## BRITISH COLUMBIA TWO-YEAR TAX HOLIDAY FOR NEW SMALL BUSINESSES (2002 and later taxation years)

Name of corporation	Business Number	Taxation year-end						
		I	Year		Moi	nth	Day	
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- The British Columbia two-year tax holiday for new small businesses applies to qualifying Canadian-controlled private corporations (CCPC) incorporated after April 30, 1996, and before April 1, 2001, that carried on business in British Columbia for some period between those dates.
- The tax holiday applies to the taxation year in which the corporation began business operations and the taxation year immediately following.
- The British Columbia Ministry of Provincial Revenue administers the eligibility requirements. Corporations claiming the tax holiday have to apply annually to the British Columbia Ministry of Provincial Revenue for a certificate of eligibility by completing Form FIN 538.
- The tax holiday is not available for the taxation year if, before incorporation, the same or mainly the same business activity was carried on as a sole proprietorship, partnership, joint venture, or corporation. However, when a sole proprietorship or partnership carried on the same or mainly the same business activity for 90 days or less before incorporation, the corporation can apply to the Ministry for a certificate of eliqibility.
- This tax holiday is only available to a corporation that qualifies for the federal small business deduction for the taxation year and maintains a permanent establishment (as defined in Regulation 400 of the federal *Income Tax Regulations*) in British Columbia during the year.
- The tax holiday is not available to any corporation that was associated with another corporation during the taxation year for which the deduction is claimed, or a previous taxation year.
- The tax holiday is not available to a credit union if its taxation year ends after March 31, 2002.
- Effective April 1, 2002, the business limit to which the small business income tax rate can be applied has increased from \$200,000 to \$300,000.
- For a full listing of eligibility requirements, contact the British Columbia Ministry of Provincial Revenue.
- This schedule is a worksheet only and does not have to be filed with your T2 Corporation Income Tax Return. Enter on Schedule 5, amount E from this schedule and the certificate number on Form FIN 551 issued by the province.

Calculation of the British Columbia two-year tax holiday for new small businesses	
First period — before April 1, 2002	
If there are days in the taxation year in the first period, complete the following calculation:	
Income eligible for British Columbia lower tax rate in the first period (amount H1 from Schedule 427) *	A1
Amount A1 Number of days in the taxation year before April 1, 2002 x 4.5% =  Number of days in the taxation year  Number of days in the taxation year	B1
* If the corporation is a credit union and the taxation year ends after March 31, 2002, enter "0" at line A1.	
Second period — after March 31, 2002	
If there are days in the taxation year in the second period, complete the following calculation:	
Income eligible for British Columbia lower tax rate in the second period (amount H2 from Schedule 427) **	A2
Amount A2 x Number of days in the taxation year after March 31, 2002 x 4.5% = Number of days in the taxation year	B2
** If the corporation is a credit union, enter "0" at line A2.	
Complete the following calculation:	
British Columbia two-year tax holiday for new small businesses in the first period (amount B1)	c
British Columbia two-year tax holiday for new small businesses in the second period (amount B2)	D
British Columbia two-year tax holiday for new small businesses – Total of amounts C and D	E
Enter amount E on line 655 in Part 2 of Schedule 5.	