



NOVA SCOTIA CORPORATE TAX REDUCTION FOR NEW SMALL BUSINESSES (1998 and later taxation years)

Form with fields for Name of corporation, Business Number, and Taxation year end (Year, Month, Day).

- The Nova Scotia corporate tax reduction for a new small business applies to the first three taxation years of a qualifying Canadian-controlled private corporation (CCPC) incorporated in Nova Scotia.
• The Nova Scotia Department of Finance administers the eligibility requirements.
• The reduction is not available for the taxation year if, before incorporation, the same or substantially the same business was carried on as a sole proprietorship, partnership, or corporation...
• This reduction is only available to a corporation that qualifies for the federal small business deduction for the year...
• The reduction is not available to any corporation that was associated with another corporation at any time since the date of incorporation...
• The tax reduction is based on the portion of an eligible corporation's taxable income earned in the year in Nova Scotia.
• This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Calculation of the Nova Scotia corporate tax reduction for new small businesses

The least of amounts on lines 400, 405, 410, and 425 of the small business deduction calculation on page 3 of the T2 return A

Amount A x Taxable income earned in Nova Scotia / Taxable income earned in all provinces * = B

Nova Scotia corporate tax reduction - 5% of amount B C

Enter amount C on line 556 in Part 2 of Schedule 5.

* Includes the territories, Nova Scotia and Newfoundland offshore.