



- For use by individuals resident in Canada at any time in a taxation year, whose income includes an amount which had its source in a foreign country and who has paid foreign non-business and/or business income tax in respect of that foreign source income to calculate the federal foreign tax credit and an additional foreign tax deduction against the individual surtax.
- A separate calculation is required for each country except where the aggregate of income taxes paid to all foreign countries does not exceed \$200.00.
- Attach one completed copy of this form to your Income Tax return.

Name	Social Insurance Number
Address	Taxation Year <b>19</b>

**PART I – CALCULATION OF FEDERAL FOREIGN TAX CREDIT**

**A. NON-BUSINESS FOREIGN INCOME**

1. Non-business-Income Tax Paid by the taxpayer to a foreign Country\* ..... \$ \_\_\_\_\_ (A)

2. 
$$\left[ \frac{\text{Net Foreign Non-business Income}^{**} \text{ \$}}{\text{Net Income}^{***} \text{ \$}} \right] \times \left[ \begin{array}{l} \text{"Basic Federal Tax" plus any overseas} \\ \text{employment tax credit, dividend tax credit and} \\ \text{federal surtax less refundable Quebec Abatement} \end{array} \right] = \$ \text{_____} \text{ (B)}$$

Federal Non-business Foreign Tax Credit Allowed is the lesser of (A) and (B) ..... \$ \_\_\_\_\_ (C)

**B. BUSINESS FOREIGN INCOME**

1. Business-Income Tax paid by the taxpayer to a foreign country plus any unused foreign tax credit for that country † ..... \$ \_\_\_\_\_ (D)

2.(a) 
$$\left[ \frac{\text{Net Foreign Business Income} \ddagger \text{ \$}}{\text{Net Income}^{***} \text{ \$}} \right] \times \left[ \begin{array}{l} \text{"Basic Federal Tax" plus any overseas} \\ \text{employment tax credit and dividend} \\ \text{tax credit} \end{array} \right] = \$ \text{_____}$$

(b) Any Federal Surtax (applicable to income not subject to a provincial tax: (52% of "Basic Federal Tax") ..... \$ \_\_\_\_\_  
(If business-income tax is paid to more than one country, enter the proportion of Federal Surtax applicable to this particular country)

TOTAL ((a) plus (b)) ..... \$ \_\_\_\_\_ (E)

3. 
$$\left[ \begin{array}{l} \text{"Basic Federal Tax" plus any} \\ \text{overseas employment tax credit,} \\ \text{dividend tax credit and federal surtax} \end{array} \right] \text{ \$ _____} \text{ minus } \left[ \begin{array}{l} \text{Any Fed. Non-business Foreign Tax} \\ \text{Credit (C)} \end{array} \right] \text{ \$ _____} = \$ \text{_____} \text{ (F)}$$

Federal Business Foreign Tax Credit allowed is the least of (D), (E) and (F) ..... \$ \_\_\_\_\_ (G)

**C. FEDERAL FOREIGN TAX CREDIT**

Total of line (C) plus line (G) (Enter at line 509 on Schedule 1) ..... \$ \_\_\_\_\_ (H)

**PART II – CALCULATION OF ADDITIONAL FOREIGN TAX CREDITS TO BE DEDUCTED FROM INDIVIDUAL SURTAX**

**D. NON-BUSINESS FOREIGN INCOME**

1. Non-business-Income Tax Paid by the taxpayer to a foreign Country\* ..... \$ \_\_\_\_\_ (I)

2. 
$$\left[ \frac{\text{Net Foreign Non-business Income}^{**} \text{ \$}}{\text{Net Income}^{***} \text{ \$}} \right] \times \left[ \begin{array}{l} \text{"Basic Federal Tax" plus any overseas employment} \\ \text{tax credit, dividend tax credit, and federal} \\ \text{surtax less refundable Quebec abatement} \\ \text{plus individual surtax from line 510 on Schedule 1} \end{array} \right] = \$ \text{_____} \text{ (J)}$$

Adjusted Federal Non-business Foreign Tax Deduction is the lesser of (I) and (J) ..... \$ \_\_\_\_\_ (K)

**E. BUSINESS FOREIGN INCOME**

1. Business-Income Tax paid by the taxpayer to a foreign country plus any unused foreign tax credit for that country † ..... \$ \_\_\_\_\_ (L)

2.(a) 
$$\left[ \frac{\text{Net Foreign Business Income} \ddagger \text{ \$}}{\text{Net Income}^{***} \text{ \$}} \right] \times \left[ \begin{array}{l} \text{"Basic Federal Tax" plus any overseas} \\ \text{employment tax credit, dividend tax credit,} \\ \text{and individual surtax} \\ \text{from line 510 on Schedule 1} \end{array} \right] = \$ \text{_____}$$

(b) Any Federal Surtax (applicable to income not subject to a provincial tax: (52% of "Basic Federal Tax") ..... \$ \_\_\_\_\_  
(If business-income tax is paid to more than one country, enter the portion of Federal Surtax applicable to this particular country)

TOTAL ((a) plus (b)) ..... \$ \_\_\_\_\_ (M)

3. 
$$\left[ \begin{array}{l} \text{"Basic Federal Tax" plus any} \\ \text{overseas employment tax credit,} \\ \text{dividend tax credit and federal surtax} \\ \text{plus individual surtax from line 510 on} \\ \text{Schedule 1} \end{array} \right] \text{ \$ _____} \text{ minus } \left[ \begin{array}{l} \text{Any Adjusted Fed. Non-business Foreign} \\ \text{Tax Deduction (K)} \end{array} \right] \text{ \$ _____} = \$ \text{_____} \text{ (N)}$$

Adjusted Federal Foreign Tax Deduction is the least of (L), (M) and (N) ..... \$ \_\_\_\_\_ (O)

**F. TOTAL ADJUSTED FEDERAL FOREIGN TAX DEDUCTION**

Total of line (K) plus line (O) ..... \$ \_\_\_\_\_ (P)

Subtract: Total Foreign Tax Credit (from line 509 on Schedule 1 or line (H) above) ..... \$ \_\_\_\_\_

Additional Federal Foreign Tax Deduction to be claimed against Individual Surtax (enter at line 511 on Schedule 1) ..... \$ \_\_\_\_\_ (Q)

**NOTE:** IF THE AMOUNT DETERMINED AT LINE (C) OF THE SPECIAL FOREIGN TAX CREDIT CALCULATION (ON FORM T691) EXCEEDS THE AMOUNT AT LINE (P) ABOVE, NO ADDITIONAL DEDUCTION FROM INDIVIDUAL SURTAX IS AVAILABLE. ENTER ZERO AT LINE 511 ON SCHEDULE 1.

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- \* **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 does not include any portion of such taxes: (a) that would not have been payable had the taxpayer not been a citizen of the foreign country, and that cannot reasonably be regarded as attributable to income from a source outside Canada; (b) that may reasonably be regarded as relating to an amount that any other person or partnership received or is entitled to receive from the foreign country; (c) that may reasonably be regarded as attributable to the portion of the taxpayer's employment income from that country on which an Overseas Employment Tax Credit is calculated; (d) that may reasonably be attributed to any portion of taxable capital gains from that country for which a capital gains deduction is claimed; or (e) that may reasonably be regarded as relating to an amount that was deductible as exempt income under the tax treaty between Canada and that country.
- \*\* **Net foreign non-business income** must be reduced by any capital gains deduction claimed that is attributable to capital gains from that foreign country and by any income from that country that was deductible as exempt income under the tax treaty between Canada and that country (line 256 on T1 Return). It does not include any portion of employment income from that country on which an Overseas Employment Tax Credit is calculated.
- Note: For individuals resident in Canada during part of the year only, include only the income for the period or periods in the year throughout which they were resident in Canada, were employed in Canada or were carrying on businesses in Canada.
- \*\*\* **Net income** (line 236 on T1 Return or if you filed a form T581 election, use line 7 of that form – if negative, enter zero) less any net capital losses of other years allowed (line 253 on T1 Return), any capital gains deduction claimed (line 254 on T1 Return), any foreign income that was deductible as exempt income under a tax treaty (line 256 on T1 Return), or any amount deductible as an employee home relocation loan deduction (line 248 on T1 Return) or stock option and shares deduction (line 249 on T1 Return).
- Note: For individuals resident in Canada during part of the year only, include only the income for the period or periods in the year throughout which they were resident in Canada, were employed in Canada or were carrying on businesses in Canada.
- † **Business-income tax paid to a foreign country** is the total of business-income tax paid to that country for the year and the unused foreign tax credits in respect of that country for the seven taxation years immediately preceding and the three taxation years immediately following the year as the taxpayer may claim. It does not include any portion of the business-income tax that may reasonably be regarded as relating to an amount (a) that any other person or partnership has received or is entitled to receive from the foreign country; or (b) that was deductible as exempt income under the tax treaty between Canada and that country.
- †† **Net foreign Business Income** is the total income from that country other than any portion that was deductible as exempt income under the tax treaty between Canada and that country.