



# OVERSEAS EMPLOYMENT TAX CREDIT (for 2002 and subsequent years)

Use this form to claim the overseas employment tax credit.

Your employer has to complete Part 1 of this form before you can complete Part 2, on the reverse side.

Enter the year to which the credit applies in the applicable box. If your employment period covers more than one year, complete a separate form for each year. Attach a completed copy of this form to your return.

Claiming this tax credit may result in you having to pay minimum tax. To determine if minimum tax applies to you, complete Form T691, *Alternative Minimum Tax*.

For more information, see Interpretation Bulletin IT-497, *Overseas Employment Tax Credit*.

<b>Tax Year</b>

## Part 1 - Employer certification

Complete this Part to certify the employment conditions of the employee identified below as it relates to the employment that qualifies for the overseas employment tax credit.

Do not complete this Part if the employment income does not qualify. It may not if you are in the business of providing services and you employed five or less full-time employees throughout the year. If this is your situation, see subsection 122.3(1.1) of the *Income Tax Act*.

Employee's name	Social insurance number

A. Did this employee work for you throughout a period **exceeding six consecutive months** that began before the end of the year and included any part of the year indicated **above**? Yes  No

If "yes", please indicate the period of employment (referred to as the **qualifying period**):

from 

Y	M	D

 to 

Y	M	D

B. Throughout the qualifying period, did this employee perform services **other than** under the international development assistance program of the Canadian International Development Agency (CIDA)? Yes  No

C. Throughout the qualifying period, did the employee perform **at least 90%** of his or her employment duties **outside Canada** in connection with a contract (or for the purpose of obtaining a contract) under which you carried on a business outside Canada conducting one of the following activities? Yes  No

If "yes", check the applicable box:

- the exploration for or exploitation of petroleum, natural gas, minerals, or other similar resources;
- any construction, installation, agricultural, or engineering activity;
- any activity performed under contract with the United Nations (UN);
- or**
- any activity performed to obtain a contract on your behalf to undertake any of the above activities.

Provide the name of the country \_\_\_\_\_  
 where the activities were performed and \_\_\_\_\_  
 a brief description of the project: \_\_\_\_\_

D. Throughout the qualifying period, were you an employer who belonged to one of the following categories? Yes  No   
 If "yes", check the applicable box:

- a person (including a corporation) resident in Canada;
- a partnership in which persons resident in Canada, or corporations controlled by persons resident in Canada own interests that exceed 10% of the fair market value of all interests in the partnership; or
- a corporation that is a foreign affiliate of a person resident in Canada.

Name of employer	Employer's account number	Name of the tax services office that processed a tax waiver for this credit (if one was requested)
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I, \_\_\_\_\_, am an authorized signing officer of the entreprise. I certify that the information given on this form is, to the best of my knowledge, correct and complete.

Date	Signature of authorized officer	(      ) Telephone number
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## Part 2 – Overseas employment tax credit calculation

Complete this Part **only** if your employer answered "yes" to questions A to D in Part 1.

### Limit based on period of employment

Number of days in the qualifying period (referred to in question A of Part 1) that are in the tax year identified on the front of this form (and during which you were a resident of Canada for tax purposes) ..... **6770** ..... **1**

Enter the number of days from line 1 above and do the following calculation:  $\frac{\text{Line 1}}{365} \times \$80,000 =$  ..... **E**

### Limit based on employment income

Employment income for the period referred to on line 1 (included on lines 101 and 104 of your return) ..... **2**

Employment deductions related to amount on line 2 (see note below):

Annual union or professional dues (included on line 212 of your return) .....		<b>3</b>	
Registered pension plan contributions (included on line 207 of your return) .....	+		<b>4</b>
Other employment expenses (included on line 229 of your return) (please specify) .....	+		<b>5</b>
Add lines 3 to 5 .....	=		<b>6</b>

Line 2 minus line 6 ..... **6772** = ..... **7**

**Note:** If any of these employment deductions claimed on your return do not exclusively relate to the amount on line 2, use the same ratio from line E to apportion them (divide the number of days in the period by 365).

Enter the amount from line 7 .....  $\times 80\% =$  ..... **F**

### Calculation of the allowable tax credit

Net income for the year (from line 236 of your return) ..... **8**

Employee home relocation loan deduction (from line 248 of your return) .....		<b>9</b>	
Amount for shares deductible under paragraph 110(1)(d.2) or (d.3) of the <i>Income Tax Act</i> (included on line 249 of your return) .....	+		<b>10</b>
Net capital losses of other years (from line 253 of your return) .....	+		<b>11</b>
Capital gains deduction (from line 254 of your return) .....	+		<b>12</b>
Deductions from lines 250 and 256 of your return .....	+		<b>13</b>
Add lines 9 through 13 .....	=		<b>6773</b> <b>14</b>

Line 8 minus line 14 ..... **G**

Amount from line 8 of Schedule 1, *Federal Tax* ..... **15**

Non-refundable tax credits from line 350 of your Schedule 1 ..... **16**

Line 15 minus line 16 ..... **H**

Enter the amount from line E or line F, whichever is **less** .....  $\times$  Amount from line H ..... = ..... **6774** ..... **17**

Divide by the amount from line G ...

### Enter the amount from line 17 on line 426 of your Schedule 1.

This amount may also be used to calculate a provincial or territorial overseas employment tax credit on your provincial or territorial Form 428.