Canada Revenue Agency | Agence du revenu du Canada

SCHEDULE 341

NOVA SCOTIA CORPORATE TAX REDUCTION FOR NEW SMALL BUSINESSES
(2012 and later tax years)

Name of corporation	Business number	Tax year-end (Year / Month / Day)

- The Nova Scotia corporate tax reduction for new small businesses applies to the first three tax years of a qualifying Canadian-controlled private corporation (CCPC) incorporated in Nova Scotia. A CCPC not incorporated in Nova Scotia may also be eligible for the reduction, provided the head office of the corporation is located in Nova Scotia and at least 25% of the wages and salaries paid by the corporation in the tax year are paid to employees who are resident in Nova Scotia. The corporation must have at least two employees, one of whom must be full-time and not related to a specified shareholder of the corporation.
- This reduction is only available to a corporation that qualifies for the federal small business deduction for the year and maintained a permanent establishment in Nova Scotia at any time during the year.
- The tax reduction is based on the portion of an eligible corporation's taxable income earned in the year in Nova Scotia.
- The Nova Scotia Department of Finance administers the eligibility requirements. Corporations claiming the reduction have to apply annually to the Nova Scotia Minister of Finance for a certificate of eligibility and must do so within three years of the tax year end for which they are claiming the reduction.
- The reduction is not available to a corporation:
  - if it, or any predecessor corporation, was associated with another corporation at any time since the date of incorporation. However, associated corporations may have their ineligibility waived by the Nova Scotia Minister of Finance;
  - that is the professional practice of an accountant, dentist, lawyer, medical doctor, veterinarian, or chiropractor;
  - if it, or any predecessor corporation, was the beneficiary of a trust with an ineligible beneficiary at any time since the date of incorporation;
  - if it, or any predecessor corporation, was a member of a partnership or a co-venturer in a joint venture with an ineligible partner or co-venturer at any time since the date of incorporation; or
  - for the tax year if, before incorporation, the same or substantially the same business was carried on as a sole proprietorship, partnership, or corporation, whether registered or not. However, if the sole proprietorship or partnership carried on the same or substantially the same business for 90 days or less before incorporation, the corporation can apply to the Minister for a certificate of eligibility.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*. Enter amount C from this schedule and the certificate number issued by the province on line 556 and line 834 respectively of Schedule 5, *Tax Calculation Supplementary – Corporations*.

Calculation of the Nova Scotia corporate tax reduction for new small businesses

The least of the amounts on lines 400, 405, 410, and 425 of the small business deduction calculation on page 4 of the T2 return . . . . . _____ A

Amount A _____ × (Taxable income for Nova Scotia* / Taxable income for all provinces**) _____ = ... _____ B

Amount B _____ × (Number of days in the tax year before January 1, 2011 / Number of days in the tax year) _____ × 5.0% = _____ 1

Amount B _____ × (Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year) _____ × 4.5% = _____ 2

Amount B _____ × (Number of days in the tax year after December 31, 2011 / Number of days in the tax year) _____ × 4.0% = _____ 3

Nova Scotia corporate tax reduction (total of amounts 1, 2, and 3) . . . . . _____ ► _____ C

Enter amount C on line 556 of Schedule 5.

* If the corporation has a permanent establishment only in Nova Scotia or in the offshore area of Nova Scotia, enter the taxable income from line 360 of the T2 return. Otherwise, enter the total of the taxable incomes allocated to both jurisdictions in Nova Scotia (the province itself and the offshore area) from column F in Part 1 of Schedule 5.

** Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

(Vous pouvez obtenir ce formulaire en français à **www.arc.gc.ca** ou au **1-800-959-3376**.)

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