Corporate Taxprep®

Troubleshooting

Corporate Taxprep 2015

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 2015-x\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 2015-x\Filter and Diagnostics**.

Download all templates

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of April 17, 2016	Schedule 305, Newfoundland and Labrador Capital Tax on Financial Institutions (Jump Code: 305) – Increase in the capital tax rate of financial institutions for taxation years ending after December 31, 2015	Version 2015 2.2	Version 2016 1.0	T22015-021

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of April 17, 2016	Schedule 300, Newfoundland and Labrador Manufacturing and Processing Profits Tax Credit (Jump Code: 300) – Elimination of the tax credit on January 1, 2016.	Version 2015 2.2	Version 2016 1.0	T22015-020
Week of April 17, 2016	Schedule 307, Newfoundland and Labrador Corporation Tax Calculation (Jump Code: 307) – Increase in the higher rate of tax for taxation years ending after December 31, 2015	Version 2015 2.2	Version 2016 1.0	T22015-019
Week of April 10, 2016	Schedule 8, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART) – Asset codes missing for classes 43.1 and 43.2	Version 2015 2.2	Version 2016 1.0	T22015-018
Week of April 3, 2016	Schedule 366, New Brunswick Corporation Tax Calculation (Jump Code: 366) – Reduction in the lower rate of tax for taxation years ending after March 31, 2016	Version 2015 2.2	Version 2016 1.0	T22015-017
Week of March 20, 2016	Calculation of the Small Business Deduction (SBD) – New measures announced in the 2016 Federal Budget	Version 2015 2.2	Version 2016 1.0	T22015-016
Week of March 20, 2016	Schedule 200, T2 Corporation Income Tax Return (Jump Code: J) – New tax on taxable income from a personal services business	Version 2015 2.2	Version 2016 1.0	T22015-015
Week of March 20, 2016	COZ-1179, Logging Operations Return (Jump Code: 1179) – Incorrect calculation of the income threshold when the corporation's taxation year begins after March 17, 2016	Version 2015 2.2	Version 2016 1.0	T22015-14

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of March 20, 2016	CO-1029.8.36.EM, Tax Credit Relating to Resources (Jump Code: 1029836EM) – Incorrect rate of the tax credit for eligible exploration expenses related to mining incurred in the Near North or Far North Regions after March 17, 2016	Version 2015 2.2	Version 2016 1.0	T22015-13
Week of February 28, 2016	CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1) – Amount on line 14 incorrect when it comes from Form CO-17S.2 (Jump Code: Q2) and the corporation made eligible donations of food products that give entitlement to a 50% raise in the eligible donation amount	Version 2015 2.2	Version 2016 1.0	T22015-012
Week of February 21, 2016 (Note updated the week of March 13, 2016)	Sch. 423 - BC T1197, British Columbia Production Services Tax credit (Jump Code: 1197) - Possible error in calculating the regional production services tax credit and the distant location production services tax credit for animation productions that started principal photography after June 26, 2015	Version 2015 2.2	Version 2016 1.0	T22015-011
Week of February 21, 2016 (Note updated the week of March 13, 2016)	Sch. 422 - BC T1196, British Columbia Film and Television Tax Credit (Jump Code: 1196) - Incorrect calculation of the regional tax credit and the distant location regional tax credit for animation productions that started key animation after June 26, 2015	Version 2015 2.2	Version 2016 1.0	T22015-010
Week of January 24, 2016	CO-1029.8.36.IN, Tax Credit for Investment (Jump Code: 1029836IN) – Incorrect calculation on line 31a in certain circumstances and incorrect text of four diagnostics	Version 2015 2.1	Version 2015 2.2	T22015-009

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of December 6, 2015	Incorrect change in the date and time of a client file	Version 2015 2.0	Version 2015 2.1	T22015-008
Week of August 31, 2015	Schedule 384, Manitoba Co-op Education and Apprenticeship Tax Credit (Jump Code: 384) - Diagnostic R3840005 and eligibility of the return for EFILE	Version 2015 1.1	Version 2015 2.0	T22015-007
Week of July 6, 2015	Alberta Loss Carry-Back Application (Jump code: A10) – Transmission error when a zip code or foreign postal code is entered in field 068	Version 2015 1.1	Version 2015 2.0	T22015-006
Week of June 29, 2015	AT1, Alberta Corporate Income Tax Return (Jump Code: AT1) – Increase in the basic tax rate and increase in the small business deduction rate for taxation years ending after June 30, 2015	Version 2015 1.1	Version 2015 2.0	T22015-005
Week of June 7, 2015	Schedule 558, Ontario Production Services Tax Credit (Jump Code: 558) - Transitional amendment relating to the rate applicable to qualifying production expenditures incurred after April 23, 2015	Version 2015 1.1	Version 2015 2.0	T22015-004
Week of June 7, 2015	Schedule 554, Ontario Computer Animation and Special Effects Tax Credit (Jump Code: 554) - Transitional amendment relating to the rate applicable to qualifying labour expenditures incurred after April 23, 2015	Version 2015 1.1	Version 2015 2.0	T22015-003
Week of May 24, 2015	Federal Tax Instalments (Jump Code: IFED) -Instalment method not specified when a preparer profile is used and a client file is created or rolled forward	Version 2015 1.1	Version 2015 2.0	T22015-002

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of May 17, 2015	Electronic transmission of returns to the federal, Québec and Alberta governments	Version 2015 1.0	Version 2015 1.1	T22015-001

Federal

Troubleshooting memo T22015-018

Schedule 8, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART) – Asset codes missing for classes 43.1 and 43.2

Download the client filter and diagnostic template

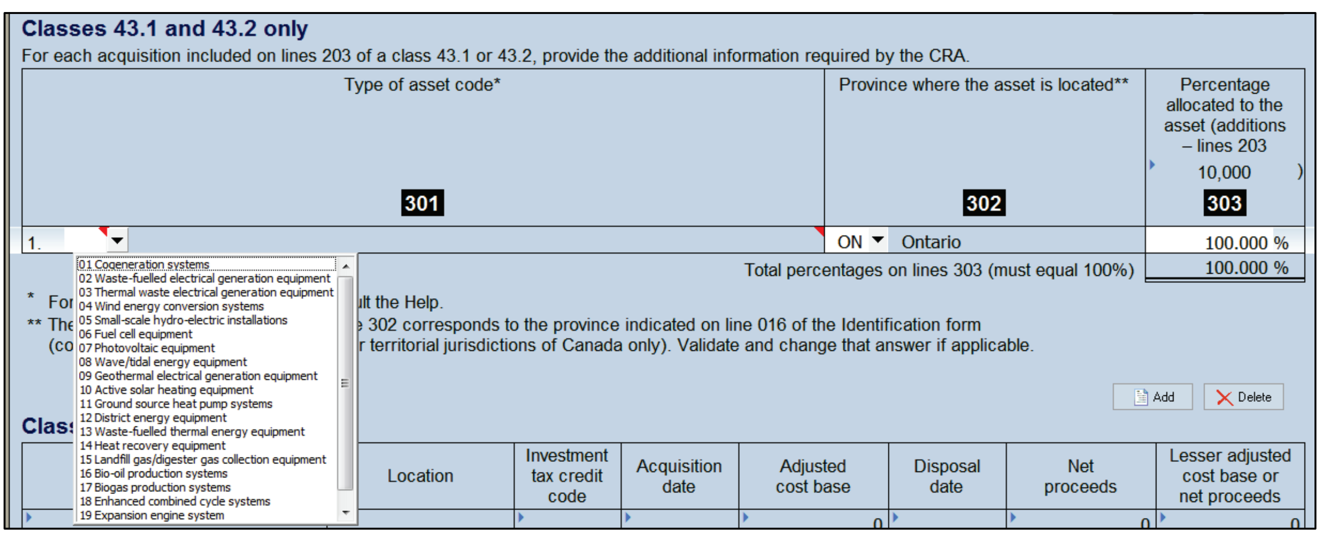
Problem:

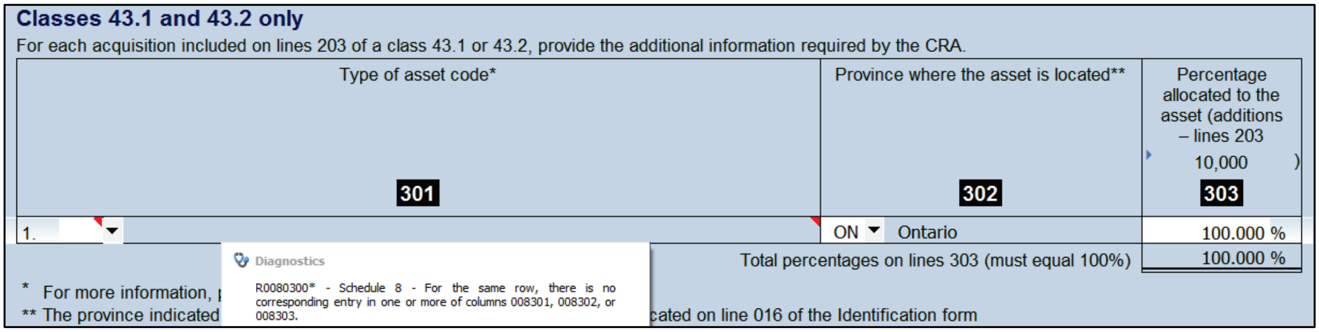
As a result of the tabling of the Federal Budget on March 22, 2016, two new property types can now be included in classes 43.1 and 43.2, and therefore be subject to an accelerated CCA deduction. It consists of the following property:

- electric vehicle charging stations (classification depends on the number of kilowatts supplied by the stations)
- electrical energy storage equipment (classification depends on the energy source)

This measure applies in respect of property acquired for use on or after March 22, 2016, and that has not been used or acquired for use before that date.

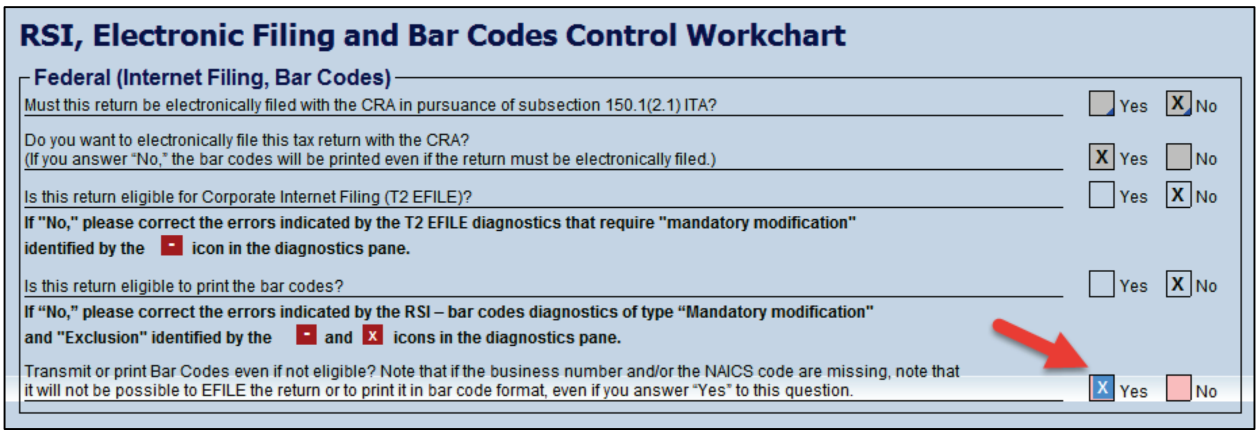
Currently, in *Corporate Taxprep*, no type of asset code that can be entered on line 301 of Schedule 8 WORKCHART corresponds to these new property types and, when line 301 is empty, the error message R0080300* prevents the electronic transmission of the return or the printing of the bar codes.





Solution:

In this specific case, complete lines 302 and 303 and leave line 301 empty. Then, in Form *RSI, Electronic Filing and Bar Codes Control Workchart* (Jump Code: **RSI-EFILE-BAR CODES**), answer “Yes” to the question *Transmit or print Bar Codes even if not eligible?* using an override.



You will then be able to transmit the return electronically or print the bar codes and not take the error message R0080300* into account.

The codes of the new property types that can be included in classes 43.1 and 43.2 will be integrated in *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015–016

Calculation of the Small Business Deduction (SBD) - New measures announced in the 2016 Federal Budget

Problem:

As part of the Federal Budget tabled on March 22, 2016, measures have been introduced to “address concerns about partnership and corporate structures that multiply access to the small business deduction.” Several items of the SDB calculation will be modified for taxation years **starting after March 21, 2016**.

For more details on the announced changes, consult the document *Tax Measures: Supplementary information*, available at the following address: http://www.budget.gc.ca/2016/docs/tm-mf/tax-measures-mesures-fiscales-2016-en.pdf.

Solution:

Because the announced changes should not affect returns prepared with versions 2.0 to 2.2 of *Corporate Taxprep* 2015, no specific solution will be provided to you with respect to those changes. However, the above-mentioned measures will be integrated into *Corporate Taxprep* 2016 v.1.0.

Corporate Taxprep 2016 v.1.0 is scheduled to be released in mid-May.

Troubleshooting memo T22015-015

Schedule 200, T2 Corporation Income Tax Return (Jump Code: J) – New tax on taxable income from a personal services business

Download the client filter and diagnostic template

Problem:

As a result of the tabling of the Federal Budget on March 22, 2016, the taxable income for the year from a personal services business is now taxable at an additionnel rate of 5% for taxation years ending after December 31, 2015. When the taxation year starts before January 1, 2016, and ends after December 31, 2015, this rate should be prorated based on the number of days in the taxation year that are after December 31, 2015.

Solution:

To calculate this new tax, proceed as follows:

1. Do the following calculation.

$$\text{Taxable income for the year from a personal services business} \times 5\% \times \frac{\text{Number of days in the taxation year that are after 2015}}{\text{Number of days in the taxation year}}$$

2. Add the result obtained at step 1 to the amount on line 550, then enter the total on line 550, using an override.

<u>Example:</u>

Do the following calculation for a corporation that has a taxation year starting on April 1, 2015, and ending on March 31, 2016, and whose taxable income for the year from a personal services business is $10,000.

$10,000 X (5% X (91 days/366 days)) = $124

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % . . .	550	3,924	A
Recapture of investment tax credit from Schedule 31	602	0	B

This measure will be integrated into *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015-002

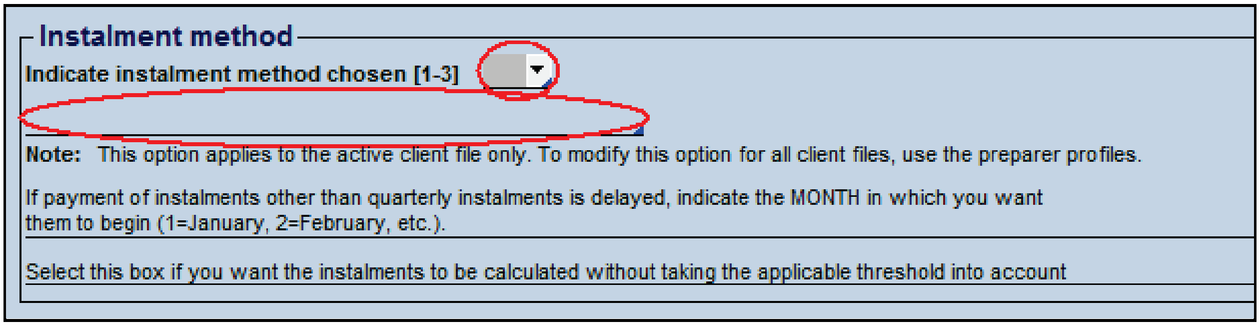
Federal Tax Instalments (Jump Code: IFED) - Instalment method not specified when a preparer profile is used and a client file is created or rolled forward

Download the client filter and diagnostic template

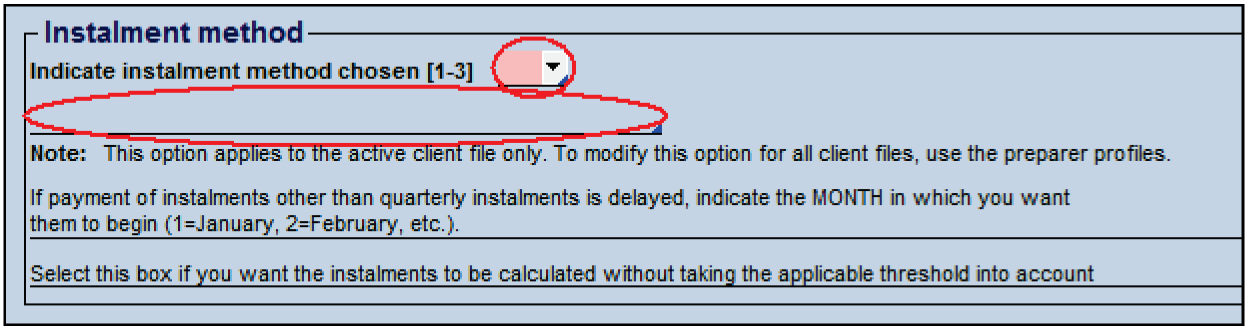
Problem:

As a result of the creation of a new client file or when rolling forward a client file prepared with a prior version of *Corporate Taxprep*, the line *Indicate instalment method chosen [1-3]* is not completed automatically in certain situations when a preparer profile is used.

- Situation where a new client file is created and where a preparer profile in which the line *Instalment method to be applied by default* is not completed is used:

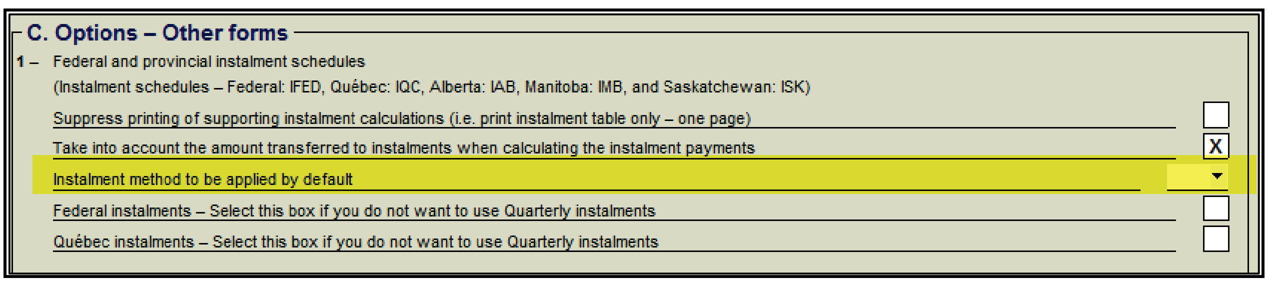


- Other situations:



Solution:

Do not enter any data on the line *Instalment method to be applied by default* at point 1 of Section C, “Options – Other forms,” in the **Profile** tab of the preparer profile used.



Enter the chosen instalment method directly in Form *Federal Tax instalment*.

This problem will be corrected in *Corporate Taxprep* 2015 v.2.0.

Ontario

Troubleshooting memo T22015-004

Schedule 558, Ontario Production Services Tax Credit (Jump Code: 558) - Transitional amendment relating to the rate applicable to qualifying production expenditures incurred after April 23, 2015

Download the client filter and diagnostic template

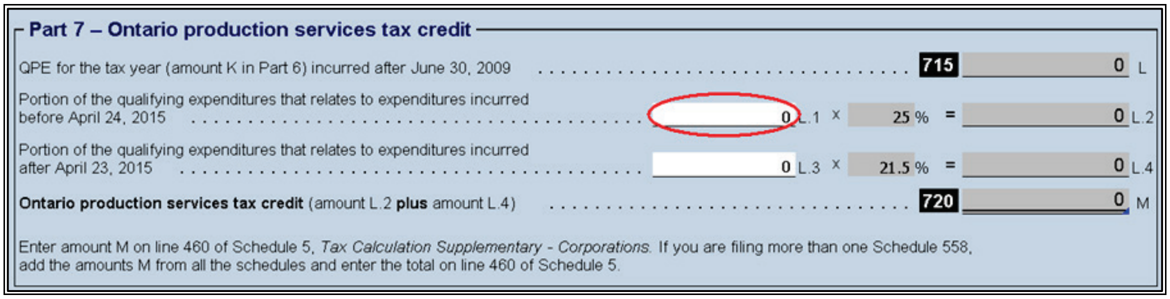
Problem:

In Ontario’s Bill 91, which received Royal Assent on June 4, 2015, a transitional amendment has been introduced with respect to the rate applicable to qualifying production expenditures giving rise to the credit. The rate of the credit remains 25% when the qualifying production expenditures have been incurred before April 24, 2015, and 21.5% when the qualifying production expenditures have been incurred after April 23, 2015. However, under the transitional amendment, the corporation can benefit from the 25% rate for expenditures incurred after April 23, 2015, but before August 1, 2016, with regards to an qualifying production if the criteria listed in subsection 13(2.1) of Schedule 40 of Bill 91 are complied with.

For more information on this transitional amendment, consult Ontario's Bill 91 at the following address: http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=3295&detailPage=bills_detail_the_bill.

Solution:

Add the expenditures incurred after April 23, 2015, but before August 1, 2016, on line L.1 if the criteria listed in subsection 13(2.1) of Schedule 40 of Ontario's Bill 91 are complied with. The expenditures incurred after April 23, 2015, for which these criteria are not complied with must be entered on line L.3. This new measure came into force on April 24, 2015.



Part 7 – Ontario production services tax credit

QPE for the tax year (amount K in Part 6) incurred after June 30, 2009				715	0 L
Portion of the qualifying expenditures that relates to expenditures incurred before April 24, 2015	0 L.1	x	25 %	=	0 L.2
Portion of the qualifying expenditures that relates to expenditures incurred after April 23, 2015	0 L.3	x	21.5 %	=	0 L.4
Ontario production services tax credit (amount L.2 **plus** amount L.4)				720	0 M

Enter amount M on line 460 of Schedule 5, *Tax Calculation Supplementary - Corporations*. If you are filing more than one Schedule 558, add the amounts M from all the schedules and enter the total on line 460 of Schedule 5.

This transitional amendment will be integrated into *Corporate Taxprep* 2015 v.2.0.

Troubleshooting memo T22015-003

Schedule 554, Ontario Computer Animation and Special Effects Tax Credit (Jump Code: 554) – Transitional amendment relating to the rate applicable to qualifying labour expenditures incurred after April 23, 2015

Download the client filter and diagnostic template

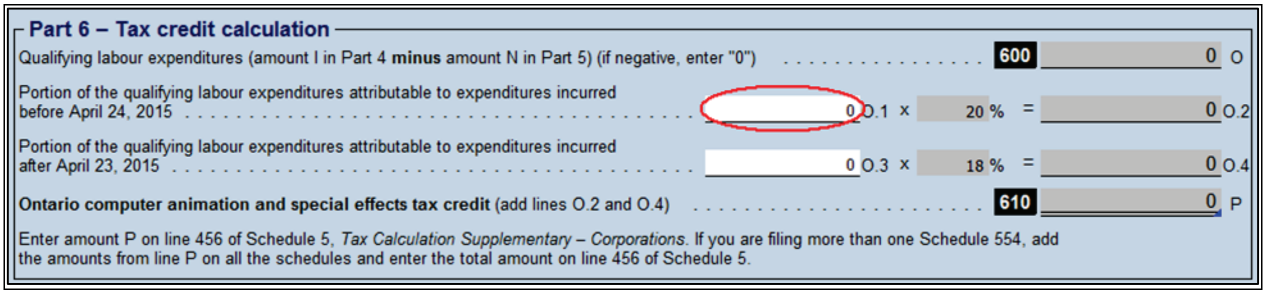
Problem:

In Ontario's Bill 91, which received Royal Assent on June 4, 2015, a transitional amendment has been introduced with respect to the rate applicable to qualifying labour expenditures giving rise to the credit. The rate of the credit remains 20% when the qualifying labour expenditures have been incurred before April 24, 2015, and 18% when the qualifying labour expenditures have been incurred after April 23, 2015. However, under the transitional amendment, the corporation can benefit from the 20% rate for expenditures incurred after April 23, 2015, but before August 1, 2016, with regards to an qualifying production if the criteria listed in subsection 12(2.1) of Schedule 40 of Bill 91 are complied with.

For more information on this transitional amendment, consult Ontario's Bill 91 at the following address: http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=3295&detailPage=bills_detail_the_bill

Solution:

Add the expenditures incurred after April 23, 2015, but before August 1, 2016, on line O.1 if the criteria listed in subsection 12(2.1) of Schedule 40 of Ontario's Bill 91 are complied with. The expenditures incurred after April 23, 2015, for which these criteria are not complied with must be entered on line O.3. This new measure came into force on April 24, 2015.



Part 6 – Tax credit calculation

Qualifying labour expenditures (amount I in Part 4 **minus** amount N in Part 5) (if negative, enter "0")				600	0	O
Portion of the qualifying labour expenditures attributable to expenditures incurred before April 24, 2015	0	O.1 ×	20 %	=	0	O.2
Portion of the qualifying labour expenditures attributable to expenditures incurred after April 23, 2015	0	O.3 ×	18 %	=	0	O.4
Ontario computer animation and special effects tax credit (add lines O.2 and O.4)				610	0	P

Enter amount P on line 456 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 554, add the amounts from line P on all the schedules and enter the total amount on line 456 of Schedule 5.

This transitional amendment will be integrated into *Corporate Taxprep* 2015 v.2.0.

Quebec

Troubleshooting memo T22015-014

COZ-1179, Logging Operations Return (Jump Code: 1179) - Incorrect calculation of the income threshold when the corporation's taxation year begins after March 17, 2016

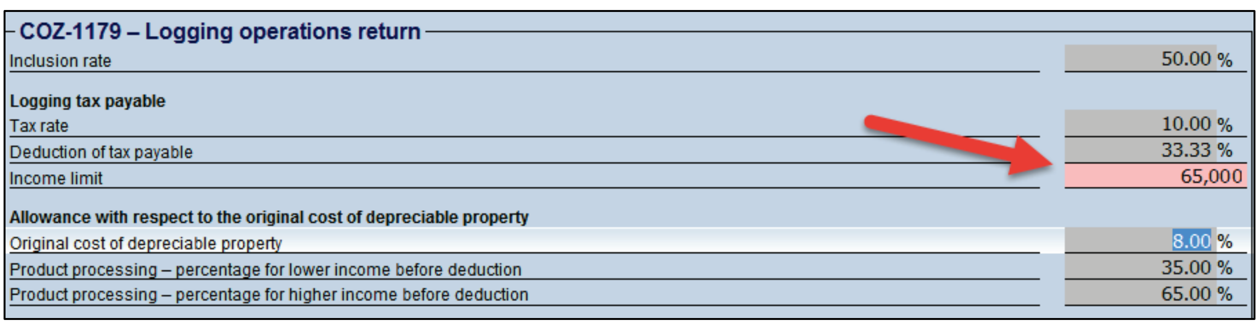
Download the client filter and diagnostic template

Problem:

As a result of the tabling of the 2016-2017 Québec Budget on March 17, 2016, the exemption threshold relating to income tax on logging operations will be increased from $10,000 to $65,000. This modification to the tax legislation will apply to taxation years beginning the day after the budget speech. Currently, *Corporate Taxprep* only uses the $10,000 exemption threshold.

Solution :

To use the correct exemption threshold to calculate the amount on line 73 in Section 5 of Form COZ-1179, override the field "Income limit" to $65,000 in Section "COZ-1179 – Logging operations return" of the *Table of Rates and Values Used in the Provincial Returns* (Jump Code: **RTS PROV**).



COZ-1179 – Logging operations return

Inclusion rate	50.00 %
Logging tax payable	
Tax rate	10.00 %
Deduction of tax payable	33.33 %
Income limit	65,000
Allowance with respect to the original cost of depreciable property	
Original cost of depreciable property	8.00 %
Product processing – percentage for lower income before deduction	35.00 %
Product processing – percentage for higher income before deduction	65.00 %

This measure will be integrated in *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015-013

CO-1029.8.36.EM, Tax Credit Relating to Resources (Jump Code: 1029836EM) - Incorrect rate of the tax credit for eligible exploration expenses related to mining incurred in the Near North or Far North Regions after March 17, 2016

Download the client filter and diagnostic template

Problem:

As a result of the tabling of the 2016-2017 Québec Budget on March 17, 2016, the rates used to calculate the refundable tax credit for resources in respect of eligible expenses relating to mining resources incurred after March 17, 2016, in the Near North or Far North of Québec will be increased from 31% to 38.75% for qualified corporations that do not operate any mineral resource or oil or gas well, and from 15% to 18.75% for other qualified corporations. However, in *Corporate Taxprep*, the rates applicable to these expenses are 31% and 15% respectively.

Solution:

In order to correctly calculate the tax credit, complete a separate copy of Form CO-1029.8.36.EM for eligible expenses relating to mining resources incurred after March 17, 2016, in the Near North or Far North of Québec and override to 38.75%, line 74 of column A in Part 4.1.1 or to 18.75%, line 79 of column A in Part 4.1.2, depending on the type of qualified corporation concerned.

4.1.1 Tax credit for a corporation or partnership whose operation of a mineral resource or an oil or gas well is not carried out in reasonable commercial quantities and that is not a member of an associated group having a member whose operation of a mineral resource or an oil or gas well is carried out in reasonable commercial quantities[23]

			A Near North and Far North	B Elsewhere in Québec	
Enter amount A.1 or amount H.1 in column A and amount A.2 or amount H.2 in column B, if applicable.		71	100,000	0	
Applicable rate. If you checked box • 05g, enter 38.75% in column A or 35% in column B; or • 05h, enter 31% in column A or 28% in column B.	x	74	38.75 %	28 %	
Multiply line 71 by line 74 in each column.	=	74a	38,750	0	
Tax credit in respect of assistance repaid in the year and related to an expenditure made in a previous year[24]	+	74b	0	0	
Add lines 74a and 74b in each column and then add the results.	=	75	38,750 +	0 ▶	38,750

4.1.2 Tax credit for a corporation or partnership whose operation of a mineral resource or an oil or gas well is carried out in reasonable commercial quantities or that is a member of an associated group having a member who operates such a corporation[25]

			A Near North and Far North	B Elsewhere in Québec	
Enter amount B.1 or amount H.3 in column A and amount B.2 or amount H.4 in column B, if applicable.		76	100,000	0	
Applicable rate. If you checked box • 05g, enter 18.75% in column A or 15% in column B; or • 05h, enter 15% in column A or 12% in column B.	x	79	18.75 %	12 %	
Multiply line 76 by line 79 in each column.	=	79a	18,750	0	
Tax credit in respect of assistance repaid in the year and related to an expenditure made in a previous year[26]	+	79b	0	0	
Add lines 79a and 79b in each column and then add the results.	=	80	18,750 +	0 ▶	18,750

This problem will be corrected to *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015-012

CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1) – Amount on line 14 incorrect when it comes from Form CO-17S.2 (Jump Code: Q2) and the corporation made eligible donations of food products that give entitlement to a 50% raise in the eligible donation amount

Download the client filter and diagnostic template

Problem:

When a box **Québec only - Donations of food products by farming business that give entitlement to a 50% raise** is selected in Part 1 of Schedule 2 (Jump Code: **2**) and the box of the column **Total donations and gifts (CO-17S.2)** used to calculate line 14 of Form CO-17.A.1 is also selected, the amount indicated by *Taxprep* on line 14 takes into account the 50% raise used for purposes of calculating the deduction for the donation of food products, which is incorrect.

Schedule 2

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)	Québec only Donations of food products by farming business that give entitlement to a 50% raise*
Charity #1	20,000	X
Charity #2	1,000	
	0	
Subtotal	21,000	
Add: Total donations of less than $100 each	0	
Total donations in current tax year	21,000	

* For more information, press F1 to consult the Help.

Form CO-17.A.1

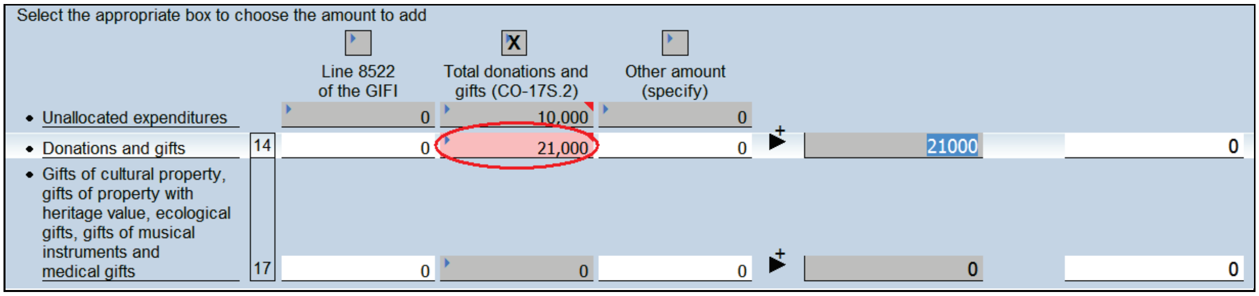
Select the appropriate box to choose the amount to add

		Line 8522 of the GIFI [ ]	Total donations and gifts (CO-17S.2) [X]	Other amount (specify) [ ]			
• Unallocated expenditures		0	0	0			
• Donations and gifts	14	0	31,000	0	+	31000	0
• Gifts of cultural property, gifts of property with heritage value, ecological gifts, gifts of musical instruments and medical gifts	17	0	0	0	+	0	0

Solution:

Manually calculate the total amount of donations for the current taxation year of Form CO-17S.2 by not taking into account the 50% raise on donations of food products giving entitlement to this raise, then enter the result, using an override, in the field of line 14 included in the column **Total of donations and gifts (CO-17S.2)** of Form CO-17.A.1.

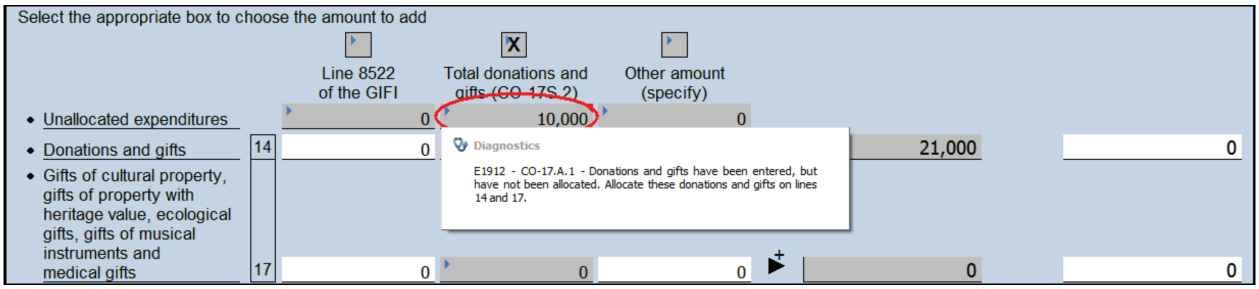
Form CO-17.A.1



Select the appropriate box to choose the amount to add

		Line 8522 of the GIFI	Total donations and gifts (CO-17S.2) [X]	Other amount (specify)			
• Unallocated expenditures		0	10,000	0			
• Donations and gifts	14	0	21,000	0	+	21000	0
• Gifts of cultural property, gifts of property with heritage value, ecological gifts, gifts of musical instruments and medical gifts	17	0	0	0	+	0	0

In addition, you can disregard diagnostic E1912, which displays to indicate that the amount on line *Unallocated expenditures* has not been entirely allocated.



Select the appropriate box to choose the amount to add

		Line 8522 of the GIFI	Total donations and gifts (CO-17S.2) [X]	Other amount (specify)			
• Unallocated expenditures		0	10,000	0			
• Donations and gifts	14	0				21,000	0
• Gifts of cultural property, gifts of property with heritage value, ecological gifts, gifts of musical instruments and medical gifts	17	0	0	0	+	0	0

Diagnostics

E1912 - CO-17.A.1 - Donations and gifts have been entered, but have not been allocated. Allocate these donations and gifts on lines 14 and 17.

This problem will be corrected in *Corporate Taxprep* 2016 v.1.0.

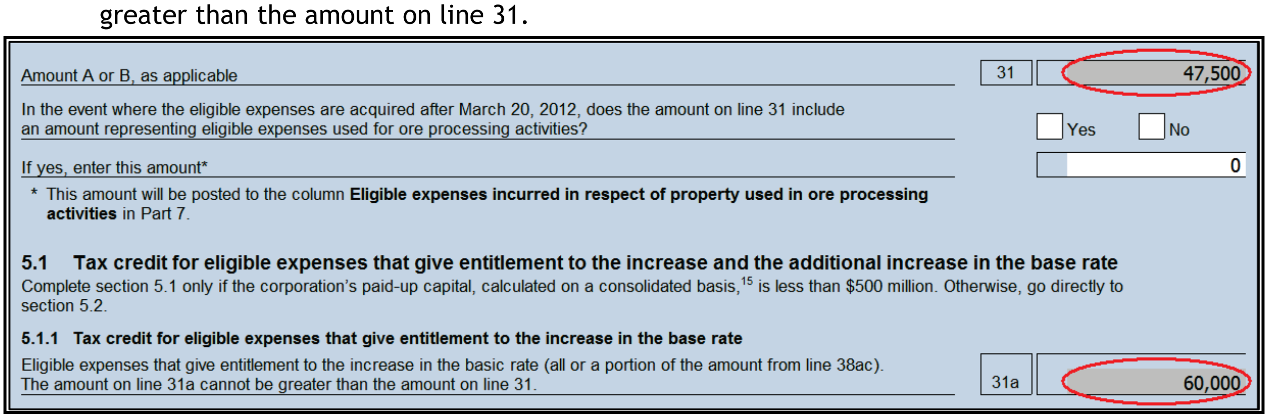
Troubleshooting memo T22015-009

CO-1029.8.36.IN, Tax Credit for Investment (Jump Code: 1029836IN) — Incorrect calculation on line 31a in certain circumstances and incorrect text of four diagnostics

Download the client filter and diagnostic template

Problems:

A. In cases where there is **only one copy** of the form and where one of the eligible property is subject to the exclusion threshold rules, if the total of lines 38ac and 38bA is greater than or equal to the applicable cumulative limit ($75,000,000 for a corporation that is not associated, or the amount on line 38ab for an associated corporation), the amount calculated on line 31a does not take into account the excluded expenses related to eligible property indicated on lines 19d and, as a result, is greater than the amount on line 31.



Amount A or B, as applicable — 31 — 47,500

In the event where the eligible expenses are acquired after March 20, 2012, does the amount on line 31 include an amount representing eligible expenses used for ore processing activities? [ ] Yes [ ] No

If yes, enter this amount* — 0

* This amount will be posted to the column **Eligible expenses incurred in respect of property used in ore processing activities** in Part 7.

5.1 Tax credit for eligible expenses that give entitlement to the increase and the additional increase in the base rate

Complete section 5.1 only if the corporation's paid-up capital, calculated on a consolidated basis,[15] is less than $500 million. Otherwise, go directly to section 5.2.

5.1.1 Tax credit for eligible expenses that give entitlement to the increase in the base rate

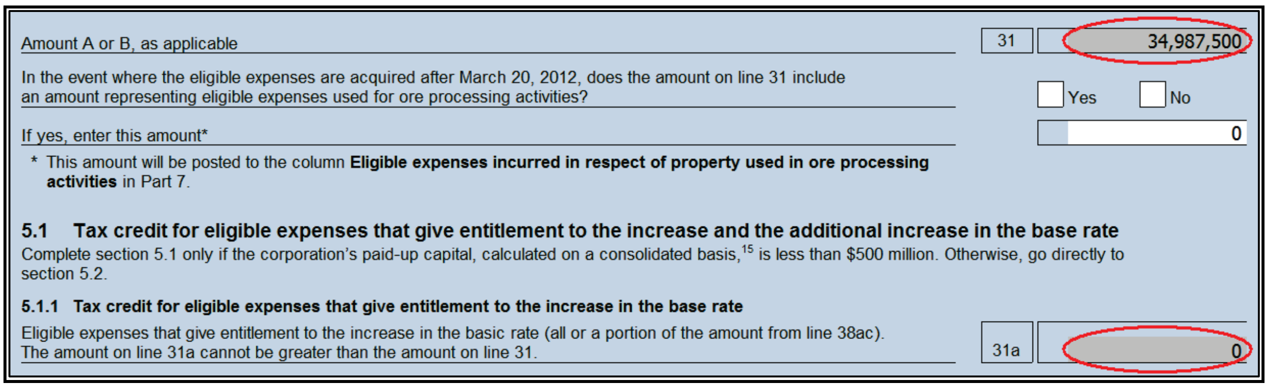
Eligible expenses that give entitlement to the increase in the basic rate (all or a portion of the amount from line 38ac). The amount on line 31a cannot be greater than the amount on line 31. — 31a — 60,000

This problem also affects the calculation on line 31a:

a) When the corporation claims the credit for eligible expenses incurred by a partnership or an interposed partnership of which it is a member, if an amount is entered on line 38cB and the amount on line 38jbB is greater than the amount on line 38ac, the amount calculated on line 31a does not take into account the excluded expenses related to eligible property indicated on lines 19d;

b) When the corporation claims the credit for eligible expenses that it incurred under a joint venture of which it is a member, if an amount is entered on line 38cC and the amount calculated on line 38jbC is greater than the amount on line 38ac, the amount calculated on line 31a does not take into account the excluded expenses related to eligible property indicated on lines 19d.

B. In cases where there are **more than one copy** of the form, when the amount on line 38ac is less than or equal to the applicable cumulative limit ($75,000,000 for a corporation that is not associated, or the amount on line 38ab for an associated corporation) and line 38ah is empty, the amount calculated on line 31a is $0 in certain cases, which is incorrect.


Amount A or B, as applicable 31 34,987,500

In the event where the eligible expenses are acquired after March 20, 2012, does the amount on line 31 include an amount representing eligible expenses used for ore processing activities? Yes No

If yes, enter this amount* 0

* This amount will be posted to the column **Eligible expenses incurred in respect of property used in ore processing activities** in Part 7.

5.1 Tax credit for eligible expenses that give entitlement to the increase and the additional increase in the base rate

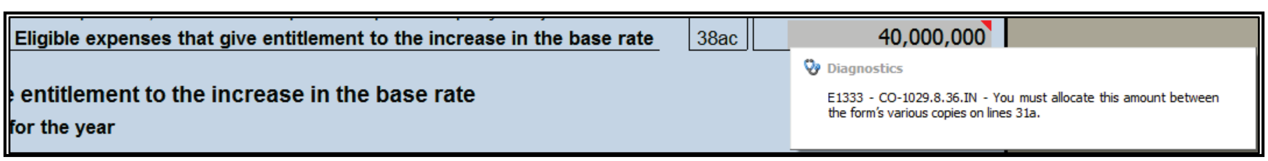
Complete section 5.1 only if the corporation's paid-up capital, calculated on a consolidated basis,[15] is less than $500 million. Otherwise, go directly to section 5.2.

5.1.1 Tax credit for eligible expenses that give entitlement to the increase in the base rate

Eligible expenses that give entitlement to the increase in the basic rate (all or a portion of the amount from line 38ac). The amount on line 31a cannot be greater than the amount on line 31. 31a 0

C. Incorrect text of four diagnostics

a. The text of diagnostics E1333 and E1334, which indicates that the amounts on lines 38ac and 38ah must be allocated respectively to lines 31a and 36c of the different copies of the form, should mention that the excluded expenses under the exclusion threshold rules should be taken into account to make this allocation.

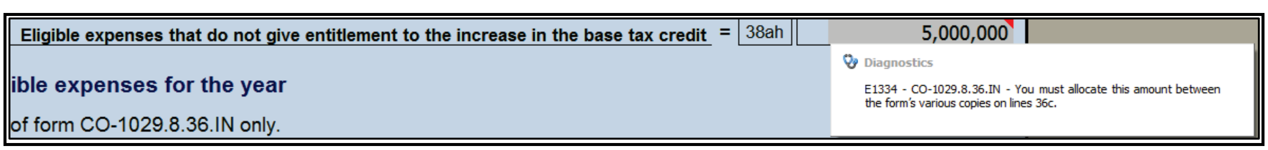

Eligible expenses that give entitlement to the increase in the base rate 38ac 40,000,000

entitlement to the increase in the base rate

for the year

Diagnostics

E1333 - CO-1029.8.36.IN - You must allocate this amount between the form's various copies on lines 31a.


Eligible expenses that do not give entitlement to the increase in the base tax credit = 38ah 5,000,000

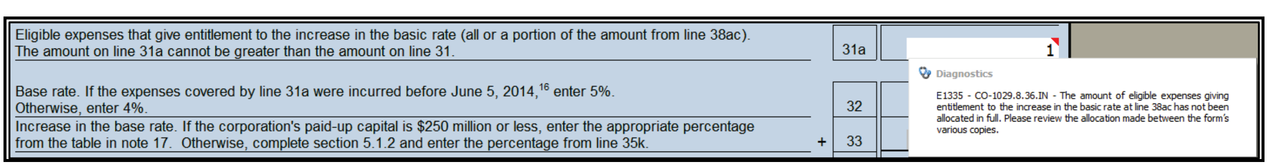
ible expenses for the year

of form CO-1029.8.36.IN only.

Diagnostics

E1334 - CO-1029.8.36.IN - You must allocate this amount between the form's various copies on lines 36c.

b. The text of diagnostics E1335 and E1336, which indicates that the amounts on lines 38ac and 38ah must be entirely allocated among the different copies of the form, should mention that the excluded expenses under the exclusion threshold rules should be taken into account to make this allocation.


Eligible expenses that give entitlement to the increase in the basic rate (all or a portion of the amount from line 38ac). The amount on line 31a cannot be greater than the amount on line 31. 31a 1

Base rate. If the expenses covered by line 31a were incurred before June 5, 2014,[16] enter 5%. Otherwise, enter 4%. 32

Increase in the base rate. If the corporation's paid-up capital is $250 million or less, enter the appropriate percentage from the table in note 17. Otherwise, complete section 5.1.2 and enter the percentage from line 35k. + 33

Diagnostics

E1335 - CO-1029.8.36.IN - The amount of eligible expenses giving entitlement to the increase in the basic rate at line 38ac has not been allocated in full. Please review the allocation made between the form's various copies.

Eligible expenses that do not give entitlement to the increase in the base rate		36c	1
Base rate. If the eligible expenses covered by line 36c have been incurred before June 5, 2014,[21] enter 5%. Otherwise, enter 4%.	x	36d	
Multiply line 36c by line 36d. **Tax credit for eligible expenses that do not give entitlement to the increase in the base rate**	=	36e	C.1

Diagnostics

E1336 - CO-1029.8.36.IN - The amount of eligible expenses not giving entitlement to the increase in the basic rate at line 38ah has not been allocated in full. Please review the allocation made between the form's various copies.

Solutions:

A.

1) If line 38ah is empty, enter the amount from line 31 on line 31a, using an override.

Amount A or B, as applicable	31	47,500
In the event where the eligible expenses are acquired after March 20, 2012, does the amount on line 31 include an amount representing eligible expenses used for ore processing activities?		Yes No
If yes, enter this amount*		0

* This amount will be posted to the column **Eligible expenses incurred in respect of property used in ore processing activities** in Part 7.

5.1 Tax credit for eligible expenses that give entitlement to the increase and the additional increase in the base rate

Complete section 5.1 only if the corporation's paid-up capital, calculated on a consolidated basis,[15] is less than $500 million. Otherwise, go directly to section 5.2.

5.1.1 Tax credit for eligible expenses that give entitlement to the increase in the base rate

Eligible expenses that give entitlement to the increase in the basic rate (all or a portion of the amount from line 38ac). The amount on line 31a cannot be greater than the amount on line 31.	31a	47,500

2) If line 38ah is not empty, enter the difference between the amounts on line 31 and line 38ah on line 31a, using an override

Carry all or a portion of the amount from line 38ah to line 36c of each of the forms concerned that was completed for the year, according to the regions or RCMs to which the corporation decided to attribute the eligible expenses and depending on whether the corporation is claiming the tax credit as a corporation, a member of a partnership or as a party to member of a joint venture. **Eligible expenses that do not give entitlement to the increase in the base tax credit**	=	38ah	5,000

Amount A or B, as applicable	31	47,500
In the event where the eligible expenses are acquired after March 20, 2012, does the amount on line 31 include an amount representing eligible expenses used for ore processing activities?		Yes No
If yes, enter this amount*		0

* This amount will be posted to the column **Eligible expenses incurred in respect of property used in ore processing activities** in Part 7.

5.1 Tax credit for eligible expenses that give entitlement to the increase and the additional increase in the base rate

Complete section 5.1 only if the corporation's paid-up capital, calculated on a consolidated basis,[15] is less than $500 million. Otherwise, go directly to section 5.2.

5.1.1 Tax credit for eligible expenses that give entitlement to the increase in the base rate

Eligible expenses that give entitlement to the increase in the basic rate (all or a portion of the amount from line 38ac). The amount on line 31a cannot be greater than the amount on line 31.	31a	42,500

B. Enter the amount from line 31 on line 31a in all copies using an override

Amount A or B, as applicable	31	34,987,500
In the event where the eligible expenses are acquired after March 20, 2012, does the amount on line 31 include an amount representing eligible expenses used for ore processing activities?		Yes No
If yes, enter this amount*		0

* This amount will be posted to the column **Eligible expenses incurred in respect of property used in ore processing activities** in Part 7.

5.1 Tax credit for eligible expenses that give entitlement to the increase and the additional increase in the base rate

Complete section 5.1 only if the corporation's paid-up capital, calculated on a consolidated basis,[15] is less than $500 million. Otherwise, go directly to section 5.2.

5.1.1 Tax credit for eligible expenses that give entitlement to the increase in the base rate

Eligible expenses that give entitlement to the increase in the basic rate (all or a portion of the amount from line 38ac). The amount on line 31a cannot be greater than the amount on line 31.	31a	34,987,500

C. In allocating the amounts from lines 38ac and 38ah to lines 31a and 36c of the form, take into account the excluded expenses calculated on lines 19d of all eligible property. Note that when the allocation is made taking into account the excluded expenses, the diagnostics will not appear.

These problems will be corrected in *Corporate Taxprep* 2015 v.2.2.

Alberta

Troubleshooting memo T22015-006

Alberta Loss Carry-Back Application (Jump Code: A10) - Transmission error when a zip code or foreign postal code is entered in field 068

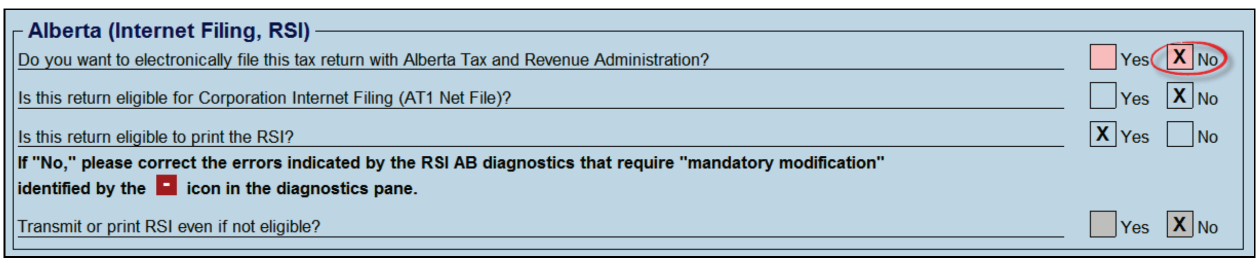
Download the client filter and diagnostic template

Problem:

Whenever Alberta Schedule 10 is applicable and the contact person in the "Applicant Identification" section resides outside Canada and a zip code or foreign postal code is entered on the 2nd line of field 068, the Alberta Netfile transmission will be rejected with the error code 10030, "This return contains duplicate line items. Please contact the developer of your software."

Solution:

In order to file the Alberta Corporate Income Tax Return in this situation, you must print and submit the RSI schedules. In the form *RSI, Electronic Filing and Bar Codes Control Workchart* (Jump code: **RSI-EFILE-BAR CODES**), ensure that the question *Do you want to electronically file this tax return with the Alberta Tax and Revenue Administration?* is answered **No** before printing the Alberta return.



Then print the Alberta RSI and send it to the following address:

Alberta Treasury Board and Finance
Tax and Revenue Administration
9811-109 ST
Edmonton AB T5K 2L5

This problem will be corrected in *Corporate Taxprep* 2015 v.2.0.

Troubleshooting memo T22015-005

AT1, Alberta Corporate Income Tax Return (Jump Code: AT1) – Increase in the basic tax rate and increase in the small business deduction rate for taxation years ending after June 30, 2015

Download the client filter and diagnostic template

Problem:

- Increase in the basic tax rate

In Bill 2, the Alberta government announced that the basic tax rate would be increased from 10% to 12% for taxation years that end after June 30, 2015. This affects all corporations that have an amount on line 068, *Basic Alberta Tax Payable:* of the *Alberta Corporate Income Tax Return* and that have a taxation year that ends after June 30, 2015.

- Increase in the small business deduction rate

In addition, in Bill 2, the Alberta government also announced that the small business deduction rate would be increased from 7% to 9% for taxation years that end after June 30, 2015. This affects all corporations that have an amount on line 070, *Alberta Small Business Deduction Schedule 1, line 031* of the *Alberta Corporate Income Tax Return* and that have a taxation year that ends after June 30, 2015.

Presently, *Corporate Taxprep* does not take these changes into account.

For more information on these two changes, consult section 1 of Alberta's Bill 2 at the following address: https://www.assembly.ab.ca/net/index.aspx?p=bills_status&selectbill=002&legl=29&session=1.

Solution:

- Increase in the basic tax rate

In order to use the correct tax rate to calculate line 068 of the *Alberta Corporate Income Tax Return*, in the *Table of Rates and Values Used in the Provincial Returns* (Jump Code: **RTS PROV**), use an override to enter the result of the following calculation in the field "2006-04-01" relating to the percentage for the taxation year in the "AT1-Alberta corporate income tax return" section:

$$\frac{\text{Number of days in the taxation year before July 1, 2015}}{\text{Number of days in the taxation year}} \text{ X } 10\% + \frac{\text{Number of days in the taxation year after June 30, 2015}}{\text{Number of days in the taxation year}} \text{ X } 12\%$$

Example:

The following calculation must be done for a corporation that has a taxation year from January 1, 2015, to December 31, 2015:

$$\frac{\text{181 days}}{\text{365 days}} \text{ X } 10\% + \frac{\text{184 days}}{\text{365 days}} \text{ X } 12\% = 11.0082\%$$

AT1 – Alberta corporate income tax return

Taxation year	Days in the taxation year	
2002-01-01	0	13.5000 %
2002-04-01	0	13.0000 %
2003-04-01	0	12.5000 %
2004-04-01	0	~~11.5000~~ %
2006-04-01	365	11.0082 %
Rate used for the calculations in Schedule A4		~~11.0082~~ %

Please note that this change will also update the rate used in column D of Alberta's Schedule 4 (Jump Code: **A4**).

- Increase in small business deduction rate

In order to use the correct tax rate for the small business deduction, from the "Calculation of the Alberta Small Business Deduction" table in Alberta's Schedule 1 (Jump Code: **A1**), proceed as follows:

1. Calculate the rate in column F (**SBD Rate**) using the following formula:

$$\frac{\text{Number of days in the taxation year before July 1, 2015}}{\text{Number of days in the taxation year}} \times 7\% + \frac{\text{Number of days in the taxation year after June 30, 2015}}{\text{Number of days in the taxation year}} \times 9\%$$

2. Calculate the amount on line 031 using the rate resulting from the calculation at step 1.

3. Override line 070 of the *Alberta Corporate Income Tax Return* with this amount.

Example:

The following calculation must be done for the rate in column F for a corporation that has a taxation year from January 1, 2015, to December 31, 2015:

$$\frac{181 \text{ days}}{365 \text{ days}} \times 7\% + \frac{184 \text{ days}}{365 \text{ days}} \times 9\% = 8.0082\%$$

Calculation of the Alberta Small Business Deduction

A Days in Taxation Year		B Percentage	C Alberta Small Business Threshold Line 015 X (B)	D Least of amounts: 007, 013 and C	E D X line 021*	F SBD Rate	G Alberta Small Business Deduction E X (A/Total A) X F
After March 31, 2006: & before April 1, 2007:	0	**200** %	400,000	300,000	300,000	**0.070**	0
After March 31, 2007: & before April 1, 2008:	0	**215** %	430,000	300,000	300,000	**0.070**	0
After March 31, 2008: & before April 1, 2009:	0	**230** %	460,000	300,000	300,000	**0.070**	0
After March 31, 2009:	365	**250** %	500,000	300,000	300,000	**0.070**	21,000
Total Days in the Taxation Year:	365						

* If the corporation only has a permanent establishment in Alberta, use "1" as the value for line 021 in the calculation of column E.

Alberta Small Business Deduction:
Total of column G 031 21,000
Enter this amount on AT1 page 2, line 070

Then, carry the result of the following calculation to line 070 of the *Alberta Corporate Income Tax Return*:

$300,000 X (365/365) X 8.0082% = $24,025

Basic Alberta Tax Payable: 11.008 % of amount on Line 066			068	33,024
Alberta Small Business Deduction Schedule 1, line 031	070	24,025		
Alberta Manufacturing and Processing Profits Deduction Schedule 11, line 023	071			
Alberta Foreign Investment Income Tax Credit Schedule 4, line 020	072	0		
Alberta Political Contributions Tax Credit Schedule 8, line 030	074	0		
Other Deductions: (specify and attach the appropriate schedules)	076	0		
Total (lines 070 + 071 + 072 + 074 + 076)			079	24,025
Alberta Tax Payable (lines 068 - line 079)			080	8,999

These measures will be integrated into *Corporate Taxprep* 2015 v.2.0.

British Columbia

Troubleshooting memo T22015-011

Sch. 423 - BC T1197, British Columbia Production Services Tax credit (Jump Code: 1197) – Possible error in calculating the regional production services tax credit and the distant location production services tax credit for animation productions that started principal photography after June 26, 2015

Download the client filter and diagnostic template

Problems:

British Columbia's Bill 10, which received Royal Assent on March 10, 2016, has been modified between the time it was tabled and the time it received Royal Assent: the definition of the accredited qualified BC labour expenditure (AQLE) has been once again modified. This definition no longer takes the AQLE into account for each of the preceding taxation years, unlike what was proposed in the bill which was tabled for first reading on February 2016.

Therefore, the definition of the AQLE for animation productions that started key animation after June 26, 2015, for purposes of calculating the regional tax credit and the calculation of the distant location regional tax credit is now the following:

A. For an animated production that started key animation after June 26, 2015, the AQLE (used to calculate the regional production services tax credit), is determined using the following formula:

AQLE (the corporation's accredited qualified BC labour expenditure for the taxation year in respect of the animation production) X

RLE (the corporation's accredited BC labour expenditure for the taxation year that is in respect of the animation production and in respect of services rendered in British Columbia outside of the designated Vancouver area)

divided by

TLE (the corporation's accredited BC labour expenditure for the taxation year in respect of the animation production)

Currently, *Corporate Taxprep* does not specify that the amount calculated on line 815 for animated episodic productions or that the amount to enter in the field "If the corporation is claiming the regional production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic production, please indicate the accredited qualified BC labour expenditure incurred outside the designated Vancouver area." in Part 7 must correspond to the result of the calculation at point A above.

B. For an animated production that started key animation after June 26, 2015, the AQLE (used to calculate the distant location production services tax credit), is determined using the following formula:

$$\textbf{AQLE}\text{ (the corporation's accredited qualified BC labour expenditure for the taxation year in respect of the animation production)} \times \frac{\textbf{DLLE}\text{ (the corporation's accredited BC labour expenditure for the taxation year that is in respect of the animation production and in respect of services rendered in a distant location)}}{\textbf{TLE}\text{ (the corporation's accredited BC labour expenditure for the taxation year in respect of the animation production)}}$$

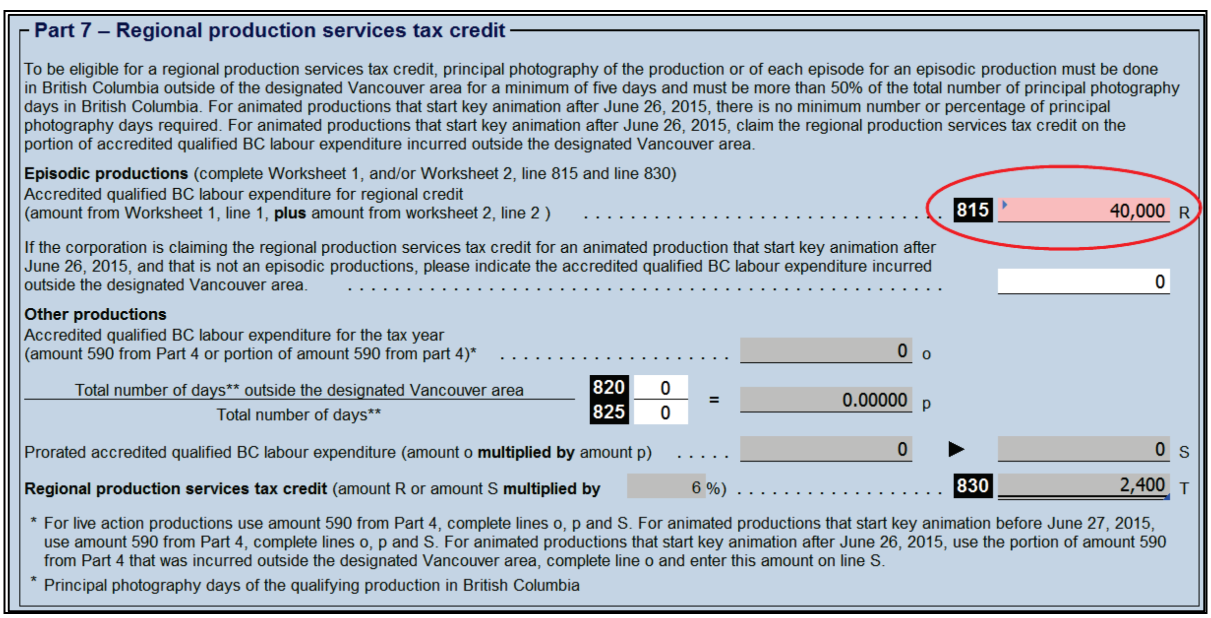
Currently, *Corporate Taxprep* does not specify that the amount calculated on line 835 or the amount to enter in the field "If the corporation is claiming the distant location production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic production, please indicate the accredited qualified BC labour expenditure in a distant location." in Part 8 must correspond to the result of the calculation at point B above.

Solutions:

A.

1) To correctly calculate the regional production services tax credit for episodic productions that started key animation after June 26, 2015, you have to manually calculate the accredited qualified labour expenditure using the formula at point A above. Then, enter the result on line 815 of Part 7, using an override.

   Note that this modification has to be made for all copies of the form affected by this problem.



Part 7 – Regional production services tax credit

To be eligible for a regional production services tax credit, principal photography of the production or of each episode for an episodic production must be done in British Columbia outside of the designated Vancouver area for a minimum of five days and must be more than 50% of the total number of principal photography days in British Columbia. For animated productions that start key animation after June 26, 2015, there is no minimum number or percentage of principal photography days required. For animated productions that start key animation after June 26, 2015, claim the regional production services tax credit on the portion of accredited qualified BC labour expenditure incurred outside the designated Vancouver area.

Episodic productions (complete Worksheet 1, and/or Worksheet 2, line 815 and line 830)
Accredited qualified BC labour expenditure for regional credit
(amount from Worksheet 1, line 1, **plus** amount from worksheet 2, line 2) . . . . 815 40,000 R

If the corporation is claiming the regional production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic productions, please indicate the accredited qualified BC labour expenditure incurred outside the designated Vancouver area. 0

Other productions
Accredited qualified BC labour expenditure for the tax year
(amount 590 from Part 4 or portion of amount 590 from part 4)* . . . . 0 o

Total number of days** outside the designated Vancouver area 820 0 / Total number of days** 825 0 = 0.00000 p

Prorated accredited qualified BC labour expenditure (amount o **multiplied by** amount p) . . . . . 0 ► 0 S

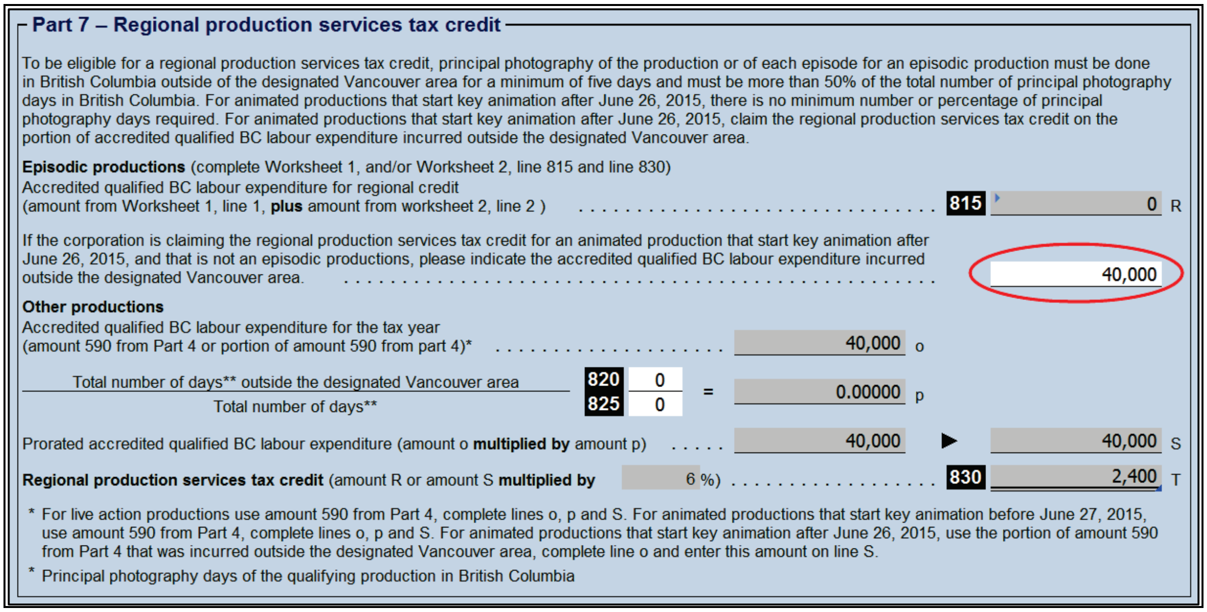
Regional production services tax credit (amount R or amount S **multiplied by** 6 %) . . . . 830 2,400 T

* For live action productions use amount 590 from Part 4, complete lines o, p and S. For animated productions that start key animation before June 27, 2015, use amount 590 from Part 4, complete lines o, p and S. For animated productions that start key animation after June 26, 2015, use the portion of amount 590 from Part 4 that was incurred outside the designated Vancouver area, complete line o and enter this amount on line S.

** Principal photography days of the qualifying production in British Columbia

2) To correctly calculate the regional production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic production, you have to manually calculate the accredited qualified labour expenditure using the formula at point A above. Then, enter the result in the field "If the corporation is claiming the regional production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic production, please indicate the accredited qualified BC labour expenditure incurred outside the designated Vancouver area." in Part 7.

Note that this modification has to be made for all copies of the form affected by this problem.



Part 7 – Regional production services tax credit

To be eligible for a regional production services tax credit, principal photography of the production or of each episode for an episodic production must be done in British Columbia outside of the designated Vancouver area for a minimum of five days and must be more than 50% of the total number of principal photography days in British Columbia. For animated productions that start key animation after June 26, 2015, there is no minimum number or percentage of principal photography days required. For animated productions that start key animation after June 26, 2015, claim the regional production services tax credit on the portion of accredited qualified BC labour expenditure incurred outside the designated Vancouver area.

Episodic productions (complete Worksheet 1, and/or Worksheet 2, line 815 and line 830)
Accredited qualified BC labour expenditure for regional credit
(amount from Worksheet 1, line 1, **plus** amount from worksheet 2, line 2) . . . . . 815 0 R

If the corporation is claiming the regional production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic productions, please indicate the accredited qualified BC labour expenditure incurred outside the designated Vancouver area. 40,000

Other productions
Accredited qualified BC labour expenditure for the tax year
(amount 590 from Part 4 or portion of amount 590 from part 4)* . . . . . 40,000 o

Total number of days** outside the designated Vancouver area 820 0 / Total number of days** 825 0 = 0.00000 p

Prorated accredited qualified BC labour expenditure (amount o **multiplied by** amount p) . . . . . 40,000 ▶ 40,000 S

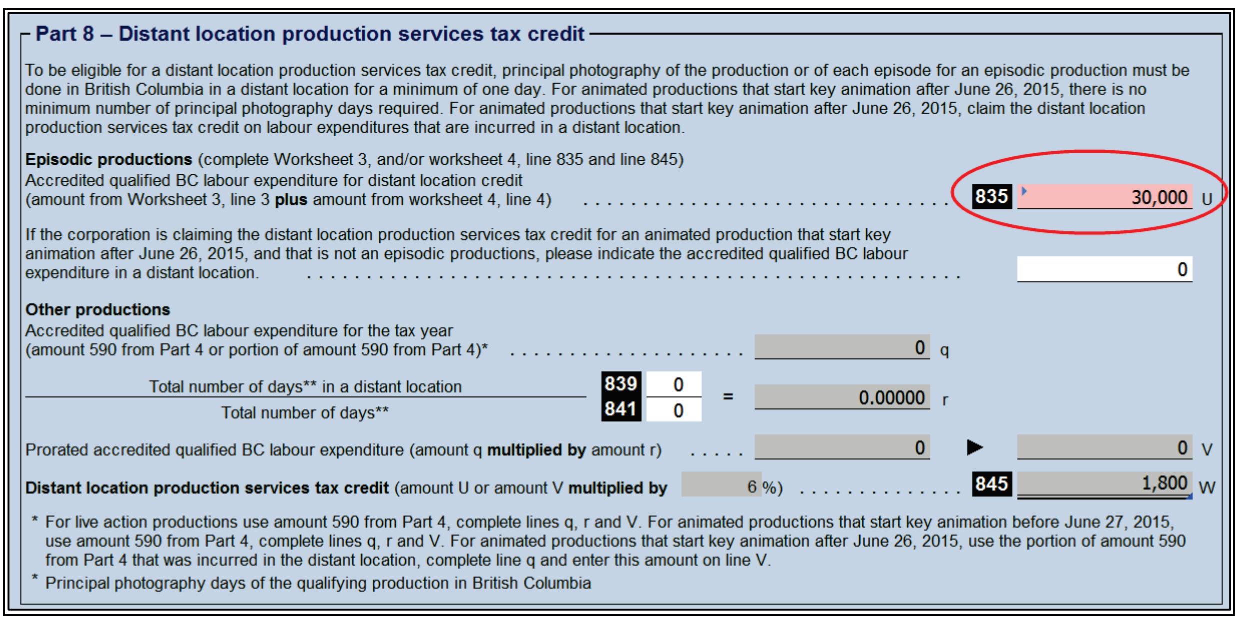
Regional production services tax credit (amount R or amount S **multiplied by** 6 %) . . . . . 830 2,400 T

* For live action productions use amount 590 from Part 4, complete lines o, p and S. For animated productions that start key animation before June 27, 2015, use amount 590 from Part 4, complete lines o, p and S. For animated productions that start key animation after June 26, 2015, use the portion of amount 590 from Part 4 that was incurred outside the designated Vancouver area, complete line o and enter this amount on line S.
* Principal photography days of the qualifying production in British Columbia

B.

1) To correctly calculate the distant location production services tax credit for an episodic production that is not an episodic production that started key animation after June 26, 2015, you have to manually calculate the accredited qualified labour expenditure using the formula at point B above. Then, enter the result on line 835 of Part 8, using an override.

   Note that this modification has to be made for all copies of the form affected by this problem.



Part 8 – Distant location production services tax credit

To be eligible for a distant location production services tax credit, principal photography of the production or of each episode for an episodic production must be done in British Columbia in a distant location for a minimum of one day. For animated productions that start key animation after June 26, 2015, there is no minimum number of principal photography days required. For animated productions that start key animation after June 26, 2015, claim the distant location production services tax credit on labour expenditures that are incurred in a distant location.

Episodic productions (complete Worksheet 3, and/or worksheet 4, line 835 and line 845)
Accredited qualified BC labour expenditure for distant location credit
(amount from Worksheet 3, line 3 **plus** amount from worksheet 4, line 4) . . . . . 835 30,000 U

If the corporation is claiming the distant location production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic productions, please indicate the accredited qualified BC labour expenditure in a distant location. 0

Other productions
Accredited qualified BC labour expenditure for the tax year
(amount 590 from Part 4 or portion of amount 590 from Part 4)* . . . . . 0 q

Total number of days** in a distant location 839 0 / Total number of days** 841 0 = 0.00000 r

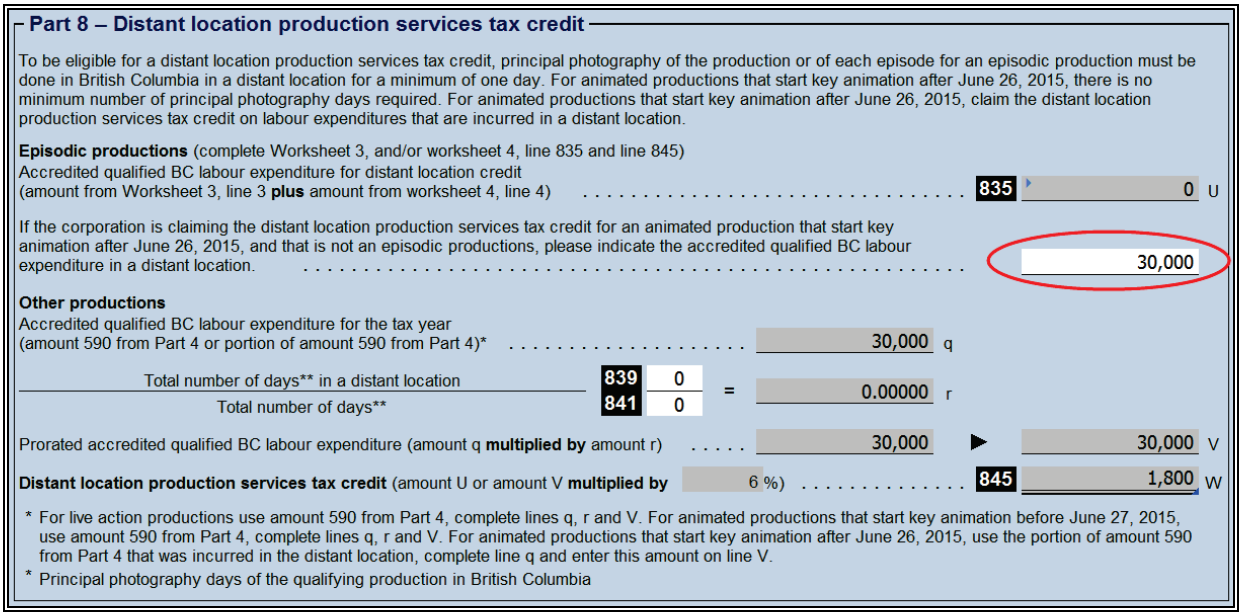
Prorated accredited qualified BC labour expenditure (amount q **multiplied by** amount r) . . . . . 0 ▶ 0 V

Distant location production services tax credit (amount U or amount V **multiplied by** 6 %) . . . . . 845 1,800 W

* For live action productions use amount 590 from Part 4, complete lines q, r and V. For animated productions that start key animation before June 27, 2015, use amount 590 from Part 4, complete lines q, r and V. For animated productions that start key animation after June 26, 2015, use the portion of amount 590 from Part 4 that was incurred in the distant location, complete line q and enter this amount on line V.
* Principal photography days of the qualifying production in British Columbia

2) To correctly calculate the distant location production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic production, you have to manually calculate the accredited qualified labour expenditure using the formula at point B above. Then, enter the result in the field "If the corporation is claiming the distant location production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic production, please indicate the accredited qualified BC labour expenditure in a distant location." in Part 8.

Note that this modification has to be made for all copies of the form affected by this problem.



Part 8 – Distant location production services tax credit

To be eligible for a distant location production services tax credit, principal photography of the production or of each episode for an episodic production must be done in British Columbia in a distant location for a minimum of one day. For animated productions that start key animation after June 26, 2015, there is no minimum number of principal photography days required. For animated productions that start key animation after June 26, 2015, claim the distant location production services tax credit on labour expenditures that are incurred in a distant location.

Episodic productions (complete Worksheet 3, and/or worksheet 4, line 835 and line 845)
Accredited qualified BC labour expenditure for distant location credit
(amount from Worksheet 3, line 3 **plus** amount from worksheet 4, line 4) . . . . **835** 0 U

If the corporation is claiming the distant location production services tax credit for an animated production that start key animation after June 26, 2015, and that is not an episodic productions, please indicate the accredited qualified BC labour expenditure in a distant location. 30,000

Other productions
Accredited qualified BC labour expenditure for the tax year
(amount 590 from Part 4 or portion of amount 590 from Part 4)* . . . . 30,000 q

Total number of days** in a distant location **839** 0 / Total number of days** **841** 0 = 0.00000 r

Prorated accredited qualified BC labour expenditure (amount q **multiplied by** amount r) . . . . . 30,000 ► 30,000 V

Distant location production services tax credit (amount U or amount V **multiplied by** 6 %) . . . . **845** 1,800 W

* For live action productions use amount 590 from Part 4, complete lines q, r and V. For animated productions that start key animation before June 27, 2015, use amount 590 from Part 4, complete lines q, r and V. For animated productions that start key animation after June 26, 2015, use the portion of amount 590 from Part 4 that was incurred in the distant location, complete line q and enter this amount on line V.

* Principal photography days of the qualifying production in British Columbia

These corrections will be integrated in *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015-010

Sch. 422 - BC T1196, British Columbia Film and Television Tax Credit (Jump Code: 1196) – Incorrect calculation of the regional tax credit and the distant location regional tax credit for animation productions that started key animation after June 26, 2015

Download the client filter and diagnostic template

Problems:

British Columbia's Bill 10, which received Royal Assent on March 10, 2016, has been modified between the time it was tabled and the time it received Royal Assent: the definition of the qualified BC labour expenditure (QLE) has been once again modified. This definition no longer takes the QLE into account for each of the preceding taxation years, unlike what was proposed in the bill which was tabled for first reading on February 2016.

Therefore, the definition of the QLE for animation productions that started key animation after June 26, 2015, for purposes of calculating the regional tax credit and the calculation of the distant location regional tax credit is now the following:

1) The QLE for animation productions that start key animation after June 26, 2015, calculated on line DD of Part 8 (for purposes of calculating the regional tax credit), is determined using the following formula:

QLE (the corporation's qualified BC labour expenditure for the taxation year in respect of the animation production) X

RLE (the corporation's BC labour expenditure for the taxation year that is in respect of the animation production and in respect of services rendered in British Columbia outside of the designated Vancouver area)
———
TLE (the corporation's BC labour expenditure for the taxation year in respect of the animation production)

2) The QLE for animation productions that starts key animation after June 26, 2015, calculated on line HH of Part 9 (for purposes of calculating the distant location regional tax credit), is determined using the following formula:

$$\textbf{QLE}\text{ (the corporation's qualified BC labour expenditure for the taxation year in respect of the animation production)} \times \frac{\textbf{DLLE}\text{ (the corporation's BC labour expenditure for the taxation year that is in respect of the animation production and in respect of services rendered in a distant location)}}{\textbf{TLE}\text{ (the corporation's BC labour expenditure for the taxation year in respect of the animation production)}}$$

Currently, *Corporate Taxprep* does not specify that the amount to enter on line 690 of Part 8 must include the non-eligible portion of the QLE calculated according to the formula at point 1 above. Similarly, it is not specified that the amount to enter on line 655 of Part 9 must include the non-eligible portion of the QLE calculated according to the formula at point 2 above.

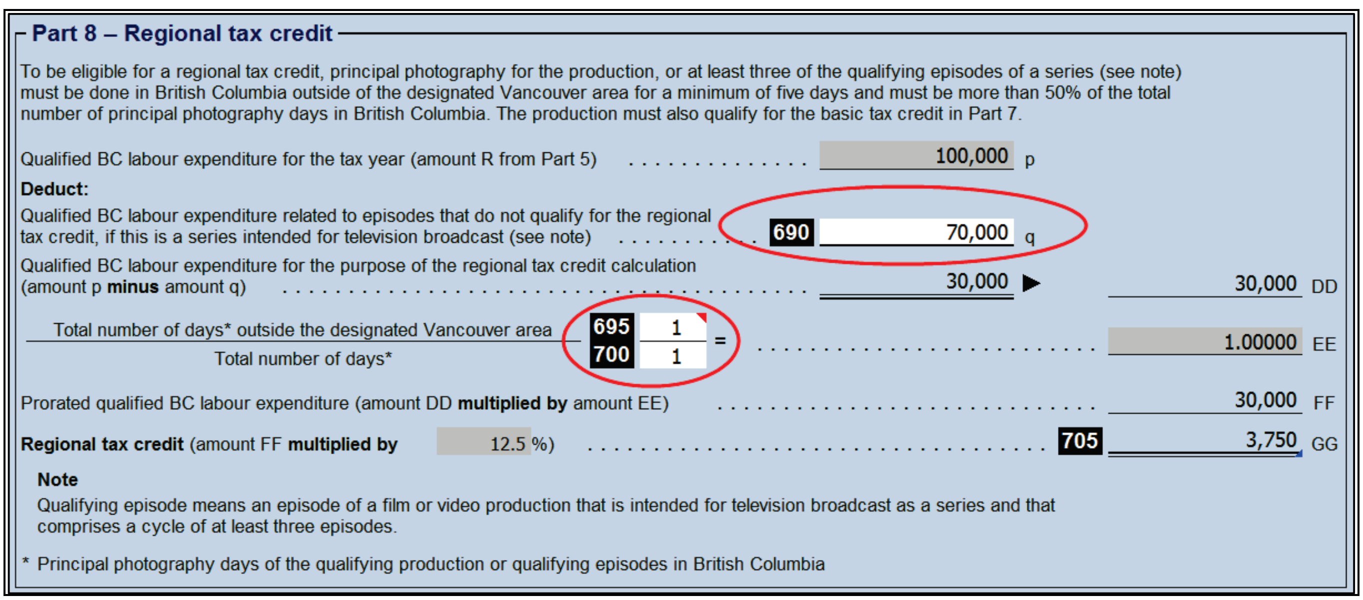
Solutions:

Point 1:

To correctly calculate the regional tax credit for animation productions that start key animation after June 26, 2015, you must manually calculate the amount of the qualified labour expenditure using the formula at point 1 above. This amount corresponds to the British Columbia qualified labour expenditure amount for purposes of calculating the regional tax credit calculated on line DD. Then, enter on line 690 of Part 8 the difference between amount p and amount DD to obtain the QLE not incurred in the regional area.

In addition, enter “1” on lines 695 and 700 of Part 8 and disregard diagnostic E1422, because the 50% rule does not apply for animation productions that start key animation after June 26, 2015.

Note that this modification has to be made for all copies of the form affected by this problem.



Part 8 – Regional tax credit

To be eligible for a regional tax credit, principal photography for the production, or at least three of the qualifying episodes of a series (see note) must be done in British Columbia outside of the designated Vancouver area for a minimum of five days and must be more than 50% of the total number of principal photography days in British Columbia. The production must also qualify for the basic tax credit in Part 7.

Qualified BC labour expenditure for the tax year (amount R from Part 5)		100,000 p		
Deduct:				
Qualified BC labour expenditure related to episodes that do not qualify for the regional tax credit, if this is a series intended for television broadcast (see note)	690	70,000 q		
Qualified BC labour expenditure for the purpose of the regional tax credit calculation (amount p **minus** amount q)		30,000 ▶	30,000	DD
Total number of days* outside the designated Vancouver area / Total number of days*	695 / 700	1 / 1 =	1.00000	EE
Prorated qualified BC labour expenditure (amount DD **multiplied by** amount EE)			30,000	FF
Regional tax credit (amount FF **multiplied by** 12.5 %)	705		3,750	GG

Note

Qualifying episode means an episode of a film or video production that is intended for television broadcast as a series and that comprises a cycle of at least three episodes.

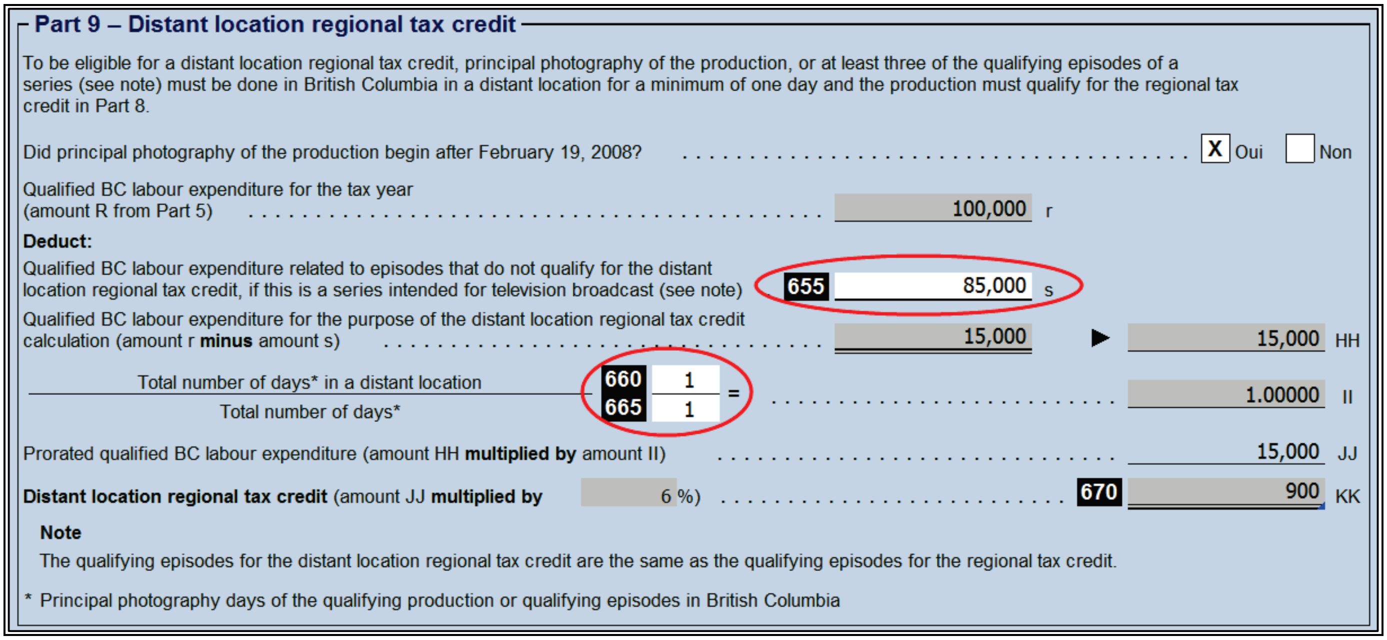
* Principal photography days of the qualifying production or qualifying episodes in British Columbia

Point 2:

To correctly calculate the distant location regional tax credit for animation productions that start key animation after June 26, 2015, you must manually calculate the amount of the qualified labour expenditure using the formula at point 2 above. This amount corresponds to the British Columbia qualified labour expenditure amount for purposes of calculating the distant location regional tax credit calculated on line HH. Therefore, you will have to enter on line 655 of Part 9 the difference between amount r and amount HH to obtain the QLE not incurred in the regional area.

In addition, enter “1” on lines 660 and 665 of Part 9.

Note that this modification has to be made for all copies of the form affected by this problem.



Part 9 – Distant location regional tax credit

To be eligible for a distant location regional tax credit, principal photography of the production, or at least three of the qualifying episodes of a series (see note) must be done in British Columbia in a distant location for a minimum of one day and the production must qualify for the regional tax credit in Part 8.

Did principal photography of the production begin after February 19, 2008? . . . . X Oui ☐ Non

Qualified BC labour expenditure for the tax year (amount R from Part 5)		100,000 r		
Deduct:				
Qualified BC labour expenditure related to episodes that do not qualify for the distant location regional tax credit, if this is a series intended for television broadcast (see note)	655	85,000 s		
Qualified BC labour expenditure for the purpose of the distant location regional tax credit calculation (amount r **minus** amount s)		15,000	▶	15,000 HH
Total number of days* in a distant location / Total number of days*	660 / 665	1 / 1 =		1.00000 II
Prorated qualified BC labour expenditure (amount HH **multiplied by** amount II)				15,000 JJ
Distant location regional tax credit (amount JJ **multiplied by** 6 %)			670	900 KK

Note

The qualifying episodes for the distant location regional tax credit are the same as the qualifying episodes for the regional tax credit.

* Principal photography days of the qualifying production or qualifying episodes in British Columbia

These changes will be integrated in *Corporate Taxprep* 2016 v.1.0.

Manitoba

Troubleshooting memo T22015-007

Schedule 384, Manitoba Co-op Education and Apprenticeship Tax Credit (Jump Code: 384) - Diagnostic R3840005 and eligibility of the return for EFILE

Download the client filter and diagnostic template

Problem:

As a result of the tabling of the 2014 Manitoba Budget, the approval process relating to the Manitoba co-op education and apprenticeship tax credit (Schedule 384) has been simplified, and Manitoba Finance no longer requires or issues serial or certificate numbers to obtain the credit with regards to eligible expenditures incurred after December 31, 2014. You have to calculate the credit amount yourself based on the hiring type for each employee, and enter the result in column 203 of the form. To find out how to do the calculation, refer to the form on the CRA Web site at http://www.cra-arc.gc.ca/E/pbg/tf/t2sch384.

Presently, in *Corporate Taxprep*, diagnostic R3840005 (see below) prevents the return from being EFILED as soon as there is an amount on line 203 and no serial or certificate number is indicated on line 100 of Schedule 384.

Diagnostic R3840005:

Schedule 384 – A refundable credit is entered in column 384203, but there is no corresponding entry in column 384100.

Solution:

To EFILE the return in this situation, override the question *Transmit or print Bar Codes even if not eligible?* to "yes" in Form *RSI, Electronic Filing and Bar Codes Control Workchart* (Jump Code: **RSI-EFILE-BAR CODES**).

If "No," please correct the errors indicated by the RSI – bar codes diagnostics of type "Mandatory modification" and "Exclusion" identified by the - and X icons in the diagnostics pane.

Transmit or print Bar Codes even if not eligible? Note that if the business number and/or the NAICS code are missing, note that it will not be possible to EFILE the return or to print it in bar code format, even if you answer "Yes" to this question. X Yes No

You will then be able to EFILE the return.

The updated form will be included in *Corporate Taxprep* 2015 v.2.0.

New Brunswick

Troubleshooting memo T22015-017

Schedule 366, New Brunswick Corporation Tax Calculation (Jump Code: 366) - Reduction in the lower rate of tax for taxation years ending after March 31, 2016

Download the client filter and diagnostic template

Problem:

In Bill 32, the New Brunswick government announced that corporations' lower rate of tax would be decreased from 4% to 3.5% for corporations with a taxation year ending after March 31, 2016. Presently, *Corporate Taxprep* does not take this change into account.

Solution:

If the corporation has a taxation year ending after March 31, 2016, has a permanent establishment in New Brunswick, income subject to New Brunswick lower rate of tax, proceed as follows to use the correct tax rate:

Access the *Table of Rates and Values Used in the Return* (Jump Code: **RTS**) and, in subsection "New Brunswick – Schedule 366" of the "Schedules 307, 322, 341, 346, 366, 383, 411, 427, 443, 461, 481 – Corporation tax calculation," enter "3.5%" in the **Lower rate** column for the taxation year ending on April 1, 2016 (2016-04-01), using an override.

New Brunswick – Schedule 366

Taxation year	Days in the taxation year		Amount	Higher rate	Lower rate
2003-01-01	0		400,000	13.0000 %	3.0000 %
2004-07-01	0		425,000	13.0000 %	2.5000 %
2005-07-01	0		450,000	13.0000 %	2.0000 %
2006-07-01	0		475,000	13.0000 %	1.5000 %
2007-01-01	0		400,000	13.0000 %	5.0000 %
2009-01-01	0		500,000	13.0000 %	5.0000 %
2009-07-01	0		500,000	12.0000 %	5.0000 %
2010-07-01	0		500,000	11.0000 %	5.0000 %
2011-07-01	0		500,000	10.0000 %	5.0000 %
2012-01-01	0		500,000	10.0000 %	4.5000 %
2013-07-01	0		500,000	12.0000 %	4.5000 %
2015-01-01	336		500,000	12.0000 %	4.0000 %
2016-04-01	30		500,000	14.0000 %	3.5000 %
Rate used for the calculations in Schedules 18 and 21S				12.16393 %	

This measure will be integrated into *Corporate Taxprep* 2016 v.1.0.

Newfoundland and Labrador

Troubleshooting memo T22015-021

Schedule 305, Newfoundland and Labrador Capital Tax on Financial Institutions (Jump Code: 305) – Increase in the capital tax rate of financial institutions for taxation years ending after December 31, 2015

Download the client filter and diagnostic template

Problem:

In its April 14, 2016 Budget, the Newfoundland and Labrador government announced that the capital tax rate of financial institutions would be increased from 5% to 6% for taxation years ending after December 31, 2015. Currently, *Corporate Taxprep* does not take this change into account.

Solution:

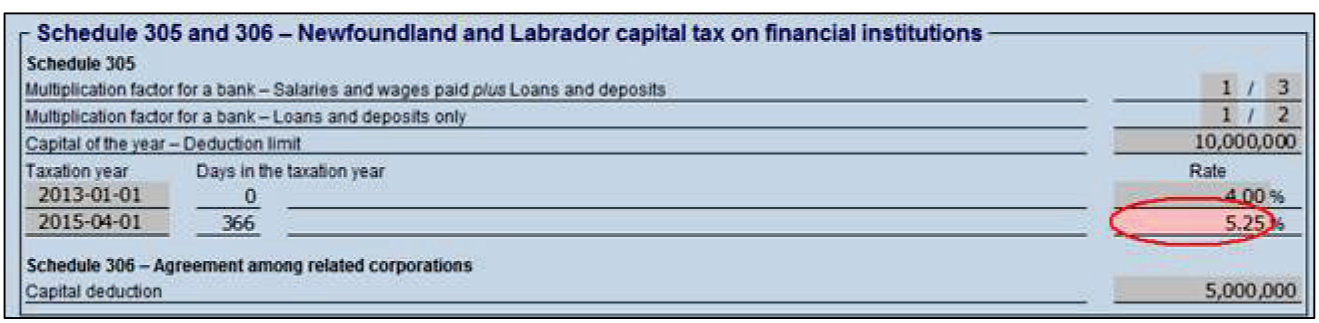
In order to use the correct tax rate to calculate the Newfoundland and Labrador capital tax on financial institutions, in Form *Table of Rates and Values Used in the Return* (Jump Code: **RTS**), enter the result of the following calculation, using an override, in the field "2015-04-01" relating to the percentage for the taxation year in the "Schedules 305 and 306 – Newfoundland and Labrador capital tax on financial institutions" section:

$$\frac{\text{Number of days in the taxation year before January 1, 2016}}{\text{Number of days in the taxation year}} \times 5\% + \frac{\text{Number of days in the taxation year after December 31, 2015}}{\text{Number of days in the taxation year}} \times 6\%$$

Example:

The following calculation must be done for a corporation whose taxation year begins on April 1, 2015, and ends on March 31, 2016:

$$\frac{275 \text{ days}}{366 \text{ days}} \times 5\% + \frac{91 \text{ days}}{366 \text{ days}} \times 6\% = 5.25\%$$



Schedule 305 and 306 – Newfoundland and Labrador capital tax on financial institutions

Schedule 305

Multiplication factor for a bank – Salaries and wages paid *plus* Loans and deposits		1 / 3
Multiplication factor for a bank – Loans and deposits only		1 / 2
Capital of the year – Deduction limit		10,000,000
Taxation year	Days in the taxation year	Rate
2013-01-01	0	4.00 %
2015-04-01	366	5.25 %

Schedule 306 – Agreement among related corporations

Capital deduction	5,000,000

This measure will be integrated into *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015-020

Schedule 300, Newfoundland and Labrador Manufacturing and Processing Profits Tax Credit (Jump Code: 300) – Elimination of the tax credit on January 1, 2016.

Download the client filter and diagnostic template

Problem:

In its April 14, 2016 Budget, the Newfoundland and Labrador government sets forth the elimination of the manufacturing and processing profits tax credit for corporations whose taxation year that starts after December 31, 2015. If the taxation year of a corporation starts before January 1, 2016, and ends after December 31, 2015, the tax credit rate must be prorated based on the number of days in the taxation year that are before January 1, 2016. Currently, *Corporate Taxprep* does not take this change into account.

Solution:

To calculate the tax credit to which the corporation is entitled to, proceed as follows:

1. Do the following calculation:

   9% X Number of days in the taxation year that are before January 1, 2016 / Number of days in the taxation year

2. In Form *Table of Rates and Values Used in the Return* (Jump Code: **RTS**), enter the result obtained at step 1, using an override, in the field "Newfoundland and Labrador – Schedule 300" of the "Schedules 27, 300, 381, 402, 404, 426, 440 and 502 – Manufacturing and processing" section.

<u>Example:</u>

The following calculation must be done for a corporation whose taxation year begins on May 1, 2015, and ends on April 30, 2016, and claims the Newfoundland and Labrador Manufacturing and Processing Profits Tax Credit:

9% X (245 days / 366 days) = 6.02%

Profits tax credit or reduction		
Ontario – Schedule 502		
Taxation year	Days in the taxation year	
2008-01-01	0	2.00 %
2011-07-01	366	1.50 %
Adjusted business income threshold – Small manufacturing corporation		250,000
Newfoundland and Labrador – Schedule 300		6.02 %

This measure will be integrated into *Corporate Taxprep* 2016 v.1.0.

Troubleshooting memo T22015-019

Schedule 307, Newfoundland and Labrador Corporation Tax Calculation (Jump Code: 307) - Increase in the higher rate of tax for taxation years ending after December 31, 2015

Download the client filter and diagnostic template

Problem:

In its April 14, 2016 Budget, the Newfoundland and Labrador government announced that the corporation's higher rate of tax would be increased from 14% to 15% for corporations whose taxation year is ending after December 31, 2015. Currently, *Corporate Taxprep* does not take this change into account.

Solution:

If a corporation has a taxation year ending after December 31, 2015, has a permanent establishment in Newfoundland and Labrador and/or in the Newfoundland and Labrador offshore area, and has income subject to the higher rate of tax for Newfoundland and Labrador and its offshore area, proceed as described below to use the correct tax rate:

Access Form *Table of Rates and Values Used in the Return* (Jump Code: **RTS**) and, in the "Newfoundland and Labrador and its offshore area- Schedule 307" subsection of the "Schedules 307, 322, 341, 346, 366, 383, 411, 427, 443, 461, 481 – Corporation tax calculation," section, enter the result of the following calculation, using an override, in the **Higher rate** column for the taxation year ending on July 1, 2014 (2014-07-01):

$$\frac{\text{Number of days in the taxation year before January 1, 2016}}{\text{Number of days in the taxation year}} \text{ X } 14\% + \frac{\text{Number of days in the taxation year after December 31, 2015}}{\text{Number of days in the taxation year}} \text{ X } 15\%$$

Example:

The following calculation must be done for a corporation whose taxation year begins on February 1, 2015, and ends on January 31, 2016:

$$\frac{334 \text{ days}}{365 \text{ days}} \text{ X } 14\% + \frac{31 \text{ days}}{365 \text{ days}} \text{ X } 15\% = 14.0849\%$$

Schedules 307, 322, 341, 346, 366, 383, 411, 427, 443, 461, 481 – Corporation tax calculation

Newfoundland and Labrador and its offshore area – Schedule 307

Taxation year	Days in the taxation year	Higher rate	Lower rate
2010-04-01	0	14.0000 %	4.0000 %
2014-07-01	365	14.0849 %	3.0000 %
Rate used for the calculations in Schedules 18 and 21S		14.08490 %	

This measure will be integrated into *Corporate Taxprep* 2016 v.1.0.

Electronic Transmission

Troubleshooting memo T22015-001

Electronic transmission of returns to the federal, Québec and Alberta governments

Problem:

With *Corporate Taxprep* 2015 v.1.0, it is not possible to electronically transmit returns to the Québec government and/or the Alberta government (NetFile). In addition, in certain situations, the electronic transmission might not be successful at the federal level.

Solution:

An update of *Corporate Taxprep* will be released as soon as possible to correct these electronic transmission problems. Please wait for that version if you experience problems with the electronic transmission of returns. However, if the taxation year of a corporation ends before May 1, 2015, and you have not yet saved this corporation's client file with version 2015, you can use version 2014 2.0 of *Corporate Taxprep* to file the return electronically.

Technical Problem

Troubleshooting memo T22015-008

Incorrect change in the date and time of a client file

Problem:

When a user performs an action that does not require saving the client file, the date and the time of the file are modified by the application, although they should not be.

Example:

A user views a form in an existing client file, without modifying the data in the form. When the user closes this file, the program does not prompt the user to save the file, which is normal.

However, in this situation, the date and time of the client file, visible in the Windows Explorer, are updated by the program, which should not occur.

Note that the content of the file is not affected: the data and properties of this file remain unchanged.

Solution:

This problem will be corrected in version 2.1 of *Corporate Taxprep* 2015, which will be released in mid-December 2015.