Information on Form T2203, Provincial and Territorial Taxes for 2019 – Multiple Jurisdictions

Provincial or territorial income tax relating to business income is generally payable to the province or territory where the permanent establishment generating that income is located.

There are situations where, at the end of the year, a person resides in a province or territory of Canada, but all or part of the person's business income (including income received as a retired, inactive, or limited partner) for the year was earned and can be allocated to a permanent establishment outside that province or territory, or outside Canada. If this is the case, you have to determine the part of your total provincial or territorial tax that is payable to the jurisdiction where you reside and to the other jurisdictions in Canada.

The same rules apply if you were a non-resident of Canada throughout 2019 carrying on business in more than one province or territory in Canada or receiving income from an office or employment that can reasonably be attributed to duties performed in more than one province or territory in Canada.

Tax and multiple jurisdictions

When tax is payable to multiple jurisdictions, provincial and territorial tax rates are applied to the taxable income from all sources. Non-refundable tax credits and some other tax credits are allowable (with certain restrictions relating to residency) in calculating a basic provincial and territorial tax. The basic tax is then prorated by applying the percentage of income allocated to that province or territory.

Form T2203 accommodates this calculation for the province or territory of residence and for all jurisdictions where business income was earned. It contains modified versions of Form 428 for all provinces and territories and the related schedules that you need to calculate your provincial and territorial taxes for 2019.

Which parts of Form T2203 do I need to complete?

Part 1 – Allocating income to multiple jurisdictions
Complete this part if either of the following applies to you:

- You resided in a province or territory of Canada on December 31, 2019 (or the date you left Canada if you emigrated in 2019) and all or part of your business income (including income received as a retired, inactive or limited partner) for the year was earned and can be allocated to a permanent establishment outside of that province or territory, or outside Canada.
- You were a non-resident of Canada throughout 2019 carrying on business in more than one province or territory in Canada or receiving income from an office or employment that can reasonably be attributed to duties performed in more than one province or territory in Canada.

Part 2 – Federal surtax on income you earned outside Canada and refundable Quebec abatement
Complete this part if you have income allocated to "Other" (line 52220 in Part 1) or to Quebec (line 52140 in Part 1).

Part 3 – Provincial and territorial non-refundable tax credits
Complete this part for each province and territory (except Quebec) that you have income allocated to for 2019.

Part 4 – Provincial or territorial tax (multiple jurisdictions)
Complete this part for each province and territory (except Quebec) that you have income allocated to for 2019.

Part 5 – Provincial and territorial tax summary
Complete this part to summarize your total provincial and territorial taxes (except Quebec).

Provincial and territorial credits not included on Form T2203

You may be eligible for other tax credits in addition to the credits included in Part 4 of Form T2203. The chart at the end of this package lists the forms you need to complete to claim the additional provincial and territorial credits you may be entitled to as a resident or non-resident. Many of these credits are limited to the amount of tax payable to the province or territory. When this amount is required (for example, when you are instructed to enter the amount from line 42800 of your return or from a line of the provincial/territorial Form 428), use the applicable provincial or territorial tax amount from lines 1 to 12 in Part 5 of Form T2203.

Include these credits on line 47900 of your return and attach the completed forms to your return.

For more information, call 1-800-959-8281.