



INVESTMENT TAX CREDIT (INDIVIDUALS) 1996 AND SUBSEQUENT YEARS

- Use this form if you are in either of the two following situations:
 - a) You earned an investment tax credit (ITC) during the current taxation year or you are claiming a carryforward of ITC from a previous taxation year. File one completed copy of Part A of this form with your income tax return for the year in which you acquire a property or make an expenditure.
 - b) You are requesting an ITC carryback or you are claiming a refund for an ITC earned during the current taxation year. File one completed copy of Part B of this form with your income tax return.
- On this form, legislative references are to the *Income Tax Act*, and regulatory references are to the *Income Tax Regulations*.
- An ITC (if not deductible in the year earned) is eligible for a three year carryback and ten year carry-forward.
- Investments and expenditures, as described in subsection 127(9) and Part XLVI of the Regulations, that earn an ITC include:
 - certain certified property;
 - qualified property; and
 - qualified expenditures for scientific research & experimental development (SR&ED) carried on in Canada.

NOTE : For 1996 and subsequent years, the rules for qualified expenditures for SR&ED pools have changed. Refer to Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) Expenditures Carried on in Canada*, and the guide entitled *Claiming Scientific Research and Experimental Development Expenditures – The Guide to Form T661*. For additional information on SR&ED, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*, and Information Circular 86-4, *Scientific Research and Experimental Development, and its Special Release*.

- For more information on the ITC, see Interpretation Bulletin IT-411, *Meaning of Construction*, and Information Circular 78-4, *Investment Tax Credit Rates*, and its Special Release.

Investment – For the purposes of this form, means the capital cost of the property (excluding any amount added by electing under section 21) determined without referring to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that you have received, are entitled to receive or can be reasonably expected to receive for the property at the time of filing the income tax return for the year in which the investment was made.

Properties acquired – These are eligible for an ITC only when they are considered to be available for use. For more information, see the income tax guides called *Business and Professional Income*, *Farming Income*, and *Fishing Income*.

Eligibility – Investments and expenditures are eligible for an ITC only when the income from the related business is subject to Part I tax.

Undepreciated capital cost – An ITC deducted or refunded in a taxation year for a depreciable property reduces the capital cost of that property in the next taxation year. It also reduces the undepreciated capital cost of that class in the next taxation year.

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 taxation year.

Partnership – An ITC earned by a partnership is usually allocated to a partner. ITC may not, however, be allocated to a specified member of a partnership.

CRÉDIT D'IMPÔT À L'INVESTISSEMENT (PARTICULIERS) 1996 ET LES ANNÉES SUBSÉQUENTES

- Utilisez ce formulaire si vous êtes dans l'une des situations suivantes :
 - a) Vous avez gagné un crédit d'impôt à l'investissement (CII) au cours de l'année d'imposition courante ou vous demandez un report prospectif du CII d'une année d'imposition antérieure. Remplissez la partie A du formulaire et annexe-le à votre déclaration de revenus pour l'année où vous achetez un bien ou vous engagez une dépense.
 - b) Vous demandez un report rétrospectif d'un CII ou vous demandez un remboursement du CII gagné pendant l'année d'imposition courante. Remplissez la partie B du formulaire et annexe-le à votre déclaration de revenus.
- Les références législatives auxquelles ce formulaire renvoie se trouvent dans la *Loi de l'impôt sur le revenu*. Les références aux règlements se trouvent dans les *Règlements de la Loi de l'impôt sur le revenu*.
- Un CII (s'il n'est pas déductible dans l'année dans laquelle il est gagné), peut faire l'objet d'un report prospectif de dix ans et d'un report rétrospectif de trois ans.
- Les investissements et les dépenses, tels qu'ils sont décrits au paragraphe 127(9) et à la partie XLVI des règlements, qui donnent droit au CII comprennent ce qui suit :
 - certains biens certifiés;
 - biens admissibles;
 - dépenses admissibles au titre d'activités de recherche scientifique et de développement expérimental (RS&DE) effectués au Canada.

REMARQUE : Pour 1996 et les années suivantes, les règles pour les dépenses admissibles au titre d'activités RS&DE ont changées. Consultez le formulaire T661, *Demande de déduction pour les dépenses de recherche scientifique et de développement expérimental effectuées au Canada*, ainsi que le guide intitulé *Comment déduire les dépenses de recherche scientifique et de développement expérimental – guide pour le formulaire T661*. Pour obtenir des renseignements additionnels sur les RS&DE, consultez le bulletin d'interprétation IT-151, *Dépenses de recherche scientifique et de développement expérimental* et la circulaire d'information 86-4, *Taux de crédit d'impôt à l'investissement*, ainsi que le communiqué spécial qui s'y rapporte.

- Pour obtenir des renseignements supplémentaires sur le CII, consultez le bulletin d'interprétation IT-411, *Signification du terme investissement*, et la circulaire d'information 78-4, *Recherche scientifique et développement expérimental*, ainsi que le communiqué spécial qui s'y rapporte.

Investissement – Ce terme, pour fins de ce formulaire, désigne le coût en capital du bien (à l'exclusion de tout montant ajouté en vertu d'un choix prévu par l'article 21) déterminé sans égard aux paragraphes 13(7.1) et 13(7.4), moins tout montant d'aide gouvernemental et non gouvernemental lié à ce bien, que vous avez reçu ou que vous avez le droit de recevoir ou qui peut raisonnablement être considéré comme reçu à titre de paiement pour ce bien au moment de la production de votre déclaration de revenus de l'année de l'investissement.

Biens acquis – Les biens acquis sont admissibles pour le CII seulement s'il s'agit de biens prêts à être mis en service. Pour plus de précisions, consultez les guides intitulés *Revenus d'entreprise et de profession libérale*, *Revenus d'agriculture* et *Revenus de pêche*.

Admissibilité – Les dépenses et les investissements sont admissibles pour le CII seulement lorsque le revenu de l'entreprise à laquelle ils se rapportent est assujéti à l'impôt de la partie I.

Fraction non amortie du coût en capital – Le CII demandé ou remboursé dans une année pour un bien amortissable réduit le coût en capital du bien pour l'année d'imposition suivante. Il réduit aussi la fraction non amortie du coût en capital de la catégorie pour l'année d'imposition suivante.

Autres ajustements – Un crédit demandé ou remboursé réduira aussi le solde au titre des activités RS&DE, le prix de base rajusté d'une participation dans une société de personnes, ainsi que le prix de base rajusté à une participation au capital d'une fiducie dans l'année d'imposition suivante.

Société de personnes – Le CII gagné par une société de personnes est habituellement attribué à un associé. Un CII ne peut, toutefois, être attribué à un associé déterminé de la société de personnes.

Annual limit – In 1994, the annual limit on ITC claims was eliminated. This allows you to fully claim your ITC against your federal tax and individual surtax payable for years beginning after 1993. This change applies to an ITC you earned before but did not claim, as well as an ITC earned in the year. See page 4 of this form for information about the limits on carrying back credits to 1993.

ITC - Investment or expenditures, percentages and codes

Review the codes shown below and enter the one that applies to you in Section I of Part A of this form.

Partnerships – 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 as shown in the following example. See also Note 3 below.

Example
 Share of tax credit from qualified property \$1,500
 Specified percentage of property 10%
 Share of total investment cost $1,500 \div .10 =$ \$15,000

Enter \$15,000 as the total investment amount on line 592 in Section I of Part A.

Plafond annuel – En 1994, le plafond annuel qui limitait les demandes de CII a été éliminé. Ceci vous permet de déduire en totalité votre CII de votre impôt fédéral et de votre surtaxe fédérale payable pour les années d'imposition après 1993. Ce changement s'applique au CII gagné antérieurement mais non encore appliqué, de même qu'au CII gagné dans l'année courante. Lisez les renseignements sur la limite d'un report rétrospectif d'un CII à l'année 1993 à la page 4 de ce formulaire.

CII - Investissement ou dépenses, pourcentages et codes

Inscrivez le code approprié selon les explications ci-dessous dans la section I de la partie A de ce formulaire.

Sociétés de personnes – Si un CII d'une société de personnes vous a été attribué, utilisez le montant de ce crédit et le taux approprié pour calculer votre part du coût de l'investissement ou de la dépense et inscrivez le résultat à la ligne qui correspond au taux approprié. (Voir Remarque 3 ci-dessous.)

Exemple
 Part du crédit d'impôt relatif à un bien admissible 1 500 \$
 Pourcentage déterminé pour les biens de ce genre 10 %
 Part de l'investissement total : $1 500 \div 0,10 =$ 15 000 \$

Inscrivez 15 000 \$ comme investissement total à la ligne 592 de la section I de la partie A.

	Specified percentage Pourcentage déterminé	Code	
Certain certified property – (Notes 1 and 2)	30%	3A	Certains biens certifiés - (Remarques 1 et 2)
Qualified expenditures for SR&ED carried out in: (Note 3)	20%	3B	Dépenses admissibles au titre d'activités de recherche scientifique et de développement expérimental effectuées : (Remarque 3)
		4B	
<ul style="list-style-type: none"> Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, or the Gaspé Peninsula (Note 4); or any other area in Canada. 	20%		
Qualified property acquired after 1994, for use in:	10%	12	Biens admissibles acquis après 1994 pour être utilisés :
<ul style="list-style-type: none"> Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, or the Gaspé Peninsula, or a prescribed offshore region. (Notes 1 and 5) 			<ul style="list-style-type: none"> à Terre-Neuve, à l'Île-du-Prince-Édouard, en Nouvelle-Écosse, au Nouveau-Brunswick ou dans la péninsule de Gaspé, ou dans une zone extracôtière visée par règlement. (Remarques 1 et 5)

Notes

- For more details on these types of properties, see the income tax guides called *Business and Professional Income*, *Farming Income*, and *Fishing Income*.
- Certified property** includes property that:
 - you acquired under a written agreement entered into before February 22, 1994;
 - was under construction by or for you on that date;
 - is machinery or equipment that will be a fixed and integral part of the property under construction by or for you on that date; and
 - is part of a facility as defined under *Regional Development Incentives Act*, and was acquired primarily for your use in a prescribed area.
- File one completed copy of Form T661, *Claim for Scientific Research and Experimental Development Carried on in Canada* with your income tax return when you claim a credit for an SR&ED expenditure (Codes 3B and 4B). If you are claiming a credit based on your share of an ITC allocated to you from a partnership on a T5013 Supplementary, *Statement of Partnership Income*, you do not have to file Form T661 with your income tax return.
- For **qualified expenditures** incurred after 1994, the rate is 20%. However, for the Atlantic Provinces and the Gaspé Peninsula, qualified expenditures incurred under an agreement entered into before February 22, 1994, will still qualify for a 30% rate.
- Qualified property** you acquired under an agreement entered into before February 22, 1994, will still qualify for a 15% rate.

Remarques

- Pour plus de précisions sur ces genres de biens, consultez les guides d'impôts intitulés *Revenus d'entreprise ou de profession libérale*, *Revenus d'agriculture* et *Revenus de pêche*.
- Un **bien certifié** comprend les biens suivants :
 - ceux qui ont été acquis conformément à un accord que vous avez conclu par écrit avant le 22 février 1994;
 - ceux qui étaient en construction par vous ou pour votre compte le 22 février 1994;
 - les machines ou le matériel qui seront fixés à un bien qui étaient en construction par vous ou pour votre compte le 22 février 1994 et qui en feront partie intégrante;
 - ceux qui font parti d'un établissement défini pour l'application de la *Loi sur les subventions au développement régional*, et acquis principalement pour être utilisés dans une région visée par règlement.
- Remplissez le formulaire T661, *Demande de déduction pour les dépenses de recherche scientifique et de développement expérimental effectuées au Canada*, et joignez-le à votre déclaration de revenus lorsque vous indiquez un montant relatif aux RS&DE (Codes 3B et 4B). Si vous demandez un crédit d'après votre part du CII qui vous a été attribuée par une société de personnes sur un feuillet T5013 *Supplémentaire*, il n'est pas nécessaire de remplir le formulaire T661 avec votre déclaration de revenus.
- Pour les **dépenses admissibles** qui sont engagées après 1994, le taux est de 20 %. Toutefois, pour les provinces Atlantiques et la péninsule de Gaspé, les dépenses admissibles engagées selon un accord conclu par écrit avant le 22 février 1994, vous donneront droit au taux de 30%.
- Les **biens admissibles** que vous avez acquis selon un accord conclu par écrit avant le 22 février 1994, vous donneront droit au taux de 15%.



Part A – Calculating an investment tax credit (ITC)

Section I – Calculating an ITC – Current Taxation Year

Tick the box that applies to you. **Note:** If you are a member of a partnership, include only your part of the partnership investment or expenditure.

Code 3A	<input type="checkbox"/>	(Notes 1 and 2 on previous page)	Total investment - enter in box 571	}	571	x .30 =	
Code 3B	<input type="checkbox"/>	(Notes 3 and 4 on previous page)	Total expenditure - enter in box 571				
Code 3B	<input type="checkbox"/>	Incurred after 1994 (Notes 3 and 4 on previous page)	Total expenditure - enter in box 572	}	572	x .20 =	
Code 4B	<input type="checkbox"/>	(Notes 3 and 4 on previous page)	Total expenditure - enter in box 572				
Code 12	<input type="checkbox"/>	Acquired after 1994	Total investment - enter in box 592		592	x .10 =	
Code 12	<input type="checkbox"/>	(Notes 1 and 5 on previous page)	Total investment - enter in box 595		595	x .15 =	

Total current-year refundable credit

Enter this amount in column 2 below.

Calculating an Allowable Claim

"Total credit available" from column 4 below	.....			B
Federal tax (from line 406 of your income tax return)	.....		
Minus: Federal political contribution tax credit (from line 410 of your income tax return)	.....		
Subtotal	.....		
Minus: Labour-sponsored funds tax credit (from line 414 of your income tax return)	.....		
Subtotal	.....			C

In column 5 below, you can claim an amount up to but not more than line B or C, whichever is less. Enter the same amount as your investment tax credit claim on line 412 of your income tax return, or line 1120 on Schedule 11-T3. If you are subject to alternative minimum tax (AMT), enter "0" in column 5 and proceed to "Calculating an allowable claim if alternative minimum tax (AMT) applies," below.

Section II – Calculating additional ITC to deduct from federal individual surtax

"Total credit available" from column 4 below	.....		
Minus: "Current-year claim" from column 5 below	.....		
Subtotal	.....			D
Amount from line 38 on Schedule 1 of your income tax return or line 1126 on Schedule 11-T3	.....			E

In column 7 below, you can claim an amount up to but not more than line D or E, whichever is less. Enter the same amount as your investment tax credit applied against individual surtax on line 518 on Schedule 1 of your income tax return, or on line 1127 on Schedule 11-T3.

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

"Total credit available" from column 4 below	.....			F
Enter the amount from line C	.....		
Minus: "Minimum amount" from line 50 of Form T691	.....		
Subtotal – if negative, enter "0"	.....			G

In column 6 below, you can claim an amount up to but not more than line F or G, whichever is less. Enter the same amount as your investment tax credit claim on line 412 of your income tax return, or line 1120 on Schedule 11-T3.

Calculating additional ITC to deduct from federal individual surtax when AMT applies

Note: The instructions at line 518 on Schedule 1 tell you to enter the amount from Section II of Form T2038. This does not apply to you if you are subject to AMT. If you are subject to AMT, the amount to enter at line 518 on Schedule 1 is the lesser of line H or I as indicated below.

Credit available – column 4 minus column 6 below	.....			H
Amount from line 38 on Schedule 1 of your income tax return, or line 1252 on Schedule 12-T3	.....			I

In column 7 below, you can claim an amount up to but not more than line H or I, whichever is less. Enter the same amount as your investment tax credit applied against individual surtax on line 518 on Schedule 1 of your income tax return, or line 1253 on Schedule 12-T3.

1	2	3	4	5	6	7	8	9
Balance of credits carried forward	Current-year refundable credit (A above)*	Refundable adjustments**	Total credit available (total of columns 1, 2, and 3)	Current-year claim	Current-year claim (AMT) ***	Additional claim applied to individual surtax	Credit claim – Other**** (line K plus line M)	Balance carried forward (column 4 minus columns 5, 6, 7, and 8)
\$	\$	\$	\$	\$	\$	\$	\$	\$

* You can carry back any unused current-year refundable credit up to 3 years, or you can carry forward the balance up to 10 years, or you can get a refund of up to 40% of the unused part. (See Part B for more details).
 ** A testamentary trust or communal organization must reduce its ITC by the amount allocated to beneficiaries in box 40 of T3 Supplementary slips. If you are a beneficiary who received an allocation of ITC, add the amount from box 40 of your T3 Supplementary slip.
 *** You cannot use an ITC to reduce your federal tax to less than the minimum amount.
 **** "Credit claim – Other" refers to the amount of ITC that is being carried back and applied to any of the three previous taxation years together with the amount being claimed as a refund (total of amounts at lines K and M on Part B).



**INVESTMENT TAX CREDIT (INDIVIDUALS)
1996 AND SUBSEQUENT YEARS**

Part B – Calculating a carryback and refund of investment tax credit

Investment tax credit available for carryback

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

Total current-year credit available (column 4 minus column 1) _____

Minus: Current-year credit applicable*

The maximum amounts you could have claimed at column 5 plus column 6 plus column 7 minus column 1
(If negative, enter "0") _____

Total credit available for carryback _____ **J**

* 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 at columns 5, 6, and 7, whether you claimed the maximums or not.

Investment tax credit carryback request

Complete this section to request a carryback of the ITC you earned in the current taxation year. The carryback provisions allow you to apply a current-year credit against the total of your federal tax and federal individual surtax for any of the three previous taxation years, for taxation years beginning after 1993. For 1993, the limit on ITC was (\$24,000 + 3/4 of your federal tax in excess of \$24,000) plus 3/4 of your federal individual surtax.**

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 taxation 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 return.

The amount on line J to apply to: Third previous taxation year** 19 ____ **750** _____

Second previous taxation year*** 19 ____ **751** _____

First previous taxation year*** 19 ____ **752** _____

Total credit designated for carryback (not more than amount J above) _____ **K**

Enter total of lines K and M in Column 8 of Part A.

*** The credit you apply to a previous year cannot be more than the total of your federal tax and your federal individual surtax for that year.

Date	Year	Month	Day
774			

Signature _____

Investment tax credit available for refund

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

Total current-year credit available (column 4 minus column 1) _____

Minus:

Current-year credit claim (column 5 plus column 6 plus column 7 minus column 1) _____

Total amount of ITC being carried back (amount K above) _____

Total _____ **L**

Total credit available for refund

Calculating a refund of investment tax credit

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

Investment tax credit available for refund (amount L above) _____

Designated refund of investment tax credit (not to be more than "Total credit available for refund," amount L above) _____

Refundable rate **X .40**

Refund of investment tax credit _____ **M**

Enter the amount from line M on line 454 of your income tax return or line 88 of a T3 return.

Enter total of lines K and M in column 8 of Part A