations in column I of Part 1 and in field "Part IV tax before deductions (amount J in Part 1)" in Part 2 of Schedule 3.

Do not include dividends received from foreign non-affiliates.					Complete if payer corporation is connected		
A	F	F1	F2	FF	G	H	I
Name of payer corporation	Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a),(b), or (d)*	Eligible dividends (included in column F)			Total taxable dividends paid by connected payer corporation (for tax year in column D)	Dividend refund of the connected payer corporation (for tax year in column D)**	Part IV tax before deductions F x rate ***
	240				250	260	270
1.	10,000	0		1	0	0	3,333
2.	50,000	0		1	0	0	16,667
3.	15,000	0		2	10,000	5,000	7,500
<b>Total</b>	<b>75,000</b>					<b>Total</b>	<b>27,500</b>
	(enter on line 320 of the T2 return)						(enter in Part 2)

Note that, in *Cantax* T2 16.1.3xx.100 and later versions, a new diagnostic will display when an amount is entered in column F (line 240) and the period during which this amount has been received is not specified in column FF.

### Electronic filing with the Canada Revenue Agency (CRA) – Using a Web Access Code (WAC)

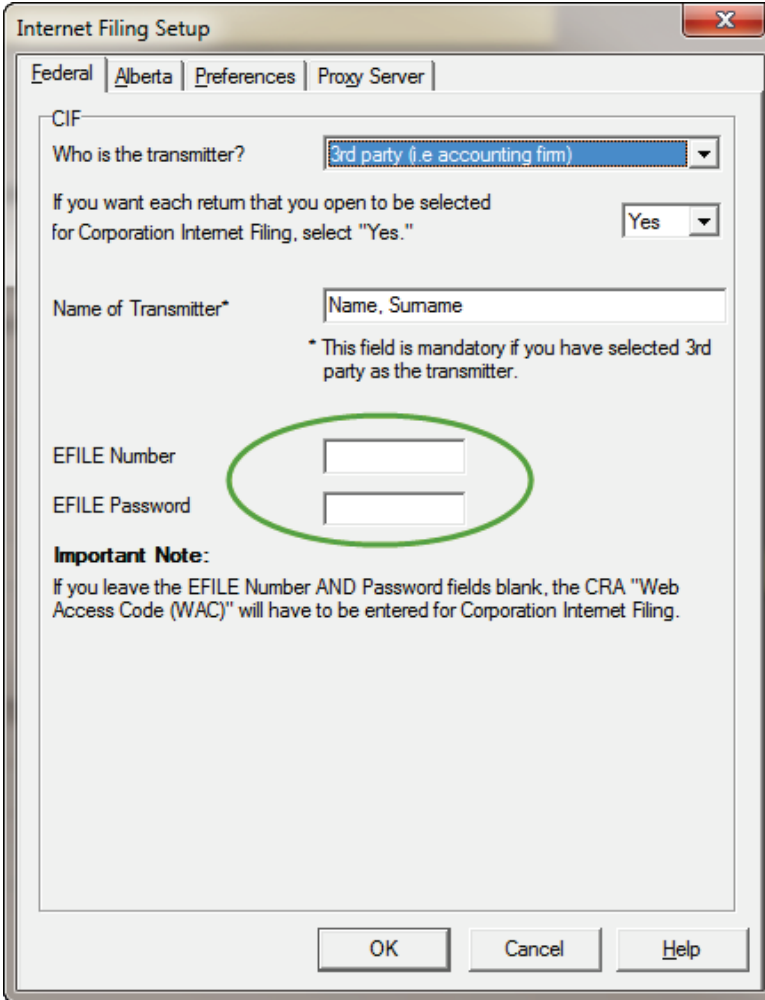
**Question:**

How can I use a WAC to electronically file T2 returns to the CRA?

**Answer:**

To electronically file a T2 return using a WAC, follow the steps below:

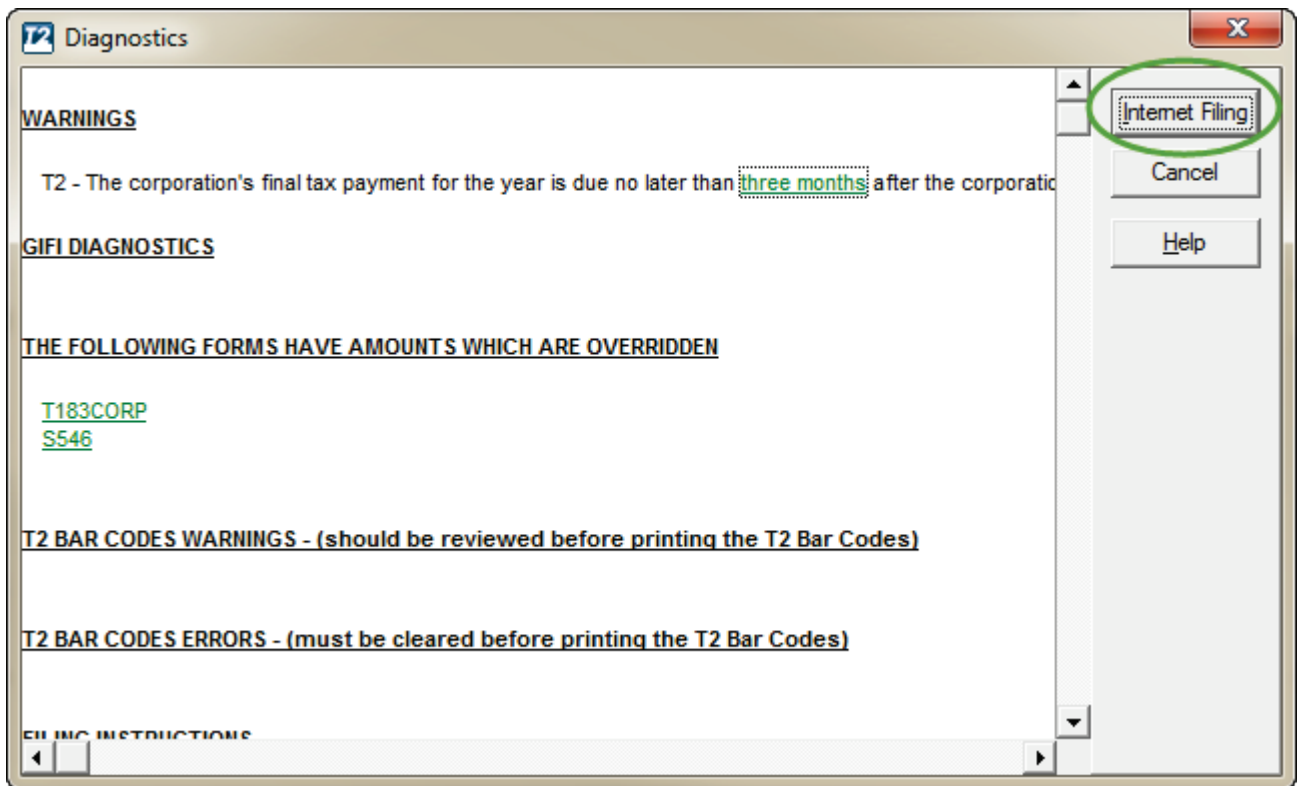
1. First, make sure that no EFILE Number and Password are entered in the **Internet Filing Setup** dialog box.



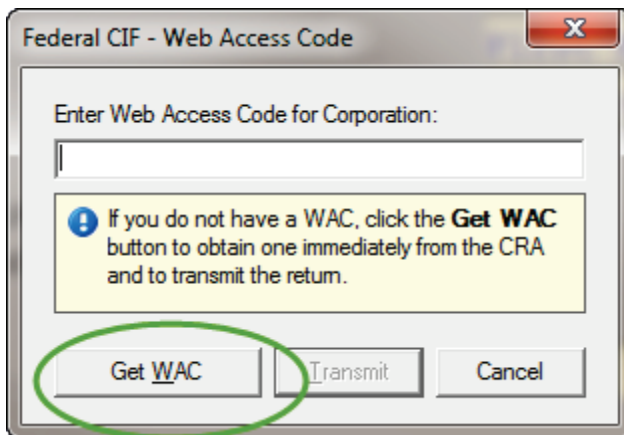
2. In versions 14.1.307.100 and 14.1.309.100 as well as any future versions of *Cantax T2*, you can use the Form *Online Request to Get a Web Access Code (WAC)* directly in the software. By Pressing "Shift + F10," *Cantax T2* will transmit the information displayed in the form, and the WAC will display on the line *Corporation's Web Access Code (WAC)* once the information is validated by the CRA.

Business Number (BN) .....	111111118	RC 0001
Taxation year end .....	2015/12/31	
Date of incorporation/Date of amalgamation .....	1999/09/09	
Postal code/Zip code of mailing address .....	A0A0A0	
Last name of authorized signing officer .....	Last Name	
First name of authorized signing officer .....	First Name	
Position, office, or rank of the authorized signing officer .....	Position	
<b>Press «Shift+F10» to get a Web Access Code online with the CRA.</b> (All fields in the form, except for the "Web Access Code" field, must be completed.)		
Corporation's Web Access Code (WAC) .....	12345678	

3. Then, on the **Internet Filing** menu, select **Build and Send Federal CIF**. The **Diagnostics** dialog box will display. Click the **Internet Filing** button in the dialog box to complete the transmission as usual.



**Note:** You can also get a WAC online during Internet transmission of the federal T2 return by clicking the **Get WAC** button available in the **Federal CIF - Web Access Code** dialog box when the WAC form is completed. This dialog box displays when a WAC is required for Internet transmission of the T2 return.



If you are using a version prior to *Cantax T2* 14.1.307.100 and *Cantax T2* 14.1.309.100 or if you do not want to use the WAC form, you can get a WAC from the CRA on line or by phone (consult the page <http://www.cra-arc.gc.ca/esrvc-srvce/ef/cd-eng.html> for more information). You will then need to enter the number obtained in the **Federal CIF - Web Access Code** dialog box.

Because a WAC number is unique to each corporation, each tax year end and each transmission, you will have to use the above-described procedure for each T2 return that you want to electronically file with the CRA.

## Electronic filing with the federal government – Returns filed in EDI format using versions prior to Cantax T2 09.1.3xx.100

### QUESTION

Is it true that beginning in October 2015, the Canada Revenue Agency's (CRA) Corporation Internet Filing (CIF) page will no longer accept the T2 returns filed in EDI format?

### ANSWER

Yes. Beginning on October 19, 2015, the CRA's Corporation Internet Filing (CIF) page will no longer accept T2 returns filed in EDI format. This format has been replaced in 2009, but the CIF page continued accepting returns in EDI format.

Cantax T2 was using the EDI format for the electronic transmission of returns until version 08.2.3xx.125 inclusively. Therefore, beginning on October 19, 2015, the CRA's CIF page will reject returns transmitted using versions prior to Cantax T2 09.1.3xx.100 by issuing message no. 40: "We no longer accept returns in the format of the attached file. Please file your return on paper."

However, you will be able to use CantaxT2 09.1.3xx.100 and later versions to electronically file returns whose taxation year start and end dates are supported.

If this solution is impossible, you will have to print the bar codes and file them with CRA in paper version.

## Schedule 88 – Internet Business Activities (S88) – Filing the form

### QUESTION

When does a corporation that earned income on the Internet have to file Schedule 88 with its T2 return?

### ANSWER

The Canada Revenue Agency (CRA) has extended the filing date for Schedule 88.

According to the CRA's latest guidelines, if the corporation earns income from one or more Web pages or Web sites, you are required to file the new Schedule 88, *Internet Business Activities* along with your corporation income tax return (T2) for tax years where your filing due date **is after December 31, 2014**.

When Schedule 88 is applicable, data it contains will be included in the *T2 – Bar Codes* return and in the transmission file.

For more information on Schedule 88, please visit the Web page "Reporting Internet business activities" of the CRA Web site at: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/cmm/ncm/wbncm-eng.html>.

## Tracking the transitional relief for joint ventures that made the election to benefit from this relief as result of the elimination of the separate fiscal period.

### QUESTION

How do I keep track of the transitional relief for joint ventures that made the election to benefit from this relief?

### ANSWER

The Canada Revenue Agency (CRA) indicated that the reserve claimed has to be reported on line *Other tax reserves* in Schedule 13, *Continuity of Reserves (S13)*. For more details, consult the CRA Web site at: (<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/crprtns/dfrrl/jntvntr-eng.html>).

Part 2 - Other reserves					
Description	Balance at the beginning of the year \$	Decreases during the year \$	Increases during the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Balance at the end of the year \$
Other tax reserves	230 0	0	0	235 0	240 0

In addition, to calculate this transitional reserve, you must make your calculations on a separate worksheet. Under no circumstances should you file Schedules 71 (**S71#01**), 72 (**S72#01**) or 73 (**S73**) for joint ventures. These schedules are for the sole use of partnerships.

## Schedule 71, Income Inclusion for Corporations that Are Members of Single-Tier Partnerships (S71#01), and Schedule 72, Income Inclusion for Corporations that Are Members of Multi-Tier Partnerships (S72#01) – Current fiscal period of the partnership

### QUESTION

In the calculation of the Adjusted Stub Period Accrual in Part 3 of Schedule 71 and/or Schedule 72, why is the number of days in the stub period calculated by *Cantax* greater than the number of days in the fiscal period(s) of the partnership that end in the corporation's taxation year?

### ANSWER

As noted in the *Troubleshooting Memo* of Cantax T2/T2Plus version 12.2.3xx.126 issued in January 2013, the CRA has indicated that the current fiscal period of the partnership to be entered in Part 1 of Schedule 71 and/or Schedule 72 should be the fiscal period that **starts** in the corporation's taxation year and that **ends** after the end of the corporation's taxation year. The calculations in Schedules 71 and 72 of Cantax T2/T2Plus version 13.1.3xx.100 were adjusted to reflect this requirement.

Part 1 - Partnership information			
Partnership's name	<input type="text"/>		
Partnership's account number 1	<input type="text"/>	RZ	<input type="text"/>
1. Partnership's account number must include letters RZ. If the partnership does not have an account number, enter "NR" to indicate that the partnership is not registered.			
Did the partnership elect to change its fiscal period-end?			1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
If <b>yes</b> , give the dates of both the old and current fiscal periods of the partnership.	Old fiscal period	Fiscal period-start <input type="text"/>	Fiscal period-end <input type="text"/>
If <b>no</b> , give the start and end dates of the current fiscal period of the partnership.	Current fiscal period	Fiscal period-start <input type="text"/>	Fiscal period-end <input type="text"/>
Select the box that corresponds to the first year for which the filing corporation was eligible for transitional relief (transitional reserve).	2011	2012	2013

If the current fiscal period of the partnership shown in Part 1 is the fiscal period that ends in the corporation's taxation year, instead of the fiscal period that starts in the corporation's taxation year and that ends after the end of that same taxation year, the number of days in the stub period will be calculated incorrectly. Ensure that the appropriate current fiscal period is entered in Part 1 in order for the correct calculation to be performed in Part 3, which relates to the Adjusted Stub Period Accrual.

## Schedule 32, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (S32) – Calculations of lines 429a and 429b

### QUESTION

How can I ensure to correctly calculate the amount at lines 429a and 429b of Schedule 32 if the corporation is eligible for the Ontario innovation tax credit and the Ontario research and development tax credit?

### ANSWER

Here are the steps to follow to ensure to correctly calculate the amount at lines 429a and 429b of Schedule 32:

**Step 1:** Complete Schedule 32.

**Step 2:** Complete Schedule 508, *Ontario Research and Development Tax Credit (S508)*, but don't enter any amount at line 105 of the schedule.

**Step 3:** Complete Schedule 566, *Ontario Innovation Tax Credit (S566)*, but don't enter any amount at line *Government assistance, non-government assistance or a contract payment in respect of eligible expenditures* of Schedule A located at the bottom of the schedule.

**Step 4:** Enter, at line 105 of Schedule 508, the government assistance, non-government assistance or a contract payment amount for eligible expenditures, but exclude the amounts for the Ontario Research and Development Tax Credit which are considered government assistance.

**Step 5:** Enter, at line 513 of Schedule 32, the government assistance attributable to the current expenditures and, at line 514, the government assistance attributable to the capital expenditures. For more details on the calculation that has to be done, please consult the SR&ED application policy 2005-02 available on the CRA Web site at the following address: <http://www.cra-arc.gc.ca/txcrdt/sred-rsde/clmng/ssstncndcntrctpymnts-eng.html>.

**Step 6:** Enter, in Schedule A of schedule 566, the government assistance, non-government assistance or a contract payment for eligible expenditures for the current expenditures and capital expenditures, but exclude the amounts for the Ontario Innovation Tax Credit, the Ontario Research and Development Tax Credit and the Ontario Business-Research Institute Tax Credit.

**Step 7:** Repeat steps 4, 5 and 6.

**Step 8:** Repeat step 7 until the results stay unchanged to the nearest dollar.

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### **T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (S32) – Part 2 – Project information (S60P2#01)**

#### **QUESTION**

Why doesn't *Cantax* respect the maximum word limitation for the fields 242, 244 and 246 as mentioned on the CRA Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*?

#### **ANSWER**

A limited number of words for fields 242, 244 and 246 is specified on the CRA Form T661; however, the CRA requires that software developers meet the following requirements instead:

fields 242 and 246 must contain a maximum of 50 lines and field 244 must contain a maximum of 100 lines. Note that the CRA also requires that each line contain a maximum of 78 characters.

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### **GIFI Notes Checklist – Parts 1 and 4 (GIFI 141)**

#### **QUESTION**

What are the requirements to meet when completing Parts 1 and 4 of the GIFI Schedule 141?

#### **ANSWER**

If the person that prepares the tax return **is also** the person that prepared or reported the financial statements, he must complete Parts 1 and 4 (lines 101 to 108).

If the person that prepares the tax return **is not** the person that prepared or reported the financial statements, he must complete Parts 1 and 4 (lines 101 to 108).

**Ontario****Schedules 546-547, Corporations Information Act Annual Return for Ontario Corporations (S546 and S547) – Diagnostics Error 5460003 and Error 5470002****QUESTION**

How can I remove diagnostics Error 5460003 and Error 5470002?

**ANSWER**

The CRA requires that software developers issue diagnostics when certain lines that should contain information are not completed. The diagnostics Error 5460003 and Error 5470002 are part of these diagnostics.

To remove the diagnostic Error 5460003, complete lines 220, 250 and 270 in Part 2 of Schedule 546 and if the country name on line 270 is Canada or United States of America, complete lines 260 and 280.

To remove the diagnostic Error 5470002, complete lines 700, 705, 730, 760 and 780 in Part 7 of Schedule 547 and if the country name on line 780 is Canada or United States of America, complete lines 770 and 790.

Furthermore, if they are applicable, complete lines 795 and 796; otherwise complete one of lines 801 to 912.