Canada Revenue Agency

Agence du revenu du Canada

Nova Scotia Corporation Tax Calculation
(2014 and later tax years)

Corporation's name	Business number	Tax year-end		
		Year	Month	Day

- Use this schedule if your corporation had a permanent establishment (as defined in 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. You do not have to file it 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 01, 2014

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 425 of the T2 return . . . . _____ $\times \dfrac{400{,}000}{500{,}000}$ = ... _____ D1

Amount B1, C1, or D1, whichever is the least . . . . _____ E1

Amount E1 _____ $\times \dfrac{\text{Taxable income for Nova Scotia*}}{\text{Taxable income for all provinces***}}$ _____ = ... _____ F1

Income subject to the higher tax rate for Nova Scotia and its offshore area (amount A1 **minus** amount F1) . . . . _____ G1

Enter amount F1 and/or amount G1 on the applicable line(s) in Part 3.

Period after December 31, 2013

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 425 of the T2 return . . . . _____ $\times \dfrac{350{,}000}{500{,}000}$ = ... _____ D2

Amount B2, C2, or D2, whichever is the least . . . . _____ E2

Amount E2 _____ $\times \dfrac{\text{Taxable income for Nova Scotia*}}{\text{Taxable income for all provinces***}}$ _____ = ... _____ F2

Income subject to the higher tax rate for Nova Scotia and its offshore area (amount A2 **minus** amount F2) . . . . _____ G2

Enter amount F2 and/or amount G2 on the applicable line(s) in Part 3.

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* 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 of a partnership.

Period before January 1, 2014

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

Amount X from Part 5 of Schedule 7 . . . . _____ 1
Amount from line 530 from Part 5 of Schedule 7 . . . _____ 2
Subtotal (amount 1 **minus** amount 2) _____ ▶ . . . . _____ H1

Amount S from Part 4 of Schedule 7 . . . . _____ I1

J1	K1	L1	M1
Amounts from column E in Part 3 of Schedule 7	Amounts from column G in Part 3 of Schedule 7 **multiplied** by $\frac{400,000}{500,000}$	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 on line B1 in Part 1.

Period after December 31, 2013

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

Amount X from Part 5 of Schedule 7 . . . . _____ 1
Amount from line 530 from Part 5 of Schedule 7 . . . _____ 2
Subtotal (amount 1 **minus** amount 2) _____ ▶ . . . . _____ H2

Amount S from Part 4 of Schedule 7 . . . . _____ I2

J2	K2	L2	M2
Amounts from column E in Part 3 of Schedule 7	Amounts from column G in Part 3 of Schedule 7 **multiplied** by $\frac{350,000}{500,000}$	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 on line B2 in Part 1.

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:

Amount F1 _____ × $\dfrac{\text{Number of days in the tax year before January 1, 2013}}{\text{Number of days in the tax year}}$ _____ × 4.0% = _____ 1

Amount F1 _____ × $\dfrac{\text{Number of days in the tax year after December 31, 2012, and before January 1, 2014}}{\text{Number of days in the tax year}}$ _____ × 3.5% = _____ 2

Amount F2 _____ × $\dfrac{\text{Number of days in the tax year after December 31, 2013}}{\text{Number of days in the tax year}}$ _____ × 3.0% = _____ 3

Tax at the lower rate for Nova Scotia and its offshore area (total of amounts 1, 2, and 3) _____ ▶ _____ AA

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

Amount G1 _____ × $\dfrac{\text{Number of days in the tax year before January 1, 2014}}{\text{Number of days in the tax year}}$ _____ = _____ 4

Amount G2 _____ × $\dfrac{\text{Number of days in the tax year after December 31, 2013}}{\text{Number of days in the tax year}}$ _____ = _____ 5

Subtotal (amount 4 **plus** amount 5) _____ 6

Tax at the higher rate for Nova Scotia and its offshore area (amount on line 6 **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:

Amount CC _____ × $\dfrac{\text{Taxable income for Nova Scotia offshore}}{\text{Taxable income for Nova Scotia \textbf{plus} taxable income for Nova Scotia offshore}}$ _____ = ... _____ 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.