



Table with 3 columns: Corporation's Legal Name, Ontario Corporations Tax Account No. (MOF), Taxation Year End

Calculation of Expenditure Base

Table with 4 columns: 3rd prior year, 2nd prior year, 1st prior year, Total. Rows include: Three prior taxation year ends, Number of days in each tax year, Eligible qualified expenditures, Deduct: ITC deducted under 127(5) ITA for the previous tax year, Other adjustments (Note 1), Net eligible qualifying expenditures (NEQE) - A

Expenditure Base = Total expenditures (A) x No. of days in taxation year / Days in base period = B

Was the company associated with other corporations during the taxation year? [] Yes [] No

If Yes, the expenditure base is calculated as follows:

For all other corporations in the associated group indicate:

- 1. Aggregate of Expenditure Bases - C
2. Aggregate of net eligible qualifying expenditures for the taxation year (Note 2) - D

Adjusted Expenditure Base = Aggregate Expenditure Base of Associated Group (B + C) x NEQEs (E) / Net Expenditures of Group (E + D) = F

Calculation of Super Allowance

Table with 2 columns: Description, Amount. Rows include: Qualified expenditures incurred in the year, Deduct: ITC deducted under 127(5) ITA (Canada) in previous tax year, Negative net eligible qualifying expenditures from prior years, Other adjustments (Note 1)

Net eligible qualifying expenditures - G
If negative enter zero in G and indicate negative balance for carry forward here.

Deduct: Expenditure base B or F (if associated) - H

Excess expenditures - I

Allowance on excess expenditures (Note 3) = Excess expenditures x %

Allowance on expenditures not in excess of Expenditure Base (Note 4) = Excess expenditures x %

Total - I

Gross-up for Ontario allocation factor (N/A if % = 100%, otherwise I ÷ %) = Total x %
From box 30 on the CT23

Ontario Research and Development Super Allowance (Note 5) - Enter in box 660 of the CT23

NOTES:

- 1. Other adjustments include (but are not limited to) "government assistance", and "non-government assistance". Refer to Section 127(9) of the Income Tax Act (Canada) (ITA) for further details.
2. Include the NEQE of each associated corporation's taxation year ending in the same calendar year as the particular corporation.
3. The rate on "net qualified expenditures" (NEQE's) exceeding the "expenditure base" is 52.5% for Canadian-controlled private corporations (37.5% for other corporations).
4. The rate on NEQE's not exceeding the "expenditure base" is 35% for Canadian-controlled private corporations (25% for other corporations).
5. Non-capital losses created by the Super Allowance deduction may be subject to limitations (e.g. if the "Ontario allocation factor" in the tax year the loss is applied is greater than 120% of the factor for the tax year the loss occurred). Refer to Section 35 of the CTA (R.S.O. 1990) for details.