

What's new for 2015?

The income levels, most provincial non-refundable tax credits, and the Newfoundland and Labrador low-income tax reduction have changed.

Two new personal income tax rates have been added: a fourth for taxable income between \$125,000 and \$175,000 and a fifth for taxable income over \$175,000.

The labour-sponsored venture capital tax credit has expired.

There is a lifetime maximum of \$75,000 for the venture capital tax credit.

Form NL428, *Newfoundland and Labrador Tax and Credits*, reflects these changes.

General information

Newfoundland and Labrador programs for low-income individuals and families

Newfoundland and Labrador harmonized sales tax credit

The Newfoundland and Labrador harmonized sales tax credit (NLHSTC) is a non-taxable amount paid to help low-income individuals and families who may be affected by the harmonized sales tax (HST). The NLHSTC will be combined with the October payment of the federal GST/HST credit. For more information on the payment amount, see Booklet RC4210, *GST/HST Credit*.

You no longer have to apply for the GST/HST credit, including the NLHSTC. When you file your tax return, the Canada Revenue Agency (CRA) will determine your eligibility and tell you if you are entitled to receive the credit.

Newfoundland and Labrador seniors' benefit

The Newfoundland and Labrador seniors' benefit is a non-taxable annual amount for a single senior (65 years of age or older at any time in 2016) or a married or common-law couple with at least one senior that is based on family net income. For more information on this payment, see Booklet RC4210, *GST/HST Credit*.

File your tax return – You (and your spouse or common-law partner) should file your 2015 tax return(s) as soon as possible.

This benefit will be combined with the October payment of the federal GST/HST credit.

For more information about these programs, call the CRA at 1-800-959-1953.

Newfoundland and Labrador child benefit (including the mother baby nutrition supplement)

The Newfoundland and Labrador child benefit (NLCB) is a non-taxable amount paid monthly to help low-income families with the cost of raising children under 18 years of age.

The mother baby nutrition supplement (MBNS) is an additional benefit paid to qualifying families who have children under one year of age.

For more information on the payment amounts, see Booklet T4114, *Canada Child Benefits*.

There is no need to apply separately to get the NLCB or the MBNS. We will use the information from your Canada child benefits application to determine your eligibility for the NLCB and the MBNS. Benefits are combined with the Canada child tax benefit into a single monthly payment.

For more information about these programs, call the CRA at 1-800-387-1193.

File your tax return – You (and your spouse or common-law partner) should file your 2015 tax return(s) as soon as possible. We will automatically calculate the amount of any payments you are entitled to get under all of these programs based on information you give on your return(s).

These programs are fully funded by the Province of Newfoundland and Labrador.

For more information

If you have questions about **Newfoundland and Labrador tax and credits**, visit the CRA website at www.cra.gc.ca or call the CRA at 1-800-959-8281.

To get forms, go to www.cra.gc.ca/forms.

Completing your Newfoundland and Labrador form

All the information you need to calculate your Newfoundland and Labrador tax and credits is included on the following pages.

You will find two copies of Form NL428, *Newfoundland and Labrador Tax and Credits*, in this book. Attach a completed copy of Form NL428 to your return.

The following information will help you complete Form NL428.

The terms **spouse** and **common-law partner** are defined in the *General Income Tax and Benefit Guide*.

The term **end of the year** means December 31, 2015, the date you left Canada if you emigrated in 2015, or the date of death for a person who died in 2015.

Tax Tip

Many rules for calculating Newfoundland and Labrador tax are based on the federal *Income Tax Act*. As a result, you should calculate your federal tax first.

Form NL428, Newfoundland and Labrador Tax and Credits

Complete Form NL428 if you were a resident of Newfoundland and Labrador at the end of the year.

If you had income from a business (including income you received as a limited or non-active partner), and the business has a permanent establishment outside Newfoundland and Labrador, complete Form T2203, *Provincial and Territorial Taxes for 2015 – Multiple Jurisdictions*, **instead of** completing Form NL428.

You also have to complete Form NL428 if you were a non-resident of Canada in 2015 and you earned income from employment in Newfoundland and Labrador, or received income from a business with a permanent establishment only in Newfoundland and Labrador.

If your net income is:

- \$30,667 or less, enter \$5,596 on line 5808; or
- more than \$30,667 but less than \$67,974, complete the calculation for line 5808 on the *Provincial Worksheet* in this book.

Tax Tip

You may be able to transfer all or part of your age amount to your spouse or common-law partner or to claim all or part of his or her age amount. For more information, read line 5864.

Step 1 – Newfoundland and Labrador non-refundable tax credits

The eligibility criteria and rules for claiming the Newfoundland and Labrador non-refundable tax credits are the same as for the federal non-refundable tax credits. However, **the value and calculation of most Newfoundland and Labrador non-refundable tax credits are different from the corresponding federal credits.**

Newcomers to Canada and emigrants

If you prorated any of the amounts you claimed on lines 300 to 306, 315, 316, 318, 324, and 326 of your federal Schedule 1, you have to prorate the corresponding provincial amounts on lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

Line 5804 – Basic personal amount ▼

Claim \$8,767.

Line 5808 – Age amount ▼

You can claim this amount if you were 65 years of age or older on December 31, 2015, and your net income (line 236 of your return) is less than \$67,974.

Line 5812 – Spouse or common-law partner amount ▼

You can claim this amount if the rules are met for claiming the amount on line 303 of federal Schedule 1 and your spouse's or common-law partner's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,881.

Complete the calculation on Form NL428, and enter the amount on line 5812.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the "Identification" area on page 1 of your return.

Line 5816 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 305 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,881.

Complete the calculation on Form NL428, and enter the amount on line 5816.

Note

If you were a single parent on December 31, 2015, and you choose to include all universal child care benefit amounts you received in 2015 in the income of your dependant, include this amount in the calculation of his or her net income.

Line 5820 – Amount for infirm dependants age 18 or older

You can claim this amount if the rules are met for claiming the amount on line 306 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$8,767.

Note

You may be able to claim an amount on this line even if you claimed an amount on line 5816.

Complete the calculation for line 5820 on the *Provincial Worksheet* in this book.

Line 5824 – CPP or QPP contributions through employment

Enter on this line the amount you claimed on line 308 of your federal Schedule 1.

Line 5828 – CPP or QPP contributions on self-employment and other earnings

Enter on this line the amount you claimed on line 310 of your federal Schedule 1.

Line 5832 – Employment insurance premiums through employment

Enter on this line the amount you claimed on line 312 of your federal Schedule 1.

Line 5829 – Employment insurance premiums on self-employment and other eligible earnings

Enter on this line the amount you claimed on line 317 of your federal Schedule 1.

Line 5830 – Volunteer firefighters' amount

Enter on this line the amount you claimed on line 362 of your federal Schedule 1.

Line 5831 – Child care amount

Enter on this line the child care expenses you claimed on line 214 of your return.

Line 5833 – Adoption expenses

You can claim this amount if the rules are met for claiming the amount on line 313 of federal Schedule 1.

You can claim on line 5833 up to \$11,831 of eligible adoption expenses for each child.

The two adoptive parents can split the claim for adoption expenses as long as the combined total claim for each child is not more than the eligible amount before the split.

Note

Only residents of Newfoundland and Labrador are eligible for this amount. If you are not a resident of Newfoundland and Labrador, you cannot claim this non-refundable tax credit in calculating your Newfoundland and Labrador tax even though you may

have received income from a source inside Newfoundland and Labrador in 2015.

Line 5836 – Pension income amount ▼

You can claim this amount if you met the rules for claiming the amount on line 314 of federal Schedule 1.

The amount you can claim on line 5836 is the amount on line 314 of your federal Schedule 1 or \$1,000, whichever is **less**.

Note

Only residents of Newfoundland and Labrador are eligible for this amount. If you are not a resident of Newfoundland and Labrador, you cannot claim this non-refundable tax credit in calculating your Newfoundland and Labrador tax even though you may have received income from a source inside Newfoundland and Labrador in 2015.

Line 5840 – Caregiver amount

You can claim this amount if the rules are met for claiming the amount on line 315 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$16,389.

Complete the calculation for line 5840 on the *Provincial Worksheet* in this book.

Line 5844 – Disability amount (for self) ▼

You can claim this amount if you met the rules for claiming the amount on line 316 of federal Schedule 1.

If you were **18 years of age or older** at the end of the year, enter \$5,915 on line 5844.

If you were **under 18 years of age** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$2,784 in addition to the base amount of \$5,915. Complete the calculation for line 5844 on the *Provincial Worksheet* in this book.

Line 5848 – Disability amount transferred from a dependant

You can claim this amount if the rules are met for claiming the amount on line 318 of federal Schedule 1.

Complete the calculation for line 5848 on the *Provincial Worksheet* in this book.

Line 5852 – Interest paid on your student loans

Enter on this line the amount you claimed on line 319 of your federal Schedule 1.

Line 5856 – Your tuition and education amounts

Complete Schedule NL(S11), *Provincial Tuition and Education Amounts*.

Supporting documents – If you are filing electronically, keep all your documents in case we ask to see them at a later date. If you are filing a **paper return**, **attach your completed Schedule NL(S11)**, but do not send your other

documents. Keep all your documents in case we ask to see them at a later date.

Transferring and carrying forward amounts

You may not need all of your 2015 tuition and education amounts to reduce your provincial income tax to zero. In this case, you can **transfer** all or some of the unused part to **one** person, either your spouse or common-law partner (who would claim it on line 5864) or your or your spouse's or common-law partner's parent or grandparent (who would claim it on line 5860).

You can only transfer an amount to your or your spouse's or common-law partner's parent or grandparent if your spouse or common-law partner does not claim an amount for you on line 5812 or 5864.

Complete the "Transfer/Carryforward of unused amount" section of Schedule NL(S11) to calculate the provincial amount available to transfer, as well as T2202A, *Tuition, Education, and Textbook Amounts Certificate*, TL11A, *Tuition, Education, and Textbook Amounts Certificate – University Outside Canada*, TL11B, *Tuition, Education, and Textbook Amounts Certificate – Flying School or Club*, or TL11C, *Tuition, Education, and Textbook Amounts Certificate – Commuter to the United States*, to designate who can claim the transferred amount and to specify the amount this person can claim. This amount may be different from the amount calculated for the same person on your federal Schedule 11. Enter the provincial amount you are transferring on line 20 of your Schedule NL(S11).

Tax Tip

If you are transferring an amount to a designated individual, only transfer the amount this person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the "Transfer/Carryforward of unused amount" section of Schedule NL(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition and education amounts you do not need to use (and do not transfer) for the year.

Line 5860 – Tuition and education amounts transferred from a child

You can claim these amounts if the rules are met for claiming an amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all provincial amounts that each student has transferred to you as shown on his or her Form T2202A, TL11A, TL11B, or TL11C.

Notes

The student **must have entered this amount on line 20** of his or her Schedule NL(S11). He or she may have chosen to transfer an amount that is less than the available provincial amount. The student cannot transfer to you any unused tuition and education amounts carried forward from a previous year.

If you and the student were residents of different provinces or territories on December 31, 2015, special rules may apply. Contact the Canada Revenue Agency to determine the amount you can claim on line 5860.

Other rules may apply if the student has a spouse or a common-law partner. Read line 324 in the *General Income Tax and Benefit Guide*.

Supporting documents – If you are filing electronically or filing a paper return, do not send any documents. Keep all your documents in case we ask to see them at a later date. The **student** must attach Schedule NL(S11) to his or her **paper return**.

Line 5864 – Amounts transferred from your spouse or common-law partner ▼

You can claim these amounts if the rules are met for claiming an amount on line 326 of federal Schedule 1.

Complete Schedule NL(S2), *Provincial Amounts Transferred From Your Spouse or Common-Law Partner*, and attach a copy to your return.

Line 5868 – Medical expenses for self, spouse ▼ or common-law partner, and your dependent children born in 1998 or later

The medical expenses you can claim on line 5868 are the same as those you can claim on line 330 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2015, and no one claimed them on a 2014 return. However, your total expenses have to be more than either 3% of your net income (line 236 of your return) or **\$1,910**, whichever is **less**.

Note

If the total medical expenses claimed are more than \$1,910 but less than \$2,208, it is important that you enter the amount on line 5868 **and** on line 330 of your federal Schedule 1.

Line 5872 – Allowable amount of medical expenses for other dependants

In addition to the medical expenses claimed on line 5868, you can claim medical expenses for other dependants.

The medical expenses you can claim on line 5872 are the same as those you can claim on line 331 of your federal Schedule 1. They have to cover the **same 12-month period** ending in 2015, and no one claimed them on a 2014 return.

The total expenses for each dependant have to be more than either 3% of that dependant's net income (line 236 of his or her return) or **\$1,910**, whichever is **less**.

Complete the calculation for line 5872 on the *Provincial Worksheet* in this book.

Line 5896 – Donations and gifts ▼

Enter the amounts from lines 345 and 347 of your federal Schedule 9 and multiply them by the rates at lines 29 and 30 of Form NL428.

Step 2 – Newfoundland and Labrador tax on taxable income

Enter on line 33 your taxable income from line 260 of your return. Complete the appropriate column depending on the amount entered.

Step 3 – Newfoundland and Labrador tax

Line 42 – Newfoundland and Labrador tax on split income

If you have to pay federal tax on split income on line 424 of your federal Schedule 1, complete Part 2 of Form T1206, *Tax on Split Income*, to calculate the Newfoundland and Labrador tax that applies to this income.

Form T1206 also contains a special rule that applies to the amount you enter on line 428 of your return. For more information on tax on split income, see the *General Income Tax and Benefit Guide*.

Line 50 – Newfoundland and Labrador additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, *Alternative Minimum Tax*, you will also have to determine your Newfoundland and Labrador additional tax for minimum tax purposes.

To do this, complete the calculation on line 50 of Form NL428. For more information about minimum tax, see the *General Income Tax and Benefit Guide*.

Line 52 – Provincial foreign tax credit

If your federal foreign tax credit on non-business income is less than the related tax you paid to a foreign country, you may be eligible to claim a provincial foreign tax credit.

To claim the credit, complete Form T2036, *Provincial or Territorial Foreign Tax Credit*. You can get this form from the CRA's website or by contacting us (read "For more information" on page 1).

Enter on line 52 of Form NL428 the tax credit calculated on line 5 of Form T2036.

Supporting documents – If you are filing electronically, keep all of your documents in case we ask to see them at a later date. If you are filing a **paper return**, attach your Form T2036.

Lines 54 and 55 – Political contribution tax credit

You can claim a credit for the contributions you made in 2015 to registered Newfoundland and Labrador political parties or district associations or to registered Newfoundland and Labrador independent political candidates during an election period.

How to claim

Enter your total contributions on line 54 of Form NL428 and calculate the amount to enter on line 55 as follows.

- For contributions of **\$1,150 or less**, complete the calculation for line 55 on the *Provincial Worksheet* in this book.
- For contributions of **more than \$1,150**, enter \$500 on line 55.

Supporting documents – If you are filing electronically, keep your receipts in case we ask to see them at a later date. If you are filing a **paper return**, for each contribution, attach an official receipt, signed by an official of the recognized political party or constituency association, or by the non-affiliated candidate's agent.

Line 57 – Direct equity tax credit

You can claim this credit for investments in eligible shares you acquired in 2015 (that you did not claim on your 2014 return) or in the first 60 days of 2016.

To claim the credit, complete Form T1272, *Newfoundland and Labrador Direct Equity Tax Credit*. You can get this form from the CRA's website or by contacting us (read "For more information" on page 1).

Enter on line 57 of Form NL428 the tax credit calculated on line 6 of Form T1272.

Supporting documents – If you are filing electronically, keep all of your documents in case we ask to see them at a later date. If you are filing a **paper return**, attach your Form T1272 along with your NL DETC-1 receipts.

Unused direct equity tax credit

You can carry forward unused Newfoundland and Labrador direct equity tax credits for seven years or back three years.

Any unused direct equity tax credit is shown on your most recent notice of assessment or notice of reassessment.

You may not need all of your credit to reduce your 2015 provincial income tax to zero. Use Form T1272 to calculate any unused credit available to carry back to previous years or carry forward to a future year.

Line 59 – Resort property investment tax credit

You can claim this credit if you invested in a registered resort development property in 2015 and you were at least 19 years of age at the time you made the investment.

To claim the credit, complete Form T1297, *Newfoundland and Labrador Resort Property Investment Tax Credit (Individuals)*. You can get this form from the CRA's website or by contacting us (read "For more information" on page 1).

Enter on line 59 of Form NL428 the tax credit calculated on line 6 of Form T1297.

Supporting documents – If you are filing electronically, keep all of your documents in case we ask to see them at a later date. If you are filing a **paper return**, attach your Form T1297 along with your official NL RPITC receipt(s).

Unused resort property investment tax credit

You can carry unused resort property investment tax credits forward for seven years or back three years.

Any unused resort property investment tax credit is shown on your most recent notice of assessment or notice of reassessment.

You may not need all of your credit to reduce your 2015 provincial income tax to zero. Use Form T1297 to calculate any unused credit available to carry back to previous years or carry forward to a future year.

Line 61 – Venture capital tax credit

You can claim a credit for investments you made in a qualifying venture capital fund in 2015 or in the first 60 days of 2016.

Enter on line 61 of Form NL428 the credit shown on the Certificate(s) NL VCTC. The lifetime maximum you can claim is \$75,000.

Supporting documents – If you are filing electronically, keep all your documents in case we ask to see them at a later date. If you are filing a **paper return**, attach your Certificate(s) NL VCTC.

Unused venture capital tax credit

You can carry unused venture capital tax credits forward for seven years or back three years. However, you cannot claim any credit in a year before 2014.

To claim an unused amount, enter on line 62 of Form NL428 the unused amount shown on your notice of assessment or notice of reassessment.

To claim a carry-back amount, you must request an adjustment to your prior-year return. For more information, read “How do you change a return?” in the *General Income Tax and Benefit Guide*.

Newfoundland and Labrador low-income tax reduction ▼

You **can** claim this tax reduction if you were a resident of Newfoundland and Labrador on December 31, 2015.

If you had a spouse or common-law partner on December 31, 2015, you and your spouse or common-law partner have to decide which one of you will claim the low-income tax reduction for your family. Any unused amount can be claimed by the other spouse or common-law partner on his or her Form NL428.

If you are preparing a return for a resident of Newfoundland and Labrador who died in 2015, the tax

reduction can be claimed on the deceased person’s final return. If the deceased person had a spouse or common-law partner, the tax reduction can be claimed on either the deceased person’s final return or the return of the spouse or common-law partner.

Line 66 – Unused low-income tax reduction from your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2015, and he or she did not need all of the low-income tax reduction to reduce his or her Newfoundland and Labrador tax to zero, you can claim, on line 66, the unused amount calculated on his or her Form NL428.

Adjusted family income

When you calculate your **adjusted family income** (lines 68 to 73 on Form NL428), complete columns 1 and 2 using the information from your and your spouse’s or common-law partner’s returns for the year.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the “Identification” area on page 1 of your return.

Line 75 – Basic reduction

Claim \$698 for yourself.

Line 76 – Reduction for your spouse or common-law partner

Claim \$388 if you had a spouse or common-law partner on December 31, 2015. If your spouse or common-law partner died in 2015, you **can** claim this amount.

Line 77 – Reduction for an eligible dependant

Claim \$388 if you claimed the amount for an eligible dependant on line 5816 of Form NL428 and you **did not** claim an amount on line 76.

Unused low-income tax reduction that can be claimed by your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2015, your spouse or common-law partner can claim, on his or her Form NL428, any amount of the low-income tax reduction that you do not need to reduce your Newfoundland and Labrador tax to zero.

Complete the calculation at lines 86 to 88 on your Form NL428 to determine the unused amount that your spouse or common-law partner can claim on line 66 of his or her Form NL428.