

**NEWFOUNDLAND AND LABRADOR DIRECT EQUITY TAX CREDIT**
(2004 and later taxation years)

Name of corporation	Business Number	Taxation year-end Year Month Day
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- You can claim a Newfoundland and Labrador direct equity tax credit if you are an **eligible investor** that purchased **eligible shares** from a corporation carrying on an **eligible business** in Newfoundland and Labrador. (The terms in bold are defined in Section 2 of the *Direct Equity Tax Credit Regulations*.)
- Use this schedule to:
 - claim the credit to reduce Newfoundland and Labrador income tax payable in the current taxation year (before deducting the amount for the small business tax holiday and the refundable credits);
 - calculate the credit you have available to carry forward;
 - request a carryback of the credit; or
 - transfer an unused credit after an amalgamation or the wind-up of a subsidiary, as described in subsections 87(1) and 88(1) of the federal *Income Tax Act*. In this situation, you are considered to have acquired the unused credit in the taxation year in which the credit was originally issued to the corporate investor.
- An unused credit earned in the current taxation year is not refundable. The unused credit can be carried forward for seven taxation years and carried back three taxation years. However, you cannot carry the credit back to taxation years that end before April 1, 2004.
- You may claim a credit equal to the lowest of the following amounts:
 - Newfoundland and Labrador income tax payable (before deducting the amount for the small business tax holiday and the refundable credits);
 - the amount indicated on the tax credit receipt(s) issued in the current year plus unused credits from preceding years; or
 - \$50,000 (this is the **maximum credit** you may claim in a year).
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return*.

Part 1 - Total tax credit earned in the current taxation year

	Tax credit receipt number	Newfoundland and Labrador direct equity tax credit amount
	100	103
1.		
2.		
3.		
4.		
5.		

Total tax credit earned in the current taxation year

A

If you need more space, attach additional schedules.

Part 2 - Calculation of credit available for carryforward

Unused credit at the end of the preceding taxation year			
Deduct: Credit expired after seven taxation years	104		
Credit at the beginning of this taxation year	105		
		▶	
Add:			
Credit transferred on an amalgamation or the wind-up of a subsidiary	110		
Current-year credit earned (enter amount A)	120		
		▶	
Subtotal			
Total credit available			B
Deduct:			
Credit claimed in the current year (enter it on line 505 in Part 2 of Schedule 5) (cannot be more than \$50,000)	160		
Credit carried back to preceding taxation years (complete Part 3)			
		▶	
Subtotal			C
Closing balance - total credit available for carryforward		200	

Part 3 - Request for carryback of credit

Complete this part to request a carryback of a current-year credit earned to a taxation year that ends after March 31, 2004. The maximum amount you can apply is the portion of your current-year credit earned that exceeds one of the following amounts, whichever is less:

- Newfoundland and Labrador income tax payable (before deducting the amount for the small business tax holiday and the refundable credits); or
- \$50,000.

Taxation year in which to
apply the credit

Amount to be applied

1st preceding taxation year ending on
2nd preceding taxation year ending on
3rd preceding taxation year ending on

Year	Month	Day

..... **901** _____
..... **902** _____
..... **903** _____

Total (enter on line C in Part 2) _____

Part 4 - Credit available for carryforward by year of origin

You can complete this part to show all the credits from preceding taxation years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Year of origin

Credit available for
carryforward

7th preceding taxation year ending on
6th preceding taxation year ending on
5th preceding taxation year ending on
4th preceding taxation year ending on
3rd preceding taxation year ending on
2nd preceding taxation year ending on
1st preceding taxation year ending on
Current taxation year ending on

Year	Month	Day

..... _____
..... _____
..... _____
..... _____
..... _____
..... _____
..... _____
..... _____

Total (equal to line 200 in Part 2) _____

The amount available from the 7th preceding taxation year will expire after this taxation year. When you file your return for the next year, you will enter the expired amount on line 104 of Schedule 303 for that year.