

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%. 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 before April 2011.
- 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 details about the recapture of ITCs, and for other information about ITCs, visit our Web site at www.cra.gc.ca, or see Interpretation Bulletin IT-411, *Meaning of Construction*, and Information Circular 78-4, *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	}			
	Incurred after 1994				
Code 3B <input type="checkbox"/> (Note 2 on this page)	Total expenditure	}	..... 6712	× 0.20 ▶ +	
Code 4B <input type="checkbox"/> (Note 2 on this page)	Total expenditure	}			
	Incurred after 2000				
Code 4C <input type="checkbox"/> (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), 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 the 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 (AMT)*, (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 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.

ITC carryback request

Complete this section to request a carryback of the ITC you earned in the current tax year. The carryback provisions allow you to apply a current-year credit against the total of your federal tax for any of the three previous tax years. The credit you apply to a previous year cannot be more than the total of your federal tax for that year.

You have to deduct any amount of the refundable ITC designated as a carryback when you calculate your ITC refund and the balance to carry forward to tax years that follow.

To request a carryback, complete this section, and attach one copy of this form to your current-year income tax return.

Note
We **do not refund** an amount you designate as a carryback in the current year. Do not enter the amount on your income tax return.

	Year		
Third previous tax year	_____	6720	
The amount on line H to apply to:			
Second previous tax year	_____	6721	
First previous tax year	_____	6722	
Total credit designated for carryback (not more than amount H on page 5)	_____		

Enter the total of lines I and K in column 8 below.

Signature	Date	Year	Month	Day
	6724			

ITC available for refund

Complete this section to determine the balance of credit available for refund.

Total current-year refundable credit available (column 2 minus column 4 below)		
Minus:		
Current-year credit claim (column 6, plus column 7, minus column 1 below)		
Total amount of ITC being carried back (amount I above)	+	
Subtotal	=	
Minus: Current-year non-refundable credit (column 3 below)	-	
Total (If negative enter "0")	=	
Total credit available for refund	=	

J

Calculating an ITC refund

Complete this section to calculate a refund of ITC that you earned in the current year. You have to deduct any amounts you claim as a refund when you calculate the balance to carry forward to tax years that follow.

ITC available for refund (amount J above)		
Designated refund of ITC (cannot be more than amount J above)		
Refundable rate	x 0.40	
Refund of ITC		

K

Enter the amount from line K on line 454 of your income tax return or on line 88 of a *T3 Trust Income Tax and Information Return*.

Enter the total of lines I and K in column 8 below.

1	Balance of credits carried forward	2	Current-year refundable credit (A on page 3)	3	Current-year non-refundable credit (B on page 4)	4	Adjustments*	5	Total credit available (col. 1 plus col. 2 plus col. 3 minus col. 4)	6	Current-year credit claim (E on page 5)	7	Current-year credit claim (AMT) (G on page 5)	8	Credit claim – Other (I plus K above)	9	Balance carried forward (col. 5 minus col. 6, col. 7 and col. 8)
	\$		\$		\$		\$		\$		\$		\$		\$		\$

* For testamentary trusts, enter the amount of ITC allocated to beneficiaries from box 40 of T3 slips.