

Cantax T2

Troubleshooting

2018 Versions

Publication	Problem	Affected Version	Corrected Version
Week of March 24, 2019	Capital Cost Allowance (CCA) Workchart - Addition of CCA classes 54 and 55 for zero-emission vehicles acquired after March 18, 2019	Version 18.2.3xx.131	Version 19.1.3xx.100
Week of March 24, 2019	Schedules 31 and 49 - The taxable income is no longer included in the SR&ED expenditure limit calculation for CCPCs with a tax year ending after March 18, 2019	Version 18.2.3xx.126 Version 18.2.3xx.131	Version 19.1.3xx.100
Week of March 24, 2019	Schedule 366 - New Brunswick corporation Tax Calculation (S366) - The calculation on line D is incorrect when the corporation is subject to the business limit reduction based on passive investment income	Version 18.2.3xx.131	Version 19.1.3xx.100
Week of March 3, 2019	Schedule 411 - Saskatchewan Corporation Tax Calculation (S411) - The reduction rate of the credit unions deduction is incorrect for days in 2019	Version 18.2.3xx.126 Version 18.2.3xx.131	Version 19.1.3xx.100
Week of February 17, 2019	Schedule 428, British Columbia Training Tax Credit (S428) - Extension of the British Columbia training tax credit	Version 18.2.3xx.126 Version 18.2.3xx.131	Version 19.1.3xx.100
Week of February 17, 2019	The preparer name displayed is incorrect when it is updated from the data in the Tax preparer information	Version 18.2.307.126 Version 18.2.309.126 Version 18.2.311.126 Version 18.2.307.131 Version 18.2.309.131 Version 18.2.311.131	Version 19.1.307.100 Version 19.1.309.100 Version 19.1.311.100
Week of November 18, 2018	Schedule 508, Ontario Research and Development Tax Credit (S508) and Schedule 566, Ontario Innovation Tax Credit (S566) - Withdrawal of the 2018 Budget measures with regards to the	Version 18.2.3xx.126	Version 19.1.3xx.100

Publication	Problem	Affected Version	Corrected Version
	Research and Development Tax Credits		
Week of July 22, 2018	<p>Schedule 8 - Capital Cost Allowance - All Other Classes (S8OTHER) - Incorrect calculation on line 205, Adjustments, for a CCA class 14.1, when an amount is entered on line 10, Total UCC adjustments under subsection 13(39) ITA in the current taxation year, in the Class 14.1 - Information tab related to the CCA class.</p> <p>AT1-Schedule 13 - Capital Cost Allowance (CCA) (AT1-S13) - Incorrect calculation on line 007, Adjustments, for a CCA class 14.1, when there is an amount on line 10, Total CCA adjustments under subsection 13(39) ITA in the current taxation year, in the Class 14.1 - Information (AB) tab related to the CCA class.</p>	Version 18.1.3xx.100	Version 18.2.3xx.126
Week of June 17, 2018	The network version of the Cantax Help has not been displaying since the last Windows 7 and Windows 10 updates	Network versions	Version 18.2.3xx.126

Federal

Schedule 8 - Capital Cost Allowance - All Other Classes (S8OTHER) - Incorrect calculation on line 205, Adjustments, for a CCA class 14.1, when an amount is entered on line 10, Total UCC adjustments under subsection 13(39) ITA in the current taxation year, in the Class 14.1 - Information tab related to the CCA class.

AT1-Schedule 13 - Capital Cost Allowance (CCA) (AT1-S13) - Incorrect calculation on line 007, Adjustments, for a CCA class 14.1, when there is an amount on line 10, Total CCA adjustments under subsection 13(39) ITA in the current taxation year, in the Class 14.1 - Information (AB) tab related to the CCA class.

Problem:

An adjustment under subsection 13(39) ITA may be required when a CCA class 14.1 property owned by the corporation before January 1, 2017, is disposed of after December 31, 2016, to adjust the UCC balance of the class. If an amount is entered on line 10, *Total UCC adjustments under subsection 13(39) ITA in the current taxation year*, in the **Class 14.1 - Information** tab for a CCA class 14.1, the amount calculated on

line 205, *Adjustments*, of this CCA class is incorrect as the amount entered on line 10 is added multiple times although the amount from line 10 should only be taken into account once on line 205.

Class 14.1 - Information tab

Class 14.1 - Eligible capital property transitional information. Complete this section only if the corporation acquired or possessed eligible property before January 1, 2017 (see Help <F1>)

Name of business

CEC balance (positive or negative) in respect of the business on January 1, 2017 (amount K from Schedule 10)	4,000	1
If the CEC is negative, amount that would have been included in income under 14(1)(b) ITA (amount S from Schedule 10)	0	2
Deductions that reduced CEC in respect of the business for taxation years ending before January 1, 2017 (note 1)	3,000	3
Item D.1 of the CEC definition in paragraph 14(5) ITA, as that paragraph applied immediately before January 1, 2017 (note 2)	10,000	4
Deemed total capital cost of property in the class under paragraph 13(39) ITA	0	5
Total UCC adjustments under subsection 13(39) ITA in preceding taxation years	0	9
Total UCC adjustments under subsection 13(39) ITA in the current taxation year	500	10
Rate applicable to the additional deduction (%)	2.000	11
Additional deduction for the current taxation year (note 3)	0	12

Schedule S8OTHER

Class*	200	14.1	0.0	0.0
Class 1 rates, other than 4%		0	0	0
Description**				
UCC - start of year	201	5,000	0	5,000
Cost of additions***	203	0	0	0
Adjustments	205	1,000	0	1,000
Proceeds of disposition****	207	3,000	0	3,000
UCC - pre allowance		3,000	0	3,000
1/2 of net additions	211	0	0	0
Reduced UCC		3,000	0	3,000
CCA rate (%)	212	5.000	0.000	0.000
Recapture of CCA	213	No	No	No

The same problem exists for a CCA class 14.1 entered on line 007, *Adjustments*, in AT1 Schedule 13 when there is an amount on line 10 of the **Class 14.1 - Information (AB)** tab related to this CCA class.

Class 14.1 - Information (AB) tab

CEC balance (positive or negative) in respect of the business on January 1, 2017 (amount from line 022 or 026 of Schedule AT1-S14)	4,000	1
If the CEC is negative, amount that would have been included in income under 14(1)(b) ITA (amount from line 054 of Schedule AT1-S14)	0	2
Deductions that reduced CEC in respect of the business for taxation years ending before January 1, 2017 (note 1)	3,000	3
Item D.1 of the CEC definition in paragraph 14(5) ITA, as that paragraph applied immediately before January 1, 2017 (note 2)	10,000	4
Deemed total capital cost of property in the class under paragraph 13(38)(a) ITA	0	5
Total CCA adjustments in preceding taxation years under subsection 13(39) ITA	0	9
Total CCA adjustments under subsection 13(39) ITA in the current taxation year	500	10
Rate applicable to the additional deduction (%)	2.000	11
Additional deduction for the current taxation year (note 3)	0	12

AT1 - Schedule 13

	1	2	3	Total
Class *	001 14.1	0.0	0.0	
Class 1 rates, other than 4%	0	0	0	
Description **				
UCC - start of year	003 5,000	0	0	5,000
Cost of additions	005 0	0	0	0
Adjustments	007 1,000	0	0	1,000
Proceeds of disposition ***	009 3,000	0	0	3,000
UCC - pre allowance	3,000	0	0	3,000
1/2 of net additions	011 0	0	0	0
Reduced UCC	3,000	0	0	3,000
CCA rate (%)	013 5.000	0.000	0.000	
Recapture of CCA	015 No	No	No	
Recapture of CCA	015 0	0	0	0

Solution:

For each CCA class 14.1, if there is an amount on line 10 of the **Class 14.1 - Information** tab in Schedule 8 OTHER, use an override and enter the amount from this line as a positive amount on line 205 of the corresponding CCA class column of the same schedule.

	1	2	3	Total
Class *	200 14.1	0.0	0.0	
Class 1 rates, other than 4%	0	0	0	
Description **				
UCC - start of year	201 5,000	0	0	5,000
Cost of additions ***	203 0	0	0	0
Adjustments	205 500	0	0	500
Proceeds of disposition ****	207 3,000	0	0	3,000
UCC - pre allowance	2,500	0	0	2,500
1/2 of net additions	211 0	0	0	0
Reduced UCC	2,500	0	0	2,500
CCA rate (%)	212 5.000	0.000	0.000	
Recapture of CCA	213 No	No	No	
Recapture of CCA	213 0	0	0	0

Similarly, for each CCA class 14.1, if there is an amount on line 10 of the **Class 14.1 - Information (AB)** tab in AT1 Schedule 13, use an override and enter the amount from this line as a positive amount on line 007 of the corresponding CCA class column of the same schedule.

	1	2	3	Total
Class *	001 14.1	0.0	0.0	
Class 1 rates, other than 4%	0	0	0	
Description **				
UCC - start of year	003 5,000	0	0	5,000
Cost of additions	005 0	0	0	0
Adjustments	007 500	0	0	500
Proceeds of disposition ***	009 3,000	0	0	3,000
UCC - pre allowance	2,500	0	0	2,500
1/2 of net additions	011 0	0	0	0
Reduced UCC	2,500	0	0	2,500
CCA rate (%)	013 5.000	0.000	0.000	
Recapture of CCA	015 No	No	No	
Recapture of CCA	015 0	0	0	0

This problem will be corrected in Cantax T2 18.2.3xx.126.

British Columbia

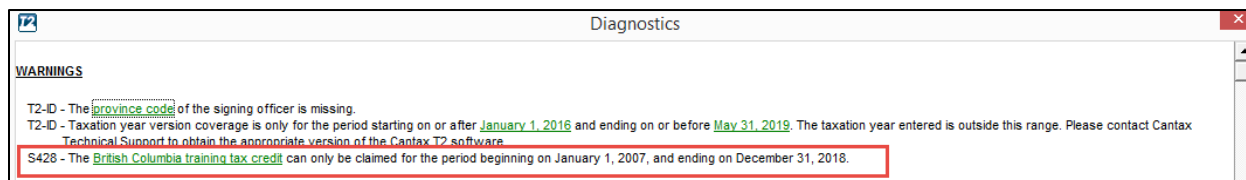
Schedule 428, British Columbia Training Tax Credit (S428) - Extension of the British Columbia training tax credit

Problem:

As a result of the tabling of the February 19, 2019 Budget, the Government of British Columbia announced that it would extend by one year the availability of the British Columbia training tax credit, i.e. until December 31, 2019. For more information, see section 25 of Bill - 5: *Budget Measures Implementation Act, 2019*.

Currently, *Cantax T2* displays a diagnostic in the “Warnings” section of the **Diagnostics** pane. This diagnostic indicates that the credit can only be claimed for the period beginning on January 1, 2007, and ending on December 31, 2018, when the corporation meets the following conditions:

- It has a permanent establishment in British Columbia.
- Its tax year starts after December 31, 2018.
- An amount is entered on line N of Schedule 428.



Credit allocated from a partnership*	815	0	
British Columbia training tax credit (add lines 800, 805, 810, and 815)		3,000	N
Enter at line 679 of Schedule 5, <i>Tax Calculation Supplementary - Corporations</i> .			
* A corporation that is a member of a partnership, other than a specified member as defined in subsection 248(1) of the federal <i>Income Tax Act</i> , can claim its appropriate portion of the British Columbia training tax credit on salary and wages payable for employment. The appropriate portion is that portion that may reasonably be considered to be in the same proportion in which the partners have agreed to share any income or loss.			
See the privacy statement on your return.			

This diagnostic should not display when the tax year ends before January 1, 2020.

Solution:

In this situation, ignore the diagnostic.

This measure will be integrated into *Cantax T2* 19.1.3xx.100.

Ontario

Schedule 508, Ontario Research and Development Tax Credit (S508) and Schedule 566, Ontario Innovation Tax Credit (S566) - Withdrawal of the 2018 Budget measures with regards to the Research and Development Tax Credits

Problem:

On November 15, 2018, the Government of Ontario announced, in the *2018 Ontario Economic Outlook and Fiscal Review* document, that the measures with regards to the Ontario Research and Development Tax Credit as well as the Ontario Innovation Tax Credit that were announced in the 2018 Budget would not be

implemented. If an amount was entered on line G.1 of Schedule 508 or line s.1 of Schedule 566, the enhanced credits are incorrectly calculated.

Part 1 of Schedule 508:

Ontario SR&ED expenditure pool (amount E minus amount F) (if negative, enter "0")	120	552,000	G
Eligible expenditures incurred after March 27, 2018, qualify for an enhanced rate when the following requirements are met:			
<ul style="list-style-type: none"> The Ontario SR&ED expenditure pool for the taxation year is more than \$1,000,000. If the current taxation year is a short year, this threshold should be prorated. The Ontario SR&ED expenditure pool for the current taxation year represents 90% or more of the Ontario SR&ED expenditure pool for the previous taxation year. Eligible expenditures incurred in short taxation years would be increased to the full year equivalent. 			
If these requirements are met, indicate the portion of the amount on line 120 relating to eligible expenditures incurred after March 27, 2018.		20,000	G.1

Part 7 of Schedule 566:

Lesser of amount Z and r	600,000	+	0	=	707	600,000	s
Portion of the amount on line 707 relating to qualified SR&ED expenditures incurred after March 27, 2018						20,000	s.1
Ontario innovation tax credit for tax years starting after May 31, 2016 (amount s x	8.00	%)				48,000	AA.1
Calculation of the enhanced credit:							

Solution:

Remove the amounts entered on line G.1 of Schedule 508 and line s.1 of Schedule 566.

This measure will be integrated in *Cantax T2 19.1.3xx.100*.

Saskatchewan

Schedule 411 - Saskatchewan Corporation Tax Calculation (\$411) - The reduction rate of the credit unions deduction is incorrect for days in 2019

Problem:

The reduction rate of the credit unions deduction is incorrect. The rate used should be 50% for days in 2018 and 25% for days in 2019, while the rate currently used is 50% for the entire period after December 31, 2017. As a result, the additional amount entitled to the lower tax rate for credit unions calculated on line G2 is incorrect. This problem affects any corporation that has a permanent establishment in Saskatchewan, a taxation year ending after December 31, 2018, and that is entitled to the credit unions deduction (this means that an amount is indicated on line F2 of Schedule 411).

Solution:

If the corporation is in the above-mentioned situation, enter the result of the following calculation on line G2, using an override:

$$\text{Amount F2} \times \left(\frac{\text{Number of days in the taxation year in 2018}}{\text{Number of days in the taxation year}} \times 50\% + \frac{\text{Number of days in the taxation year in 2019}}{\text{Number of days in the taxation year}} \times 25\% \right)$$

Example:

A corporation has a taxation year ending on March 31, 2019, and an amount of \$250,000 is indicated on line F2 of its Schedule 411. Therefore, the amount on line G2 is \$125,000:

Part 1 - Income subject to Saskatchewan lower and higher tax rates (continued)									
Period after December 31, 2017									
For the period after December 31, 2017, calculate the income subject to Saskatchewan lower and higher tax rates as follows:									
Taxable income for Saskatchewan *								850,000	A2
Income eligible for Saskatchewan lower tax rate:									
Amount from line 400 of the T2 return ***								850,000	B2
Amount from line 405 of the T2 return								850,000	C2
Amount from line 427 of the T2 return	500,000	x	600,000	=	600,000				D2
			500,000						
Amount B2, C2, or D2, whichever is the least								600,000	E2
For credit unions only:									
Amount D of Schedule 17, Credit Union Deductions			850,000			3			
Amount E2			600,000			4			
Subtotal (amount 3 minus amount 4, if negative, enter "0")			250,000					250,000	F2
Amount F2	250,000	X	50.00	%					
								125,000	G2
								725,000	H2
Total (amount E2 plus amount G2)									
Amount H2	725,000	X						725,000	I2
								850,000	J2
Income subject to Saskatchewan higher tax rate (amount A2 minus amount I2)									
								125,000	J2

The result of the following calculation should be entered on line G2, using an override:

$$\$250,000 \times \left(\frac{275 \text{ days}}{365 \text{ days}} \times 50\% + \frac{90 \text{ days}}{365 \text{ days}} \times 25\% \right) = \$109,589$$

Part 1 - Income subject to Saskatchewan lower and higher tax rates (continued)									
Period after December 31, 2017									
For the period after December 31, 2017, calculate the income subject to Saskatchewan lower and higher tax rates as follows:									
Taxable income for Saskatchewan *								850,000	A2
Income eligible for Saskatchewan lower tax rate:									
Amount from line 400 of the T2 return ***								850,000	B2
Amount from line 405 of the T2 return								850,000	C2
Amount from line 427 of the T2 return	500,000	x	600,000	=	600,000				D2
			500,000						
Amount B2, C2, or D2, whichever is the least								600,000	E2
For credit unions only:									
Amount D of Schedule 17, Credit Union Deductions			850,000			3			
Amount E2			600,000			4			
Subtotal (amount 3 minus amount 4, if negative, enter "0")			250,000					250,000	F2
Amount F2	250,000	X	50.00	%					
								109,589	G2
								709,589	H2
Total (amount E2 plus amount G2)									
Amount H2	709,589	X						709,589	I2
								850,000	J2
Income subject to Saskatchewan higher tax rate (amount A2 minus amount I2)									
								140,411	J2

This problem will be corrected in Cantax T2 19.1.3xx.100.

Network version

The network version of the *Cantax* Help has not been displaying since the last Windows 7 and Windows 10 updates

Problem:

Three updates performed by Microsoft on May 8, 2018, had repercussions on the use of Help files when the latter are used from a network location. Therefore, the Help no longer displays correctly if you are using a Windows 7 or Windows 10 operating system.

Solution:

To use the *Cantax* Help, copy your network CHM Help files to your local disk. However, note that the contextual Help will no longer be available with this solution.

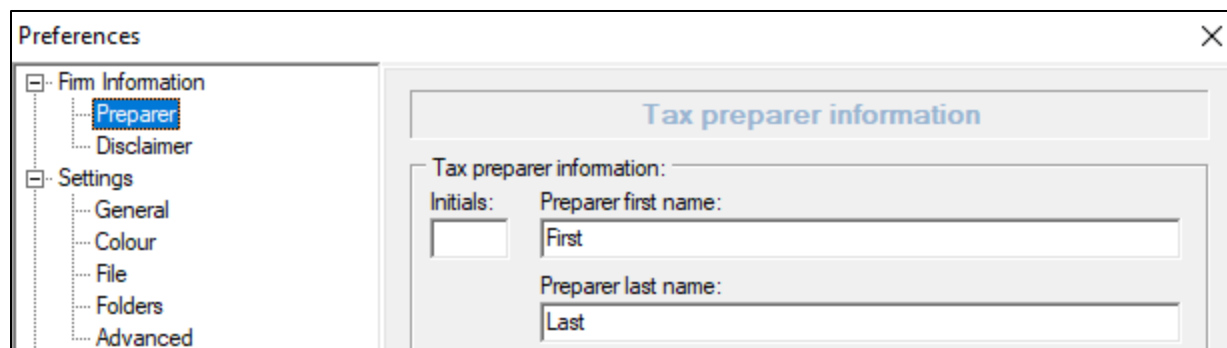
This situation will be corrected in future version of *Cantax*.

Preferences

The preparer name displayed is incorrect when it is updated from the data in the Tax preparer information

Problem:

In versions 18.2.307.126, 18.2.309.126 and 18.2.311.126, the field “Preparer name” in the “Tax preparer information” section of the **Preferences** dialog box has been replaced by two new fields, i.e. “Preparer first name” and “Preparer last name.” Some of the related fields in the program have not yet been modified to take this change into account. As a result, the preparer name displays incorrectly in the places described below.



Letter templates

The variable “@PREPARER_NAME” only takes into account the data entered in the field “Preparer first name” of the “Tax preparer information” section of the **Preferences** dialog box. As a result, only the data entered in this field displays in the templates where this variable is used, although the combination of the “Preparer first name” and “Preparer last name” fields of the “Tax preparer information” section should display.

This variable is used:

- in the signature at the end of the “Client Letter” template;
- in the signature at the end of the “Client EFILE Letter” template; and
- at the end of the “Engagement Letter” template, just before the signing officer’s signature area.

Note that if you used the variable “@PREPARER_NAME” when editing any template in *Cantax T2*, the same problem will occur.

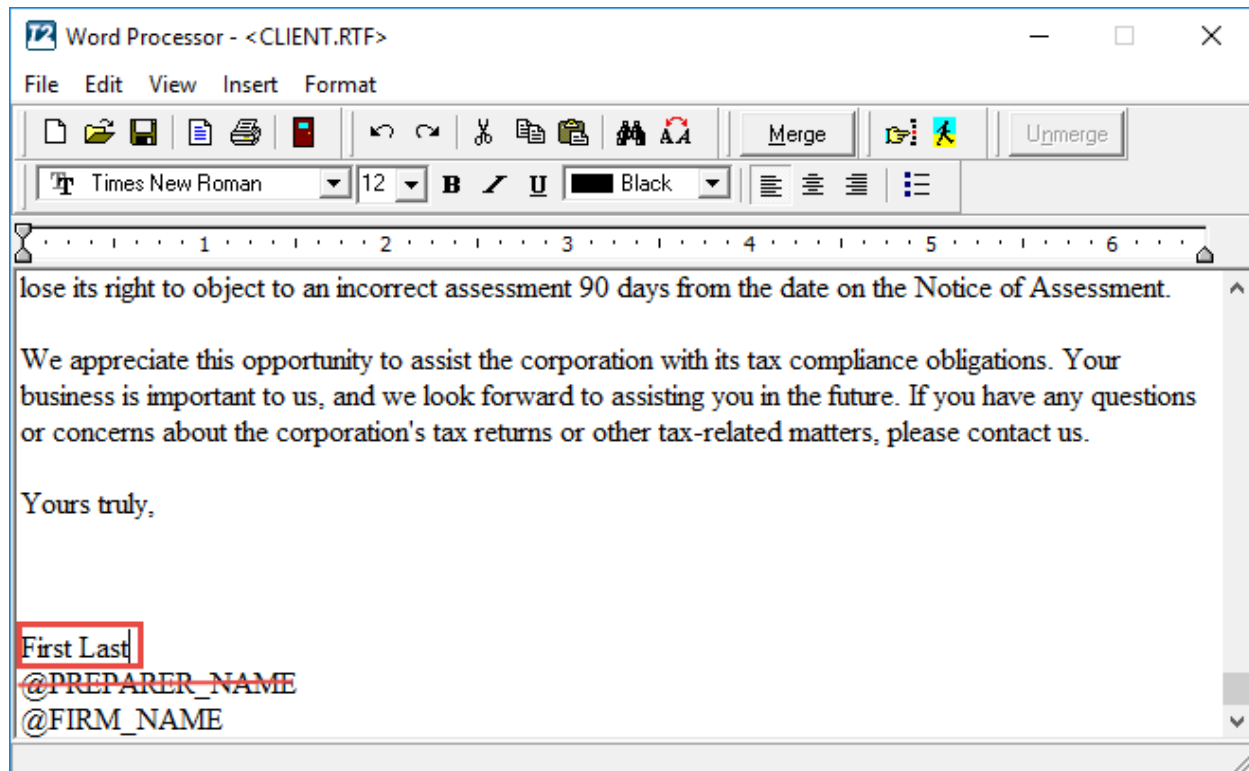
Alberta Consent Form (AT1-AUT#01)

When the box “Individual” or the box “Individual and Firm” is selected in Part 2, the field “Authorized Individuals’ Name” is updated from the information in the field “Preparer first name” of the “Tax preparer information” section of the **Preferences** dialog box. However, the name displayed in the field “Authorized Individuals’ Name” should be the combination of the “Preparer first name” and “Preparer last name” fields of the “Tax preparer information” section.

Solution:

Letter templates

In the “Unmerge” mode of the applicable template, you should manually enter the name of the preparer on the appropriate line, then erase the variable “@PREPARER_NAME.” Once your changes have been saved, the name entered will be retained for all your files.




Alberta Consent Form

In each file where the *Alberta Consent Form* is applicable and either the box “Individual” or the box “Individual and Firm” is selected in Part 2, enter the name of the authorized individual in the field “Authorized Individuals’ Name,” using an override (F2).

2. Authorized Third Party Identification

Information in this section can be transferred from the Tax Preparer Information. What information do you want to transfer?

Individual Firm Individual and Firm

Authorized Individuals' Name: 

This problem will be corrected in *Cantax T2* 19.1.307.100, 19.1.309.100 and 19.1.311.100.