

Release Notes

Cantax T2

Versions 24.1.3xx.100

May 2024

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New: Introducing Wolters Kluwer Support Platform

As part of our commitment to service, Wolters Kluwer is pleased to announce the launch of our new Support Platform.

[Register to our Support Platform](#) to submit, modify and track all your support requests in a single location. A chatbot system and a **live chat** feature powered by our virtual assistant are also included, with access to over 40,000 articles from our knowledge base. Note that **since December 1, 2023, the Support Centre no longer offers an email support service**, which has been replaced by our new support ticketing system.

If you need help during the registration process, please consult the following article to get all the information you need: [How do I register to the new Support Platform?](#)

Register now to our Support Platform and take advantage of all the benefits it has to offer!

Version Coverage

This release of *Cantax T2* and *T2Plus* can be used to prepare corporation income tax returns for tax years that began on or after **January 1, 2022**, and will end on or before **October 31, 2024**.

Users will be able to prepare up to three returns with *Cantax T2* and an unlimited number of returns with *Cantax T2 Plus*. Throughout these *Release Notes*, the programs will be referred to as “*Cantax T2*” including versions with Corporation Internet Filing, unless the description pertains to only one of the software packages, in which case it will be referred to specifically.

If you have not purchased *Cantax T2*, you may install it as a demo version. Note that you will not be able to save or print tax returns with this version. Should you decide to purchase the software, please contact our Customer Service department to obtain an unlock code. You can reach us by the method most convenient for you (see the “[Help](#)” section).

Training

To consult the different training options available regarding *Cantax T2* (seminars, webinars, tutorials and more), access the [Training](#) section of the *Cantax Web* site. You can also access it from the program, by selecting **Help, Cantax on the Web** and **Get Cantax Training**.

Overview – Version 24.1.3xx.100

Schedule 56, Part II.2 Tax on Repurchases of Equity (S56)

Schedule 56 used to calculate the Part II.2 tax ITA that applies to a corporation resident in Canada (other than a mutual fund corporation) that has redeemed, acquired or cancelled equity listed on a designated

stock exchange has been added. For more information, consult the [note on this topic](#).

Schedule 572, Ontario Made Manufacturing Investment Tax Credit (S572)

Schedule 572 allowing for a 10% refundable tax credit that is available to qualifying corporations that invest in eligible property that becomes available for use after March 22, 2023, has been added. For more information, consult the [note on this topic](#).

Schedule 200, T2 Corporation Income Tax Return (T2)

Schedule 200 has been updated and now includes changes relating to substantive Canadian-controlled private corporations (CCPCs). For more information, consult the [note on this topic](#).

What's New in Version 24.1.3xx.100?

Cantax T2 24.1.3xx.100 includes some tax changes. Here is a description of the changes made.

New & Revised Forms

*Note that these forms were updated in accordance with the latest version issued by the applicable tax authorities.

Federal

Corporate Profile (T2-ID)

The question **Did the corporation meet, at any time during the taxation year, the definition of substantive CCPC under subsection 248(1) ITA?** has been added to Part **Type of corporation at the end of the tax year** and corresponds to the new line 290 of the T2 Corporation income tax return (T2).

In addition, the question **Must the corporation file the annual return for Ontario corporations or for foreign business corporations under the Ontario Corporation Information Act?** has been removed from section **Other information**.

When opening a file prepared with a prior version of Cantax T2, the answer to this question will not be retained.

Schedule 200, T2 Corporation Income Tax Return (T2)*

The following lines have been added:

- In part **Attachments**, line 277, **Is the corporation a covered entity that redeemed, acquired or cancelled equity of the corporation in the tax**

year?, indicates that Schedule 56, Part II.2 Tax on Repurchases of Equity (**S56**) is applicable.

- In Part **Additional information**, line 290, **Did the corporation meet the definition of substantive CCPC under subsection 248(1) at any time during the tax year?**, allows you to indicate that the corporation has met the criteria of a substantive CCPC.
- In part **Summary of tax and credits**, line 705, **Part II.2 tax payable from Schedule 56**, is equal to amount G from Schedule 56 when this schedule is applicable.

For taxation years ending after April 6, 2022, a private corporation (other than a CCPC) would be a substantive CCPC when, at any time in a tax year:

- It is controlled, directly or indirectly in any way, by one or more Canadian resident individuals, or
- It would, if each share of the capital stock of a corporation that is owned by a Canadian resident individual were owned by a particular individual, be controlled by this individual.

Further, a corporation would be considered a substantive CCPC when the corporation would have been a CCPC but for the fact that a non-resident or public corporation has a right to acquire its shares.

When line 290 indicates **Yes**, the calculations in parts **General tax reduction for Canadian-controlled private corporations** and **Refundable portion of Part I tax** as well as the calculations for line 604, **Refundable tax on CCPC's or substantive CCPC's investment income** are activated.

T2 Bar Code Return

The line **Part II.2 tax payable** (from line 705 of the T2 return (T2)) has been added to Part **Certification** of the form.

Schedule 2, Charitable Donations and Gifts (S2)*

Schedule 5, Tax Calculation Supplementary – Corporations (S5)*

With the addition of Schedule 572, **Ontario Made Manufacturing Investment Tax Credit (S572)**, line 474 is calculated from the amount on line 106 of Schedule 572. When opening a file prepared with a prior version of Cantax T2, the amount entered on line 474 will be retained as an overridden amount.

Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction (S7)

In order to calculate the aggregate investment income on line 440 and the foreign investment income on line 445 of T2 jacket (T2), Schedule 7 is applicable when the corporation answers **Yes** on line 290 of T2 jacket.

Income analysis, rental income/expenses analysis (S7-R)

When an amount is entered on line 205, **Adjustments**, the amount entered in the field **Adjustments relating to the DIEP included on line 205** will no longer be taken into account in the calculation of:

- field **UCC adjustment for AIIP and ZEP acquired during the year**;
- line 224, **UCC adjustment for other property acquired during the year**.

Schedule 8, Capital Cost Allowance (CCA) (S8)*

The calculation for column 13 has been modified to deduct the amount of immediate expensing (IE) (column 12) directly from the cost of acquisitions during the year (column 3). Previously, the result in column 13 was obtained by performing the following operations on the amount from column 3:

- deduct the cost of designated immediate expensing property (DIEP) (column 4);
- add the amount of undepreciated capital cost (UCC) of the DIEP (column 11);
- deduct the amount of IE (column 12).

Similarly, there is no longer an adjustment for the amount of proceeds of disposition of DIEP (column 9) in the calculation of the following columns:

- column 16, which is used to determine the proceeds of disposition available to reduce the UCC of accelerated investment incentive property (AIIP) and property included in Classes 54 to 56;
- column 19, used to determine the UCC adjustment amount for property acquired during the year other than AIIP and property included in Classes 54 to 56.

The calculation changes have been applied to the corresponding lines and columns of the following forms:

- Income analysis – rental income/expenses analysis (S7-R)
- Schedule 8 OTHER – Capital cost allowance – All other classes (S8OTHER)

- Schedule 8 SUM – Federal capital cost allowance – Summary (S8SUM)

When the corporation has a permanent establishment in Alberta, note that the changes also have an impact on the results indicated in the following forms:

- AT1 Schedule 13, Alberta C.C.A. - All other classes (AT1-S13)
- Alberta rental income and expenses analysis (AT1-S13R)
- Alberta capital cost allowance – Summary (AT1-S13SUM)

Schedule 8 OTHER, Capital cost allowance – All other classes (S8OTHER)

When an amount is entered on line 205, **Adjustments**, the amount entered in the field **Adjustments relating to the DIEP included on line 205** will no longer be taken into account in the calculation of:

- field **Proceeds of disposition available to reduce the UCC of AIIP and ZEP**;
- line 224, **UCC adjustment for other property acquired during the year**.

Schedule 8C, Capital Cost Allowance – Class 10.1 Autos (S8C)

The limit for capital cost allowance (CCA) increases to \$37,000 (before taxes) for Class 10.1 passenger vehicles acquired in the taxation year after December 31, 2023.

The same modification applies to form Alberta C.C.A – Class 10.1 autos (AT1-S13C).

Schedule 24, First-time Filer After Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent (S24)*

Schedule 31, Investment Tax Credit – Corporations (S31)*

The following parts have been added:

- Part 24 – **Clean technology ITC**
- Part 25 – **Carbon capture, utilization and storage ITC**

Currently, the CRA's system does not support the new classes 57 to 60, and the calculations for the two new investment tax credits (ITCs) have not been integrated into Schedule 31 yet. Consequently, you must manually calculate the amount of each ITC and enter it in Parts 24 and 25, if necessary.

Former Parts 24 and 25 have been renumbered 26 and 27.

Schedule 31 will also apply if an amount is entered on lines 155 and/or 200 of Parts 24 and 25.

If the corporation is claiming a clean technology ITC on line 155 of Part 24 or an ITC for carbon capture, utilization and storage on line 200 of Part 25, it has to reduce the capital cost of the property in the next taxation year by the amount of this year's ITC. *Cantax T2* carries forward the ITC claimed in the previous taxation year to the field **ITC claimed in immediately prior taxation year** of Schedule 31-S (Jump Code: **S31-S**) for the corresponding class, and this amount is reported on line 205 of Schedule 8, **Capital Cost Allowance – All other classes** (Jump Code: **S8OTHER**) for the first corresponding class. If there is no corresponding class in Schedule 8, you will have to create a class in Schedule 8 so the amount to reduce the capital cost of the property can be calculated.

Schedule 31S, Summary of investment tax credit carryovers (S31-S)

Eligible investments for clean technology property

When eligible investments for clean technology property are entered in Part 24 of Schedule 31, the class in the column **Capital cost allowance class number** is created in Schedule 31-S. The field **ITC Refunded** in Schedule 31-S will be equal to the amount entered on line 155 of Part 24. If more than one class is listed in the table of Part 24, the field **ITC Refunded** will be equal to the proportion of eligible investments for clean technology property in one class on all eligible investments for clean technology property of every class in the table of Part 24 multiplied by the amount on line 155. In addition, if the same class is listed more than once in the table of Part 24 for clean technology property, only one class with all totals of clean technology ITC will be created in Schedule 31-S.

When you carry forward the file, the amount in the field **ITC Refunded** will be carried over to the field **ITC claimed in immediately prior taxation year** of Schedule 31-S.

Qualified carbon capture, utilization and storage (CCUS) expenditure

When qualified carbon capture, utilization and storage (CCUS) expenditure is entered in Part 25 of Schedule 31, the class in the column **Capital cost allowance class number** is created in Schedule 31-S. The field **ITC Refunded** in Schedule 31-S will be equal to the amount entered on line 200 of Part 25. If more than one class is listed in the table of Part 25, the field

ITC Refunded will be equal to the proportion of qualified CCUS expenditure in one class on all qualified CCUS expenditure of every class in the table of Part 25 multiplied by the amount on line 200. In addition, if the same class is listed more than once in the table of Part 25 for qualified CCUS expenditure, only one class with all totals of ITC for CCUS will be created in Schedule 31-S.

When you carry forward the file, the amount in the field **ITC Refunded** will be carried over to the field **ITC claimed in immediately prior taxation year** of Schedule 31-S.

Schedule 54, Low Rate Income Pool (LRIP) Calculation (S54)

To take into account the modifications to the low rate income pool definition in subsection 89(1) ITA of section 20 in Bill C-59, *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023*, the following updates have been made:

- The question **Was the corporation a substantive CCPC at any time in its preceding taxation year?** has been added under the form's instructions.

When carrying forward a client file where line 290 of the T2 return (**T2**) indicates **Yes**, the answer to this question will also indicate **Yes**.

In cases where the answer to the question is **Yes**, line 140 is equal to the aggregate investment income for the preceding taxation year, and line 150 is calculated.

- In Part 3, to consider the modifications made to the calculation of element G as specified in subsection 20(2) of Bill C-59, three new custom lines are used to indicate the lesser of 80% of the aggregate investment income for the preceding taxation year and the portion of the taxable dividends paid in the preceding taxation year that has not reduced the LRIP on line 540.

These modifications apply to taxation years that start after April 6, 2022.

Schedule 56, Part II.2 Tax on Repurchases of Equity (S56)

Schedule 56 is used to calculate the Part II.2 tax ITA that applies to a corporation resident in Canada (other than a mutual fund corporation) that has redeemed, acquired or cancelled equity listed on a designated stock exchange. The transactions must have occurred

after December 31, 2023. This additional tax is calculated by multiplying by 2% the net value of the corporation's repurchases of equity during the year.

However, if the amount C does not reach the minimum threshold of \$1 million (prorated based on the number of days in the taxation year if it consists of less than 365 days), the Part II.2 tax will be zero.

Schedule 63, Return of Fuel Charge Proceeds to Farmers Tax Credit (S63)*

For the 2023 year, the provinces of Newfoundland and Labrador (NL), Prince Edward Island (PE), Nova Scotia (NS) and New Brunswick (NB) have been added as designated provinces. The return of fuel charge proceeds to farmers tax credit can be claimed if the farming corporation incurred eligible farming expenses in a designated province. The 2023 payment rate for those provinces is 0.140%. Parts 2 to 5 and the corresponding lines have been added to parts 10 and 11.

In addition, the 2023 payment rate for the provinces of Ontario (ON), Saskatchewan (SK), Manitoba (MB) and Alberta (AB) is 0.186%. Former parts 2 to 5 have been renumbered 6 to 9.

In part 10 (formerly part 6), lines relating to the 2021 year have been removed and those relating to the 2023 year have been added.

Schedule 65, Air Quality Improvement Tax Credit (S65)*

T106 Slip (T106#01)*

T106 Summary, Information Return of Non-Arm's Length Transactions with Non-Residents (T106SUM)*

The use of the Japanese yen (JPY) as a functional currency when filing Form T106 is now allowed.

T1134, Information Return Relating to Controlled and Non-Controlled Foreign Affiliates (T1134SUM)*

The use of the Japanese yen (JPY) as a functional currency when filing Form T1134 is now allowed.

T1135, Foreign Income Verification Statement (T1135)*

The use of the Japanese yen (JPY) as a functional currency when filing Form T1135 is now allowed.

Non-Deductible Automobile Lease Payments (S1B)

The limit relating to the acquisition cost of an automobile is increasing to \$37,000, and the monthly limit for deductible leasing costs is increasing to \$1,050 in respect of leasing contracts beginning after December 31, 2023.

Non-Deductible Automobile Interest Payments (S1C)

The monthly limit relating to interest expenses is increasing to \$350 for financing contracts beginning after December 31, 2023.

AgriStability and AgriInvest Programs

AgriStability and AgriInvest – Programs (AGRI/HAGRI) – Alberta*

AgriStability and AgriInvest Programs (AGRI/HAGRI) – Prince Edward Island*

The supplemental form for new participants has been removed because the government no longer uses it to collect historical data. When the **Prince Edward Island** option is selected on line **Province of main farmstead**, line **Please indicate the filing corporation's situation** and boxes **New participant** and **Participant from last year** no longer display. In addition, line **Do you want to print Form Supplemental Forms?** has been renamed **Do you want to display and print Form Supplemental Forms?** To display the form for participants from the preceding year, you must check the box **Do you want to display and print Form Supplemental Forms?** to **Yes**. When opening a file prepared with a prior version of Cantax T2, if the box **New participant** has been checked, no data will be retained. If the box **Participant from last year** has been checked, all the data will be kept, and the box **Do you want to display and print Form Supplemental Forms?** will be checked to **Yes**.

Ontario

Schedule 500, Ontario Corporation Tax Calculation (S500)*

Schedule 572, Ontario Made Manufacturing Investment Tax Credit (S572)

A 10% refundable tax credit is available to qualifying corporations that invest in eligible property that becomes available for use after March 22, 2023, up to a \$20,000,000 limit. When the corporation is associated with other qualifying corporations, the \$20,000,000 expenditure limit applies to the group and can be shared among its members.

Above part 1, the custom question **Is the filing corporation a qualifying corporation as defined in subsection 97.2(3) of the Taxation Act, 2007 (Ontario)?** has been added on screen to determine if the corporation is a qualifying corporation. The answer to this question will be calculated to **Yes** when the following conditions are met:

- The corporation is a Canadian-controlled private corporation (CCPC) throughout its taxation year;
- The corporation is not exempt from Ontario corporate income tax for its taxation year;
- The corporation carries on business in Ontario in its taxation year through a permanent establishment in Ontario; and
- The corporation's taxation year ends after March 22, 2023.

If the corporation is associated with other qualifying corporations, **Part 1 – Agreement between associated corporations** must be duly completed. When a qualifying corporation is entered in the table of Part 1 to allocate the \$20,000,000 expenditure limit, the answer to the question line on 050, **Were you associated in the tax year with one or more other qualifying corporations?**, will be **Yes**.

In **Part 2 – Eligible property acquired in the current tax year**, you must enter eligible property as defined in subsection 97.2(17) of the *Taxation Act, 2007* (Ontario). The amount of the tax credit is carried over to line 474 of Schedule 5 (**S5**).

Alberta

AT1, Alberta Corporate Income Tax Return (AT1)*

The use of the Japanese yen (JPY) as a functional currency when filing an AT1 return is now allowed. Thus, box 5, **Japan**, has been added to the choices on line 041.

The amount of the Agri-processing investment tax credit, which is calculated in AT1 Schedule 3, Alberta Other Tax Deductions and Credits (**AT1-S3**) will be displayed on line 076, **Other deductions per AT1 Schedule 3 (AITC, CITC, and APITC)**. For more information, consult the [note relating to this subject](#).

AT1 Schedule 3, Alberta Other Tax Deductions and Credits (AT1-S3)*

The non-refundable Agri-processing Investment Tax Credit (APITC) has been added. This tax credit is administered by certificate and is applicable to eligible corporations for capital expenditures made on or after February 7, 2023.

When a APITC certificate is granted to an eligible corporation, the tax credit amount can be claimed against corporate income taxes owed in Alberta until the value of the credit is used up, for up to 10 years. The maximum amount that can be claimed in the first three years is limited as follows:

- the lesser of 20% of the APITC amount in the current taxation year or [AT1, page 2, line 068 - (lines 070 + 072) - (Alberta Schedule 3, lines 104 + 204 + 306 + 308 + 310)];
- the lesser of 30% of the APITC amount in the first preceding taxation year or [AT1, page 2, line 068 - (lines 070 + 072) - (Alberta Schedule 3, lines 104 + 204 + 308 + 310)]; and
- the lesser of 50% of the APITC amount in the second preceding taxation year or [AT1, page 2, line 068 - (lines 070 + 072) - (Alberta Schedule 3, lines 104 + 204 + 310)].

Any remaining credit amount can be carried forward from the third to the tenth preceding taxation year, but it is limited to the result of [AT1, page 2, line 068 - (lines 070 + 072) - (Alberta Schedule 3, lines 104 + 204)].

For more details about the APITC, visit the Web site <https://www.alberta.ca/alberta-agri-processing-investment-tax-credit>, section 25.04 of the *Alberta Corporate Tax Act* and the *Agri-processing Investment Tax Credit Regulation*.

AT1 Schedule 13, Capital Cost Allowance (CCA) (AT1-S13)

When an amount is entered on line 007, **Adjustments**, the amount entered in the field **Adjustments relating to the DIEP included on line 007** will no longer be taken into account in the calculation of:

- field **Proceeds of disposition available to reduce the UCC of AIPP and ZEP**;
- line 037, **UCC adjustment for other property acquired during the year**.

Alberta rental income and expenses analysis (AT1-S13R)

When an amount is entered on line 007, **Adjustments**, the amount entered in the field **Adjustments relating to the DIEP included on line 007** will no longer be taken into account in the calculation of the following lines:

- line 035, **UCC adjustment for AIPP and ZEP acquired during the year**;
- line 037, **UCC adjustment for other property acquired during the year**.

Alberta Corporate Income Tax – Filing Exemption Checklist (AEXEMPT)*

Following the addition of the Agri-processing investment tax credit (APITC) in AT1 Schedule 3, Alberta Other Tax Deductions and Credits (**AT1-S3**), line 8 has been adjusted. If an APITC is claimed, the box at line 8

will be checked to **No**. For more information, consult the [note relating to this subject](#)

Saskatchewan

Schedule 411, Saskatchewan Corporation Tax Calculation (S411)

In its Bill 157 tabled on March 27, 2024, the Government of Saskatchewan has announced that the lower rate of tax of 1% is extended to June 30, 2025. Therefore, the calculations relating to the number of days in the taxation year for lines 3A and 3B have been modified to reflect this change.

Manitoba

Schedule 385, Manitoba Odour-Control Tax Credit (S385)*

Former Parts 1, **Eligible expenditures made in the current tax year**, 3, **Refundable tax credit for agricultural corporations**, and 4, **Request for carryback of credit**, have been removed. Therefore, lines 120, 150 and 161 as well as amount g from Part 2 have been removed. When opening a file prepared with a prior version of *Cantax T2*, no value related to the removed fields will be retained.

Schedule 394, Manitoba Rental Housing Construction Tax Credit (S394)*

Former Part 1, **Manitoba refundable rental housing construction tax credit**, has been removed from the schedule in its recent update. When opening a file prepared with a prior version of *Cantax T2*, the values in these fields will not be retained.

Northwest Territories

Schedule 461, Northwest Territories Corporation Tax Calculation (S461)*

Yukon

Schedule 444, Yukon Business Carbon Price Rebate (S444)*

The data entered in columns 1 to 5 and 7 of the table in Part 1, **Eligible Yukon mining UCC for eligible Yukon mining assets**, is now part of the data that is electronically filed with the T2 return as lines 100, 105, 108, 110, 115 and 120 respectively. In addition, the data entered on lines **Are you an eligible Yukon mining business taxpayer?** (line 050) and **Prescribed mining adjustment factor** (line 130) of Part 1, **Eligible Yukon**

mining UCC allocated from partnerships (line 150) of Part 2 and **Mining business rebate factor** (line 175) of Part 3 is also part of the electronic transmission.

Finally, the calculation on lines 175 of Part 3 and 500 of Part 6 has been updated to take into account the new mining business rebate factor and the new business rebate factor for a tax year ending after March 31, 2024.

Newfoundland and Labrador

Schedule 307, Newfoundland and Labrador Corporation Tax Calculation (S307)

In accordance with the Newfoundland and Labrador budget tabled on March 21, 2024, custom lines 1 and 2 have been added to Part 2 to reflect the reduction of the lower rate of tax from 3% to 2.5% that came into effect on January 1, 2024.

Prince Edward Island

Schedule 322, Prince Edward Island Corporation Tax Calculation (S322)*

New & Revised Guides

Federal

- T2 Corporation - Income Tax Guide 2023
- T7B Corp. - Corporation Instalment Guide 2024

Corrected Calculations – Version 24.1.3xx.100

The following problem has been corrected in this release:

- [Schedule 63 – The version of Schedule 63 does not take into account the 2023 payment rates and does not contain the designated provinces that have been added for the 2023 year](#)

Filing Requirements

Requirements for Filing Corporate Returns

Please refer to the **Filing Requirements** help topic of the program for an explanation on the requirements of the various tax authorities for filing corporate returns.

A chart is also available under the **Printing – Requirements for Filing Corporate Returns** help topic, which further explains the requirements of the various tax authorities.

Cantax e-Bulletin

For your convenience, you are automatically subscribed to the **Cantax e-Bulletin**, a free e-mail service that ensures you receive up-to-date information about the latest version of *Cantax T2*. If you want to review your subscription to **Cantax e-Bulletin**, visit <https://support.wolterskluwer.ca/en/newsletter>

You can also register to our Support Platform at <https://support.cch.com/oss/canada> and [submit a support ticket](#) to indicate the products for which you wish to receive general information or information on our software (*Cantax T1*, *Cantax T2*, *Cantax FormMaster* or *CCH Accountants' Suite*).

Help

Support Ticket

<https://support.cch.com/oss/canada>

Web Site

<https://support.wolterskluwer.ca/en/support/>