

Completing Your Newfoundland and Labrador Form

The information in this section will help you complete Form NL428, NEWFOUNDLAND AND LABRADOR TAX AND CREDITS. The terms **spouse** and **common-law partner** are defined in the GENERAL INCOME TAX AND BENEFIT GUIDE.

The term **end of the year** means December 31, 2005, the date you left Canada if you emigrated in 2005, or the date of death for a person who died in 2005.

Tax Tip

A number of Newfoundland and Labrador tax measures are distinct from corresponding federal measures. However, many rules for calculating Newfoundland and Labrador tax are still based on the federal INCOME TAX ACT. As a result, you may find it easier to calculate your federal tax first. Your total taxes payable will be the same, no matter which tax you calculate first.

Form NL428, Newfoundland and Labrador Tax and Credits

Complete Form NL428 if you were a resident of Newfoundland and Labrador at the end of the year.

If you had income from a business with a permanent establishment outside Newfoundland and Labrador, complete Form T2203, PROVINCIAL AND TERRITORIAL TAXES FOR 2005 – MULTIPLE JURISDICTIONS, **instead of** completing Form NL428.

You also have to complete Form NL428 if you were a non-resident of Canada in 2005 and you earned income from employment in Newfoundland and Labrador, or received income from a business with a permanent establishment only in Newfoundland and Labrador.

Step 1 – Newfoundland and Labrador tax on taxable income

Enter on line 1 your taxable income from line 260 of your return. Use this amount to determine which **one** of the three columns you have to

complete. Enter this amount on line 2 of the applicable column and complete the calculation.

Step 2 – Newfoundland and Labrador non-refundable tax credits

The eligibility criteria and rules for claiming the Newfoundland and Labrador non-refundable tax credits are the same as for the federal non-refundable tax credits. However, **the value and calculation of some Newfoundland and Labrador non-refundable tax credits are different from the corresponding federal credits.**

To calculate many of the non-refundable tax credits, you will need to use the **PROVINCIAL WORKSHEET** in this book.

Newcomers to Canada and emigrants

If you prorated any of the amounts you claimed on lines 300 to 306, 315, 316, 318, 324, and 326 of your federal Schedule 1 you have to prorate the corresponding provincial amounts at lines 5804 to 5820, 5840, 5844, 5848, 5860, and 5864.

Line 5804 – Basic personal amount

Claim the basic personal amount of \$7,410.

Line 5808 – Age amount

You can claim this amount if you were 65 or older on December 31, 2005, and your net income (line 236 of your return) is less than \$49,134.

If your net income is:

- \$25,921 or less, enter \$3,482 on line 5808; or
- more than \$25,921 but less than \$49,134, complete the calculation for line 5808 on the PROVINCIAL WORKSHEET in this book to determine your claim.

Note

You may be able to transfer all or part of your age amount to your spouse or common-law partner or to claim all or part of his or her age amount. See line 5864 for details.

Line 5812 – Spouse or common-law partner amount

You can claim this amount if the rules are met for claiming the amount on line 303 of federal Schedule 1, and your spouse or common-law partner's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$6,661.

If your spouse or common-law partner's net income is:

- \$606 or less, enter \$6,055 on line 5812; or
- more than \$606 but less than \$6,661, complete the calculation on Form NL428 to determine your claim and enter the result on line 5812.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area of pages 3 and 4 [1] on your return.

Line 5816 – Amount for an eligible dependant

You can claim this amount if the rules are met for claiming the amount on line 305 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$6,661.

If your dependant's net income is:

- \$606 or less, enter \$6,055 on line 5816; or
- more than \$606 but less than \$6,661, complete the calculation for line 5816 on the PROVINCIAL WORKSHEET in this book to determine your claim.

If you have not already completed federal Schedule 5, complete and attach it to your return.

Line 5820 – Amount for infirm dependants age 18 or older

You can claim this amount if the rules are met for claiming the amount on line 306 of federal Schedule 1 and your dependant's net income (line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$7,410.

Complete the calculation for line 5820 on the PROVINCIAL WORKSHEET in this book to determine your claim.

Line 5824 – Canada Pension Plan or Quebec Pension Plan contributions through employment

Enter on this line the amount you claimed on line 308 of federal Schedule 1.

Line 5828 – Canada Pension Plan or Quebec Pension Plan contributions on self-employment and other earnings

Enter on this line the amount you claimed on line 310 of federal Schedule 1.

Line 5832 – Employment Insurance premiums

Enter on this line the amount you claimed on line 312 of federal Schedule 1.

Line 5833 – Adoption expenses

The adoption expenses you can claim on line 5833 are the same as those you can claim on line 313 of your federal Schedule 1. Enter on this line the amount you claimed on line 313 of federal Schedule 1.

Line 5836 – Pension income amount

You can claim this amount if you met the rules for claiming the amount on line 314 of federal Schedule 1. Enter on line 5836 the same amount that you entered on line 314.

Note

Only residents of Newfoundland and Labrador are eligible for this amount. If you are not a resident of Newfoundland and Labrador, you cannot claim this tax credit in calculating your Newfoundland and Labrador tax even though you may have received income from a source inside Newfoundland and Labrador in 2005.

Line 5840 – Caregiver amount

You can claim this amount if the rules are met for claiming the amount on line 315 of federal Schedule 1 and your dependant's net income

(line 236 of his or her return, or the amount that it would be if he or she filed a return) is less than \$13,853.

Complete the calculation for line 5840 on the PROVINCIAL WORKSHEET in this book to determine your claim.

Line 5844 – Disability amount

You can claim this amount if you met the rules for claiming the amount on line 316 of federal Schedule 1.

- If you were **18 or over** at the end of the year, enter \$5,000 on line 5844.
- If you were **under 18** at the end of the year, you may be eligible to claim a supplement up to a maximum of \$2,353 in addition to the disability amount of \$5,000. Complete the calculation for line 5844 on the PROVINCIAL WORKSHEET in this book to determine your claim.

Line 5848 – Disability amount transferred from a dependant (other than your spouse or common-law partner)

You can claim this amount if the rules are met for claiming the amount on line 318 of federal Schedule 1. Complete the calculation for line 5848 on the PROVINCIAL WORKSHEET in this book to determine your claim.

Line 5852 – Interest paid on your student loans

Enter on this line the amount you claimed on line 319 of federal Schedule 1.

Line 5856 – Your tuition and education amounts

The tuition and education amounts that you claimed on line 323 of your federal Schedule 1 may be different than the provincial amounts you calculate.

Complete Schedule NL(S11), PROVINCIAL TUITION AND EDUCATION AMOUNTS, to calculate your claim.

Receipts – If you are filing a paper return, **attach the completed Schedule NL(S11)**. Whether you are filing a paper return or electronically, keep your forms and official tuition fees receipts in case we ask to see them.

Transferring and carrying forward amounts

You may not need all of your 2005 tuition and education amounts to reduce your provincial income tax to zero. In this case, you may **transfer** all or part of the unused portion to **one** person, either your spouse or common-law partner (who would claim it on line 5864), or your parent or grandparent, or your spouse or common-law partner's parent or grandparent (who would claim it on line 5860).

You can only transfer an amount to your parent or grandparent, or your spouse or common-law partner's parent or grandparent, if your spouse or common-law partner does not claim an amount for you on line 5812 or 5864.

Complete the "Transfer/Carry forward of unused amount" section of Schedule NL(S11) to calculate the provincial amount available to transfer, as well as Form T2202, EDUCATION AMOUNT CERTIFICATE,

T2202A, TUITION AND EDUCATION AMOUNTS CERTIFICATE, TL11A, TUITION AND EDUCATION AMOUNTS CERTIFICATE – UNIVERSITY OUTSIDE CANADA, or TL11C, TUITION AND EDUCATION AMOUNTS CERTIFICATE – COMMUTER TO THE UNITED STATES, to designate who can claim it and the amount the person can claim. This amount may be different from the amount calculated for the same person on your federal Schedule 11. You must enter the provincial amount you are transferring on line 20 of your Schedule NL(S11).

Tax Tip

If you are transferring an amount to a designated person, do not transfer more than the person can use. That way, you can carry forward as much as possible to use in a future year.

Complete the "Transfer/Carry forward of unused amount" section of Schedule NL(S11) to calculate the amount you can **carry forward** to a future year. This amount corresponds to the part of your tuition and education amounts you do not need to use (and do not transfer) for the year.

Line 5860 – Tuition and education amounts transferred from a child

You can claim this amount if the rules are met for claiming the amount on line 324 of federal Schedule 1.

Enter on line 5860 the total of all provincial amounts transferred to you that each student designated on his or her Form T2202, T2202A, TL11A, or TL11C.

Notes

The student **must have entered this amount on line 20** of his or her Schedule NL(S11). He or she may have chosen to transfer an amount that is less than the available provincial amount. The student cannot transfer to you any unused tuition and education amounts carried forward from a previous year.

If the student was a resident of another province or territory on December 31, 2005, special rules may apply. Call us to determine the amount you can claim on line 5860.

Other rules may apply if the student has a spouse or a common-law partner. See line 324 in the GENERAL INCOME TAX AND BENEFIT GUIDE.

Receipts – If you are filing a paper return, **do not include the student's Schedule NL(S11)**, forms, or official tuition fees receipts. Whether you are filing a paper return or electronically, keep all of your documents in case we ask to see them.

Line 5864 – Amounts transferred from your spouse or common-law partner

You can claim these amounts if the rules are met for claiming the amount on line 326 of federal Schedule 1. Complete Schedule NL(S2), PROVINCIAL AMOUNTS TRANSFERRED FROM YOUR SPOUSE OR COMMON-LAW PARTNER, to calculate your claim. Attach this schedule to your return.

Line 5868 – Medical expenses

The medical expenses you can claim on line 5868 are the same as those you can claim on line 330 of your federal Schedule 1. They have

to cover the **same 12-month period** ending in 2005 and must not have been claimed on a 2004 return. Your total expenses have to be more than either 3% of your net income (line 236 of your return) or \$1,614, whichever is less.

Note

If the total medical expenses claimed is more than \$1,614 but less than \$1,844, it is important that you enter the amount on line 5868 **and** on line 330 of your federal Schedule 1.

Line 5872 – Allowable amount of medical expenses for other dependants

In addition to the medical expenses claimed on line 5868, you can claim medical expenses for other dependants.

The medical expenses you use to calculate your claim on line 5872 are the same as those used to calculate your federal claim on line 331. They have to cover the **same 12-month period** ending in 2005 and must not have been claimed on a 2004 return.

The total expenses for each dependant have to be more than either 3% of that dependant's net income (line 236 of his or her return) or \$1,614, whichever is less. The maximum amount you can claim is \$10,000 for each dependant.

Complete the calculation for line 5872 on the PROVINCIAL WORKSHEET in this book to determine your claim.

Line 5896 – Donations and gifts

To calculate your claim for line 5896, enter the amounts from lines 345 and 347 of federal Schedule 9 and multiply them by the rates on lines 34 and 35 of Form NL428.

Step 3 – Newfoundland and Labrador tax

Line 39 – Newfoundland and Labrador tax on split income

If you have to pay federal tax on split income on line 424 of your federal Schedule 1, complete Part 2 of Form T1206, TAX ON SPLIT INCOME, to calculate the provincial tax that applies to this income. Form T1206 also contains a special rule that applies to the amount

you enter on line 428 of your return. You can find more information on tax on split income in the GENERAL INCOME TAX AND BENEFIT GUIDE.

Line 47 – Newfoundland and Labrador additional tax for minimum tax purposes

If you have to pay federal minimum tax as calculated on Form T691, ALTERNATIVE MINIMUM TAX, you will also have to determine your Newfoundland and Labrador additional tax for minimum tax purposes.

To do this, complete the calculation on line 47 of Form NL428. You can find information about minimum tax in the GENERAL INCOME TAX AND BENEFIT GUIDE.

Line 51 – Provincial foreign tax credit

If your federal foreign tax credit on non-business income is less than the related tax you paid to a foreign country, you may be eligible to claim a provincial foreign tax credit.

To claim the credit, get Form T2036, PROVINCIAL OR TERRITORIAL FOREIGN TAX CREDIT, from the CRA's Web site or by contacting us

(see the section called "If you have questions . . ." on page 5001-PC – 5 [at the beginning of this book]).

Enter, on line 51 of Form NL428, the tax credit calculated on line 5 of Form T2036.

Receipts – Attach Form T2036 to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

Lines 53 and 54 – Political contribution tax credit

You can claim a credit for the contributions you made in 2005 to registered Newfoundland and Labrador political parties or district associations, or to registered Newfoundland and Labrador independent political candidates during an election period.

How to claim

Enter your total contributions on line 53 of Form NL428. Determine the amount to enter on line 54 as follows:

- For contributions of **more than \$1,150**, enter \$500 on line 54.

- For contributions of **\$1,150 or less**, complete the calculation for line 54 on the PROVINCIAL WORKSHEET in this book.

Receipts – Attach to your paper return official receipts signed by an official of the recognized political party or constituency association, or the candidate's agent. If you are filing electronically, keep your receipts in case we ask to see them.

Line 56 – Labour-sponsored venture capital tax credit

You can claim a credit equal to 15% of your investment in eligible shares you acquired within 60 days of 2005, to a maximum of \$750, plus a credit equal to 15% of your investment in eligible shares you acquired in the remainder of 2005 or in the first 60 days of 2006 to a maximum of \$750. The maximum amount you can claim for 2005 is \$1,500.

Enter on line 56 of Form NL428 the credit shown on the Labour-sponsored venture capital (LSVC) Tax Credit Certificate(s).

Tax tip

You may also be eligible for a federal tax credit. For details, see lines 413 and 414 in the GENERAL INCOME TAX AND BENEFIT GUIDE.

Receipts – Attach your LSVC Tax Credit Certificate(s) to your paper return. If you are filing electronically, keep all your documents in case we ask to see them.

Line 58 – Direct equity tax credit

You can claim this credit for investments in eligible shares you acquired in 2005 (that you did not claim on your 2004 return) or in the first 60 days of 2006.

To claim the credit, get Form T1272, NEWFOUNDLAND AND LABRADOR DIRECT EQUITY TAX CREDIT, from the CRA's Web site or by contacting us (see the section called "If you have questions . . ." on page 5001-PC – 5 [at the beginning of this book]).

Enter on line 58 the tax credit calculated on line 6 of Form T1272.

Receipts – Attach Form T1272 along with Form NLDETC-1 to your paper return. If you are filing electronically, keep all of your documents in case we ask to see them.

Unused direct equity tax credit

You can carry forward unused Newfoundland and Labrador direct equity tax credits for seven years, or back three years.

Any unused direct equity tax credit is shown on your most recent NOTICE OF ASSESSMENT or NOTICE OF REASSESSMENT.

You may not need all of your credit to reduce your 2005 provincial income tax to zero. Use Form T1272 to calculate any unused credit available for carryback to previous years or to carry forward to a future year.

Newfoundland and Labrador low-income tax reduction

You **can** claim this tax reduction if you were a resident of Newfoundland and Labrador on December 31, 2005.

If you had a spouse or common-law partner on December 31, 2005, you and your spouse or common-law partner have to decide which one of you will claim the low-income tax reduction for your family. Any unused amount can be claimed by the other spouse or common-law partner.

If you are preparing a return for a person who died in 2005, you can claim the tax reduction on the deceased person's final return if he or she was a resident of Newfoundland and Labrador on the date of death.

Line 60 – Unused low-income tax reduction from your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2005, and he or she did not need all of the low-income tax reduction to reduce his or her Newfoundland and Labrador tax to zero, you can claim, on line 60, the unused amount calculated on his or her provincial worksheet.

Line 62 – Basic reduction

Claim \$416 for yourself.

Line 63 – Reduction for spouse or common-law partner

Claim \$48 if you had a spouse or common-law partner on December 31, 2005.

Line 64 – Reduction for an eligible dependant

Claim \$48 if you claimed the amount for an eligible dependant on line 5816 of Form NL428.

Line 68 – Net family income

Your net family income is your net income added to the net income of your spouse or common-law partner, if you had one on December 31, 2005. Family net income does not include your child's net income. Net income is the amount on line 236 of a person's return, or the amount that it would be if the person filed a return.

Note

Enter your marital status and the information about your spouse or common-law partner (including his or her net income, even if it is zero) in the Identification area on pages 3 and 4 [1] of your return.

Unused low-income tax reduction that can be claimed by your spouse or common-law partner

If you had a spouse or common-law partner on December 31, 2005, your spouse or common-law partner can claim, on his or her 2005 Form NL428, any amount of the low-income tax reduction that you do not need to reduce your Newfoundland and Labrador tax to zero.

Complete the calculation on the PROVINCIAL WORKSHEET in this book to determine the unused amount that your spouse or common-law partner can claim on his or her Form NL428.