

NEW BRUNSWICK RESEARCH AND DEVELOPMENT TAX CREDIT (2003 and later taxation years)

Corporation's name	Business Number	Taxation year				-end	end		
·			Υe	ear		Mc	nth	Day	
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- Use this schedule if you are a corporation with a permanent establishment in New Brunswick that has made eligible expenditures for scientific research
 and experimental development carried out in the province, and you want to:
 - claim a carryforward of New Brunswick research and development (R&D) tax credits on eligible expenditures made before January 1, 2003 (non-refundable credit), to reduce New Brunswick income tax otherwise payable in the current year;
 - request a carryback of the non-refundable credit to reduce the New Brunswick income tax otherwise payable in any of the three preceding taxation years;
 - calculate a refundable New Brunswick R&D tax credit on eligible expenditures made after December 31, 2002;
 - show a credit allocated to a corporation that is a member of a partnership, or a credit allocated to a corporation that is a beneficiary under a trust;
 - show a transfer of a credit following an amalgamation or the windup of a subsidiary, as described under subsections 87(1) and 88(1) of the federal Income Tax Act,
 - renounce the non-refundable credit; or
 - calculate a recapture of the New Brunswick R&D tax credit.
- An eligible expenditure for R&D is one that meets the definition of a **qualified expenditure** in subsection 127(9) of the federal *Income Tax Act*. Deduct the amount of any government assistance, non-government assistance, or contract payment in calculating the amount of a qualified expenditure.
- Non-refundable credits earned on eligible expenditures for scientific research and experimental development incurred before January 1, 2003, may be renounced. A partial renouncement is not permitted. Therefore, you have to include in the amount being renounced the entire non-refundable credit earned in the current year and all non-refundable credits being carried forward. You have to file the renouncement on or before the filing date of the T2 Corporation Income Tax Return.
- Credits earned on eligible expenditures made before January 1, 2003, can be carried forward to the seven following taxation years and carried back to the three preceding taxation years. The credit referred to on line A is available to reduce New Brunswick tax otherwise payable in the current year.
- Credits earned on eligible expenditures made after December 31, 2002, are applied to reduce New Brunswick income tax otherwise payable for the
 year, as well as amounts owing under the federal and provincial income tax acts, the Canada Pension Plan, and the Employment Insurance Act. Any
 remaining balance will be refunded.
- File one completed copy of this schedule with your T2 Corporation Income Tax Return.

Total eligible expenditures for R&D made in the current year and before January 1, 2003	103	
Part 2 – Calculation of non-refundable credit available for carryforward		
Non-refundable credit at the end of the preceding taxation year		
Deduct: Non-refundable credit expired after seven taxation years		
Non-refundable credit at the beginning of the taxation year	>	
Add:		
Non-refundable credit transferred on an amalgamation or the windup of a subsidiary 110		
Current-year non-refundable credit earned Line 103 x 10% = 120		
Non-refundable credit allocated to a corporation that is a member of a partnership		
Non-refundable credit allocated to a corporation that is a beneficiary under a trust 140		
Subtotal	>	
Total non-refundable credit available		A
Deduct:		
Non-refundable credit renounced		
Non-refundable credit claimed in the current year (enter on line 577 in Part 2 of Schedule 5) 160		
Non-refundable credit carried back to preceding taxation year(s) (complete Part 3)	B	
Subtotal	>	
Closing balance	200	

Part 3 - Request for a carryback of non-refundable credit

1st preceding taxation year 2nd preceding taxation year 3rd preceding taxation year

Year	Month	Day
		ı
		ı

901	
902	
903	

Total (enter on line B in Part 2)

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Non-refundable credit Non-refundable credit Year of origin (earliest year first) available Year of origin (earliest year first) available Year Month Day Year Month Day Total (line 200 in Part 2) Part 5 - Calculation of refundable New Brunswick R&D tax credit -Total eligible expenditures for R&D made in the current year and after December 31, 2002 121 Current-year refundable credit earned Refundable credit allocated to a corporation that is a member of a partnership Refundable credit allocated to a corporation that is a beneficiary under a trust Total refundable New Brunswick R&D tax credit (amount C plus amount D) Enter the amount from line 190 above on line 597 of Schedule 5. Part 6 – Calculation of a recapture of New Brunswick R&D tax credit – You will have a recapture of New Brunswick R&D tax credit in a year when you meet all the following conditions: • you acquired a particular property in the current year or in any of the four preceding taxation years, and after December 31, 2002; you claimed the cost of the property as an eligible expenditure for the New Brunswick R&D tax credit; • the cost of the property was included in calculating your tax credit at the end of the taxation year or was subject to an agreement made under subsection 127(13) of the federal Income Tax Act to transfer qualified expenditures; and · you disposed of the property or converted it to commercial use in the current year and after December 31, 2002. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the property previously referred to. The recapture does not apply if you disposed of the property to a non-arm's-length buyer who intended to use it all or substantially all for R&D. When the non-arm's-length buyer later sells or converts the property to commercial use, the recapture rules will apply to the buyer based on the historical New Brunswick R&D tax credit of the original user. You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership or a beneficiary under a trust, report its share of the recapture. If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below. **Calculation 1** – If you meet all the above conditions – Amount of New Brunswick R&D tax credit Amount from column 700 or 710, Amount calculated using the New Brunswick you originally calculated for the property you R&D tax credit rate on the date of acquisition whichever is less acquired, or the original user's tax credit (or the original user's date of acquisition) where you acquired the property from a on either the proceeds of disposition non-arm's-length party, as described in the (if sold in an arm's-length transaction) note above or the fair market value of the property (in any other case) 700 710 2 3 Е Subtotal __ Enter amount from line E on line N on page 3.

Part 4 – Analysis of non-refundable credit available for carryforward by year of origin —

		e L below.
F	G	н
The rate the transferee used to determine its New Brunswick R&D tax credit for eligible expenditures under a subsection 127(13) agreement	The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition	The amount, if any, already provided for in calculation 1 (where only part of the cost of a property is transferred under a subsection 127(13) agreement)
720	730	740
ı	J	к
Amount determined by the formula (F x G) – H (using the columns above)	New Brunswick R&D tax credit earned by the transferee for the eligible expenditures that were transferred	Amount from column I or J, whichever is less
	750	
ter amount L on line O below.	Subtotal	
— Calculation 3 —		
As a member of a partnership or a beneficiary	under a trust, you have to report your share of the re	capture on line M below:
Corporation's share of the recapture of New Br	unswick R&D tax credit	760
Enter amount M on line P below.		
Part 7 – Total recapture of New Brunsw	rick R&D tax credit —	
ecaptured New Brunswick R&D tax credit for ca	alculation 1 from line E on page 2	
•		
	alculation 2 from line L above	

Enter amount Q on line 573 of Schedule 5.