

Cantax T2

Frequently Asked Questions

2016 Versions

Publication	Subject/Question	Affected Version
April 2017	Cantax quarantined when using Webroot Antivirus	Versions 16.2.3xx.126 and later
March 2017	Reorganization of corporate returns processing tax centres	Versions 16.2.3xx.126
February 2017	Error code “-30” on Microsoft Windows 10 when printing to a PDF file	Versions installed on Windows 10
December 2016	Schedule 89, Request for Capital Dividend Account Balance Verification (S89) - Disposition of an eligible capital property and the capital dividend account	Versions 16.2.3xx.126
February 2016	Schedule 3 – Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation (S3) – Part IV tax is not calculated.	Versions 15.2.3xx.135
January 2016	Electronic filing with the Canada Revenue Agency (CRA) – Using a Web Access Code (WAC)	Versions 15.2.3xx.135
September 2015	Electronic filing with the federal government – Returns filed in EDI format using versions prior to Cantax T2 09.1.3xx.100	Version 08.2.3xx.125 and previous versions
June 2014	Schedule 88 – Internet Business Activities (S88) – Filing the form	Versions 14.1.3xx.100 and later
June 2013	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	Version 13.1.3xx.100 and later
February 2010	Schedules 546-547, Corporations Information Act Annual Return for Ontario Corporations (S546 and	Version 09.2.3xx.126 and later

Publication	Subject/Question	Affected Version
	S547) – Diagnostics Error 5460003 and Error 5470002	
July 2009	Schedule 32, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (S32) – Calculations of line 429	Version 09.1.3xx.100 and later
Before 2009	T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (S32) – Part 2 – Project information (S60P2#01)	Versions 2008 and later
Before 2009	GIFI Notes Checklist – Parts 1 and 4 (GIFI 141)	Versions 2008 and later

Federal

Reorganization of corporation income tax returns processing tax centres

QUESTION

As a result of the reorganization of corporation income tax returns processing tax centres, where must I file a corporation income tax return?

ANSWER

The Canada Revenue Agency reorganized the tax centres that process corporation income tax returns. The main change affects corporation income tax returns which were to be sent to the tax centre in St. John's, Newfoundland and Labrador. These returns must now be sent to the tax centre in Summerside, Prince Edward Island. You can refer to the following table to find out which tax centre a return must be sent to:

Tax services offices	Tax Centre
Toronto North-Barrie (Toronto North and Barrie), Toronto West-Thunder Bay (Mississauga), Sudbury (Sudbury / Nickel Belt), Toronto Centre, Toronto East	Sudbury Tax Centre 1050, Notre Dame Avenue Sudbury ON P3A 5C2
Southern Alberta (Calgary, Lethbridge and Red Deer), Edmonton, Brandon, Winnipeg, London-Windsor (London), Toronto West-Thunder Bay (Thunder Bay), London-Windsor (Windsor), Saskatchewan (Saskatoon)	Winnipeg Tax Centre Post Office Box 14001, Station Main Winnipeg MB R3C 3M3
Southern Interior British Columbia (Kelowna), Fraser Valley and Northern (Prince George), Southern Interior British Columbia (Penticton), Fraser Valley and Northern (Surrey), Vancouver, Vancouver Island (Victoria), Saskatchewan (Regina)	Surrey Tax Centre 9755, King George Boulevard Surrey BC V3T 5E1
Prince Edward Island (Charlottetown), New Brunswick (Bathurst, Moncton and Saint John), Nova Scotia (Halifax and Sydney), East Central Ontario (Belleville, Kingston and Peterborough), Hamilton Niagara (Hamilton and St. Catharines), Kitchener/Waterloo, Newfoundland and Labrador (St. John's)	Prince Edward Island Tax Centre 275, Pope Road Summerside PE C1N 6A2
International and Ottawa Tax Services Office, Ottawa Technology Centre, Sudbury (North-Eastern Ontario), Western Québec (Laval and Rouyn-Noranda), Montréal, Central and Southern Québec (Sherbrooke)	Shawinigan-Sud Tax Centre 4695, Shawinigan-Sud Boulevard Shawinigan QC G9P 5H9
Central and Southern Québec (Brossard and Trois-Rivières), Eastern Québec (Chicoutimi, Québec and Rimouski), Western Québec (Gatineau)	Jonquière Tax Centre 2251, René-Lévesque Boulevard Jonquière QC G7S 5J2

Schedule 89, Request for Capital Dividend Account Balance Verification (S89) - Disposition of an eligible capital property and the capital dividend account

QUESTION

Why can't the non-taxable portion of eligible capital property sales for the current year (line L), calculated under paragraph c.2 of the "capital dividend account" definition set out in subsection 89(1) ITA, be paid out of the capital dividend account (CDA) during the taxation in which the disposition occurred?

ANSWER

For a taxation year ending after October 17, 2000, and before January 1, 2017, the non-taxable portion of eligible capital property sales is added to the CDA at the end of the taxation year.

However, the interaction between paragraph 83(2)(a) ITA and paragraph c.2 of the “capital dividend account” definition set out in subsection 89(1) ITA do not allow for the payment of the capital dividend out of the CDA account when the disposition of an eligible property occurred during the year.

If the corporation pays a dividend out of its CDA, which includes the non-taxable portion of eligible capital property sales for the year during which the disposition occurred, the corporation will have made an excessive dividends payment and will be subject to Part III tax of the ITA. In Schedule 89, custom line L indicates the non-taxable portion of eligible capital property sales for the current year. As for custom line M, it displays the CDA balance up to which a capital dividend can be paid.

In the example below, there has been disposition of an eligible property during the taxation year, and no CDA balance is available (line M). Therefore, the corporation cannot pay a capital dividend during the taxation year.

Part 4 - CDA balance		
Non-taxable portion of capital gains and non-deductible portion of capital losses (total of column 2 in Part 1; if negative enter "0")	0	A
Capital dividends received (total of column 3 in Part 1)	0	B
Eligible capital property (as calculated per paragraphs 89(1)(c), (c.1) and (c.2); if negative, enter "0")	25,000	C
Life insurance proceeds (total of column 4 in Part 1; if negative, enter "0")	0	D
Life insurance CDA (Note 7)	0	E
Non-taxable portion of capital gains from a trust (total of column 5 in Part 1)	0	F
Capital dividends from a trust (total of column 6 in Part 1)	0	G
Amounts from predecessor and subsidiary corporations (Note 8)	0	H
Subtotal (total of amounts A to H)	25,000	I
Deduct: capital dividends that previously became payable (total of column 7 in Part 1)	0	J
CDA balance (amount I minus amount J)	25,000	K
Deduct: non-taxable portion of eligible capital property sales for the current year	25,000	L
CDA balance up to which a capital dividend can be paid (amount K minus amount L)	0	M

Note that when the corporation's taxation year straddles January 1, 2017, and the corporation makes the election under subparagraph 13(38)(d)iii) ITA in Schedule 10 (**S10**), the corporation can immediately use the non-taxable portion of eligible capital property sales for the current year in order to pay a capital dividend to its shareholders out of its CDA. Therefore, the amount on line L will be equal to zero.

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
Total	75,000					Total	27,500
(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)

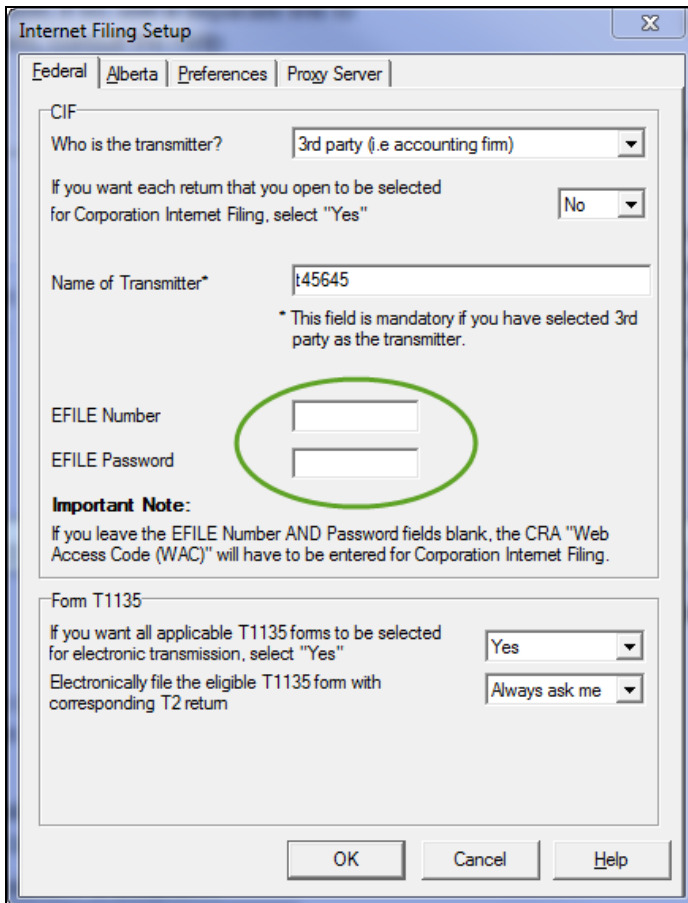
Question:

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

Answer:

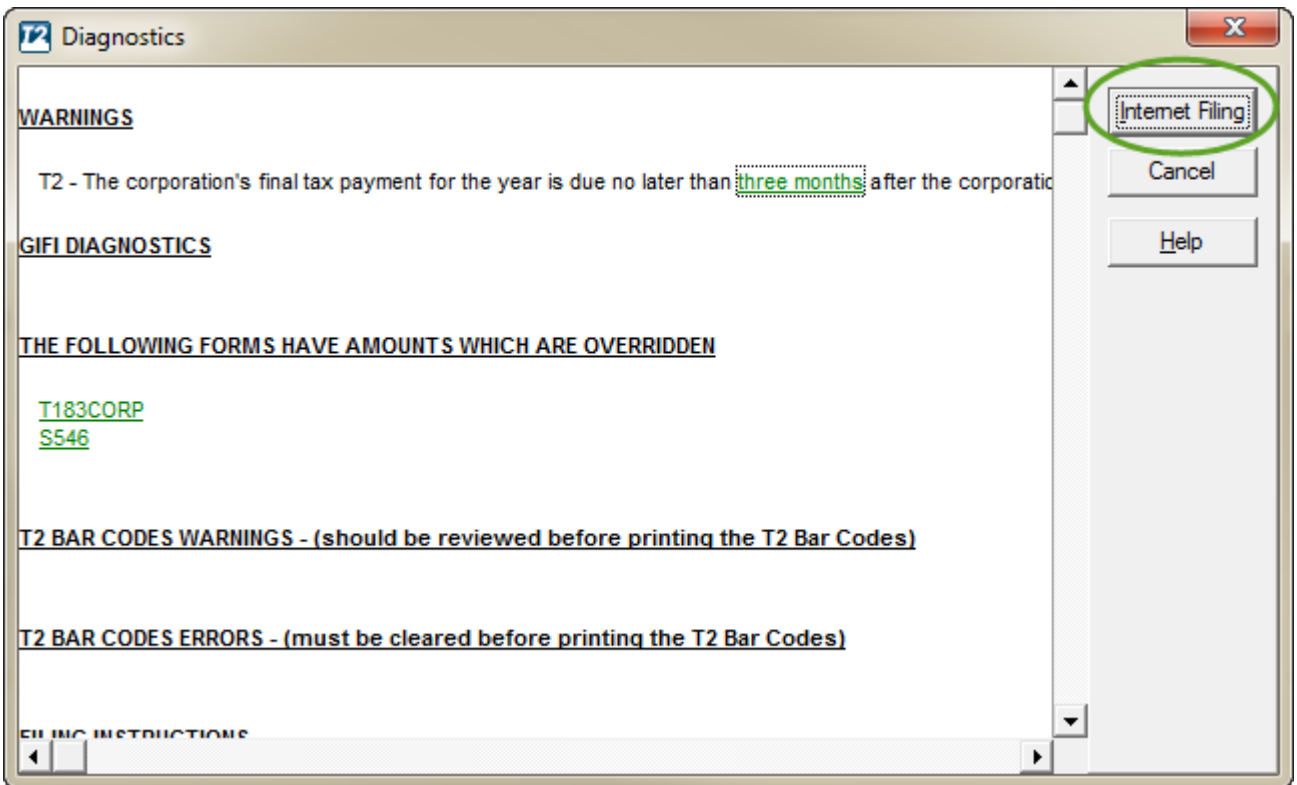
To electronically file a T2 return using a WAC, follow the steps below:

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

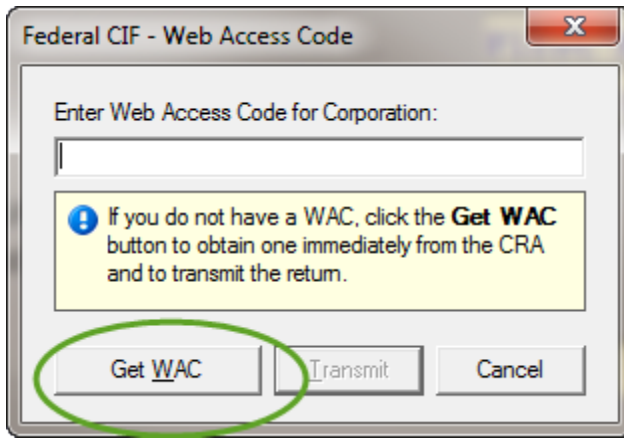


- 2. In versions 14.1.307.100 and 14.1.309.100 as well as any future versions of *Cantax T2*, you can use the Form *Online Request to Get a Web Access Code (WAC)* directly in the software. By Pressing "Shift + F10," *Cantax T2* will transmit the information displayed in the form, and the WAC will display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

- 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/tx/bsnss/crpnt/bt-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/ecomml/>.

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 [Redacted]

Partnership's account number 1 [Redacted] **RZ** [Redacted]

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 2 No

If **yes**, give the dates of both the old and current fiscal periods of the partnership. Old fiscal period: Fiscal period-start: YYYY/MM/DD Fiscal period-end: YYYY/MM/DD

If **no**, give the start and end dates of the current fiscal period of the partnership. Current fiscal period: Fiscal period-start: YYYY/MM/DD Fiscal period-end: YYYY/MM/DD

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.

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.

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.

Webroot Antivirus

Cantax quarantined when using Webroot Antivirus

QUESTION

Since the latest update of Webroot, my Cantax program and files have been detected as threats and quarantined. What can I do?

ANSWER

If you are using Webroot security programs and believe that you are affected by this situation, we suggest that you verify the quarantined items in Webroot.

To view and manage items in quarantine in Webroot SecureAnywhere, proceed as follows:

1. Open SecureAnywhere from the system tray icon.
2. Click the gear icon next to **PC Security**.
3. Click the **Quarantine** tab.
4. As you scroll through the list, verify if you have any removed threats related to the *Cantax* programs. If you identify any of them, you can select the box next to each of the removed threats related to *Cantax* and select the **Restore** option. You will then be prompted to confirm the restore process. We also suggest that you add and allow the *Cantax* application executables to the **Block/Allow Files** list in Webroot SecureAnywhere.

If you need any help in identifying *Cantax* programs and files from the quarantined list, do not hesitate to contact our technical support centre at 1-800-268-4522, Monday through Friday, from 8:30 a.m. to 8:00 p.m. EST. You can also contact us by e-mail at csupport@wolterskluwer.com. You may also contact Webroot technical support for any assistance with the SecureAnywhere program and in order to whitelist trusted applications.

Printing to a PDF file

Error code “-30” on Microsoft Windows 10 when printing to a PDF file

QUESTION

After recently upgrading to Windows 10 or installing Windows Updates on Windows 10, I am unable to print to a PDF file from *Cantax* T2 and receive the following error: “Printer not activated, error code -30”. What should I do?

ANSWER

Close all versions of *Cantax* T2 that are currently open on your computer.

Open the **File Explorer**.

Browse to the location where the latest version of *Cantax* T2 is installed. As an example, the default path for a local installation of *Cantax* T2 2016-2 is: C:\Program Files (x86)\Cantax\T2 Cantax 2016-2.

Open the “Amyuni” folder and double-click the **InstallPDFPrinter.exe** file.

Once the installation process is completed, click **OK**.

You should now be able to print to a PDF file from the latest version of *Cantax* T2.

If you have any questions, please contact the *Cantax* Technical Support at 1-800-268-4522. You can also contact us by e-mail at csupport@wolterskluwer.com.