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- \* **Non-business-income tax paid to a foreign country** is the total taxes paid to the 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,
  - of employment income from a country for which an Overseas Employment Tax Credit is calculated,
  - of taxable capital gains for which a capital gains deduction is claimed,
  - that were deductible as exempt income under the tax treaty between Canada and the country, or
  - that would not have been payable had you not been a citizen of the foreign country, and cannot reasonably be regarded as attributable to income from a source outside Canada.
- \*\* **Net foreign non-business income**<sup>1</sup> 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 the country. It does not include any portion of employment income from a country for which an Overseas Employment Tax Credit is calculated.
- \*\*\* **Net income** (see note 1 below) for the purposes of this calculation, is line 236 on your T1 Return (or line 7 of form T581 election if filed) minus any:
- net capital losses of other years claimed (line 253 on T1 Return),
  - capital gains deduction claimed (line 254 on T1 Return),
  - foreign income deductible as exempt income under a tax treaty (line 256 on T1 Return),
  - amount deductible as an employee home relocation loan deduction (line 248 on T1 Return), and
  - amount deductible as stock option and shares deductions (line 249 on T1 Return).
- \*\*\*\* **Federal Tax** as used in this part of the calculation is line 506 of Schedule 1 plus any :
- overseas employment tax credit (from form T626),
  - dividend tax credit (from line 502 on Schedule 1),
  - federal surtax for income not earned in a province (from Schedule 1 or form T2203),
- and minus any:
- refundable Quebec abatement, and
  - tax adjustments for CPP/QPP disability benefits for previous years (from line 500 on Schedule 1).
- † **Business-income tax paid to a foreign country** is the total of business-income tax paid to the country for the year and the unused foreign tax credits in respect of the country for the seven taxation years before and the three taxation years immediately following this taxation year. It does not include any portion of the business-income tax that may be reasonably attributed to an amount that any other person or partnership has or is entitled to receive from the foreign country, or was deductible as exempt income under the tax treaty between Canada and the foreign country.
- †† **Net foreign business-income** is the total business income from the foreign country other than any portion that was deductible under the tax treaty between Canada and the country.
- ††† **Basic federal tax** as used in this part of the calculation is line 506 of Schedule 1 plus any:
- overseas employment tax credit (from form T626),
  - dividend tax credit (from line 502 on Schedule 1),
- and minus any:
- tax adjustments for CPP/QPP disability benefits for previous years (from line 500 on Schedule 1).

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