

ITC – Investment or expenditures, percentages, and codes

Review the codes shown below, and use the one that applies to you in Part A of this form.

Type of investment or expenditure	Specified percentage	Code
Certain certified property – (see Note 1 below)	30%	3A
Qualified expenditures for SR&ED carried out in the following areas:		
• Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, or the Gaspé Peninsula (see Note 2 below); or	20%	3B
• any other area in Canada.	20%	4B
Contributions made after 2000 to agricultural organizations for SR&ED carried out in Canada – (see Note 5 below)	20%	4C
Qualified property acquired after 1994 for use in the following specific areas: Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region (see Note 3 below).	10%	12
Renounced Canadian exploration expenses – (see Note 4 below)	15%	5
Apprenticeship job creation tax credit	10%	6
Investment tax credit for child care spaces	25%	7

Notes

1 – Certified property must be part of a facility as defined in the *Regional Development Incentives Act*, which you acquired mainly for use in a prescribed area. It must also meet one of the following conditions:

- you acquired it under a written agreement entered into before February 22, 1994;
- it was under construction by or for you on that date;
- it is machinery or equipment that will be a fixed and integral part of the property under construction by or for you on that date; or
- it has not been used or acquired for lease or for any purpose whatsoever before you acquired it.

The 30% rate may also be available for certified property that you acquired after 1994 and before 1996. This rate will apply if:

- you acquired the property for use in a project that was substantially advanced by you or for you, as evidenced in writing, before February 22, 1994; and
- construction on the project by you or for you began before 1995.

2 – For qualified expenditures for SR&ED incurred after 1994, the rate is 20%. However, for the Atlantic Provinces and the Gaspé Peninsula, qualified expenditures incurred under a written agreement entered into before February 22, 1994, will still qualify for the 30% rate.

3 – Qualified property you acquired under a written agreement entered into before February 22, 1994, will still qualify for the 15% rate.

4 – For Canadian exploration expenses renounced by a corporation to an individual (or a partnership of which the individual is a member) and reported in Box 128 of a T101 slip or a T5013A slip, the rate will be 15%. Under proposed changes, the renunciation must be under a flow-through share agreement financing for mineral exploration (which excludes coal deposits, tar sands, oil and gas) entered into after March 2011 and before April 2012.

5 – Contributions made to agricultural organizations for SR&ED on or subsequent to January 1, 2001, qualify for the 20% rate. Enter the amount in box 6715 with a note on the top of the form stating that your claim is for contributions to agricultural organizations.

More information

For more information about the recapture of ITCs, and for other information about ITCs, visit www.cra.gc.ca, or see Interpretation Bulletin IT411R, *Meaning of Construction*, and Information Circular IC78-4R3, *Investment Tax Credit Rates*, and its Special Release.

Part A – Calculating an investment tax credit (ITC)

Calculating the current-year refundable credits – Tick the appropriate box.

Code 3A <input type="checkbox"/>	(Note 1 on this page)	Total investment	}	.....	6710	_____ | _____	× 0.30	▶	_____ | _____
Code 3B <input type="checkbox"/>	(Note 2 on this page)	Total expenditure	}						
Code 3B <input type="checkbox"/>	Incurred after 1994 (Note 2 on this page)	Total expenditure	}	.....	6712	_____ | _____	× 0.20	▶ +	_____ | _____
Code 4B <input type="checkbox"/>	(Note 2 on this page)	Total expenditure	}						
Code 4C <input type="checkbox"/>	Incurred after 2000 (Note 5 on this page)	Total expenditure		.....	6715	_____ | _____	× 0.20	▶ +	_____ | _____
Code 12 <input type="checkbox"/>	Acquired after 1994	Total investment		.....	6714	_____ | _____	× 0.10	▶ +	_____ | _____
Code 12 <input type="checkbox"/>	(Note 3 on this page)	Total investment		.....	6716	_____ | _____	× 0.15	▶ +	_____ | _____
Total current-year refundable credits – Enter the total from line A in column 2 on page 6									= _____ | A

Calculating the current-year non-refundable credits – Tick the appropriate box.

Code 5 (Note 4 on page 3) Total expense **6717** _____ | _____ × 0.15 ► _____ | *

* This credit will reduce your Canadian exploration expense pool in the year following the year in which you claim the credit.

Code 6 **Apprenticeship job creation tax credit**

If your apprentice works for you and also works for a related employer as defined under subsection 251(2) of the *Income Tax Act* (ITA), all related employers have to agree in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number, social insurance number (SIN), or name appears below.

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory of Canada, under an apprenticeship program designed to certify or license individuals in the trade. If there is no contract number, enter the SIN or the name of the eligible apprentice. Then, enter the name of the eligible trade and the eligible salary and wages** payable in the year in respect of employment after May 1, 2006. The credit is 10% of the total of the amounts in column C. Attach a note if more space is required.

A Contract number (SIN or name of apprentice)	B Name of eligible trade	C Eligible salary and wages ** payable in the year, or \$20,000, whichever is less
1.		
2.		
3.		
Total of amounts in column C		6718 _____ | _____

× 0.10 ► + _____ |

** Net of any government or non-government assistance received or to be received in respect of eligible salary and wages.

Code 7 **Investment tax credit for child care spaces**

Eligible child care space expenditures include the cost of depreciable property, and the amount of specified child care start-up expenditures acquired or incurred solely for the purpose of the creation of the new child care spaces at a licensed child care facility.

Total amount of current year expenditures | 1
 Total number of child care spaces created _____ × \$40,000 = _____ | 2
 Enter the lesser of line 1 and line 2 **6719** _____ | × 0.25 ► + _____ |

Total current-year non-refundable credits – Enter the total from line B in column 3 on page 6 = _____ | **B**

Recapture – ITC for child care spaces

If, at any time within 60 months of the day that you create a new child care space, that space is no longer available, or if the property acquired for a child care space is leased for any purpose or converted to another use, we will recover the ITC for that space or property.

The amount of the recovery will be:
 If only child care spaces are disposed of, the amount originally claimed for those child care spaces | 3
 If property other than child care spaces is disposed of:
 Amount originally claimed for ITC for the property disposed of | 4
 25% of the proceeds of disposition of the eligible property (or 25% of fair market value if disposed of to a non-arm's length party) | 5
 The lesser of line 4 and line 5 + _____ | 6
Total recapture of investment tax credit for child care spaces (add line 3 and line 6) **6730** = _____ |

Enter the amount from line **6730** |

Recapture of ITC on SR&ED expenditures

Amount of expenditure on which ITC is recaptured at 30% (see "Qualified expenditure" on the first page). Do not enter more than the amount of the original expenditure **6711** _____ | × 0.30 ► + _____ | i)
 Amount of expenditure on which ITC is recaptured at 20% (see "Qualified expenditure" on the first page). Do not enter more than the amount of the original expenditure **6713** _____ | × 0.20 ► + _____ | ii)
Total recaptured credits – Amount from line **6730**, plus line (i), plus line (ii) = _____ | 7

Add the amount on line 7 to the amount on line 406 of Schedule 1 of your income tax return.

Calculating an allowable claim

Enter the total credit available from column 5 on page 6 of this form = _____ **C**

Federal tax (from line 406 of Schedule 1 of your income tax return) _____

Minus: Federal political contribution tax credit (from line 410 of Schedule 1 of your income tax return) - _____

Subtotal = _____

Minus: Labour-sponsored funds tax credit (from line 414 of Schedule 1 of your income tax return) - _____

Subtotal = _____ **D**

You can claim an ITC amount up to, but not more than, line C **or** D, whichever is less.
 Enter your claim on this line _____ **E**

If you do not have to complete Form T691, *Alternative Minimum Tax* (see your guide for information), or if the amount you calculate on line 95 of Form T691 is zero, enter the amount from line E on line 412 of Schedule 1 of your income tax return, or on line 37 of T3 Schedule 11. If Alternative Minimum Tax (AMT) does not apply, enter the amount from line E in column 6 on page 6 of this form.

Otherwise, complete the following section to determine your ITC claim and enter "0" in column 6 on page 6 of this form.

Calculating an allowable claim if alternative minimum tax (AMT) applies

Complete this section only if you calculate an amount greater than zero on line 95 of Form T691.

Enter the amount from line D _____

Plus: Federal foreign tax credit (from line 405 on Schedule 1 of your income tax return) + _____

Subtotal = _____

Minus: Minimum amount from line 58 of Form T691 - _____

Subtotal – if negative, enter "0" = _____ **F**

You can claim an ITC amount up to, but not more than, line C **or** F, whichever is less.
 Enter your claim on this line _____ **G**

Enter the amount from line G on line 412 of Schedule 1 of your income tax return, or on line 37 of T3 Schedule 11.
 Also enter the amount from line G in column 7 on page 6.

Part B – Calculating a carryback and refund of ITC

ITC available for carryback

Complete this section to determine the balance of credit available for carryback to previous tax years.

Total current-year credit available (column 5 **minus** column 1 on page 6) _____

Minus: Current-year credit applicable*
 The maximum amounts **you could have claimed** in column 6, **plus** column 7, **minus** column 1 on page 6 (if negative, enter "0") .. - _____

Total credit available for carryback = _____ **H**

* To arrive at the amount available to carry back, you first have to apply your credit to the fullest extent in the current year, whether you claimed all of it or not. This means that, before determining the amount available to carry back, you first have to reduce your federal tax for the current year by the maximum amounts you could have claimed in columns 6 and 7, whether you claimed the maximum or not.

