

Ontario Research and Development Tax Credit (2016 and later tax years)

Corporation's name	Business number	Year	Tax year-end Month	Day
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- Use this schedule to:
 - calculate an Ontario research and development tax credit (ORDTC);
 - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
 - carry back an ORDTC earned in the tax year to reduce Ontario corporate income tax payable in any of the three previous tax years;
 - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
 - add an ORDTC transferred after an amalgamation or windup; or
 - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
 - 4.5% for tax years that end before June 1, 2016;
 - 3.5% for tax years that start after May 31, 2016; and
 - prorated for a tax year that ends on or after June 1, 2016, and includes May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100		A
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B
Net eligible expenditures for the tax year (amount A minus amount B) (if negative, enter "0")			C
Eligible expenditures transferred to the corporation by another corporation	110		D
Subtotal (amount C plus amount D)			E
Eligible expenditures the corporation transferred to another corporation			115 F
Ontario SR&ED expenditure pool (amount E minus amount F) (if negative, enter "0")			120 G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016	210		x 4.5% =	215	H
Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.					
Number of days in the tax year before June 1, 2016	240		x 4.5% =		% 1
Number of days in the tax year after May 31, 2016	242		x 3.5% =		% 2
Subtotal (percentage 1 plus percentage 2)					% 3
Repayments for a tax year that ends on or after June 1, 2016, and includes May 31, 2016	211		x percentage 3		216 I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016	212 _____	x 3.5% =	217 _____	J
Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014	220 _____	x 1/4 = _____	x 4.5% =	225 _____ K
Eligible repayments (total of amounts H to K)			229 _____	L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)	_____	x 4.5% =	200 _____	M
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			205 _____	N
Eligible repayments (amount L in Part 2)			_____	O
The ORDTC for tax years that end before June 1, 2016 (total of amounts M to O)			230 _____	P

For a tax year that ends on or after June 1, 2016, and includes May 31, 2016

Number of days in the tax year before June 1, 2016 _____
 Number of days in the tax year _____ x 4.5% = _____% 4

Number of days in the tax year after May 31, 2016 _____
 Number of days in the tax year _____ x 3.5% = _____% 5

Subtotal (percentage 4 plus percentage 5) _____% 6

Ontario SR&ED expenditure pool (amount G in Part 1)	_____	x percentage 6 _____ % =	201 _____	Q
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			206 _____	R
Eligible repayments (amount L in Part 2)			_____	S
Part of the ORDTC for a tax year that ends on or after June 1, 2016, and includes May 31, 2016 (total of amounts Q to S)			231 _____	T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)	_____	x 3.5% =	202 _____	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *			207 _____	V
Eligible repayments (amount L in Part 2)			_____	W
The ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)			232 _____	X

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year _____ Y

ORDTC expired after 20 tax years **300** _____ Z

ORDTC at the beginning of the tax year (amount Y **minus** amount Z) **305** _____ AA

ORDTC transferred to the corporation on amalgamation or windup **310** _____ BB

Current part of ORDTC _____ CC
(amount P, T or X in Part 3 whichever applies)

Are you waiving all or part of the current part of the ORDTC? **315** Yes 1 No 2

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.
If you answered **no** at line 315, enter "0" on line 320.

Waiver of the current part of the ORDTC **320** _____ DD

Subtotal (amount CC **minus** amount DD) **▶** _____ EE

ORDTC available for deduction (total of amounts AA, BB and EE) **▶** _____ FF

ORDTC claimed ** _____ GG
(Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)

ORDTC carried back to previous tax years (from Part 5) _____ HH

Subtotal (amount GG **plus** amount HH) **▶** _____ II

ORDTC balance at the end of the tax year (amount FF **minus** amount II) **325** _____ JJ

** This amount cannot be more than the lesser of the following amounts:
 – ORDTC available for deduction (amount FF); or
 – Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 on page 5 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year	Month	Day	
1st previous tax year			 Credit to be applied 901 _____
2nd previous tax year			 Credit to be applied 902 _____
3rd previous tax year			 Credit to be applied 903 _____

Total (total of amount 901 to 903)(enter at amount HH in Part 4) _____

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			
2.			
3.			
4.			
5.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			
2.			
3.			
4.			
5.			

Total of column TT (enter at amount XX in Part 8) _____ **UU**

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter at amount ZZ in Part 8) **760** _____ **VV**

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount NN from Part 7) _____ **WW**

Recaptured federal ITC for Calculation 2 (amount UU from Part 7) _____ **XX**

Amount WW **plus** amount XX _____ **x 23.56% =** _____ **YY**

Corporate partner's share of the excess of ORDTC for Calculation 3 (amount VV from Part 7) _____ **ZZ**

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) _____ **AAA**