

**NEW BRUNSWICK RESEARCH AND DEVELOPMENT TAX CREDIT
(2011 and later tax years)**

Corporation's name	Business Number	Year	Tax year-end Month	Day
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- Use this schedule if you are a corporation with a permanent establishment in New Brunswick that has made eligible expenditures for scientific research and experimental development carried out in the province, and you want to:
 - calculate a refundable New Brunswick research and development (R&D) tax credit on eligible expenditures;
 - show a credit allocated to a corporation that is a member of a partnership, or a credit allocated to a corporation that is a beneficiary under a trust; or
 - calculate a recapture of the New Brunswick R&D tax credit.
- An eligible expenditure for R&D is one that meets the definition of a **qualified expenditure** in subsection 127(9) of the federal *Income Tax Act*. Deduct the amount of any government assistance, non-government assistance, or contract payment in calculating the amount of a qualified expenditure for **investment tax credit** purposes in subsection 127(9) of the federal *Act*.
- Credits earned on eligible expenditures are applied to reduce New Brunswick income tax otherwise payable for the year, as well as amounts owing under the federal and provincial income tax acts, the *Canada Pension Plan*, and the *Employment Insurance Act*. Any remaining balance will be refunded.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – New Brunswick refundable R&D tax credit

Total eligible expenditures for R&D made in the current year	106	_____	A
Refundable current-year credit earned (amount A multiplied by 15%)	121	_____	B
Plus:			
Refundable credit allocated to a corporation that is a member of a partnership	131	_____ a	
Refundable credit allocated to a corporation that is a beneficiary under a trust	141	_____ b	
Subtotal (amount a plus amount b) _____ ▶		_____	C
Total New Brunswick refundable R&D tax credit (amount B plus amount C)	190	_____	D
(enter amount D on line 597 of Schedule 5, <i>Tax Calculation Supplementary – Corporations</i>)			

Part 2 – Recapture of New Brunswick R&D tax credit

- You will have a recapture of New Brunswick R&D tax credit in a year when you meet **all** the following conditions:

- you acquired a particular property in the current year or in any of the four preceding tax years;
- the cost of the property was an eligible expenditure to the corporation;
- the cost of the property was included in calculating your R&D tax credit at the end of the tax year: or
 - all or part of the eligible expenditure is the subject of an agreement made under subsection 127(13) of the federal *Income Tax Act* by you and another corporation (the "transferee"); and
- you disposed of the property or converted it to commercial use in the current year. You also meet this condition if you disposed of, or converted to commercial use, a property that incorporates the property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length buyer who intended to use it all or substantially all for R&D. When the non-arm's-length buyer later sells or converts the property to commercial use, the recapture rules will apply to the non-arm's length buyer based on the historical amount of the original user's New Brunswick R&D tax credit.

- If the corporation is a member of a partnership or a beneficiary under a trust, report its share of the recapture at line 760 in Calculation 3.
- If you have more than one property for calculations 1 and 2, complete the columns for each property for which a recapture applies, using the calculation formats below.

Calculation 1 – Complete this if you meet conditions 1, 2, 3a, and 4 above

	Amount of New Brunswick R&D tax credit you originally calculated for the property you acquired, or the original user's tax credit where you acquired the property from a non-arm's-length party 700	Amount calculated using the New Brunswick R&D tax credit rate on the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's-length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less
1.			
2.			
3.			
4.			
5.			
	Subtotal (enter amount E on line N on page 3)		E

Part 2 – Recapture of New Brunswick R&D tax credit – continued

Calculation 2 – Complete this if you meet conditions 1, 2, 3b, and 4 on page 2

F	G	H
The rate the transferee used to determine its New Brunswick R&D tax credit for eligible expenditures under a subsection 127(13) agreement	The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition	The amount, if any, already provided for in calculation 1 (where only part of the cost of a property is transferred under a subsection 127(13) agreement)
720	730	740
1.		
2.		
3.		
4.		
5.		

I	J	K
Amount determined by the formula $(F \times G) - H$ (using the columns above)	New Brunswick R&D tax credit earned by the transferee for the eligible expenditures that were transferred	Amount from column I or J, whichever is less
	750	
1.		
2.		
3.		
4.		
5.		
Subtotal (enter amount L on line O below)		L

Calculation 3

As a member of a partnership or a beneficiary under a trust, you have to report your share of the recapture on line M below:

Corporation's share of the recapture of New Brunswick R&D tax credit **760** **M**
(enter amount M on line P below)

Part 3 – Total recapture of New Brunswick R&D tax credit

Recaptured New Brunswick R&D tax credit for calculation 1 from line E on page 2	N
Recaptured New Brunswick R&D tax credit for calculation 2 from line L above	O
Recaptured New Brunswick R&D tax credit for calculation 3 from line M above	P
Total recapture of New Brunswick R&D tax credit (total of lines N, O, and P)	Q
(enter amount Q on line 573 of Schedule 5)	