



Nova Scotia Corporation Tax Calculation (2017 and later tax years)

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Tax year-end</td> <td style="border-bottom: 1px solid black;">Year</td> <td style="border-bottom: 1px solid black;">Month</td> <td style="border-bottom: 1px solid black;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	Tax year-end	Year	Month	Day				
Tax year-end	Year	Month	Day							

- Use this schedule if your corporation had a permanent establishment (under section 400 of the federal *Income Tax Regulations*) in Nova Scotia, and had taxable income earned in the year in Nova Scotia and its offshore area.
- This schedule is a worksheet only and is not required 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 January 1, 2017

If there are days in the tax year before January 1, 2017, calculate the income subject to Nova Scotia lower and higher tax rates as follows:

Taxable income for Nova Scotia*	A1
Income eligible for the lower tax rate for Nova Scotia and its offshore area:	
Amount from line 400 of the T2 return**	B1
Amount from line 405 of the T2 return	C1
Amount from line 427 of the T2 return $\times \frac{350,000}{500,000} =$	D1
Amount B1, C1, or D1, whichever is the least	E1
Amount E1 $\times \frac{\text{Taxable income for Nova Scotia}^*}{\text{Taxable income for all provinces}^{***}}$ =	F1
Income subject to the higher tax rate for Nova Scotia and its offshore area (amount A1 minus amount F1)	G1

Period after December 31, 2016

For days in the tax year after December 31, 2016, calculate the income subject to Nova Scotia lower and higher tax rates as follows:

Taxable income for Nova Scotia*	A2
Income eligible for the lower tax rate for Nova Scotia and its offshore area:	
Amount from line 400 of the T2 return**	B2
Amount from line 405 of the T2 return	C2
Amount from line 427 of the T2 return	D2
Amount B2, C2, or D2, whichever is the least	E2
Amount E2 $\times \frac{\text{Taxable income for Nova Scotia}^*}{\text{Taxable income for all provinces}^{***}}$ =	F2
Income subject to the higher tax rate for Nova Scotia and its offshore area (amount A2 minus amount F2)	G2

* 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 of the T2 return. Otherwise, enter the total of 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, *Tax Calculation Supplementary – Corporations*.

** 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

Complete this part only if the corporation is a member or a designated member of a partnership.

Period before January 1, 2017

If there are days in the tax year before January 1, 2017, calculate the income from active business as follows:

- Amount U from Part 5 of Schedule 7 1
- Line 530 from Part 5 of Schedule 7 2
- Line 540 from Part 5 of Schedule 7 3
- Amount W from Part 5 of Schedule 7 4
- Amount Y from Part 5 of Schedule 7 5

Subtotal [amount 1 **minus** (amount 2 **plus** amount 3 **plus** amount 4) **plus** amount 5] **H1**

Amount M from Part 4 of Schedule 7 **I1**

J1	K1	L1	M1
Amounts from column F1 in Part 3 of Schedule 7	Amounts from column K1 in Part 3 of Schedule 7 multiplied by $\frac{350,000}{500,000}$	Column J1 minus column K1 (if negative, enter "0")	Lesser of columns J1 and K1 (if column J1 is negative, enter "0")
1.			
2.			
3.			
Totals		N1	O1

Amount on line 370 from Part 3 of Schedule 7 P1

Amount on line 380 from Part 3 of Schedule 7 Q1

Subtotal (amount P1 **plus** amount Q1) R1

Enter amount N1 or amount R1, whichever is less S1

Specified partnership income (amount O1 **plus** amount S1) **T1**

Partnership income not eligible for small business deduction (amount I1 **minus** amount T1) **U1**

Income from active business (amount H1 **minus** amount U1) **V1**

Enter amount V1 at amount B1.

Period after December 31, 2016

For days in the tax year after December 31, 2016, calculate the income from active business as follows:

- Amount U from Part 5 of Schedule 7 6
- Line 530 from Part 5 of Schedule 7 7
- Line 540 from Part 5 of Schedule 7 8
- Amount W from Part 5 of Schedule 7 9
- Amount Y from Part 5 of Schedule 7 10

Subtotal [amount 6 **minus** (amount 7 **plus** amount 8 **plus** amount 9) **plus** amount 10] **H2**

Amount M from Part 4 of Schedule 7 **I2**

J2	K2	L2	M2
Amounts from column F1 in Part 3 of Schedule 7	Amounts from column K1 in Part 3 of Schedule 7	Column J2 minus column K2 (if negative, enter "0")	Lesser of columns J2 and K2 (if column J2 is negative, enter "0")
1.			
2.			
3.			
Totals		N2	O2

Amount on line 370 from Part 3 of Schedule 7 P2

Amount on line 380 from Part 3 of Schedule 7 Q2

Subtotal (amount P2 **plus** amount Q2) R2

Enter amount N2 or amount R2, whichever is less S2

Specified partnership income (amount O2 **plus** amount S2) **T2**

Partnership income not eligible for small business deduction (amount I2 **minus** amount T2) **U2**

Income from active business (amount H2 **minus** amount U2) **V2**

Enter amount V2 at amount B2.

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

Tax at the lower rate for Nova Scotia and its offshore area:

$$\text{Amount F1} \times \frac{\text{Number of days in the tax year before January 1, 2017}}{\text{Number of days in the tax year}} = 11$$

$$\text{Amount F2} \times \frac{\text{Number of days in the tax year after December 31, 2016}}{\text{Number of days in the tax year}} = 12$$

$$\text{Subtotal (amount 11 plus amount 12)} = 13$$

Tax at the lower rate for Nova Scotia and its offshore area (amount 13 multiplied by 3%) AA

Tax at the higher rate for Nova Scotia and its offshore area:

$$\text{Amount G1} \times \frac{\text{Number of days in the tax year before January 1, 2017}}{\text{Number of days in the tax year}} = 14$$

$$\text{Amount G2} \times \frac{\text{Number of days in the tax year after December 31, 2016}}{\text{Number of days in the tax year}} = 15$$

$$\text{Subtotal (amount 14 plus amount 15)} = 16$$

Tax at the higher rate for Nova Scotia and its offshore area (amount 16 multiplied by 16%) BB

Tax for Nova Scotia and its offshore area (amount AA plus amount BB) CC

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 CC on line 760 of the T2 return. If the corporation is claiming a credit, enter amount CC 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:

$$\text{Amount CC} \times \frac{\text{Taxable income for Nova Scotia offshore}}{\text{Taxable income for Nova Scotia plus taxable income for Nova Scotia offshore}} = \text{DD}$$

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

Nova Scotia tax before credits (amount CC minus amount DD) EE
Enter amount EE on line 215 of Schedule 5.