INVESTMENT TAX CREDIT (INDIVIDUALS)

Use this form if:

- you earned an investment tax credit (ITC) during the current tax year or you are claiming a carryforward of ITC from a previous tax year. File one completed copy of Part A of this form with your income tax return for the year in which you acquired a qualified or certified property, made a qualified expenditure (which includes contributions made to agricultural organizations), were allocated renounced Canadian exploration expenses, have paid eligible salary and wages to eligible apprentices, or have created child care spaces in a licensed child care facility for the benefit of your employees' children, or a combination of your employees' children and other children;
- you have a recapture of ITC on a scientific research and experimental development (SR&ED) expenditure and/or a recapture of ITC on a child care spaces expenditure. File one completed copy of Part A of this form with your income tax return for the year in which you recapture an ITC on an SR&ED expenditure and/or for the year in which you recapture an ITC on a child care expenses expenditure; or
- you are requesting an ITC carryback or you are claiming a refund for an ITC earned during the current tax year. File one completed copy of Part B of this form with your income tax return.

You have to file this form no later than 12 months after the filing due date of your income tax return for the tax year in which you acquired the property or made the expenditure.

Qualified property

Qualified properties include certain new buildings, machinery, and equipment. You must acquire the property and use it for a designated purpose such as logging, storing grain, producing industrial minerals, manufacturing or processing goods for sale or lease, farming, or fishing. It must be used in the specific areas we list on page 3.

Certified property

A certified property is a type of qualified property acquired mainly for use in a prescribed area. You will find a list of prescribed areas in Information Circular 78-4, *Investment Tax Credit Rates*, and its Special Release. For more details on certified property, see Note 1 on page 3.

Qualified expenditure

To be a qualified expenditure, the amount has to be for SR&ED carried on in Canada. For SR&ED expenditures made after February 22, 2005, in Canada includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed, and subsoil of that zone. For SR&ED expenditures made prior to February 23, 2005, in Canada generally includes the 12-nautical-mile territorial sea. If you are claiming an ITC for a qualified expenditure on SR&ED, or you have a recaptured amount for an ITC previously claimed on an expenditure for SR&ED (codes 3B and 4B), file Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) Carried out in Canada,* with your income tax return. You do not have to file Form T661 if you are claiming a credit for contributions made to agricultural organizations, or a credit based on a credit allocated to you by a partnership on a T5013 slip, *Statement of Partnership Income*. If you are a partner of a partnership, you should only include your part of the partnership's investment or expenditure.
For more details on SR&ED, see the following publications:

- Guide T4088, *Guide to Form T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim*
- Information Circular 86-4, *Scientific Research and Experimental Development*
- Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*

Renounced Canadian exploration expenses

Certain renounced Canadian exploration expenses qualify for the ITC. You can claim this credit if you received Form T101, *Statement of Resource Expenses*, or a T5013A slip, *Statement of Partnership Income for Tax Shelters and Renounced Resource Expenses*, with an amount in box 128.

Note: This amount must be reduced by any allowable provincial tax credits.

Apprenticeship job creation tax credit (AJCTC)

A percentage of eligible salary and wages payable to an employee registered in a prescribed trade in Canada in the first 24 months of their eligible apprenticeship contracts registered in Canada, qualifies for a credit for the employer.The available credit for each eligible apprentice is 10% of the lesser of $20,000 or eligible salary and wages payable in the year (net of any government or non-government assistance), in respect of employment after May 1, 2006. The total of these amounts for all apprentices is the available non-refundable tax credit. Any unused credit may be carried back 3 years and carried forward 20 years. However, it may only be carried back to tax years ending after May 1, 2006.

Investment tax credit for child care spaces

Employers that create child care spaces in a licensed child care facility for the benefit of children of the taxpayer's employees, or of a combination of children of the taxpayer's employees and other children, will qualify for a non-refundable ITC equal to 25% of eligible child care space expenditures incurred after March 18, 2007, to a maximum ITC amount of $10,000 per child care space created. The amount of the credit can be used to reduce the federal income tax payable for the year. Unused amounts can be carried back 3 years and forward 20 years.

How to calculate your ITC

The ITC is based on a percentage of the investment cost (the cost of the property you bought and the expenditures you made). If you received, are entitled to receive, or can reasonably expect to receive any reimbursement, inducement, or government or non-government assistance (including grants, subsidies, forgivable loans, or deductions from tax and investment allowances) that we can reasonably consider to relate to the property or expenditure, you have to decrease your investment cost by the amount you received, are entitled to receive, or can reasonably expect to receive. If you repay any of this assistance, add the repayment to the investment cost. Calculate the ITC for any repayment using the same percentage you used for the original investment cost.

Determine your ITC at the end of 2009. If the fiscal year-end of your business is in 2009, include any ITC you earn on the property you buy during the calendar year. Investments and expenditures are eligible for an ITC only when the income from the related business is subject to Part I tax.

Properties acquired and SR&ED capital expenditures incurred to acquire property are eligible for an ITC claim only when the properties are considered to be **available for use**. For an explanation of available for use, see any of the following guides: Guide T4002, *Business and Professional Income*, Guide T4003, *Farming Income*, Guide RC4060, *Farming Income and the AgriStability and AgriInvest Program*s, Guide RC4408, *Farming Income and the AgriStability and AgriInvest Programs Harmonized Guide* or Guide T4004, *Fishing Income*.

How to claim your 2009 ITC

You can use the ITC that you earn in 2009 to reduce your federal tax for a previous year, or to reduce your federal tax for 2009 or for a future year. See "Refund of ITC" on this page.

Current-year claim

To calculate your ITC to reduce your federal income tax for 2009 complete Part A of this form. Enter the amount of your credit on line 412 of Schedule 1 of your income tax return. If a partnership or trust made the investments, enter only your share.

Carryback to previous years

You can carry back the ITC you earn in 2009 for up to three years and use it to reduce your federal tax in those years. To do this, complete Part B of this form.

Carryforward to future years

You can carry forward for up to 20 years credits earned in tax years that end after 1997.

Property bought or expenditures made before 2009

You may be able to apply unused ITCs from expenditures or acquisitions made from 1998 to 2008 on your 2009 income tax return. To do this, complete Part A of this form.

Refund of ITC

If you do not use all of your ITC to reduce your taxes in the year or in the three previous years, we may refund up to 40% of your unused credit to you. You can only claim this refund in the year you buy property or make an expenditure that qualifies for the credit, unless the available for use rules (or other rules deeming the expenditure to have been made in a later year) apply. To claim a refund of ITC, complete Part B of this form. Enter your refund amount on line 454 of your income tax return. If a partnership or trust made the investments, enter only your share of the amount.

Adjustments

The credit you claim or that we refund to you for 2009 reduces the capital cost of the property. Any 2009 credit you carry back to a previous year will also reduce the capital cost of the property. Make this adjustment in 2010. This adjustment reduces the capital cost allowance you can claim for the property. It also affects your capital gain when you dispose of the property. You might have claimed a credit or received a refund for 2009 for a property that you already disposed of. In addition, you might still have other property in the same class. If so, reduce the undepreciated capital cost of the class for 2010 by the amount of the credit you claimed or received as a refund. If, after the disposition, you do not have any property left in the same class, include in your 2010 income the amount of the credit you claimed or received as a refund. Enter the amount as other income on line 9600 if you are filing Form T2042, T1163, T1164, T1273, or T1274. Enter the amount on line 8230 if you are filing Form T2125 (Form T2032 and/or Form T2124 for 2007 and previous tax years).

Other adjustments

A credit deducted or refunded will also reduce the balance in the SR&ED pool, the adjusted cost base (ACB) of an interest in a partnership, and the ACB of a capital interest in a trust in the next tax year.

Partnership

If you are a partner of a partnership, include only your part of the partnership investment or expenditure. An ITC earned by a partnership is usually allocated to a partner. However, an ITC earned on qualified SR&ED expenditures may not be allocated to a specified partner of a partnership. If you received an allocation of ITC from a partnership, use the credit and the rate to calculate your share of the investment cost or expenditure. Enter this cost or expenditure on the line corresponding to the appropriate rate.

ITC – Investment or expenditures, percentages, and codes

Review the codes shown below, and use the one that applies to you in Part A of this form.

Type of investment or expenditure	Specified percentage	Code
Certain certified property – (see Note 1 below)	30%	3A
Qualified expenditures for SR&ED carried out in the following areas: • Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, or the Gaspé Peninsula (see Note 2 below); or	20%	3B
• any other area in Canada.	20%	4B
Contributions made after 2000 to agricultural organizations for SR&ED carried out in Canada – (see Note 5 below)	20%	4C
Qualified property acquired after 1994 for use in the following specific areas: Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region (see Note 3 below).	10%	12
Renounced Canadian exploration expenses – (see Note 4 below)	15%	5
Apprenticeship job creation tax credit	10%	6
Investment tax credit for child care spaces	25%	7

Notes

1 – **Certified property** must be part of a facility as defined in the *Regional Development Incentives Act*, which you acquired mainly for use in a prescribed area. It must also meet one of the following conditions:

- you acquired it under a written agreement entered into before February 22, 1994;
- it was under construction by or for you on that date;
- it is machinery or equipment that will be a fixed and integral part of the property under construction by or for you on that date; or
- it has not been used or acquired for lease or for any purpose whatsoever before you acquired it.

The 30% rate may also be available for certified property that you acquired after 1994 and before 1996. This rate will apply if:

- you acquired the property for use in a project that was substantially advanced by you or for you, as evidenced in writing, before February 22, 1994; and
- construction on the project by you or for you began before 1995.

2 – For **qualified expenditures** incurred after 1994, the rate is 20%. However, for the Atlantic Provinces and the Gaspé Peninsula, qualified expenditures incurred under a written agreement entered into before February 22, 1994, will still qualify for the 30% rate.

3 – **Qualified property** you acquired under a written agreement entered into before February 22, 1994, will still qualify for the 15% rate.

4 – For **Canadian exploration expenses renounced to an individual and reported in Box 128 of a T101 slip or a T5013A slip**, the rate will be 15%. The renunciation must be under a flow-through share agreement financing for mineral exploration (which excludes coal deposits, tar sands, and oil and gas) entered into before April 1, 2010. The corporation must have incurred the expenses after March 31, 2007, and before April 1, 2010 (before January 1, 2012, if the look-back rule applies).

5 – **Contributions made to agricultural organizations for SR&ED** on or subsequent to January 1, 2001, qualify for the 20% rate. Enter the amount in box 6715 with a note on the top of the form stating that your claim is for contributions to agricultural organizations.

More information

For details about the recapture of ITCs, and for other information about ITCs, visit our Web site at **www.cra.gc.ca**, or see Interpretation Bulletin IT-411, *Meaning of Construction*, and Information Circular 78-4, *Investment Tax Credit Rates,* and its Special Release.

Part A – Calculating an investment tax credit (ITC)

Calculating the current–year refundable credits – Tick the appropriate box.

Code 3A ☐	(Note 1 on this page)	Total investment }	6710		× 0.30 =	
Code 3B ☐	(Note 2 on this page)	Total expenditure }				
Code 3B ☐	**Incurred after 1994** (Note 2 on this page)	Total expenditure }	6712		× 0.20 ▶	+
Code 4B ☐	(Note 2 on this page)	Total expenditure }				
Code 4C ☐	**Incurred after 2000** (Note 5 on this page)	Total expenditure	6715		× 0.20 ▶	+
Code 12 ☐	**Acquired after 1994**	Total investment	6714		× 0.10 ▶	+
Code 12 ☐	(Note 3 on this page)	Total investment	6716		× 0.15 ▶	+

Total current–year refundable credits – Enter the total from line A in column 2 on page 6. . . . . = ________ **A**

Calculating the current-year non-refundable credits – Tick the appropriate box.

Code 5 ☐ (Note 4 on page 3) Total expense . . . . 6717 ______ × 0.15 = ______ *

* This credit will reduce your Canadian exploration expense pool in the year following the year in which you claim the credit.

Code 6 ☐ **Apprenticeship job creation tax credit**

If your apprentice works for you and also works for a related employer as defined under subsection 251(2), all related employers have to agree in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number, social insurance number (SIN), or name appears below.

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory of Canada, under an apprenticeship program designed to certify or license individuals in the trade. If there is no contract number, enter the SIN or the name of the eligible apprentice. Then, enter the name of the eligible trade and the eligible salary and wages ** payable in the year in respect of employment after May 1, 2006. The credit is 10% of the total of the amounts in column C. Attach a note if more space is required.

	A Contract number (SIN or name of apprentice)	B Name of eligible trade	C Eligible salary and wages ** payable in the year, **or** $20,000, whichever is less
1.			
2.			
3.			
		Total of amounts in column C 6718	

× 0.10 ► + ______

** Net of any government or non-government assistance received or to be received in respect of eligible salary and wages.

Code 7 ☐ **Investment tax credit for child care spaces**

Eligible child care space expenditures include the cost of depreciable property, and the amount of specified child care start–up expenditures acquired or incurred solely for the purpose of the creation of the new child care spaces at a licensed child care facility.

Total amount of current year expenditures . . . . ______ **1**

Total number of child care spaces created ______ × $40,000 = ______ **2**

Enter the lesser of line 1 and line 2 . . . . 6719 ______ × 0.25 = ... + ______

Total current-year non-refundable credits – Enter the total from line B in column 3 on page 6. = ______ **B**

Recapture – ITC for child care spaces

If, at any time within 60 months of the day that you create a new child care space, that space is no longer available, or if the property acquired for a child care space is leased for any purpose or converted to another use, we will recover the ITC for that space or property.

The amount of the recovery will be:

If only child care spaces are disposed of, the amount originally claimed for those child care spaces . . . . ______ **3**

If property other than child care spaces is disposed of:

Amount originally claimed for ITC for the property disposed of . . . . ______ **4**

25% of the proceeds of disposition of the eligible property (or 25% of fair market value if disposed of to a non-arm's length party) . . . . ______ **5**

The lesser of line 4 and line 5 . . . . + ______ **6**

Total recapture of investment tax credit for child care spaces (add line 3 and line 6) . . . . 6730 = ______

Enter the amount from line **6730** . . . . ______

Recapture of ITC on SR&ED expenditures

Amount of expenditure on which ITC is recaptured at 30% (see "Qualified expenditure" on the first page). Do not enter more than the amount of the original expenditure . . . . 6711 ______ × 0.30 ► + ______ (i)

Amount of expenditure on which ITC is recaptured at 20% (see "Qualified expenditure" on the first page). Do not enter more than the amount of the original expenditure . . . . 6713 ______ × 0.20 ► + ______ (ii)

Total recaptured credits – Amount from line **6730**, **plus** line (i), **plus** line (ii) . . . . = ______ **7**

Add the amount on line (7) to the amount on line 406 of Schedule 1 of your income tax return.

Calculating an allowable claim

Enter the total credit available from column 5 on page 6 of the form C

Federal tax (from line 406 of Schedule 1 of your income tax return) ....

Minus: Federal political contribution tax credit (from line 410 of Schedule 1 of your income tax return) .... –

Subtotal .... =

Minus: Labour–sponsored funds tax credit (from line 414 of Schedule 1 of your income tax return) –

Subtotal .... = ▶ D

You can claim an ITC amount up to, but not more than, line C **or** D, whichever is less. Enter your claim on this line .... E

If you do not have to complete Form T691, *Alternative Minimum Tax (AMT),* (see your guide for information) or if the amount you calculate on line 94 of Form T691 is zero, enter the amount from line E on line 412 of Schedule 1 of your income tax return, or on line 37 of T3 Schedule 11. If AMT does not apply, enter the amount from line E in column 6 on page 6 of this form.

Otherwise, complete the following section to determine your ITC claim and enter "0" in column 6 on page 6 of this form.

Calculating an allowable claim if alternative minimum tax (AMT) applies

Complete this section **only** if you calculate an amount greater than zero on line 94 of Form T691.

Enter the amount from line D ....

Plus: Federal foreign tax credit (from line 405 on Schedule 1 of your income tax return) .... +

Subtotal .... =

Minus: "Minimum amount" from line 58 of Form T691 .... –

Subtotal – if negative, enter 0 .... = ▶ F

You can claim an ITC amount up to, but not more than, line C **or** F, whichever is less.
Enter your claim on this line .... G

Enter the amount from line G on line 412 of Schedule 1 of your income tax return, or on line 37 of T3 Schedule 11. Also enter the amount from line G in column 7 on page 6.

Part B – Calculating a carryback and refund of ITC

ITC available for carryback

Complete this section to determine the balance of credit available for carryback to previous tax years.

Total current-year credit available (column 5 **minus** column 1 on page 6) ....

Minus: Current-year credit applicable*

The maximum amounts **you could have claimed** in column 6, **plus** column 7, **minus** column 1 on page 6 (if negative, enter 0) .... –

Total credit available for carryback .... = H

* To arrive at the amount available to carry back, you first have to apply your credit to the fullest extent in the current year, whether you claimed all of it or not. This means that, before determining the amount available to carry back, you first have to reduce your federal tax for the current year by the maximum amounts you could have claimed in columns 6 and 7, whether you claimed the maximum or not.

ITC carryback request

Complete this section to request a carryback of the ITC you earned in the current tax year. The carryback provisions allow you to apply a current-year credit against the total of your federal tax for any of the three previous tax years. The credit you apply to a previous year cannot be more than the total of your federal tax for that year.

You have to deduct any amount of the refundable ITC designated as a carryback when you calculate your ITC refund and the balance to carry forward to tax years that follow.

To request a carryback, complete this section, and attach one copy of this form to your current–year income tax return.

Note
We **do not refund** an amount you designate as a carryback in the current year. Do not enter the amount on your income tax return.

The amount on line H to apply to:

	Year		
Third previous tax year	__ __ __ __	6720	•
Second previous tax year	__ __ __ __	6721	•
First previous tax year	__ __ __ __	6722	•

Total credit designated for carryback (not more than amount H on page 5) I

Enter the total of lines I and K in column 8 below.

Signature

Date 6724 Year Month Day

ITC available for refund

Complete this section to determine the balance of credit available for refund.

Total current-year refundable credit available (column 2 **minus** column 4 below) ....

Minus:
Current-year credit claim (column 6, **plus** column 7, **minus** column 1 below) ....

Total amount of ITC being carried back (amount I above) .... +

Subtotal .... =

Minus: Current-year non-refundable credit (column 3 below) .... –

Total (If negative enter "0") .... = ▶ –

Total credit available for refund .... = J

Calculating an ITC refund

Complete this section to calculate a refund of ITC that you earned in the current year. You have to deduct any amounts you claim as a refund when you calculate the balance to carry forward to tax years that follow.

ITC available for refund (amount J above) ....

Designated refund of ITC
(cannot be more than amount J above) ....

Refundable rate .... × 0.40

Refund of ITC .... K

Enter the amount from line K on line 454 of your income tax return or on line 88 of a *T3 Trust Income Tax and Information Return*.

Enter the total of lines I and K in column 8 below.

1 Balance of credits carried forward	2 Current-year refundable credit (A on page 3)	3 Current-year non-refundable credit (B on page 4)	4 Adjustments*	5 Total credit available (col.1 **plus** col. 2 **plus** col. 3 **minus** col. 4)	6 Current-year credit claim (E on page 5)	7 Current-year credit claim (AMT) (G on page 5)	8 Credit claim – Other (I **plus** K above)	9 Balance carried forward (col. 5 **minus** col. 6, col. 7 and col. 8)
$	$	$	$	$	$	$	$	$

* For testamentary trusts, enter the amount of ITC allocated to beneficiaries from box 40 of T3 slips.