

PROVINCIAL OR TERRITORIAL FOREIGN TAX CREDIT

Use this form to calculate the **non-business** foreign tax credit for 2003 that you can deduct from the income tax payable to your province or territory of residence.

To claim this credit, you must have paid in 2003 income taxes to a foreign country on non-business income you received from that country, and the amount of taxes you paid must be more than the federal non-business foreign tax credits that you were entitled to deduct for 2003. In addition, you must include the foreign non-business income on your Canadian return. You must have been resident in a province or territory other than Quebec on December 31 of the year or resident in a province or territory other than Alberta or Quebec on the date you departed from Canada. A deceased person must have been resident in a province or territory (other than Quebec) on the date of death.

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

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| Enter the amount from line 1 of Form T2209, <i>Federal Foreign Tax Credit</i> , or from line (i) of federal Schedule 1. | _____ | 1 |
| Enter the non-business portion of the federal foreign tax credit you are entitled to deduct on line 14 of federal Schedule 1. If you are subject to minimum tax, see Note 1. | - _____ | 2 |
| Line 1 minus line 2. | = _____ | 3 |
| Net foreign non-business income * | _____ | |
| Divided by: Net income ** | _____ | |
| × | Provincial or territorial tax otherwise payable *** _____ | 4 |
| Enter the amount from line 3 or line 4, whichever is less | = _____ | 5 |
| Provincial or territorial foreign tax credit | | |
| Enter the amount from line 5 on the line for the provincial or territorial foreign tax credit of Form 428. If you have to pay tax to more than one jurisdiction, enter the amount from line 5 on the applicable Part 4, Section 428MJ of Form T2203, for the province or territory you resided on the last day of the year. | | |

* **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 2003 – Multiple Jurisdictions*, use the net income you allocated to your province or territory 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
- amounts deductible as net employment income from a prescribed international organization, as foreign income exempt under a tax treaty, or as adult basic education tuition assistance which are included on line 256 of your return.

*** **Provincial or territorial tax otherwise payable** is the tax calculated for your province or territory of residence before determining the provincial and territorial foreign tax credit. Use the applicable provincial or territorial tax calculation, from Form 428 or Section 428MJ of Form T2203, 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 or territorial 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 41. This amount is your "provincial or territorial tax otherwise payable" for the purposes of the provincial foreign tax credit.

Note 1: If minimum tax applies, 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 part of the year, include the income for the part of the year you were a resident of Canada plus any income and losses referred to in paragraphs 115(1)(a) to (c) of the federal *Income Tax Act* as reported on your Canadian return, for the part of the year you were not a resident of Canada.