

NOVA SCOTIA CORPORATION TAX CALCULATION (2007 and later tax years)

Corporation's name	Business Number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; text-align: center;">Year</td> <td style="border: 1px solid black; text-align: center;">Tax year-end Month</td> <td style="border: 1px solid black; text-align: center;">Day</td> </tr> <tr> <td style="border: 1px solid black; height: 20px;"> </td> <td style="border: 1px solid black; height: 20px;"> </td> <td style="border: 1px solid black; height: 20px;"> </td> </tr> </table>	Year	Tax year-end Month	Day			
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- Use this schedule if your corporation had a permanent establishment (as defined in Regulation 400 of the federal *Income Tax Regulations*) in Nova Scotia, and had taxable income earned in the year in Nova Scotia and in the offshore area of Nova Scotia.
- This schedule is a worksheet only. It does not have to be filed with your T2 Corporation Income Tax Return.

Part 1 — Calculation of income subject to the lower and higher tax rate for Nova Scotia and its offshore area

Period before April 1, 2006

If there are days in the tax year in the period mentioned above, calculate the income subject to the lower and higher tax rate for Nova Scotia and its offshore area as follows:

Taxable income for Nova Scotia * A2

Income eligible for the lower tax rate for Nova Scotia and its offshore area in this period:

Amount on line 400 of the T2 return ** B2

Amount on line 405 of the T2 return C2

Amount on line 425 of the T2 return × $\frac{350,000}{\text{line 4 on page 4 of the T2 return}}$ = D2

Amount B2, C2, or D2, whichever is less × $\frac{\text{taxable income for Nova Scotia}^*}{\text{taxable income for all provinces}^{***}}$ = E2

Income subject to the higher tax rate for Nova Scotia and its offshore area in this period (amount A2 minus amount E2) ... F2

Period after March 31, 2006

If there are days in the tax year in the period mentioned above, calculate the income subject to the lower and higher tax rate for Nova Scotia and its offshore area as follows:

Taxable income for Nova Scotia * A3

Income eligible for the lower tax rate for Nova Scotia and its offshore area in this period:

Amount on line 400 of the T2 return ** B3

Amount on line 405 of the T2 return C3

Amount on line 425 of the T2 return × $\frac{400,000}{\text{line 4 on page 4 of the T2 return}}$ = D3

Amount B3, C3, or D3, whichever is less × $\frac{\text{taxable income for Nova Scotia}^*}{\text{taxable income for all provinces}^{***}}$ = E3

Income subject to the higher tax rate for Nova Scotia and its offshore area in this period (amount A3 minus amount E3) ... F3

* If the corporation has a permanent establishment only in Nova Scotia or in the offshore area of Nova Scotia, enter the taxable income from line 360 on page 3 of the T2 return. Otherwise, enter the taxable incomes allocated to both jurisdictions in Nova Scotia (the province itself and the offshore area) from column F in Part 1 of Schedule 5.

** If the corporation is a member of a partnership, complete Part 2 to calculate income from active business.

*** Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 2 — Calculation of income from active business when there is partnership income

Period before April 1, 2006

If there are days in the tax year in the period mentioned above, calculate the income from active business as follows:

Net amount on line R from Part 5 of Schedule 7, *Calculation of Aggregate Investment Income and Active Business Income* G2

Deduct partnership income:

Amount M from Part 4 of Schedule 7 H2

I2	J2	K2	L2
Amounts from column E in Part 3 of Schedule 7	Amounts from column G in Part 3 of Schedule 7 multiplied by <u>350,000</u> business limit *	Column I2 minus column J2 (if negative, enter "0")	Lesser of columns I2 and J2 (if column I2 is negative, enter "0")
1.			
2.			
3.			
Totals		<u> </u> M2	<u> </u> N2

Amount on line 370 from Part 3 of Schedule 7 O2
 Amount on line 380 from Part 3 of Schedule 7 P2
 Subtotal (amount O2 **plus** amount P2) Q2

Enter amount M2 or amount Q2, whichever is less R2
 Specified partnership income (amount N2 **plus** amount R2) S2
 Partnership income (amount H2 **minus** amount S2) T2
Income from active business in this period (amount G2 **minus** amount T2) U2

(Enter, on line B2 on page 1 of this schedule, the greater of the amounts from line U2 above and from line 400 of the T2 return.)

* If the corporation's tax year ends in 2006, the federal business limit is \$300,000. If the tax year ends in 2007 or later, the federal business limit is \$400,000.

Period after March 31, 2006

If there are days in the tax year in the period mentioned above, calculate the income from active business as follows:

Net amount on line R from Part 5 of Schedule 7, *Calculation of Aggregate Investment Income and Active Business Income* G3

Deduct partnership income:

Amount M from Part 4 of Schedule 7 H3

I3	J3	K3	L3
Amounts from column E in Part 3 of Schedule 7	Amounts from column G in Part 3 of Schedule 7 multiplied by <u>400,000</u> business limit *	Column I3 minus column J3 (if negative, enter "0")	Lesser of columns I3 and J3 (if column I3 is negative, enter "0")
1.			
2.			
3.			
Totals		<u> </u> M3	<u> </u> N3

Amount on line 370 from Part 3 of Schedule 7 O3
 Amount on line 380 from Part 3 of Schedule 7 P3
 Subtotal (amount O3 **plus** amount P3) Q3

Enter amount M3 or amount Q3, whichever is less R3
 Specified partnership income (amount N3 **plus** amount R3) S3
 Partnership income (amount H3 **minus** amount S3) T3
Income from active business in this period (amount G3 **minus** amount T3) U3

(Enter, on line B3 on page 1 of this schedule, the greater of the amount from line U3 above and from line 400 of the T2 return.)

* If the corporation's tax year ends in 2006, the federal business limit is \$300,000. If the tax year ends in 2007 or later, the federal business limit is \$400,000.

Part 3 – Calculation of Nova Scotia tax before credits and the Nova Scotia offshore tax

Nova Scotia tax at the lower rate:

Amount E2 _____ x $\frac{\text{Days in the tax year before April 1, 2006}}{\text{Days in the tax year}}$ x 5% = _____ BB

Amount E3 _____ x $\frac{\text{Days in the tax year after March 31, 2006}}{\text{Days in the tax year}}$ x 5% = _____ CC

Subtotal (total of amounts BB and CC) ▶ _____ DD

Nova Scotia tax at the higher rate:

Amount F2 _____ x $\frac{\text{Days in the tax year before April 1, 2006}}{\text{Days in the tax year}}$ x 16% = _____ FF

Amount F3 _____ x $\frac{\text{Days in the tax year after March 31, 2006}}{\text{Days in the tax year}}$ x 16% = _____ GG

Sutotal (total of amounts FF and GG) ▶ _____ HH

Nova Scotia tax (amount DD **plus** amount HH) _____ II

Only one jurisdiction

If the taxable income is allocated only to Nova Scotia or to Nova Scotia offshore, and the corporation is **not** claiming a Nova Scotia tax credit, enter amount II on line 760 of the T2 return. If the corporation is claiming a credit, enter amount II on line 215 or 220 of Schedule 5, whichever applies.

Jurisdictions in both Nova Scotia and Nova Scotia offshore

If the corporation has taxable income allocated to both Nova Scotia and its offshore area, calculate the following:

Amount II _____ x $\frac{\text{Taxable income for Nova Scotia offshore}}{\text{Taxable income for Nova Scotia **plus** taxable income for Nova Scotia offshore}}$ = _____ JJ

Nova Scotia offshore tax – enter amount JJ on line 220 of Schedule 5.

Nova Scotia tax before credits (amount II **minus** amount JJ) KK

Enter amount KK on line 215 of Schedule 5.