Corporate Taxprep

Release Notes

Corporate Taxprep 2016 v.2.0 (January 2014 – May 2017)

Contents

Overview

Corporate Taxprep 2016 v.2.0 includes several technical and tax changes. Here is a summary of the main topics addressed in this document.

Modifications relating to eligible capital property

Modifications have been made to Schedule 8 WORKCHART (Jump Code: **8 WORKCHART**) and Schedule 10 (Jump Code: **10**) to reflect the new rules related to eligible capital property (ECP) announced in the 2016 Federal Budget. On January 1, 2017, the current ECP regime will be replaced with a new class (14.1) of depreciable property. For more information, please consult the note about Schedule 8 WORKCHART and the note about Schedule 10.

Schedule 1, Net Income (Loss) for Income Tax Purposes (Jump Code: 1)

The "Other additions" and "Other deductions" lines can now be completed for as many items as required. For more information, please consult the note about this form.

Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations (Jump Code: 3)

New lines have been added to Part 1 and Part 2 to calculate the Part IV tax on dividends received after 2015. For more information, please consult the note about this form.

Corporate Taxprep Recorded Webinar – Fall 2016

Earn two CPD hours by viewing a recorded Webinar highlighting the topics covered at our annual *Corporate Taxprep* Seminar. Our expert presenters will guide you through what's new in corporate tax compliance and highlight features in *Corporate Taxprep* to help you prepare your tax returns more efficiently. The Webinar will be available on December 9. Register today!

Improve Your Productivity

Preparer Profiles

PROFILE tab

Section E has been added to the preparer profiles to allow you to indicate instructions, descriptions, amounts or dates to transfer to the "User-defined cells for reporting purposes" section of Form *Corporate Identification and Other Information* (Jump Code: **ID**) for all your client files. In order for the information contained in a field of Section E to be transferred, select the check box corresponding to this field. Note that you can select the check boxes for all fields by selecting the box **Select this check box to choose all fields in this section.**

AUTHORIZATION FORMS tab

The check box **Print only for new clients** has been added to subsection "Printing Form MR-69" of Section "MR-69 – Power of attorney, authorization to communicate information, or revocation."

Note that this check box will be selected by default when creating or rolling forward a profile.

If this box is selected, when creating a new client file, the box **Yes** will be selected at the question *Do you wish to file the consent form for the current year?* in Form MR-69 (Jump Code: **MR69**).

CLIENT LETTER tab

In the "Additional paragraphs" section, it is now possible to enter up to one hundred additional paragraphs to allow you to select one or more paragraphs in a customized letter that you have created.

Rolling forward TaxCycle files[1]

Starting with this version of *Corporate Taxprep*, it is now possible to roll forward files created with the TaxCycle software program.

To roll forward a TaxCycle file, choose *TaxCycle T2 Files (*.20??T2)* in the **Files of type** drop-down list, and select the files to roll forward.

You can also use the Client Manager to select the TaxCycle files to roll forward. To do so, use the command **Current View/Files to Roll Forward/TaxCycle T2 Files**.

[1]TaxCycle is a registered trademark of Trilogy Software Inc.

Federal

Corporate Identification and Other Information (Jump Code: ID)

The "User-defined cells for reporting purposes" section has been modified. "Instruction" fields have been added to this section above each "Description" field. You will be able to define the values in these fields for all your client files, whether they are new or existing, in the preparer profile you are using. For more information, consult the "Preparer profiles" section.

Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations (Jump Code: 3)

When the total eligible dividends paid in the year is greater than the balance of general rate income pool (GRIP) at the end of the taxation year, the corporation must pay a Part III.1 tax. *Corporate Taxprep* now notifies you by diagnostic when the filing corporation is in this situation.

Schedule 54, Low Rate Income Pool (LRIP) Calculation (Jump Code: 54)

When Part III.1 tax is payable by the filing corporation, *Corporate Taxprep* now prompts you, via a diagnostic, to verify that the dividend amount(s) in column 270 are correct and to verify if the corporation wants to elect, under subsection 185.1(2), to treat the eligible dividends as ordinary dividends.

Attached Notes Summary (Jump Code: ATTN)

An option has been added so that attached notes can be deleted using this form. You can either delete all of the attached notes or individually select the notes to be deleted.

Attached Schedule with Total (Jump Code: ATTS)

Form *Attached Schedule with Total* has been modified to allow you to do mathematical operations. In this form you can now select operators from a drop-down list. Note that the calculations are done one at a time, from the first to the last line, and not according to the priority rules of the operations (for example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2).

Client letter – Worksheet (Jump Code: LW)

The field "Taxation year start" has been added in the "Other information" section of the client letter.

It is now possible to enter up to fifty amounts as well as the description and the date with which they are associated in the "User-defined cells for customized letter content" section of the client letter in order for this information to be updated to a customized letter that you have created.

The check box **CO-1029.8.36.TM** has been added to the "CO-17 – Paper format" and "CO-17 – Internet filing" sections. When this box is selected in one of these sections, the paragraph relating to Form CO-1029.8.36.TM (Jump Code: **1029836TM**) will be included in the letter *Filing Instructions* (Jump Code: **CLF**). Note that this check box will be selected automatically in the appropriate section if Form CO-1029.8.36.TM is applicable and you answer "Yes" to question AA, *If you checked box 09a, do you want to make an election respecting the employees for which the annual limit does not apply, as described in Part 3 of the form?*

Moreover, it is possible to add up to one hundred extra paragraphs in the "Additional paragraphs" section so you can select one or more paragraphs in a customized letter that you have created. You will be able to define these additional paragraphs for all your client files in the preparer profile you are using. For more information, consult the "Preparer profiles" section.

Québec

Addition of validations for certain rates in Québec forms

In the following forms, validations have been added to certain rate fields in order to avoid the input of negative rates and/or rates that exceed 100%.

- CO-17 (Jump Code: **QJ**)
- CO-17.R (Jump Code: **QJR**)

- CO-17.B.1 (Jump Code: **Q17B1**)
- CO-17.B.2 (Jump Code: **Q17B2**)
- CO-1029.8.36.EL (Jump Code: **1029836EL**)
- CO-1029.8.36.ES (Jump Code: **1029836ES**)
- CO-1029.8.36.FM (Jump Code: **1029836FM**)
- CO-1029.8.36.HE (Jump Code: **1029836HE**)
- CO-1029.8.36.IN (Jump Code: **1029836IN**)
- CO-1029.8.36.MA (Jump Code: **1029836MA**)
- CO-1029.8.36.XM (Jump Code: **1029836XM**)
- CO-1136 (Jump Code: **1136**)
- CO-1138.1 (Jump Code: **11381**)
- CO-1140 (Jump Code: **1140**)
- CO-1159.2 (Jump Code: **11592**)
- CO-771.14 (Jump Code: **77114**)
- CO-771.2.1.2 (Jump Code: **771212**)
- Entertainment (Jump Code: **QME**)

New Forms

Québec

CO-771.2.1.AT, Business Limit Allocated to a Corporation that Is a Designated Member of a Partnership (Jump Code: 77121AT)

This custom form is a multiple copy form for any person that is a member of a partnership that wants to allocate part or all of its partnership business limit to a corporation that is a designated member of this partnership for a taxation year that starts after March 21, 2016. The form must be filed by both the member of the partnership that allocates part or all of its business limit and by the corporation that is a designated member of the partnership indicated in Part 2. For more information about the concept of "designated member," consult the Help with respect to Form CO-771.2.1.AT.

At the top of the form, the question *Is the filing corporation a designated member of the partnership indicated in Part 2 of this copy?* has been added, on screen only, in order for *Corporate Taxprep* to be able to do the appropriate calculations in Sections 1, 3, 5 or 6, as applicable. In addition, the field "Partnership's federal account number" has been added to Section 2 of the form, on screen only, so you may establish a correspondence between Form CO-771.2.1.2 (Jump Code: **771212**) and Form CO-771.2.1.AT in situations where the partnership is not registered with the *Registraire des entreprises du Québec*.

A copy of Form CO-771.2.1.AT will be created for each section of Form *Information About Partnerships* (Jump Code: **QSP**), in which an amount is entered in one of the following fields: "Income from services or property provided to the partnership," "Business limit allocated by a member of the partnership to the filing corporation, which is a designated member of the partnership" or "Business limit allocated by the filing corporation, which is member of the partnership, to a designated member of the partnership." Certain values will be calculated in this form using data in Form *Information About Partnerships* and Form Identification (Jump Code: **ID**). However, you will have to complete the input fields of Form CO-771.2.1.AT, because the information required for these fields is not available in *Corporate Taxprep*. In order for a copy of this form to be applicable, an amount must be indicated on line 26.

CO-771.1.3.AT, Business Limit Allocated to a Corporation with Specified Corporate Income (Jump Code: 77113AT)

This custom multiple copy form is for a Canadian-controlled private corporation (CCPC) that wants to allocate part or all of its business limit to a corporation with specified corporate income for a taxation year that starts after March 21, 2016. The form must be filed by both the private corporation that allocates part or all of its business limit and the corporation with specified corporate income. For more information about specified corporate income, consult the Help with respect to this form.

The question *Does the filing corporation have specified income for this copy of the form?* has been added, on screen only, at the top of the form. You will have to answer this question in order for *Corporate Taxprep* to be able to do the appropriate calculations in the form.

If the filing corporation allocates part or all of its business limit to a corporation with specified corporate income, you first have to complete the new table *Specified corporate income and assignment under subsection 125(3.2)* in the "Small business deduction" section of Schedule 200 (Jump Code: **J**). A copy of Form CO-771.1.3.AT will then be created and certain values will be calculated in this form using data in Schedule 200. Then, the answer "No" will be selected at the above-mentioned custom question. You will have to complete the input fields in Form CO-771.1.3.AT, because this information is not available in *Corporate Taxprep*. For more information, consult the release note about Schedule 200.

If the filing corporation has specified corporate income and it is allocated part or all of the business limit of one or more CCPC, you must first complete the new table in Part 6, "Specified corporate income and assignment under subsection 125(3.2)," in Schedule 7 (Jump Code: **7**). A copy of Form CO-771.1.3.AT will then be created, and certain values will be calculated using data in Schedule 7. Then the answer "Yes" will be automatically selected at the above-mentioned custom question. Complete the input fields of Form CO-771.1.3.AT, because this information is not available in *Corporate Taxprep*. A copy of the form will become applicable when an amount is entered on line 25. For more information, consult the release note about Schedule 7.

Updated Forms

* Note form titles followed by an asterisk (*) have been updated according to the most recent version issued by the applicable tax authority.

Internet Filing – Insurance Corporations

Since October 2016, the Canada Revenue Agency (CRA) allows you to use the Corporation Internet Filing for Insurance Corporations. Therefore, *Corporate Taxprep* 2016 v.2.0 offers this possibility.

Preparer Profiles

AUTHORIZATION FORMS tab

When rolling forward a profile prepared with a prior version of *Corporate Taxprep* in which an invalid number was entered on the line, *Professional representative number* in Section “MR-69 Power of attorney, authorization to communicate information, or revocation,” this number will not be retained.

Federal

Corporate Identification and Other Information (Jump Code: ID)

When a corporation is a cooperative or a credit union, that is deemed to be a private corporation under subsections 136(1) and 137(7) ITA and meets the definition of Canadian-controlled private corporation (CCPC) in subsection 125 (7) ITA, the CRA requires that you select box 1, **Canadian-controlled private corporation (CCPC)**, on line 040 of this form.

However, in this situation, in order for *Corporate Taxprep* to be able to perform the necessary calculations, select box 5, **Other corporation** and:

- If the corporation is a credit union, answer "Yes" to the question *Is the corporation a credit union?*; or
- If the corporation is a cooperative, answer "Yes" to the questions *Is this a cooperative corporation? (136 (2) ITA)* and *If yes, is it a cooperative corporation that is a CCPC for the purpose of the general tax reduction and the small business deduction (136(1) ITA)?*

In that case, the program will use code 1 on line 040 of Schedule 200 (Jump Code: **J**) when filing a return to the CRA, either on the printed copy of the return, in the bar code or in the electronic transmission. In addition, a note has been added, on screen only, under line 040 in the Identification form to notify you of this situation.

Schedule 100, Balance Sheet Information (Jump Code: G100)
Schedule 101, Opening Balance Sheet Information (Jump Code: G101)
Schedule 125, Income Statement Information (Jump Code: G125)
Schedule 140, Income Statement Summary (Jump Code: G140)

As per a CRA request, the following lines of Schedules 100, 101, 140 and 125 have been protected so that their value can only be calculated by the program, and that it is no longer possible to override them.

- 1599, *Total current assets*;
- 2008, *Total tangible capital assets*;
- 2009, *Total accumulated amortization of tangible capital assets*;
- 2178, *Total intangible capital assets*;
- 2179, *Total accumulated amortization of intangible capital assets*;
- 2589, *Total long-term assets*;
- 2599, *Total assets*;
- 3139, *Total current liabilities*;
- 3450, *Total long-term liabilities*;
- 3499, *Total liabilities*;
- 3620, *Total shareholder equity*;
- 3849, *Retained earnings/deficit – end*;
- 8089, *Total sales of goods and services*;
- 8299, *Total revenue*;
- 8518, *Cost of sales*;
- 8519, *Gross profit/loss*;
- 9367, *Total operating expenses*;
- 9368, *Total expenses*;
- 9659, *Total farm revenue*;
- 9898, *Total farm expenses*;
- 9998, *Total other comprehensive income*; and
- 9999, *Net income/loss after taxes and extraordinary items*.

When opening a client file prepared with a prior version of *Corporate Taxprep* in which an amount had been overridden on one of those lines, this amount will not be retained.

Schedule 200, T2 Corporation Income Tax Return (Jump Code: J)*

As a result of the update of the form, line 312, *Gifts to Canada, a province, or a territory from Schedule 2* has been removed. When opening a client file prepared with a prior version of *Corporate Taxprep* in which an amount was entered on this line, this amount will not be retained.

In addition, the custom table *Specified corporate income and assignment under subsection 125(3.2)* has been added to the "Small business deduction" section to allow you to enter the information required when the filing corporation wants to allocate part of its business limit to other Canadian-controlled private corporations (CCPCs). When the filing corporation resides in Québec, for each line created in the new table in which a corporation's name or a business number is entered, a copy of Form CO-771.1.3.AT (Jump Code: **77113AT**) will be created. In this copy, the answer indicated at the custom question *Does the filing corporation have specified income for this copy of the form?* will be "No," and the data on lines J, L and M of Schedule 200 will be transferred to lines 07, 14 and 25 of the corresponding copy of Form CO-771.1.3.AT. For more information, consult the release note about Form CO-771.1.3.AT.

Finally, amount G, which represents the total amount of the business limit allocated by the corporation calculated on line O, is now deducted from the reduced business limit (line 425). Therefore, custom lines C.1 and C.2 have been removed from the form. When opening a client file prepared with a prior version of *Corporate Taxprep* in which amounts were entered on lines C.1 and C.2, these amounts will not be retained.

Schedule 1, Net Income (Loss) for Income Tax Purposes (Jump Code: 1)*

Lines 205 and 305, which related respectively to the book loss and book income on joint ventures or partnerships, have been replaced by the following lines:

- 248, *Book loss on joint ventures*;
- 249, *Book loss on partnerships*;
- 348, *Book income on joint ventures*;
- 349, *Book income on partnerships*.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if an amount was entered on line 8234 of Schedule 125 (Jump Code: **G125**), it will be retained on line 248 (in the case of a loss) or line 348 (in the case of income) in Schedule 1. The total of the amounts on lines 8051, 8052 and 8235 of Schedule 125, as applicable, will be entered on line 249 (in the case of a loss) or line 349 (in the case of income) of Schedule 1.

In addition, in the "Miscellaneous other additions" section, lines 600 to 604 and 290 to 294 have been replaced by lines 605 and 295, which can be completed for as many items as required. Line 296 has been added to present the total of lines 295.

The line *Income inclusions under 13(38)(d)(iii) ITA* has been added to the "Miscellaneous other additions" section in order for the amount on line S of Schedule 10 (Jump Code: **10**) to be recorded in the situation where the taxation year straddles January 1, 2017, and where the corporation makes the election under subparagraph 13(38)(d)(iii) ITA at the top of Schedule 10.

Similarly, in the "Miscellaneous other deductions" section, lines 700 to 704 and 390 to 394 have been replaced by lines 705 and 395, which can also be completed for as many items as required. Line 396 has been added to present the total of lines 395.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if data was entered on lines 600 to 603, on one of lines 604, on lines 290 to 292 or in the fields used to allocate the amounts entered on lines 293 and 294, it will be retained on one of lines 605 and 295. Likewise, if data was entered on lines 700 to 703, on one of lines 704, on lines 390 to 392 or in one of the fields used to allocate the amounts entered on lines 703 and 704, it will be retained on one of lines 705 and 395.

Schedule 2, Charitable Donations and Gifts (Jump Code: 2)*

Part 3, "Gifts to Canada, a province, or a territory," has been removed from the form, because it was applicable to gifts made before February 19, 1997, or under an agreement entered into before that date. When opening a client file prepared with a prior version of *Corporate Taxprep*, if data had been entered in this section, it will not be retained. Verify if a different treatment would be more appropriate for that data, where applicable.

In addition, Bill 112 tabled on November 15, 2016, by the Québec government proposes that gifts of medicine made after March 18, 2007, can be carried forward over 20 years, while currently, the carryforward period for these donations is limited to 5 years. To reflect the proposed changes, lines have been added to the **Québec** column in Part "Amounts carried forward – Additional deduction for gifts of medicine" for the carryforward of the 7th through the 21st prior year. If gifts of medicine made after March 18, 2007, had expired in a preceding taxation year, you have to enter them on these new lines.

Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculations (Jump Code: 3)*

As a result of the update of the form, columns 241, 270 and 275 have been added to Part 1, to indicate respectively the amount of dividends that have been received before 2016, the Part IV tax on dividends received before 2016 and the Part IV tax on dividends received after 2015. Because of the addition of these columns, column FF in Part 1, which was used to determine if the dividends had been received before January 1, 2016, or after December 31, 2015, has been removed. In addition, the two Parts 2 that displayed on screen, i.e. one for dividends received after December 31, 2015, and one for dividends received before January 1, 2016, have been replaced by a single Part 2. Please note that the Part IV tax calculated in this new Part 2 equals the Part IV tax that was calculated in prior versions, except for the specific situation described in the troubleshooting memo T22016-007.

When opening a client file prepared with a prior version of *Corporate Taxprep*, all dividend amounts that have been received before January 1, 2016, will be entered in column 241. In addition, if former Parts 2 contained overridden amounts, these amounts will be retained in the new Part 2.

Schedule 5, Tax Calculation Supplementary – Corporations (Jump Code: 5)*

Line 841, *Certificate number* has been added under line 568, *Nova Scotia capital investment tax credit*, to which it relates.

Schedule 7, Aggregate Investment Income and Active Business Income (Jump Code: 7)

Custom Part 6, "Specified corporate income and assignment under subsection 125(3.2)," has been added to the form. This section allows you to enter the information required when the filing corporation is a Canadian-controlled private corporation (CCPC) and it has specified corporate income.

In cases where the filing corporation resides in Québec, a copy of Form CO-771.1.3.AT (Jump Code: **77113AT**) will be created for each line of this table to which the name of a corporation assigning its business limit is entered in column 1 or in which the business number of a corporation assigning its business limit is entered in column 2. In each copy created, the answer indicated at the question *Does the filing corporation have specified income for this copy of the form?* will be "Yes." In addition, the data in columns 1, 3 and 4 of each of these copies will be transferred to lines 02, 14 and 25 of Form CO-771.1.3.AT. For more information, consult the release note about Form CO-771.1.3.AT.

Also note that because of the addition of Part 6, the amount on line o.1 of Part 5 is now equal to the difference between the income not eligible for the small business deduction (total A of Part 6) and the business limit assigned by the other corporations (total B of Part 6). When opening a client file prepared with a prior version of *Corporate Taxprep* in which an amount was entered on line o.1, this amount will be retained on this line as an overridden amount.

Schedule 8 WORKCHART, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART)

The calculation of the CCA claimed has been modified for property in class 13 with regards to which a negative adjustment amount is entered on line 205. This change is intended to prevent a negative amount from displaying on the line *CCA claimed* when the amount on the line *Balance before CCA* is positive.

Class 14.1

On October 25, 2016, the federal government tabled Bill C-29, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures,* which proposes the introduction of class 14.1 for eligible capital property. In *Corporate Taxprep*, a class 14.1 will be automatically created when the answer indicated on line *The taxation year of the corporation includes January 1, 2017, or ends after that date* is "Yes" in Schedule 10 (Jump Code: **10**), and the taxation year straddles January 1, 2017.

Note that a separate class 14.1 will be created for each different business name entered on line *Business name* of Schedule 10 WORKCHART (Jump Code: **10 WORKCHART**). For that purpose, the field "Business name" has been added to Schedule 8 WORKCHART. All copies of Schedule 10 WORKCHART not containing a business name will be grouped in a single copy for class 14.1.

To manage the transition between Schedule 10 and class 14.1 of Schedule 8, the following seven lines have been added:

- *If the election under subparagraph 13(38)(d)(iv) ITA is made for one property in the class, enter the capital gain or the amount to include in income;*
- *Cumulative eligible capital in respect of the business on January 1, 2017;*
- *If the CEC is negative, amount that would need to be included in the income calculation pursuant to paragraph 14(1)(b) ITA;*
- *Total of deductions that reduced CEC in respect of the business for taxation years ending before January 1, 2017;*
- *Deemed capital cost of property in the class under paragraph 13(38)(a) ITA;*
- *Amount deemed allowed as a deduction against the capital cost of property in the class under paragraph 13(38)(c) ITA for taxation years ending before UCC balance in the class on January 1, 2017 ; and*

- *UCC balance in the class on January 1, 2017.*

In addition, in order to calculate the CCA and the additional deduction, the following five lines have also been added:

- *CCA claimed with respect to this UCC balance;*
- *Rate applicable to the additional deduction;*
- *UCC adjustments under subsections 13(38) and 13(39) ITA;*
- *Eligible CCA;* and
- *Additional deduction*.

When opening a client file prepared with a prior version of *Corporate Taxprep* or rolling forward a client file, a class 14.1 will be automatically created in cases where the taxation year ends after December 31, 2016. For taxation years starting after January 1, 2017, the line *CCA claimed with respect to this UCC balance* will indicate the total amounts of CCA and additional deduction claimed with respect to the UCC on January 1, 2017, in prior years starting after January 1, 2017.

We suggest that you verify the values retained and make the required adjustments, if applicable. For more information on the proposed changes, consult the help topic related to class 14.1.

Other changes

The question *Eligible for the supplementary CCA deduction for Québec?* has been removed from the form. When opening a client file prepared with a prior version of *Corporate Taxprep* or when rolling forward a client file, the answer to this question will not be retained.

Schedule 8 WORKCHART ADD, Additions and Dispositions Workchart (Jump Code: 8 WORKCHART ADD)

To take into account the new CCA class 14.1, which relates to eligible capital property, the existing copies of Schedule 10 WORKCHART ADD (Jump Code: **10 WORKCHART ADD**) will each be automatically recreated in a separate copy of Schedule 8 WORKCHART ADD when the taxation year includes January 1, 2017.

In cases where Schedule 10 WORKCHART ADD was not used, the following information entered in each copy of Schedule 10 WORKCHART will be duplicated in a new copy of Schedule 8 WORKCHART ADD:

- the business name; and
- the type of eligible property.

The same principles will apply when rolling forward a client file for a taxation year that starts on January 1, 2017.

Finally, note that the following three fields have been added to the form:

- *The corporation makes the election under subparagraph 13(38)(d)(iv) ITA for this property;*
- *UCC adjustment resulting from a disposal to which paragraph 13(39) ITA applies*; and
- *Adjustment to the acquisition cost under clause 13(38)(d)(iv)(B) ITA*.

We suggest that you verify the values retained and make the required adjustments, if applicable.

Schedule 9 WORKCHART, Related and Associated Corporations Workchart (Jump Code: 9 WORKCHART)

The "Québec CO-771 - Calculation of the income tax of a corporation" section has been added to this calculation workchart to indicate the number of hours worked by the employees of the corporation and by employees of any corporation with which it is associated. The number of hours will be updated to Form CO-771 (Jump Code: **771**) to calculate the small business deduction (SBD) rate.

Schedule 10, Cumulative Eligible Capital Deduction (Jump Code: 10)

On October 25, 2016, the federal government tabled Bill C-29*, A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*, which proposes the introduction of class 14.1 for eligible capital property.

To manage the transition between Schedule 10 and class 14.1 of Schedule 8, the following lines have been added to Schedule 10:

- *The taxation year of the corporation includes January 1, 2017, or ends after that date*; and
- *The corporation makes the election under subparagraph 13(38)(d)(iii) ITA*.

In *Corporate Taxprep*, when the answer indicated on the line *The taxation year of the corporation includes January 1, 2017, or ends after that date* is "Yes" and the taxation year indicated in Schedule 10 straddles January 1, 2017, the transfer of the amounts calculated in Schedule 10 to the schedules concerned is cancelled, and certain forms cease being applicable.

Here are the forms for which the transfer from Schedule 10 is cancelled in the above-described situation:

- Schedule 1 (Jump Code: **1**);
- Schedule 20 (Jump Code: **20**);
- Schedule 89 (Jump Code: **89**);
- CO-17.A.1 (Jump Code: **Q1**);
- AT1 Schedule 12 (Jump Code: **A12**); and

- *Corporate Taxpayer Summary* (Jump Code: **SUM**).

Here are the forms that stop being applicable in the above-described situation:

- Schedule 10 (Jump Code: **10**);
- CO-130.B (Jump Code: **Q10**); and
- AT1 Schedule 14 (Jump Code: **A14**).

Also note that the following forms will no longer be rolled forward for corporations that have a taxation year including January 1, 2017, or ending after that date:

- Schedule 10 (Jump Code: **10**);
- CO-130.B (Jump Code: **Q10**); and
- AT1 Schedule 14 (Jump Code: **A14**).

Consult the Help for more information on the calculations done based on the answer indicated on line *The corporation makes the election under subparagraph 13(38)(d)(iii) ITA*.

We also invite you to read the note relating to Schedule 8 WORKCHART (Jump Code: **8 WORKCHART**), that also relates to the introduction of class 14.1.

Schedule 31, Investment Tax Credit – Corporations (Jump Code: 31)*

As a result of the update of the form, Part 11 has been modified. Line 490 has been added to this part so you can enter the repayment amount for the investment tax credits relating to SR&ED expenditures incurred after 2013.

When opening a file prepared with a prior version of *Corporate Taxprep*, the amounts that were entered on line 480 will be transferred to line 490, if the repayment of government or non-government assistance or contract payments that reduced the amount of qualified expenditures for ITC purposes relate to a taxation year that started after 2013.

In addition, the calculation of line 101, which is used to determine the eligibility of corporations, has been modified in order for certain problematic situations to be handled correctly. The answer to the question on this line will now be "Yes" if the following two conditions are complied with:

- the corporation was a CCPC throughout the year; and
- the total taxable income of the corporation and its associated corporations for their last taxation year ending in the previous calendar year cannot be more than their total qualifying income limit for the particular taxation year pursuant to the definition of "qualifying income limit" set out in subsection 127.1(2) of the ITA.

T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim (Jump Code: 661)

The year's maximum pensionable earnings amount for purposes of the Canada pension plan has been updated for the 2017 calendar year (and is now $55,300). This amount is used to determine the specified employees' salary or wages when the proxy method is selected to calculate the SR&ED expenditures.

T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length (Jump Code: 1145)*

T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length (Jump Code: 1146)*

Schedule 89, Request for Capital Dividend Account Balance Verification (Jump Code: 89)*

As a result of the update of the form, the questions *Is this a balance verification request?* and *Is this request related to the requirements of section 89(1) for form T2054?* have been added above Part 1.

RC59, Business Consent (Jump Code: RC59)*

RC321, Delegation of Authority (Jump Code: RC321)*

As a result of the update of the form, the "RepID" and "Name of delegated authority" fields have been added to the form under check box B in Part 4 because this information must be provided when check box B is selected. In addition, the check box **a corporate officer** has been added to Part 5.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if you had selected check box B in Part 4 and the "RepID" and "Name of delegated authority" field(s) of check box D had been completed, data in this field will be transferred to the new fields related to check box B.

RC366, Direct Deposit Request for Businesses (Jump Code: RC366)

The following changes have been made to the list of financial institutions provided at fields "Institution Number" in Part B of the form.

<u>Items added to the list;</u>

248 – BARCLAYS BANK OF CANADA

258 – Credit Suisse First Boston Canada

356 – Citco Bank Canada

370 – Wealth One Bank of Canada

535 – Home Savings and Loan Corporation

627 – Home Trust Company

806 – Duca Financial Services Credit Union LTD

807 – Communication Technologie CR UN LTD

T1135, Foreign Income Verification Statement (Jump Code: 1135)*

Schedule 17, Credit Union Deductions (Jump Code: 17) *

Lines 6, 7 and 8 have been removed from Part 4.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if amounts were entered on the removed lines, they will not be retained.

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

As a result of the update of the form, the "Agreement and signature" section has been added to Statement A. Therefore, a signature is now required on this form.

AgriStability and AgriInvest Programs (Jump Code: AGRI/HAGRI) - Alberta*

AgriStability and AgriInvest Programs (Jump Code: AGRI/HAGRI) – Saskatchewan*

AgriStability and AgriInvest Programs (Jump Code: AGRI/HAGRI) – Harmonized provinces* and British Columbia*

AgriStability and AgriInvest Additional Information and Adjustment Request (Jump Code: HAGRI ADD)*

Ontario

Schedule 500, Ontario Corporation Tax Calculation

A line has been added in Part 3 to take into account an amount of the corporation's business limit that is assigned under subsection 125(3.2) ITA.

Schedule 504, Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties (Jump Code: 504)*

Schedule 566, Ontario Innovation Tax Credit (Jump Code: 566)*

In accordance with the CRA's filing requirements, lines 200, 205 and 210 have been removed. However, to be able to correctly calculate the amount on line 215, lines equivalent to lines 200, 205 and 210 have been added at the end of the custom Section "Schedule A – Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year."

When opening a client file prepared with a prior version of *Corporate Taxprep* in which one or more overrides had been done on lines 200, 205 and/or 210, the values on these lines will be retained as overridden amounts on the equivalent lines of the above mentioned section.

Schedule 554, Ontario Computer Animation and Special Effects Tax Credit (Jump Code: 554)*

Schedule 558, Ontario Production Services Tax Credit (Jump Code: 558)*

Québec

Notes to financial statements

When transmitting Québec corporate income tax returns (EFILE CO-17) by Internet, the notes to the financial statements (where applicable) should all be provided electronically. To transmit these notes electronically, use either one of the following methods:

- enter the notes in Form *Notes to the Financial Statements* (Jump Code: **NOTES**); or
- attach a PDF file containing the notes to be transmitted along with the return (for information on the procedure to follow to attach a PDF file, consult the help topic entitled "Attach a file").

CO-17, Corporation Income Tax Return (Jump Code: QJ)*

Line 47 *Proportion of the corporation's activities attributable to manufacturing and processing (percentage on line 186 of form CO-771)* has been removed from the form. Line 250a has been renamed *Average income amount for forest producers (form CO-726.PF)*.

A new line, *Inclusion under 726.29*, has been added, on screen only, to the left of line 297, so you can enter the amount relating to the disposal of privileged shares received in the form of patronage dividends in the calculation of taxable income.

The amount of registration fees for companies or corporations, mutual insurance companies and other entities, entered on line 441b, will be indexed on January 1, 2017. This amount will increase from $86 to $87. The amount of registration fees for cooperatives as well as the amount for non-profit legal persons (incorporated association), syndicate of co-ownerships and fraternal benefit societies will remain at $40 and $34 respectively.

CO-17.R, Request for an Adjustment to a Corporation Income Tax Return or to an Information and Income Tax Return for Non-Profit Corporations (Jump Code: QJR)

As a result of the change to the CO-17 return (Jump Code: **QJ**), a second line 250a has been added to the **Line number from the return** drop-down list to take into account the average income amount for forest producers (Form CO-726.PF). In addition, when the box

Select this check box to prepare an automatic CO-17.R form is selected, and the adjustment request relates to a corporation income tax return (CO-17), line 47, *Proportion of manufacturing and processing activities (Percentage on line 186 of form CO-771)*, no longer displays.

QC L265-266, Deductions from Taxable Income (Jump Code: L265/266)

Line 06, *Income earned from carrying on business in the MITZM*, has been removed from the form.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if an amount was entered on this line, it will not be retained.

QC L421B-421F, Deductions in the tax calculation (Jump Code: L421B)

Line 305, *Tax credit for hiring employees specialized in financial derivatives*, has been removed. When opening a client file prepared with a prior version of *Corporate Taxprep*, if an amount was entered on this line, it will not be retained.

QC L440P-Y, Additional Québec Credits (Jump Code: L440P)

The following credit codes were removed to the form:

- 020, *Tax credit for wages for an innovation project – ITDC (CO-1029.8.36.PN)*;
- 031, *Tax credit for wages paid by a corporation carrying out a specified activity in a designated site –Cité du multimédia (CO-1029.8.36.SD)*;
- 036, *Tax credit for wages paid by a corporation carrying out a specified activity in a designated site – CNNTQ (CO-1029.8.36.SD)*;
- 037, *Tax credit for wages for an innovation project – NEC or BDC (CO-1029.8.36.PN)*;
- 037, *Tax credit for wages paid by a corporation carrying out a specified activity in a designated site – NEC or BDC (CO-1029.8.36.SD)*;
- 038, *Tax credit for the acquisition or rental of property – BDC (CO-1029.8.36.AL)*;
- 039, *Tax credit for salaries and wages – MITZM (CO-1029.8.36.SZ)*;
- 041, *Tax credit for the acquisition or rental of property – MITZM (CO-1029.8.36.FZ)*;
- 049, *Tax credit for salaries and wages of employees working in E-Commerce Place (CO-1029.8.36.CE)*;
- 064, *Tax credit for the modernization of the taxi fleet (TP-1029.9)*;
- 072, *Tax credit for job creation in a designated region (CO-1029.8.36.RV, before March 14, 2008)*;
- 076, *Capital tax credit for investment (CO-1139)*;
- 078, *Tax credit for the acquisition of pig manure treatment facilities (CO-1029.8.36.LP)*;
- 082, *Tax credit for job creation in a designated region (CO-1029.8.36.RV, after March 13, 2008)*;
- 083, *Tax credit for job creation in the Vallée de l'aluminium (CO-1029.8.36.RL, calendar years 2008 and 2009)*;
- 084, *Tax credit for job creation in Gaspésie and certain maritime regions of Québec (CO-1029.8.36.RG, calendar years 2008 and 2009)*;
- 087, *Tax credit for the acquisition or lease of a new energy-efficient vehicle (TP-1029.8.36.EC)*.

When opening a tax return prepared with a prior version of *Corporate Taxprep*, if an amount was entered on the line for one of these codes, it will not be retained.

CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1)

On October 25, 2016, the federal government tabled Bill C-29, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*. To reflect the measures set forth in this document, the line *Income inclusions under 13(38)(d)(iii) ITA – Incorporeal capital property (form CO-130.B)* has been added to the "Additional list" section of the form.

In addition, we invite you to review the note relating to Schedule 10 (Jump Code: **10**), which also relates to the new measures set forth in Bill C-29.

CO-17.B.1, Amount to Be Included in the Income of a Corporation That Is a Member of a Single-Tier Partnership (Jump Code: Q17B1), and

CO-17.B.2, Amount to Be Included in the Income of a Corporation That Is a Member of a Multi-Tier Partnership (Jump Code: Q17B2)

A field allowing you to indicate the partnership's federal account number has been added for partnerships that do not have a Québec enterprise number (NEQ) or other Québec identification number. This new field allows you to perform a match with the other forms in situations where the partnership is not registered with the *Registraire des entreprises du Québec*. If the partnership does not have an account number, the correspondence will be established using its name.

CO-17S.3, Dividends Received and Taxable Dividends Paid (Jump Code: Q3)

CO-130.A, Capital cost allowance (Jump Code: Q8)*

CO-130.B, Deductions Respecting Incorporeal Capital Property (Jump Code: Q10)

On October 25, 2016, the federal government tabled Bill C-29, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*. To reflect the measures set forth in this document, the following two check boxes have been added to the form:

- **The taxation year of the corporation includes January 1, 2017, or ends after that date**; and
- **The corporation makes the election under subparagraph 13(38)(d)(iii) ITA**.

In addition, we invite you to review the note relating to Schedule 10 (Jump Code: 10), which also relates to the new measures set forth in Bill C-29.

CO-502, Election in Respect of a Dividend Paid Out of a Capital Dividend Account (Jump Code: CO502)*

CO-771, Calculation of the Income Tax of a Corporation (Jump Code: 771)*

In Part 1, lines 05a, 05b, 05c, 06, 07a and 07b have been added in order for the calculation of the income tax and the small business deduction (SBD) to be done correctly in Parts 9 to 11 of the form. In addition, above line 07a, fields have been added, on screen only, to proportionally increase the number of hours worked by the employees of the corporation during the taxation year in the case where the corporation has a short taxation year, and to indicate the number of hours worked by the employees of the partnership of which the corporation is a member. If the corporation is a member of more than one partnership and it has adjusted income from these partnerships for the taxation year, the greater number of hours among these partnerships should be entered on line c.

In Part 3, line 14b has been added to indicate the amount relating to the disposal of preferred shares in the form of patronage dividends. This amount will also have to be entered on line *Inclusion under 726.29*, located to the left of line 297 in the CO-17 return (Jump Code: **QJ**). The check boxes on line 18 have been modified to indicate the code and the deduction amount in the calculation as well as its amount. This information comes from Form QC L265-266, *Deductions from Taxable Income* (Jump Code: **L265/266**).

When opening a client file prepared with a prior version of *Corporate Taxprep*, if the check box on line 18b had been selected, code 06 will not be retained. If one of the other boxes on line 18 had been selected, using an override, and no amount had been entered next to this code in Form QC L265-266, the code will not be retained.

Part 5 has been added: it is used to calculate the specified corporate income.

In Part 6, lines 44d to 44m have been added to make adjustments related to specified corporate income, specified partnership income, property or specified investment business income, and patronage dividend deduction in calculating income from an eligible business carried on in Canada.

The layout of Section 8.1 has been modified: the amount on line 94b, which represents the total business limit allocated by the corporation calculated in Form CO-771.1.3.AT (Jump Code: **77113AT**), is now deducted after the business limit reduction (line 85). Therefore, the field "Corporation's business limit amount assigned to related CPCCs by virtue of the rules proposed in the March 22, 2016 Federal Budget" (added in version 2016 v.1.0) has been removed from the form.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if an amount was entered in that field, it will not be retained.

Part 9 has been added to calculate the tax rate and the SBD rate for the taxation year. Lines 98j to 98n are used to calculate the SBD rate reduction if the number of hours worked by the employees is more than 5,000 but less than 5,500.

Part 10 is used to calculate the income tax of a corporation that is not a CCPC, or a CCPC other than a corporation in the primary or manufacturing sector.

Part 11 is used to calculate the income tax of a corporation in the primary or manufacturing sector that is a CCPC. To determine the eligibility for the additional deduction in the tax rate for a taxation year ending after June 4, 2014, and starting before January 1, 2017, complete lines 180 to 186 only when the corporation carried on manufacturing and processing activities, or when the corporation was a member of a partnership that carried on such activities. For taxation years starting after December 31, 2016, lines 187a to 187c must be completed.

Finally, *Revenu Québec* now requires program calculations to be done using ten decimals, rounding up the last decimal. In the electronic transmission, the rates or proportions must include ten decimals, and the last decimal must be rounded up. On the paper copy of the form, only the first four decimals must be printed without being rounded up.

CO-771.14, Temporary Income Tax Exemption for the Commercialization of Intellectual Property (Jump Code: 77114)*

The income tax payable calculation is no longer done on this form, but only on Form CO-771 (Jump Code: **771**). For that reason, lines 33 and 34 in Part 3 as well as Part 5 have been removed from the form.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if an amount had been entered on line 54 using an override, the amount will be retained on line 220 of Form CO-771 if the proportion of activities attributable to manufacturing and processing (line 186 of Form CO-771) exceeds 0%. Otherwise, the amount will be retained on line 110 of Form CO-771.

CO-771.2.1.2, Income from an Eligible Business Carried On in Canada (Jump Code: 771212)*

New lines have been added to this form to reflect the changes for purposes of preventing the multiplication of the Small Business Deduction that have been proposed in Bill C-29, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*, tabled on October 25, 2016. The Québec government has in fact decided to parallel this measure, as announced in Information Bulletin 2016-5 published on May 6, 2016. As a result, line 12aa has been added to Part 3 to indicate the corporation's income from services or property provided to the partnership. In addition, the new Sections 3.2.1 and 3.2.2, which are used to determine the business limit used in the calculation of the adjusted income from the partnership, take into account the business limit that can be allocated to a corporation that is a designated member of the partnership using Form CO-771.2.1.AT (Jump Code: **77121AT**). In accordance with the instructions of the form, Section 3.2.1 is completed only if you answer "Yes" to one of the custom questions *Is the number of hours worked by the employees of the partnership in the fiscal period ending in the taxation year of the corporation greater than 5,000 hours?* and *Does the partnership carry on its activities in the primary sector or in the manufacturing sector?* of this section.

Note that in Part 2, the partnership's federal account number coming from Form *Information About Partnerships* (Jump Code: **QSP**) is now indicated, on screen only, in order to establish a correspondence between Forms CO-771.2.1.2 and CO-771.2.1.AT in situations where the partnership is not registered with the *Registraire des entreprises du Québec*. If the partnership does not have an account number, the correspondence will be established using its name.

CO-771.1.3, Associated Corporations' Agreement Respecting the Allocation of the Business Limit (Jump Code: 77113)*

As a result of the update of the form, Parts 5, 6 and 7, which were used to calculate the business limit for a corporation associated with one or more other corporations, have been removed. The business limit will now be calculated in Form CO-771 (Jump Code: **771**) for all corporations.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if a value had been entered using an override in one of the deleted parts, the amount that was shown on line 35 of Form CO-771.1.3 will be retained as an overridden value on line 95 of Form CO-771.

CO-771.R.3, Breakdown of Business Carried On in Québec and Elsewhere (Jump Code: 771R3)*

CO-1029.8.33.13, Tax Credit for the Reporting of Tips (Jump Code: 102983313)*

This form has been updated to include the various rates applicable for 2016. In addition, line 32a has been added to Section 2.4, and must be completed if the amount on line 30 includes tips that have been received by shareholders and for which no QPIP contribution has been paid. Finally, line 44a has been added to Section 2.6, and must be completed if the amount on line 42 includes tips that have been received by shareholders and for which no employment insurance premium has been paid.

CO-1029.8.36.EL, Tax Credit for Book Publishing (Jump Code: 1029836EL)*

CO-1029.8.36.ES, Tax Credit for the Production of Sound Recordings (Jump Code: 1029

CO-1029.8.36.ID, Cumulative Limit Allocation Agreement for the Tax Credit for Investment (Jump Code: 1029836ID)*

CO-1029.8.36.IN, Tax Credit for Investment (Jump Code: 1029836IN)*

The question *Were the eligible expenses incurred after June 4, 2014?* has been replaced by check boxes allowing you to select the period in which the eligible expenses have been incurred. The periods that can be selected are the following: before June 5, 2014, after June 4, 2014, but before January 1, 2017, and after December 31, 2016.

In addition, all references and region codes related to eligible expenses incurred before November 20, 2012, have been removed from the form and rates related to expenses incurred after December 31, 2016, have been added.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if a region code related to eligible expenses incurred before November 20, 2012, was entered on line 09, it will not be retained.

TP-1029.9, Tax Credit for Taxi Drivers or Taxi Owners (Jump Code: 10299)

The indexed base amount that should be indicated on lines 51 and 52 for the 2017 taxation year is $569.

CO-1136, Calculation of Paid-up Capital (Jump Code: 1136)

The check box 99, **others,** a field used to specify the name of the deduction and line 3 have been added to Part 5, on screen only. Line 3 is used to enter a deduction amount other than the amounts deducted using check boxes 03, 04, 07 and 08 in Part 5.

If more than two codes are selected in Part 5, when printing, code 99 will be indicated on line 394i when printing, and the amount on line 394 will be equal to the total of the deductions from lines 2 and 3.

CO-1136.CS, Paid-Up Capital for Purposes of Calculating the Income Tax of Certain Corporations (Jump Code: 1136CS)

Code 99, *Others* has been added to the drop-down list of lines 393i and 394i.

RD-222, Deduction Respecting Scientific Research and Experimental Development Expenditures (Jump Code: Q222)*

The amount of Québec's R&D tax credits must now be entered on new line 71, *R&D tax credits granted by Revenu Québec for the year*, and no longer on line 76, *Assistance, benefit or advantage related to the expenditures on line 55*. The calculations on lines 71 and 76 have been adjusted accordingly. When opening a client file prepared with a prior version of *Corporate Taxprep*, if the amount on line 76 had been overridden, you will have to revise this entry to prevent Québec's R&D tax credits from being entered twice.

RD-1029.7, Tax Credit for Salaries and Wages (R&D) (Jump Code: 10297)*

To calculate an amount of excluded expenditures in Section 4.2, the custom line AA has been added to Part 3. This new line displays on screen only. You will have to enter the date on which the contract has been entered into, where applicable.

An amount of excluded expenditures will be calculated in Section 4.2 if the following conditions are met:

- the corporation's taxation year starts after December 2, 2014;
- qualified R&D expenditures have been incurred;
- no date is entered on line AA, or a date after December 2, 2014, is entered on this line.

In accordance with *Revenu Québec's* filing requirements, a validation has been added for line 156i, to ensure that the value on this line does not exceed 365 days. When opening a client file prepared with a prior version of *Corporate Taxprep* in which a number of days greater than 365 had been entered on this line using an override, this number of days will not be retained.

RD-1029.8.6, Tax Credit for University Research or Research Carried Out by a Public Research Centre or a Research Consortium (Jump Code: 102986)

In accordance with *Revenu Québec's* filing requirements, a validation has been added for lines 176 and 198, to ensure that the values on these lines do not exceed 365 days. When opening a client file prepared with a prior version of *Corporate Taxprep*, in which a number of days greater than 365 had been entered on these lines using an override, this number of days will not be retained.

RD-1029.8.9.03, Tax Credit for Fees and Dues Paid to a Research Consortium (Jump Code: 10298903)

In accordance with *Revenu Québec's* filing requirements, a validation has been added for lines 172 and 193, to ensure that the values entered on these lines do not exceed 365 days. When opening a client file prepared with a prior version of *Corporate Taxprep*, in which a number of days greater than 365 had been entered on these lines using an override, this number of days will not be retained.

RD-1029.8.16.1, Tax Credit for Private Partnership Pre-Competitive Research (Jump Code: 10298161)

In accordance with *Revenu Québec's* filing requirements, a validation has been added for lines 179a and 193, to ensure that the values entered on these lines do not exceed 365 days. When opening a client file prepared with a prior version of *Corporate Taxprep*, in which a number of days greater than 365 had been entered on these lines using an override, this number of days will not be retained.

TP-997.1, Information Return for Tax-Exempt Entities (Jump Code: 9971)*

Information About Partnerships (Jump Code: QSP)

A line allowing you to indicate the partnership's federal account number has been added to simplify the creation of lines in Form CO-17.B (Jump Code: **Q17B**) for partnerships that do not have a Québec enterprise number (NEQ) or other Québec identification number.

In addition, the following lines have been added to calculate income from a specified partnership in situations where the restrictions proposed by the federal government apply to the small business deduction:

- *The corporation is a designated member of the partnership*;
- *Income from services or property provided to the partnership*;
- *Business limit allocated by a member of the partnership to the filing corporation, which is a designated member of the partnership*;
- *Business limit allocated by the filing corporation, which is a member of the partnership, to a designated member of the partnership*.

MR-69, Power of Attorney, Authorization to Communicate Information, or Revocation (Jump Code: MR69)

Many changes have been made to this form to meet *Revenu Québec* requirements. Incidentally, many diagnostics and validation messages have been added to help you correctly complete the form.

In the "General information" section, the line *Do you wish to file this form every year?* has been removed, but the line *Do you wish to file the consent form for the current year?* has been retained.

Also note that it is no longer possible to perform entries on the following lines, because these lines relate to individuals and trusts, and these types of taxpayers are not covered by *Corporate Taxprep*.

Part 1

- Line 1b, *Social insurance number (SIN)*
- Line 2, *Mr. Ms.*
- Line 2a, *Last name*
- Line 2b, *First name*

Part 3.1 and 3.2

- Line 20, *All information held by Revenu Québec with regard to the person identified in Part 1 for the application or enforcement of Québec tax legislation, the Excise Tax Act, the Act to facilitate the payment of support and the shelter allowance program*
- Line 22, *Support payments (provide file number(s))*
- Line 22a, *File number*
- Line 22b, *File number*
- Line 22c, *File number*
- Line 22d, *File number*
- Line 23, *The shelter allowance*
- Line 24, *Personal income tax return(s)*
- Line 26, *Trust return(s)*
- Line 27, *Advance payments of the tax credit for home-support services for seniors*
- Line 28, *The solidarity tax credit*

When opening a client file prepared with a prior version of *Corporate Taxprep*, if data had been entered on these lines, it will not be retained.

As well, when opening a client file prepared with a prior version of *Corporate Taxprep* in which the following numbers were invalid, they will not be retained:

- the professional representative number (in Parts 2 and 5);
- the file numbers
  - for establishments that use sales recording modules (SRMs) (lines 31a to 31c);
  - for GST/HST and QST returns the person's business must file (lines 32a to 32c);
  - for fuel tax returns (lines 33a to 33c);
  - for tobacco tax returns (lines 34a to 34c);
  - for source deductions and employer contributions (lines 35a to 35c).

COZ-1179, Logging Operations Return (Jump Code: 1179)*

Lines 12a and 12b have been added to Part 2 so you can indicate if the corporation ceased its logging operations and, where applicable, when the corporation ceased these operations.

CO-786, Patronage Dividend Deduction (Jump Code: Q16)*

The new line 06 is used to determine if the corporation's net income before the patronage dividend deduction differs from its income from an eligible business carried on in Canada before patronage dividend deduction. When these income amounts differ, the corporation's income from an eligible business carried on in Canada must be calculated in new Part 5 of the form. The calculated income is then used to determine the amount of the small business deduction in Form CO-771 (Jump Code: **771**).

In addition, lines 25a and 25b have been added to include the undeducted portion of patronage dividends transferred to the corporation as a result of the amalgamation or the wind-up of a subsidiary corporation in the calculation of the deductible amount for patronage dividends for the year.

Finally, custom fields aa and bb have been added under box 06 to allow for the calculation of line 53 in the case where the patronage dividends paid during the year (lines 10 to 13), the percentages of business transacted with member and non-member customers (lines a and b), the undeducted portions of patronage dividends at the end of a prior year (line 25b) or the income from an eligible business carried on in Canada before the patronage dividend deduction (line 52) differ from the corresponding amounts indicated in Schedule 16 (Jump Code: **16**). In this situation, the calculations in Parts 2 and 3 will be done again, but by using the amounts in fields aa and bb, which will allow you to determine the amount on line 53. If there is no difference between the amounts in this form and the amounts in Schedule 16, the amount on line JJ of Schedule 16 will be updated to line 53.

CO-1029.8.35, Tax Credit for Québec Film Productions (Jump Code: 1029835)*

CO-1029.8.36.PM, Tax Credit for Corporations Specialized in the Production of Multimedia Titles (Jump Code: 1029836PM)

A qualified corporation can now choose the employees for which the annual limit relating to the qualified salary or wages does not apply, as announced in Information Bulletin 2016-7, published on June 30, 2016. Custom Sections A and B, which display under box 09, on screen only, must now be completed when box 09 has been selected. These sections allow you to calculate the number of employees for which the annual limit does not apply and indicate the name of these employees. Section B is calculated automatically based on the answers to custom question AA as well as custom question BB, located under Section 2.1 of Form CO-1029.8.36.PM PART 2. Questions AA and BB respectively allow you to indicate if you want to make the election respecting the employees and, if appropriate, to choose the employees covered by this choice.

When opening a client file prepared with a prior version of *Corporate Taxprep*, data that had been entered on the first copy of the form, in the custom fields located under box 09, will be retained in the corresponding fields of Section A on the copy of the form for which box 09 is selected.

CO-1029.8.36.SM, Tax Credit for the Production of Performances (Jump Code: 1029836SM)*

CO-1029.8.36.SP, Tax Credit for Film Production Services (Jump Code: 1029836SP)*

CO-1029.8.36.TM, Tax Credit for Multimedia Titles (Jump Code: 1029836TM)*

As a result of the update of the form, a qualified corporation can now choose the employees for which the annual limit relating to the qualified salary or wages does not apply, as announced in Information Bulletin 2016-7, published on June 30, 2016.

The new Part 3, which must be completed if box 09a has been selected, allows you to calculate the number of employees for which the annual limit does not apply and indicate the name of these employees. Lines 09ca to 09cj in Section 3.2 (that can be viewed when printing only) are calculated based on the answers to custom question AA, located under box 09a in Part 2, as well as custom question BB, located under Section 4.1 of Form CO-1029.8.36.TM PART 4. Custom questions AA and BB respectively allow you to indicate if you want to make the election respecting the employees and, if appropriate, to choose the employees covered by this choice.

Furthermore, *Revenu Québec* has confirmed that the number of employees to enter on line 09ba is the number of employees that relates to the multimedia title for which a copy of the form is completed, and the number of days to enter on line 37 is the number of days related to this multimedia title. The diagnostic that was prompting you to allocate the annual limit amount among the different copies of an employee has then been removed, because the calculation is done correctly on line 40. Make sure that the data entered on lines 09ba and 37 is correct.

As a result of the addition of a new part to the form, former Parts 3 to 6 have been renumbered; they now correspond to Parts 4 to 7. In addition, the custom fields used to calculate the number of employees for which the annual limit does not apply, which were located under box 09a, in Part 2 of the form, have been replaced by new Section 3.1. When opening a client file prepared with a prior version of *Corporate Taxprep*, data in those fields will be transferred to the new corresponding lines 09ba to 09bc, if box 09a is selected on a single copy of the form. Otherwise, this data will not be retained.

In addition, in accordance with *Revenu Québec's* filing requirements, the length of the field on line 09ld, *Number of certificate*, has been reduced: this field can now contain a maximum of ten characters. When opening a client file prepared with a prior version of *Corporate Taxprep* or when rolling forward a client file, if the field of line 09ld contained more than ten characters, the value in this field will be deleted, and you will have to enter the certificate number.

CO-1029.8.36.XM, Tax Credit for the Production of Multimedia Events or Environments Presented Outside Québec (Jump Code: 1029836XM)*

CO-1140.A, Paid-Up Capital to Be Used for Purposes Other Than the Calculation of the Tax on Capital (Jump Code: 1140A)

The question *Is the corporation claiming the deduction relating to an IFC?* has been added above Part 4.1, on screen only, because Part 4 must be completed only if the corporation is claiming the deduction relating to an international financial centre (IFC). When the answer to this question is "Yes" and the corporation is a financial institution or an insurance corporation, *Corporate Taxprep* calculates the deduction relating to an IFC.

When opening a client file prepared with a prior version of *Corporate Taxprep* in which an amount was shown on line 54 or line 71, the answer to the new question will be "Yes."

CO-1029.8.36.EM, Tax Credit Relating to Resources (Jump Code: 1029836EM)*

As a result of the update of the form, Parts 2 to 5 have been re-engineered and now correspond to Parts 2 to 11. In addition, the sections relating to exploration expenses have been split in two to differentiate mining exploration expenses from oil or gas well exploration expenses. Previously, no distinction was made between these expenses; they had to be entered together in Sections 2.1.1 and 2.1.2. These expenses must now be entered in Sections 3.1.1, 3.1.2, 3.2.1 and 3.2.2 based on their type. A similar modification has been made for the calculation of the credit with regards to these expenses: Sections 4.1.1 and 4.1.2 have been replaced by Sections 7.1.1, 7.1.2, 7.2.1 and 7.2.2 where the different types of expenses should be differentiated.

The way to complete the form has also been modified. Instead of completing one copy of the form per type of expenses per period, you should now complete Parts 2 to 9 according to the periods where the expenses have been incurred. Accordingly, boxes 05g to 05l have been replaced with boxes 05m to à 05o. If the qualified corporation incurred eligible mining exploration expenses in the Near North or Far North after March 17, 2016, complete Parts 2 to 9 on a separate copy of this form for:

- eligible expenses incurred before June 5, 2014 (you will then have to select box 05m);
- eligible expenses incurred after June 4, 2014, but before March 18, 2016 (you will have to select box 05n);
- eligible expenses incurred after March 17, 2016 (you will have to select box 05o);

Otherwise, complete these sections on a separate copy of the form for:

- eligible expenses incurred before June 5, 2014 (you will have to select box 05m);
- eligible expenses incurred after June 4, 2014 (you will have to select box 05n).

To complete the form in accordance with *Revenu Québec* requirements, you should now enter data from Parts 2 to 9 in the new Form CO-1029.8.36.EM PARTS 2 to 9. You can access Form CO-1029.8.36.EM Parts 2 to 9 from Part 2 to 9, "Tax credit relating to resources" or Section 6.1, "Corporation's percentage interest in the qualified partnership," of Form CO-1029.8.36.EM.

Complete a separate copy of Form CO-1029.8.36.EM for each entity (corporation, partnership or interposed partnership) claiming a credit. For each entity, you should also complete a separate copy of Form CO-1029.8.36.EM PARTS 2 to 9 for each period or situation concerned in Part 2.

Note that Section 6.1, "Corporation's percentage interest in the qualified partnership," displays both in Form CO-1029.8.36.EM and Form CO-1029.8.36.EM PARTS 2 to 9. However, you should complete this section in Form CO-1029.8.36.EM, and the information will be automatically transferred to Section 6.1 of Form CO-1029.8.36.EM PARTIES 2 to 9. When printing Form CO-1029.8.36.EM, data in Section 6.1 will print in Form CO-1029.8.36.EM PARTS 2 to 9.

Also note that former Part 5, "Refundable portion of the temporary increase from a previous year," has been renumbered and it is now Part 11. It must still be completed on a single copy of the form.

When opening a client file prepared with a prior version of *Corporate Taxprep*, the data in former Parts 2 to 4.3 will be retained on the corresponding lines of Parts 2 to 9. Data that had been entered in Sections 2.1.1, 2.1.2, 4.1.1 and 4.1.2 will be retained in Sections 3.1.1, 3.2.1, 7.1.1 and 7.2.1. If the data that had been entered in the former sections listed above relate to oil or gas well exploration expenses, enter these amounts in Sections 3.1.2, 3.2.2, 7.1.2 and/or 7.2.2, as applicable.

If box 05g, box 05i and/or box 05k were selected, a copy of Form CO-1029.8.36.EM PARTS 2 to 9 will be created for each entity, and box 05m will be selected. In addition, if box 05h, box 05j and/or box 05l were selected, a copy of Form CO-1029.8.36.EM PARTS 2 to 9 will be created for each entity, and box 05n will be selected. Finally, if box 05h.1 was selected, a copy of Form CO-1029.8.36.EM PARTS 2 to 9 will be created for each entity, and box 05o will be selected.

COZ-1027.P, Payment of Income Tax, Capital Tax, Registration Fee or Compensation Tax of a Corporation (Jump Code: 1027P)

In accordance with a new requirement of *Revenu Québec*, we have modified the calculation of the field "Amount charged to the fiscal period ending in" as follows:

- when the fiscal year end is **between the 16th day of the month and the month end**, the fiscal year end month is now the **current month**; and

- when the fiscal year end is **between the 1st and 15th day of the month**, the fiscal year end month is now the **preceding month**.

Alberta

AT1 Schedule 1, Alberta Small Business Deduction (Jump Code: A1)*

As announced in the April 14, 2016 Alberta Budget, the small business deduction rate for the province will be increased from 9% to 10% on January 1, 2017. The table *Calculation of the Alberta Small Business Deduction* has been adjusted to reflect this change.

The field "Assigned amount" has been moved from line (b) to line (d) in order to deduct any allocated amount from the business limit after the reduction for large corporations. This change reflects the recent update of Schedule 200 (Jump Code: **J**).

When opening a client file prepared with a prior version of *Corporate Taxprep* in which an amount had been overridden on field "Assigned amount," this amount will not be retained.

AT1 Schedule 12, Alberta Income/Loss Reconciliation (Jump Code: A12)

On October 25, 2016, the federal government tabled Bill C-29, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*. To reflect the measures set forth in this document, the line *Income inclusions under 13(38)(d)(iii) of the ITA* has been added to the form. This line includes fields 041h and 040h.

In addition, we invite you to review the note relating to Schedule 10 (Jump Code: **10**), which also relates to the new measures set forth in Bill C-29.

AT1 Schedule 14, Alberta Cumulative Eligible Capital Deduction (Jump Code: A14)

On October 25, 2016, the federal government tabled Bill C-29, *A second Act to implement certain provisions of the budget tabled in Parliament on March 22, 2016 and other measures*. To reflect the measures set forth in this document, the following two check boxes have been added to the form:

- **The taxation year of the corporation includes January 1, 2017, or ends after that date**; and
- **The corporation makes the election under subparagraph 13(38)(d)(iii) ITA**.

In addition, we invite you to review the note relating to Schedule 10 (Jump Code: **10**), which also relates to the new measures set forth in Bill C-29.

Alberta Schedule EDI, Alberta Electronic Data Interchange (Jump Code: AEDI)

In accordance with filing requirements of the *Alberta Tax and Revenue Administration*, the length of the field of line 041, *E-mail address*, has been modified: this field can now contain up to seventy characters. This same modification has been made to the equivalent field of the preparer profiles, in the "Alberta Treasury Board and Finance, Tax and Revenue Administration" section of the **EFILE** tab.

Manitoba

Schedule 387, Manitoba Small Business Venture Capital Tax Credit (Jump Code: 387)*

Schedule 392, Manitoba Data Processing Investment Tax Credits (Jump Code: 392)*

British Columbia

Schedule 421, British Columbia Mining Exploration Tax Credit (Jump Code: 421)*

FIN 542, Logging Tax Return of Income (Jump Code: FIN542)

The calculations in this form have been modified to ensure that they are consistent with the definitions of the British Columbia *Logging Tax Act*. As a result, you can now calculate negative amounts on lines 135 and 160. Conversely, you can no longer enter a negative amount in the field "Original cost of processing assets" and you can no longer calculate negative amounts on lines 140, 142, 144 and 460.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if negative amounts were entered using an override on lines 140, 142, 144 and 460, they will not be retained. In addition, if a negative amount had been entered in the field "Original cost of processing assets," it will not be retained.

Schedule 422 (T1196), British Columbia Film and Television Tax Credit (Jump Code: 1196)*

As a result of the update of the form, custom lines have been added to Parts 8 and 9, above line p and line r. These new lines must be completed when the production is an animation production that started principal photography after June 26, 2015, in order to correctly calculate the amounts on lines EE and II. When you complete these lines, do not complete lines 695, 700, 660 and 665.

In addition, the custom question *Did principal photography of the production begin after February 19, 2008?*, which was located above line r in Part 9, has been removed.

Finally, line 2 has been added to Part 11 in order to calculate the digital animation, visual effects and post-production tax credit for productions that started principal photography after September 30, 2016. Therefore, the custom question *Is the eligible production meeting the new criteria proposed in the British Columbia Bill 25 tabled on May 2, 2016?*, that was located above Part 1, as well as the custom field in Part 11 that allowed you to enter the rate announced by regulation, have been removed.

When opening a client file prepared with a prior version of *Corporate Taxprep*, if data had been entered in response to one of the custom questions that have been removed or in the field of Part 11 that related to the rate announced by regulation, it will not be retained.

Schedule 423 (T1197), British Columbia Production Services Tax Credit (Jump Code: 1197)

As announced in British Columbia Regulation 183/2016, for productions whose principal photography begins after September 30, 2016, the additional rates that apply to the tax credits in Parts 6 and 9 are respectively 17% and 5%. These rates are added to the 11% basic rate for those two tax credits. Therefore, if the date entered on line 302 is after September 30, 2016, the rate used in the calculation of line 800 in Part 6 will be 28%, and the rate used in the calculation of line 805 in Part 9 will be 16%.

The custom fields that allowed you to enter the rate announced by regulation for the calculation of lines 800 and 805 have been removed because these rates are now known. When opening a client file prepared with a prior version of *Corporate Taxprep*, if data had been entered in those fields, it will not be retained.

New Brunswick

Schedule 366, New Brunswick Corporation Tax Calculation (Jump Code: 366)*

Newfoundland and Labrador

Schedule 305, Newfoundland and Labrador Capital Tax On Financial Institutions (Jump Code: 305)*

Schedule 307, Newfoundland and Labrador Corporation Tax Calculation (Jump Code: 307)*

Guides

Updated Guides

AgriStability and AgriInvest

- 2016 AgriStability and AgriInvest Program, Corporation/Co-operative and Special Individual Harmonized Form and Guide
- Alberta AgriStability Supplementary Forms (2016) Guide

Québec

- CO-17.SP.G, Non-Profit Corporations - Guide to Filing the Information and Income Tax Return
- IN-250, Tax Measures Respecting Tips

Saskatchewan

- Saskatchewan Commodity Code Guide (2015)
- Saskatchewan Corporations, Co-operatives, Other Entities Guide (2015)

Technical Changes

Customizing the syntax of the PDF filenames

You can customize the syntax of the PDF filenames for returns and forms to avoid having to rename them when you create a PDF file. To do so, access the **PDF Files** pane in the “Print” section of the options and settings. In the “Syntax of the PDF filenames” section, click in the **Syntax** column, on the line relating to the type of document (tax returns or forms) for which you want to customize the syntax of the PDF filenames. Then click ..., and select the items that you want to display in the PDF filenames.

Note that you can edit the name of the “Customized” items by clicking **Edit custom items**, and enter the desired text.

Finally, you can now automatically replace the spaces with underscores in the name of the PDF files. To do so, select the check box **Replace spaces with underscores**.

Taxprep Registration

Certain fields in the box **Taxprep Registration** have been modified. In addition, during the registration process, the user is now prompted to provide his or her e-mail address and indicate if a partner in the firm has a valid CPA title.

Converting Templates

Converting Template Files

All templates (i.e. client letter templates, client filters, preparer profiles and print formats) created in a prior version must be converted to be used with *Corporate Taxprep* 2016 v.2.0.

Templates can be converted using the **Convert** function which is available in each template view.

Corrected Calculations

The following problems have been corrected in this release:

Federal

- Schedule 3, *Dividends Received, Taxable Dividends Paid and Part IV Tax Calculation* (Jump Code: **3**) - Part IV tax payable calculation incorrect when a Part IV tax amount is payable on dividends received before January 1, 2016, and dividends received after December 31, 2015, an amount is entered on line 360 of Schedule 43 and losses deducted from Part IV tax are greater than the difference between Part IV tax on dividends received after December 31, 2015, and the amount on line 320.1 divided by 38 1/3%
- Schedule 89, *Request for Capital Dividend Account Balance Verification* (Jump Code: **89**) — The amount of dividends paid in the year from the capital dividend account (CDA) is not rolled forward to column 7 in certain situations

Québec

- CO-1029.8.36.PM, *Tax Credit for Corporations Specialized in the Production of Multimedia Titles* (Jump Code: **1029836PM**) - New measure relating to the qualified labour expenditure limit for the purposes of the refundable tax credits for the production of multimedia titles
- CO-1029.8.36.TM, *Tax Credit for Multimedia Titles* (Jump Code: **1029836TM**) - New measure relating to the qualified labour expenditure limit for the purposes of the refundable tax credits for the production of multimedia titles
- RD-1029.7, *Tax Credit for Salaries and Wages (R&D)* (Jump Code: **10297**) - Incorrect calculation on lines 152a and 158 when the corporation's taxation year or the partnership's fiscal period starts after December 2, 2014, and qualified R&D expenditures have been incurred under a research contract entered into before December 3, 2014
- RD-1029.8.6, *Tax Credit for University Research or Research Carried Out by a Public Research Centre or a Research Consortium* (Jump Code: **102986**) - Incorrect calculation on lines 203, 230a, 230d and 230g when the corporation's taxation year or the partnership's fiscal period starts after December 2, 2014, and qualified R&D expenditures have been incurred both under a research contract entered into after December 2, 2014, and under a research contract entered into before December 3, 2014
- RD-1029.8.16.1, *Tax Credit for Private Partnership Pre-Competitive Research* (Jump Code: **10298161**) - Incorrect calculation on lines 181 and 198 when the corporation's taxation year or the partnership's fiscal period starts after December 2, 2014, and qualified R&D expenditures have been incurred under a partnership contract entered into before December 3, 2014

Essential Program Information

Taxation Years Covered

Corporate Taxprep 2016 v.2.0 is designed to process corporate tax returns with taxation years beginning on or after January 1, 2014, and ending on or before May 31, 2017.

You must use the appropriate prior version of *Corporate Taxprep* to prepare returns relating to a taxation year that begins before that period. To obtain a list of prior *Corporate Taxprep* versions and corresponding taxation years, consult the "Version Coverage" topic available in the program's Help.

Default Taxation Year

The default taxation year for a new client file is January 1, 2016, to December 31, 2016.

Specialized Information, Advanced Network and Corporation Internet Filing Modules

The modules **Specialized Information** (SI), **Advanced Network** and **Corporation Internet Filing** are options sold separately from the program.

Where to Find Help

If you have any questions regarding the installation or use of the program, there are several options for getting help. Refer to the *QuickStart Guide* in the **Professional Centre** for tips and useful information on how to use the program. If you are in the program and need help, press F1 to get help on a specific topic.

Taxprep e-Bulletin

For your convenience, you are automatically subscribed to **Taxprep e-Bulletin**, a free e-mail service that ensures you receive up-to-date information about the latest version of *Corporate Taxprep*. If you wish to review your subscription to **Taxprep e-Bulletin**, visit www.taxprep.com and click **My e-Bulletin** in the "e-Bulletin" section. You can also send an e-mail to cservice@wolterskluwer.com to indicate the products for which you wish to receive general information or information on our CCH software (*Personal Taxprep*, *Corporate Taxprep*, *Taxprep for Trusts*, *Taxprep Forms* or *CCH Accountants' Suite*).

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