Corporate Taxprep

Troubleshooting

Corporate Taxprep 2017

Client filter and customized diagnostic templates offered with the Troubleshooting Memos

To assist you in identifying clients that could be affected by the described problems, a downloadable client filter and customized diagnostic template is associated with most *Troubleshooting Memos*. These templates allow you to display a diagnostic in the returns that have tax situations that were the subject of a *Troubleshooting Memo* and provide access to a list of clients affected by the described problems.

Installing the client filter and diagnostic template

To find the predefined folder for customized client filters or diagnostics, proceed as follows:

1- Launch *Taxprep*.

2- On the **Tools** menu, click **Options and Settings**.

3- Under **Options**, click **File Locations**.

4- Verify the predefined location for the filters and diagnostics. After the installation, the default location is usually the following: **My Documents\CCH\T2 Taxprep 2017-x\Filter and Diagnostics\.**

5- Copy the downloaded file to this location.
The client filter will be available in the Client Manager, while the diagnostic will display in the relevant returns.

Note: The table below lists all of the client filter templates and diagnostics, which allows you to download them separately, depending on the troubleshooting memos and FAQs that relate to you. To download all templates in a single operation, click the **Download all templates** button, then copy all zipped files into the folder **My Documents\CCH\T2 Taxprep 2017-x\Filter and Diagnostics**.

Download all templates

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of April 1, 2018	Schedule 566, Ontario Innovation Tax Credit (Jump Code: 566) – Enhanced rate for scientific research and experimental development (SR&ED) qualified expenditures incurred after March 27, 2018	Version 2017 2.0	Version 2018 1.0	T22017-028
Week of April 1, 2018	Schedule 508, Ontario Research and Development Tax Credit (Jump Code: 508) - Increase in the rate of the tax credit for eligible SR&ED expenditures incurred after March 27, 2018 when the eligible SR&ED expenditures incurred in the year are over $1,000,000	Version 2017 2.0	Version 2018 1.0	T22017-027
Week of April 1, 2018	CO-1029.8.33.13, Tax Credit for the Reporting of Tips (Jump Code: 102983313) - Modification to the Health Services Fund contribution rate for the 2018 calendar year for a total payroll of less than $5,000,000	Version 2017 2.0	Version 2018 1.0	T22017-026
Week of April 1, 2018	CO-1159.2, Compensation Tax for Financial Institutions (Jump Code: 11592) – Adjustment to the rates of the compensation tax on paid wages of financial institutions and addition of a maximum amount of paid wages subject to the compensation tax for the taxation year	Version 2017 2.0	Version 2018 1.0	T22017-025
Week of April 1, 2018	2018 Québec Budget - New measures with respect to Forms CO-1029.8.33.6, CO-1029.8.36.DF and CO-1029.8.36.XM	Version 2017 2.0	Version 2018 1.0	T22017-024
Week of April 1, 2018	Schedule 8 Workchart, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART) - Incorrect information relating to the additional capital cost allowance for property in CCA classes 50 and 53	Version 2017 2.0	Version 2018 1.0	T22017-023

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
	acquired after March 27, 2018.			
Week of April 1, 2018	CO-771, Calculation of the Income Tax of a Corporation (Jump Code: 771) - Incorrect tax calculation for a Canadian-controlled private corporation (CCPC) that qualifies for the small business deduction (SBD) and whose taxation year ends after March 27, 2018	Version 2017 2.0	Version 2018 1.0	T22017-022
Week of March 18, 2018	MCT1, Corporation Capital Tax Return (Jump Code: MJ) - The capital tax is not calculated for financial institutions with a taxation year ending after April 30, 2017, in cases where the taxable paid-up capital of the corporation is less than $4 billion and the taxable paid-up capital of the group of associated corporations is equal to or greater than $4 billion.	Version 2017 2.0	Version 2018 1.0	T22017-021
Week of March 4, 2018	CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1) - The amount on line 418 of Schedule 1 (Jump Code: 1), which relates to incorporation expenses under paragraph 20(1)(b) of the Income Tax Act, is not reduced in the net income (loss) calculation in Form CO-17.A.1.	Version 2017 2.0	Version 2018 1.0	T22017-020
Week of February 25, 2018	Schedule 5, Tax Calculation Supplementary - Corporations (Jump Code: 5) - Extension of the British Columbia book publishing tax credit	Version 2017 2.0	Version 2018 1.0	T22017-019
Week of February 18, 2018	T1134, Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (Jump Code: 1134) - Mandatory information missing in Section 3 of Part II of Form T1134 Supplement	Version 2017 2.0	Version 2018 1.0	T22017-018

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of February 18, 2018	TaxprepConnect Download (Jump Code: CONNECT) - A copy of Schedule 53 (Jump Code: 53) or Schedule 54 (Jump Code: 54) is created by error for a prior year during data transfer to the return	Version 2017 2.0	Version 2018 1.0	T22017-017
Week of February 18, 2018	TaxprepConnect Download (Jump Code: CONNECT) - Incorrect download of the amount on line 004 of Schedule 13 - TaxprepConnect	Version 2017 2.0	Version 2018 1.0	T22017-016
Week of February 18, 2018	TaxprepConnect Download (Jump Code: CONNECT) - No data is available for download on line 299 of Form Identification - TaxprepConnect	Version 2017 2.0	Version 2018 1.0	T22017-015
Week of January 14, 2018	Filing Instructions (Jump Code: CLF), Covering Letter to Accompany a Payment of Income Tax to the CRA (Jump Code: LETTER P) and Federal Tax Instalments (Jump Code: IFED) - Incorrect mailing address to make income tax payments by cheque to the Canada Revenue Agency (CRA) T1044, Non-Profit Organization (NPO) Information Return (Jump Code: 1044) - Incorrect mailing address to file this form with the CRA	Version 2017 2.0	Version 2018 1.0	T22017-014
Week of December 17, 2017	RC4649, Country-by-Country Report (Jump Code: RC4649) - Printing problem of table 2 in Part II when the main business activities of the constituent entity is of type “Dormant”	Version 2017 2.0	Version 2018 1.0	T22017-013
Week of December 3, 2017	Incorrect Internet address for the TaxprepConnect download	Version 2017 2.0	Version 2018 1.0	T22017-012

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of September 10, 2017	Schedule 427, British Columbia Corporation Tax Calculation (Jump Code: 427) - The reduction for the credit unions deduction is abolished starting in 2017	Versions 2017 1.0 et 2017 1.1	Version 2017 2.0	T22017-011
Week of August 13, 2017	Schedule 8 WORKCHART, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART) - The rolled forward amount on line N, CCA claimed with respect to this UCC balance in preceding taxation years for a CCA class 14.1 will be incorrect when the rolled forward client file relates to a short taxation year ending on or after January 1, 2017	Versions 2017 1.0 and 2017 1.1	Version 2017 2.0	T22017-010
Week of July 30, 2017	CO-17, Corporation Income Tax Return (Jump Code: QJ) - Partnership identification number entered on one of lines 43b of the CO-17 return incorrectly updated to Form COR-17.W, Keying Summary for the Corporation Income Tax Return (Jump Code: QKS)	Versions 2017 1.0 and 2017 1.1	Version 2017 2.0	T22017-009
Week of July 23, 2017	Schedule 8, Fixed Assets Reconciliation (Jump Code: 8 REC) - Incorrect calculation of line Depreciation and amortization per accounts - Schedule 1 when Schedule 8 contains at least one CCA class 14.1	Versions 2017 1.0 and 2017 1.1	Version 2017 2.0	T22017-008
Week of July 23, 2017	TP-1029.9, Tax Credit for Taxi Drivers or Taxi Owners (Jump Code: 10299) - A corporation member of a partnership will be able to claim the tax credit for holders of a taxi owner's permit starting with its 2017 taxation year.	Versions 2017 1.0 and 2017 1.1	Version 2017 2.0	T22017-007
Item updated in the week of July 23, 2017	CO-17, Corporation Income Tax Return (Jump Code: QJ) - Incorrect calculation on line 45a when the corporation is	Version 2017 1.0	Version 2017 1.1	T22017-002

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of June 11, 2017	associated with another corporation and one of the corporations in the group is a financial institution or an insurance corporation, or when the corporation is other than a CCPC			
Week of June 25, 2017	CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1) - Incorrect calculation of the amount on line 80g in certain situations when Corporate Taxprep is used without the Specialized Information module	Version 2017 1.0	Version 2017 1.1	T22017-006
Week of June 18, 2017	Saskatchewan Tax Instalments (Jump Code: ISK) - Corporate Taxprep does not calculate instalment payments when the corporation is a resource corporation, a resource surcharge amount is calculated for the "Oil & Gas, Coal, Potash & Uranium" field and no resource surcharge is calculated for the "Tier 4 Oil & Gas" field.	Version 2017 1.0	Version 2017 1.1	T22017-005
Week of June 11, 2017	CO-17, Corporation Income Tax Return (Jump Code: QJ) - Electronic transmission - When opening a client file prepared in a version prior to 2017 v.1.0, the supporting document(s) are no longer attached to the CO-17 transmission.	Version 2017 1.0		T22017-004
Week of June 11, 2017	Client Letter, Client Letter Worksheet (Jump Code: LW) - The tax centre for the International and Ottawa Tax Services Office is incorrect.	Version 2017 1.0	Version 2017 1.1	T22017-003

Publication	Problem	Affected Version	Corrected Version	Identifier (to download the client filter and diagnostic, if applicable)
Week of June 11, 2017	CO-17.SP, Information and Income Tax Return for Non-Profit Corporations (Jump Code: QJSP) – If the corporation is a non-profit corporation, Corporate Taxprep does not allow you to attach supporting documents to the CO-17.SP return.	Version 2017 1.0	Version 2017 1.1	T22017-001

Federal

T1134, Information Return Relating to Controlled and Not-Controlled Foreign Affiliates (Jump Code: 1134) – Mandatory information missing in Section 3 of Part II of Form T1134 Supplement

Download the client filter and diagnostic template

Problem:

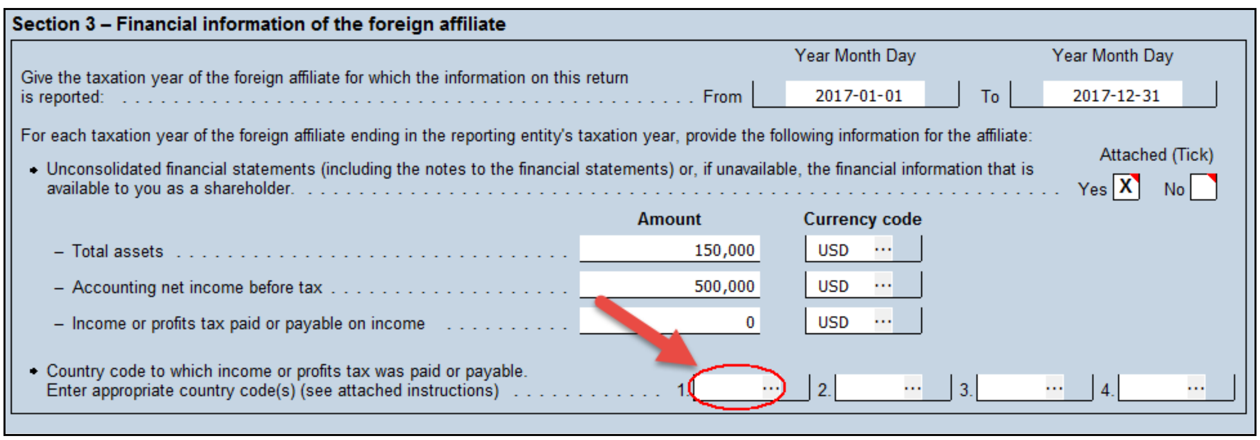
When no amount or “0” is entered on the line *Income or profits tax paid or payable on income* in Section 3 of Part II of Form T1134 Supplement, and a currency code is entered, but no country code is entered on the line *Country code to which income or profits tax was paid or payable. Enter the appropriate country code(s)*, a mandatory information is missing, and the form is considered to be incomplete.

If you paper-file the form, its processing might be delayed. However, if you file the form electronically, the return will be rejected and you will receive the error code 449.

Currently, *Corporate Taxprep* displays a diagnostic only if the amount on the line *Income or profits tax paid or payable on income* differs from “0.”

Solution:

If the corporation is in the above situation, make sure to enter a country code on the line *Country code to which income or profits tax was paid or payable. Enter the appropriate country code(s)* before mailing or electronically transmitting your T1134 forms.



Section 3 – Financial information of the foreign affiliate

Give the taxation year of the foreign affiliate for which the information on this return is reported: From (Year Month Day) 2017-01-01 To (Year Month Day) 2017-12-31

For each taxation year of the foreign affiliate ending in the reporting entity's taxation year, provide the following information for the affiliate:

- Unconsolidated financial statements (including the notes to the financial statements) or, if unavailable, the financial information that is available to you as a shareholder. Attached (Tick) Yes X No

	Amount	Currency code
– Total assets	150,000	USD
– Accounting net income before tax	500,000	USD
– Income or profits tax paid or payable on income	0	USD

- Country code to which income or profits tax was paid or payable. Enter appropriate country code(s) (see attached instructions) 1. 2. 3. 4.

This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting Memo T22017-014

Filing Instructions (Jump Code: CLF), Covering Letter to Accompany a Payment of Income Tax to the CRA (Jump Code: LETTER P) and Federal Tax Instalments (Jump Code: IFED) - Incorrect mailing address to make income tax payments by cheque to the Canada Revenue Agency (CRA)

T1044, Non-Profit Organization (NPO) Information Return (Jump Code: 1044) - Incorrect mailing address to file this form with the CRA

Problem:

Following the restructuration of the CRA's tax centres, the mailing address to use to make income tax payments by cheque and to file the T1044 return is no longer that of the Ottawa Technology Centre on Heron Road anymore.

A. The new mailing address to make income tax payments for the current year following the electronic transmission of a T2 return as well as instalment payments is:

    Canada Revenue Agency
    P.O. Box 3800, Station A
    Sudbury ON P3A 0C3

B. The new mailing address to file the T1044 return is:

    Jonquière TC
    T1044 Program
    P.O. Box 1300 LCD Jonquière
    Jonquière QC G7S 0L5

Currently, the old mailing address of the Ottawa Technology Centre is still used in the following letters templates:

- the "Filing – Production" template, which is linked to the CLF form;
- the "Payment to CRA – Paiement à l'ARC" template, which is linked to the LETTER P form.

In addition, the *Federal Tax instalments* form and the T1044 return do not indicate the correct addresses.

Note that payments by cheque as well as the T1044 return that were mailed to the old address, as used in the program, will be automatically redirected by the CRA to the correct tax centre.

Solution:

To print the correct address relating to income tax payments made by cheque in the CLF and LETTER P forms, the address must be changed in the customized templates that are linked to these forms.

Similarly, to print the correct address to file the T1044 return in the CLF form, the address must be changed in the customized template linked to this form.

To facilitate these changes when you are using the predefined templates available in *Corporate Taxprep*, the following files containing the corrected addresses are available for download:

Filing – Production

Payment to CRA – Paiement à l'ARC

To install these files, proceed as follows:

1- Launch *Corporate Taxprep*.
2- On the **Tools** menu, select **Options and Settings**.
3- Under **Options**, click **File Locations**.
4- Verify the location defined for the letters and labels. After the installation, the default location is usually the following: **My Documents\CCH\T2 Taxprep 2017-x\ClientLetter\.**
5- Download the two files and copy them to this location.

Once the files are copied to the correct location, the templates will be automatically linked to the CLF and LETTER P forms respectively and will be applied to any returns that are printed subsequently.

This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting Memo T22017-013

RC4649, Country-by-Country Report (Jump Code: RC4649) - Printing problem of table 2 in Part II when the main business activities of the constituent entity is of type "Dormant"

Download the client filter and diagnostic template

Problem:

Certain lines in table 2, *List of all the constituent entities of the MNE group included in each aggregation per tax jurisdiction* of Part II, "CbC Report Section," does not print when the box **Dormant** is selected in the table *Indicate the main business activity(ies) carried out by the constituent entity by checking one or more of the appropriate boxes* for constituent entities 2 and subsequent.

In the example below, the lines for entities DEF inc. and JKL inc. were not generated in the table *Indicate the main business activity(ies) carried out by the constituent entity by checking one or more of the appropriate boxes*.

Table 2 – List of all the constituent entities of the MNE group included in each aggregation per tax jurisdiction

Tax Jurisdiction		Name of Constituent Entities resident in the Tax Jurisdiction	City name of constituent entity's address	Country code of constituent entity's address	Tax Identification Number (TIN)	Country Code of Tax Identification Number (TIN)	Tax Jurisdiction of organization or incorporation if different from tax jurisdiction of Residence
CA	1	ABC inc. -PE	Montréal	CA	913475430RC0001	CA	CA
CA	2	DEF inc. -PE	Toronto	CA	751852732RC0001	CA	CA
US	1	GHI inc -PE	New York	US	115998336114	US	US
US	2	JKL inc. -PE	Chicago	US	885224116	US	US
US	3	MNO inc. -PE	Atlanta	US	336775885	US	US

Indicate the main business activity(ies) carried out by the constituent entity by checking one or more of the appropriate boxes.

Tax Jurisdiction		Research and Development	Holding or Managing Intellectual property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of Services to unrelated parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding Shares or other equity instruments	Dormant	Other
CA	1					X	X	X				X		
US	1												X	
US	3		X						X			X		

Tax Jurisdiction		Where "Other" is selected, specify the nature of the activity of the Constituent Entity
CA	1	
CA	2	
US	1	
US	2	
US	3	

Solution:

Two solutions are possible:

1. You can transmit the RC4649 electronically, because this problem affects printing only.
2. To print all information of the RC4649 return, access Part II of the tax jurisdictions for which the box **Dormant** is selected for constituent entities 2 and subsequent, and select the box **Other** and enter "Dormant" in the field "Where "Other" is selected, specify the nature of the activity of the Constituent Entity." Note that this solution was validated with the CRA.

Indicate the main business activity(ies) carried out by the constituent entity by checking one or more of the appropriate boxes.

Activity		Activity	
Research and Development	☐	Holding or Managing intellectual property	☐
Purchasing or Procurement	☐	Manufacturing or Production	☐
Sales, Marketing or Distribution	☐	Administrative, Management or Support Services	☐
Provision of Services to unrelated parties	☐	Internal Group Finance	☐
Regulated Financial Services	☐	Insurance	☐
Holding Shares or other equity instruments	☐	Dormant	X
Other	X		

Where "Other" is selected, specify the nature of the activity of the Constituent Entity

Dormant

In the example used above, the lines for entities DEF inc. and JKL inc. will thus be generated.

Table 2 – List of all the constituent entities of the MNE group included in each aggregation per tax jurisdiction

Tax Jurisdiction		Name of Constituent Entities resident in the Tax Jurisdiction	City name of constituent entity's address	Country code of constituent entity's address	Tax Identification Number (TIN)	Country Code of Tax Identification Number (TIN)	Tax Jurisdiction of organization or incorporation if different from tax jurisdiction of Residence
CA	1	ABC inc. -PE	Montréal	CA	913475430RC0001	CA	CA
CA	2	DEF inc. -PE	Toronto	CA	751852732RC0001	CA	CA
US	1	GHI inc -PE	New York	US	115998336114	US	US
US	2	JKL inc. -PE	Chicago	US	885224116	US	US
US	3	MNO inc. -PE	Atlanta	US	336775885	US	US

Indicate the main business activity(ies) carried out by the constituent entity by checking one or more of the appropriate boxes.

Tax Jurisdiction		Research and Development	Holding or Managing intellectual property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of Services to unrelated parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding Shares or other equity instruments	Dormant	Other
CA	1					X	X	X				X		
CA	2													X
US	1												X	
US	2													X
US	3		X						X			X		

Tax Jurisdiction		Where "Other" is selected, specify the nature of the activity of the Constituent Entity
CA	1	
CA	2	Dormant
US	1	
US	2	Dormant
US	3	

This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting Memo T22017-010

Schedule 8 WORKCHART, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART) - The rolled forward amount on line N, *CCA claimed with respect to this UCC balance in preceding taxation years* for a CCA class 14.1 will be incorrect when the rolled forward client file relates to a short taxation year ending on or after January 1, 2017

Download the client filter and diagnostic template

Problem:

When a client file has a short taxation year (hereafter referred to as the "original file") ending on or after January 1, 2017, in which a CCA amount has been claimed on line 217, *CCA claimed* for a CCA class 14.1 in

Schedule 8 WORKCHART, the rolled forward amount on line N, *CCA claimed with respect to this UCC balance in preceding taxation years* in the "Information relating to class 14.1" section will be incorrect because it does not take into account the proration of the CCA calculated at 5% on a property that was acquired before January 1, 2017, for this class 14.1. Note that this problem **does not occur** when line *Eligible CCA* or line 217, *CCA claimed* are overridden in the original file.

Original file

UCC balance in the class on January 1, 2017 (K – L)	M	10,000	10,000	10,000
CCA claimed with respect to this UCC balance in preceding taxation years	N	700	700	700
Total UCC adjustments in preceding taxation years under subsection 13(39) ITA	O	0	0	0
Rate applicable to the additional deduction		2.00	2.00	2.00

Eligible CCA		231	231	231	10a
Additional deduction [4]		92	92	92	10b
Maximum allowable CCA		323	323	323	11
CCA claimed	217	323	323	323	12
UCC (closing) line 8 minus line 12	220	8,977	8,977	8,977	13

Rolled forward file

UCC balance in the class on January 1, 2017 (K – L)	M	10,000	10,000	10,000
CCA claimed with respect to this UCC balance in preceding taxation years	N	1,257	1,257	1,257
Total UCC adjustments in preceding taxation years under subsection 13(39) ITA	O	0	0	0
Rate applicable to the additional deduction		2.00	2.00	2.00

Solution:

There are two possibilities:

A – The CCA class 14.1 in the original file contains only property acquired before January 1, 2017.

In the original file, add the amounts entered on lines N and 217 of the relevant CCA class 14.1 in Schedule 8 WORKCHART. Enter the result, on line N in the copy of Schedule 8 WORKCHART for the relevant class 14.1 in the rolled forward file.

Example:

CCA = $700 + $323 = $1,023

Rolled forward file

UCC balance in the class on January 1, 2017 (K – L)	M	10,000	10,000	10,000
CCA claimed with respect to this UCC balance in preceding taxation years	N	1,023	1,023	1,023
Total UCC adjustments in preceding taxation years under subsection 13(39) ITA	O	0	0	0
Rate applicable to the additional deduction		2.00	2.00	2.00

B –The CCA class 14.1 in the original file contains property acquired before January 1, 2017 and property acquired after December 31, 2016.

1. Do the following calculation using the amounts in the original file:

$$A= [[M - (N + 3 \times (O + P))] \times 5\% \times B/365] + C + N$$

Where:

M = Amount on line M, *UCC balance in the class on January 1, 2017*

N = Amount on line N, *CCA claimed with respect to this UCC balance in preceding taxation years*

O = Amount on line O, *Total UCC adjustments in preceding taxation years under subsection 13(39) ITA*

P = Positive amount on line 205, *UCC adjustments under subsections 13(38) and 13(39) ITA*

B = Number of days in the tax year (line located under line 061, *Tax year end* in Form *Corporate Identification and Other Information* (Jump Code: **ID**)

C = Amount entered on line *Additional deduction* of CCA class 14.1 in Schedule 8 WORKCHART

<u>Original file</u>

On the ID form

Tax year information

		Date (YYYY-MM-DD)	Time* (HHMM)
Tax year start	060	2017-02-01	
Tax year end	061	2017-07-31	
Number of days in tax year (maximum of **371** days)		181	

On the copy of Schedule 8 WORKCHART for CCA class 14.1

UCC balance in the class on January 1, 2017 (K – L)	M	10,000	10,000	10,000
CCA claimed with respect to this UCC balance in preceding taxation years	N	700	700	700
Total UCC adjustments in preceding taxation years under subsection 13(39) ITA	O	0	0	0
Rate applicable to the additional deduction		2.00	2.00	2.00

Adjustments **to include** in the calculation of the amount relating to the ½ year rule	205 +/-	0	0	0	4a
UCC adjustments under subsections 13(38) and 13(39) ITA	205 +/-	250	250	250	4b
Additions (1/2 year rule)	203 +	5,000	5,000	5,000	5
Eligible CCA		287	287	287	10a
Additional deduction[4]		85	85	85	10b
Maximum allowable CCA		372	372	372	11
CCA claimed	217	372	372	372	12
UCC (closing) line 8 minus line 12	220	13,178	13,178	13,178	13

Example:

A = [[\$10,000 – (\$700 + 3 x (0 + \$250))] x 5% x 181/365] + \$85 + \$700 = \$997

2. Enter the positive calculated amount A on line N in the copy of Schedule 8 WORKCHART for the relevant class 14.1 in the rolled forward file.

<u>Rolled forward file</u>

UCC balance in the class on January 1, 2017 (K – L)	M	10,000	10,000	10,000
CCA claimed with respect to this UCC balance in preceding taxation years	N	997	997	997
Total UCC adjustments in preceding taxation years under subsection 13(39) ITA	O	250	250	250
Rate applicable to the additional deduction		2.00	2.00	2.00

This problem will be corrected in *Corporate Taxprep* 2017 v.2.0.

Troubleshooting T22017-008

Schedule 8, Fixed Assets Reconciliation (Jump Code: 8 REC) – Incorrect calculation of line Depreciation and amortization per accounts – Schedule 1 when Schedule 8 contains at least one CCA class 14.1

Download the client filter and diagnostic template

Problem:

When the *Fixed Assets Reconciliation* form is used for a corporation's taxation year that ends after December 31, 2016, for which there is at least one CCA class 14.1 in Schedule 8 (Jump Code: **8**) and there is also an amount of amortization of intangible assets entered on line 106 of Schedule 1 (Jump Code: **1**), the calculation of line *Depreciation and amortization per accounts – Schedule 1* does not take into account the amount entered on line 106 of Schedule 1 while it should. This creates an incorrect difference between the lines *Net change per tax return* and *Net change per financial statements*.

Schedule 1:

			Current year	
Amount calculated on line 9999 from Schedule 125			17,875	A
Add:				
Provision for income taxes – current	101	0		
Provision for income taxes – deferred	102	0		
Interest and penalties on taxes	103	0		
Amortization of tangible assets	104	2,000		
Amortization of natural resource assets	105	0		
Amortization of intangible assets	106	125		

Fixed Assets Reconciliation form:

Total proceeds per books	=	0		0
Depreciation and amortization per accounts – Schedule 1			–	2,000
Loss on disposal of fixed assets per accounts			–	0
Gain on disposal of fixed assets per accounts			+	0
Net change per tax return			=	3,000
Financial statements				
Fixed assets (excluding land) per financial statements				
Closing net book value				12,875
Opening net book value			–	10,000
Net change per financial statements			=	2,875

Solution:

Add the amount from line 106 of Schedule 1 to the amount calculated on line *Depreciation and amortization per accounts – Schedule 1* of the form and enter the result obtained on that line, using an override.

Total proceeds per books	=	0		0
Depreciation and amortization per accounts – Schedule 1			–	2,125
Loss on disposal of fixed assets per accounts			–	0
Gain on disposal of fixed assets per accounts			+	0
Net change per tax return			=	2,875
Financial statements				
Fixed assets (excluding land) per financial statements				
Closing net book value				12,875
Opening net book value			–	10,000
Net change per financial statements			=	2,875

This problem will be corrected in *Corporate Taxprep* 2017 v.2.0.

Troubleshooting T22017-003

Client Letter, Client Letter Worksheet (Jump Code: LW) - The tax centre for the International and Ottawa Tax Services Office is incorrect.

Download the client filter and diagnostic template

Problem:

Resident corporations served by the International and Ottawa Tax Services Office have to send their income tax returns to the Summerside Tax Centre in Prince Edward Island. However, the check box associated with the Shawinigan Tax Centre is selected by default for these types of corporations in the “Client letter information from prepare profile” section of the Client Letter.

Solution:
Access the “Client letter information from prepare profile” section of the Client Letter, then select the check box **Summerside, PE C1N 6A2** using an override.

This problem will be corrected in *Corporate Taxprep* 2017 v.1.1.

Québec

Troubleshooting T22017-026

CO-1029.8.33.13, Tax Credit for the Reporting of Tips (Jump Code: 102983313) - Modification to the Health Services Fund contribution rate for the 2018 calendar year for a total payroll of less than $5,000,000

Download the client filter and diagnostic template

Problem:
In its March 27, 2018 Budget, the Québec Government announced a reduction in the Health Services Fund contribution rate for small and medium businesses (SMB) in the service sector for 2018.

Calculation of the Health Services Fund contribution rate for 2018

- Where the employer's total payroll for the year is $1 million or less:
  - the rate will be 2.3% in respect of wages paid or deemed paid before March 28, 2018;
  - the rate will be 1.95% in respect of wages paid or deemed paid after March 27, 2018;
- Where the employer's total payroll for the year is over $1 million but under $5 million:
  - the rate will be established based on the following formula in respect of wages paid or deemed paid before March 28, 2018:

$$1.81\% + \left(\frac{0.49\% \times \text{employer's total payroll for the year}}{\$1{,}000{,}000}\right)$$

  - the rate will be established based on the following formula in respect of wages paid or deemed paid after March 27, 2018:

$$1.3725\% + \left(\frac{0.5775\% \times \text{employer's total payroll for the year}}{\$1{,}000{,}000}\right)$$

- In all other cases, the rate will be 4.26%.

These new calculations affect the rate on line 22 of Part 2, when the calendar year covered on line 07 is 2018 and the total payroll on line 20 is less than $5,000,000.

For more precisions on this change, consult the "SMBs in the service and construction sectors" section at point 3.1.1 of Section A of the 2018-2019 Québec Budget at the following address:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/AdditionalInfo_18-19.pdf#page=5

Currently, *Corporate Taxprep* does not take this new measure into account.

Solution:

To calculate the correct rate on line 22, proceed as follows:

1. Manually calculate the Health Services Fund rates for each of the two periods according to the instructions mentioned in the problem.
2. Determine what is the portion of the tips from line 15 attributable to the period before March 28, 2018, and what is the portion attributable to the period after March 27, 2018.
3. Divide the amount of tips for the period before March 28, 2018, by the amount on line 15. Then, divide the amount of tips for the period after March 27, 2018, by the amount on line 15.
4. For each of the two periods, multiply the rates obtained at step 1 by the corresponding rates obtained at step 3. Add the results of these multiplications.
5. Multiply the rate obtained at step 4 by 100.
6. Override line 22 with the result obtained at step 4.

Example:

- A corporation completes Form CO-1029.8.33.13, and the calendar year covered on line 07 is 2018.
- The amount of tips on line 15 is $15,000 ($5,000 for the period before March 28, 2018, and $10,000 for the period after March 27, 2018).
- The total payroll indicated on line 20 is $3,000,000.

1. For the period before March 28, 2018: $1.81\% + \left(\frac{0.49\% \text{ x } \$3{,}000{,}000}{\$1{,}000{,}000}\right) = 3.28\%$

   For the period after March 27, 2018: $1.3725\% + \left(\frac{0.5775\% \text{ x } \$3{,}000{,}000}{\$1{,}000{,}000}\right) = 3.105\%$
2. $5,000 for the period before March 28, 2018, and $10,000 for the period after March 27, 2018
3. $5,000 / $15,000 = 0.3333 and $10,000 / $15,000 = .6667

4. (3.28% x 0.3333) + (3.105% x 0.6667) = 0.031633
5. 0.031633 x 100 = 3,1633%
6. Override line 22 with 3.1633%.

2 Tips, contributions, premiums and indemnities

07 Calendar year[3] covered by this form ☐ 2015 ☐ 2016 ☐ 2017 ☒ 2018

2.1 Tips

Complete line 10 of form CO-1029.8.33.13 using information entered on form TP-1019.4-V, *Register and Statement of Tips*, which employees are required to submit to their employers at the end of each pay period.

The amounts you enter on lines 10, 11, 12 and 14 of form CO-1029.8.33.13 must have been included in the remuneration of an eligible employee for a pay period ending **in the calendar year concerned**.

Tips reported to the employer		10	15,000
Tips controlled by the employer (service charges added to the customer's bill)	+	11	0
Indemnities, other than annual leave indemnities, based on the tips[4]	+	12	0
Add lines 10 through 12.	=	13	15,000
Tips allocated by the employer	+	14	0
Add lines 13 and 14. **Tips**	=	15	15,000

2.2 Contribution to the health services fund

Is the employer exempt from contributing to the HSF?			☐
Total payroll for the calendar year concerned[5]		20	3,000,000
Amount from line 15		21	15,000
Applicable rate for the calendar year concerned[6]	x	22	**3.1633** %
Multiply line 21 by line 22. **Contribution to the health services fund**	=	23	474

This measure will be integrated in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-025

CO-1159.2, Compensation Tax for Financial Institutions (Jump Code: 11592) – Adjustment to the rates of the compensation tax on paid wages of financial institutions and addition of a maximum amount of paid wages subject to the compensation tax for the taxation year

Download the client filter and diagnostic template

Problem:

In its March 27, 2018 Budget, the Québec Government announced the adjustment to the rates of the compensation tax on paid wages of financial institutions and the addition of a maximum amount of paid wages subject to the compensation tax for the taxation year, starting on April 1, 2018.

Here are the adjustments to the rates of the compensation tax for financial institutions according to the period covered for paid wages:

- where the corporation is a bank, a loan corporation, a trust corporation or a corporation trading in securities, the rate is 4.29% for the period from April 1, 2018, to March 31, 2019;
- where the corporation is a savings and credit union, the rate is 3.39% for the period from April 1, 2018, to March 31, 2019;
- where the corporation is a financial institution, but is not a savings and credit union, a bank, a loan corporation, a trust corporation, a corporation trading in securities, an insurance corporation, or a professional order, the rate is 1.37% for the period from April 1, 2018, to March 31, 2019.

Here is, for a taxation year, the maximum amount of paid wages subject to the compensation tax of a corporation that is a financial institution throughout a taxation year (hereinafter "maximum amount subject"):

- in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, the maximum amount subject is $1.1 billion;

- in the case of a savings and credit union, the maximum amount subject is $550 million;
- where the corporation is a financial institution but is not a savings and credit union, a bank, a loan corporation, a trust corporation, a corporation trading in securities, an insurance corporation, or a professional order, the maximum amount subject is $275 million.

Where the taxation year of a financial institution straddles April 1, 2018, the maximum amount subject will be equal to:

$$\text{The maximum amount subject applicable to the financial institution} \times \frac{\text{Number of days in the taxation year after March 31, 2018}}{365}$$

In addition, where the taxation year of a financial institution is less than 365 days, its maximum amount subject for the taxation year will be equal to:

$$\text{The maximum amount subject otherwise applicable to the financial institution} \times \frac{\text{Number of days in the taxation year}}{365}$$

For more information on these changes, we invite you to consult point 4.3 in section A of the 2018-2019 Québec Budget at the following address:

http://www.budget.finances.gouv.qc.ca/budget/2018-2019/en/documents/AdditionalInfo_18-19.pdf#page=5

Currently, *Corporate Taxprep* does not take these measures into account.

Solution:

<u>The corporation is a bank, a loan corporation, a trust corporation or a corporation trading in securities (Part 2)</u>

If the taxation year of the corporation ends after March 31, 2018, override line 25 in column B with the result of the following calculation:

wages paid in the part(s) of the taxation year before April 1, 2018, during which the corporation is a financial institution X 4.48%

\+

the amount equal to the product obtained by multiplying the applicable amount below by the rate of 4.29%:

- in the case of a corporation that is a financial institution throughout the taxation year, the lesser of the following amounts:
  - the total wages paid in the part of the taxation year of the corporation following March 31, 2018;
  - the maximum amount subject for the taxation year of the corporation, according to the instructions indicated in the problem;
- in the other cases, the total wages paid in the part(s) of the taxation year of the corporation following March 31, 2018, during which it is a financial institution.

2 Bank, loan corporation, trust corporation or corporation trading in securities

			A Salaries and wages paid before December 3, 2014	B Salaries and wages paid after December 2, 2014, and before April 1, 2022	C Salaries and wages paid after March 31, 2022, and before April 1, 2024
Salaries and wages paid[2] by the corporation during the period(s) of the year in which it was deemed to be a financial institution		23	0	0	0
Rate applicable to the salaries and wages paid	x	24	2.8 %	4.48 %	2.8 %
Multiply line 23 by line 24.	=	25	0	0	0
Add the amounts on line 25. If the corporation is also an insurance corporation, carry the result to line 54 and complete Part 6. **Otherwise**, carry the result to line 436 of form CO-17. **Compensation tax**	=	26			0

The corporation is a savings and credit union (Part 4)

For a corporation that is a savings and credit union, the principle is the same as the one applied to a corporation that is a bank, a loan corporation, a trust corporation or a corporation trading in securities, with the difference that you have to use the appropriate rate and the maximum amount subject for the taxation year, calculated according to the instructions indicated in the problem. Then, override line 47a in column B with the result of the calculation.

4 Savings and credit union

			A Salaries and wages paid before December 3, 2014	B Salaries and wages paid after December 2, 2014, and before April 1, 2022	C Salaries and wages paid after March 31, 2022, and before April 1, 2024
Salaries and wages paid[6] by the corporation during the period(s) of the year in which it was deemed to be a financial institution		46	0	0	0
Rate applicable to the salaries and wages paid	x	47	2.2 %	3.52 %	2.2 %
Multiply line 46 by line 47.	=	47a	0	0	0
Add the amounts on line 47a.	=	48			0

The corporation is a financial institution, but is not a savings and credit union, a bank, a loan corporation, a trust corporation, a corporation trading in securities, an insurance corporation, or a professional order (Part 7)

For a corporation that is a financial institution other than those mentioned in Parts 2 to 5, the principle is the same as the one applied to a corporation that is a bank, a loan corporation, a trust corporation or a corporation trading in securities, with the difference that you have to use the appropriate rate and the maximum amount subject for the taxation year, calculated according to the instructions mentioned in the problem. Then, override line 68b in column B with the result of the calculation.

7 Other corporation that is a financial institution

Complete Part 7 for any other corporation, including a legal person that is deemed to be a financial institution further to an election it made or is deemed to have made jointly with a bank, loan corporation, trust corporation, corporation trading in securities, savings and credit union, insurance corporation, or professional order.

Has the corporation made an election under subsection 150(1) of the *Excise Tax Act* to be deemed a financial institution? [X] Yes [ ] No

			A Salaries and wages paid before December 3, 2014	B Salaries and wages paid after December 2, 2014, and before April 1, 2022	C Salaries and wages paid after March 31, 2022, and before April 1, 2024
Salaries and wages paid[8] by the corporation during the period(s) of the year in which it was deemed to be a financial institution		67	0	1	0
Applicable rate. If the corporation has elected to be deemed a financial institution under subsection 150(1) of the *Excise Tax Act*, enter: • **0.9%** for salaries and wages paid before December 3, 2014, or after March 31, 2022, and before April 1, 2024; • **1.44%** for salaries and wages paid after December 2, 2014, and before April 1, 2022. Otherwise, enter **0%**.	x	68a	0.9 %	1.44 %	0.9 %
Multiply line 67 by line 68a.	=	68b	0	0	0
Add the amounts on line 68b.	=	69			0

These measures will be integrated in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-024

2018 Québec Budget – New measures with respect to Forms CO-1029.8.33.6, CO-1029.8.36.DF and CO-1029.8.36.XM

Problem:

The Québec Budget tabled on March 27, 2018, has announced the introduction of measures with respect to various Québec tax credits. The following forms are affected by these new measures:

- CO-1029.8.33.6, *Tax Credit for an On-the-Job Training Period* (Jump Code: **10298336**);
- CO-1029.8.36.DF, *Tax Credit for Film Dubbing* (Jump Code: **1029836DF**);
- CO-1029.8.36.XM, *Tax Credit for the Production of Multimedia Events or Environments Presented Outside Québec* (Jump Code: **1029836XM**).

Solution:

The coming into force dates for these new measures are the following:

- for Form CO-1029.8.33.6, the measures are applicable for a qualified expenditure incurred after March 27, 2018, in respect of a qualified training period that begins after that date;
- for Form CO-1029.8.36.DF, the change to the legislation applies to a qualified film dubbing expenditure of a corporation for a taxation year that begins after March 27, 2018;
- for Form CO-1029.8.36.XM, the new measure applies in respect of a qualified production for which an application for an advance ruling, or an application for a qualification certificate, if no advance ruling application has been previously filed in respect of this production, is filed with *Société de développement des entreprises culturelles* (SODEC) after March 27, 2018.

Therefore, these new measures are all effective starting on a date that is after March 27, 2018, and the changes required to take them into account will be made in *Corporate Taxprep* 2018 v.1.0, which is scheduled to be released mid-May. Therefore, we suggest that you wait for the release of this new version before using these forms in the tax returns that you are preparing.

Troubleshooting T22017-023

Schedule 8 Workchart, Capital Cost Allowance (CCA) Workchart (Jump Code: 8 WORKCHART) – Incorrect information relating to the additional capital cost allowance for property in CCA classes 50 and 53 acquired after March 27, 2018.

Download the client filter and diagnostic template

Problem:

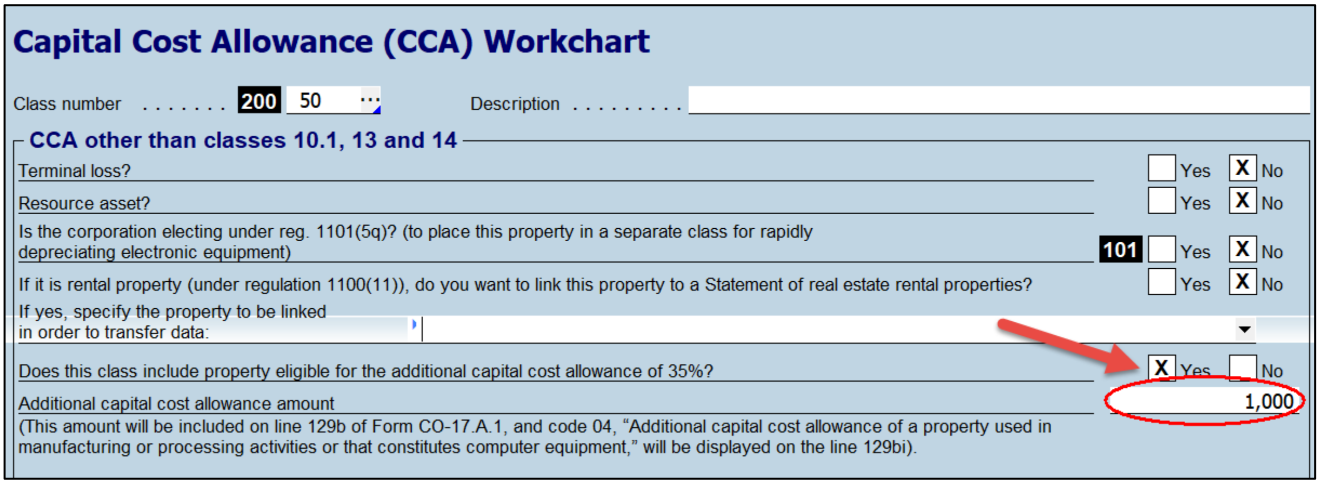
In its budget tabled on March 27, 2018, the Québec Government announced the introduction of an additional capital cost allowance of 60% for eligible property in CCA class 53 (manufacturing or processing equipment) or CCA class 50 (general-purpose electronic data processing equipment) acquired after March 27, 2018. This additional allowance replaces the additional capital cost allowance of 35% available for eligible property in CCA classes 50 and 53 acquired after March 28, 2017.

Currently, in *Corporate Taxprep*, the wording of the question *Does this class include property eligible for the additional capital cost allowance of 35%?* does not take this new measure into account.

Solution:

When property eligible for the additional capital cost allowance of 60% is acquired after March 27, 2018, in the corporation's taxation year, answer "Yes" to the question *Does this class include property eligible for the additional capital cost allowance of 35%?*, calculate the additional capital cost allowance with a rate of

60% for the eligible property concerned and enter (add, if there is more than one eligible property) the result on line *Additional capital cost allowance amount*.



Capital Cost Allowance (CCA) Workchart

Class number . . . . 200 50 Description . . . .

CCA other than classes 10.1, 13 and 14

Terminal loss? Yes [ ] No [X]

Resource asset? Yes [ ] No [X]

Is the corporation electing under reg. 1101(5q)? (to place this property in a separate class for rapidly depreciating electronic equipment) 101 Yes [ ] No [X]

If it is rental property (under regulation 1100(11)), do you want to link this property to a Statement of real estate rental properties? Yes [ ] No [X]

If yes, specify the property to be linked in order to transfer data:

Does this class include property eligible for the additional capital cost allowance of 35%? Yes [X] No [ ]

Additional capital cost allowance amount 1,000

(This amount will be included on line 129b of Form CO-17.A.1, and code 04, "Additional capital cost allowance of a property used in manufacturing or processing activities or that constitutes computer equipment," will be displayed on the line 129bi).

This measure will be integrated in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-022

CO-771, Calculation of the Income Tax of a Corporation (Jump Code: 771) - Incorrect tax calculation for a Canadian-controlled private corporation (CCPC) that qualifies for the small business deduction (SBD) and whose taxation year ends after March 27, 2018

Download the client filter and diagnostic template

Problem:

In its 2018-2019 Budget, the Québec Government announced that the SBD rate for corporations that are CCPCs and whose taxation year ends after March 27, 2018, increases from 3.7% to 4.7%. Inversely and starting on the same date, the rate of the additional reduction for small and medium businesses (SMB) in the primary and manufacturing sectors decreases from 4% to 3%.

Currently, *Corporate Taxprep* does not take these measures into account.

Solution:

Where the corporation is a CCPC whose taxation year ends after March 27, 2018, and a rate is calculated on line 98n in Section 9.2 of the form, proceed as follows to calculate the amount on line 98h:

$$\left(3.7\% \times \frac{\text{Number of days in the taxation year after December 31, 2017, and before March 28, 2018}}{\text{Number of days in the taxation year}} \right) + \left(4.7\% \times \frac{\text{Number of days in the taxation year after March 27, 2018}}{\text{Number of days in the taxation year}} \right)$$

Then, override line 98h with the result obtained.

<u>Example:</u>

In the case of a CCPC whose taxation year is from May 1, 2017, to April 30, 2018, the calculation will be the following:

(3.7% x 86 / 365) + (4.7% x 34 / 365) = 1.3095890411

9.2 SBD rate

Complete section 9.2 of form CO-771 if the corporation was a CCPC throughout its taxation year.

Applicable rate for the calendar year entered on line 96a[15]		Number of days entered on line 97b / Number of days in the taxation year		
98a 3.8 %	x	98b 245 / 98c 365	►	98d 2.5506849315 %

Applicable rate for the calendar year entered on line 97[16]		Number of days entered on line 97f / Number of days in the taxation year		
98e 3.7 %	x	98f 120 / 98g 365	+ ►	98h 1.3095890411 %

Add lines 98d and 98h. = 98i 3.8602739726 %

In addition, if a corporation is a CCPC that carries on activities in the primary and manufacturing sectors and a rate for the additional reduction is calculated on line 205 of Section 11.3, perform the following calculation:

$$\left(4\% \ \text{X} \ \frac{\text{Number of days in the taxation year after March 31, 2015, and before March 28, 2018}}{\text{Number of days in the taxation year}} \right) + \left(3\% \ \text{x} \ \frac{\text{Number of days in the taxation year after March 27, 2018}}{\text{Number of days in the taxation year}} \right) \ \text{X} \ \text{Multiplicator (line 201)}$$

Override line 204 with the result obtained.

<u>Example:</u>

In the case of a corporation that carries on activities in the primary and manufacturing sectors and whose taxation year is from May 1, 2017, to April 30, 2018, the calculation will be the following:

(4% x 331 / 365) + (3% x 34 / 365) x 1.0000000000 = 3.9068493151

Additional reduction in the tax rate		Multiplier (number on line 194)		Number of days after March 31, 2015, in the taxation year / Number of days in the taxation year		
200 4 %	x	201 1.0000000000	x	202 365 / 203 365	+ ►	204 3.9068493151 %

Add lines 199 and 204. **Additional reduction in the tax rate** = 205 3.9068493151 %

These two measures will be integrated in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-020

CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1) - The amount on line 418 of Schedule 1 (Jump Code: 1), which relates to incorporation expenses under paragraph 20(1)(b) of the Income Tax Act, is not reduced in the net income (loss) calculation in Form CO-17.A.1.

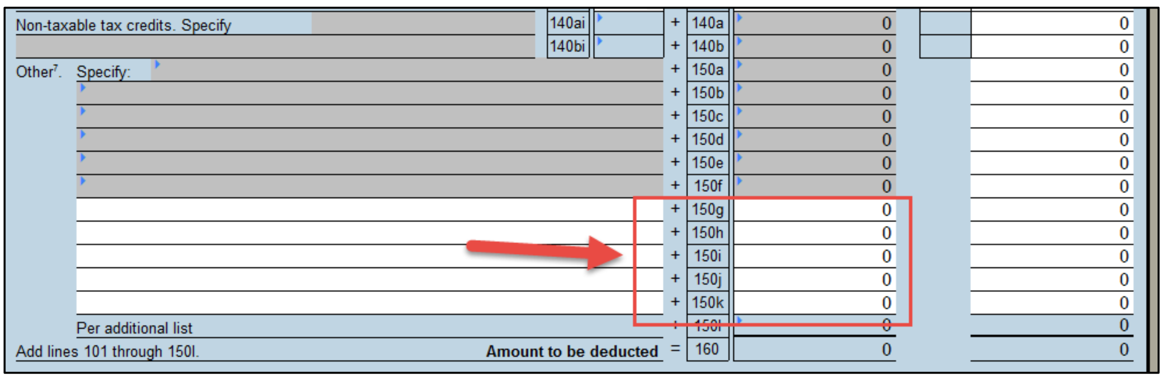
Download the client filter and diagnostic template

Problem:

Line 418, for incorporation expenses under paragraph 20(1)(b), has been added to Schedule 1 in version 2017 2.0. However, there is no corresponding line in Form CO-17.A.1 to which to transfer the amount.

Solution:

Manually enter the amount from line 418 of Schedule 1 on one of lines *Other*, from 150g to 150k of Form CO-17.A.1.



Non-taxable tax credits. Specify	140ai		+	140a	0	0
	140bi		+	140b	0	0
Other[7]. Specify:			+	150a	0	0
			+	150b	0	0
			+	150c	0	0
			+	150d	0	0
			+	150e	0	0
			+	150f	0	0
			+	150g	0	0
			+	150h	0	0
			+	150i	0	0
			+	150j	0	0
			+	150k	0	0
Per additional list			+	150l	0	0
Add lines 101 through 150l.	Amount to be deducted		=	160	0	0

This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-009

CO-17, Corporation Income Tax Return (Jump Code: QJ) - Partnership identification number entered on one of lines 43b of the CO-17 return incorrectly updated to Form COR-17.W, Keying Summary for the Corporation Income Tax Return (Jump Code: QKS)

Download the client filter and diagnostic template

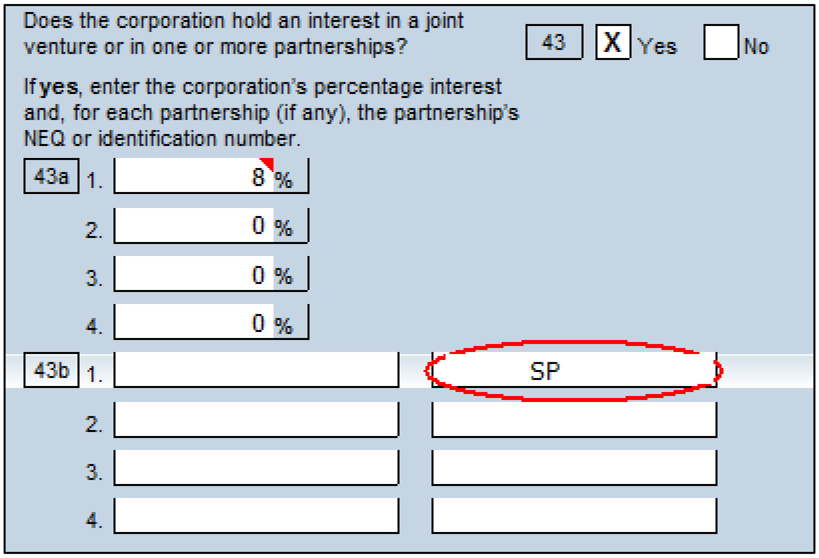
Problem:

When the corporation has a percentage interest in a partnership, you must enter either the Québec enterprise number (NEQ) or the identification number on one of lines 43b.

As a result of *Revenu Québec* requirements, only the first 10 digits of the partnership's identification number are updated to Form COR-17.W. However, the transmitted identification number should include 16 characters (including SP0001). Transmitting only 10 characters creates rejects at the government level, which will further delay the processing of the return.

Solution:

If the corporation has a permanent establishment in Québec, it answered "Yes" to the question on line 43, *Does the corporation hold an interest in a joint venture or in one or more partnerships?*, and an identification number is entered on one of lines 43b, remove the identification number and enter only the partnership's NEQ. However, if you do not have the NEQ, keep the identification number and note that this will further delay the processing of the return.



This problem will be corrected in *Corporate Taxprep* 2017 v.2.0.

Troubleshooting T22017-007

TP-1029.9, Tax Credit for Taxi Drivers or Taxi Owners (Jump Code: 10299) - A corporation member of a partnership will be able to claim the tax credit for holders of a taxi owner's permit starting with its 2017 taxation year.

Problem:

In the Information Bulletin 2017-8, published on July 13, 2017, the Ministère des Finances du Québec announced that starting with the 2017 taxation year, a corporation member of a partnership (or an interposed partnership) holder of one or more taxi owner's permits can claim the tax credit for holders of a taxi owner's permit.

The amount of the tax credit of the corporation member of a partnership is calculated as follows:

1. The lesser of the following amounts:
   a. the product obtained by multiplying the applicable basic amount* by the number of permits held by the partnership on December 31 of the calendar year in its fiscal period;
   b. 2% of the aggregate of the following amounts:
      - the partnership's gross income for the fiscal period from its business of providing transportation by taxi,
      - the partnership's gross income for the fiscal period from the leasing of any motor vehicle attached to a taxi owner's permit of which the partnership is the holder.

* The basic amount is determined based on the calendar year corresponding to the fiscal year end date of the partnership. For 2017, use $569, for 2016, use $565 and for 2015, use $559.

2. The amount obtained at step 1 is then multiplied by the corporation's percentage interest in the partnership.

Currently, *Corporate Taxprep* does not take this new measure into account.

For more information on the changes announced, please read point 1 of the Information Bulletin 2017-8, available at the following address:

http://www.finances.gouv.qc.ca/documents/bulletins/en/BULEN_2017-8-a-b.pdf.

Solution:

There are two possible situations:

A. The corporation claims the tax credit for holders of a taxi owner's permit as a member of a partnership only. Follow the steps below:

   1. Based on the information provided at point 1 of the Information Bulletin 2017-8, complete Form TP-1029.9 as if the partnership was a corporation, but enter the information relating to the partnership.
   2. Multiply the amount calculated by the program on line 61 by the corporation's percentage interest in the partnership and enter the result obtained on line 61, using an override.
   3. Attach to the corporation income tax return the information relating to the partnership, such as:
      - the name of the partnership;
      - the Québec enterprise number (NEQ);
      - the partnership's identification number;
      - the end date of the fiscal period;
      - the percentage interest.

B. The corporation claims the tax credit for holders of a taxi owner's permit as a corporation **and** as a member of a partnership. Follow the steps below:

   1. Complete Form TP-1029.9 with the corporation's information.
   2. Create a new client file and, based on the information provided at point 1 of the Information Bulletin 2017-8, complete a copy of Form TP-1029.9 with the information relating to the partnership. Then, multiply the amount calculated by the program on line 61 by the corporation's percentage interest in the partnership and enter the result obtained on line 61, using an override.
   3. Print the completed form.
   4. On line 006 of Form QC L440P-Y, *Additional Québec Credits* (Jump Code: **L440P**) of the corporation's return, enter the total of the amounts on line 61 of all Forms TP-1029.9, using an override.
   5. Attach to the corporation income tax return the TP-1029.9 form(s) related to the partnership(s) of which the corporation is a member as well as the information on the partnership(s), such as:
      - the name of the partnership;
      - the Québec enterprise number (NEQ);
      - the partnership's identification number;
      - the end date of the fiscal period;
      - the percentage interest.

These measures will be integrated in *Corporate Taxprep* 2017 v.2.0.

Troubleshooting T22017-006

CO-17.A.1, Net Income for Income Tax Purposes (Jump Code: Q1) – Incorrect calculation of the amount on line 80g in certain situations when Corporate Taxprep is used without the Specialized Information module

Download the client filter and diagnostic template

Problem:

When *Corporate Taxprep* is used without the **Specialized Information** module and the corporation has a permanent establishment in Québec, the amount on line 80g of the form CO-17.A.1 is incorrect in the following two situations:

Situation #1: An amount is entered on line *OITC/ORDTC/BCRDTC/ABRDTC from prior year under 12(1)(x) ITA* of Part “Miscellaneous other additions” of federal Schedule 1 (Jump Code: **1**).

This amount, which relates to the R&D tax credits of other Canadian provinces claimed in the previous taxation year, should be added by calculation to the income on line 80g of the form CO-17.A.1, but it is not.

Schedule 1

Miscellaneous other additions:

	1 Description 605	2 Amount 295		
1.	Income inclusions under 12(1)(x.2) ITA	0		
2.	Recapture from Schedule 12	0		
3.	OITC/ORDTC/BCRDTC/ABRDTC from prior	10,000		
4.	Income inclusions under 13(38)(d)(iii) ITA	0		
5.		0		
	Total of column 2	10,000	► 296	10,000

CO-17.A.1

Other[3].	Specify:	+	80a	0
		+	80b	0
		+	80c	0
		+	80d	0
		+	80e	0
		+	80f	0
		+	80g	0
		+	80h	0
		+	80i	0
		+	80j	0
		+	80k	0
	Per additional list	+	80l	0
Add lines 51 through 80l.		=	99	0

Situation #2: An amount is entered on line *Income inclusions under 13(38)(d)(iii) ITA* in Part "Miscellaneous other additions" of federal Schedule 1.

In the taxation year that includes January 1, 2017, this amount represents the amount to include in income as a result of the disposal of eligible capital property before January 1, 2017, when the election under subparagraph 13(38)(d)(iii) ITA is made in federal Schedule 10 (Jump Code: **10**).

This amount is added by calculation on line 80g of the form CO-17.A.1, but it should not be, as it is already included on line 80l, *Per Additional list*, whose amount originates from the line *Income inclusions under 13(38)(d)(iii) ITA – Incorporeal capital property (form CO-130.B)* in the "Add" section of Part "Additional list."

Schedule 1

Miscellaneous other additions:

	1 Description 605	2 Amount 295		
1.	Income inclusions under 12(1)(x.2) ITA	0		
2.	Recapture from Schedule 12	0		
3.	OITC/ORDTC/BCRDTC/ABRDTC from prior	0		
4.	Income inclusions under 13(38)(d)(iii) ITA	10,000		
5.		0		
	Total of column 2	10,000	▶ 296	10,000

CO-17.A.1

Other[3].	Specify:	+	80a	0
		+	80b	0
		+	80c	0
		+	80d	0
		+	80e	0
		+	80f	0
	OITC/ORDTC/BCRDTC/ABRDTC from prior year under 12(1)(x) ITA	+	80g	10,000
		+	80h	0
		+	80i	0
		+	80j	0
		+	80k	0
	Per additional list	+	80l	10,000
Add lines 51 through 80l.		=	99	20,000

Solution:

Situation #1: Enter on line 80g of the form CO-17.A.1, using an override, the amount shown on line *OITC/ORDTC/BCRDTC/ABRDTC from prior year under 12(1)(x) ITA* of Part "Miscellaneous other additions" of federal Schedule 1.

CO-17.A.1

Other[3].	Specify:	+	80a	0
		+	80b	0
		+	80c	0
		+	80d	0
		+	80e	0
		+	80f	0
	OITC/ORDTC/BCRDTC/ABRDTC from prior year under 12(1)(x) ITA	+	80g	10,000
		+	80h	0
		+	80i	0
		+	80j	0
		+	80k	0
	Per additional list	+	80l	0

Situation #2: Enter "0" on line 80g of the form CO-17.A.1, using an override.

CO-17.A.1

Other[3].	Specify:	+	80a	0
		+	80b	0
		+	80c	0
		+	80d	0
		+	80e	0
		+	80f	0
		+	80g	0
		+	80h	0
		+	80i	0
		+	80j	0
		+	80k	0
	Per additional list	+	80l	10,000
Add lines 51 through 80l.		=	99	10,000

This problem will be corrected in *Corporate Taxprep* 2017 v.1.1.

Troubleshooting T22017-002

CO-17, Corporation Income Tax Return (Jump Code: QJ) - Incorrect calculation on line 45a when the corporation is associated with another corporation and one of the corporations in the group is a financial institution or an insurance corporation, or when the corporation is other than a CCPC

Download the client filter and diagnostic template

Problem:

When the corporation is associated with at least one other corporation and,

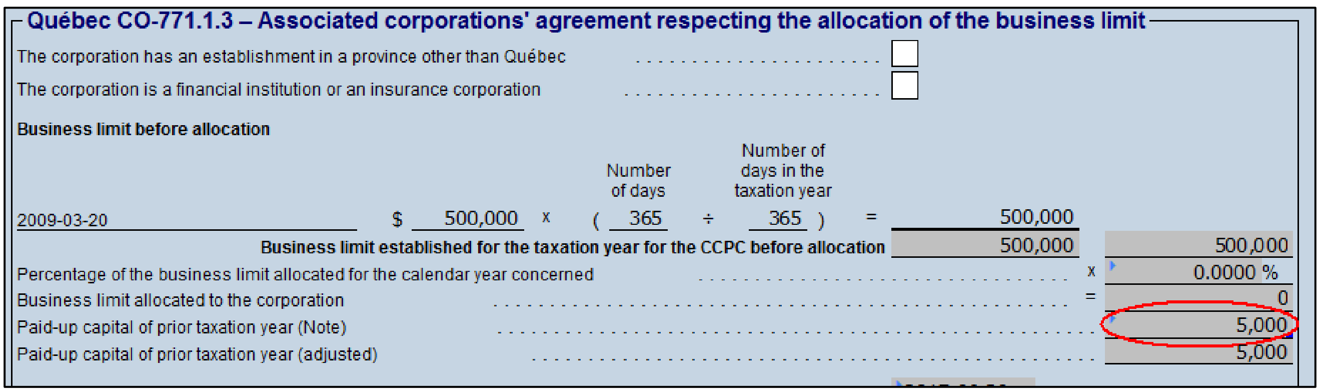
- one of its associated corporations is a financial institution or an insurance corporation, the amount of paid-up capital of the previous taxation year entered on line 45a that is calculated on a Canadian basis for all associated corporations residing in Canada or that have a permanent establishment in Canada has been doubled for this corporation;

- the filing corporation is a CCPC and a financial institution or an insurance corporation, the amount of paid-up capital of the filing corporation has been doubled in the calculation on line 45a.
- the corporation is other than a CCPC, the amount of paid-up capital calculated on line 45a does not take the paid-up capital amount of the filing corporation into account.

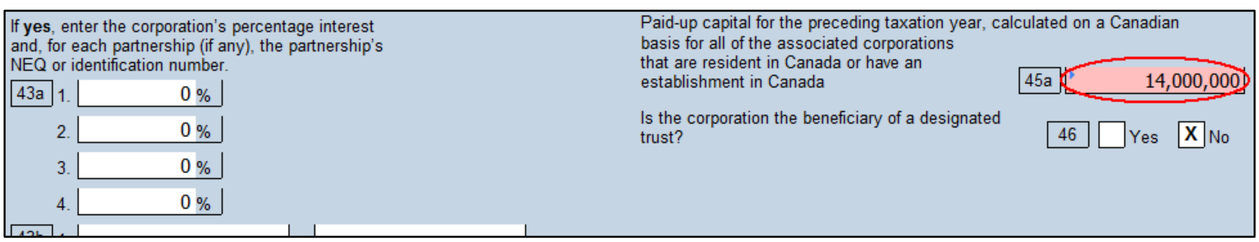
Solution:

If the corporation has a permanent establishment in Québec, the number on line 44 of the CO-17 return is greater than 0 and the corporation is in one of the above-mentioned situations, use an override to enter on line 45a the total of the amounts from the field “Paid-up capital of prior taxation year (Note)” entered in the “Québec CO-771.1.3 – Associated corporations’ agreement respecting the allocation of the business limit” section of Schedule 9 WORKCHART, *Related and Associated Corporations Workchart* (Jump Code: **9 WORKCHART**).

Schedule 9 WORKCHART



CO-17 return



Note that the amount on 45a has no impact on the return calculations.

This problem will be corrected in *Corporate Taxprep* 2017 v.1.1.

Troubleshooting T22017-001

CO-17.SP, Information and Income Tax Return for Non-Profit Corporations (Jump Code: QJSP) - If the corporation is a non-profit corporation, Corporate Taxprep does not allow you to attach supporting documents to the CO-17.SP return.

Download the client filter and diagnostic template

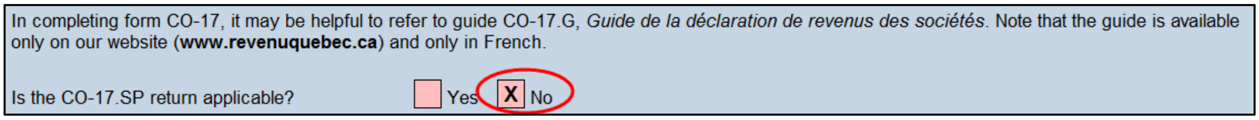
Problem:

When the corporation is a non-profit corporation and its permanent establishment is in Québec, *Corporate Taxprep* does not allow you to attach supporting documents to a CO-17.SP return.

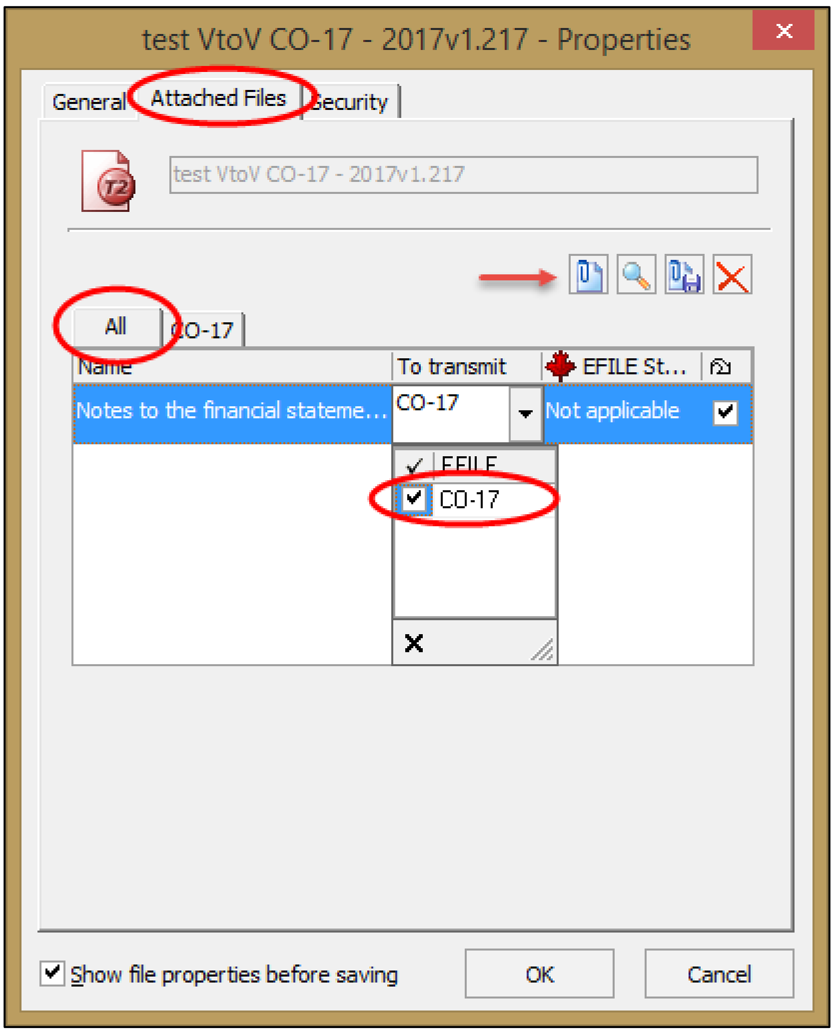
Solution:

In cases where the corporation is a non-profit corporation and its permanent establishment is in Québec, proceed as follows to send supporting documents with a CO-17.SP return:

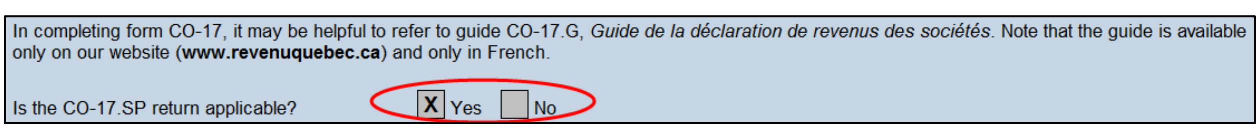
1. Answer "No" to the question *Is the CO-17.SP return applicable?* using an override in Form CO-17, *Corporation Income Tax Return* (Jump Code: **QJ**).



2. Select the attached documents that you want to transmit in the **Properties** (F11) dialog box under the **All** tab.
3. Under the **Attached Files** tab of the **Properties** (F11) dialog box, select the **CO-17** check box in the **To transmit** drop-down list for all files that you want to attach to the CO-17.SP return.



4. Remove the override on the question *Is the CO-17.SP return applicable?* of the CO-17 return.



5. Transmit the return electronically.

This problem will be corrected in *Corporate Taxprep* 2017 v.1.1.

Ontario

Troubleshooting T22017-028

Schedule 566, Ontario Innovation Tax Credit (Jump Code: 566) – Enhanced rate for scientific research and experimental development (SR&ED) qualified expenditures incurred after March 27, 2018

Download the client filter and diagnostic template

Problem:

In its March 28, 2018 Budget, the Government of Ontario has announced the rate enhancement of the Ontario innovation tax credit (OITC) for SR&ED qualified expenditures incurred after March 27, 2018.

For SR&ED qualified expenditures incurred after March 27, 2018, if a company qualifies for the OITC at the following rates, has a ratio of SR&ED expenditures to gross revenues that is:

- 10% or less, the company would remain eligible for the OITC at the 8% rate;
- Between 10% to 20%, the company would be eligible for an enhanced OITC rate that would increase from 8% to 12% on a straight-line basis as the company's ratio of SR&ED expenditures to gross revenue increases from 10% to 20%;
- 20% and above, the company would be eligible for the OITC at a 12% rate.

In addition, both the gross revenues and SR&ED expenditures must be attributable to Ontario operations. Also, gross revenues and SR&ED expenditures attributable to Ontario operations of associated corporations would be aggregated.

Where the taxation year straddles March 28, 2018, the rate enhancement will be prorated to the number of days after March 27, 2018, on the number of days in the taxation year.

For more precisions on this change, consult page 289 of the document *A Plan for Care and Opportunity*, available on the Government of Ontario Web site at: http://budget.ontario.ca/2018/budget2018-en.pdf

Currently, *Corporate Taxprep* does not take this new measure into account.

Solution:

Based on our understanding, if the corporation qualifies for the OITC and it has SR&ED qualified expenditures incurred after March 27, 2018, override line 712 in Part 7 with the result of the following calculation:

current amount on line 712 in Part 7

+

result obtained by the following calculation:

Proportion of line s in Part 7 relating to SR&ED qualified expenditures incurred after March 27, 2018	X	The rate determined according to the instructions mentioned in the problem less the current rate of 8%	X	Number of days in the taxation year after March 27, 2018 ――――――――――― Number of days in the taxation year

<u>Example:</u>

The corporation's taxation year ends on April 30, 2018, and it qualifies for the OITC. The SR&ED qualified expenditures for the taxation year are $155,000 and SR&ED qualified expenditures after March 27, 2018, are $55,000. In addition, the corporation's ratio of SR&ED expenditures to gross revenue is 25%.

Amount on line 712 in Part 7 ($155,000 X 8%) = $12,400

+

$55,000 X (12% - 8%) X (34/365) = $205

Therefore, override line 712 in Part 7 with $12,605.

Subtotal (amount V **plus** amount Y.1)	155,000 +	0	702	155,000	Z
Expenditure limit (from line 415, 440, or 445, whichever applies)				3,000,000	r
Lesser of Z and r	155,000 +	0	707	155,000	s
Ontario innovation tax credit for tax years starting after May 31, 2016 (amount s x 8 %).			712	12,605	AA

We invite you to remain on the lookout for updates that will be announced hereafter by the Government of Ontario concerning this new measure. If required, adjust the amount on line 712 in Part 7 based on the information that will be provided by the Government of Ontario.

This measure will be integrated in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-027

Schedule 508, Ontario Research and Development Tax Credit (Jump Code: 508) - Increase in the rate of the tax credit for eligible SR&ED expenditures incurred after March 27, 2018, when the eligible SR&ED expenditures incurred in the year are over $1,000,000

Download the client filter and diagnostic template

Problem:

In its March 28, 2018 Budget, the Government of Ontario has announced that the rate of the tax credit for research and development is enhanced by 2%, thus increasing from 3.5% to 5.5% for eligible SR&ED expenditures incurred after March 27, 2018. To qualify for this enhanced rate, the eligible SR&ED expenditures for the current taxation year must be over $1,000,000 and must represent at least 90% of the eligible SR&ED expenditures for the prior taxation year. In addition, the enhanced rate must be prorated for taxation years that straddle March 28, 2018.

These changes affect the amount on line 202 of Part 3.

For more precisions on this change, consult page 288 of the document *A Plan for Care and Opportunity*, available on the Government of Ontario Web site at: http://budget.ontario.ca/2018/budget2018-en.pdf.

Currently, *Corporate Taxprep* does not take this new measure into account.

Solution:

To qualify for the enhanced rate, the corporation must comply with the following three conditions. If the corporation does not comply with the following three conditions, the 3.5% rate applies and no modification needs to be made.

- Verify if the corporation incurred eligible SR&ED expenditures after March 27, 2018.
- Verify if the corporation incurred over $1,000,000 in eligible SR&ED expenditures in its taxation year.
- Verify that the eligible SR&ED expenditures for the current taxation year represent at least 90% of eligible SR&ED expenditures for the prior taxation year. To do so, divide the amount on line 120 in Part 1 of the current taxation year by the amount on line 120 of the prior taxation year.

To determine the amount of the tax credit to be indicated on line 202, proceed as follows:

1) Determine the portions of the amount on line 120 that relate to the eligible SR&ED expenditures incurred before March 28, 2018, and after March 27, 2018.
2) Multiply the eligible SR&ED expenditures incurred in the taxation year by 3.5%.
3) Multiply the portion of the eligible SR&ED expenditures incurred after March 27, 2018, by 2%.

4) Multiply the result obtained at step 3 by the number of days in the taxation year after March 27, 2018, then divide by the number of days in the taxation year.
5) Add the results obtained at steps 2 and 4.
6) Override line 202 in Part 3 with the total obtained at step 5.

Example:

- A corporation with a taxation year from May 1, 2017, to April 30, 2018, completes Schedule 508.
- The amount indicated on line 120 is $1,500,000, of which $200,000 relate to eligible SR&ED expenditures incurred after March 27, 2018.
- The amount indicated on line 120 of the prior taxation year is $1,600,000.

Conditions:

- Yes, the corporation incurred SR&ED expenditures after March 27, 2018.
- Yes, the corporation incurred over $1,000,000 in eligible SR&ED expenditures in its taxation year.
- Yes, the eligible SR&ED expenditures for the current taxation year represent at least 90% of eligible SR&ED expenditures for the prior taxation year ($1,500,000 / $1,600,000 = 93.75% ≥ 90%).

The eligibility conditions of the enhanced rate are complied with, and therefore, you must proceed as follows:

1) The portion of the amount on line 120 that relates to eligible SR&ED expenditures incurred before March 28, 2018, is $1,300,000 and the portion of the amount on line 120 that relates to eligible SR&ED expenditures incurred after March 27, 2018, is $200,000.
2) $1,500,000 x 3.5% = $52,500
3) $200,000 x 2% = $4,000
4) $4,000 x 34/365 = $373
5) $52,500 + $373 = $52,873
6) Enter $52,873 on line 202 using an override.

For tax years that start after May 31, 2016					
Ontario SR&ED expenditure pool (amount G in Part 1)	1,500,000 x	3.5 %	= 202	52,873	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year*			207	0	V
Eligible repayments (amount L in Part 2)				0	W
The ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)			232	52,873	X

We invite you to remain on the lookout for updates that will be announced hereafter by the Government of Ontario concerning this new measure. If required, adjust the amount on line 202 in Part 3 based on the information that will be provided by the Government of Ontario.

This measure will be integrated to *Corporate Taxprep* 2018 v.1.0.

British Columbia

Troubleshooting Memo T22017-019

Schedule 5, Tax Calculation Supplementary - Corporations (Jump Code: 5) - Extension of the British Columbia book publishing tax credit

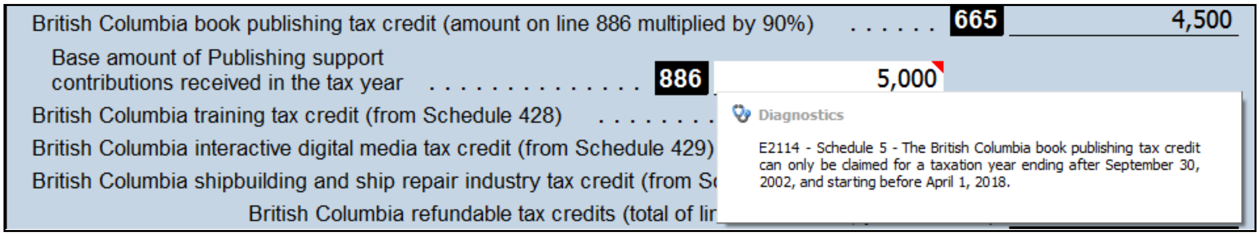
Download the client filter and diagnostic template

Problem:

As a result of the tabling of Bill 2, on February 20, 2018, the Government of British Columbia announced the extension of the British Columbia book publishing tax credit for an additional three years, i.e. until March 31, 2021.

Currently, *Corporate Taxprep* displays diagnostic E2114, which indicates that the credit can only be claimed for tax years that start before April 1, 2018, when the corporation meets the following conditions:

- it has a permanent establishment in British Columbia;
- its tax year starts after March 31, 2018; and
- a base amount of Publishing support contributions received in its tax year is entered on line 886 in Part 2, "British Columbia tax payable, tax credits, and rebates" of Schedule 5.



This diagnostic should not display.

Solution:

In this situation, enter the base amount of Publishing support contributions received in the tax year on line 886 of Schedule 5 and ignore diagnostic E2114.

This measure will be integrated into *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-011

Schedule 427, British Columbia Corporation Tax Calculation (Jump Code: 427) - The reduction for the credit unions deduction is abolished starting in 2017

Download the client filter and diagnostic template

Problem:

In its 2017 Budget and its Bill 2, tabled on September 11, 2017, the Government of British Columbia announced that, for days after December 31, 2016, it was re-establishing the full deduction granted to credit unions for purposes of calculating eligible income at the lower tax rate. This change means that, for those days, the rate that should be applied to the deduction granted to credit unions is 100% rather than 80%. Currently, *Corporate Taxprep* does not take this new measure into account.

Solution:

If the corporation's taxation year ends after December 31, 2016, it has a permanent establishment in British Columbia and an amount for the credit unions deduction is calculated on line 3 of Schedule 427, proceed as follows to correctly calculate the deduction amount.

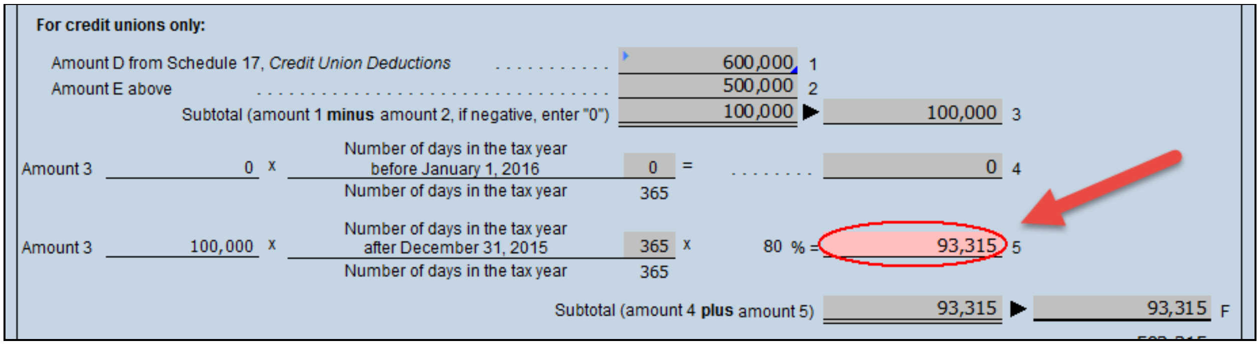
Enter the result of the following calculation on line 5 using an override:

$$\left(\frac{\text{Number of days after December 31, 2015, and before January 1, 2017}}{\text{Number of days in the taxation year}} \text{ X } 80\% + \frac{\text{Number of days in the taxation year after December 31, 2016}}{\text{Number of days in the taxation year}} \text{ X } 100\% \right) \text{ X } \text{Amount 3}$$

Example:

The following calculation has to be performed for a corporation with a taxation year that starts on September 1, 2016, and ends on August 31, 2017, with the amount of $100,000 on line 3.

$$\left(\frac{122\text{ days}}{365\text{ days}} \times 80\% + \frac{243\text{ days}}{365\text{ days}} \times 100\%\right) \times \$100{,}000 = \$93{,}315$$



For credit unions only:

Amount D from Schedule 17, *Credit Union Deductions* 600,000 1
Amount E above 500,000 2
Subtotal (amount 1 **minus** amount 2, if negative, enter "0") 100,000 ▶ 100,000 3

Amount 3 0 x Number of days in the tax year before January 1, 2016 0 / Number of days in the tax year 365 = ... 0 4

Amount 3 100,000 x Number of days in the tax year after December 31, 2015 365 / Number of days in the tax year 365 x 80 % = 93,315 5

Subtotal (amount 4 **plus** amount 5) 93,315 ▶ 93,315 F

This measure will be integrated into *Corporate Taxprep* 2017 v.2.0.

Saskatchewan

Troubleshooting T22017-005

Saskatchewan Tax Instalments (Jump Code: ISK) - Corporate Taxprep does not calculate instalment payments when the corporation is a resource corporation, a resource surcharge amount is calculated for the “Oil & Gas, Coal, Potash & Uranium” field and no resource surcharge is calculated for the “Tier 4 Oil & Gas” field.

Download the client filter and diagnostic template

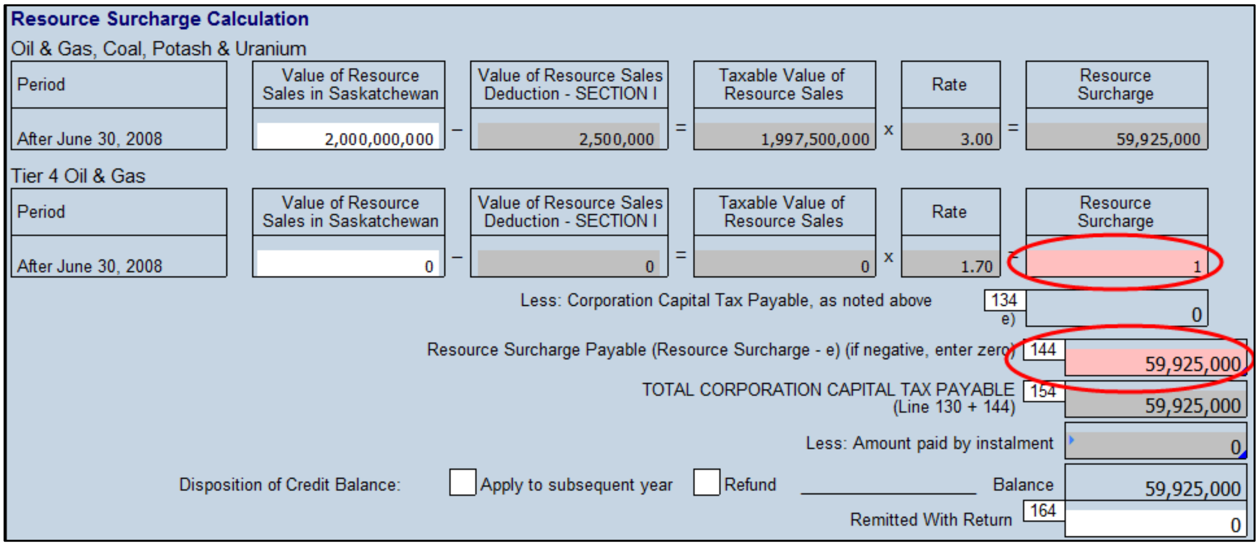
Problem:

When the corporation has a permanent establishment in Saskatchewan, is a resource corporation, a resource surcharge amount is calculated for the “Oil & Gas, Coal, Potash & Uranium” field and no resource surcharge amount is calculated for the “Tier 4 Oil & Gas” field, *Corporate Taxprep* does not calculate the instalment payments in the *Saskatchewan Tax Instalments* form.

Solution:

In the above-described situation, override the “Resource surcharge” field with “1” for the “Tier 4 Oil & Gas” field in subsection “Resource Surcharge Calculation” of Form SCT1, *Saskatchewan Corporation Capital Tax Return* (Jump Code: **SJ**).

Thereafter, enter the amount in the field “Resource surcharge” for the “Oil & Gas, Coal, Potash & Uranium” field on line 144, using an override, in order not to modify the total capital tax payable.



Resource Surcharge Calculation

Oil & Gas, Coal, Potash & Uranium

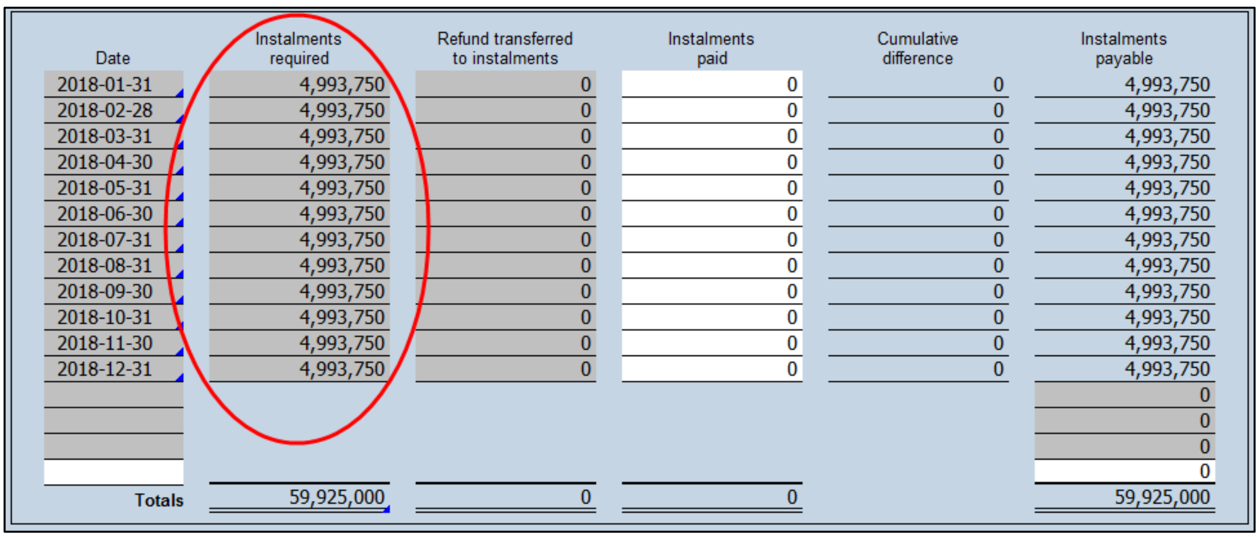
Period	Value of Resource Sales in Saskatchewan		Value of Resource Sales Deduction - SECTION I		Taxable Value of Resource Sales		Rate		Resource Surcharge
After June 30, 2008	2,000,000,000	–	2,500,000	=	1,997,500,000	x	3.00	=	59,925,000

Tier 4 Oil & Gas

Period	Value of Resource Sales in Saskatchewan		Value of Resource Sales Deduction - SECTION I		Taxable Value of Resource Sales		Rate		Resource Surcharge
After June 30, 2008	0	–	0	=	0	x	1.70	=	1

Less: Corporation Capital Tax Payable, as noted above	134 e)	0
Resource Surcharge Payable (Resource Surcharge - e) (if negative, enter zero)	144	59,925,000
TOTAL CORPORATION CAPITAL TAX PAYABLE (Line 130 + 144)	154	59,925,000
Less: Amount paid by instalment		0
Disposition of Credit Balance: Apply to subsequent year Refund — Balance		59,925,000
Remitted With Return	164	0

This way, the instalment payments will be calculated in Form *Saskatchewan Tax Instalments*.



Date	Instalments required	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2018-01-31	4,993,750	0	0	0	4,993,750
2018-02-28	4,993,750	0	0	0	4,993,750
2018-03-31	4,993,750	0	0	0	4,993,750
2018-04-30	4,993,750	0	0	0	4,993,750
2018-05-31	4,993,750	0	0	0	4,993,750
2018-06-30	4,993,750	0	0	0	4,993,750
2018-07-31	4,993,750	0	0	0	4,993,750
2018-08-31	4,993,750	0	0	0	4,993,750
2018-09-30	4,993,750	0	0	0	4,993,750
2018-10-31	4,993,750	0	0	0	4,993,750
2018-11-30	4,993,750	0	0	0	4,993,750
2018-12-31	4,993,750	0	0	0	4,993,750
					0
					0
					0
					0
Totals	59,925,000	0	0		59,925,000

Note that Form *Saskatchewan Tax Instalments* is printed for your files or for your clients; it has no impact on the income tax return. Before printing the income tax return to be sent to the tax authorities, make sure to cancel the overrides in the "Resource surcharge" field and on line 144 of Form SCT1.

This problem will be corrected in *Corporate Taxprep* 2017 v.1.1.

Manitoba

Troubleshooting T22017-021

MCT1, Corporation Capital Tax Return (Jump Code: MJ) – The capital tax is not calculated for financial institutions with a taxation year ending after April 30, 2017, in cases where the taxable paid-up capital of the corporation is less than $4 billion and the taxable paid-up capital of the associated group of corporations is equal to or greater than $4 billion.

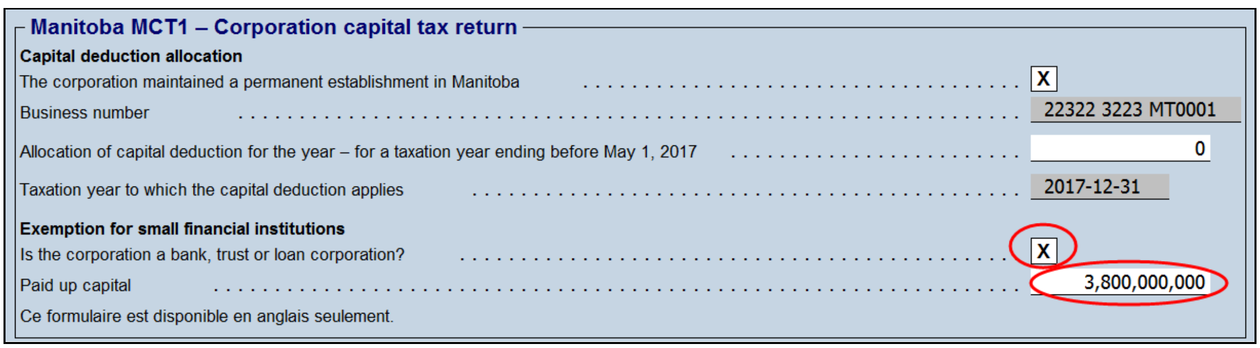
Download the client filter and diagnostic template

Problem:

For financial institutions with a taxation year ending after April 30, 2017, the taxable paid-up capital is not calculated if it is less than $4 billion for the corporation and the taxable paid-up capital of the associated group of corporations, that are financial institutions, is equal to or greater than $4 billion. Therefore, the calculation of the capital tax cannot be performed.

The taxable paid-up capital will not be calculated if, for example, the following conditions are met:

- the corporation is a financial institution and its taxation year ends after April 30, 2017;
- the taxable paid-up capital of the corporation is $380,200,000; and
- the taxable paid-up capital of the associated corporation, which is a financial institution, is $3,800,000,000 in the “Manitoba MCT1 – Corporation capital tax return” section of Form 9 WORKCHART, *Related and Associated Corporations Workchart* (Jump Code: **9 WORKCHART**).


Manitoba MCT1 – Corporation capital tax return

Capital deduction allocation

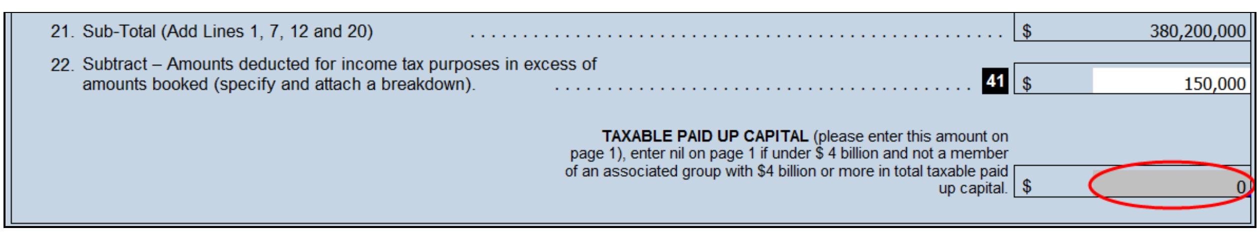
The corporation maintained a permanent establishment in Manitoba	X
Business number	22322 3223 MT0001
Allocation of capital deduction for the year – for a taxation year ending before May 1, 2017	0
Taxation year to which the capital deduction applies	2017-12-31

Exemption for small financial institutions

Is the corporation a bank, trust or loan corporation?	X
Paid up capital	3,800,000,000

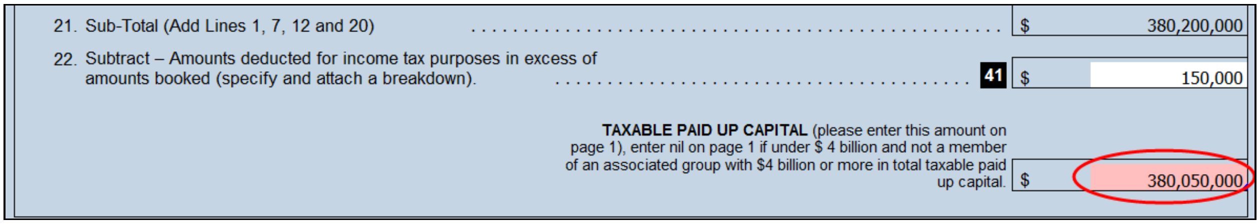
Ce formulaire est disponible en anglais seulement.

The total taxable paid-up capital of the associated group of corporations is then $4,180,200,000. In that case, the total taxable paid-up capital of the corporation is not calculated.


21. Sub-Total (Add Lines 1, 7, 12 and 20)		$ 380,200,000
22. Subtract – Amounts deducted for income tax purposes in excess of amounts booked (specify and attach a breakdown).	41	$ 150,000
TAXABLE PAID UP CAPITAL (please enter this amount on page 1), enter nil on page 1 if under $ 4 billion and not a member of an associated group with $4 billion or more in total taxable paid up capital.		$ 0

Solution:

In this situation, subtract line 22 from line 21 and enter the difference in the field “TAXABLE PAID UP CAPITAL” of SECTION A, using an override.



This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Electronic transmission

Troubleshooting T22017-004

CO-17, Corporation Income Tax Return (Jump Code: QJ) - Electronic transmission - When opening a client file prepared in a version prior to 2017 v.1.0, the supporting document(s) are no longer attached to the CO-17 transmission.

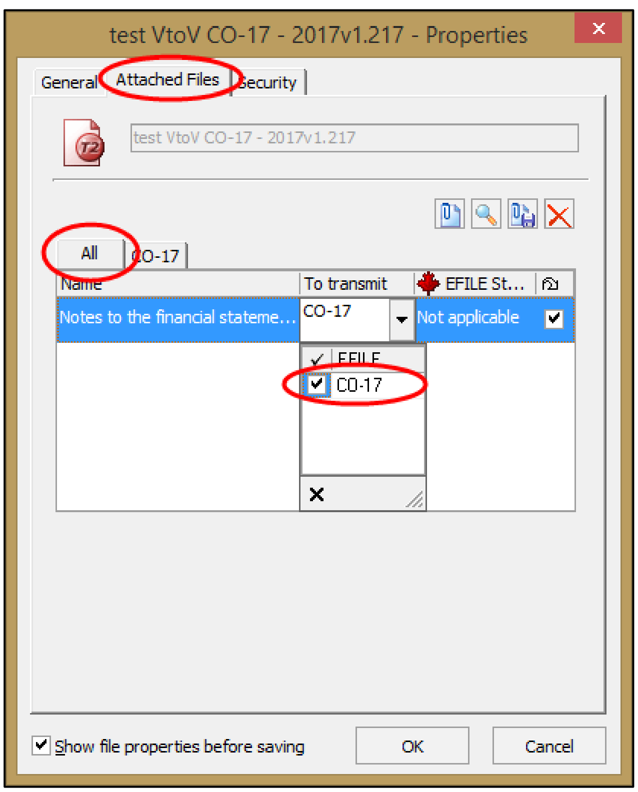
Download the client filter and diagnostic template

Problem:

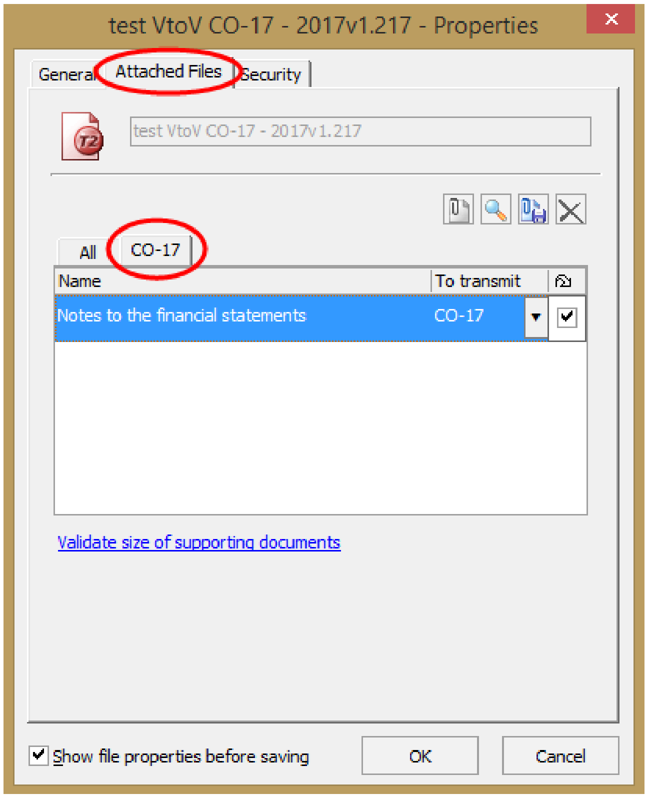
When opening a client file prepared in a version prior to 2017 v.1.0 in which the corporation income tax return is eligible for electronic transmission (*Revenu Québec*), the supporting document(s) are no longer attached to the CO-17 transmission in the **CO-17** tab under the **Attached Files** tab of the **Properties** (F11) dialog box.

Solution:

In cases where the corporation income tax return is eligible for electronic transmission (*Revenu Québec*) and the corporation wants to attach supporting document(s) when transmitting its CO-17 return, you will have to select the **CO-17** check box in the **To transmit** drop-down list under the **Attached Files** tab of the **Properties** (F11) dialog box for all files that you want to transmit.



Then, the supporting document(s) will be available in the **CO-17** tab under the **Attached Files** tab of the **Properties** (F11) dialog box for the CO-17 transmission.



TaxprepConnect Download

Troubleshooting Memo T22017-017

TaxprepConnect Download (Jump Code: CONNECT) – A copy of Schedule 53 (Jump Code: 53) or Schedule 54 (Jump Code: 54) is created by error for a prior year during data transfer to the return

Download the client filter and diagnostic template

Problem:

When transferring downloaded data to the return, if a copy of Schedule 53 indicating the taxation year-end date of the downloaded data is not present in the client file, Schedule 53 – TaxprepConnect, *General Rate Income Pool (GRIP) Calculation* (Schedule 53 – TaxprepConnect), does not contain any downloaded data and no check box in the **Transfer** column is selected in this schedule, a copy of Schedule 53 indicating the taxation year-end date of the downloaded data is automatically created by error. Diagnostic E837 displays to prompt you to enter the missing data in this copy of Schedule 53, while this copy should not have been created. This is particularly problematic for a corporation that is not a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), because such a corporation does not have to file Schedule 53.

Canada Revenue Agency Agence du revenu du Canada **Schedule 53**

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Corporation A	66753 3079 RC0001	2017-12-31

On: 2016-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).

The same problem arises with Schedule 54 when no copy of the schedule indicating the taxation year-end date of the downloaded data is present in the client file, Schedule 54 – TaxprepConnect, *Low Rate Income Pool (LRIP) Calculation* (Schedule 54 – TaxprepConnect), does not contain any downloaded data and no check box in the **Transfer** column is selected in this schedule. Diagnostics E838 and E839 display by error to prompt you to enter the missing data in the new copy of Schedule 54. This problem particularly affects CCPCs and DICs, because these corporations do not have to file Schedule 54.

Canada Revenue Agency Agence du revenu du Canada **Schedule 54**

Low Rate Income Pool (LRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Corporation A	66753 3079 RC0001	2017-12-31

On: 2016-12-31

- Use this schedule to calculate the balance of the low rate income pool (LRIP) at any time in the tax year if you are a corporation resident in Canada that is:
  - a corporation **other** than a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC); or
  - a corporation that elected under subsection 89(11) not to be a CCPC.

Solution:

When a copy of Schedule 53 or Schedule 54 has been created in the above-described conditions, you can delete this copy.

This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting Memo T22017-016

TaxprepConnect Download (Jump Code: CONNECT) – Incorrect download of the amount on line 004 of Schedule 13 – TaxprepConnect

Download the client filter and diagnostic template

Problem:

In Schedule 13 - TaxprepConnect, *Continuity of Reserves* (Schedule 13 – TaxprepConnect), which is accessible from the "Return Data" section of Form *TaxprepConnect Download*, the amount shown in the **CRA** column for each line 004, *Capital gains reserves – Balance at the end of the year* following a download is incorrect. Instead, it displays the amount that was shown on the lines of column 002, **Balance at the beginning of the year** in Schedule 13 in the downloaded return. The amount that is transferred afterwards to Schedule 13 (Jump Code: **13**) is therefore incorrect.

Schedule 13 – TaxprepConnect, Continuity of Reserves

Select or clear all ☐

CRA – Downloaded data		▶ Transfer to the return			
Tax year end	2016-12-31	2017-12-31			
	CRA	Taxprep	Difference	Transfer (x)	Date (yy-mm-dd)
001 Capital gains reserves – Description of property: Property 1		1 - Property 1		☐	
004 Capital gains reserves – Balance at the end of the year*	1,000	800	200		
001 Capital gains reserves – Description of property: Property 2		2 - Property 2		☐	
004 Capital gains reserves – Balance at the end of the year*	2,000	1,500	500		

Solution:

In Schedule 13 – TaxprepConnect, make sure that the **Transfer** check box of each line 001, *Capital gains reserves – Description of property* is cleared before performing a transfer to the return.

Schedule 13 – TaxprepConnect, Continuity of Reserves

Select or clear all ☐

CRA – Downloaded data		▶ Transfer to the return			
Tax year end	2016-12-31	2017-12-31			
	CRA	Taxprep	Difference	Transfer (x)	Date (yy-mm-dd)
001 Capital gains reserves – Description of property: Property 1		1 - Property 1		☐	
004 Capital gains reserves – Balance at the end of the year*	1,000	800	200		
001 Capital gains reserves – Description of property: Property 2		2 - Property 2		☐	

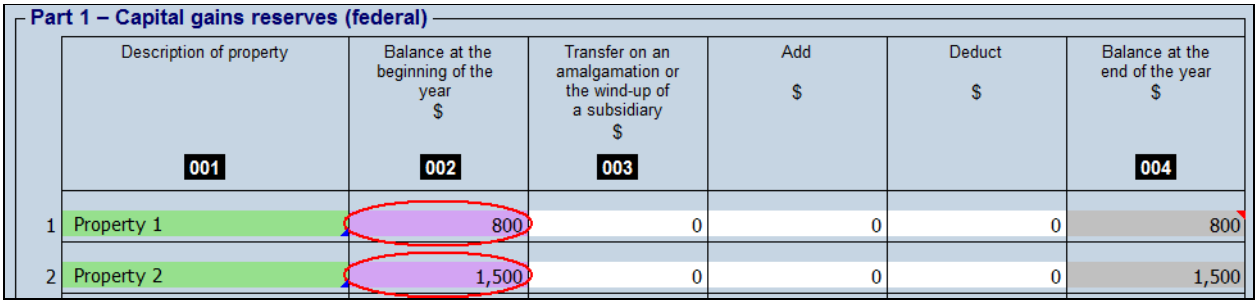
In cases where the amount on line 004 has already been transferred to the return:

- If the return and the downloaded data cover the same taxation year, cancel the override on each line of column 004, **Balance at the end of the year** in Schedule 13;

Part 1 – Capital gains reserves (federal)

	Description of property 001	Balance at the beginning of the year $ 002	Transfer on an amalgamation or the wind-up of a subsidiary $ 003	Add $	Deduct $	Balance at the end of the year $ 004
1	Property 1	1,000	0	0	200	800
2	Property 2	2,000	0	0	500	1,500

- If the taxation year covered by the return begins immediately after the taxation year relating to the downloaded data, you must enter on each line of column 002 of Schedule 13 the amount that was shown on the corresponding line 004 of Schedule 13 in the preceding year return.



This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

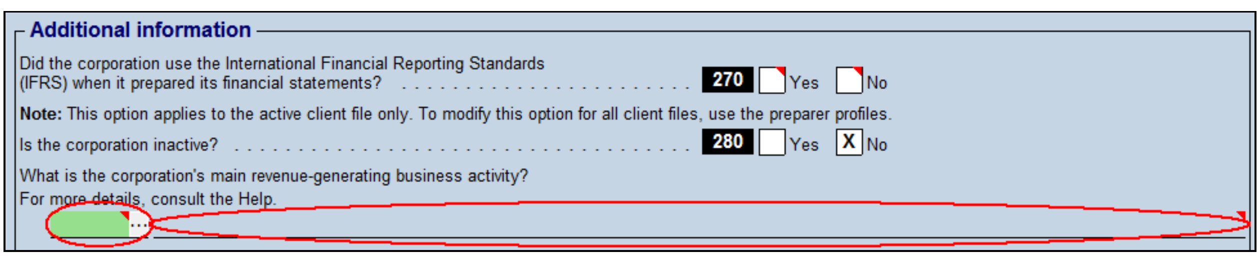
Troubleshooting Memo T22017-015

TaxprepConnect Download (Jump Code: CONNECT) - No data is available for download on line 299 of Form Identification - TaxprepConnect

Download the client filter and diagnostic template

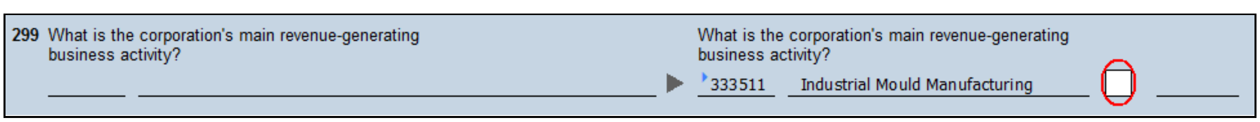
Problem:

In Form Identification – TaxprepConnect, *Corporate Identification and Other Information* (Identification – TaxprepConnect), which is accessible from the “Return Data” section of Form *TaxprepConnect Download*, the data on line 299, *What is the corporation’s main revenue-generating business activity?* is not available for download through the *T2 Auto-fill* service. Following a download, line 299 in the **CRA - Downloaded data** column will therefore always be empty and, during the transfer of the data on this line to the return, the data entered in the field “What is the corporation’s main revenue-generating business activity?” in Form *Corporate Identification and Other Information* (Jump Code: **ID**) is deleted.

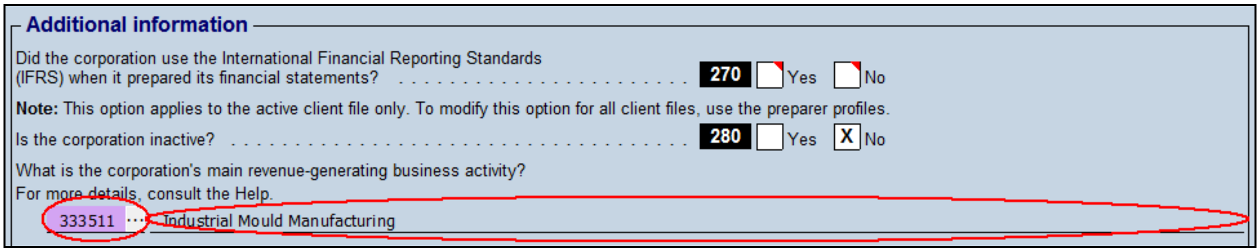


Solution:

In Form Identification – TaxprepConnect, ensure that the **Transfer** check box on line 299 is cleared before performing a transfer to the return.



In cases where the transfer of the data on this line to the return has already been performed, enter the appropriate value in the field “What is the corporation’s main revenue-generating business activity?” of Form *Corporate Identification and Other Information*, because the data that was in that field before the transfer will be deleted.



This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.

Troubleshooting T22017-012

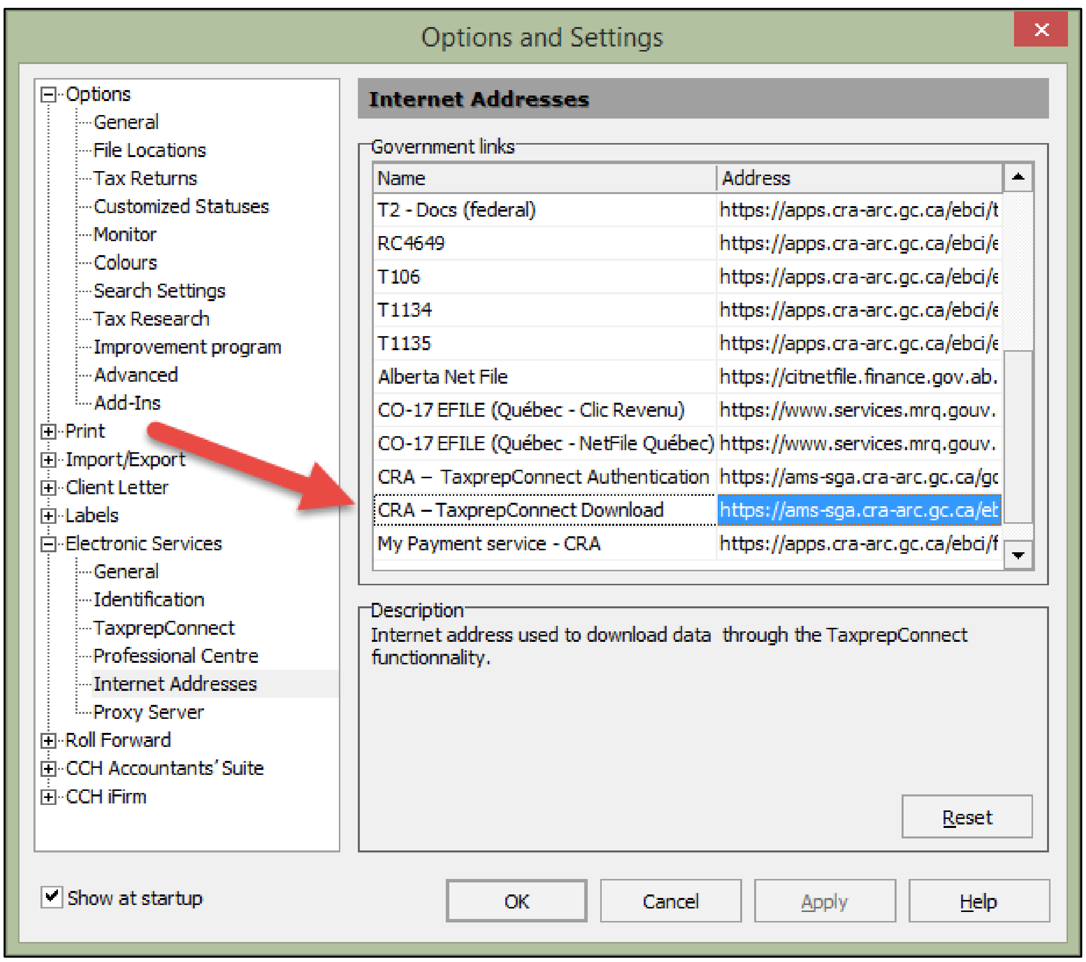
Incorrect Internet address for the TaxprepConnect download

Problem:

The Internet address for the **TaxprepConnect** download, which was provided to us by the Canada Revenue Agency (CRA) at the time *Corporate Taxprep* 2017 v.2.0 was released is incorrect and leads to an error 404 page.

Solution:

In the options and settings, enter the following address on the line *CRA – TaxprepConnect Download* in the **Internet Addresses** pane of the "Electronic Services" section: https://apps.cra-arc.gc.ca/ebci/awsc/tdd/ws/201710/T2TaxDataDeliveryService.



This problem will be corrected in *Corporate Taxprep* 2018 v.1.0.