

CALCULATION OF PROVINCIAL FOREIGN TAX CREDIT

- Use this form to determine the amount you can claim as a foreign tax credit deduction from the provincial income tax payable to your **province of residence** on December 31 of the taxation year.
- You must have been resident in a province, other than Quebec, on December 31 of the taxation year (or on the date you departed from Canada or, for a deceased person, on the date of death). You must have had 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. 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

Subtract: Federal foreign tax credit for non-business income tax:

The amount from line (C) of Form T2209 or the special foreign tax credit calculation of Form T691 \$ _____

Add:

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: Enter the lesser of amounts (A) and (B) (Use this amount on your provincial Form T1C, T1C-TC, or Form T2203) \$ _____

† **Non-business income tax paid to a foreign country** is the total income or profits taxes paid to that country (or to a political subdivision of the country) for the year (excluding business income tax), minus any part 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 part of such taxes that can reasonably be attributed to amounts that:

- any other person or partnership received or is entitled to receive from the foreign country;
- relate to employment income from that country for which you claimed an overseas employment tax credit (plus 45.5% of that amount if you were a resident of Alberta);
- relate to taxable capital gains from that country for which you or your spouse claimed a capital gains deduction;
- were deductible as exempt income under a tax treaty between Canada and that country; or
- were taxable in the foreign country because you were a citizen of that country, and relate to income from a source within Canada.

†† **Net foreign income** (see Notes 1 and 2 below) is the total non-business income from the foreign country before deducting the foreign tax, minus allowable expenses and deductions relating to the foreign income (other than any deduction you claimed in respect of 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 and by any income from that country that was deductible as exempt income under a tax treaty between Canada and that country. Also, reduce this amount by any part of employment income from that country for which you claimed an overseas employment tax credit. If the net foreign income is greater than the net income, use the amount of the net income in the calculation.

††† **Net income** (see Notes 2 and 3 below) is the amount on line 236 of your return (or if you filed a Form T581 election and you were a resident of Alberta or Ontario, it is the amount on line 7 of that form), minus any:

- 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 claimed (line 253 of your return);
- capital gains deduction 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 Form T1C, T1C-TC, or Form T2203 to determine the amount.

Note: When you complete this calculation, determine the Ontario and Alberta tax before the provincial foreign tax credit by replacing the reference to line 26 on the respective Form T1C-TC and T1C with, "line 26 plus any dividend tax credit and overseas employment tax credit".

- Notes**
1. If you were a resident of Canada for part of the year, only include the income for the part of the year when you were a resident of Canada.
 2. Do not include income that relates to business(es) outside Canada.
 3. If you were a resident of Canada for part of the year, include the income for the part of the year when you were a resident of Canada, and your taxable income earned in Canada (before deductions under paragraphs 115(1)(d) to (f) of the *Income Tax Act*) as reported on your Canadian income tax return, for the part of the year when you were not a resident of Canada.