

Territorial Tax Instructions

What's new for 2006

The dividend tax credit calculation, the base amounts, and the tax on base amounts have changed for Nunavut, the Yukon, and the Northwest Territories.

See below, and on the next page, additional information about the following amounts:

- allowable political contribution tax credit (all territories);
- unused Nunavut risk capital investment tax credit;
- Northwest Territories risk capital investment tax credit; and
- Yukon mineral exploration tax credit and research and development tax credit.

Line 24 (T3NU and T3NT) and line 26 (T3YT) – Allowable political contribution tax credit

A trust can deduct from its taxes payable to a territory part of the amounts it paid to:

- a registered political party of the territory;
- a registered constituency association of the territory; or
- a candidate seeking election to the territory's legislature.

Attach an official receipt to the return as proof of payment, and use the **applicable** chart below to calculate the allowable credit:

Total political contributions in the year: _____ **A**

Enter amount A on line 23 (T3NU and T3NT) or line 25 (T3YT).

Nunavut and Northwest Territories			
Contributions of \$100 or less	Contributions more than \$100, but not more than \$900	Contributions over \$900	
– 0 00	– 100 00		
=	=		
× 100%	× 50%		
=	=		
+ 0 00	+ 100 00		
=	=	\$500.00	
Enter the amount from line 7 on line 24 of Form T3NU or Form T3NT.			

1	Amount A	1
2	Contribution base	2
3	Line 1 minus line 2	3
4	Credit rate	4
5	Line 3 multiplied by line 4	5
6	Base credit	6
7	Allowable credit – line 5 plus line 6	7

Yukon							
Contributions of \$100 or less	Contributions more than \$100, but not more than \$550	Contributions more than \$550, but not more than \$1,150	Contributions over \$1,150				
– 0 00	– 100 00	– 550 00					
=	=	=					
× 75%	× 50%	× 33.33%					
=	=	=					
+ 0 00	+ 75 00	+ 300 00					
=	=	=	\$500.00				
Enter the amount from line 7 on line 26 of Form T3YT.							

Line 25 (T3NU) – Unused Nunavut risk capital investment tax credit

A trust can claim the following unused Nunavut tax credits:

- labour-sponsored venture capital corporation tax credit;
- community-endorsed venture capital corporation tax credit; and
- territorial business corporation direct investment tax credit.

The trust may not need to use the entire amount of the unused credit to reduce the territorial tax payable to zero. In this case, it can carry forward up to seven years after the year in which the investment was made, the unused amount. If the trust wants to carry an amount forward, attach a letter to the return, telling us:

- the amount of the carryforward;
- the year(s) of the original investment; and
- the year(s) to which the trust wants the amount applied.

Enter, on line 25 of Form T3NU, the amount of the unused Nunavut risk capital investment tax credit from previous years or \$30,000, whichever is less.

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Line 25 (T3NT) – Northwest Territories risk capital investment tax credit

A trust can claim the following Northwest Territories tax credits:

- labour-sponsored venture capital corporation tax credit;
- community-endorsed venture capital corporation tax credit; and
- territorial business corporation direct investment tax credit.

If the trust has a risk capital investment tax credit, enter on line 25 of Form T3NT, the amount from line 11 of Web form T3NT-1, *Northwest Territories Risk Capital Investment Tax Credit Calculation*, and attach a completed copy of the form. On line 25, specify the type of tax credit in the space provided. Attach Form T2C(NWT), *Risk Capital Investment Tax Credit*, as proof of payment of the investment.

If the trust does not need to use the entire amount of the credit to reduce the Northwest Territories tax payable to zero, it can carry any unused credit back for three years or forward for seven years. If the trust wants to carry a credit back or forward, attach a letter to the return, telling us:

- the amount of the carryback or carryforward;
- the year(s) of the original investment; and
- the year(s) to which the trust wants the credit applied.

Yukon mineral exploration tax credit and research and development tax credit

Claim these two tax credits on line 91 of the trust's T3 return. For the mineral exploration tax credit, enter the amount of credit from Form T1199, *Yukon Mineral Exploration Tax Credit*, on line 91. For the research and development tax credit, enter the amount of credit from Form T1232, *Yukon Research and Development Tax Credit (Individuals)*, on line 91. In both cases, specify the type of credit in the blank space provided at line 91 and attach a copy of the form to the return.