

Territorial Tax Instructions

What's new for 2004?

The tax brackets and the tax on income base have changed for Nunavut, the Yukon, and the Northwest Territories. The two highest tax rates and the highest rate for the donations and gift tax credit for the Northwest Territories have also changed.

See below for additional information about the following amounts:

- allowable political contribution tax credit (all territories);
- Nunavut and Northwest Territories risk capital investment tax credits; and
- Yukon mineral exploration tax credit and research and development tax credit.

Line 23 (T3NU and T3NT) and line 25 (T3YT) – Allowable political contribution tax credit

A trust can deduct from its taxes payable to a territory a portion of the amounts it paid to:

- a registered political party of the territory;
- a registered constituency association of the territory; or
- a candidate seeking election to the territory's legislature.

Attach an official receipt to the return as proof of payment, and use the **applicable** chart below to calculate the allowable credit:

Total political contributions in the year: _____ **A**

Enter amount A on line 22 (T3NU and T3NT) or line 24 (T3YT).

Nunavut and Northwest Territories			
Contributions of \$100 or less	Contributions more than \$100, but not more than \$900	Contributions over \$900	
– 0 00	– 100 00		1
=	=		2
× 100%	× 50%		3
=	=		4
+ 0 00	+ 100 00		5
=	=	\$500.00	6
Enter the amount from line 7 on line 23 of Form T3NU or Form T3NT.			

1	Amount A	1
2	Contribution base	2
3	Line 1 minus line 2	3
4	Credit rate	4
5	Line 3 multiplied by line 4	5
6	Base credit	6
7	Allowable credit – line 5 plus line 6.	7

Yukon			
Contributions of \$100 or less	Contributions more than \$100, but not more than \$550	Contributions more than \$550, but not more than \$1,150	Contributions over \$1,150
– 0 00	– 100 00	– 550 00	
=	=	=	
× 75%	× 50%	× 33.33%	
=	=	=	
+ 0 00	+ 75 00	+ 300 00	
=	=	=	\$500.00
Enter the amount from line 7 on line 25 of Form T3YT.			

Line 24 (T3NU and T3NT) – Risk capital investment tax credits

You can claim the following Nunavut and Northwest Territories tax credits:

- Labour-sponsored venture capital corporation (LSVCC) tax credit;
- Community-endorsed venture capital corporation (CEVCC) tax credit; and
- Territorial business corporation direct investment (TBCDI) tax credit.

If you do not need to use the whole amount of the credit to reduce the Nunavut or Northwest Territories tax payable to zero, you can carry any unused Nunavut or Northwest Territories risk capital investment tax credits back for three years or forward for seven years. If you want to carry a credit back or forward, attach a letter to the return, telling us:

- the amount of the carryback or carryforward;
- the year(s) of the original investment; and
- the year(s) to which you want the credit applied.

Use the following formula to calculate this year's credit:

LSVCC cost of shares (maximum \$200,000)	+		1
CEVCC cost of shares (maximum \$200,000)	+		2
TBCDI cost of shares (maximum \$200,000)	+		3
Add lines 1 to 3	=		4
	×	15%	
Line 4 multiplied by 15%	=		5
Enter carryforward from previous years	+		6
Total credit – line 5 plus line 6	=		7

Allowable credit – enter on line 24 of Form T3NU or Form T3NT, the amount of line 7 or \$30,000, whichever is less. On line 24, specify the type of tax credit in the space provided for either the Nunavut credit or the Northwest Territories credit. Attach Form T2C(NWT), *Risk Capital Investment Tax Credit*, as proof of payment of the investment.

Yukon mineral exploration tax credit and research and development tax credit

These two tax credits should be claimed on line 91 of the trust's T3 return. For the mineral exploration tax credit, enter the amount of credit from Form T1199, *Yukon Mineral Exploration Tax Credit*, on line 91. For the research and development tax credit, enter the amount of credit from Form T1232, *Yukon Research and Development Tax Credit (Individuals)*, on line 91. In both cases, specify the type of credit in the blank space provided at line 91 and attach a copy of the form(s) to the return.