

**BRITISH COLUMBIA MANUFACTURING AND PROCESSING TAX CREDIT
(2000 and later taxation years)**

Corporation's name	Business Number	Taxation year-end		
		Year	Month	Day

- Use this schedule if you are a qualifying corporation that has acquired B.C. qualified property after March 31, 2000, for use in British Columbia, and you want to do any of the following:
 - calculate a British Columbia manufacturing and processing tax credit;
 - claim the credit to reduce British Columbia income tax otherwise payable in the current taxation year;
 - request a carryback to reduce British Columbia income tax payable in any of the three preceding taxation years;
 - renounce the current-year credit in whole or in part. The renouncement must be made in the year the credit was earned or acquired, and filed on or before the filing due date of the federal *T2 Corporation Income Tax Return*.

- A corporation is **not** a qualifying corporation and is therefore **not eligible** to claim the British Columbia manufacturing and processing tax credit if any of the following apply:
 - the corporation did not maintain a permanent establishment (as defined in Regulation 400 of the federal *Income Tax Regulations*) in British Columbia at any time in the taxation year.
 - the corporation is:
 - a non-resident-owned investment corporation, or at any time of the year was controlled directly or indirectly in any manner whatever by a non-resident-owned investment corporation;
 - exempt from tax under section 149(1) of the federal *Income Tax Act*, or at any time of the year, was controlled directly or indirectly in any manner whatever by one or more persons, all or part of whose income is exempt from tax; or
 - of a type or class of corporation prescribed by regulation.
 - the corporation was at any time in the year:
 - a small business venture capital corporation registered under section 3 of the *Small Business Venture Capital Act*; or
 - an employee venture capital corporation registered under section 8 of the *Employee Investment Act*.

- If the corporation has claimed the two-year income tax holiday for new small businesses under section 17 of the *Income Tax Act (B.C.)* in the taxation year, it will not be allowed to calculate a British Columbia manufacturing and processing tax credit for the same taxation year.

- B.C. qualified property consists of buildings, machinery, and equipment that is prescribed for the purposes of the definition of qualified property in subsection 127(9) of the federal Act, that was not acquired for use or lease, for any purpose before it was acquired by the corporation and that is to be used by the corporation in British Columbia primarily for the purpose of manufacturing or processing of goods for sale or lease. Property leased by the corporation to a related qualifying corporation may also qualify for the credit. Manufacturing or processing is defined in subsection 125.1(3) of the federal Act. B.C. qualified property has to be available for use (as defined in subsections 13(27) and (28) of the Federal Act) before it is eligible for the B.C. Manufacturing and processing tax credit.

- Capital cost of B.C. qualified property must be identified on this schedule and filed with the Canada Customs and Revenue Agency no later than 18 months after the end of the taxation year in which the property was acquired.

- Capital cost of B.C. qualified property must be calculated without any amount for cost of borrowing, (section 21 of the federal Act) without applying capital cost of certain property, (subsections 13(7.1) and (7.4) of the federal Act) and by subtracting amounts of government assistance and non-government assistance (as defined in subsection 104(1) of the *Income Tax Act (B.C.)*).

- The credit may be carried forward ten years and carried back three years. You **can** carry the tax credit back to a taxation year ending before April 1, 2000.

- Use this schedule to show the credit allocated from a partnership. You can also use this schedule to show a credit transfer following an amalgamation or windup of a subsidiary as described under sections 87(1) and 88(1) of the federal Act.

- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.

Freedom of Information and Protection of Privacy Act:

The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Income Tax Act (BC)*. Questions about the collection or use of this information can be directed to the Income Taxation Branch at (250) 387-3332, PO Box 9434, Stn Prov Gov't, Victoria BC V8W 9V3.

Part 1 – Qualified property (acquired in current taxation year) eligible for the credit

101 CCA class no.	Description of B.C. qualified property	102 Acquisition date			103 Capital cost
		Year	Month	Day	

Subtotal of capital cost (attach another schedule if you need more space) _____ **A**

Add: amount of assistance repaid **100** _____ **B**

Total capital cost (amount A plus amount B) _____ **C**

Part 2 – Calculation of total credit available and credit available for carryforward

Credit at end of preceding taxation year _____

Deduct: Credit expired after ten taxation years **104** _____

Credit at beginning of taxation year **105** _____ **▶** _____

Add:

Credit transferred on amalgamation or windup of subsidiary **110** _____

Current year credit earned: . . . amount C from above _____ x 3% = **120** _____

Credit allocated from a partnership **130** _____

Subtotal _____ **▶** _____

Total credit available _____ **D**

Deduct:

Credit renounced **150** _____

Credit claimed in the current year (enter on line 660 in Part 2 of Schedule 5) **160** _____

Credit carried back to preceding taxation year(s) (complete Part 3) _____ **E**

Subtotal _____ **▶** _____

Closing balance **200** _____

Part 3 – Request for carryback of credit

	Year	Month	Day		
1st preceding taxation year			 Credit to be applied	901 _____
2nd preceding taxation year			 Credit to be applied	902 _____
3rd preceding taxation year			 Credit to be applied	903 _____

Total (enter on line E in Part 2) _____

Part 4 – Analysis of credit available for carryforward by year of origin

Year of origin (earliest year first)			Credit available	Year of origin (earliest year first)			Credit available
Year	Month	Day		Year	Month	Day	
			_____				_____
			_____				_____
			_____				_____
			_____				_____
			_____				_____

Total (equals line 200 in Part 2) _____