

WHO SHOULD APPLY

Corporations entitled to a Royalty Tax Credit for a taxation year may apply to receive Royalty Tax Credit instalments during the taxation year.

WHEN TO APPLY

If the corporation's Alberta Royalty Tax Credit (ARTC) claim in the previous year or the current year is less than the maximum claim, then the corporation must submit an application in each month of entitlement. However, in any month in the taxation year, application may be made for cumulative unpaid instalments for each year. A claim for a taxation year must be filed before the end of that year. Each time a corporation files an application, it will automatically receive an application form for use in making the subsequent claim.

Corporations that had the maximum ARTC claims in the last two years and that are claiming the maximum ARTC in the current year are not required to file monthly instalment applications. Only ONE application at the beginning of the taxation year is necessary. A corporation that makes an annual claim for maximum instalments should immediately advise Tax and Revenue Administration if circumstances during the year indicate that instalments are excessive as interest is charged on excessive instalments.

COMPLETING THE APPLICATION FORM

To avoid processing delays, all information requested on the form must be provided.

DATE OF ENTITLEMENT (Line 040)

A corporation is entitled to a month's Royalty Tax Credit instalment commencing from its **taxation year BEGINNING** date for each month in their taxation year. For example, the effective dates of entitlement for a corporation with a January 1 taxation year BEGINNING would be January 31, February 28, March 31 and so on (the last day of each month). Whereas the effective dates of entitlement for a corporation with a June 16 taxation year BEGINNING would be July 15, August 15, September 15 and so on (a month less a day from the taxation year beginning and the same day for each month following). The final date of entitlement is the tax year end date.

CORPORATIONS ASSOCIATED FOR ROYALTY TAX CREDIT PURPOSES (Line 046)

For purposes of the Royalty Tax Credit program, corporations are associated if they are associated pursuant to section 256 of the Income Tax Act (Canada) and if they have Alberta Crown Royalty. Corporations that are associated must allocate among themselves the Aggregate of the Crown Royalty Shelters on which Royalty Tax Credit may be claimed. For taxation years commencing after 1994, this maximum is \$2,000,000, prorated downward if none of the associated corporations have a full 365-day year.

REVISION TO ESTIMATED ALBERTA CROWN ROYALTY (Line 050)

During the year, a corporation may become aware that the Alberta Crown Royalty upon which previous instalments were based was over or understated. If so, enter the revised amount on line 050 and base the calculation on the revised amount. An explanation in writing must be submitted with the application. Tax and Revenue Administration may request additional information at a later date.

REPAYMENT DUE (Line 060)

If the amount on line 060 is negative, the corporation can minimize interest charges by promptly remitting this amount to Tax and Revenue Administration. For example, if a corporation's Royalty Tax Credit instalments are based on an estimated Alberta Crown Royalty that is greater than the actual Alberta Crown Royalty for the year, interest will be charged on the excess instalment commencing from the time of the initial overclaim to the time the excess is repaid. Such interest is not deductible for tax purposes.

APPLICATION OF NET INSTALMENT CLAIM (Lines 062, 064 & 066)

Complete this section of the form only if the amount at line 060 is positive. An approved ARTC instalment must first be applied to assessed balances outstanding on the corporation's tax account(s). Amounts not so applied will be paid to the corporation or, if the corporation requests, credited to its account as an instalment of Part 5 tax.

Arrears: Royalty Tax Credit instalments will automatically be used to offset arrears of Alberta corporate income tax, interest and penalties.

Tax Instalments: The corporation may elect to pay instalments of Alberta corporate income tax by entering the desired amount at line 064. The tax instalment will be credited to your account as of the Effective Date of Entitlement shown at line 040 or as of the date the application form is received by the Administration, whichever is later.

Any excess of net Royalty Tax Credit instalments over corporate income tax arrears and instalments will be paid to the corporation. This amount payable is entered at line 066.

ENQUIRIES

Enquiries concerning a particular corporation's claim should be directed to (780)427-3044. If calling long distance within Alberta, call 310-0000 then enter (780)427-3044. Fax (780)427-0348.