



Personal Taxprep®

Troubleshooting

T1/TP1 version 4.1 - 2012

June 2013

The following problems have been detected in *Personal Taxprep* 2012 v.4.1.

Federal

Forms T2203, TP-22 and TP-25 - Error in the calculation of the business income when the taxpayer reports both partnership income and losses

(Published in April 2013)

Problem:

A problem has been detected in the business income calculation on line 2 of Form T2203, *Provincial and Territorial Taxes for 2012 - Multiple Jurisdictions* (Jump Code: 2203), when the taxpayer received several T5013 slips where:

- he or she is identified as a “limited partner” (code “0 or 3” in box 8) or a “specified partner” (code “1” in box 8); and
- boxes 22, 35, 37 and 39 include a combination of business income and losses.

In this situation, the business income and losses are aggregated in the workchart of line 122, *Net Partnership Income (Loss) - Limited or Non-Active Partners* (Jump Code: J122), and the total is posted to line 122 of the T1 return. When this total is positive, the program also posts it to line 2 of Form T2203, while it should only post business income (and not losses) to this line. This causes the business income for purposes of the calculations on Form 2203 to be lower than it should be.

Net partnership income (loss) – limited or non-active partners		
Net partnership income (loss)		
Specify:		0 00
Net income (loss) from resources		0 00
Net income (loss) from certified films		0 00
Slip	Partnership's name	Taxpayer share
T5013		50,000 00
T5013		-10,000 00
Net partnership income (loss) - limited or non-active partners (T1, line 122)		40,000 00

In the example above, the program should post an amount of \$50,000 to line 2 of Form T2203 (i.e. the total business income without taking the losses into account), but it posts an amount of \$40,000 instead (i.e. the total business income and losses) to this line.

Part 1 – Allocating income to multiple jurisdictions		
Enter the total of net income from line 236 of your return and the deduction for split income claimed on line 232 of your return.		
Business income (excluding losses)	40,000 00	40,000 00 1
For non-resident only:		
Employment income and other income taxable in a province	0 00	
Capital gain	0 00	
Other income not taxable in a province (Sec. 217)	0 00	
	40,000 00	40,000 00 2
Excess income: Line 1 minus line 2 (if negative, enter "0")		0 00 3

This problem also occurs on line 4 of Form TP-22 and on line 3 of Form TP-25.

Solution:

To bypass this problem, override the amount calculated by *Taxprep* on line 2 of Form T2203 to the sum of this amount and the total of all business losses indicated in the workchart of line 122.

Part 1 – Allocating income to multiple jurisdictions			
Enter the total of net income from line 236 of your return and the deduction for split income claimed on line 232 of your return.		40,000 00	1
Business income (excluding losses)	50,000 00		
For non-resident only:			
Employment income and other income taxable in a province	0 00		
Capital gain	0 00		
Other income not taxable in a province (Sec. 217)	0 00		
	50,000 00	50,000 00	2
Excess income: Line 1 minus line 2 (if negative, enter "0")		0 00	3

You must also add to the amount on line 4 of Form TP-22 or line 3 of Form TP-25, the total losses indicated in boxes 1-1^a, 1-1^b, 1-4 and 1-5 of the RL-15 slip, using an override.

Form TP-22

2 Net income from businesses carried on in Québec and elsewhere (do not take into account businesses that sustained a net loss)			
Portion of the income derived from establishments located in Québec		12,500 00	1
Portion of the income derived from establishments located in Canada, outside Québec	+	37,500 00	2
Portion of the income derived from establishments located outside Canada	+	0 00	3
Add lines 1 through 3.		50,000 00	4
	Net income from businesses carried on in Québec and elsewhere =		

Form TP-25

2 Net income from businesses carried on in Québec and elsewhere (do not take into account businesses that sustained a net loss)			
Portion of the income derived from establishments located in Québec		12,500 00	1
Portion of the income derived from establishments located outside Québec	+	37,500 00	2
Add lines 1 and 2.		50,000 00	3
	Net income from businesses carried on in Québec and elsewhere =		

This problem will be corrected in *Personal Taxprep* 2013 v.1.0.

MED - Medical expenses claimed both in the spouse’s and taxpayer’s return when there has been a separation in the year

(Published in March 2013)

Problem:

At the moment, when the spouse’s and taxpayer’s returns are coupled and the preparer indicates, in Form ID (Jump Code: **ID**), that there has been a separation in the year, the **You wish to claim the medical expenses** check box in Form MED (Jump Code: **MED**) is selected both in the spouse’s and taxpayer’s return. This causes the same medical expenses to be claimed in the two returns.

Solution:

To correct this problem, clear the **You wish to claim the medical expenses** check box in Form MED of one of the returns using an override.

You wish to claim medical expenses <input type="checkbox"/>
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This problem will be corrected in *Personal Taxprep* 2013 v.1.0.

T1032 – Incorrect display of diagnostic P47, which suggests making a pension income split

(Published in March 2013)

Problem:

When the returns of a taxpayer and spouse are coupled and one of the spouses must make a social benefits repayment (repayment of employment insurance or Old age security on line 235), because his or her net income is higher than the basic amount used to calculate the refund, diagnostic P47 displays, even if there is no eligible pension income to split in the file.

Solution:

In this particular case, ignore diagnostic P47 and do not split pension income.

This problem will be corrected in *Personal Taxprep 2013 v.1.0*.

Québec

Q1026 - Health contribution taken into account in the calculation of instalments when the province of residence on December 31 is other than Québec

(Published in April 2013)

Problem:

Presently, when the taxpayer is not resident of Québec on December 31, but is subject to Québec tax (for example, because he or she has business income earned in Québec) and must pay instalments in Québec, *Taxprep* takes the health contribution into account in the calculation of the amount used as a basis for the calculation of instalments, which should not be the case.

Solution:

To correct this problem, override the *Health contribution* line of Form Q1026 (Jump Code: **Q1026**) to “0” (zero).

To help you identify your clients who might be affected by this problem, we made available a client filter that will allow you to quickly access a list of those clients. To obtain this client filter, click [here](#).

This problem will be corrected in *Personal Taxprep 2013 v.1.0*.

Forms TP-22 and TP-25 - Error in the calculation of the net income from businesses carried on in Québec and elsewhere when the taxpayer earns business income from a partnership as a retired partner

(Published in April 2013)

Problem:

A problem has been detected in the calculation of the net income from businesses carried on in Québec and elsewhere (line 4 of Form TP-22 and line 3 of Form TP-25) when:

- the taxpayer resided in Canada but outside Québec and carried on one or more businesses whose income was derived, in whole or in part, from an establishment in Québec (Form TP-25 must then be completed), **OR** the taxpayer resided in Québec and carried on in Canada, one or more businesses whose income was derived, in whole or in part, from an establishment outside Québec (Form TP-22 must then be completed); and
- the taxpayer reports income (and not losses) on line 28 of Schedule L, and this income includes, in particular, income as a retired partner or an ex member of a partnership received from the partnership of which he or she was a member. This income is normally entered on a T5013 form, in box *Business income resulting from the withdrawal of a partner - Not subject to CPP contributions*.

In this situation, the amount on line 28 of Schedule L is not taken into account when calculating the net income from businesses carried on in Québec and elsewhere in Forms TP-22 and TP-25, which causes the income calculated for the taxpayer to be lower than it should be.

Solution:

Override the amount on line 4 of Form TP-22 or line 3 of Form TP-25, as applicable, to the total of the amount calculated on this line by *Taxprep* and the amount on line 28 of Schedule L (only if this amount is positive).

This problem will be corrected in *Personal Taxprep* 2013 v.1.0.

TP-726.7 - Incorrect display of a negative amount on line 11

(Published in March 2013)

Problem:

A negative amount is displayed on line 11 of Form TP-726.7 when the taxable capital gain for the year (line 98 of Schedule G) is lower than the taxable capital gains giving entitlement to the deduction (line 3 of Form TP-726.7).

Note, however, that the electronic filing of the TP1 tax returns is not affected by this problem. No error code or rejection will result from this situation.

Solution:

In Form TP-726.7, override line 10 with a negative amount that equals the amount displayed on line 11.

This problem will be corrected in *Personal Taxprep* 2013 v.1.0.

British Columbia

Invoice - PST billed for British Columbia residents, while this tax has not been applicable for accounting services since April 1, 2013

(Published in March 2013)

Problem:

When the preparer chose to calculate the taxes based on the rates in effect in the client’s province of residence, and the province of residence is British Columbia, the PST is calculated even though the service is an accounting service.

Solution:

To correct this problem, perform one of the following:

- In Form *Invoice* (Jump Code: **BILL**), override the applicable PST rate field to “0” (zero).
- In the **BILL** tab of the preparer profile used, select the **Calculate taxes based on the following settings** check box, then enter the applicable settings. Here is what should be entered in the preparer profile when this check box is selected:

Calculate taxes based on the rate in effect in the client's province of residence	<input type="checkbox"/>
Calculate taxes based on the following settings:	<input checked="" type="checkbox"/>
Apply GST/HST to invoice	<input checked="" type="checkbox"/>
PST not applicable	<input checked="" type="checkbox"/>
Apply PST to the invoice	<input type="checkbox"/>
Apply PST/QST to the GST/HST	<input type="checkbox"/>
GST/HST rate to apply	5.000 %
PST/QST rate to apply	0.000 %
Apply rate, per month, for administration fees	0.00 % <input type="checkbox"/>

This problem will be corrected in *Personal Taxprep* 2013 v.1.0.