

This form is valid for 2003 and subsequent taxation years.

Instructions

Use this form if your corporation's **taxation year ends after December 31, 2002**, otherwise complete OITC Claim Form valid for taxation years commencing after February 27, 1995 (i.e., for preceding taxation years ending in or before 2002) instead.

To ensure quick identification and processing of your OITC claim please note the following:

- Use only the latest version of the Ontario Corporations Tax Return CT23 or CT8 (Insurance Corporations).
- Complete Parts 1, 5, 6 and if applicable, Parts 2, 3 and/or 4 of the OITC claim form. Missing information will result in delays in processing.
- Check the box, on page 3 of the CT23 or page 1 of the CT8 – *Are you requesting a refund due to a Specified Refundable Tax Credit?*
- Place the OITC claim form and related federal schedules (T661, T2 SCH 31) *on top of the CT23 or CT8* to ensure quick identification of your claim.
- Include all information and supporting schedules required to calculate or verify your eligibility for the OITC.

Summary of OITC Eligibility Requirements

This credit is available to all public and private corporations.

To claim the OITC, a corporation must file an Ontario corporations tax return (CT23 or CT8). Corporations that qualify for **Exempt From Filing (EFF)** status are required to file a CT23 tax return for any year in which a claim for the OITC is made.

Corporations claiming the OITC in a taxation year must submit a copy of their federal T2 SCH 31 and federal form T661 (*excluding related technical documentation*).

Only expenditures for **Scientific Research and Experimental Development (SR&ED) carried on in Ontario**, for which the taxpayer is eligible for federal SR&ED Investment Tax Credit (ITC), qualify for the OITC.

OITC Limitations

Legislative changes introduced in the 2003 federal budget have increased the federal threshold at which the expenditure limit becomes reduced, effective for taxation years that end after 2002.

- The OITC is calculated at 10% of qualifying expenditures. Qualifying expenditures are 100% of current expenditures and 40% of capital expenditures.
- The OITC is available on qualifying SR&ED expenditures to a maximum of \$2 million annually. The expenditure limit is reduced for a short taxation year based on the number of days in the taxation year, in proportion to 365 (366 if a leap year). Associated companies must share this \$2 million limit.

- The OITC is available to all public and private corporations. Corporations are eligible to claim the full OITC where their Ontario taxable paid-up capital and federal taxable income in the preceding taxation year do not exceed \$25 million and \$200,000 (\$300,000 if the taxation year ends after 2002) respectively. The annual qualifying expenditure limit of \$2,000,000 is progressively reduced for those corporations:

- whose **Taxable Paid-up Capital** or **Adjusted Taxable Paid-up Capital** in the preceding taxation year, is greater than \$25 million but less than \$50 million; and
- whose federal taxable income is -
 - more than \$200,000 but less than \$400,000 in the preceding taxation year that ends before 2003, or
 - more than \$300,000 but less than \$500,000 in the preceding taxation year that ends after 2002.

If the corporation is part of an associated group, the Ontario taxable paid-up capital and federal taxable income of these corporations must also be included in the determination of the annual qualifying expenditure limit.

Effective for taxation years that end after March 22, 2004, small Canadian Controlled Private Corporations that have a group of common investors (that was not formed to gain access to multiple expenditure limits) will not have to share the \$2 million expenditure limit.

Effective December 9, 2002, associated non-resident corporations with no permanent establishment in Canada are to be included as part of an associated group.

Credit unions and insurance corporations are required to use taxable paid-up capital employed in Canada as determined for the federal large corporations tax instead of **Taxable Paid-up Capital** or **Adjusted Taxable Paid-up Capital**.

- In computing qualifying expenditures for OITC purposes, neither the OITC nor the federal ITC is considered government assistance which normally reduces qualifying expenditures. For capital tax purposes, the OITC forms part of **any other surplus**.
- Only complete Part 4 if you wish to waive the corporation(s) eligibility for the tax credit or a portion of the tax credit.
- For additional information contact the Corporations Tax Branch at:

Ministry of Finance
Corporations Tax Branch
PO Box 622
33 King Street West
Oshawa ON L1H 8H6

Main (905) 837-3888 or (905) 837-3889
French (905) 837-3907
Toll-Free 1 866 805-7702 ext. 3888; French ext. 3907
Fax (905) 837-3800

Or visit www.trd.fin.gov.on.ca



Ministry of Finance
Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Ontario Innovation Tax Credit (OITC) Claim

This form is valid for 2003 and subsequent taxation years.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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	Yes	No
Was the corporation eligible to claim federal investment tax credit with respect to the qualified expenditures incurred in the taxation year? - - - - -	<input type="checkbox"/>	<input type="checkbox"/>
Did the corporation have a permanent establishment in Ontario for the period covered by this claim? - - - - -	<input type="checkbox"/>	<input type="checkbox"/>
Did the corporation file a federal SR&ED claim Form T661? <i>If yes, please attach a copy of Form T661 and schedule T2 SCH 31.</i> - - - - -	<input type="checkbox"/>	<input type="checkbox"/>
Was the corporation a member of an associated group during the taxation year? <i>If yes, please attach a copy of schedule T2 SCH 23 and T2 SCH 49.</i> - - - - -	<input type="checkbox"/>	<input type="checkbox"/>
Percentage of corporation's SR&ED carried on in Ontario - - - - -	<input style="width: 50px;" type="text"/>	%
Have contract or third party payments been paid/payable in respect of any of the qualifying expenditures being claimed for this OITC? <i>If yes, please complete PART 2 of this form.</i> - - - - -	<input type="checkbox"/>	<input type="checkbox"/>

Part 1 - Calculation of the Ontario Innovation Tax Credit

		Taxable Income		Part 1.3 Tax (credit unions and insurance corporations)
Corporation's Federal Taxable Income in preceding taxation year (if short fiscal, gross up taxable income in accordance with fed.s.127(10.6)) - - - - -	+ 5000			
Corporation's Federal Part 1.3 Tax in preceding taxation year (if short fiscal, tax is grossed up in accordance with fed.s.125(5.1))	+ 5025			
Add: (if associated) Federal Taxable Income(s) (grossed up) and Federal Part 1.3 Tax (Part 1.3 Tax before the impact of fed.s.181.1(2)&(4)) in preceding taxation year(s) of associated corporation(s)				
Name(s) of associated corporation(s) <i>(if insufficient space, attach schedule)</i>	Corporations Tax Number(s) <i>(if applicable)</i>	Taxation Year End(s)		
_____	_____	_____	+ 5002	+ 5027
_____	_____	_____	+ 5004	+ 5029
_____	_____	_____	+ 5006	+ 5031
Total Federal Taxable Income of the corporation and associated corporation(s) 5000 + 5002 + 5004 + 5006 - - - - -		5020	= 5020	
Total Federal Part 1.3 Tax of the corporation and associated corporation(s) 5025 + 5027 + 5029 + 5031 - - - - -		5040	= 5040	

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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1. Qualifying Expenditure Limit

Complete 1(a)(i) to 1(a)(v). Transfer amount calculated for , to on page 3, and proceed to section 2: *Qualifying Expenditures in Taxation Year.*

1(a) Phase out of \$2,000,000 Expenditure Limit if federal taxable income of preceding taxation year exceeds \$300,000 and/or taxable capital exceeds \$25,000,000. If taxable capital in line equals or exceeds \$50,000,000, enter zero in line .

1(a)(i) Determination of Business Limit in the current taxation year pursuant to subsection 41(3.1) of the *Corporations Tax Act*

Corporation's business limit for the current taxation year (Line 410 from page 4 of the T2 or amount allocated from federal Sch. 23) - - - - - +

Add: (if associated) business limit of associated corporation(s)

Name(s) of associated corporation(s)	Corporation Tax Number(s)	Taxation Year End(s)		Business Limit (line 410 from T2)
_____	_____	_____	+ <input type="text" value="5045"/>	<input type="text"/>
_____	_____	_____	+ <input type="text" value="5046"/>	<input type="text"/>
_____	_____	_____	+ <input type="text" value="5047"/>	<input type="text"/>
Total business limit <input type="text" value="5044"/> + <input type="text" value="5045"/> + <input type="text" value="5046"/> + <input type="text" value="5047"/> - - - - -			= <input type="text" value="5058"/>	<input type="text"/>

1(a)(ii) Determination of Maximum Business Limit in the current taxation year

Corporation's maximum business limit for the current taxation year (Line 4 from page 4 of the T2) - - - - - +

Add: (if associated) maximum business limit of associated corporation(s)

Name(s) of associated corporation(s)	Corporation Tax Number(s)	Taxation Year End(s)		Maximum Business Limit allocated from fed. Sch. 23
_____	_____	_____	+ <input type="text" value="5702"/>	<input type="text"/>
_____	_____	_____	+ <input type="text" value="5703"/>	<input type="text"/>
_____	_____	_____	+ <input type="text" value="5704"/>	<input type="text"/>
Total maximum business limit <input type="text" value="5701"/> + <input type="text" value="5702"/> + <input type="text" value="5703"/> + <input type="text" value="5704"/> - - - - - <i>Should be equal to total A in column 6 of fed. Sch. 23.</i>			= <input type="text" value="5705"/>	<input type="text"/>

1(a)(iii) Proration of Small Business Limit based on Taxable Paid-up Capital in the preceding taxation year

Corporation's taxable paid-up capital in the preceding taxation year (**Note 1**) - - - - - +

Add: (if associated) taxable paid-up capital in the preceding taxation year of associated corporation(s) (**Note 1**)

Name(s) of associated corporation(s)	Corporation Tax Number(s)	Taxation Year End(s)		Taxable Paid-up Capital
_____	_____	_____	+ <input type="text" value="5062"/>	<input type="text"/>
_____	_____	_____	+ <input type="text" value="5063"/>	<input type="text"/>
_____	_____	_____	+ <input type="text" value="5064"/>	<input type="text"/>
Total Taxable Paid-up Capital <input type="text" value="5061"/> + <input type="text" value="5062"/> + <input type="text" value="5063"/> + <input type="text" value="5064"/> - - - - -			= <input type="text" value="5066"/>	<input type="text"/>

Deduct: - - - - - **\$25,000,000**

Excess capital amounts (If the amount is negative, enter zero) - - - - - =

Note 1

- Use **Ontario** adjusted taxable paid-up capital for the preceding taxation year, if the corporation is a financial institution other than a credit union or an insurance corporation.
- Use **federal** taxable capital employed for the preceding taxation year as determined under part 1.3 of the *Income Tax Act* (Canada), if the corporation is a credit union or an insurance corporation.
- Use **Ontario** taxable paid-up capital for the preceding taxation year for all other corporations.

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1(a)(iv) Proration of Small Business Limit

$$\frac{\text{From } \boxed{5058} \text{ Business Limit}}{\text{From } \boxed{5058} \text{ Business Limit}} - \left(\frac{\text{From } \boxed{5058} \text{ Business Limit}}{\text{From } \boxed{5058}} \times \frac{\text{From } \boxed{5068}}{\text{From } \boxed{5068}} \right) \div \$25,000,000 = \boxed{5069}$$

1(a)(v) Determination of qualifying Expenditure Limit

$$\left(*\$5,000,000 - 10 \times \frac{\text{The greater of } \boxed{5020} \text{ or } *\$300,000}{\text{From } \boxed{5069}} \right) \times \frac{\text{From } \boxed{5069}}{\text{From } \boxed{5705}} = \boxed{5071}$$

* If your taxation year immediately follows a taxation year that ended before 2003, the references to \$5,000,000 and \$300,000 should be \$4,000,000 and \$200,000 respectively.

Transfer to 5120

1(b) Allocation of Expenditure Limit (lesser of \$2,000,000 or 5071) to corporation and associated corporations.

Name of corporation	+	5080		Expenditure Limit
Name(s) of associated corporation(s)	+	5085		
	+	5090		
	+	5100		
Total Expenditure Limit (Lesser of \$2,000,000 or 5071)	=	5120		

2. Qualifying Expenditures in Taxation Year

	Expenditures		Allowable Portion		
Current Expenditures - - -	+ 5130		+ 5160	X 100%	= + 5190
Capital Expenditures - - -	+ 5140		+ 5170	X 40%	= + 5200
Total Qualifying Expenditures	= 5150		= 5180		= 5210

If 5150 is less than or equal to 5080 above, transfer amounts from 5130 and 5140 to 5160 and 5170 respectively.

If 5150 is greater than 5080, reduce amounts in 5130 and 5140 in order that the sum 5130 and 5140 is equal to 5080 and transfer adjusted amounts to 5160 and 5170 respectively.

3. Calculation of Tax Credit

Amount eligible for OITC From 5210 X 10% - - - - - = 5250

Transfer to Summary, page 4

Part 2 - Contract Payments

Generally, contract payments received from another corporation are ineligible for SR&ED incentives. Such payments, if eligible, would be claimed by the corporation making the payment. However, OITC legislation provides for **specified contract payments**. This legislation permits an otherwise ineligible payment to be considered eligible (by the recipient), as a **specified contract payment** if the following conditions are met:

- a) The payment is a contract payment for the performance of SR&ED carried on in Ontario.
- b) The corporation making the payment (the payor):
 - i) does not have a permanent establishment in Ontario, and
 - ii) is not otherwise eligible for either the Ontario Super Allowance or the OITC.

Details of SR&ED performed under contract for which the OITC is being claimed

Name and address of corporation making the payment	Is payment a specified contract payment?		Is this an arms-length transaction?		Gross amount of contract payment	Actual SR&ED expenditure relating to contract included in claim
	Yes	No	Yes	No		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5300	5400
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5310	5410
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5320	5420

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Part 3 - Third-Party Payments

Details of payments made to approved universities, research institutions, or other eligible SR&ED performers for which the OITC is being claimed

Name and address of performer of the eligible SR&ED	Was all the work performed in Ontario?		Is this an arms-length Transaction?		Amount of third-party payment included in this claim
	Yes	No	Yes	No	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5500
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5510
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5520

Part 4 - OITC Waiver

If a corporation waives its eligibility for all or part of the tax credit, it is deemed to never have been a qualifying corporation for that year in respect of the amount of the tax credit that it waived.

Eligible OITC before waiver	From	5250	
Deduct: Amount of OITC waived		5610	
Amount of OITC claim	=	5620	

Transfer to Summary

I understand that by signing this waiver the corporation forfeits its eligibility to claim the tax credit under the *Corporations Tax Act* with respect to the amount of the OITC entered in 5610.

Signature of authorized signing officer	Date
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Part 5 - Summary OITC Claim

Ontario Innovation Tax Credit	From	5250	
Deduct: OITC waived	From	5610	
Ontario Innovation Tax Credit Claimed	5250 - 5610	=	5620

Transfer to 191 of the CT23 or CT8

Part 6 - Certification

I am an authorized signing officer of the corporation. I certify that this Ontario Innovation Tax Credit Claim form has been examined by me and is true, correct and complete and that the information provided in this claim is in agreement with the books and records of the corporation.

Name of authorized signing officer <i>(Please print)</i>	Title	Signature	Date
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