

Cantax T2

Release Notes

Versions 20.1.3xx.104

July 2020

Contents

Version Coverage.....	1
Training.....	1
Overview - Version 20.1.3xx.104	1
What's New in Version 20.1.3xx.104?.....	1
Overview - Version 20.1.3xx.100	2
What's New in Version 20.1.3xx.100?.....	2
Corrected Calculations.....	5
Filing Requirements	5
Help ☒	5

Version Coverage

This release of *Cantax T2* and *T2Plus* can be used to prepare corporation income tax returns for tax years that began on or after **January 1, 2017**, and will end on or before **October 31, 2020**.

Users will be able to prepare up to three returns with *Cantax T2* and an unlimited number of returns with *Cantax T2Plus*. Throughout these *Release Notes*, the programs will be referred to as "*Cantax T2*" including versions with Corporation Internet Filing, unless the description pertains to only one of the software packages, in which case it will be referred to specifically.

If you have not purchased *Cantax T2*, you may install it as a demo version. Note that you will not be able to save or print tax returns with this version. Should you decide to purchase the software, please contact our Customer Service department to obtain an unlock code. You can reach us by the method most convenient for you (see the "[Help](#)" section).

Training

To consult the different training options available regarding *Cantax T2* (seminars, webinars, tutorials and more), access the [Training](#) section of the *Cantax Web* site. You can also access it from the program, by selecting **Help, Cantax on the Web and Get Cantax Training**.

Overview - Version 20.1.3xx.104

Modifications to the Alberta tax rate

As a result of the changes announced in *Special Notice Vol. 5 No. 58* published on June 30 by *Alberta Tax and Revenue Administration*, modifications have been made to the Alberta tax rate. For more information, consult the [note relating to this subject](#).

What's New in Version 20.1.3xx.104?

Cantax T2 20.1.3xx.104 includes some tax changes. Here is a description of the changes made.

New & Revised Forms

*Note that these forms were updated in accordance with the latest version issued by the applicable tax authorities.

Alberta

AT1, Alberta Corporate Income Tax Return (AT1)

The basic tax rate will be decreased from 10% to 8% on July 1, 2020. Therefore, the rate used for calculating the amount on line 068 has been modified accordingly. When the corporation's taxation year straddles July 1, 2020, this rate is prorated based on the number of days in the taxation year that are after June 30, 2020. In addition, the small business deduction rate for the province has also been modified. For more information on this topic, consult the note relating to Form AT1 Schedule 1 below.

AT1 Schedule 1, Alberta Small Business Deduction (AT1-S1)

The small business deduction rate for the province will be decreased from 8% to 6% on July 1, 2020. The table *Calculation of the Alberta Small Business Deduction* has been modified to reflect this change.

Overview - Version 20.1.3xx.100

General information

Having experienced consequences related to the current COVID-19 pandemic, the CRA has updated a limited number of elements of their assessment system at the beginning of June 2020. For this version, the CRA asked us not to perform any changes to forms or calculations relating to a CRA-administered topic except for the addition of Schedule 58 and of a line on Schedule 200. The objective of this strategy is to ensure that the program and the assessment system perform the same calculations. We invite you to consult the article [Information relating to version 20.1.3xx.100 of Cantax T2](#) in our Knowledge Base for more information.

Schedule 58, Canadian Journalism Labour Tax Credit (S58)

This new schedule is used to calculate the refundable labour tax credit for a qualifying journalism organization with a taxation year starting after December 31, 2018. For more information, consult the [note relating to this subject](#).

AT1 Schedule 13, Alberta Capital Cost Allowance (AT1-S13)

In order to help you better monitor accelerated investment incentive properties, several columns have been added to the form. For more information, consult the [note relating to this subject](#).

What's New in Version 20.1.3xx.100?

Cantax T2 20.1.3xx.100 includes some tax changes. Here is a description of the changes made.

New & Revised Forms

*Note that these forms were updated in accordance with the latest version issued by the applicable tax authorities.

Federal

Schedule 200, T2 Corporation Income Tax Return (T2)*

Line 798, Canadian journalism labour tax credit from Schedule 58, was added and replaces custom line Labour tax credit for qualifying journalism organizations, which was used in the prior versions of the program.

Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction (S7)

When carrying forward a file with a tax year that started before 2018 and ended after December 30, 2018, the amounts on lines 705, 710, 715, 720, 725, 730, 735, 740 and 741 will be updated to lines 2A, 2B, 2D, 2E, 2F, 2G, 2H, 2L and 742 respectively, under the subsection "If this is your first tax year starting after 2018, complete the following portion" in Part 2.

Schedule 53, General Rate Income Pool (GRIP) Calculation (S53)

The amount calculated on line 210, *Dividends deductible under section 113 received in the tax year* now includes the amounts entered in the two custom fields *Dividends deductible from taxable income under paragraph 113(1)(c) ITA received from a foreign affiliate which is considered a connected corporation under subsection 186(4) ITA* and *Other dividends deductible from taxable income under paragraph 113(1)(c) ITA* which are not included on the above line in Part 1 of Schedule 3 (S3).

Schedule 58, Canadian Journalism Labour Tax Credit (S58)*

This new schedule is used to calculate the refundable labour tax credit at a rate of 25% of qualifying labour expenditures incurred in a taxation year, after December 31, 2018, by a qualifying journalism organization in respect of an eligible newsroom employee. This tax credit is subject to an annual threshold of \$55,000 per eligible newsroom employee. Amount C is updated to line 798, Canadian journalism labour tax credit on the T2 return (T2).

RC59, Representative Authorization Request (RC59 EFILE) (RC59)

The CRA no longer allows the printing of Form RC59 from a tax program. Since mid-February, the CRA has made available on its Web site the new combined Form AUT-01 that only grants off-line access. This new form groups three authorization forms, i.e. Forms T1013, RC59 and NR95. Therefore, if you want to file a hard copy of the combined Form AUT-01, you can use our *Cantax FormMaster* program, or get the new printable version of the form from the CRA and complete it manually. Note that this new printable version of Form AUT-01 can only be used to ask for off-line access that will grant the right to contact the CRA by phone, letter or in person. No online access can be granted through this printable version.

Remember that online access is required to use certain of the CRA services, for example, T2 Auto-fill (Cantax AFR). For that reason, we do not recommend that you

use this new version of Form AUT-01 with off-line access.

It will be very important not to file a hard copy of the new Form AUT-01 to the CRA by mail, fax or by downloading a scanned document if you are already authorized by your client.

Any new Forms AUT-01 received in the mail, by fax or download will be treated as a new request for off-line access, which will cancel any online access requests already processed.

Because Form RC59, *Business Consent for Offline Access*, has been withdrawn by the CRA, it can no longer be printed and sent either by mail or by fax to the CRA. Therefore, requests to be authorized as a representative for a business created using the program can only be EFILED to the CRA.

As a result, all lines related to the paper filing of Form RC59 have been removed from the form. When opening a file prepared with a prior version of *Cantax T2*, any data entered on the removed lines will not be retained.

RC59X, Request to Cancel Authorization for a Representative (RC59X EFILE) (RC59X)

Because Form RC59X, *Cancel Business Consent or Delegated Authority*, has been withdrawn by the CRA, it can no longer be printed and sent either by mail or by fax to the CRA. Therefore, requests to cancel the authorization of a representative created using the program can only be EFILED to the CRA.

As a result, all lines related to the paper filing of Form RC59X have been removed from the form. When opening a file prepared with a prior version of *Cantax T2*, any data entered on the removed lines will not be retained.

Instalment, Schedule of Instalments (INSTAL)

On March 18, 2020, the federal government announced that the Canada Revenue Agency would extend, until September 1, 2020, instalment payments for Part I of the *Income Tax Act* due after March 17, 2020, and before September 1, 2020. This measure was also adopted by the Government of Alberta: instalment payments due after March 17, 2020, and before September 1, 2020 are now extended to August 31, 2020. To correctly calculate instalments due for this period, the check box **Select this box to calculate Part I tax instalments under the extended payment date (COVID-19)** was added to indicate that instalments for Part I tax and provincial and territorial tax as well as Alberta instalments are calculated according to the extended due day.

This check box is automatically selected when at least one of the dates entered or calculated in the **Instalments Remittance Tracker** section is after March

17, 2020, and before September 1, 2020. Once the box is selected, the amounts on the lines and in the fields below will be calculated:

- In the **Instalments Remittance Tracker** section:
 - The instalment base amount was split into **Part I tax and Parts VI, VI.1 and XIII.1 tax** to determine the instalment base for each tax type;
 - The **COVID-19 tax instalments** section was added at the bottom of the table to calculate instalments due on September 1, 2020, for federal purposes and on August 31, 2020, for Alberta purposes. The field under the **Federal** column will include all instalment amounts for Part I tax and provincial and territorial tax **only** if they were due after March 17, 2020, and before September 1, 2020. The field under the **Alberta** column will include all instalment amounts that were due after March 17, 2020, and before September 1, 2020. Note that under the **Federal** column, instalments payable for Part VI, VI.1 and XIII.1 tax, if any, will continue being calculated as payable on the original date.
- In the **Federal** section, the line *Part I tax and provincial and territorial tax (COVID-19)* was added under the **Quarterly Instalments** subsection and the same calculations as above apply when the corporation is eligible for quarterly instalments;
- The **Instalment base calculation according to the Parts of the Act** section has been added after line N to calculate the instalment base according to Part I Tax and provincial and territorial tax and according to Parts VI, VI.1 and XIII.1 tax.
- The column **Total instalments payable**, in subsection **The following methods may be used to estimate your instalments**, was split into two columns, i.e. **Part I tax and provincial and territorial tax and Part VI, VI.1 and XIII.1 tax**. The amounts in these columns are used to calculate monthly or quarterly instalments in the **Instalments Remittance Tracker** section and in the **Quarterly Instalments** table.

If you do not want to calculate instalments under the extended payment date, you can clear the check box, using an override, and the usual calculations will be performed. As a result, all of the amounts on the new lines and in the new fields will not be calculated and will, therefore, be empty.

In addition, the calculation of the amount on line H, *Provincial/territorial tax other than Alberta and Ontario before provincial refundable tax credits* in the **Actual** column in the **Federal instalments calculation** section takes into account the following new measures announced in the Nova Scotia 2020 Budget:

- the reduction in the corporate tax rate by 2%, i.e. to 14% from 16%;
- the reduction in the small business rate by 0.5%, i.e. to 2.5% from 3%.

These reductions apply to the number of days in the taxation year after March 31, 2020.

AgriStability and AgriInvest Programs

AgriStability and AgriInvest – Programs (AGRI/HAGRI) – Prince Edward Island*

The following changes have been made to Form Statement A, *Statement of Farming Activities for Corporations*:

- In the **Participant Identification** section, the line *Telephone (Evenings)* has been removed.
- In the **Your Farming Information** section, the line *Province of main residence as of December 31, 2018* has been removed.
- In the **Additional Contacts (Accountant, Spouse, and/or other)** section, the lines *AgriStability Pin #, Name, SIN* have been removed.
- In the **Production (Crop) Insurance (PI) Information** section, the question *Do you purchase agricultural commodities for resale?* has been removed.

Alberta

AT1, Alberta Corporate Income Tax Return (AT1)

The amount on line 091 must be "0" when the AT1 return is selected for Alberta Net file. If this line is overridden with an amount different from "0" and the AT1 return is selected for Alberta Net file, a diagnostic will prompt you to enter "0" or remove the override.

Alberta Consent Form (AT1-AUT#01)*

You can now authorize a third-party representative to receive taxpayer information and cancel a third-party representative from receiving taxpayer information on the same copy of the form. To authorize or cancel an authorization, select the appropriate check box above Section 1. **Client Taxpayer Identification**.

The check boxes (a) **Authorize access by telephone, e-mail, fax and mail** and (b) **Authorize online access (TRACS)**. This access also includes authorization for telephone, e-mail, fax and mail have been added to Section 2. **Authorize a Representative**. When check box (b) is selected, the field **Name of Firm** must be empty. The **E-mail Address** field has also been added and is updated with information in the **Tax preparer information** section in the **Preparer** tab of the

Preferences box. The fields relating to the address and fax number have been removed. Section 2 should only be completed to authorize a third-party representative to receive taxpayer information. Do not complete Section 2 if a copy of the form is completed only to cancel a third-party representative from receiving taxpayer information. When opening a file prepared with a prior version of *Cantax T2*, no data will be retained in Section 2 on a copy to cancel a third-party representative from receiving taxpayer information.

As for Section 2, Section 3 should only be completed to authorize a third-party representative to receive taxpayer information. To select more than one program, complete a copy of this form for each program to which the individual or firm is authorized to access. When opening a file prepared with a prior version of *Cantax T2*, a form completed to authorize a third-party representative to receive taxpayer information for which more than one program has been selected, identical copies of the form will be created except for the programs selected. In addition, no data will be retained in Section 3 on a copy to cancel a third-party representative from receiving taxpayer information. Verify if adjustments are required.

Section 4, **Cancel Representative(s)** has been added and should be completed to cancel a third-party representative from receiving taxpayer information.

In section 5, **Certification**, the **E-mail Address** field has been added and is updated with the information in Form *Corporate Profile (T2-ID)*. The field **Position, Office or Rank** has been removed, but the signing officer's role must be indicated by selecting the appropriate check box.

AT1 Schedule 13 – Alberta Capital Cost Allowance (AT1-S13)*

The following columns and lines have been added:

- Column 4, **Cost of acquisitions from line 005 that are AIPP (line 029)**;
- Column 6, **Amount from line 007 that is assistance received or receivable for a property after its disposition (line 031)**;
- Column 7, **Amount from line 007 that is assistance repaid during the year for a property after its disposition (line 033)**;
- Column 10, **Proceeds of dispositions available to reduce the UCC of AIPP**;
- Column 11, **Net capital cost additions of AIPP acquired during the year**;
- Column 12, **UCC adjustments for AIPP acquired during the year (line 035)**;

- Column 13, **UCC adjustments for non-AIIP acquired during the year** (line 037);

The following columns and lines have been removed:

- Column 7, **50% rule** (line 011);
- Column 8, **Reduced UCC**;

All other columns have been renumbered accordingly.

As a result, these modifications have been implemented to the first table in Form AT1 Schedule 13, *Alberta Capital Cost Allowance - Summary* (AT1-S13SUM) as well as to the printed version of the following forms:

- AT1 Schedule 13, *Alberta Capital Cost Allowance - All other classes* (AT1-S13)
- AT1 Schedule 13, *Alberta Capital Cost Allowance - Class 10.1 autos* (AT1-S13C)
- AT1 Schedule 13, *Alberta Capital Cost Allowance - Leaseholds & franchises* (AT1-S13L)
- *Alberta rental income and expenses analysis* (AT1-S13R)

When the AT1 return is filed, lines 029, 031, 033, 035 and 037 are included in the Netfile transmission or RSI printing.

New & Revised Guides

- T4012 - *T2 Corporation - Income Tax Guide* 2019
- T7B Corp. - *Corporation Instalment Guide* 2020
- RC4060, *Farming Income and the AgriStability and AgriInvest Programs Guide*
- Prince Edward Island - *AgriStability Program 2019 Farming Income & Expense Guide*
- Prince Edward Island - *AgriStability Program 2019 Supplemental Forms Guide*

Corrected Calculations

The following problems have been corrected in version 20.1.3xx.100:

- [T2 Bar Codes Return - Amount on line 712 of the T2 return does not appear on the line Part IV tax payable on page 2 of the T2 Bar Codes Return for a taxation year that starts after 2018](#)
- [COVID-19, The filing deadlines for returns that should be filed after March 18, 2020, with the federal governments deferred to June 1, 2020, or September 2020](#)
- [COVID-19 - Balance-due dates applicable to some tax balances payable and tax instalments owed to](#)

[the federal and Alberta governments deferred to a date after August 31, 2020](#)

- [Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction - The amount carried forward to line 2G in Part 2 is incorrect](#)
- [Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction - Incorrect amount calculated on line 730 in Part 2, Adjusted aggregate investment income](#)
- [Schedule 428, British Columbia Training Tax Credit - Three year extension to the British Columbia Training Tax Credit](#)

Filing Requirements

Requirements for Filing Corporate Returns

Please refer to the **Filing Requirements** help topic of the program for an explanation on the requirements of the various tax authorities for filing corporate returns.

A chart is also available under the **Printing - Requirements for Filing Corporate Returns** help topic, which further explains the requirements of the various tax authorities.

Help

E-mail

Customer Service:

cservice@wolterskluwer.com

Tax and Technical support:

csupport@wolterskluwer.com

Telephone

1-800-268-4522

Web Site

<https://www.wolterskluwer.com/en-ca/solutions/cantax>