



OVERSEAS EMPLOYMENT TAX CREDIT
CALENDAR YEAR _____

Step I - Must be fully completed by the employer (print or type)

Employer certification

I, _____ (authorized officer), certify that _____ (employee's full name),
social insurance number _____, was employed by _____ (employer's full name)
throughout a period of more than 6 consecutive months (the "qualifying period") that began before the end of the calendar year and included any part
thereof. **

The employer has met the requirements of subsection 122.3(2) of the Income Tax Act as a specified employer and is one of the following (check one):

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

The employee, during that qualifying period extending from _____ to _____ :

(1) was employed, other than for performing services under international development assistance program of the Canadian International Development
Agency (CIDA);
and

(2) throughout that period performed all or substantially all (90% or more) of the duties of employment outside Canada in connection with a contract
under which the employer carried on a business outside Canada conducting one of the following activities outlined in clause 122.3(1)(b)(i) (A),(B), or
(C) of the Income Tax Act (check one):

- checkbox the exploration for or exploitation of petroleum, natural gas, minerals, or other similar resources;
checkbox any construction, installation, or agricultural or engineering activity; or
checkbox an activity performed under contract with the United Nations; (For 1994 and subsequent calendar years only)

or

checkbox for the purpose of obtaining, on behalf of the employer, a contract to undertake any of the above activities.
Please provide details: e.g., country, name of the project.

If a waiver on withholding had been requested with respect to this credit, please provide the name of the tax services office where the waiver request was
processed:

The employer also undertakes to provide to Revenue Canada, on request, any necessary information to substantiate the accuracy of the information on this
form.

_____, _____ ()
Date Signature of authorized officer Employer's business account number Telephone number

Notes: * Employment income will not qualify for this tax deduction for 1997, and subsequent taxation years, if all of the following conditions are met:

- the employer:
- carries on a business of providing services;
and
- does not employ throughout the year more than 5 full-time employees,
the individual either:
- does not deal at arm's length with the employer, or is a "specified shareholder" of the employer (i.e.: generally, an individual who owns directly or indirectly not less
than 10% of any class of shares of the employer);
or where the employer is a partnership,
- does not deal at arm's length with a member of the partnership, or is a specified shareholder of a member of the partnership,
and, the individual, but for the existence of the employer,
- would be reasonably be regarded as an employee of another person or partnership that is not a specified employer (e.g.: foreign corporation).

** If the qualifying period extends over more than one calendar year, you must complete this form for each of the years.

Step II - Calculation of employment income

1. Number of days in the qualifying period referred to in Step I that are in this calendar year and during which you were resident in Canada **6770** A
 2. Gross salary, wages, and other remuneration for the period referred to in A \$ B
 3. Deduct: Employment deductions related to amount B:
 4. Sales expenses \$ _____
 5. Travelling expenses _____
 6. Annual union or professional dues _____
 7. RPP contributions _____
 8. Other deductions (please specify) _____
 9. **Total** **\$** _____ C
 10. Net salary, wages and remuneration for the period referred to in A (amount B minus amount C) **6772** **\$** _____ D
- Note: You should apportion employment deductions partly related to the period referred to in A in the same ratio as the number of days relates to 365.

Step III - Calculation of credit limits

11. Enter the number of days in A above _____ X \$80,000 = \$ _____ E
divided by 365
 12. Enter the amount in D above \$ _____ X 80% = \$ _____ F
 13. Net income for the year (line 236 of T1 return) \$ _____
 14. Add: Forward-averaging withdrawal (Form T581) included in calculating taxable income (for 1997 and prior tax years) _____
- Notes: If the amount on line 5 of Form T581 is positive, enter the amount from line 6 of that form on line 14 above. If the amount on line 5 of Form T581 is negative, enter any positive amount from line 7 of that form on line 14 above. If line 7 of Form T581 is also negative, enter nil on line 14 above.
15. Subtotal (lines 13 and 14) \$ _____
 16. Deduct: Any deduction for net capital losses of other years (line 253 of T1 return) \$ _____
 17. Amounts for shares deductible under paragraph 110(1)(d.2) or 110(1)(d.3) _____
 18. Employee home relocation loan deductible under paragraph 110(1)(j) _____
 19. Capital gains deduction (line 254 of T1 return) _____
 20. Payments of income deductible under paragraph 110(1)(f) _____
 21. **Total** of line 15 minus lines 16 to 20 **\$** _____ G

Step IV - Calculation of basic federal tax (you must report the calculated amount on Schedule 1, Federal Tax Calculation)

22. Enter taxable income (line 260 of T1 return) \$ _____
23. On the first _____ the tax is _____
24. On the remaining _____ tax at _____ % is _____
25. **Total** (lines 23 and 24) \$ _____
26. Add: Tax adjustments (see line 423 of guide) _____
27. **Total** (lines 25 and 26) **\$** _____
28. Subtract: Total of non-refundable tax credits (line 350 of T1 return) _____
29. **Total** **\$** _____ H
30. Subtract: Overseas employment tax credit (note c) (amount I from step V below) _____
31. **Total** **\$** _____
32. Subtract: Federal dividend tax credit (see line 425 of guide) _____
33. **Total** **\$** _____
34. Subtract: Minimum tax carry-over (see line 427 of guide) _____
35. Basic federal tax (enter this amount on line 429 on Schedule 1 of T1 return) **\$** _____

Notes: a) A foreign tax paid on income subject to an overseas employment tax credit must be excluded in calculating any foreign tax credit to which you may be entitled.
b) If you are otherwise entitled to a foreign tax credit, the amount on line 30 must be added to the federal tax plus any dividend tax credit in the multiplier (on Schedule 1) of the foreign tax credit calculation.
c) The amount on line 30 must be added to basic federal tax for purposes of the individual surtax calculation (on Schedule 1).
d) A claim for the overseas employment tax credit may result in the application of minimum tax. You should also complete Form T691, *Calculation of Minimum Tax*, to determine if minimum tax is payable.

Step V - Calculation of overseas employment tax credit

36. Enter the lesser of E and F \$ _____ X amount H \$ **6774** I
divided by amount G \$ _____