



CALCULATION OF PROVINCIAL FOREIGN TAX CREDIT

- Use this form to determine the amount you may claim as a foreign tax credit deduction from provincial tax for a taxation year.
- You must have been resident in a province, other than Quebec, on December 31 of the taxation year (or at date of death or at date of departure from Canada) and you must have been required to include, on your Canadian income tax return, income originating in a foreign country. The non-business taxes paid to that foreign country must have exceeded the federal foreign tax credits.
- References to a province include the Yukon Territory and the Northwest Territories and the taxes levied under their respective Ordinances.
- Attach a completed copy of this form to your income tax return. You will have to complete a separate form for each foreign country to which you paid foreign taxes if the total foreign taxes paid to all foreign countries is more than \$200.

Non-business-income tax paid to a foreign country † \$ _____ (1)

Less: Federal foreign tax credit in respect of non-business-income tax:

(i) Federal non-business foreign tax credit (from line C on form T2209 or the special foreign tax credit calculation of form T691) \$ _____

Plus:

(ii) Additional federal non-business foreign tax credit allowed against the individual surtax (from line K of form T2209) \$ _____ = \$ _____ (2)

Excess of non-business-income tax paid over the relevant federal foreign tax credits (line 1 minus line 2. If negative enter "0") \$ _____ (A)

Net foreign income ††	\$ _____		X Provincial tax otherwise payable ††††	\$ _____	=	\$ _____	(B)
Net income †††	\$ _____						

Provincial foreign tax credit (the lesser of amounts A and B)
(Enter this amount on Schedule 1 and/or your provincial form T1C) \$ _____

† **Non-business-income tax paid to a foreign country** is the total taxes paid to that country for the year other than business-income tax, minus any portion of such taxes that is deductible under subsection 20(11) or deducted under subsection 20(12) of the *Income Tax Act*. It also does not include any portion of such taxes that may reasonably be attributed to amounts:

- that any other person or partnership received or is entitled to receive from the foreign country;
- that relate to employment income from that country for which an overseas employment tax credit is calculated (plus 46% of that amount if you were a resident of Alberta);
- that relate to taxable capital gains for which a capital gains deduction is claimed;
- that were deductible as exempt income under the tax treaty between Canada and that country; and
- that were taxable in the foreign country because you were a citizen of that country, and are attributable to income from a source within Canada.

†† **Net foreign income** (see Notes 1 and 2 below) must be reduced by any income from that foreign country for which a capital gains deduction is claimed and by any income from that country that was deductible as exempt income under the tax treaty between Canada and that country. It also does not include any portion of employment income from that country for which an overseas employment tax credit is calculated.

††† **Net income** (see Notes 1 and 2 below) for the purposes of this calculation is line 236 of your return (or if you filed a form T581 election and you were a resident of Alberta or Ontario, line 7 of that form) minus any:

- net capital losses of other years claimed (line 253 of the return);
- capital gains deduction claimed (line 254 of the return);
- foreign income deductible as exempt income under a tax treaty and income from a prescribed international organization (included at line 256 of the return);
- amounts deductible as an employee home relocation loan deduction (line 248 of the return);
- amounts deductible as stock option and shares deductions (line 249 of the return); and
- amounts deductible as an other payments deduction (line 250 of the return).

†††† **Provincial tax otherwise payable** is the provincial tax calculated before determining the provincial foreign tax credit. Use Schedule 1, the applicable provincial form T1C or form T2203 to determine the amount.

Note: For the purposes of this calculation, determine the Ontario and Alberta tax before the provincial foreign tax credit by replacing the term "Basic federal tax" on the respective form T1C with ("Basic federal tax" plus the dividend tax credit and the overseas employment tax credit).

Note 1: If you were resident in Canada for part of the year, only include the income for the period or periods in the year throughout which you were resident in Canada, employed in Canada or carrying on a business in Canada.

Note 2: Do not include income attributable to business(es) outside of Canada.