

PROGRESSIVE TAX REBATE PROGRAM

SPECIALIZED LABOUR TAX CREDIT
USER GUIDE →



*Prince
Edward
Island*
CANADA

Specialized Labour Tax Credit User Guide

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1. Program Summary

The Specialized Labour Tax Credit (SLTC) will provide an inducement to assist Island companies to attract individuals with specialized knowledge where that knowledge is not currently available in the Prince Edward Island labour market. The application for the SLTC is initiated by and is the responsibility of the employer: employers who, after an exhaustive on-Island recruitment campaign, find themselves unable to fill positions requiring specialized skills or knowledge, and who have identified individuals with the required skills or knowledge from beyond provincial borders, are entitled to make application for the SLTC.

The Specialized Labour Tax Credit provides a non-refundable personal income tax credit equal to 17% of the "eligible income" paid to "eligible individuals" employed by "eligible employers" in the Province of Prince Edward Island.

2. Eligible Employers

Employers eligible to apply for the Specialized Labour Tax Credit have a permanent establishment in Prince Edward Island and carry on business within a strategic industrial sector.

Other conditions when evaluating an applicant's request for assistance will include:

- Potential for long-term viability;
- Qualifications and track record of managers;
- Cost benefit to the province;
- Availability of program funds;
- Import substitution;
- Environmental impact;
- Employment creation;
- Level of assistance from other government programs offered or available.

3. Strategic Industrial Sectors

Strategic industrial sectors in Prince Edward Island include:

- Life science,
- Aerospace,
- Export-oriented manufacturing and processing,
- Financial services,
- Interactive, information and communication technologies,
- Renewable energy.

Other strategic industrial sectors may be added by regulation over time and will be included in this guide. Definitions of identified strategic industrial sectors are maintained in the offices of PEI Business Development Inc. and Technology PEI.

4. Eligible Individuals

"Eligible individuals" are individuals who possess a specialized knowledge or expertise, are resident outside of Prince Edward Island and not yet employed by the eligible employer at the time of the application for the Specialized Labour Tax Credit certificate.

5. Eligible Employment

"Eligible employment" refers to employment, requiring specialized knowledge or expertise, which is not available, in a timely manner, among individuals available for employment in Prince Edward Island.

Application for the Specialized Labour Tax Certificate must be made to PEI Business Development Inc. or Technology PEI prior to the individual being hired, and taking up residence in Prince Edward Island.

6. Eligible Income

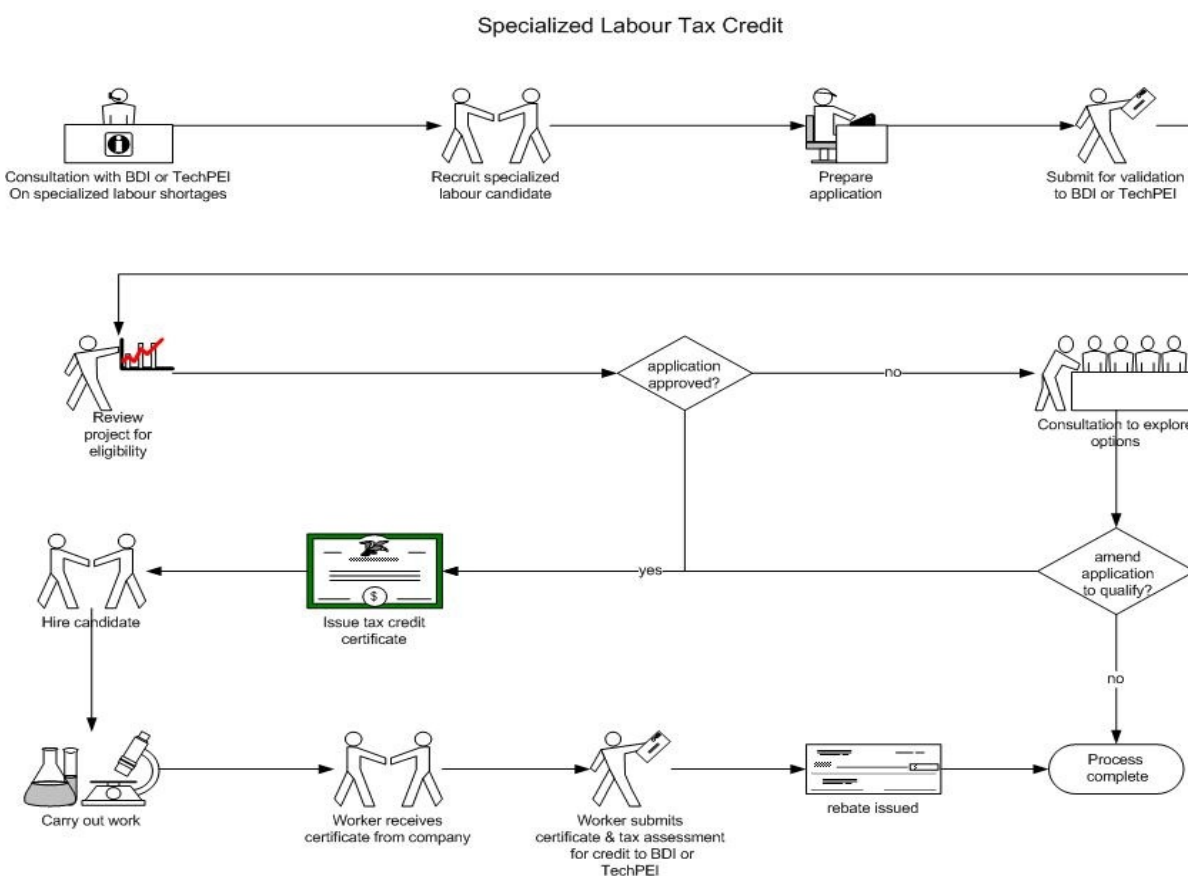
“Eligible income” means the salary or wages earned by an eligible individual during the term of eligible employment for a specific taxation year for the employment for which the identified expertise or specialty knowledge is required. The Specialized Labour Tax Credit applies only to the salary or wages of the eligible employee earned for the specific employment for which the Certificate is issued.

7. Calculating the Specialized Labour Tax Credit

The Specialized Labour Tax Credit is determined by multiplying the eligible income by 17%. The credit may exceed tax payable on the eligible income, however, the amount of the rebate will not exceed the total PEI income tax paid by the individual for the taxation year.

8. Process Summary

An employer seeking to recruit an individual for employment in an area requiring specialized knowledge or expertise may make application to PEI Business Development Inc. or Technology PEI for a Specialized Labour Tax Credit Certificate. The application will be reviewed along with any evidence that efforts were made to identify a capable individual from within the existing labour force (where a foreign individual is involved, employers are encouraged to contact Human Resources and Skills Development Canada to initiate the necessary processes for entry to Canada - see below). If approved, a Credit will be issued to the employer, who will provide a certificate to the eligible individual. The individual may then submit the Certificate to the Department along with their T4, for their Eligible Employment, and Notice of Assessment for the applicable tax year to receive the rebate.



9. Application for the Specialized Labour Tax Credit Certificate

Applicants applying for the SLTC certificate must provide in the appropriate application form, a copy of which is provided in the Appendix:

- the name of the individual* and the eligible employer;
- a description of the particular expertise or specialized knowledge held by the individual;
- the estimated duration of employment of the individual by the eligible employer;
- evidence to the effect that an individual having the particular expertise or specialized knowledge described in the application is not available, in a timely manner, for employment from among the Prince Edward Island labour force during the time of search and screening;
- evidence that the identified individual is not a resident of Prince Edward Island, and that he or she possesses the expertise or specialized knowledge described in the application; and
- any additional information requested with the specific application.

*Note: Where an eligible employer is experiencing a specialized labour skills shortage, but has not yet identified a potential candidate, it is recommended that they consult with BDI or TechPEI staff to discuss eligibility under this program.

10. Approval & Issuance of The Specialized Labour Tax Credit Certificate

On receipt, the application for Specialized Labour Tax Credit Certificate will be reviewed, and, if the necessary conditions are found to apply, a certificate will be issued.

The Specialized Labour Tax Credit Certificate will set out:

- the name of the eligible employer to whom the certificate is issued;
- the name of the eligible individual for whom the certificate is issued;
- the estimated duration of employment of the eligible individual by the eligible employer;
- the maximum amount that the eligible individual is to be allowed as eligible income in a taxation year for the purpose of determining the eligible individual's Specialized Labour Tax Credit under this section in each such year; and
- any additional necessary information.

11. Claiming the Specialized Labour Tax Credit

The company will pass the Certificate to the eligible individual, who will claim a Specialized Labour Tax Credit, by submitting the Certificate to PEI Business Development Inc. or Technology PEI along with a copy of their T4, for their Eligible Employment, and Notice of Assessment for the appropriate taxation year.

12. Contact with the Government of Canada

Prior to applying for the Specialized Labour Tax Credit Certificate for a foreign individual, companies are advised to contact Human Resource and Skills Delivery Canada (HRSDC) and Citizenship and Immigration Canada (CIC). In almost all cases, foreign workers must have a valid work permit to work in Canada. When hiring a foreign worker, the employer must generally submit an HRSDC Foreign Worker Application for a labour market opinion to the responsible HRSDC Foreign Worker office. Some special criteria may apply, and certain occupations are exempt, from the requirement for a Labour Market Opinion. For further information, see the HRSDC web page at www.hrmanagement.gc.ca.

After approval of the job offer by HRSDC, the employer may forward a copy of the Labour Market Opinion confirmation letter to the foreign worker, and advise the foreign worker to apply for a work permit. Citizenship and Immigration will then decide whether the foreign worker will get a work permit according to the requirements to work and reside temporarily in Canada. For further information, see the CIC web site at www.cic.gc.ca.

13. Corporate Amalgamation

Where two or more corporations amalgamate and one or more was issued a Specialized Labour Tax Credit certificate for an eligible individual, the new corporation will be considered to be the same corporation as, and a continuation of, each of its predecessor corporations. Corporation has the meaning provided in subsection 87(1) of the Federal Income Tax Act.

14. Winding-up of a Company

Where a subsidiary is wound up and the subsidiary was issued a Specialized Labour Tax Credit certificate for an eligible individual, the parent will be deemed, for the purposes of this section, to be the same corporation as, and a continuation of, the subsidiary. Parent, subsidiary and winding-up have the meaning provided in Subsection 88(1) of the Federal Income Tax Act.

15. Revocation of a Specialized Labour Tax Credit Certificate

The Specialized Labour Tax Credit may be revoked where, on investigation, the conditions set out in the Certificate have not been met or prove to have been inaccurately or incorrectly represented.

16. Timelines and Deadlines

There are two timing issues of which applicants and eligible individuals must be aware:

- The Specialized Labour Tax Credit must be applied for before the eligible individual becomes a resident in Prince Edward Island; and
- a Specialized Labour Tax Credit may only be claimed for a total of three years: the taxation year in which employment commenced and for the subsequent two taxation years, providing the entire employment period claimed qualifies as eligible employment.

Questions and Answers

What is Specialized Labour?	Labour requiring skills and knowledge not currently available on Prince Edward Island.
Can Canadians from other provinces qualify for this credit on their taxes in PEI?	Yes
Can immigrants now living in other parts of Canada qualify if they come to PEI?	Yes
Can my business apply for approval under the SLTC before an eligible candidate has been identified?	Where time is of the essence, it is recommended that you engage BDI or TechPEI staff at the earliest to discuss specialized labour shortages and potential eligibility under this program.
What types of income can qualify for the SLTC?	Income relating to the work performed while employed with the eligible employer. The work must relate to the specialized skills or knowledge base for which individual was hired.
What if a person is hired under this program and then does not stay in the job?	The income earned while in the specific position for which the specialized knowledge was required will be subject to the tax credit.
How many workers with specialized knowledge can I hire in my business at any given time?	There is no limit to the number of individuals who may be hired in this manner.
What if a local person challenges my decision to hire a worker under the Specialized Labour Program?	Once made, the decision cannot be appealed. The certificate will be issued and proceed unless the certificate is revoked according to the rules set out.
Can the specialized worker share his or her tax credit with my business?	The tax credit cannot be shared.
What if I am not able to keep the specialized worker employed for the duration of the period we planned and as stated in the Certificate?	The income earned while in the specific position for which the specialized knowledge was required will be subject to the tax credit.
Is the tax rebate provided by the SLTC subject to income tax?	The income tax implications applicable to a particular individual have not been considered. The federal government has not traditionally taxed provincial income tax concessions, however, this particular credit has not yet been reviewed.

Appendix: Application

Specialized Labour Tax Credit Application for Certificate



Employer Information



Employer Name		
Business Identification Number		
Strategic Industrial Sector of Primary Business Activity Life Sciences <input type="radio"/> Financial Services <input type="radio"/> ITC <input type="radio"/> Renewable Energy <input type="radio"/> Export-oriented Manufacturing <input type="radio"/> Aerospace <input type="radio"/>		
Mailing Address		PEI Address, if different
Contact	Title	Telephone
Email		Fax

Specialized Labour and Individual Information

Name	Current Address
SIN Number, if any	
Designated Position	

Certification (To be signed by the Secretary and one other Officer of the Company.)

On behalf of the corporation identified above, I hereby make application for a Specialized Labour Tax Credit. I certify that I am an authorized officer of the applicant corporation and that the information contained in this application and its attachments is true and correct to the best of my knowledge and belief. I agree to comply with the terms stated in the User Guide, including reporting requirements.	
Secretary Name	Officer Name
Signature	Signature
Date	Date

	Return to:	Prince Edward Island Department of Development & Technology Attention: Corporate Services Division P.E.I. Business Development Inc 94 Euston Street PO Box 910 Charlottetown, Prince Edward Island C1A 7L9 Phone: (902) 368-6300 Fax: (902) 368-6301	

Specialized Labour Tax Credit Application for Certificate - Employment and Search Detail



Estimated Eligible Income to a maximum of three years

Year	Eligible Income

Provide a brief description of duties to be performed by the individual with specialized knowledge and their role in the successful execution of the Company's business plan.

Describe the search process to ensure the specialized knowledge required is not available in Prince Edward Island. Include copies of advertisements in Prince Edward Island news media complete with dates ad ran; HRSDC Job Bank "job number" and; describe where Island respondents/applicants fell short in terms of qualifications.