

PROVINCIAL FOREIGN TAX CREDIT

Use this form to calculate the foreign tax credit that you can deduct from your provincial income tax payable to your **province of residence** at the end of the tax year. References to a province also include the Yukon, the Northwest Territories, and Nunavut.

To claim this credit, you must have been resident in a province (other than Quebec) on December 31 of the tax year or on the date you departed from Canada. A deceased person must have been resident in a province (other than Quebec) on the date of death. In addition, you must have had to include, on your Canadian return, income originating in a foreign country. The non-business taxes you paid to that foreign country must have been more than the federal non-business foreign tax credits.

Attach a completed copy of this form to your return. If the total taxes you paid to all foreign countries is more than \$200, complete a separate form for each foreign country to which you paid taxes.

Amount from line 1 of Form T2209, <i>Federal Foreign Tax Credit</i> , or from line (i) of Schedule 1	_____	1		
Amount from line 3 of Form T2209 or from line 14 of Schedule 1 (see Note 1)	- _____	2		
Line 1 minus line 2	= _____	3		
Net foreign non-business income *	_____			
Divided by: Net income **	_____			
	×			

	=			
	_____	4		
Enter the amount from line 3 or line 4, whichever is less	Provincial foreign tax credit	<table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 80%;"></td><td style="width: 20%;"></td></tr></table> 5		

* **Net foreign non-business income** (see Note 2) is the net amount you calculate when the non-business income you earned in a foreign country exceeds the non-business losses you incurred in the same country. When you calculate the non-business income and losses, claim the allowable expenses and deductions relating to the foreign income or loss (including deductions claimed under subsections 20(11) or 20(12) of the federal *Income Tax Act*, and excluding any deduction you claimed for a dividend you received from a controlled foreign affiliate).

Reduce this amount by:

- any income from that foreign country for which you claimed a capital gains deduction;
- any income from that country that was, under a tax treaty between Canada and that country, either deductible as exempt income in Canada, or exempt from tax in that country; and
- any part of employment income from that country for which you claimed an overseas employment tax credit (an amount that is the **lesser** of the amounts of lines E or F of Form T626, *Overseas Employment Tax Credit*).

If the net foreign non-business income is more than **net income**, use **net income** in the calculation.

** **Net income** (see Note 3) is the amount on line 236 of your return plus, if applicable, the amount on line 3 of Form T1206, *Tax on Split Income* (if you were not a resident of Alberta and you completed Form T2203, *Provincial and Territorial Taxes for 2001 – Multiple Jurisdictions*, use the net income you allocated to your province of residence), minus any of the following:

- amounts deductible as an employee home relocation loan deduction (line 248 of your return);
- amounts deductible as stock option and shares deductions (line 249 of your return);
- amounts deductible as an other payments deduction (line 250 of your return);

- net capital losses of other years you claimed (line 253 of your return);
- capital gains deduction you claimed (line 254 of your return); and
- foreign income deductible as exempt income under a tax treaty, or deductible as net employment income from a prescribed international organization (included on line 256 of your return).

*** **Provincial tax otherwise payable** is the provincial tax calculated before determining the provincial foreign tax credit. Use the applicable provincial tax calculation form to determine this amount. If you were a resident of Ontario, calculate this amount by adding the amounts of lines 41 and 42 of Form ON428 to the amount from line 47 and continue the calculation. The amount from line 51 is your "provincial tax otherwise payable" for the purposes of the provincial foreign tax credit. If you were a resident of Alberta, calculate this amount by adding the amounts of lines 35 and 36 of Form AB428 to the amount from line 39.

Note 1: If minimum tax applies and you were a resident of Ontario, Saskatchewan, or Alberta, enter on line 2 the portion of the special foreign tax credit (line 88 of Form T691, *Alternative Minimum Tax*) that relates to non-business-income taxes you paid to a foreign country.

Note 2: If you were a resident of Canada for only part of the year, include only the income for the part of the year you were a resident.

Note 3: If you were a resident of Canada for only part of the year, include the income for the part of the year you were a resident of Canada plus the taxable income that you earned in Canada for the part of the year you were not a resident of Canada. Your taxable income is the amount before deductions under paragraphs 115(1)(d) to (f) of the federal *Income Tax Act* as reported on your Canadian return.